Audit & Risk Committee Meeting

Minutes | 12th August 2025

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SHIRE OF QUAIRADING

Audit & Risk Committee Meeting

The Audit & Risk Committee Meeting Minutes of Meeting held on 12th August 2025 commencing at 5.00pm.

ITEM 1 OPENING & ANNOUNCEMENTS

The Chairperson opened the Meeting at 5.11 pm.

ITEM 2 ATTENDANCE AND APOLOGIES

Councillors

Cr JR Hippisley	Chairperson
Cr TJ Stacey	Shire President
Cr BR Cowcill	
Cr RC Faltyn	
Cr JC Hayes	

Council Officers

Ms J Green	Acting Chief Executive Officer
Ms T Brown	Executive Manager, Corporate Services
Ms SE Caporn	Executive Manager, Works & Services
Ms M Haeusler	Executive Officer

Observer/Visitor

Nil

Apologies

Nil

Leave of Absence Previously Granted

Nil

ITEM 3 DEPUTATIONS/PRESENTATIONS/SUBMISSIONS/PETITIONS

Nil

ITEM 4 DECLARATIONS OF INTEREST

Nil

ITEM 5 CONFIRMATION OF MINUTES AND BUSINESS ARISING

5.1 Confirmation of Minutes: Audit & Risk Committee Meeting – 13 May 2025

COMMITTEE RESOLUTION: ARC 001-25/26

Moved: Cr JC Hayes
Seconded: Cr BR Cowcill

That the Minutes of the Audit & Risk Committee Meeting held on the 13 May 2025 be confirmed as a true and accurate record.

FOR: Crs JR Hippisley, TJ Stacey, BR Cowcill, RC Faltyn and JC Hayes

AGAINST: Nil

CARRIED 5/0

BUSINESS ARISING

NIL

ITEM 6 GOVERNANCE

6.1 Use of Regenerative AI Tools Policy

Responsible Officer Jen Green, Acting Chief Executive Officer

Reporting Officer Marion Haeusler, Executive Officer

Attachments 1. Use of Regenerative AI Tools Policy [DRAFT]

Voting Requirements Simple Majority

Disclosure of Interest Reporting Officer: Nil

Responsible Officer: Nil

COMMITTEE RESOLUTION: ARC 002-25/26

Moved: Cr TJ Stacey
Seconded: Cr RC Faltyn

That the Audit & Risk Committee recommend to Council that Council adopt the Use of AI Tools Policy as presented with amendments to the August OCM.

FOR: Crs JR Hippisley, TJ Stacey, BR Cowcill, RC Faltyn and JC Hayes

AGAINST: Nil

CARRIED 5/0

IN BRIEF

The use of AI tools by Shire staff was reported as an identified risk in the review of the Risk Register Matrix by the Committee in May 2025.

Officers proposed to assess the risk and develop an appropriate policy for the Committee's review by August 2025

The proposed policy is attached.

MATTER FOR CONSIDERATION

The Committee must determine if the proposed policy and relevant Shire staff training and instruction will provide an appropriate safeguard to Council against possible accidental or intentional misuse in relation to the likely manner and frequency of use of AI tools by Shire of Quairading staff.

BACKGROUND

Regenerative AI tools are experiencing an exponential increase in availability, popularity and potential for application.

Utilised with caution and understanding of the risks and implications of use, AI tools can be used to significantly streamline processes and access a broad range of information. Possible applications for Shire staff include report and policy writing, interpretation of data sets (e.g. comparing tender applications to the assessment criteria), research, etc.

It is unlikely that the Shire would at this point utilise AI tools to automate processes like customer service request submissions or communication with the public via chatbots or similar.

Officers have assessed the risk of Shire staff utilising AI tools against the criteria of ethical concerns and bias, privacy and data security, transparency and accountability, legal and regulatory compliance, public engagement and trust, and governance and oversight.

Issues identified against the likely use of AI Tools within the organisation centre on privacy and data security as well as transparency and accountability.

The attached policy and relevant training and instruction of staff likely to be using AI tools is expected to sufficiently mitigate those risks.

STATUTORY ENVIRONMENT

Privacy Act 1988

State Records Act 2000

POLICY IMPLICATIONS

Information Technologie (IT) Usage Policy

Records Management Policy

FINANCIAL IMPLICATIONS

Council may consider purchasing licenses for paid versions of AI tools in the future.

ALIGNMENT WITH STRATEGIC PRIORITIES

5.4 **Governance & Leadership**: Implement systems and processes that meet legislative and audit obligations

5.3 **Governance & Leadership**: Provide informed and transparent decision making that, meets our legal obligations, and the needs of our diverse community

CONSULTATION

The draft policy was made available for comment to all staff who are likely to use AI tools in the course of their work.

RISK MANAGEMENT PRIORITIES

This report addresses the following identified Strategic Risk Management Priorities:

3.2 Governance, Financial and Compliance Risks: Cybersecurity and Data Protection

3.3 Governance, Financial and Compliance Risks: Organisational Misconduct

RISK ASSESSMENT

	Option 1
Financial	Low *The expected use of AI tools at the Shire of Quairading is considered to be of a nature that is not likely to expose Council to any significant financial risk.*

Health	N/A
Reputation	Low *The proposed policy will mitigate the risk to Council's reputation through incorrect information being provided to Council or the public.*
Operations	Low *Use of AI tool has the potential to increase operational capacity and capability.*
Natural Environment	N/A

	Consequence				
Likelihood	Insignificant	Minor	Moderate	Major	Critical
Rare	LOW Accept the risk Routine management	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Unlikely	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Possible	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quartely senior management review	HIGH Quarterly senior management review
Likely	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review	EXTREME Monthly senior management review
Almost certain	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	EXTREME Monthly senior management review	EXTREME Monthly senior management review

COMMENT

Should Council in future approve more extensive use of AI tools or paid versions of them that will have access to Council's internal IT systems, a review of the policy is recommended with regard to the following:

- Determining which tools the Shire endorses for use and which should not be used (other than those banned from use by the Office of Digital Government).
- Risk assessments before use of any new tool (managerial or IT approval may be required)
- More in-depth Staff training (capabilities, limitations and risks; possibly preparing some guidance material)
- Record keeping (how to determine if the output constitutes an official record and how to store it?)
- Accountability (who has oversight and is responsible? How does misuse get discovered and reported)
- Specifics of when and how to disclose the use of AI and how is disclosure enforced?

COMMENTS AFFECTING COMMITTEE DECISION

Cr Stacey enquired how a staff member would practically declare the use of AI. The A/CEO reported that this could be done via reference at the end of a document but added that there are not likely to be many instances where this would be appropriate given the intended use.

Cr Hippisley asked that the word “regenerative” be replaced with “browser-based” to clarify that the Policy does not cover the installation of AI software on the Shire’s server or individual laptops or computers.

Use of Regenerative AI Tools Policy

PURPOSE

This policy outlines the acceptable use of regenerative Artificial Intelligence (AI) tools by employees of the Shire of Quairading to support tasks such as report writing, summarising, researching and comparing information.

OBJECTIVE

The aim is to encourage responsible and transparent use of AI technologies while ensuring compliance with relevant legal and ethical standards.

SCOPE

This policy applies to all employees and Elected Members who use regenerative AI tools in the course of their duties for the Shire of Quairading. At this point, the Shire of Quairading does not use any paid versions of regenerative AI tools.

POLICY

1 Permitted Use

Employees may use regenerative AI tools for:

- Drafting reports and correspondence
- Summarising documents or datasets
- Comparing policies, procedures, or other materials
- Enhancing productivity and efficiency in administrative tasks

2 Employee Responsibility

Employees are responsible for:

2.1. Privacy and Confidentiality

Ensuring that any use of AI tools complies with applicable privacy legislation, including but not limited to the *Privacy Act 1988 (Cth)* and any contractual confidentiality provisions. Employees must be aware of how the information input in the individual AI tool used is utilised and stored.

2.2. Source Verification

Verifying the accuracy and reliability of any information generated by AI tools. AI-generated content must not be relied upon without appropriate fact-checking and validation.

2.3. Proofreading and Editing

Reviewing and editing AI-generated content to ensure clarity, correctness, and appropriateness for the intended audience and purpose.

2.4. Transparency and Disclosure

Declaring the use of AI tools in the creation of documents or reports where appropriate, especially in formal or public-facing communications.

3 Prohibited Uses

Regenerative AI tools must not be used:

- To generate or disseminate misleading, false, or unverified information
- To circumvent legal, ethical, or professional standards
- To process or store sensitive or personal (confidential) data without proper safeguards
- If expressly prohibited by the Office of Digital Government or any other relevant Authority.

COMPLIANCE

Failure to adhere to this policy may result in disciplinary action in accordance with the Shire of Quairading's Code of Conduct and Underperformance & Misconduct Policy.

GUIDELINES

WA Government Artificial Intelligence Policy and Assurance Framework

STATUTORY ENVIRONMENT

Local Government Act 1995

State Records Act 2000

Privacy Act 1988 (Cth)

Record of Policy Review						
Version	Author	Council Adoption	Resolution	Reason for Review	Review Date	CEO Signature
01	Marion Haeusler			New Policy	Aug 2027	

6.2 Terms of Reference - Audit, Risk & Improvement Committee

Responsible Officer	Jen Green, Acting Chief Executive Officer
Reporting Officer	Marion Haeusler, Executive Officer
Attachments	1. Terms of Reference - Audit Risk & Improvement Committee [DRAFT] 2. Terms of Reference - Audit Risk Committee
Voting Requirements	Simple Majority
Disclosure of Interest	Reporting Officer: Nil Responsible Officer: Nil

COMMITTEE RESOLUTION: ARC 003-25/26

Moved: Cr BR Cowcill
Seconded: Cr JC Hayes

That the Audit & Risk Committee recommend to Council that Council

1. rescind the Terms of Reference - Audit & Risk Committee and
2. adopt the Terms of Reference - Audit, Risk & Improvement Committee as reviewed by the Committee.
3. Authorise the Chief Executive Officer to seek expressions of interest through public advertising for the Independent Presiding Member position of the Audit, Risk and Improvement Committee.

FOR: Crs JR Hippisley, TJ Stacey, BR Cowcill, RC Faltyn and JC Hayes

AGAINST: Nil

CARRIED 5/0

IN BRIEF

Under the *Local Government Act 1995*, Council must appoint an Audit Committee to oversee financial reporting, internal control structure, risk management systems, legislative compliance, ethical accountability, and the internal and external audit functions. The committee make recommendations and report to Council on these matters.

As part of the recent reform to Western Australian Local Governments, s. 87 of the *Local Government Amendment Act 2024*, once in effect, will legislate the establishment of the audit committee as an Audit, Risk and Improvement Committee (ARIC). In line with these proposed changes, the committee will have additional functions, and the presiding member will no longer be allowed to be an Elected Member.

Although not yet in operation, it is recommended by the Department for Local Government, Industry Regulation and Safety, that Local Governments make preparations in anticipation of these changes coming into effect.

Officers have drafted a new document, Terms of Reference – Audit, Risk & Improvement Committee (Attachment 1) and recommend that Council rescind the existing terms of reference (Attachment 2).

MATTER FOR CONSIDERATION

Council members are asked to consider the document for its appropriateness.

Following the Local Government Elections in October, Council is expected to re-establish the audit committee and appoint its membership. Adopting new terms of reference at this meeting and establishing the criteria by which expressions of interest from independent members will be assessed will allow for over two months of time in which expressions of interest can be sought.

BACKGROUND

Under the *Local Government Act 1995* and the *Local Government (Audit) Regulations 1996*, all Western Australian local governments are required to establish an Audit Committee. The primary purpose of this committee is to assist the Council in fulfilling its governance and oversight responsibilities in relation to financial reporting, risk management, internal control systems, and compliance with legislative requirements.

The Audit Committee plays a critical role in:

- Supporting the Council in overseeing the integrity of financial statements and the effectiveness of internal and external audit processes.
- Providing guidance on the development and implementation of sound internal control and risk management systems.
- Reviewing the annual Compliance Audit Return and the CEO's biennial reviews of the appropriateness and effectiveness of the local government's systems and procedures in regard to risk management, internal control, and legislative compliance.
- Assisting with the appointment and liaison with the external auditor, including reviewing the audit plan and outcomes.
- Ensuring that any matters raised in audit reports are appropriately addressed and reported to Council.

To ensure transparency, accountability and good governance within local government operations, provisions for the membership of the committee exclude the CEO and employees of the local government from being committee members.

The changes to the audit committee as passed with the *Local Government Amendment Act 2024,* but not yet enacted, in particular the provision to appoint an independent presiding member, are intended to increase community confidence in the local governments financial and risk management processes. This also offers an opportunity to recruit additional expertise into the committee.

STATUTORY ENVIRONMENT

Local Government Act 1995

Local Government (Administration) Regulations 1996

Local Government (Financial Management) Regulations 1996

Local Government (Functions and General) Regulations 1996

Local Government (Audit) Regulations 1996

16. Functions of audit committee

An audit committee has the following functions —

(a) to guide and assist the local government in carrying out —

(i) its functions under Part 6 of the Act; and

(ii) its functions relating to other audits and other matters related to financial management;

(b) to guide and assist the local government in carrying out the local government's functions in relation to audits conducted under Part 7 of the Act;

(c) to review a report given to it by the CEO under regulation 17(3) (the ***CEO's report***) and is to —

(i) report to the Council the results of that review; and

(ii) give a copy of the CEO's report to the Council;

(d) to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under —

(i) regulation 17(1); and

(ii) the *Local Government (Financial Management) Regulations 1996* regulation 5(2)(c);

(e) to support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government;

(f) to oversee the implementation of any action that the local government —

(i) is required to take by section 7.12A(3); and

(ii) has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a); and

(iii) has accepted should be taken following receipt of a report of a review conducted under regulation 17(1); and

(iv) has accepted should be taken following receipt of a report of a review conducted under the *Local Government (Financial Management) Regulations 1996* regulation 5(2)(c);

(g) to perform any other function conferred on the audit committee by these regulations or another written law.

[Regulation 16 inserted: Gazette 26 Jun 2018 p. 2386-7.]

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

Council has the option to resolve to pay an independent committee member meeting attendance fees in line with the Salaries and Allowances Tribunal determination for LG CEOs and Elected Council Members. For the 25/26 financial year the maximum amount to be paid to an independent committee member is set at $450 per meeting.

ALIGNMENT WITH STRATEGIC PRIORITIES

5.3 **Governance & Leadership**: Provide informed and transparent decision making that, meets our legal obligations, and the needs of our diverse community

5.4 **Governance & Leadership**: Implement systems and processes that meet legislative and audit obligations

CONSULTATION

The Audit & Risk Committee is being consulted on the Terms of Reference.

RISK MANAGEMENT PRIORITIES

This report addresses the following identified Strategic Risk Management Priorities:

3.1 Governance, Financial and Compliance Risks: Financial Viability and Asset Management

3.3 Governance, Financial and Compliance Risks: Organisational Misconduct

3.2 Governance, Financial and Compliance Risks: Cybersecurity and Data Protection

RISK ASSESSMENT

	Option 1
Financial	High *The Audit & Risk Committee is required to ensure local government finances and audit requirements are being followed in line with relevant Acts and Regulations.*
Health	N/A
Reputation	High *It is a statutory requirement to have an Audit & Risk Committee. As per the current Terms of Reference, at least once a year the Terms of Reference and performance of the committee are to be reviewed and recommended to Council.* *Reputational Risk is mitigated with the effective operation of Council's Audit & Risk Committee and also sound governance and financial management in place.*
Operations	Low *Pre-empting the proposed changes ensures that normal operations are not impacted in the search for an independent presiding member for the committee.*
Natural Environment	N/A

	Consequence				
Likelihood	Insignificant	Minor	Moderate	Major	Critical
Rare	LOW Accept the risk Routine management	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Unlikely	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Possible	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quartely senior management review	HIGH Quarterly senior management review
Likely	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review	EXTREME Monthly senior management review
Almost certain	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	EXTREME Monthly senior management review	EXTREME Monthly senior management review

COMMENT

Traditionally, the whole of the Quairading Council has been appointed to the membership of the audit committee. With the necessity to appoint at least one independent member to the committee, this would take the membership up to eight.

Officers propose that Council appoint a maximum of five (5) members in total to the Committee.

In order to enable local governments to comply with the legislation, additional flexibility is built into the provisions. Two local governments can share an ARIC by each appointing a number of elected members from both Councils and an independent presiding member to the committee.

Councils also have the option of either appointing both an independent presiding and deputy presiding member or appointing an independent presiding member and an independent deputy **to the** presiding member. The difference being that an independent deputy presiding member is an additional committee member who would attend every meeting of the committee alongside the presiding member, whereas a deputy to the presiding member would only attend in the event that the presiding member cannot.

