SHIRE OF MORAWA

AUDIT & RISK COMMITTEE MEETING

ATTACHMENTS

Thursday, 2 March 2023

WESTERN AUSTRALIA'S
WILDFLOWER COUNTRY

Agenda Attachments

Shire of Morawa

Audit and Risk Committee Meeting

2 March 2023

List of Attachments

Shire of Morawa

Audit & Risk Committee

Meeting

2 March 2023

Attachment 1   *11.1a Current Risk Management Policy*

Attachment 2   *11.1b Revised Risk Management Policy*

Attachment 3   *11.1c Audit and Risk Committee Terms of Reference*

Item 11.1   Update to Audit Committee Terms of Reference and Risk Management Framework

2. CORPORATE (CORP)

CORP01 Risk Management Policy

Aim	The Shire of Morawa is committed to organisation wide risk management principles, systems and processes that ensure consistent, efficient, and effective assessment of risk in all planning, decision making and operational processes.
Application	Elected Members and Staff
Statutory Environment	*Local Government Act (1995) 5.56(2)*
Approval Date	OCM 19 November 2020
Last Review	N/A
Next Review	2022
Review Period	2 years

Objective

The objective of this Policy is to state the Shire of Morawa's (the 'Shire's') intention to identify potential risks so that impacts can be minimised or opportunities realised; ensuring that the Shire achieves its strategic and corporate objectives efficiently, effectively and within good corporate governance principles.

Policy

It is the Shire's Policy to achieve best practice (aligned with AS/NZS ISO 31000:2018 Risk Management – Guidelines), in the management of all risks that may affect the Shire to meet its objectives.

Risk management functions will be resourced appropriately to meet the size and scale of the Shire's operations and will form part of the Strategic, Operational, and Project responsibilities and be incorporated within the Shire's Integrated Planning Framework.

This policy applies to Council Members, all employees, volunteers and contractors involved in any Shire operations.

Risk Management Objectives:

The following points provide detail on the objective specifics:
1. Aligns with and assist the implementation of all Shire policies.
2. Optimises the achievement of the Shire's vision, strategies, goals and objectives.
3. Provides transparent and formal oversight of the risk and control environment enabling effective decision making.
4. Embeds appropriate and effective controls to mitigate risk.
5. Achieves effective corporate governance and adherence to relevant statutory, regulatory and compliance obligations.
6. Enhances organisational resilience.
7. Identifies and provides for the continuity of critical operations.

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Policy Definitions (from AS/NZS ISO 31000:2018)

Risk: Effect of uncertainty on objectives.

Note 1:   An effect is a deviation from the expected positive or negative.
Note 2:   Objectives can have different aspects (such as financial, health and safety and environmental goals) and can apply at different levels (such as strategic, organisation wide, project, product or process).

Risk Management: Coordinated activities to direct and control an organisation with regard to risk.

Risk Management Process: Systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context and identifying, analysing, evaluating, treating, monitoring and reviewing risk.

Roles & Responsibilities Council's role is to;
- Review and approve the Shire's Risk Management Policy and Risk Assessment & Acceptance Criteria;
- Finance the Auditor Generals appointment of external Auditors; and
- Establish and maintain an Audit & Risk Management Committee in terms of the Local Government Act.
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- The CEO is responsible for:
- the implementation of this policy;
- measurement and reporting on the performance of risk management;
- review and improvement of this Policy and the Shire's Risk Management
- Framework/Procedures at least biennially or in response to a material event or change in circumstances; and
- The allocation of roles, responsibilities and accountabilities.

Risk Assessment and Acceptance Criteria

All identified risks are to be assessed according to the Shire's Risk Assessment and Acceptance Criteria to allow consistency and informed decision making. For operational requirements such as projects or to satisfy external stakeholder requirements, alternative risk assessment criteria may be utilised, however these cannot exceed the organisations risk appetite and are to be noted within the individual risk assessment.

Monitor & Review

The Shire will implement and integrate a monitor and review process to report on the achievement of the Risk Management Objectives, the management of individual risks and the ongoing identification of issues and trends.

This Policy will be kept under review by the Shire's Executive Management Team and will be formally reviewed by Council biennially.

Shire of Morawa Policy Manual

CORP01 Risk Management Framework

Aim	To define the fundamental principles that will establish and maintain a robust, integrated, and effective risk management system across all strategic and operational functions of the Shire. This policy mandates the Shire's commitment to risk management. The goal is not to eliminate all risks, but rather to manage risks involved in Council's functions and services and to maximise opportunities whilst minimising potential negative exposures.
Application	Whole of Organisation
Statutory Environment	Regulation 17 of the Local Government (Audit) Regulations 1996 ISO - AS/NZS - 31000:2018 – Risk Management
Approval Date	
Last Review	OCM 19 November 2020
Next Review	2026
Review Period	Every 3 years

Objectives

The Shire of Morawa is committed to organisation wide risk management principles, systems, and processes that ensure consistent, efficient, and effective assessment of risk in all planning, decision making and operational processes.

The objective of this document is to provide a framework which:
   • Provides consistent terminology to aid, promote, and improve understanding of risk management at Council.
   • Improves planning processes by enabling the key focus to remain on core business and helping to ensure continuity of service delivery.
   • Reduces the likelihood of negative 'surprises' and assists with preparing for challenging and undesirable events and outcomes.
   • Contributes to improved prioritisation and resource allocation by targeting resources to the highest-level risks, and risks which if treated provide the organisation with best value; and,
   • Improves accountability, responsibility, transparency, and governance in relation to both decision-making and outcomes

Policy

Definitions

The following definitions apply to this document:

Risk: Is the effect of uncertainty on objectives. Something that may happen in a given situation.
Risk Management: the structured approach of aligning strategy, processes, people, technology, and knowledge with the purpose of evaluating and managing risk (uncertainty).

Attachment 2 – 11.1b Revised Risk Management Policy

Shire of Morawa Policy Manual

Operational Risks: Something that could happen in a situation and prevent the Shire from delivering a particular service or completing projects or events.

Strategic Risks: Something that could happen in a situation that may prevent the Shire from reaching its goals or continuing to service the community.

Consequence(s): The outcome or impact of an event (risk occurrence), and in particular, the most probable worst-case scenario.

Control: Measure that is modifying risk.

Likelihood: Chance of something happening.

Mitigating actions: Additional Controls - processes, policies, devices, practices, or actions that act to further modify/minimise risk.

Acceptable risk: A risk where current controls minimise risk sufficiently so that the Shire deems that further mitigating actions are not required.

Residual risk: Risk remaining after risk treatment and/or risk mitigation

Risk Principles

Council's Risk Management Framework is an organisation wide commitment to a consistent approach to managing risks. Council acknowledges that risk management is a fundamental element of good business practice. The management of risk is not the responsibility of a particular area but a shared responsibility across the organisation.

Council wishes to foster and promote a 'risk aware' but not 'risk averse' culture throughout the organisation. Given the size, resources, and scope of operations of the Shire, Council accepts that risk management practices will operate at a basic maturity level targeting the most prominent and likely risks with noticeable consequences.

In achieving Council's policy objective, the Chief Executive Officer must ensure that the following key Risk Principles are observed, understood, and embraced to deliver a continuous organisation wide system of risk management.

1. **Statutory Compliance** – Compliance with Regulation 17 of the Local Government (Audit) Regulations 1996.
2. **Working towards Industry Best Practice** - Alignment with the principles and practises as detailed in the Risk Management Standard - AS/NZS ISO 31000:2018 Risk Management - Guidelines.
3. **Strategic Integration** – Integrating risk management across the Shire's strategic documents including the Corporate Business Plan, Strategic Community Plan, Project and Event Planning, and other Strategic documents as relevant.
4. **Decision Making** - Identification, analysis, and response to risk must be addressed across all strategic and operational decision-making functions at Council and Executive Level – specifically incorporating risk analysis into Council reports
5. **Understanding** - Executive Policies and procedures that clearly articulate employee obligations and business rules when reporting and registering risk. Training provided to employees and Councillors/committee members in risk management.
6. **Organisation Culture** – Develop a culture of risk identification and analysis in any given situation.
7. **Tools and Processes** - Tools and processes that are fit for purpose and accessible to all staff to ensure risk is identified, analysed, evaluated, recorded, and mitigated appropriately.

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Shire of Morawa Policy Manual

Risk Management Framework Overview

The purpose of the Risk Management Framework is to assist individuals in considering risks and opportunities in a consistent manner. The Shire's Risk Management Framework works through a simple five (5) step process that aligns with best practice principles.

1. Risk Identification – the Council wants to identify and manage as many high-level risks as possible, to achieve this goal the whole organisation must actively work to identify risks across the Shire's broad range of activities.
    a. Strategic Risk workshops will be conducted at least annually involving the Audit Committee, and the Executive Leadership Team
    b. The Chief Executive Officer is responsible for developing appropriate Executive Policies and procedures to manage the identification of operational risks
2. Risk Analysis – to appropriately manage risks they must be ranked and prioritised. To measure a risk, the Shire will compare risk consequence against risk likelihood. The below matrix will be used to analyse risk:

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

3. Risk Evaluation – based on the Risk Analysis the Shire must determine the appropriate response to the Risk based on the Shire's risk appetite.

The Shire of Morawa has a medium risk appetite, generally accepting low level risks with minimal controls but requiring risks deemed High or Extreme to be monitored, evaluated, and mitigated with highly effective controls at the Executive and Audit Committee level.

4. Risk Mitigation – whilst some risks may be inherently low risk and acceptable to the organisation, most risks, even those classified as low impact, can be treated, or controlled. Risk mitigation occurs through the implementation of controls. Risk mitigation may involve the use of multiple controls from varied categories. Once Risk Mitigation controls have been selected the risk should be re-analysed to ensure controls are sufficient to deem the risk acceptable.

5. Monitor – Risks and their controls should be regularly monitored at intervals set depending on the risk, likelihood, control effectiveness, and other factors to ensure controls and ratings remain relevant, and the organisation remains cognisant of the risks.

Consequence Categories

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For consistency, the Shire will apply standardised consequence categories across all risk registers.

1. **Health and Safety** – consequences that may impact the health and safety of employees, community members, or other stakeholders.
2. **Financial** – budgetary deviations or impacts on the Shire's long term financial planning objectives
3. **Service Interruption** – the inability to deliver a service or to deliver a service to the standard expected by the Shire's customers
4. **Compliance** – the Shire operates in a heavily regulated environment and risk occurrences may impact on the Shire's ability to remain compliant under a particular legislative or regulatory environment
5. **Reputational** – Whilst the Shire is not a private enterprise that benefits from reputational goodwill, an eroded reputation impacts on community and sector trust in the Shire's operations. This can have long-term damaging effects.
6. **Property and Environment** – impacts on property or environmental features belonging to the Shire, district at large, or broader areas.

All consequences must be rated using the below scale:
1. Insignificant
2. Minor
3. Moderate
4. Major
5. Catastrophic

Given the organisational wide impact of Strategic Risks they will generally be Major or Catastrophic in consequence if left without any mitigating actions. The Chief Executive Officer is responsible for establishing consequence criteria under the above categories for rating risks under operational risk registers.

Likelihood Categories

All risks will be assessed against the below likelihood criteria.

Likelihood Level	Description
Almost Certain	The event is expected to occur in most circumstances, at regular intervals or with a probability of occurring greater than 90%
Likely	The event will probably occur, potentially once a year or with a probability of 60%-90%
Possible	The event may occur, likely to occur at least once in every 4-year period, or with a probability of 30%-60%
Unlikely	The event may occur but is not expected likely, may happen a few times a decade, or with a probability of 5-30%
Rare	The event may only occur in highly infrequent or unexpected circumstances, less than once in a 20-year period, or a less than 5% chance of occurring
Negligible	Whilst not incorporated in risk assessment, this likelihood will allow the Shire to review risks that have very little chance that they will ever occur and would be unprecedented if they did. This demonstrates

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> awareness of the risk in case the likelihood changes in future.

Responsibility and Authority

The acceptance of risk ownership is required by each staff member at every level within the organisation.

Council empowers the Audit Committee to act as the Shire's oversight agent in relation to the management and assessment of Risk.

The Audit Committee is responsible for developing, managing, monitoring, and reporting on the Shire's Strategic Risk Register. The Strategic Risk Register detailing Strategic Risks and mitigating actions must be reported to Council on an annual basis including analysis of a risk occurrence and consequences.

The Chief Executive Officer is responsible for ensuring the Shire's risk management practices are appropriate and effective.