Independent presiding members can also be shared between local governments and so can deputies.

In addition, amendment to regulations is proposed to allow exemption of independent presiding members of committees from the requirement to attend at least 50% of meetings in person, making it possible to appoint a presiding member remotely.

WALGA are currently seeking expressions of interest from persons willing to be listed as available and suitably qualified independent presiding members for local government ARICs.

Important to note is that, while the new legislation is not enacted, an Elected Member could be appointed to chair a meeting in the absence of the independent presiding member. After enactment, no meeting can be held if the person chairing the meeting is not an independent member, making it imperative that Council appoint either a deputy presiding member or a deputy to the presiding member.

COMMENTS AFFECTING COMMITTEE DECISION

Crs discussed logistics of providing meeting notices and agendas to the independent member, as well as payment of meeting fees to a deputy.

Crs agreed that the Terms of Reference should allow for the possibility of appointing all Councillors to the Committee and asked for the draft to be amended to clarify that four is the minimum number of Councillors that must be appointed.

AUDIT, RISK & IMPOVEMENT COMMITTEE – TERMS OF REFERENCE

PURPOSE

To ensure that the audit of Council's financial and statutory functions is undertaken in accordance with the provisions of the Local Government Act 1995, associated Regulations, and the Local Government Amendment Act 2024.

The Committee also undertakes risk management and continuous improvement functions to ensure statutory compliance, governance enhancement, and best practice.

OBJECTIVE

To assist Council in providing a transparent and independent process in audit, risk, and improvement oversight, ensuring accountability to the community in governance, compliance, financial management, and organisational performance.

POLICY

The Audit, Risk & Improvement Committee (the "committee") is a Committee of Council of the Shire of Quairading, appointed pursuant to sections 5.8 and 7.1A of the *Local Government Act 1995*.

Regulation 16 of the *Local Government (Audit) Regulations 1996* describes the functions of the committee. Other legislation relating to the functions of the committee the *Local Government (Financial Management) Regulations 1996*.

The committee has no delegated authority or management function and operates independently to the Shire's operational financial responsibilities.

The committee's role is to report to Council and provide appropriate advice and recommendations on matters relevant to its Terms of Reference in order to facilitate decision making by Council in relation to the discharge of its responsibilities.

1 Membership

1.1 Members of the committee are appointed by Council.

The committee is to consist of the following voting members:

- Four (4) Elected Members.
- One (1) independent Presiding Member

1.2 All members of the committee have full voting rights and, unless otherwise required by the Act not to vote, must vote on every matter that is before the committee for decision. In case of a tie, the Chairperson has the casting vote.

1.3 Appointment of all members of the committee will be for a term of two (2) years at the commencement of each Council term after a Council election.

1.4 Council is to appoint a new member to the committee at the earliest opportunity if a vacancy occurs.

1.5 The independent Presiding Member may not be an Elected Member of any Local Government and should not be a person that provides paid services to the Shire directly or indirectly.

1.6 The appointment of the independent Presiding Member shall be based on the following criteria:

- Suitable experience in financial management, risk management, governance, compliance and audit processes.
- Understanding of local government legislative requirements with regard to financial reporting and auditing.
- High level of personal integrity, analytical thinking and strong communication skills.
- Experience in chairing meetings or willingness to undertake training provided by the Shire.

1.7 In the absence of the independent Presiding Member, the committee must elect another member of the committee to chair the meeting. Following the enactment of s.87 of the *Local Government Amendment Act 2024*, Council must appoint an independent Deputy to the independent Presiding Member who must chair the committee's meetings in the absence of the Presiding Member.

1.8 The Chief Executive Officer, Executive Manager for Corporate Services and/or their nominee are to attend meetings of the committee to provide advice and guidance. Shire Officers, in accordance with their roles and responsibilities, are responsible for preparing papers for the committee.

1.9 The Council's external auditors may be invited to attend meetings of the committee.

1.10 Committee members that are Elected Members are paid meeting attendance fees in accordance with the requirements of the *Local Government Act 1995*.

1.11 Council may, by absolute majority, resolve to pay meeting attendance fees to the independent Presiding Member in accordance with the *Local Government Act 1995* and the relevant determination by the Salaries and Allowances Tribunal.

2 Secretarial/Administrative Resources

2.1 The Chief Executive Officer is required to provide sufficient administrative resources to the Audit and Risk Committee to enable it to adequately carry out its functions.

3 Quorum

3.1 The quorum necessary for the transaction of business shall be four (4) members of the Audit, Risk and Improvement Committee.

3.2 To achieve quorum, an independent member must be present to preside over the meeting.

4 Frequency of Meetings

4.1 The committee meets at least quarterly or as determined by the committee.

4.2 A schedule of ordinary meetings is determined by Council for the year.

4.3 The Chief Executive Officer may vary the meeting schedule after liaison with the committee chairperson.

4.4 A special meeting of the committee may be called with the approval of all the committee members.

4.5 The Chief Executive Officer is delegated not to call an ordinary meeting of the committee should the committee have no matters for consideration. Such delegation to only be exercised after liaison with the committee chairperson.

5 Notice of Meetings

5.1 The notice of meeting and supporting papers is to be lodged in the Councillor's Resources section of the Staff Portal on the Quairading website no later than three clear days prior to the date of the meeting.

5.2 The agenda of the committee meetings, excluding any items that are discussed in confidence under Sections 5.22 and 5.23 of the Act and subsequently retained as confidential under Section 5.23 of the Act, are required to be made available to the public.

6 Minutes of Meetings

6.1 The Minutes of the committee meetings are to be prepared in accordance with the provisions of the LG Act, LG Regulations, and departmental guidelines.

6.2 Minutes of the committee are to be published on the Quairading website within five working days after a meeting.

7 Roles of the Audit, Risk & Improvement Committee

7.1 Support Function

The committee will also support the external auditor as required and:

7.1.1 Oversee the implementation of audit recommendations made by the auditor, which have been accepted by Council; and

7.1.2 Accepted recommendations arising from reviews of local government systems and procedures ("performance audits").

7.2 Financial Reporting

The committee is required to monitor the integrity of the financial statements of the Council, including its annual report, and receives and reviews the CEO's report on the review of the Shire's financial systems in accordance with reg. 17 of the *Local Government (Financial Management) Regulations 1996*.

The committee is required to review and challenge where necessary:

7.2.1 The consistency of, and any changes to, accounting policies;

7.2.2 The methods used to account for significant or unusual transactions where different approaches are possible;

7.2.3 Whether the Council has followed appropriate accounting standards and made appropriate estimates and judgments, taking into account the views of the external auditors;

7.2.4 The clarity of disclosure in the Council's financial reports and the context in which statements are made; and

7.2.5 All material information presented with the financial statement such as the operating and financial review and any corporate governance statement (in so far as it relates to audit and risk management).

7.3 Internal Control & Risk Management Systems

The committee is required to:

7.3.1 Review the CEO's report on the effectiveness of the council's internal controls and risk management systems in accordance with reg.17 of the *Local Government (Audit) Regulations 1996*;

7.3.2 Monitor and advise the CEO in the reviews of certain systems as prescribed from time to time by the audit and financial management regulations;

7.3.3 Review and recommend the approval, where appropriate, of statements to be included in the annual report concerning internal controls and risk management;

7.3.4 Receive and review reports from the Chief Executive Officer on the activities of the Risk Management Dashboard.

7.4 Other Investigations

The committee, when necessary, propose and review the exercise of Council's powers under the Act, in relation to the conduct of audits that would not otherwise be addressed or included as part of an annual external audit.

7.5 Internal Audit

7.5.1 The committee is required to monitor and review the effectiveness of Council's internal audit function in the context of the Council's overall risk management system. The committee can consider and make recommendations on the program and the adequacy of resources in accordance with the relevant professional and legislative requirements and standards.

7.5.2 The committee may receive executive summary reports on all internal audits and review and monitor managements responsiveness to the findings and recommendations of any such internal audit.

7.6 External Audit

7.6.1 The committee is required to oversee the relationship with the Office of the Auditor General, including, but not limited to:

7.6.1.1 Consult with the external auditor on any matters that the committee seek to raise as an audit focus;

7.6.1.2 Assessing the external auditor's independence and objectivity taking into account relevant professional and regulatory requirements and the extent of Councils relationship with the auditor;

7.6.1.3 Satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the external auditor and the Council (other than in the ordinary course of business);

7.6.1.4 Monitoring the external auditor's compliance with legislative requirements.

7.6.2 The committee is to review the report to the Chief Executive Officer and management's response to the Office of the Auditor General's findings and recommendations.

7.6.3 The committee is to review any representation letter(s) requested by the Office of the Auditor General.

7.7 Continuous Improvement

7.7.1 The committee is to monitor and promote continuous improvement of Council's systems, processes and operations.

7.7.2 The committee reviews and advises on the adequacy of governance practices, and performance frameworks.

7.7.3 The committee may recommend initiatives to improve efficiency, effectiveness and innovation of Shire systems and processes.

8 Reporting Responsibilities

8.1 The minutes of the committee are to be presented to the Council after every meeting.

8.2 The committee's recommendations to Council are to be included in the meeting agenda of the next Ordinary Council Meeting.

9 Other Matters

The committee is to:

9.1 Be provided with appropriate and timely training, both in the form of an induction program for new members and on an on-going basis for all members.

9.2 Give due consideration to laws and regulations of the *Local Government Act 1995*.

9.3 Oversee any investigation of activities which are within its Terms of Reference.

9.4 At least once per year, review its membership and Terms of Reference to ensure it is operating at a maximum effectiveness, and recommend changes it considers necessary to the Council for approval.

STATUTORY ENVIRONMENT

Local Government Act 1995,

Local Government (Audit) Regulations 1996

Local Government (Financial Management) Regulations 1996

Record of ToR Review						
Version	Author	Council Adoption	Resolution	Reason for Review	Next Review Date	CEO Signature
01	Graeme Fardon	26/10/17	72-17/18	New Policy		
02	Graeme Fardon	30/11/17	98-17/18	Revised		
03	Graeme Fardon			Annual Review	Dec 18	
04	A&R Committee	20/12/18	117-18/19	Revised 12/12/2018		
05	A&R Committee	19/12/19	96-19/20	Annual Review	Dec 21	
06	A&R Committee	17/12/20	99-20/21	Minor amendments	Dec 22	
07	A&R Committee	30/3/23	181-22/23	Annual Review	March 24	
08	A&R Committee	28/11/2024	076 - 24/25	Annual Review	Nov 25	
09	Marion Haeusler			Proposed legislative changes	November 2026	

AUDIT & RISK COMMITTEE – TERMS OF REFERENCE

PURPOSE

To ensure that the audit of Council's financial and statutory functions have been undertaken in accordance with the provisions of the *Local Government Act 1995* and associated Regulations.

The Committee will also undertake a Risk Management function to ensure adequate statutory compliance and best practice mitigation is occurring.

OBJECTIVE

The objective of the committee is to assist Council in providing a transparent and independent process in its audit, risk and governance management to ensure accountability to the community in the governance and compliance framework and its financial and risk management responsibilities.

POLICY

The Audit & Risk Committee (the "committee") is a formally appointed committee of the Shire of Quairading, pursuant to a number of specific pieces of legislation. These include: -

The *Local Government Act 1995*, *The Local Government (Audit) Regulations 1996*, the *Local Government (Financial Management) Regulations 1996*. The *Local Government Act 1995*, *Section 7* deals specifically with the audit and process.

The committee does not have executive powers or authority to implement actions in areas where management has the responsibility and does not have any delegated financial responsibility. The committee does not have any management functions and is therefore independent from management.

The committee's role is to report to Council and provide appropriate advice and recommendations on matters relevant to its Terms of Reference in order to facilitate decision making by the committee and Council in relation to the discharge of its responsibilities.

1 Membership

1.1 Members of the committee are appointed by Council. The committee is to consist of all Elected Members. The Elected Members are to vote and elect the chairperson.

1.2 Only members of the committee are entitled to vote in committee meetings. Unless otherwise required by the Act not to vote, each member must vote on every matter that is before the committee for decision.

1.3 The Chief Executive Officer, senior management and other administration staff may attend any meeting as observers or be responsible for preparing papers for the committee.

1.4 The Council's external auditors may be invited to attend meetings of the committee.

1.5 Appointment of all members of the committee will be for a term of two (2) years at the commencement of each Council term after a Council election.

1.6 Committee members are paid meeting attendance fees in accordance with the requirements of the *Local Government Act 1995*.

2 Secretarial/Administrative Resources

2.1 The Chief Executive Officer is required to provide sufficient administrative resources to the Audit and Risk Committee to enable it to adequately carry out its functions.

3 Quorum

3.1 The quorum necessary for the transaction of business shall be four (4) members of the Audit and Risk Committee.

4 Frequency of Meetings

4.1 The committee may meet at least quarterly at a minimum or as determined by the committee.

4.2 A schedule of ordinary meetings is determined by Council for the year.

4.3 The Chief Executive Officer is delegated the authority to vary the meeting schedule after liaison with the committee chairperson.

4.4 The Chief Executive Officer is delegated not to call an ordinary meeting of the committee should the committee have no matters for consideration. Such delegation to only be exercised after liaison with the committee chairperson.

5 Notice of Meetings

5.1 Ordinary meetings of the committee are to be held at dates/times determined by Council.

5.2 A special meeting of the committee may be called with the approval of all the committee members.

5.3 The agenda of the committee meetings, subject to any items that are discussed in confidence under Sections 5.22 and 5.23 of the Act and subsequently retained as confidential under Section 5.23 of the Act, are also required to be made available to the public.

5.4 The notice of meeting and supporting papers is to be lodged in the Councillor's Resources section of the Staff Portal on the Quairading website no later than three clear days prior to the date of the meeting.

6 Minutes of Meetings

6.1 The Minutes of the committee meetings are to be in accordance with the provisions of the LG Act, LG Regulations, and departmental guidelines.

6.2 Minutes of the committee are to be lodged in the document centre on the Quairading website within five working days after a meeting.

7 Roles of the Audit & Risk Committee

7.1 Support Function

The committee will also support the auditor as required and have functions to oversee:

7.1.1 The implementation of audit recommendations made by the auditor, which have been accepted by Council; and

7.1.2 Accepted recommendations arising from reviews of local government systems and procedures ("performance audits").

7.2 Financial Reporting

The committee is required to monitor the integrity of the financial statements of the Council, including its annual report, reviewing significant financial reporting issues and judgments which they contain.

The committee is required to review and challenge where necessary: -

7.2.1 The consistency of, and any changes to, accounting policies both on a year-on-year basis;
7.2.2 The methods used to account for significant or unusual transactions where different approaches are possible.
7.2.3 Whether the Council has followed appropriate accounting standards and made appropriate estimates and judgments, taking into account the views of the external auditors.
7.2.4 The clarity of disclosure in the Council's financial reports and the context in which statements are made; and
7.2.5 All material information presented with the financial statement such as the operating and financial review and any corporate governance statement (in so far as it relates to audit and risk management).

7.3 Internal Control & Risk Management Systems

The committee is required to:

7.3.1 Keep under review the effectiveness of the council's internal controls and risk management systems.
7.3.2 Monitor and advise the CEO in the reviews of certain systems as prescribed from time to time by the audit and financial management regulations.
7.3.3 Review and recommend the approval, where appropriate, of statements to be included in the annual report concerning internal controls and risk management.
7.3.4 Receive and review reports from the Chief Executive Officer on the activities of the Risk Management Dashboard.

7.4 Other Investigations

The committee, when necessary, propose and review the exercise of Council's powers under the Act, in relation to the conduct of audits that would not otherwise be addressed or included as part of an annual external audit.

7.5 Internal Audit

7.5.1 The committee is required to monitor and review the effectiveness of Council's internal audit function in the context of the Council's overall risk management system. The Audit and Risk Committee can consider and make recommendations on the program and the adequacy of resources in accordance with the relevant professional and legislative requirements and standards.
7.5.2 The committee may receive executive summary reports on all internal audits and review and monitor managements responsiveness to the findings and recommendations of any such internal audit.

7.5.3 The committee may meet with management and any internal auditors at least twice per year to discuss any issue arising from any internal audits carried out.

7.5.4 The committee is required to monitor and review the selection process for the internal auditor (if appointed). Appointment of any internal auditor is the responsibility of management. Appointment of the external auditor is the responsibility of the Office of the Auditor General (OAG).

7.6 External Audit

7.6.1 The committee is required to oversee the relationship with the Office of the Auditor General, including, but not limited to: -

7.6.1.1 Consult with the external auditor on any matters that the committee seek to raise as an audit focus.

7.6.1.2 Assessing the external auditor's independence and objectivity taking into account relevant professional and regulatory requirements and the extent of Councils relationship with the auditor

7.6.1.3 Satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the external auditor and the Council (other than in the ordinary course of business);

7.6.1.4 Monitoring the external auditor's compliance with legislative review.

7.6.1.5 Oversee the transition of the audit function to the Office of the Auditor General.

7.6.2 The committee may review and make recommendation to the annual audit planning summary and ensure that it is consistent with the scope of the engagement and relevant legislation and standards.

7.6.3 The committee is to review the findings of the external audit. This may include, but not be limited to, the following: -

7.6.3.1 Discussion of any major issues which arose during the audit.

7.6.3.2 Any accounting and audit judgments; and

7.6.3.3 Levels of errors identified during the audit.

7.6.4 The committee is to review any representation letter(s) requested by the Office of the Auditor General.

7.6.5 The committee is to review the report to the Chief Executive Officer and management's response to the Office of the Auditor General's findings and recommendations.

7.7 CEO Performance Appraisal

The committee is also responsible for facilitating/arranging Chief Executive Officer's performance review process.

8 Reporting Responsibilities

8.1 The minutes of the committee are to be presented to the Council after every meeting to identify and present advice and committee recommendations.

9 Other Matters

The committee is to:

9.1 Be provided with appropriate and timely training, both in the form of an induction program for new members and on an on-going basis for all members.
9.2 Give due consideration to laws and regulations of the *Local Government Act 1995*.
9.3 Oversee any investigation of activities which are within its Terms of Reference.
9.4 At least once per year, review its own performance, membership and Terms of Reference to ensure it is operating at a maximum effectiveness and recommend changes it considers necessary to the Council for approval.

GUIDELINES

Local Government Act 1995;

Local Government (Audit) Regulations 1996;

Local Government (Financial Management) Regulations 1996.

STATUTORY ENVIRONMENT

Local Government Act 1995, Local Government (Audit) Regulations 1996

Local Government (Financial Management) Regulations 1996

Record of ToR Review						
Version	Author	Council Adoption	Resolution	Reason for Review	Next Review Date	CEO Signature
01	Graeme Fardon	26/10/17	72-17/18	New Policy		
02	Graeme Fardon	30/11/17	98-17/18	Revised		
03	Graeme Fardon			Annual Review	Dec 18	
04	A&R Committee	20/12/18	117-18/19	Revised 12/12/2018		
05	A&R Committee	19/12/19	96-19/20	Annual Review	Dec 21	
06	A&R Committee	17/12/20	99-20/21	Minor amendments	Dec 22	
07	A&R Committee	30/3/23	181-22/23	Annual Review	March 24	
08	A&R Committee	28/11/2024	076 - 24/25	Annual Review	Nov 27	

6.3 Biennial Review of Disposal of Property Policy

Responsible Officer	Jen Green, Acting Chief Executive Officer
Reporting Officer	Tricia Brown, Executive Manager, Corporate Services
Attachments	1. Attachment (i) Disposal of Property Policy
Voting Requirements	Simple Majority
Disclosure of Interest	Reporting Officer: Nil Responsible Officer: Nil

COMMITTEE RESOLUTION: ARC 004-25/26

Moved: Cr JC Hayes
Seconded: Cr RC Faltyn

That the Audit & Risk Committee recommend to Council, to endorse the Biennial Review of the Disposal of Property Policy – Attachment (i)

FOR: Crs JR Hippisley, TJ Stacey, BR Cowcill, RC Faltyn and JC Hayes

AGAINST: Nil

CARRIED 5/0

IN BRIEF

Council adopted the Disposal of Property Policy in June 2023.

MATTER FOR CONSIDERATION

That the Audit & Risk Committee consider recommending to Council to endorse the review of the Disposal of Property Policy.

BACKGROUND

The purpose of this policy is to ensure any property (which encompasses plant/machinery/vehicles, furniture, equipment, building materials, livestock and land/buildings) is disposed of in accordance with the *Local Government Act 1995* which is very specific in the way of which particular items can be disposed of by Council.

In the past, office staff have been asked by members of the public if Shire owned items can be purchased (e.g. items from the tip, plant/machinery that isn't in use, materials at the top yard). This policy provides a clear process for staff to follow to ensure the Act is appropriately followed.

STATUTORY ENVIRONMENT

Local Government Act 1995

POLICY IMPLICATIONS

Asset Management Policy

FINANCIAL IMPLICATIONS

There is no financial impact to the Shire with the review of this Policy, however, the Policy clearly outlines to staff (and residents who may want to purchase an item from the Shire) the process to follow to ensure the Shire remains compliant with the selling/disposal of any Council property.

ALIGNMENT WITH STRATEGIC PRIORITIES

5.4 Governance & Leadership: Implement systems and processes that meet legislative and audit obligations

CONSULTATION

No external consultation was conducted.

RISK MANAGEMENT PRIORITIES

This report addresses the following identified Strategic Risk Management Priorities:

3.1 Governance, Financial and Compliance Risks: Financial Viability and Asset Management

3.3 Governance, Financial and Compliance Risks: Organisational Misconduct

RISK ASSESSMENT

	Option 1
Financial	Low *There was no cost to the Shire in the review of this Policy, however, it ensures due diligence if Council would like to sell any Council property for financial gain.*
Health	N/A
Reputation	Low *This Policy ensures compliance with the Local Government Act 1995.*
Operations	Low *This Policy is an interpretation of the Local Government Act 1995 which makes it easier for staff to refer to, rather than searching the Act.* *This Policy requires reviewed on a biennial basis.*
Natural Environment	N/A

	Consequence				
Likelihood	Insignificant	Minor	Moderate	Major	Critical
Rare	LOW Accept the risk Routine management	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Unlikely	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Possible	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quartely senior management review	HIGH Quarterly senior management review
Likely	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review	EXTREME Monthly senior management review
Almost certain	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	EXTREME Monthly senior management review	EXTREME Monthly senior management review

COMMENT

Section 12 – Disposal by Expression of Interest (EOI) – Other than Land or Buildings has been added to the Policy.

COMMENTS FROM THE COMMITTEE

Cr Hippisley asked about the possibility of a retiring Councillor or staff member buying their laptop off the Shire. The EMCS explained that this option is covered with the amendment to the Policy that allows for disposal of minor assets under the value of $20,000 via the additional method of an unsolicited offer.

DISPOSAL OF PROPERTY POLICY

PURPOSE

This policy is intended to provide guidelines for the disposal of Shire of Quairading owned property deemed surplus to the Shire's requirements.

OBJECTIVE

The Shires Disposal of Property Policy intent is to ensure full compliance with applicable legislative obligations and principles of transparency:

a. Assets disposal decisions, including reasons for such action are to be recorded in the Shires assets registers and associated accounting records;

b. Under no circumstances are items to be donated to staff.

DEFINITIONS

For the purpose of clarity, the term "Property" and "Asset" are interchangeable to ensure alignment with the *Local Government Act 1995.*

Disposal

Includes to sell, lease, or otherwise dispose of, whether absolutely or not.

Property

Includes the whole or any part of the interest of a local government in property but does not include money. The term "Property" encompasses:

a. Plant and vehicles trade-ins.

b. Machinery.

c. Furniture.

d. Equipment.

e. Miscellaneous items.

f. Abandoned vehicles.

g. Building/construction materials.

h. Livestock and;

i. Land or buildings.

POLICY

1. Statutory provisions of property disposal

Under Section 3.58 of the *Local Government Act 1995*, a local government can only dispose of property to:

a. The highest bidder at public action; or

b. The person at public tender who, called by the local government makes what is, in the opinion of the local government, the most acceptable tender, whether or not it is the highest tender.

The Shire can dispose of property other than above if, before agreeing to dispose of the property, it:

a. Gives local public notice of the proposed disposition, describing the property concerned and giving details of the proposed disposition:
    i. Describing the property concerned; and
    ii. The names of all other parties concerned; and
    iii. The consideration to be received by the local government for the disposition; and
    iv. The market value of the disposition.
b. Invites submissions to be made to the Shire before a date not less than 2 weeks after the first notice is given, and;
c. Considers any submissions made to it before the date specified in the notice and, if its decision is made by the council or a committee, the decision and the reasons for it are recorded in the minutes of the meeting at which the decision was made.

This does not apply to:

a. A disposition of an interest in land under the *Land Administration Act 1997* Section 189 or 190; or
b. A disposition of property in the course of carrying on a trading undertaking as defined in section 3.59; or
c. Anything that the local government provides to a particular person, for a fee or otherwise, in the performance of a function that it has under any written law; or
d. Any other disposition that is excluded by regulations from the application of this section.

2. Authority to Dispose of Property

a. Decisions on the disposal of property (assets) may only be made in accordance with Delegated Authority detailed in the Shire's Delegated Authority Register or by resolution of Council.
b. For major project work where disposal of property (assets) is likely to exceed the delegated authority limit, a Council resolution is required that details full financial and asset management implications associated with the disposal(s).
c. In instances where major projects requiring Council approval and include as part of the works disposal of existing assets, there is an obligation to disclose the written down value under financial implications of the Council report.

3. Plant, Machinery, Furniture, Equipment and Miscellaneous Items

The disposal of property (other than land or buildings) with a market value of less than $20,000 is an exempt disposition under Regulation 30 of the *Local Government Functions and General Regulations 1996*. Accordingly, the following methods of disposal may be used by the Shire:

a. Sale by public or private auction, including an online bidding system or portal system.
b. Trade-in for other property.
c. Donation or gifting of the property to local schools and community groups or not for profit organisations by Council Resolution.

The disposal of property (other than land) is an exempt disposition under Regulation 30 of the Local Government Functions and General Regulations 1996 if the entire consideration received by the local government for the disposition is used to purchase other property, and where the total consideration for the other property is not more, or worth more, than $75 000.

At all times, the Shire will aim to maximise the value of any asset being disposed of.

Disposal of existing plant and equipment is based on the following considerations:

a. A condition rating applied to each asset;
b. An assumed economic life applied to each asset group;
c. A replacement date for each asset;
d. Asset replacement cost.

It is the responsibility of the Executive Manager of Works & Services to ensure the monitoring of all plant, machinery, equipment, and miscellaneous items to ensure that they are being utilised to provide maximum benefit to the Council. Any changes or usage that may have a detrimental effect to the Shire must be brought to the attention of Council.

4. Unsaleable Property (other than land or buildings) – Including Damaged and/or Contaminated Property

When all efforts fail to dispose of the property in accordance with the above guidelines, the Shire may resort to sale by private treaty if any unsolicited offers are received or the Shire may choose (by Council Resolution) to offer the property to a local community group or member at no cost or authorise its disposal by recycling or scrapping.

5. Livestock and Other Animals

When the Shire is in a position to dispose of livestock or any other animals, the below methods of disposal may be used:

a. In the first instance, the shire must attempt to surrender the livestock or animal to an appropriate rescue organisation.
b. If this is unsuccessful, sale by public or private auction.

If neither of the above two options are successful, the Shire may choose to dispose of the property by private treaty if any unsolicited offers are received or the Shire may choose to offer the property to a local community group or member at no cost. If the above methods of disposal fail, the Shire may resort to the humane destruction of said livestock or animal.

At all times, the disposal of all livestock and other animals will be in accordance with the relevant acts, namely; *Dog Act 1976, Cat Act 2011* and *Local Government Miscellaneous Provisions Act 1960.*

6. Sale of Land

The direction provided by this policy applies to any sale of land or buildings owned by Council and does not apply to sale of land for the recovery of unpaid rates.

The Council will approve the sale of Council land or buildings by:

a. Offering the property for sale by tender; or
b. Appointment of a real estate agent to market the sale of the property by private treaty; or
c. Appointment of a real estate agent to conduct a public auction; or

d. A combination of the above.

Prior to the disposal of the property, a reserve figure or disposal price for the property to be offered for sale shall be determined in consultation with the appointed agent (where appropriate).

The reserve price shall be no less than a sworn valuation obtained from a Licensed Valuer, obtained not more than 6 months prior to the proposed disposition.

The deposit required to be paid if the property is sold by public auction or private treaty is $10,000, on the fall of the hammer at auction or on the date of the acceptance of an offer to purchase, with the balance payable at settlement.

7. Public Auction

Where a property is offered for sale by public auction and fails to sell at the set reserve figure, the agent may be appointed to continue to market the property for a period of 90 days following the date of auction, to achieve a sale, providing that:

a. Any offer to purchase is in a form which may be accepted;

b. The agent's commission is to be calculated on the sale price achieved or as otherwise agreed to;

c. The offer is for the amount equal to or higher than the reserve price set for the auction, unless otherwise agreed to by the CEO; and

d. The provisions of section 3.58 of the *Local Government Act 1995* have been satisfied.

8. Public Tender

If a property is to be sold by public tender the provisions of Section 3.58 (2)(b) of the *Local Government Act 1995* apply. If the tender fails to secure an acceptable offer, the land may be sold by private treaty.

9. Private Treaty

Where a property is to be sold by private treaty without being first offered at public auction or public tender, the following provisions relating to giving public notification of the proposed disposition to Section 3.58 (3) of the *Local Government Act 1995* (Public Notice) will apply:

a. The offer to purchase must be in a form which may be accepted;

b. An offer may not be accepted if less than the agreed disposal price as set in accordance with this policy, or is a price acceptable to Council and has been advertised in accordance with Section 3.58; and

c. An amount of $10,000 deposit is to be paid by the prospective purchaser upon acceptance of the offer to purchase made with the balance payable on the settlement date. This provision does not apply if the property is purchased for less than $10,000.

10. Unsolicited Offers

If Council receives an unsolicited offer for a Council Property, the CEO will determine based on Council's adopted strategies on land and buildings whether or not an offer should be considered.

If yes, a sworn valuation will be obtained from an independent licensed Valuer. The CEO may make such other inquiries as they consider appropriate to ascertain the market value.

If the valuation is higher than the proposed offer, the intending purchaser will be given the opportunity to increase the offer to meet the valuation.

The proposed disposition will then be put to Council for consideration where Council may:

a. Reject the offer;

b. Accept the offer subject to the provisions of Section 3.58, and advertise for public submissions;

c. Make a counteroffer, which would also be subject to Section 3.58, if accepted; or

d. Seek to dispose of the property by Auction of Public Tender and invite the proponent to participate.

11. Dealing with Stakeholders

Council properties may have other affected stakeholders or other persons who have an interest in the land. This may include:

a. Current tenants;

b. Potential future tenants where some substantive discussions have occurred; or

c. Adjacent landowners.

Any discussions with stakeholder/s should be documented, and where appropriate confirmed in writing. If stakeholder/s indicate a genuine interest in purchasing the property, they should be encouraged to make a submission to that effect or participate in a public process as the case may be.

12. Disposal by Expression of Interest (EOI) – Other than Land or Buildings

Where an expression of interest has been received in writing and the property is no longer required for operational purposes or is deemed surplus to the needs of the Shire, disposal may be conducted through an Expression of Interest (EOI) process. Items sold under this method will be:

- Clearly identified as surplus and no longer of use to the Shire;
- Disposed of in a transparent and accountable manner;
- Sold at a value perceived to be fair and reasonable, having regard to the condition, market demand, and any valuations obtained;
- Subject to terms and conditions outlined in the EOI documentation;
- Where the estimated fair value of the property exceeds $5,000 the Chief Executive Officer's (CEO) approval must be obtained prior to disposal.

STATUTORY ENVIRONMENT

Where assets have been identified as being surplus to the Shires requirements, due for replacement or is deemed appropriate for disposal through the relevant act, the following procedures will apply to the disposal of that asset.

a. Section 3.58 of the *Local Government Act 1995* requires Council to dispose (sell, lease or otherwise dispose) of property assets either by public auction or public tender in accordance with the legislated requirements. Section 3.58 5(d) allows for certain dispositions to be exempted from these requirements through regulation.

b. The disposition of which shall be an exempt disposition pursuant to Regulation 30(2) and (3) of the *Local Government (Functions and General) Regulations 1996*.

DISPOSAL OF PROPERTY POLICY

Record of Policy Review						
Version	Author	Council Adoption	Resolution	Reason for Review	Review Date	CEO Signature
01	Nicole Gibbs	29 June 2023	266 - 22/23	New Policy	June 2025	
02	Tricia Brown			Biennial Review	June 2027	

ITEM 7 STANDING ITEMS – EXTERNAL AUDIT

7.1 2024/2025 Financial Audit - Office of the Auditor General (OAG)

Responsible Officer Jen Green, Acting Chief Executive Officer

Reporting Officer Tricia Brown, Executive Manager, Corporate Services

Attachments 1. Attachment (i) Interim Audit Results

Voting Requirements Simple Majority

Disclosure of Interest Reporting Officer: Nil

Responsible Officer: Nil

COMMITTEE RESOLUTION: ARC 005-25/26

Moved: Cr TJ Stacey
Seconded: Cr BR Cowcill

That the Audit & Risk Committee recommend to Council, that Council:

1. Receives the Interim Audit Results and list of Findings from the OAG for the Year Ending 30 June 2025 (Attachment (i)
2. Notes the 2024-2025 Final Audit is scheduled for an onsite visit on 30th September & 1st October 2025.