The Chief Executive Officer is responsible for developing, managing, monitoring, and reporting on the Shire's Operational Risk Register. The Operational Risk Register may be informed by other registers and methods as determined by the Chief Executive Officer. High and Extreme risks on the operational risk register must be reported to the Audit Committee, if the administration plans to accept the risk.

Committee Terms of Reference

Shire of Morawa Audit & Risk Committee

Objectives of Audit Committees

The primary objective of the audit and risk committee is to accept responsibility for the annual external audit and liaise with the local government's auditor so that Council can be satisfied with the performance of the local government in managing its financial affairs.

Reports from the committee will assist Council in discharging its legislative responsibilities of controlling the local government's affairs, determining the local government's policies and overseeing the allocation of the local government's finances and resources. The committee will ensure openness in the local government's financial reporting and will liaise with the CEO to ensure the effective and efficient management of the local government's financial accounting systems and compliance with legislation.

The committee is to facilitate –

- the enhancement of the credibility and objectivity of internal and external financial reporting;
- effective management of financial and other risks and the protection of Council assets;
- compliance with laws and regulations as well as use of best practice guidelines relative to audit, risk management, internal control and legislative compliance;
- liaise with the Office of the Auditor General and the appointed auditor in all matters pertaining to the annual audit as required and forward any recommendations arising to Council for their resolution; and
- the provision of an effective means of communication between the external auditor, the CEO and the Council.

Powers of the Audit & Risk Committee

The Audit & Risk Committee is to report to Council and provide appropriate advice and recommendations on matters relevant to its term of reference. This is in order to facilitate informed decision-making by Council in relation to the legislative functions and duties of the local government that have not been delegated to the CEO.

The committee is a formally appointed committee of council and is responsible to that body. The committee does not have executive powers or authority to implement actions in areas over which the CEO has legislative responsibility and does not have any delegated financial responsibility. The committee does not have any management functions and cannot involve itself in management processes or procedures.

Membership

The Committee will consist of four elected members of council. All members shall have full voting rights.

The CEO and employees are not members of the committee. The CEO or his/her nominee is to be available to attend meetings to provide advice and guidance to the Committee.

The local government shall provide secretarial and administrative support to the Committee.

Meetings

The Committee shall meet at least three times per annum. In general, this will align with the Annual Audit, Interim Audit, and Compliance Audit Return findings.

Additional meetings shall be convened at the discretion of the Presiding person.

Attachment 3 – 11.1c Audit and Risk Committee Terms of Reference

Reporting

Reports and recommendations of each Committee meeting shall be presented to the next ordinary meeting of the Council.

Role and Responsibilities

The role and responsibilities of the committee will be:

1. Audit

   a. Provide guidance and assistance to Council as to the carrying out of the functions of the local government in relation to audits;
   b. Meet with the auditor once in each year and provide a report to Council on the matters discussed and outcome of those discussions;
   c. Liaise with the CEO to ensure that the local government does everything in its power to
      o assist the auditor to conduct the audit and carry out his or her other duties under the *Local Government Act 1995*; and
      o ensure that audits are conducted successfully and expeditiously;
   d. Examine the reports of the auditor after receiving a report from the CEO on the matters to –
      o determine if any matters raised require action to be taken by the local government; and
      o ensure that appropriate action is taken in respect of those matters;
   e. Review the report prepared by the CEO on any actions taken in respect of any matters raised in the report of the auditor and presenting the report to Council for adoption prior to the end of the next financial year or 6 months after the last report prepared by the auditor is received, whichever is the latest in time;
   f. Review the scope of the audit plan and program and its effectiveness;
   g. Review the local government's draft annual financial report, focusing on –
      o accounting policies and practices;
      o changes to accounting policies and practices;
      o the process used in making significant accounting estimates;
      o significant adjustments to the financial report (if any) arising from the audit process;
      o compliance with accounting standards and other reporting requirements; and
      o significant variances from prior years;
   h. Consider and recommend adoption of the annual financial report to Council. Review any significant changes that may arise subsequent to any such recommendation but before the annual financial report is signed;
   i. Address issues brought to the attention of the Committee, including responding to requests from Council for advice that are within the parameters of the committee's terms of reference;
   j. Seek information or obtain expert advice through the CEO on matters of concern within the scope of the committee's terms of reference following authorisation from the Council;
   k. Review the annual Compliance Audit Return and report to the Council the results of that review; and
   l. Consider the CEO's reviews of the appropriateness and effectiveness of the local government's systems and procedures in regard to risk management, internal control

Committee Terms of Reference

and legislative compliance, required to be provided to the Committee, and report to the Council the results of those reviews.

2. Risk Management
   a. Oversight in the areas of risk management, internal control, and legislative compliance in accordance with the Local Government (Audit) Regulations 1996 r.17.
   b. Consider, approve, and review the Shire's Strategic Risk Register and associated controls
   c. Advise Council on the Shire's risk framework and the organisations performance against the framework.

Attachment 3 – 11.1c Audit and Risk Committee Terms of Reference

Shire of Morawa

Audit & Risk Committee

Meeting

2 March 2023

Attachment 1   *11.2a Civic Legal System and Procedures Review 2022/2023*

Attachment 2   *11.2b Shire of Morawa CEO review of Civic Legal Review and proposed actions*

Item 11.2   2022-2023 Regulation 17 Review

Systems and Procedures Review

Shire of Morawa

December 2022

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Contents

1. Introduction

Regulation 17 of the *Local Government (Audit) Regulations 1996* (WA) creates a statutory obligation for local government CEOs to review the effectiveness and appropriateness of the local government's systems and procedures at least once every three financial years.

The Shire of Morawa (**the Shire**) has engaged Civic Legal to review the Shire's systems and procedures in relation to risk management, internal control and legislative compliance. This report aims to assist the CEO in his assessment of the appropriateness and effectiveness of the relevant systems and procedures in accordance with regulation 17 of the *Local Government (Audit) Regulations 1996* (WA). Civic Legal's Systems and Procedures Reviews are designed to identify areas of improvement and promote a culture of continuous improvement within local governments. The suggested actions are offered for consideration, with the Shire to ultimately decide which suggested actions are to be adopted and/or prioritised.

2. Engagement Overview

2.1 Legislative Requirements

Regulation 17 of the *Local Government (Audit) Regulations 1996* (WA) states the following:

(1)   The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —

    (a)   risk management; and

    (b)   internal control; and

    (c)   legislative compliance.