FOR: Crs JR Hippisley, TJ Stacey, BR Cowcill, RC Faltyn and JC Hayes

AGAINST: Nil

CARRIED 5/0

IN BRIEF

- The 2024-2025 Audit commenced with the Entrance Meeting held via Teams with Tim Partridge (AMD) and Liang Wong (OAG). Following completion of the Interim Audit on site the OAG has presented Council with their Findings.

BACKGROUND

The external audit, also known as financial audits or audit of the annual financial statements, focuses on providing an objective and independent examination of the financial statements prepared by the Shire, increasing the value and user confidence in the financial statements.

AMD Chartered Accountants (AMD) have been contracted by the OAG to perform the Shire's financial report audit for a 3-year period, commencing with the audit for the year ended 30th June 2021 (prior year audit). The audit occurs in two steps; the first being an interim audit, with the second (final) stage being the audit work to attest the balances and notes that comprise the annual financial statements.

STATUTORY ENVIRONMENT

Local Government Act 1995

Local Government (Financial Management) Regulations 1996

Local Government (Audit) Regulations 1996

Australian Accounting Standards

International Financial Reporting Standards

POLICY IMPLICATIONS

Purchasing Policy

Records Management Policy

Significant Accounting Policies

Delegation 1.1.13: Payments from the municipal or trust funds

Delegations Register

FINANCIAL IMPLICATIONS

Council had a budget allocation of $39,500 in the 2024/25 budget for the conduct of the external audit function by the Office of the Auditor General (OAG), for the audit of the 2023/24 annual financial statements. Following a large increase in audit fees statewide the final audit fees increased to $43,000. It is anticipated that an increase in budget will be required for the 25/26 Budget. Officers' efforts to undertake the improvements and report on progress have not been estimated or reported.

ALIGNMENT WITH STRATEGIC PRIORITIES

5.3 **Governance & Leadership**: Provide informed and transparent decision making that, meets our legal obligations, and the needs of our diverse community

5.4 **Governance & Leadership**: Implement systems and processes that meet legislative and audit obligations

CONSULTATION

Nil.

RISK MANAGEMENT PRIORITIES

This report addresses the following identified Strategic Risk Management Priorities:

3.1 Governance, Financial and Compliance Risks: Financial Viability and Asset Management

RISK ASSESSMENT

	Option 1
Financial	Low *Cost of the audit is included in the budget. The audit's purpose is not to uncover any financial fraud, however having strong financial processes, as raised in the management report can reduce the risk of this occurring.*

Health	Low
Reputation	Low *Compliant with legislative requirements. Failure to complete the annual financial audit would lead to increased reputational risk and possible actions by the OAG.*
Operations	Low *Council's Management and administration staff assist AMD by providing all information and documents requested. Operational impact is minimal in reporting progress on audit findings, however the operational impact of not closing findings would be significantly higher if conditions escalated.*
Natural Environment	Low

	Consequence				
Likelihood	Insignificant	Minor	Moderate	Major	Critical
Rare	LOW Accept the risk Routine management	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Unlikely	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Possible	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quartely senior management review	HIGH Quarterly senior management review
Likely	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review	EXTREME Monthly senior management review
Almost certain	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	EXTREME Monthly senior management review	EXTREME Monthly senior management review

COMMENT

The CEO and EMCS will continue to report on progress of audit findings through the Audit Progress Register that is submitted to the Audit and Risk Committee and recommended to Council.

COMMENTS FROM THE COMMITTEE

Cr Stacey enquired after the delivery method of the Interim Audit Results. The EMCS confirmed that the OAG's standard method of delivering such documents was via a document transfer portal.

Cr Hippisley asked in what respect he Shire's advertising of the land for sale had not been sufficient as noted in audit finding 1. The EMCS and EO explained that as stipulated in s. 3.58(3) of the Act, the community should have been informed of the intention to sell property to certain individuals or companies through local channels in order to allow for feedback before any sale was finalised.

Office of the Auditor General
Serving the Public Interest

Our Ref: F21/69

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Jen Green
Acting Chief Executive Officer
Shire of Quairading
PO Box 38
QUAIRADING WA 6383

Dear Ms Green

ANNUAL FINANCIAL REPORT
INTERIM AUDIT RESULTS FOR THE YEAR ENDING 30 JUNE 2025

We have completed the interim audit for the year ending 30 June 2025. We performed this phase of the audit in accordance with our audit plan. The focus of our interim audit was to primarily evaluate your financial control environment, and to obtain an understanding of the key business processes, risks and internal controls relevant to our audit of the annual financial report.

Management control issues
We would like to draw your attention to the attached listing of deficiencies in internal control and other matters that were identified during the course of the interim audit. These matters have been discussed with management and their comments have been included on the attachment. The matters reported are limited to those deficiencies that were identified during the interim audit that we have concluded are of sufficient importance to merit being reported to management.

Please note that our management letter attachment does not include any finding related to the issues with the treatment of sale of land proceeds, given that we understand this matter is being investigated at present. We would appreciate the Shire keep us informed on the status and outcome of this matter so that we can determine any impact on our audit approach.

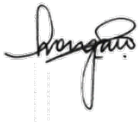
The result of the interim audit was satisfactory. An audit is not designed to identify all internal control deficiencies that may require management attention. It is possible that irregularities and deficiencies may have occurred and not been identified as a result of our audit.

This letter has been provided for the purposes of your local government and may not be suitable for other purposes.

We have forwarded a copy of this letter to the President. A copy will also be forwarded to the Minister for Local Government when we forward our auditor's report on the annual financial report to the Minister on completion of the audit.

Feel free to contact me on 6557 7542 if you would like to discuss these matters further.

Yours faithfully



Liang Wong
Director
Financial Audit
2 July 2025

Attach

ATTACHMENT

SHIRE OF QUAIRADING

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
1. Sale Of Land Held for Resale	No	✓			
2. Purchase Order Approval Limits	No	✓			
3. Rates Reconciliation	No		✓		
4. Cyber Security Assessment	No		✓		✓
5. Risk Management Policy	No		✓		
6. Payroll Exceptions	No		✓		
7. Manual Journals	No		✓		
8. Month End Reconciliations	No		✓		

Key to ratings

The Ratings in this management letter are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. We give consideration to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

Significant - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating could indicate the need for a modified audit opinion in the current year, or in a subsequent reporting period if not addressed. However even if the issue is not likely to impact the audit opinion, it should be addressed promptly.

Moderate - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.

Minor - Those findings that are not of primary concern but still warrant action being taken.

ATTACHMENT

SHIRE OF QUAIRADING

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

1. **Sale Of Land Held for Resale**

The Shire did not notify the public in the required manner regarding the proposed sale of 11 residential lots as required under section 3.58(3) of the *Local Government Act 1995*.

Rating: Significant

Implications
Non-compliance with *Local Government Act 1995*.

Recommendation
The Shire should comply with section 3.58(3) of the *Local Government Act 1995* by providing public notice in the prescribed manner prior to the sale of any property.

Management Comment
Shire Officers became aware of the oversight after the sale of the properties. The non-compliance was reported to the Department in the Shire's Compliance Audit Return 2024. Staff training has since been provided to ensure the error will not be repeated. All subsequent property sales have been appropriately advertised in accordance with the relevant section of the Act.

Responsible Person: **Natalie Ness**
Completion Date: **30/06/2025**

ATTACHMENT

SHIRE OF QUAIRADING

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

2. **Purchase Order ("PO") Approval Limits**

The Shire does not have defined approval limits for Purchase Orders (POs). There is currently no documented delegation of authority matrix outlining which personnel are authorised to approve POs and up to what dollar threshold.

Rating: Significant

Implications
The absence of PO approval limits increases the risk of:

- Unauthorised or inappropriate expenditure;
- Lack of accountability and transparency in procurement practices;
- Reduced effectiveness of budgetary control mechanisms.

Recommendation
We recommend that the Shire implements a formal Delegation of Authority Policy or Purchasing Policy that clearly defines PO approval limits for different levels of staff. This policy should be approved by Council and regularly reviewed to ensure it reflects current organisational structure and risk appetite. The PO system (Synergy) should be configured to enforce these approval limits.

Management Comment
The Shire will integrate approval limits for staff into its current Purchasing Policy which will be taken to Council for approval. Once approved the Synergy Purchasing System will be updated to reflect the approved limits.

Responsible Person: **Tricia Brown**
Completion Date: **31/08/2025**

ATTACHMENT

SHIRE OF QUAIRADING

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

3. **Rates Reconciliation**

Rates reconciliations are prepared externally and forwarded to a Shire officer for review upon completion. The Senior Finance Officer performs an independent review of the reconciliation prepared by the external rates officer; however, the valuation register and the rolling rates reconciliation are not included in this review.

Rating: Moderate

Implications
Increased risk of fraud or error due to lack of evidence of independent review.

Recommendation
We recommend that the Senior Finance Officer also reviews the valuation register and rolling rates reconciliation to ensure completeness and accuracy of the rates reconciliation process.

Management Comment
The Finance Officer will introduce an independent review of the Valuation Register and Rolling Rates Reconciliation into the End of Month checking process.

Responsible Person: **Tricia Brown/Cynthia Lowe**
Completion Date: **01/08/2025**

ATTACHMENT

SHIRE OF QUAIRADING

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

4. **Cyber Security Assessment**

During the interim audit, we noted the following:

(i) There are no policies in place governing employee's internet use and email use;
(ii) Application control and application hardening is not enabled; and
(iii) There is no IT risk register in place therefore management have not formally evaluated IT risks.

This finding was initially raised in 2023-24 in respect to no IT risk register in place.

Rating: Moderate

Implication

(i) Lack of guidance in respect to employee's internet use and email use;
(ii) In the absence of appropriate sensitive data encryption, there is an increased risk that unprotected sensitive data could lead to identity theft, fraud or theft of financial resources from employees and/or third parties in the event of a data breach; and
(iii) Lack of adequate risk assessment identification, evaluation and mitigating internal control processes in relation to Information Technology and cyber security risks.

Recommendation

We recommend:

(i) Establish policies and procedures for internet use and email use to safeguard sensitive information and systems from unauthorised access;
(ii) An application control/application hardening policy be implemented; and
(iii) A comprehensive risk identification, evaluation and mitigation process be undertaken to ensure all potential risks associated with Information technology, specifically cyber security are considered and documented. Subsequently we recommend the risk register be updated to include specific Information Technology and cyber security risks such as ransomware breaches, data breaches due to phishing emails, general data breaches, reputational damage and related media which may be required in the event of a cyber security breach etc.

Management Comment

In Relation to the following:

(i) The Shire does have an IT usage policy in place
(ii) The Shire will investigate this matter further and in conjunction with Wallis Computers implement as required
(iii) The Shire has not yet implemented a risk register as such and will endeavour to develop this. We have implemented an IT Change User Form. This is used wherever changes to current staff or requests for new staff are to be actioned. There are several risks to be assessed for each change actioned.

Responsible Person: **Tricia Brown**
Completion Date: **30/09/2025**

ATTACHMENT

SHIRE OF QUAIRADING

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

5. **Risk Management Policy**

The Shire's Risk Management Policy is referenced to the old standard AS/ANZ ISO 31000:2009 and should be updated to reflect the current standard AS/ANZ ISO 31000:2018.

Rating: Moderate

Implication
Using an outdated risk management standard may lead to inconsistencies with current practices, which could undermine the Shire's ability to effectively identify, assess, and mitigate risks, thereby increasing vulnerability to unmanaged or emerging threats.

Recommendation
The Shire should update its risk management policy to align with the current AS/ANZ ISO 31000:2018 standard to ensure consistency with best practices and to strengthen its overall risk management framework.

Management Comment
The Shire will update the correct Policy to the correct standard and take to Council for approval.

Responsible Person: **Tricia Brown**
Completion Date: **31/08/2025**

ATTACHMENT

SHIRE OF QUAIRADING

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

6. **Payroll Exceptions**

Our audit testing identified the following exceptions:

(i) There are no documented procedures outlining the steps for adding new employees into the payroll system. This absence of guidance makes training difficult, increases the risk of processing errors, and leaves new staff without a reference point for resolving issues or understanding key processes;
(ii) For new employees, the onboarding file is submitted with the first pay run to the Executive Manager Corporate Services (EMCS) for review. While EMCS reviews pay details, banking information, and leave balances prior to approval, there is no formal documentation to evidence this review process;
(iii) Changes made to employee masterfiles are not supported by evidence of review or approval to confirm their accuracy and completeness. At the end of the month, the audit trail is reviewed however there is no evidence that the information is tied to the source document; and
(iv) Although the payroll comparison report detailing current pay run salaries against the previous pay run is reviewed by the Executive Officer, there is no documented evidence to confirm that the review has occurred.

Rating: Moderate

Implication

(i) No documented process for adding new employees increases the likelihood of inconsistent onboarding procedures, which can cause errors, delays, and difficulties in training new staff, ultimately impacting payroll accuracy and operational efficiency;
(ii) Absence of formal documentation confirming review of new employee pay details could lead to unauthorized or incorrect payments being processed, potentially causing financial loss or compliance issues;
(iii) Unverified changes to employee masterfiles create a risk of unauthorized or erroneous modifications going undetected, which could compromise the integrity of payroll data and lead to inaccurate employee records or payments; and
(iv) Lack of documented evidence of payroll comparison review may result in errors or discrepancies in payroll going unnoticed, increasing the risk of incorrect salary payments or fraud

Recommendation

We recommend the following:

(i) Develop and maintain clear, detailed process notes for adding new employees to the payroll system to support consistent onboarding, reduce errors, and assist in staff training.
(ii) Establish a process where the Executive Manager Corporate Services can sign to confirm the new employee details have been reviewed and verified before payment approval; and
(iii) & (iv) Implement a formal sign off or electronic approval process to document the review of changes to employee masterfiles and review of comparison report for each payrun, ensuring all modifications are verified against source documents.

ATTACHMENT

SHIRE OF QUAIRADING

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

Management Comment

(i) *A written onboarding procedure for new employees is currently in development and will be finalised as a priority.*

(ii) *A process has been implemented to confirm the review of new employee details by the approving supervisor/manager by making the appropriate note on the main payroll report when approving the payrun. The review of new or updated banking details by the approving supervisor/manager is noted on the appropriate report when approving the payment at the bank.*

(iii) *&(iv) The Shire will implement a formal process for approving changes to employee masterfiles. The documentation of the review of the comparison report by the approving supervisor/manager by making appropriate notes on the document has already been implemented.*

Responsible Person: **Marion Haeusler**
Completion Date: **31/07/2025**

ATTACHMENT

SHIRE OF QUAIRADING

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

7. **Manual Journals**

We noted that the manual journals spreadsheet that details the journals to be posted includes the preparer and reviewer; however the file is in excel format and could be edited at any time.

Rating: Moderate

Implication
The use of an excel spreadsheet to record manual journals without secure controls increases the risk of unauthorized changes to the preparer and reviewer information.

Recommendation
We recommend establishing a formal sign-off or electronic approval process in respect to manual journals that securely records the date and details of the preparer and reviewer, ensuring these records cannot be altered.

Management Comment
The shire will implement a PDF sign off on all manual Journals with a date stamp that can't be changed.

Responsible Person: **Tricia Brown**
Completion Date: **30/09/2025**

ATTACHMENT

SHIRE OF QUAIRADING

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

8. **Month End Reconciliations**

Month end reconciliation for the reserves account, medical practice bank account, investment accounts and asset register reconciliations are prepared by the Executive Manager Corporate Services however are not independently reviewed.

Rating: Moderate

Implication
Increased risk of misstatement, fraud or error.

Recommendation
We recommend that the reserves account, medical practice bank account, investment account and asset register reconciliations be independently reviewed, including signed and dated as evidence of review.

Management Comment
The Shire has been operating with only 1 staff member that had the ability to conduct these reconciliations other than the Municipal Account. We are endeavouring to source a 2nd staff member with this ability so independent reviews of all bank accounts can be performed.