(2)   The review may relate to any or all of the matters referred to in sub-regulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every three financial years.

(3)   The CEO is to report to the audit committee the results of that review.

2.2 Timeframe

Civic Legal understands that the Shire completed its last regulation 17 review in April 2020. That review addressed all three categories (risk management, internal control and legislative compliance).

2.3 Scope of Engagement

The Shire has engaged Civic Legal to provide the following services in relation to the requirements of regulation 17 of the *Local Government (Audit) Regulations 1996* (WA):

> complete a review of a selection of the Shire's systems and procedures relating to risk management, internal controls and legislative compliance;

> seek to identify potential issues relating to the systems and procedures being reviewed;

> provide suggestions for improvement; and

> prepare a report summarising the matters identified during the review.

3. Review Methodology

Civic Legal has considered the *Local Government Operational Guidelines Number 09* in determining which systems and procedures to review.

The review methodology included:

> interviewing relevant employees of the Shire; and

> referencing core documents underlying the systems and procedures being reviewed.

Interviews were conducted via Microsoft Teams video calls, and reference documents were emailed to Civic Legal.

The interviews were conducted on 14 and 15 November 2022.

4. Review Categories

4.1 Risk Management

A risk management framework assists local governments to identify, evaluate and mitigate risks. Risk in the local government sector can relate to a variety of topics including, but not limited to:

> finance;

> asset management;

> work health and safety; and

> environmental and health management.

4.2 Internal Control

Internal control comprises systems and procedures which optimise a local government's efficiency and mitigate risk. Effective internal control requires a variety of strategies which include, but are not limited to:

> up-to-date procedures and policies;

> effective asset and human resource management;

> compliance with relevant procedures, policies and standards; and

> systems designed to promote accountability.

4.3 Legislative Compliance

Systems and procedures promoting legislative compliance support the principles of good governance and sound decision-making. These systems and procedures are driven by a culture of compliance, due diligence and high ethical standards. Legislative compliance includes compliance with the following:

> legislation;

> regulations;

> Australian and industry standards; and

> internal policies.

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5. Results

5.1 Risk Management

5.1.1 Summary

The Shire currently undertakes extensive work health and safety protocols supported by key operational documents and forms including *Accident and Incident Report Forms*, *SWMS forms*, *Take 5 forms* and the *GRIP Tracker*. The work health and safety protocols should be further supported through the development of an overarching written program or procedural document capturing the current practices. The development of comprehensive written procedures in regard to work health and safety and other protocols will help to ensure consistency of service delivery. It will also help to reduce loss of corporate knowledge during employee turnover and may also reduce reliance on key senior officers.

Due to limited resourcing, the Shire has engaged an external IT consultant to assist with IT controls. Seeking external expertise is an appropriate response where internal resourcing may be lacking. The Shire is currently reviewing its key control documents regarding IT following the completion of an external *ICT Health Check*. The Shire maintains an *ICT Disaster Recovery Plan* but does not have a general *Business Continuity Plan*. Such a plan should be developed.

5.1.2 Table of results

The table below sets out:

> the systems and procedures reviewed;

> a description of those systems and procedures based on the information provided by the Shire's employees; and

> Civic Legal's suggested actions for the Shire to consider.

Risk Management

System or procedure	Description	Suggested actions
Risk management framework	We understand from officers that risk management is a current focus for the Shire. The Shire has a *Risk Management Policy* (November 2020) and a *Strategic Operational and Project Risks Framework* (June 2020). The *Strategic Operations and Project Risks Framework* includes a *Risk Register* for strategic risks. We understand from officers that the *Risk Register* is currently in development. Project Managers are required to complete a *Project and Event Risk Register* as part of the *Project Template Spreadsheet*. However, this section of the *Project Template Spreadsheet* does not appear to be completed for every project. The *Project Template Spreadsheet* specifies that high risks and medium risks in the 'financial' and 'personal health and safety' categories must be entered in the Shire's *Risk Register*. Risk management considerations are also included in the council report template.	Ensure the *Project and Event Risk Register* within the *Project Template Spreadsheet* is completed in a timely manner for all projects. Review and continue to develop the *Risk Register*.
Risk reporting	*Accident and Incident Report Forms* are available at the depot and in the administration building. Employees are encouraged to report all incidents including near misses. Accidents and incidents which require follow-up action are included on the *GRIP Tracker*. All risks are allocated a target date, responsible officer and a rate in accordance with the 'measures of Consequence' table. We understand from officers that the *GRIP Tracker* is reassessed regularly to ensure hazards are appropriately addressed. We understand from officers that the *GRIP Tracker* is not reported to management. There does not appear to be a formal procedure for non-employees to report risks prior to an accident occurring.	Create a formal risk reporting procedure for employees and visitors to the Shire, for risks outside of the work health and safety framework. Formalise the employee risk reporting structure through written systems and procedures.
Business Continuity Plan	The Shire has an *IT Disaster Recovery Plan* (November 2016). The *Local Operational Recovery Plan (Cyclone Seroja)* (December 2022) has also recently been adopted by the Local Emergency Management Committee (**LEMC**).	Ensure the *IT Disaster Recovery Plan* is resourced and budgeted for.

Risk Management

System or procedure	Description	Suggested actions
	General business continuity, beyond IT considerations, is not captured in a Shire document. The *IT Disaster Recovery Plan* is currently under review.	Draft a new *Business Continuity Plan* or expand the scope of the current *IT Disaster Recovery Plan* to ensure all necessary considerations are addressed.
Addressing incorrect accounting estimates	We understand from officers that any incorrect accounting estimates are identified during the Shire's budget reviews. In addition, variance reports are also provided as part of the Shire's monthly financial reports to council. The relevant account and job report can then be reviewed to identify any issues. If large variances occur, they are likely to be reported to council in a separate report. The procedure for identifying and addressing incorrect accounting estimates is not captured in a written document. The relevant employees understand this procedure through their experience.	Draft a written procedure to guide the investigation and correction of incorrect accounting estimates.
Dealing with insurance claims and legal litigation	The Shire does not have a formal procedure for dealing with insurance claims or litigation. We understand from officers that the Shire will proactively notify its insurer if there is an actual insurance event or a foreseeable concern.	Develop a procedure for dealing with insurance claims, both from the Shire and from third parties. Develop a procedure for dealing with litigious claims.
Preventing and uncovering misconduct, fraud and theft	CCTV cameras are set up in the administration office and around the town. Financial procedures, particularly regarding procurement, are in place to reduce the potential for misconduct, fraud or theft occurring. For example, *the Accounts Payable Procedure* (May 2022) addresses tasks to be completed by the Purchasing Officer and the Creditor Officer. This procedure contains various forms which must be completed and checked prior to authorising a payment. Financial systems and outcomes are also regularly audited as per legislative requirements. However, adequate separation of powers and functions can be difficult to achieve with small employee numbers.	

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Risk Management		
System or procedure	**Description**	**Suggested actions**
Environmental risk management	The Shire does not maintain environmental management plans for relevant sites.	Develop environmental management plans for all high-risk sites (e.g. depot, landfill site, airport and orphan landfill sites). It would be prudent to include the small, unregulated sites as well in such plans.
	The Shire has an *Asbestos Policy* (November 2020) and an *Asbestos Register* (June 2020). We understand that LGIS provides considerable assistance in regard to the management of asbestos in the Shire's district.	
	The *Local Operational Recovery Plan (Cyclone Seroja)* gives consideration to the impact of the natural and built environment. This includes for example, redeveloping vegetation following a cyclone. The officers identified environmental management as a topic that requires further development with LEMC.	Review the *Asbestos Policy*, if not already done.

Develop plans and procedures to support the disposal of hazardous waste. |
	The Shire's depot site contains below ground oil tanks. We understand from officers that an external consultant checks these tanks annually for leaks.	
	We understand from officers that the landfill site and historic landfill orphan sites remain unregulated due to their small operational size, or their inactivity status.	
	The Shire maintains a certified airport. We understand from officers that the process for gaining certification required the consideration of various environmental factors.	
	We understand from officers that the Shire has a rigid environmental control framework for its self-managed reticulated sewerage system for the Morawa townsite.	
	The Shire does not have a plan or procedures for the disposal of hazardous waste.	
Work health & safety (**WHS**) procedures	We understand from officers that the Shire's culture of commitment to safety is established during inductions and emphasised by the CEO during monthly staff meetings. During inductions, new employees are provided with the *Operational Health and Safety Policy* (November 2020). This is followed by face-to-face and online sessions to teach new employees about safety culture and what to do if there is a potential hazard.	Develop an overarching program or procedural document which captures the various WHS practices undertaken by the Shire.

Review the *Operational Health and Safety Policy* to ensure it is consistent with the Shire's obligations under the recently introduced WHS legislation. Amend the title to '*Work Health and Safety* |
| | Depot workers are required to complete *SWMS forms* every morning and report hazards on *Take 5* forms. Completed forms are kept in the records management system. The Risk & Safety Officer regularly observes the depot works to ensure tasks are completed in line with health and safety expectations. | |

Risk Management

System or procedure	Description	Suggested actions
	The Shire's Work Health and Safety Committee meetings every two months. Meeting invitations and schedule are automated.	*Policy'.*
	All staff receive first aid training. Depot staff are trained in asbestos awareness and chemical awareness. The Risk & Safety Officer is trained in 'test and tag'.	
	Information about *Lifeline* and other mental health resources are available on the Shire's noticeboard, as well as information regarding fitness programs and quitting smoking.	
	The Risk & Safety Officer undertakes building inspections every six month. These inspections are scheduled in the Risk & Safety Officer's calendar.	
	The various WHS practices are not currently captured in an overarching program or procedural document.	
Managing insurable risks and ensuring the adequacy of insurance	The Shire provides LGIS with a list of assets. LGIS then provides the Shire with an insurance proposal.	
	We understand from officers that LGIS usually also provides a list of the other types of insurance that can be provided to a local government. Officers consult the list and consider if any additional coverage is required.	
Addressing control weaknesses identified by the external auditor	Following the annual audit, the auditor provides the Shire with a Management Letter explaining the findings in the audit. We understand from officers that the Management Team meet to consider the comments raised in the audit and provide a response. The Management Letter and officer's responses are reported to the Audit Committee. Ongoing actions will be reported to the Audit Committee at each Audit Committee meeting until all issues raised are resolved.	Draft procedure for responding to the auditor and reporting to the Audit Committee (action monitoring and closing out).
	Similarly, the recent financial management review was presented to the Audit Committee.	
	This process is not captured in a written procedure.	

Risk Management

System or procedure	Description	Suggested actions
Controls for unusual types of transactions or high-risk transactions	The Shire receives large amounts of funding for roads. Every road project is given a job number and allocated against the relevant expenditure account. The Shire may engage a project manager for larger projects. External consultants may be engaged where Shire employees have limited relevant expertise or where internal resources are limited. For example, work regarding cyclones and flooding repairs has been contracted to external providers in recent years.	Draft a procedure for considering how best to manage high-risk projects. This may include guidance regarding when a project manager should be engaged.
Procurement Framework	The Shire's *Purchasing Policy* (June 2021) establishes quotation requirements for different purchase values. It also provides guidance regarding tendering requirements. The Shire also uses the WALGA Procurement Toolkit to guide the procurement process. We understand from officers that the Toolkit provides templates and guidance regarding purchasing policies, the procurement planning timeframe, choosing the right purchasing approach, and probity considerations. The Executive Manager Works and Assets develops a *Qualitative Assessment Matrix* for each tender. The matrix reflects the criteria and scope established in the relevant advertisement. The alignment between the established scope and the matrix provides a high degree of transparency and probity. We understand from officers that a maximum of approximately six officers are approved to undertake any level of purchasing on behalf of the Shire. The current procedure for procurement appears to be understood by relevant officers due to experience and repetition. The overarching procedure is not captured in a written document. We understand from officers that procurement records/documentation need to be signed off by executive employees. The executive employee is responsible for ensuring the process is correctly completed. The finance system (Synergy) is also a tool that provides a basic check, as purchase orders over $100,000 cannot be raised. They must be approved by the CEO.	Draft an overarching procedure to guide the entire procurement process. This should make reference to the *Purchasing Policy* and WALGA Procurement Toolkit where appropriate. Ensure all officers with authority to undertake purchases on behalf of the Shire are aware of, and are following, the approved procedure.