Responsible Person: **Tricia Brown**
Completion Date: **30/09/2025**

7.2 Audit Register - Progress Report

Responsible Officer	Jen Green, Acting Chief Executive Officer
Reporting Officer	Tricia Brown, Executive Manager, Corporate Services
Attachments	1. Attachment (i) Audit Register Progress Report (confidential)
Voting Requirements	Simple Majority
Disclosure of Interest	Reporting Officer: Nil Responsible Officer: Nil

COMMITTEE RESOLUTION: ARC 006-25/26

Moved: Cr BR Cowcill
Seconded: Cr RC Faltyn

That the Audit & Risk Committee recommends to Council, that Council notes the progress recorded against each item within the audit register in confidential attachment (i).

FOR: Crs JR Hippisley, TJ Stacey, BR Cowcill, RC Faltyn and JC Hayes

AGAINST: Nil

CARRIED 5/0

IN BRIEF

- This report provides an update on the progress of actions included in the audit register.
- The audit register includes all open audit findings that have previously been accepted by the Audit and Risk Committee.

MATTER FOR CONSIDERATION

Receipt of the audit register progress report to 31 July 2025.

BACKGROUND

The external audit, also known as financial audits or audit of the annual financial statements, focuses on providing an objective and independent examination of the financial statements prepared by the Shire, increasing the value and user confidence in the financial statements.

The audit register lists findings from audit reports previously accepted by the Audit & Risk Committee. The register describes the progress of implementing improvements and percentage completion. Progress on the actions is monitored by management, this Committee and Council.

New findings from the 2024/2025 interim audit management letter are included in this report.

STATUTORY ENVIRONMENT

Local Government (Audit) Regulations 1996

Local Government (Financial Management) Regulations 1996

Local Government Act 1995

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

Council required a budget allocation of $43,000 in the 2024/2025 Budget, this was only an indicative cost from the OAG, to perform the full 2023/2024 Audit of the financial statements. Due to increased costs from the OAG in 2025, a higher budget will be required to complete the 2024-2025 Audit. Officers' efforts to undertake the improvements and report on progress have not been estimated or reported.

ALIGNMENT WITH STRATEGIC PRIORITIES

5.4 Governance & Leadership: Implement systems and processes that meet legislative and audit obligations

CONSULTATION

Nil.

RISK ASSESSMENT

	Option 1
Financial	Low *Cost of the annual audit is included in the budget. By regularly reviewing progress against audit findings, the risks associated to misconduct and error are significantly reduced.*
Health	Low
Reputation	Low *Compliant with legislative requirements. Failure to complete the findings from audit reports would lead to increased reputational risk.*
Operations	Low *Operational impact is minimal in reporting progress on audit findings. Operational impact of not closing findings would escalate.*
Natural Environment	Low

	Consequence				
Likelihood	Insignificant	Minor	Moderate	Major	Critical
Rare	LOW Accept the risk Routine management	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Unlikely	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Possible	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quartely senior management review	HIGH Quarterly senior management review
Likely	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review	EXTREME Monthly senior management review
Almost certain	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	EXTREME Monthly senior management review	EXTREME Monthly senior management review

COMMENT

The audit register **confidential** **attachment (i)** counts actions and totals by "Finding #". Each finding may have more than one "recommendation" and associated "agreed management action". Only when all recommendations and agreed management actions within a finding are deemed complete will the finding, as a whole be, totalled at 100% complete and recommended to be closed.

The process for adding and removing findings to the audit register is as follows:

1. An external audit is completed, and an audit report is finalised.
2. The audit report is presented to the Audit and Risk Committee (ARC).
3. The ARC recommends to Council that it notes and accepts the audit report.
4. All findings from the audit report are **added** to the audit register.
5. Progress is reported by management with updates recorded quarterly in "officer comment / action taken".
6. Any findings deemed as complete by management are marked as "100% complete" with the status of "closed".
7. The audit register – progress report is submitted by management to the ARC.
8. The ARC reviews the audit register and confirms completion of any 100% and closed findings.
9. The ARC recommends to Council that it notes progress and approves the findings marked as complete to be registered as closed.
10. Closed findings are **removed** from the audit register.

A summary of the audit register, included below, will illustrate the trend of actions that have been added, progressed, and completed.

The blue row represents actions added by the ARC. New audit findings presented to the current meeting are included at the subsequent meeting, following acceptance.

The green row represents actions closed by the ARC and will always total 0 for the current meeting date. The closed actions from the current meeting will then be shown in the "closed by the Audit & Risk Committee" total in the subsequent meeting's table summary.

Status of Actions	ARC - Meeting Date: 12.08.25							
	02/2024	05/2024	08/2024	11/2024	02/2025	05/2025	08/2025	TOTAL
New actions added by ARC	**1**	**0**	**7**	**0**	**3**	**0**	**5**	**16**
Not commenced ≤10%	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Progressed >11% to 99%	**0**	**0**	**0**	**0**	**11**	**11**	**16**	**16**
Total (0% to 100%)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Completed =100%	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total (0% to 100%)	**7**	**0**	**0**	**0**	**0**	**0**	**0**	**7**
Total cumulative closed by ARC	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**7**

The committee is requested to recommend to Council that Council note the progress and Officer comments.

It is requested to note the audit register progress report in **confidential** **attachment (i)**.

ITEM 8 STANDING ITEMS – CONTROLS, SYSTEMS AND PROCEDURES

8.1 Report on Excess Annual Leave and Long Service Leave Entitlements

Responsible Officer	Jen Green, Acting Chief Executive Officer
Reporting Officer	Tricia Brown, Executive Manager, Corporate Services
Attachments	Nil
Voting Requirements	Simple Majority
Disclosure of Interest	Reporting Officer: Nil Responsible Officer: Nil

COMMITTEE RESOLUTION: ARC 007-25/26

Moved: Cr JC Hayes
Seconded: Cr RC Faltyn

That the Audit & Risk Committee recommends to Council that Council receive the report on the Shire's leave liabilities.

FOR: Crs JR Hippisley, TJ Stacey, BR Cowcill, RC Faltyn and JC Hayes

AGAINST: Nil

CARRIED 5/0

IN BRIEF

- Not taking a reasonable amount of annual leave or long service leave may pose a threat to the health and safety of employees and represent a significant financial liability for the Shire, therefore there are steps in place to ensure that leave balances are monitored and are at appropriate levels.
- Employee entitlement movements during the year are due to many reasons, such as, leave taken during the period, increased accrued leave balances, increases in remuneration rates and changes in the underlying staff with leave balances transferred to and from the Shire.

MATTER FOR CONSIDERATION

Receipt of the report on excess annual leave and long service leave entitlements and leave liabilities up to the last payroll in July 2025.

BACKGROUND

The current Leave Management Policy defines "excess leave" as when the employee has accrued more than eight weeks paid annual leave and provides management with direction to effectively manage the annual and long service leave entitlements of employees.

The Shire encourages employees to take leave by reinforcing the positive benefits of taking leave when it becomes due. Sometimes there are circumstances that prevent leave being able to be taken, such as staff shortages, outside influences and work demands.

There will be movements in employee entitlements throughout the year. Balances will increase naturally as employees accrue leave entitlements and decrease when employees take leave accrued. This natural fluctuation is monitored by management and through this report to ensure any excess is managed appropriately.

STATUTORY ENVIRONMENT

Local Government Act 1995

Local Government (Financial Management) Regulations 1996

Work Health & Safety Act 2020

Minimum Conditions of Employment Act 1993

POLICY IMPLICATIONS

Leave Management Policy

FINANCIAL IMPLICATIONS

The Employee Entitlements (Annual and Long Service Leave) reserve fund cash balance as of 30 June 2025 is $176,085. The excess in reserve funds will be reviewed with the Annual Financial Statements.

The current liability for both types of leave (if all claimed on 31/07/2025) is calculated at $137,198.16.

ALIGNMENT WITH STRATEGIC PRIORITIES

5.3 **Governance & Leadership**: Provide informed and transparent decision making that, meets our legal obligations, and the needs of our diverse community

5.4 **Governance & Leadership**: Implement systems and processes that meet legislative and audit obligations

CONSULTATION

Nil

RISK MANAGEMENT PRIORITIES

This report addresses the following identified Strategic Risk Management Priorities:

Non-compliance with work health and safety legislation increases the risk and potential liability to the public, staff and Councillors.

1.1 Infrastructure and Operational Risks: Workforce Challenges and Skills Shortage

RISK ASSESSMENT

	Option 1
Financial	Low *Financial exposure and therefore risk escalation occurs if leave accruals are not monitored and managed. Adequate reserve balances reduce the risk of financial exposure.*
Health	Low

Reputation	Low
Operations	Low *Impact to operations where employees with excess leave are requested to take leave. This can be mitigated by agreement of mutually acceptable timeframes for taking leave that are not during heavy workload times.*
Natural Environment	Low

	Consequence				
Likelihood	Insignificant	Minor	Moderate	Major	Critical
Rare	LOW Accept the risk Routine management	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
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Almost certain	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	EXTREME Monthly senior management review	EXTREME Monthly senior management review

COMMENT

This report has been prepared to inform the Audit and Risk Committee of the current leave liabilities and of any employees who have excess leave and the steps taken to reduce these liabilities.

As of 31 July 2025, there has been a moderate decrease in the annual leave liabilities accrued.

As of July 2025, one staff member remains eligible for full Long Service Leave entitlements.

Annual Leave:

There are currently two (2) employees over and above the accepted level of excess annual leave. One (1) other employee has over 7 weeks leave accrued. The Executive Manager has been advised and will encourage the staff members to reduce their balance to an acceptable level. One of the employees with excess leave is currently waiting on a date for a medical procedure and is hoping to reduce their leave to a minimum following this.

There has only been .45% increase (dollar value) in the annual leave liability for the 12 months since July 2024.

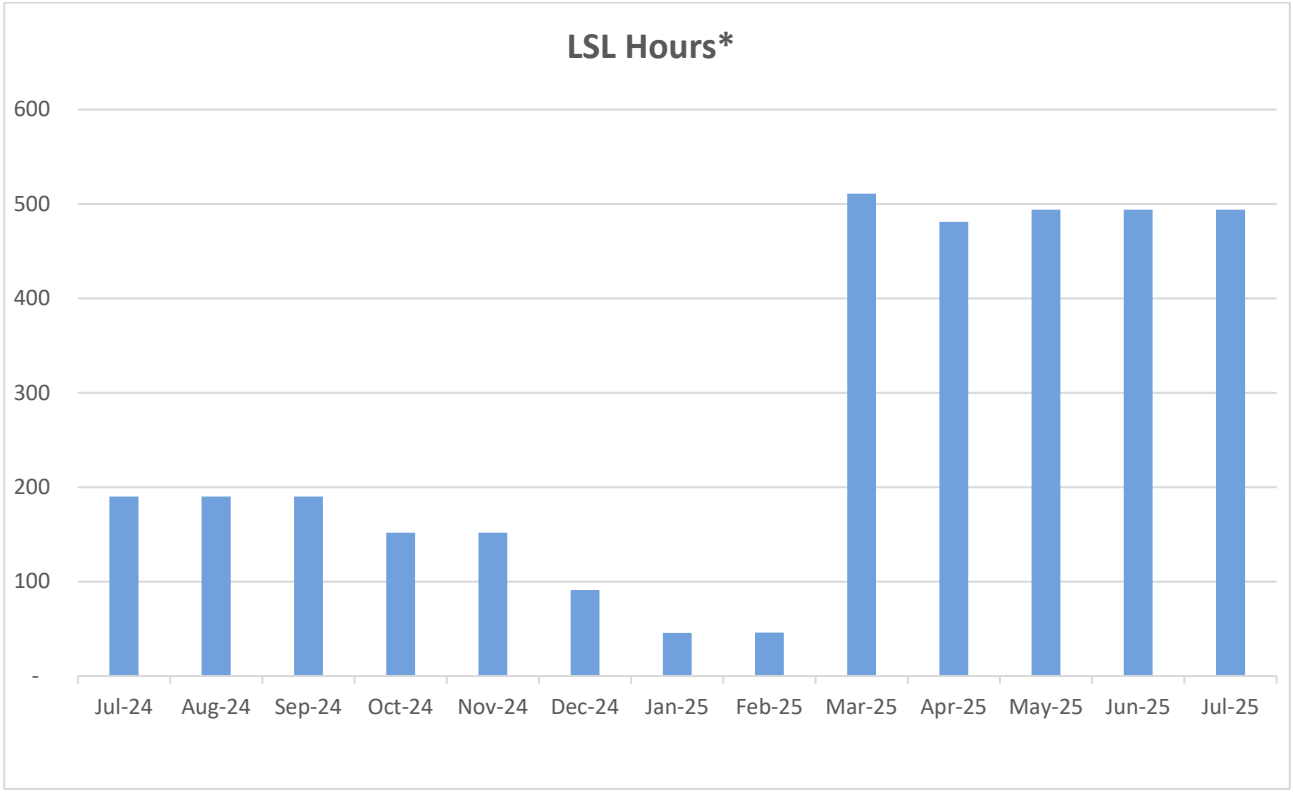
Long Service Leave:

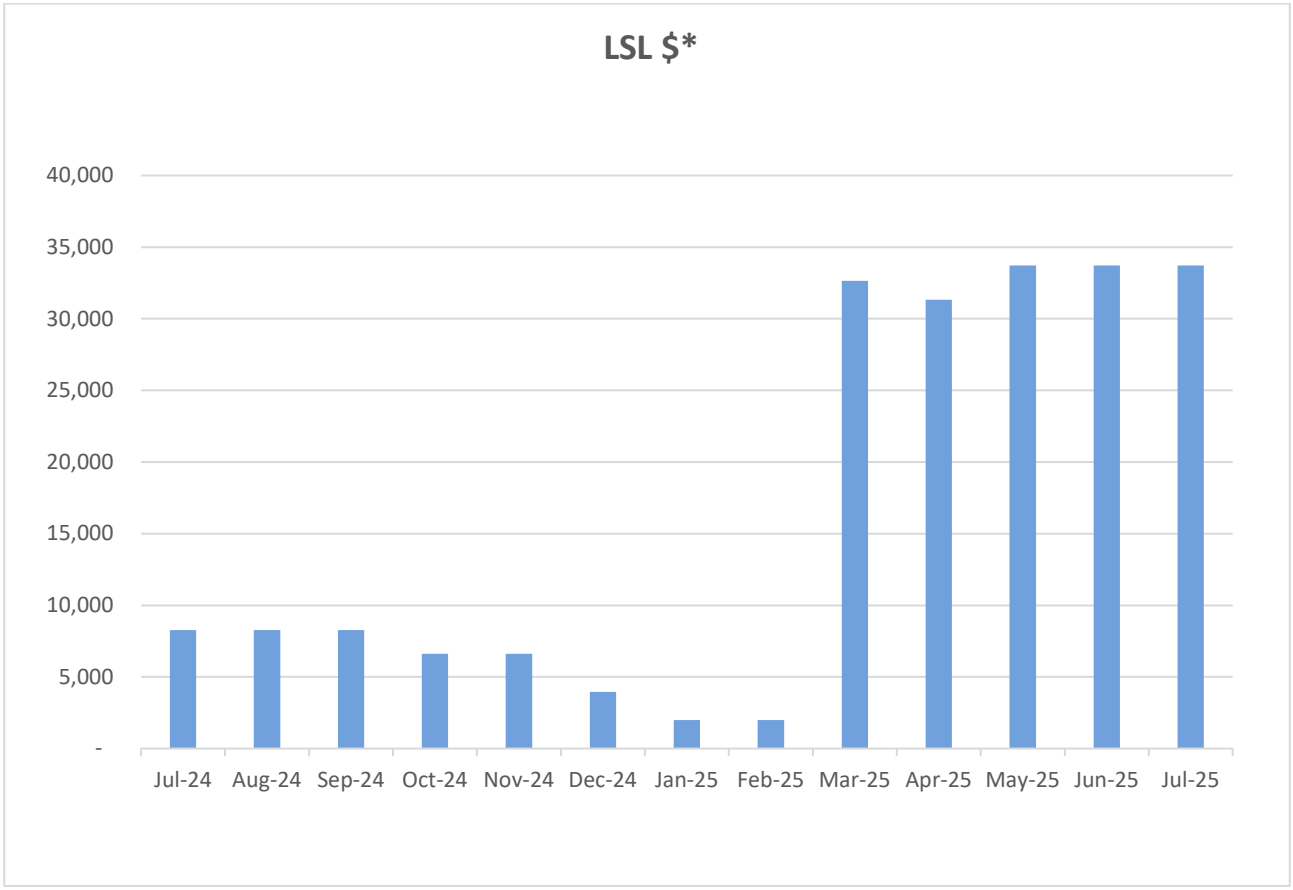
Only one staff member at 31 July 2025 has Long Service Leave entitlements of 493.96 hours.

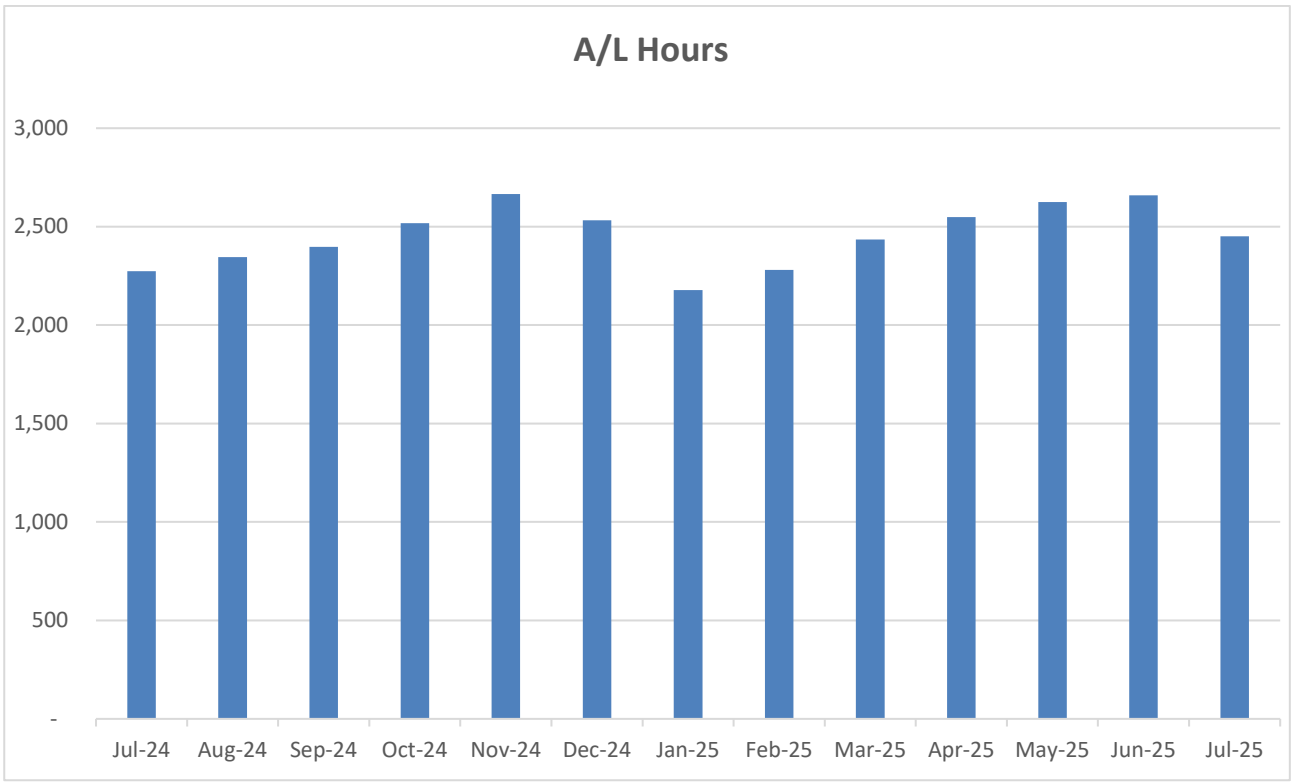
There has been an increase of 308.18% (dollar value) in the long service leave liability for the 12 months since July 2024.

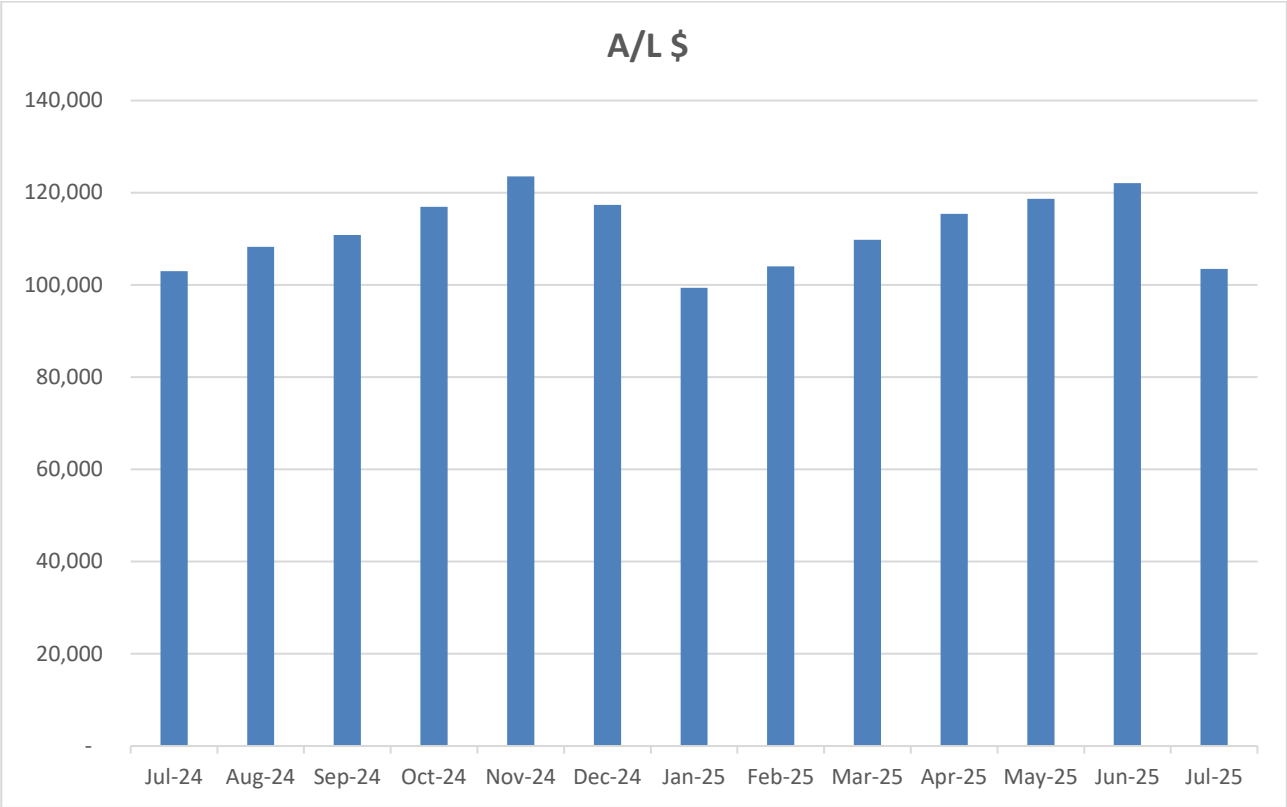
The following table and graphs show the fluctuations in the accrued hours and dollar values of both annual leave and long service leave over the period of July 2024 to July 2025.

	LSL Hours	LSL $	A/L Hours	A/L $
July 2024	190	8,260	2,274	103,015
August 2024	190	8,260	2,346	108,268
September 2024	190	8,260	2,398	110,843
October 2024	152	6,608	2,517	116,979
November 2024	152	6,608	2,665	123,512
December 2024	91	3,965	2,533	117,339
January 2025	46	1,982	2,178	99,371
February 2025	46	1,982	2,281	104,038
March 2025	511	32,647	2,435	109,765
April 2025	481	31,325	2,549	115,418
May 2025	494	33,716	2,625	118,680
June 2025	494	33,716	2,658	122,053
July 2025	494	33,716	2,451	103,482




LSL $*
40,000
35,000
30,000
25,000
20,000
15,000
10,000
5,000
-
Jul-24
Aug-24
Sep-24
Oct-24
Nov-24
Dec-24
Jan-25
Feb-25
Mar-25
Apr-25
May-25
Jun-25
Jul-25


A/L Hours
3,000
2,500
2,000
1,500
1,000
500
-
Jul-24
Aug-24
Sep-24
Oct-24
Nov-24
Dec-24
Jan-25
Feb-25
Mar-25
Apr-25
May-25
Jun-25
Jul-25



COMMENTS FROM THE COMMITTEE

Cr Cowcill enquired after the sudden increase in LSL entitlement. The EMCS explained that the report does not detail each staff member's fortnightly increase in accruals but rather the entitlement when it becomes available to be taken at ten years' and then subsequent five years' time. The EMCS and the EO will look into reporting options. The sudden increase indicates that a staff member has become eligible for taking their long service leave.

8.2 Risk Management Dashboard August 2025

Responsible Officer	Jen Green, Acting Chief Executive Officer
Reporting Officer	Tricia Brown, Executive Manager, Corporate Services
Attachments	1. Attachment (i) Risk Management Dashboard - August 2025 (confidential)
Voting Requirements	Simple Majority
Disclosure of Interest	Reporting Officer: Nil Responsible Officer: Nil

COMMITTEE RESOLUTION: ARC 008-25/26

Moved: Cr RC Faltyn
Seconded: Cr JC Hayes

That the Audit & Risk Committee recommend to Council that Council receive the Risk Management Dashboard - Attachment [i].

FOR: Crs JR Hippisley, TJ Stacey, BR Cowcill, RC Faltyn and JC Hayes

AGAINST: Nil

CARRIED 5/0

IN BRIEF

Following the adoption of the new Risk Register Matrix in November 2024 regular review of the Risk Management Dashboard is required.

The Risk Management Dashboard was updated and is being submitted to the Audit & Risk Committee as per the updated Risk Register.

MATTER FOR CONSIDERATION

That the Audit & Risk Committee recommend to Council to receive the Risk Management Dashboard and any updates.

BACKGROUND

The Shire of Quairading Council recognises that Risk Management is an integral part of good governance and management practice.

The new Risk Register reflects a more organised, detailed and resource-oriented approach, consolidating related risks and enhancing clarity in risk management and mitigation strategies.

Based on the risk ratings provided in the Risk Register Matrix the dashboard reports on identified risks on the following:

1. Risk # 1, Workforce Challenges and Skills Shortage
2. Risk # 2, Power Supply Reliability and Emergency Response
3. Risk # 3, Road and Infrastructure Maintenance

4. Risk # 4, Community Health & Safety Risks
5. Risk # 5, Healthcare Service Stability
6. Risk # 6, Natural and Man-Made Disasters
7. Risk # 7, Financial Viability and Asset Management
8. Risk # 8, Cybersecurity and Data Protection
9. Risk # 9, Organisational Misconduct
10. Risk # 10, Housing Availability and Affordability
11. Risk # 11, Social Challenges and Community Expectations

STATUTORY ENVIRONMENT

Local Government Act 1995

Local Government (Financial Management) Regulations 1996

Work Health & Safety Act 2020

Local Government (Administration) Regulations 1996

Local Government (Audit) Regulations 1996

POLICY IMPLICATIONS

Risk Management Policy

Work Health & Safety Policy

FINANCIAL IMPLICATIONS

There are no financial implications with the review and update of this document.

ALIGNMENT WITH STRATEGIC PRIORITIES

5.3 **Governance & Leadership**: Provide informed and transparent decision making that, meets our legal obligations, and the needs of our diverse community

5.4 **Governance & Leadership**: Implement systems and processes that meet legislative and audit obligations

CONSULTATION

Risk management Workshop with Council and the Executive Management Team.

RISK MANAGEMENT PRIORITIES

This report addresses the following identified Strategic Risk Management Priorities:

3.1 Governance, Financial and Compliance Risks: Financial Viability and Asset Management

3.2 Governance, Financial and Compliance Risks: Cybersecurity and Data Protection

3.3 Governance, Financial and Compliance Risks: Organisational Misconduct

1.1 Infrastructure and Operational Risks: Workforce Challenges and Skills Shortage

1.2 Infrastructure and Operational Risks: Power Supply Reliability and Emergency Response

1.3 Infrastructure and Operational Risks: Road Infrastructure and Maintenance

2.1 Community Health and Safety Risks: Workplace Health and Safety Compliance

2.2 Community Health and Safety Risks: Healthcare Service Stability

2.3 Community Health and Safety Risks: Natural and Man-Made Disasters

4.1 Strategic, Social and Economic Risks: Housing Availability and Affordability

4.2 Strategic, Social and Economic Risks: Social Challenges and Community Expectations

RISK ASSESSMENT

	Option 1
Financial	Low *There are no financial implications regarding reviewing this Risk Management Dashboard.*
Health	Low *This Risk Management Dashboard aligns with the Shire's overarching Risk Management documents, showing the Shire's commitment to risk mitigation, which encompasses staff, Councillors, contractors, visitors and the public's safety.*
Reputation	Low *Having a well aligned Risk Management Governance Framework is essential to ensure a cohesive and comprehensive approach to Risk Management.*
Operations	Low *This Risk Management Dashboard needs to be reviewed biennially.*
Natural Environment	Low

	Consequence				
Likelihood	Insignificant	Minor	Moderate	Major	Critical
Rare	LOW Accept the risk Routine management	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Unlikely	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Possible	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quartely senior management review	HIGH Quarterly senior management review
Likely	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review	EXTREME Monthly senior management review
Almost certain	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	EXTREME Monthly senior management review	EXTREME Monthly senior management review

COMMENT

The Risk Management Dashboard will continue to be reported to the Audit & Risk Committee and Council 4 times per year.

The Risk Management Dashboard is designed to update the Audit & Risk Committee on current operational actions being taken by EMT and their business units.

Actions are continually being undertaken to mitigate levels of acceptable risk, whether through planning, allocation of resources, training or identifying risks.

8.3 Financial Management Review Findings, Recommendations and Actions Template

Responsible Officer	Jen Green, Acting Chief Executive Officer
Reporting Officer	Tricia Brown, Executive Manager, Corporate Services
Attachments	1. Attachment (i) FMR Recommendations & Actions Report
Voting Requirements	Simple Majority
Disclosure of Interest	Reporting Officer: Nil Responsible Officer: Nil

COMMITTEE RESOLUTION: ARC 009-25/26

Moved: Cr BR Cowcill
Seconded: Cr RC Faltyn

That the Audit & Risk Committee recommend to Council that Council receive the Financial Management Review Findings, Recommendations and Actions Template – Attachment [i]

FOR: Crs JR Hippisley, TJ Stacey, BR Cowcill, RC Faltyn and JC Hayes

AGAINST: Nil

CARRIED 5/0

IN BRIEF

The Financial Management Review was conducted by Source Business Partners in December 2024, with the Final Report presented to the Audit & Risk Committee on 11th February 2025.

The Final Report identified a range of findings that were classified as Minor, Moderate or Significant.

In response, officers have been requested to report quarterly to the Audit & Risk Committee on the status of these findings, including:

- Actions taken
- Progress updates
- Any relevant commentary

This ongoing reporting process ensures transparency, accountability, and continuous improvement in financial management practices.

MATTER FOR CONSIDERATION

In accordance with Regulation 5(2)(c) in the (Financial Management) Regulations 1996 the Chief Executive Officer (CEO) is required to undertake a review of the appropriateness and effectiveness of the financial management systems and procedures for the local government at least once every three (3) years.

The review incorporated the following key financial management areas as required under Regulation 5(1) of the Local Government (Financial Management) Regulations 1996.

- General

- Payments, Payables and Purchases (Incl Petty Cash)
- Corporate Credit, Purchasing and Fuel Cards
- Receivables and Receipts
- Rates
- Bank Reconciliations, Cash Management and Investments
- Budgeting, Long-Term Planning and Cost Management
- Financial Reporting (incl End of Month Process
- Fees and Charges
- Payroll
- Fixed Assets
- General Journals

BACKGROUND

The 2024 review was awarded to Source Business Partners to conduct in person on the 7th & 8th November 2024.

STATUTORY ENVIRONMENT

Local Government (Financial Management) Regulations 1996

POLICY IMPLICATIONS

Investment Policy

Purchasing Policy

Corporate Credit Card Policy

FINANCIAL IMPLICATIONS

The cost to have the review undertaken was considerable however there are no further costs associated with monitoring the recommendations and actions required.

ALIGNMENT WITH STRATEGIC PRIORITIES

5.2 **Governance & Leadership**: Forward planning and implementation of plans to determine Strategic Plan and service levels

5.4 **Governance & Leadership**: Implement systems and processes that meet legislative and audit obligations

CONSULTATION

No further consultation outside of the organisation was obtained.

RISK ASSESSMENT

	Option 1
Financial	Low *There is no direct financial implication with the requirement of this report.*
Health	Low
Reputation	*Low* *Identifying and establishing policies and procedures ensures compliance. This establishes the integrity of financial processes with ethical standards.*
Operations	Low *These items can be managed by routine procedures and documentation*
Natural Environment	Low

	Consequence				
Likelihood	Insignificant	Minor	Moderate	Major	Critical
Rare	LOW Accept the risk Routine management	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Unlikely	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Possible	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quartely senior management review	HIGH Quarterly senior management review
Likely	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review	EXTREME Monthly senior management review
Almost certain	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	EXTREME Monthly senior management review	EXTREME Monthly senior management review

COMMENT

This report will continue to be presented to Audit & Risk until all findings and recommendations have been implemented.