Risk Management

System or procedure	Description	Suggested actions
Use of corporate credit cards	The CEO and executive managers have corporate credit cards. All cards have low monthly purchasing limits. All transactions are reported to council as part of monthly financial reports. Credit card purchases must be supported by receipts or a signed statutory declaration. General expectations regarding the use of corporate credit cards are captured in the *Corporate Credit Card Policy* (November 2020).	Review the *Corporate Credit Card Policy*, if not already done.
Communicating changes to the Shire's control environment to relevant employees	The CEO meets with the Senior Management Team every month. During these meetings, changes to legislation or other changes to the Shire's control environment are raised. Prior to policies being introduced, the draft of the new policy is usually discussed at a council forum. The new policy will also be raised at monthly staff meetings. Notifications will also be sent via email and potentially via a CEO mailout. Changes which may affect the Works Team will be raised at monthly toolbox meetings. There is no written procedure that captures how information about changes to the Shire's control environment should be communicated to employees.	Conduct a review of all council policies and ensure they are of a strategic focus. Council policies that are operational in nature should be converted to 'executive policies'. Introduce a procedure to standardise how employees are to be informed about changes to the Shire's control environment.
Induction procedures	The Shire is in the process of implementing a new procedure for conducting onboarding via a dedicated Microsoft induction program. We understand from officers that the new system will provide a streamlined format and ensure consistency. It will also capture information received such as CVs, visa requirements and qualifications. This initiative was in response to an action listed in the *Workforce Plan 2022-2023.* The new system will not address organisational inductions. The relevant supervisor is required to drive this component of the induction process. There are currently no guidance documents to ensure key items are addressed or consistency is maintained.	Draft an operational induction procedure to guide supervisors conducting inductions. Cultural considerations should be considered. Training should be provided to supervisors to reinforce the procedure.

Risk Management

System or procedure	Description	Suggested actions
IT management plan and data recovery procedure	The Shire in currently developing a *5 Year ICT Plan*. This was drafted with reference to the Shire's *ICT Health Check* (December 2021). The Shire maintains an *IT Disaster Recovery Plan* (November 2016). We understand from officers that this document will be reviewed by December 2022.	Complete the *5 Year ICT Plan*. Ensure that the review of the *IT Disaster Recovery Plan* occurs and is progressed.
Cyber security	The Barracuda firewall and the Citrix software systems provide a security barrier. Cyber security awareness training was undertaken with all staff in February 2022. This is being followed up with internal phishing email testing. Those staff who are identified as high-risk can then be provided further training. Cyber security practices undertaken by the Shire are not currently captured in procedural documents.	Draft written procedures regarding the Shire's cyber security protocols. This is an area of critical importance in the *5 Year ICT Plan*.
Emergency evacuation procedures	Evacuation diagrams are displayed in all Shire buildings. These diagrams are checked as part of annual public building inspections. We understand from officers that evacuation drills are run from time to time. The timing of such drills is considered by the Safety Committee. We understand from officers that the Environmental Health Officer maintains a program to manage the required work for emergency evacuation controls at the Shire.	Ensure evacuation drills are conducted periodically. This may be managed for example, by setting a calendar reminder or including it as a task in the *RelianSys* program. Consider maintaining an internal checklist or procedure to capture the work of the Environmental Health Officer. This would help to ensure tasks/inspections are undertaken in a regular and timely manner. It would also minimise corporate knowledge loss should the officer leave.

5.2 Internal Control

5.2.1 Summary

The Shire operates professionally and has practices in place for its operations. The operations of the Shire appear to be reliant on a few senior employees, particularly the CEO. Induction programs, regular training and written procedures are important to reduce reliance on senior employees.

A number of systems and procedures relative to internal control are yet to be captured in formal documents (e.g. policies, procedures, checklists). Not having written procedures in place may result in inconsistent practices or a loss of corporate knowledge when key employees leave the Shire. The record-keeping system is also an area for improvement. Further training and written procedures are required to ensure record-keeping practices are well understood and consistently followed.

Issues such as a lack of written procedures and a heavy reliance on a few senior personnel are common issues for small local governments. It can be challenging for small local governments with limited resources to rectify all of these. It is therefore important for the local government to prioritise the tasks.

5.2.2 Table of results

The table below sets out:

> the systems and procedures reviewed;

> a description of those systems and procedures based on the information provided by the Shire's employees; and

> Civic Legal's suggested actions for the Shire to consider.

Internal Control		
System or procedure	**Description**	**Suggested actions**
Delegation register review	The *Delegation of Authority Register* (July 2022) on the Shire's website, shows delegations from council to the CEO. There are limited on-delegations from the CEO. We understand from officers that these delegations are not clearly captured in a register.	Establish a register of delegations from the CEO including all on-delegations.
	The delegations are reviewed in May. An automated reminder to conduct the review is programmed into the *RelianSys* system. There is no written procedure to assist officers reviewing the delegations.	
Recording use of delegations	Letters of authority are sent to officers to notify them of their delegations. These letters do not provide details regarding legislative requirements to record the use of delegations. We understand from officers that a notification is sent to the Executive Assistant when the CEO exercises a delegation. This ensures that the use of the delegation is recorded.	Ensure letters notifying officers of their delegations include details regarding recording requirements.
		Develop a procedure to capture how the use of delegations is to be recorded. This may need to be reinforced by staff training and internal checks/audits.
Policy manual review	The Shire has council policies and executive policies. The council policies are available on the Shire's website. We understand from officers that a hard copy is also available at the depot.	Consider retitling the 'executive policies' to 'CEO directives' to ensure they are clearly distinguishable from council policies.
	Review details are located at the beginning of each policy. We understand that the CEO intends to program the review deadlines for each policy into the *RelianSys* system by way of automated reminders.	Continue to encourage a culture of compliance through onboarding procedures and regular reinforcement and reminders from senior employees.

Internal Control		
System or procedure	**Description**	**Suggested actions**
		Develop a system to ensure policies are reviewed in a timely manner and prioritise those that are overdue (e.g. *Bush Fire Policy* (July 2020)). Develop a written procedure to guide the review process for both council, and executive policies.
Documenting risk identification and assessment activities	Accidents, incidents and near misses are reported using *Accident and Incident Report Forms*. Where follow-up action is required, those incidents are included in the *GRIP Tracker*. All risks are given a target date for review, and are reassessed regularly to ensure the hazard is appropriately addressed. Potential risks regarding individual projects are also recorded in *Project Template Spreadsheet*.	
Confirmation of employee qualifications	Required qualifications for a particular role are identified when the role is advertised. Confirmation of the qualification must be provided during the recruitment process and saved on the employee's file.	
Internal audits/reviews	The Shire does not conduct formal internal audits. However, checks are conducted as part of regular procedures including checking and signing off on monthly creditors, debtors. We understand from officers that the Shire has recently conducted a non-statutory review of their IT systems.	Consider conducting periodic internal reviews (e.g. that the *Tender Register is* completed, the correct number of quotes are secured for purchases, that keys are signed out and back in).
Liaising with auditors	We understand from officers that the Shire has previously sought advice from its auditors. However, the Shire is more inclined to seek advice from the Department of Local Government Sport and Cultural Industries and WALGA.	

Internal Control		
System or procedure	**Description**	**Suggested actions**
Liaising with legal advisors	The Shire has a *Legal Proceedings Policy* (November 2020) which identifies when the Shire can assist individual councillors and employees. This includes reimbursement of reasonable expenses and any liabilities incurred in relation legal proceedings relating to their official functions.	Review the *Legal Proceedings Policy,* if not already done.
	There is no formal process identifying who is authorised to engage legal advisors or when legal advice should be sought for operational issues.	Draft an executive policy for engaging legal advisors.
	We understand from officers that the Shire does not regularly liaise with legal advisors.	
Authorising documents, letters, emails and financial records	Employees are given written notification of their delegations and purchase authorities.	Review position descriptions to ensure that levels of authority are clearly defined (e.g. authorisation to communicate with different levels of stakeholders on the Shire's behalf).
	There is no policy or procedure identifying the level of authority held by the various officers. However, position descriptions provide some general detail regarding the level of authority held by the officer.	Draft an executive policy addressing authorisation of documents and digital signatures.
Separation of roles and functions	Some financial procedures include separation of roles and functions. For example, the procedure undertaken when issuing payments to creditors requires more than one officer.	Proactively raise employees' awareness of their obligations under the *Employee Code of Conduct* as one measure to reduce the risk of related employees influencing each other in the workplace. This could be in team meetings or training sessions.
	Employees who are personally related to each other generally do not report to one another. As few employees have delegated authority, the scope for misuse of power or functions is minimal. While these features of the Shire's governance and structure has a reduced risk of bias in related employees, it is not clear if this is by accident or design.	
	The limited number of employees makes it hard to separate roles and functions.	

Internal Control		
System or procedure	**Description**	**Suggested actions**
Restricting access to physical assets and records	Hard copy files are located in the administration office. Generally, access to these files are not limited, except for HR files which are separately stored and secured/locked.	Create a procedure and a control register for hard-copy records/files. This would record staff details, and dates when individual records are accessed, removed, and returned.
	There is no control register to record access, removal and return of records.	
	The Shire does not have a server room onsite.	
	We understand from officers that the administration building is accessible by PIN code. Other buildings require key access. All keys are stored within a safe in the administration building. Keys need to be signed out and in using the relevant register (e.g. *Shire Cleaners Key Register*).	Ensure there is a formal process/register for recording keys and swipe cards that are allocated to employees.
	Keys to buildings such as the Town Hall are provided to hirers of the facility. Before the keys are provided, the individual is required to complete a *Facility Hire Request Form.* The form must be approved by the CEO and a bond must be paid. The process is recorded in the *Hiring of Facilities/Equipment Procedure.*	Ensure all procedures, including for example, the *Hiring of Facilities/ Equipment Procedure*, are dated and include a review period/date.
	The Shire has a *Key/Swipe Card Policy* (November 2020) which provides guidelines regarding the management of Shire keys.	Review the *Key/Swipe Card Policy*, if not already done.
Electronic records management procedures	The Shire operates under the SynergySoft records system. Employees are allocated access as required in accordance with their roles. We understand from officers that the Executive Assistant is responsible for assigning access to files.	Conduct an audit of the Shire's record-keeping systems to ensure that they meet relevant records' management standards, and ensure that all files/data are being appropriately classified and saved in the Shire's IT system.
	The Shire refers to *Records Procedures* produced by IT Vision regarding the use of the SynergySoft. The Shire does not have an internal policy or procedure regarding limiting access to electronic records or electronic records management generally.	
	The *ICT Health Check* identified the need to review access permissions of all employees as a high-priority action.	Draft a procedure identifying the appropriate allocation of access to electronic files for the various officers and how this is to be managed and reviewed over time.

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Internal Control		
System or procedure	**Description**	**Suggested actions**
Updating computer applications and information systems	We understand from officers that the Shire receives notifications when the accounting software needs updating. The Shire's IT contractor is then able to tend to the required update. Similarly, the contractor is notified when other software requires updating (e.g. MS Windows, etc.) and undertakes the update. We understand from officers that the contractor also has a list of the Shire's IT hardware. They will notify the Executive Manager Corporate & Community Services when the useful life has been reached and requires replacement. We understand from officers that there are generally enough resources to ensure hardware is replaced when required. The Shire's data is stored on a cloud-based system. We understand from officers that backup occurs every hour and at the end of each day. The *Barracuda* firewall provides notifications of suspicious or corrupted emails. We understand from officers that the Shire's IT contractors are required to visit the Shire four times a year. However, meetings are currently not occurring as frequently as required. We understand from officers that the Shire is seeking to expand the scope of its next IT consultant contract. This would be to require the contractor to provide monthly updates and meet specific KPIs.	Ensure regular meetings are conducted with the Shire's IT contractor in accordance with contractual obligations. Create an agenda template to guide these meetings including topics such as physical attendance at Morawa, cyber security, software updates, hardware replacement and the *5 Year ICT Plan*. Ensure the next IT consultant contract requires the contractor to provide the Shire with a schedule of IT changes and suggested updates.
Authorising changes to data files and systems	The Shire currently does not have a procedure for authorising changes to data files. The development of key procedures and policies was flagged as a critical priority in the *ICT Health Check*. .	Provide staff training to support the rollout of the written procedures. This training should also be included as part of the new staff induction process. Follow-up training should also be offered periodically.