Risk Rating Definitions and Colours

Significant	Those observations where there is potenially a significant risk to the entity should the observation not be addressed by the entity promptly.
Moderate	Those observations which are of sufficient concern to warrant action bein gtake by the entitiy as soon as practicable.
Minor	Those observations that are not of primary concern but still warrant action being taken.
Opportunity for Improvement (OFI)	Those observations that are not of concern, however the reviewers have noted as an opportunity to move towards better practice standards.

Summary of Observations and Reccomendations

Area 1: General

Ref/ Risk	Observation	Recommendation	Comments	Actions
1.1	Upon review of the 2023 Annual Report, the Independent Auditors Report is missing from the Annual Report. The adopted annual report attachment (Dec 2023) and the website copy are consistently missing this Auditors Report.	Up date website documents to ensure Idependent Auditors Reort is included in the Annual Report.		Updated and completed - no further action required
1.2	Although the Shire is a small team, there are no regular finance meetings held with the team. Regular meetings (i.e. Monthly), provide a vehicle for communication, training and development, risk identification and workflow management.	Consider implementing a monthly team meeting with set agenda for the finance team.		Monthly Finance Meeting introduced - No formal agenda yet
1.3	Upon review of the Shire's policies, it is observed that there is no Fraud Risk Management Policy or framework in place. Fraud risk management has a critical role in preventing and promptly detecting fraud to minimise loss, retain trust in entities and protect employees.	Implement a Fraud Risk Framework.	To be looked into further by EMCS	
1.4	It is noted that the Shire has a Risk Management Framework and Policy in place. Only one strategic risk that relates to financial risk is recorded in the Shire's risk management. No operation risk register/tool for finance is in place. The process of identifying and assessing all the potential risks associated with the finance management systems and procedures assists in ensuring that all appropriate mitigation / treatment plans are in place. Regular review of the risk register enables staff to consider if any new risks have evolved, treatment plans remain appropriate and effective and elevates risk awareness for staff.	Embed a risk framework specific to the financial management systems and procedures, in alignment with the Shire's Risk Management Framework. Implement system for regular review by finance staff.	To be looked into further by EMCS	
OFI	The Shire's statement of Significant Accounting Policies was last reviewed in December 2022. Since the last review, significant changes to the Local Government (Financial Management) Regulations 1996 (FM Regs) have occurred. Significant Accounting Policies should be reviewed annually and updated for any changes in legislation or significant accounting position.	Include the review of the statement of Significant Accounting Policies as part of the end of year process.	The Shire has a review tracker implemented which provides dates of when policies are to be reviewed. This one in particular has come up for review for May 2025 Audit & Risk	Present to Audit & Risk Committee on May 13 2025 following review and any adjustments

Area 2: Payments, Payables and Purchases (incl Petty Cash)

Ref/ Risk	Observation	Recommendation	Comments	Actions
2.1	When reviewing the September 2024 creditor trial balance an Australia Post invoice dated February 2024 was showing as outstanding. It was evidenced that this invoice had already been paid.	Review the Accounts Payable trial balance regularly to identify aged invoices and verify if they are payable or need to be removed from the system.	Review is completed on a monthly basis - staff were aware of this invoice however at the time of the FMR it had not been rectified	Invoice had been processed twice, therefore a credit note was raised to remove from the system - No further action required.
2.2	EFTsure is used to verify the bank details included in the .aba file. The verification report is checked by the Finance Officer. The current process does not include an independent review to confirm the verification report returns no anomalies prior to finalising payments.	Include independent review of the verification report within the payment approval process.	A report can be produced via EFTSure showing the checks have been completed	This was Implemented in May 2025 and will continue - No further action required

2.3	A service provider (outsourced rates service) was engaged with only one quote sought. The value of the engagement was within the three (3) quotes range as per the Shire's Purchasing Policy and the same supplier was used for the prior two (2) years.	Consider undergoing request for quotation process to enter a contract for multiple years. This can lessen the administration burden of seeking quotes annually and ensure value for money is achieved. Alternatively consider adding the option of a waiver in the purchasing policy to be exercised at the CEO's discretion but reported to Council on a regular basis.	Should Council have no consideration to bring rating services inhouse again then an RFQ can be sought for external assistance longer term	Consideration from Council to be sought - Current relationship works with external provider and should this become and internal process seeking qualified rates staff is in short supply.
2.4	Direct debit payments to supplier (PWD) do not appear on the monthly payment listing.	Update report procedure to ensure all payment types are included.		List of Accounts report was updated to include all Direct Debits for each month - No further actions required
2.5	During the review it is observed that a sample of invoices paid was more than the quoted value. It is signed off by the Executive Manager, but no explanation of variance provided. (Garretts)	Document and implement a procedure with a formal allowable variance, and process to be followed when expenditure incurred is above that variance.	Finance Officer can allow up to 10% variance between purchase order and invoice value. This kind of variance would normally be due to GST being omitted. The finance officer is required to return the purchase to the executive manager if the variance is over that variance and this may have been prior to our pink slip process was in place	Greater controls are in place to reduce this from happening in future
2.6	No formal purchasing authorisations exist or procedure to delegate authorisation if an officer is acting in a role with purchasing authorisation.	Document the purchasing authorisation given to all relevant officers. If purchasing authorisation is given to officers acting in the roles, ensure this is captured via a form so approvals made in the Executive Manager's absence can be verified.	The Executive Management Team are the only authorised officers who can approve purchases. If an Executive Team Member is on leave the request for approval should be referred to another Executive Member	No further action required
2.7	As per the Purchasing Policy, procurement over $50,001, purchasing decisions are to be evidenced using the Evaluation Report template. Although quotes were sourced, no evaluation report was completed for works over $50,001 for Fulton Hogan invoice 15597885.	Document and implement a procedure and record keeping system to ensure that all documentation is completed and retained as per the policy.	Following discussions with EMWS an evaluation is normally conducted however timing of availability of this contractor was of substantial importance and was not conducted on this occasion.	Ensure staff are aware of the Purchasing Policy and adherance to it

Area 3: Corporate Credit, Purchasing and Fuel Cards				
Ref/ Risk	**Observation**	**Recommendation**	**Comments**	**Actions**
3.1	The Shire's Credit card policy states that the Chair of Audit & Risk Committee is to sign the CEO's credit card statement. Council members have no administrative authority to approve.	Consider updating policy to have Executive Manager sign off CEO credit card. This recommendation is in line with the most recent OAG best practice guide. Statements and listings of credit cards expenditure are presented to Council monthly to ensure full transparency.	EMCS is happy to sign off on CEO's credit card statement if the Audit & Risk Committee are happy for this to changed, The policy is up for review in May 2026.	Further discussion required with Audit & Risk Committee
3.2	Credit card agreements were signed prior to the current iteration of Corporate Credit Card Policy.	Consider having the card holders re-sign the agreement when the Policy is updated to ensure they are aware of any changes to the Policy they need to comply with.	The agreements require updating	EMCS will work on getting these updated and ensure relevance to current Credit Card Policy
3.3	No procedures are documented for Corporate Credit Cards.	Document procedures to support the use and management of Corporate Credit Cards.	Procedures to be developed	
3.4	It is observed that Credit cards are shared and used by officers other than the Cardholder.	This practice is not recommended, however if administration consider this to be unavoidable, consider reducing the risk by implementing an agreement to be signed by the person taking the credit card to abide by the policy and procedures when using the card. Agreement to include date and signature of issue and return of card. Ensure this procedure is documented.	Some purchases via credit card are unavoidable	Staff are required to complete a Credit Card purchase request to be signed by the Executive Manager. A new credit card log has been initiated where staff and Executive Team are required to sign the credit card in and out when using an Executive staff members card as evidence of who has taken it and returned it

3.5	During the period of review one (1) instance of a credit card agreement not being witnessed was observed. Credit card register does not have date of issue or return, nor signature to verify issue and return.	Consider updating register to ensure there is a signed record of card issues and returns. Document and implement a procedure. Assign responsibility to check completeness of forms and registers.		Credit Card Register to be updated to reflect recommendation
OFI	OAG recently issued Better Practice guidance for Purchasing Cards (which includes Credit Cards, Purchasing Cards and Fuel Cards). The Shire's policy is consistent with the guide in most areas.	Consider adding a clause to the Credit Card Policy to cover the instance when a card holder goes on extended leave and the policy requirements in these instances. Consider implementing a form for issue of a new card or changes to limits.	To be looked into further - there have been no instances of credit card holders on extended leave	
OFI	The Corporate Credit Card policy mentions that a report will be provided to the Audit and Risk Committee on the control, use, viability and adherence to policy and procedures. This has yet to occur.	The report to Council could be issued annually and could include statistics such as number of cards issued, limits, spend amounts and any instances of non-compliance with the policy.	To develop an annual report to present to the Audit & Risk Committee in August of each FY following the end of the previous FY	Due to the current situation with misuse of the credit card by the CEO I would like to report this when more firm numbers are compiled for 24/25 FY

Area 4: Receivables and Receipts				
Ref/ Risk	**Observation**	**Recommendation**	**Comments**	**Actions**
4.1	The Shire's debt collection policy outlines the sundry debtors process to follow in respect to the collection of outstanding debts. It was observed that whilst statements are issued and some reminder letters are sent, there is no clearly defined process or procedure that is in place or being followed for Sundry Debtors. No tracking of procedures or actions is maintained to enable easy review of: status; evidence of collection process being followed; or next collection action to be taken	Review debtors' collection policy to ensure it remains appropriate and develop clear process/procedure for debtors' officer to follow. Develop tracking system or utilise current system functionality to maintain a register of debtor collection actions taken.		A tracking system has already been implemented so various staff members can view the process conducted for each debt owing and the current status
4.2	Outstanding Sundry Debtors at 30 September 2024 totalled $201,168. $105,883 related to debtors >90days outstanding. Of this, two debtors make up most of the outstanding balance ($100,893) being the Australian Taxation Office ($46,439 – 101 days) and Main Roads (54,454 – 122 days). Further sampling observed that the Australia Taxation Office debtor had been resolved, just not cleared as was an unreconciled item on the bank reconciliation. The remainder of the >90 days is made up of debts <$1,000 and one debtor >$1,000, of which some are current or former Shire staff. The longest outstanding debtor is 678 days past due (Debtor 95040 - $945). Timely collection of sundry debts ensures that the Shire continues to have the necessary funds to meet its financial obligations. Regular follow up actions and maintenance of the sundry debtors aged trial balance can provide indicators of errors or misstatements in other areas and reduce potential for bad debts.	A clear process on collection procedures will ensure proactive, regular and effective action is taken to collect outstanding debts (per 4.1.) Consider process for employee related debts to form part of the payroll process where approved deductions are taken from the employee's net pay. Ensure process of terminated employees includes checking for any outstanding debts to the Shire prior to termination and make arrangement for payment. Review, investigate and resolve outstanding debtors in a timely manner.	Writeof of uncollectable debts will be presented to Council every April. These debts are only taken to Council when every collection effort has been exhausted.	Finance Team to notify HR/Payroll of any outstanding debts prior to the termination of an employee.

Area 5: Rates				
Ref/ Risk	**Observation**	**Recommendation**	**Comments**	**Actions**
5.1	It is noted that there is no separate Revenue & Rates Strategy developed. Currently, the rates strategy has been incorporated into the LTFP assumptions, being 1.6% above CPI for each year of the LTFP. Legislative changes as part of the Local Government Act Reform are expected to be in place for 2025, with the requirement for local governments to prepare and adopt a Revenue & Rates Policy, setting out information about the local government's projected revenue from rates and other sources of projected revenue, by 1 March each year.	Monitor legislative changes for requirement to prepare and adopt Revenue & Rates Strategy (Policy).	Further investigation and time required to implement this.	

5.2	Throughout the review it is noted that there are two Council Policies that cover the collection of rates and are conflicting in some policy statements.	Consider reviewing both policies to incorporate current policy position into the one Council Policy and seek removal of the outdated Policy. Ensure Policy Position is consistent with conditions of Delegation 1.2.24 (Review delegation if required).	These Policies are up for review in May 2025	Policies have been reviewed and will be presented to the A & R Committee 13th May 2025 - Adopted by Council - No further action required
5.3	Upon review of the application of Delegation 1.2.24 Agreement to Payment of Rates and Service Charges the following observations are noted: - the recording of the exercising of this delegation is not incorporated into the Payment Arrangement process and does not occur. - the conditions of the delegation do not appear consistent with the two (2) rates collection policies and the policy statements within condition d. of the delegation requires a report to Council every six months detailing the payment arrangements entered into. This is not evidenced as occurring.	Review the conditions of the Delegation alongside the review of the policies to ensure consistency. Consider whether the condition to report to Council every six months detailing payment arrangements is still appropriate, revise conditions or incorporate reporting mechanism into council report cycle. Recording the exercising of the delegation in the delegation register may be a sufficient process to report arrangements Council, rather than a separate council report. Document complete process, include requirement to record exercising the delegation in the delegation register.	These Policies are up for review in May 2025	Policies have been reviewed and will be presented to the A & R Committee 13th May 2025 - Adopted by Council - No further action required
5.4	The Shire's rating function is outsourced to a service provider, whilst a comprehensive process (checklists) performed by the consultants is evidenced, there is no internal process documented or evidence of review of rates processes by the Shire or by a senior consultant other than the processing consultant. The service provider completes rates functions such as: - Rates Billing (Annual) - Amendments to the Rate Record (Interim Rates) - End of Month Processes including charging of interest - End of Year Processes To ensure accuracy, and completeness, it is important that there is a level of review and approval completed by the Shire as their system is updated. Amendments to the Rate Record are also a delegation from Council to the CEO, and sub delegation to the EMCS.	Document a process/procedure for all rates functions. Incorporate steps that are outsourced to service provider and clearly document Shire's responsibilities/actions in the process. Educate officers of delegation requirements.	The Rates review forms part of the End of Month Process but does not entail all transactions completed by the external provider.	Further investigation and time is required
5.5	Amendment of the Rate Record delegation exists with sub delegation to EMCS. As mentioned in 5.4 the processes that include amendments to the Rate Record do not incorporate the exercising of the delegation (approval by EMCS) or recording of the delegation being exercised in the delegation register.	Recommendation incorporated into 5.4.		Further investigation and time is required
5.6	During the review it is noted that as at 30 June 2024 there was 10.34% of uncollected rates totalling $314k. Through discussions with the EMCS it was identified that there is no performance measure or target set as an appropriate level of uncollected rates to work towards. Officers noted that their priority is to monitor the debt collection processes and continually achieve reductions in the outstanding level of rate debtors by enforcing collection measures. Rates is a significant source of funds required by local governments to carry out their functions. High levels of uncollected rates may put the Shire at risk of meeting its debts when they fall due.	Review process for collection of rates, including any proactive measures that can be put in place to encourage payment by due dates. (i.e. SMS reminders and other communication tools) Set a performance target for an achievable and appropriate level of uncollected rates debts. Encourage and support officers to meet targets.	Review of collection of rates forms part of the review of the policies that encompass the processes of debt collection. Legal action had been suspended on numerous accounts in 2020-2021 due to failure in accuracy of rating information.	We are currently in the process of arranging PSSO's for up to 8 properties following the 3 year rule for sale of property. These will be presented to Council to approve in May 2025 - Approved in May and processes are continuing
5.7	2024/25 Rates Notices Rate in the Dollar (RiD) for GRV is documented as 13.8187 whereas the 24/25 Budget document and Agenda adopted rate is 13.8189. Recalculation performed for Rates Levied report and Rates Notices demonstrates that the adopted rate was charged, however the rates notice shows the incorrect RiD.	Implement a process of review prior to issuing Rates Notices. Develop a checklist for reviewer to ensure completeness of review items.	There is a review process in place in relation to the setting of the rate in the dollar however when the budget document was created it rounded down 1 decimal and this was not picked up	Better checking required of decimal point rounding

5.8	2024/25 Annual Budget, note 2 - Rates and Services Charges, is missing the rateable value for Minimum Payment rating/property categories.	Review presentation of Annual Budget note to ensure compliance with requirements of the Local Government Act 1995.		Better checking required of budget documentation
5.9	During the review it is observed that the September 2024 Rates Note Levied Amount $2,781,111 (Monthly Financial Report) does not match Levied Report or Budget Levied $2,781.425. Interims posted after the Levied amount should be in the interim's columns.	Review the setup of the rates note reconciliation in the Monthly Financial Report to ensure information is presented accurately.	The rates note is a standard Moore template	The Monthly Financial Report already has a checking mechanism behind the scenes and I am unsure why this wasn't noticed
OFI	The format of the Rating Information Notes, reported in financial budgets and reports, breaks down the GRV and UV rate categories into property categories, such as GRV Residential, GRV Industrial, GRV Commercial. Whilst this information may be useful to Council, the current format has no clear descriptors and presents in a manner that the Shire rates differentially (Differential Rates), not Uniform General Rates for GRV & UV	To avoid any confusion as to whether differential rates are charged or uniform rates, consider amending the format in which the Rating Information is presented within financial budgets and reports.	Further consideration required	

Area 6: Bank Reconciliations, Cash Management, and Investments				
Ref/ Risk	**Observation**	**Recommendation**	**Comments**	**Actions**
6.1	No procedures are documented for Cash Handling, Cash Management, Bank Reconciliation, or Investments.	Develop written procedures for all functions.	Further consideration and time required	
6.2	It has been observed that there is no separation of duties incorporated into the Shire's investment process from cash surplus identification, investment decisions, and investment cash transfers (to and from) is completed by one officer.	Review process to enable an appropriate separation of duties and include a review and approval step.		A new Investment Decision Template has been introudced. This documents the actions being taken with approvers required to sign for approval.
6.3	The Shire's Investment Policy details risk guidelines, including the Portfolio Credit Framework and the Term to Maturity Framework. Investment decisions, and reporting does not take into consideration the limits set by the risk guideline frameworks. During the review, all investments are noted as being invested in Westpac Term Deposits, AA- long term rating, and is in accordance with the Portfolio Credit Risk Framework.	Develop a decision tool to assist in investment decision making. This will also enable an approver to have assurance the investment decisions are within the Shire's investment risk framework limits.		A new Investment Decision Template has been introudced. Rates are compared with other financial institutions. This is signed by both approvers of the investment
6.4	The investment process does not include seeking or review of interest rates from other compliant deposit taking institutions (like seeking quotes), this practice would ensure investment decisions are providing the overall best value for investment of surplus funds.	Consider amending process to include minimum number of rates sought to inform investment decision making.		Rates are now compared within the Investment Decision Template
6.5	The investment of funds process is not evidenced as being conducted in accordance with Delegation 1.2.22 Power to Invest. Sub Delegation 1.2.22 Power to Invest, is delegated to EMCS. Condition 1. of the sub delegation requires a decision to invest to be jointly confirmed by two Delegates. To be compliant with the Head Delegation and the Sub Delegation, this would require the CEO and the EMCS to jointly approve each investment and reinvestment decision. This is currently not being performed as part of the investment practices. Condition 2. of the sub delegation limits the EMCS to making investment decisions up to $1,000,000. All investment decisions exceeding this value is to be referred to the CEO (condition 3.). During the review two (2) Reserve Term Deposits are over $1,000,000 of which have not had approval by the CEO. Given condition 1. Requires two Delegates to approve, currently, if this condition was incorporated into the process (CEO & EMCS approval of each investment and reinvestment decision), condition 2. And condition 3. would be achieved. Exercising of the Delegation is not being recorded in the Shire's Delegation Register.	The current delegation and sub-delegation, when carried out in accordance with the conditions, is appropriate. Amend investment process to be carried out in accordance with requirements of the Investment Policy and Delegations with adherence evidenced (i.e. Approval form, email, etc). Ensure the exercising of the delegation is recorded in the delegations register.		All investment decisions are now recorded in the delegations register and form part of the Investment Decision Template to ensure completion

6.6	Delegation 1.2.22 Power to Invest, conditions from Council to CEO require that details of the investment Portfolio's performance, exposures and changes since last reporting date is reported to Council monthly. The current format of the Investment Note does not detail changes from month to month.	Review format of Investment note in monthly report.	Investment note is updated when investments are rolled over and new interest rates are applied. There will be no changes month to month as most term deposits are rolled over every 3 months	No further action expected
6.7	Investment account balances are reconciled through the finance systems bank reconciliation module. During the period of review there was a system issue waiting to be resolved which prevented the reconciliation of investments to be completed in the bank reconciliation modules. During this interim period, no manual reconciliations were being performed to confirm the general ledger matched the term deposit accounts. There is no separate investment reconciliation process to reconcile interest on term deposits to the general ledger. During the review it is noted that the Reserve Investment balances presented in the Investment note of the monthly report do not match the Term deposit balances at the period end date.	Where system issues are occurring, include a manual reconciliation of bank accounts, and record relevant transactions (i.e. Interest, principal balance movements). Consider developing a standalone reconciliation for investments (or further enhancing the functionality of the Investment note), to reconcile principal balances and interest earned YTD against the general ledger.	This was an unexpected occurrence with the system and is not likely to happen again, however should this happen a manual reconciliation will be conducted	No further action expected
6.8	Whilst the Shire's Investment Policy does not require the Monthly Investment Report to include adherence to the Investment Policy including compliance with Risk Management Guidelines, it is good practice to report on this to enable oversight of the risk profile of the Shire's investments. (Policy states that monthly report 'may' include.)	Review format of Investment note in monthly report to include performance against Policy framework.	Further consideration and time required	
6.9	Outstation cash floats are not independently verified on a regular basis.	Document and implement a procedure to ensure that cash floats are verified by a finance officer on a regular basis. Include as an action on the relevant monthly checklist.	The cash float for the containers for change was verified at each top up of cash time, all other external till floats are annually checked and verified by the holder	Containers for Change and the tip are now cashless, the medical centre no longer has a tll float as it is Doctor Managed. There are currently only 2 floats left - 1 for Admin which is reconciled daily and 1 for the caravan park which is verified at the end of the year as part of the annual reconciliations and verifications
6.10	Discussion with management provided that the Medical Practice is now contracted, and medical practice bank account is not required. Through discussions with Management, the account still requires closing, and during the review it is observed that the account continues to incur bank fees and interest each month. It is also noted that the Medical Practice bank account is in credit ($31.48) at 30 September 2024.	Where the bank account is no longer required, it should be closed as soon as practicable. This will ensure unnecessary bank fees and charges are not incurred by the Shire.		Request for account closure to be taken to Council in May 2025. - Endorsed by Council and has now been cancelled. No further action required
6.11	Discussion with management provided that the process for the Container Deposit Scheme is transitioning to a cashless point of sale. The cash float has not yet been collected/returned to Shire Administration to finalise the process and return funds to the Shire's bank account.	Collect cash float from outstation and record any remaining entries required in the Shire's finance system. Receipt/bank any balance of cash float and clear balance sheet account.		Float has been returned, counted and verified and returned to the Municipal Account - no further action required

Area 7: Budgeting, Long Term Planning and Cost Management				
Ref/ Risk	**Observation**	**Recommendation**	**Comments**	**Actions**
7.1	No procedures are documented for the budget process.	Document the budget process including a breakdown of tasks with clear timeline and responsibilities.	This is considerable work and would require a significant amount of time	
7.2	Noted that in the September 2024 monthly report that YTD budget vs actuals variances are upwards of 50% with timing given as the explanation.	Consider when costs will be incurred when phasing budget for upload to the system. Recommend collecting expected months of expenditure based on prior year and management knowledge. Capital projects are normally planned at certain times of the year.	The timing of expected expenditure is taken into account when creating the budget. Some are completely unknown and are guestimated. The unknown expenses will be spread evenly accross the 12 months.	EMCS will endeavour to have more clarification around this when creating the next budget with input from the Executive Management Team

OFI	Whilst compliant with the Local Government Act 1995, adoption of budget late August can lead to cashflow issues as the first payment of rates is not due until October. Any issues in preparing the budget, such as staff absence or objections, could also hold up the budget process beyond the 31 August compliance date. Tenders and quotes may not be sought until after budget adoption potentially delaying projects.	Consider beginning budget process earlier for an earlier adoption.	24/25 budget we were still waiting on funding advice well into July.	
OFI	The resolution adopted for reporting material variances for the financial year 2024/2025 incorrectly referenced 2023/2024.	To prevent similar errors in the future, consider implementing a process where another member of the Finance team proofreads reports to provide feedback and perform a sense check.	There are already a number of processes involved in checking the agendas & minutes and has just been missed on this occasion by Council, Officers and CEO	No further action recommended by EMCS and no extra checks required by a Finance Officer

Area 8: Financial Reporting (incl End of Month Processes)				
Ref/ Risk	**Observation**	**Recommendation**	**Comments**	**Actions**
8.1	There are no movements posted to inventory for the year to date.	Add to the monthly checklist and reconcile inventory monthly.	Inventory is reconciled monthly and forms part of the EOM checklist. Unfortunately we were understaffed and there was a delay in reconciling	Customer Service Officer now regularly conducts reconciliation on inventory - Fuel
8.2	On the grants register in the monthly report there are two prior year RRG grants for Quairading - Corrigin Road, which are shown as a grant liability, but have not been budgeted as revenue for 24/25.	These grant liabilities appear to be carried forward from prior years. Investigate to determine treatment. Determine if they will be recognised as revenue in the future, or whether they need to be returned.	Further investigation required to date	Grants have now been accounted for and received as Income in the 24/25 FY
8.3	Investment note in monthly report includes actual date of maturity of each investment.	To reduce risk of fraudulent activity, only disclose the month of maturity.		To be changed and effective for May OCM
8.4	There are no documented procedures for the month end process.	Thoroughly document the end-of-month process and regularly review and refine it. This approach will help identify training opportunities for team members, build collective knowledge within the team, and enable the Executive Manager to conduct a more comprehensive review.	Although no documented procedures are in place staff are aware of their obligations for completing the EOM processes.	
8.5	No depreciation is presented on the respective Statement of Financial Activity during the periods of review.	Although the asset ledger journals cannot be run until audit sign off, consider manually processing a reversing depreciation journal until the asset module is rolled over. (see also 11.1)	Further consideration required here. Running manual processes increases the risk of error in depreciation. All LG's currently hold off running any depreciation until the audit is signed off.	
8.6	The monthly report presented to Council does not comply with the Local Government (Financial Management) Regulations 1996 (FM Regs), as it does not include material variances categorised by nature and type.	Include material variances by nature and type in the monthly financial report. The FM Regs do not require reporting by Program, but if the Shire wishes to include, they can but must continue to also include the material variance explanation by Program.	Further investiagtion is required here as most LG's use the Moore template which aligns with all Legislation and Statutory guidelines	
OFI	The Local Government (Financial Management) Regulations 1996 (FM Regs) state that the statement of financial activity and the statement of financial position need to be presented at the OCM and recorded in the minutes of the meeting it is presented.	Consider expanding the Council resolution to receive the monthly financial statements as per the FM Regs, for example: "That Council receives the Monthly Financial Report for the period ended xxxxx 20xx, including the Statement of Financial Activity, Statement of Financial Position, explanation of material variances and other relevant information as contained in Attachment X"		To be changed and implemented following recommendation
OFI	The agenda report that accompanies the monthly financial reports appears outdated. Included remain references to implications of COVID and war.	Review and update regularly to ensure accurate and relevant information is provided to the readers of the report.		Already changed to reflect current circumstances

Area 9: Fees and Charges				
Ref/ Risk	**Observation**	**Recommendation**	**Comments**	**Actions**
9.1	Some fees and charges are incorrectly listed as being subject to GST i.e. Supply of electoral roll, title search, copy of rate notice.	Conduct a review of the Schedule of Fees and Charges to verify correct application of GST across all fee		This will form part of the review for the 25/26 Fees & Charges to ensure they are accurate

Area 10: Payroll

Ref/ Risk	Observation	Recommendation	Comments	Actions
10.1	Identification and verification of new employees is conducted as part of the onboarding process, including a requirement for National Police Check. A review of changes to the verification process is not completed past initial onboarding. High risk roles, including those with authority to make payments from the Shire's funds, should undergo regular reviews of identity and credentials. This ensures that criminal background checks, qualifications, and required professional memberships are maintained as per the requirements of each identified role.	Develop a framework that identifies roles considered 'high risk' and determine the qualifications, identity, and verification requirements each role. Include requirements for, and regularity of monitoring and review of credentials. Ensure identified roles include particulars within the relevant Position Descriptions. Ensure appropriate documentation to demonstrate verification and monitoring of credentials against the framework requirements.	Considerable work required here - something we can work on when we have a new dedicated HR Employee	
10.2	Changes made to employee masterfiles are not evidenced as being reviewed or approved to confirm accuracy and completeness. Upon discussion with the payroll officer, the current process does not include review or approval of masterfile changes.	Amend payroll process to include review and approval of changes made to employee master files. This could form part of every pay run approval, where an audit trail of employee master file maintenance is run and included within the pay run approval documents/reports along with the source documentation evidencing the initiation of the changes.		An audit report for changes to employee files is now included in the EOM checklist for review
10.3	Pay period / pay run process does not include key checks such as audit trail reporting or pay comparison reports. Reports such as these aid in the identification of errors, misstatements, or fraud in respect to payroll.	Include in the payroll process standard reports for pay comparison reports (This Pay vs Last Pay), and Audit Trails. Reports should form part of the approval documentation prior to finalising payroll processing.	This Pay vs Last Pay was a process of Synergy. As we now use Definitiv we can produce a similar report for checking.	Audit Trails are completed within the EOM process and are checked.
10.4	In addition to 10.3 above, it is noted that an audit trail report is completed monthly and reviewed and signed by the EMCS. However, there is no evidence that the source information is reviewed to match the changes detailed in the Audit Report. Ie. Bank Details changes, or changes in employment conditions.	Where 10.2 is implemented as part of every pay run process, a monthly report may not be required in addition. However, where 10.2 is not implemented, source documentation must be supplied and reviewed at the time the Audit Report is reviewed and approved.	As this already forms part of our EOM process we will not be introducing for each pay.	Further documentation will be provided to match changes.
10.5	Insufficient separation of duties in respect to maintenance of employee masterfile, payroll processing and payment processing. Payroll officer updates employee masterfiles, processes payroll, uploads bank file and is an authorised approver in the bank.	Documenting a formal procedure for the end-to-end payroll process will assist in identifying where the segregation of duties is required. Ensuring the procedure is followed will reduce the risk of fraud and error.	There is quite an extensive documented procedure for processing payroll however this will be looked at the ensure approval persons are captured in the document	Filling of the HR/Payroll position will increase the separation of duties. This is expected to be completed by end of May 2025

Area 11: Fixed Assets				
Ref/ Risk	Observation	Recommendation	Comments	Actions
11.1	The fixed assets module of Synergy cannot be updated until the prior year is finalised which takes place once the annual audit has been signed off. During the interim period, no depreciation is posted in the current year.	If the system cannot be used to post depreciation, consider manually posting a reversing journal until they fixed asset module is rolled. (see also 8.5)	This is the same process for all Shires, leaving it to a manual process could afford new risks of errors	
11.2	Infrastructure assets are not capitalised until 30 June.	Consider implementing a process to capture the capitalisation of assets at practical completion.	Need to look at this further as we need to ensure that no further costs are to be costed to the infrastructure assets, waiting on invoices etc will play a part in the delay in capitalising items immediately	Construction doesn't start until Feb and invoices continue to come through til late in the year. We do however follow up with creditors to finalise invoices so costs can be captured by EOY.
11.3	No documented procedures for the management or recording of fixed assets.	Document procedures, ensuring compliance with accounting standards, Local Government Act 1995 and Council policies.	Procedures to be developed	

Area 12: General Journals				
Ref/ Risk	Observation	Recommendation	Comments	Actions
12.1	There are no documented procedures for processing journals or general ledger/job creation or maintenance in Synergy.	Document procedures including approval process and record keeping requirements.	Procedures to be developed	
12.2	There is currently no independent review of manual journals posted.	As discussed, providing a listing of all journals, and supporting documents to the CEO for an independent review monthly would be an appropriate solution for the Shire.	There are some independent reviews conducted for journals raised by Finance Officer, these are reviewed for accuracy by the EMCS	Develop a monthly review of Journals for the CEO to review EMCS journals for accuracy

ITEM 9 EMERGING ISSUES/LATE ITEMS

Nil

ITEM 10 NEXT MEETING DATE

The next Audit & Risk Committee Meeting is scheduled to take place on Tuesday 11th November 2025 commencing at 5.00pm in the Council Chambers, 10 Jennaberring Road, Quairading, WA.

ITEM 11 CLOSURE

There being no further business, the Chairperson closed the Meeting at 5.50 pm.

I certify the minutes of the Audit & Risk Committee meeting held on 12 August 2025 were confirmed 11 November 2025 as recorded on Resolution No. ARIC 010 - 25/26.

Confirmed..... 11/08/2026