Internal Control

System or procedure	Description	Suggested actions
Maintaining and reviewing financial control accounts	We understand from officers that the Shire's payment process requires invoices to be checked prior to every payment. The budget review process also allows for errors and misallocation of funds to be identified and corrected. Payments to creditors also require contributions from multiple officers, therefore providing a systemic check for each payment. For example, the *Accounts Payable Procedure* (May 2022) requires tasks to be completed by both the Purchasing Officer and the Creditor Officer.	
Comparing financial results against budgeted amounts	Monthly financial statements reported to council include variance reports identifying the difference between the current financial year's budgeted amounts and amounts actually spent. Variances beyond the council endorsed parameters are reported to council separately. A budget review is also conducted three times a year. We understand from the Shire officers that issues regarding budget amounts are more likely to arise due to seasonal/timing differences rather than spending over the budgeted amount. Budget allocations are made based on historical data and are therefore likely to become more accurate over time.	
Ensuring (arithmetical) accuracy of records	We understand from officers that the Administration Officer is required to record incoming and outgoing mail in the records system. However, there has been limited training regarding this process recently. The officers indicated that further work is required to ensure officers understand what records must be filed. Fuel stocks are stored on site at the depot. We understand from officers that fuel stock dip readings are conducted monthly and compared against records. This ensures the physical fuel levels are in line with recorded withdrawals.	Draft a procedure that stipulates how records are to be assessed and recorded so this process meets relevant standards and complies with legislation. Ensure regular reminders and training are provided to employees to emphasise the importance of record keeping.

Internal Control		
System or procedure	**Description**	**Suggested actions**
	The Shire's financial accounts are balanced at the end of each month in the accounting system. All assets are revalued every five years, in accordance with the *Local Government (Financial Management) Regulations 1996* (WA).	Consider making accuracy in record keeping a key performance indicator for employees. Ensure the required functions of the Administration Officer are captured in procedural documents and supported by appropriate training.
Reviewing and reporting on the approval of financial payments	A list of payments made is provided to council during the monthly financial reporting. The CEO has delegation to make the payments prior to the list being presented to council.	
Comparing physical cash and inventory counts with accounting records.	Cash is collected at some Shire sites including the pool and caravan park. We understand from officers that the Pool Manager undertakes a cash reconciliation at least once a week, but usually on a daily basis. This process is supported by the *Pool Reconciliation Spreadsheet.* The cash is brought to the administration building where it is checked prior to being receipted through the Synergy program. The cash is stored in a locked safe until it is deposited. We understand from officers that the same process applies to cash collected at the caravan park.	Ensure all facilities receiving cash have written procedures to support cash handling, reconciliation and delivery to the administration building for receipting/banking.
Asset management plan	The Shire's asset management principles and responsibilities are established in the *Asset Management Policy* (November 2020). The Shire has a *Strategic Resource Plan 2022 – 2037* (September 2022) which incorporates asset management and long-term financial planning.	Complete the *Integrated Asset Management Plan*. Review the *Asset Management Policy* and *Road Management Policy*, if not already done.

Internal Control		
System or procedure	**Description**	**Suggested actions**
	We understand from officers that the Shire is currently completing a review of its capital purchasing requirements and has drafted a 10-year purchasing plan for engineering plant and equipment (located in the *Asset Information Spreadsheet*). The Shire intends to draft an *Integrated Asset Management Plan* over the next few months. We understand from officers that the Shire is prioritising the creation of asset plans for critical assets such as the medical centre, airport and roads.	

5.3 Legislative Compliance

5.3.1 Summary

The nature of local government requires it to understand and comply with a multitude of legislative requirements, standards and policies. It is often a challenge therefore for local governments, generally, to keep abreast of all these. Furthermore, there have been significant changes to some key legislation governing WA local governments in recent years. This is due to the amendments to the *Local Government Act 1995* (WA) made by the *Local Government Legislation Amendment Act 2019* (WA).

The Shire receives updates from various industry bodies with information on legislation, regulations and standards. It uses templates provided by major industry bodies including WALGA. The Shire engages external consultants including those that are required by legislation.

The Shire is introducing the *RelianSys*, a compliance program. The program appears to have the potential to help regulate compliance tasks via automated reminders and monitoring actions following council resolutions. It records actions undertaken relating to those tasks, and escalates overdue items to senior employees. The *RelianSys* program may also prove to be of value in regard to retaining corporate knowledge. The Shire should prioritise the implementation of the program, ensuring it becomes part of day-to-day operations.

Positive ethical practices are addressed in the *Employee Code of Conduct*, the *Code of Conduct Council Members, Committee Members and Candidates Policy* and other Shire policies.

5.3.2 Table of results

The table below sets out:

> the systems and procedures reviewed;

> a description of those systems and procedures based on the information provided by the Shire's employees; and

> Civic Legal's suggested actions for the Shire to consider.

Legislative Compliance		
System or procedure	**Description**	**Suggested actions**
Ensuring compliance with legislation, regulations, industry standards and internal policies	The Shire engages various external consultants to undertake audits and reviews of its systems and procedures, including those that are required by legislation. Gaps in the Shire's compliance may be identified during these audits/reviews. The *Service Delivery Leadership Team agenda template* includes a 'policies & procedures' item which may prompt consideration to legislative compliance.	Consider amending the *Service Delivery Leadership Team agenda template* to include 'legislative compliance' as a standing item. Consider amending/creating a new staff meeting agenda template to ensure policy/ legislation/ governance is included as a standing item.
Reviewing the annual Compliance Audit Return (**CAR**) and reporting the results to council	Completing the annual CAR review is captured as an automated reminder in the *RelianSys* program. Some guidance is programmed into the system to provide the relevant officer with actions. Any outstanding items are escalated. We understand from officers that in recent years the CAR has been completed by the Shire's Executive Assistant to ensure an objective approach is taken. This also provides an element of professional development for the Executive Assistant. The officer completing the CAR has to provide comments or details where appropriate as to how they reached the answer sought by the CAR's question. For example, this may include dates of council resolutions or the confirmed completion of a task. We understand from officers that the CAR is often used to identify gaps in the Shire's procedures, which can then be corrected.	Draft a procedure for completing the annual CAR. This should include standards expected in regard to, for example, sampling and the provision and recording of evidence.
Monitoring legislative change and implementing relevant amendments to the local government's systems and policies	The CEO is a board member of Local Government Professionals, which discusses legislative amendments from time to time. The CEO is also subscribed to the WALGA Bulletins, WALGA discussion papers and Civic Legal newsletters, which often indicate potential or recent changes to relevant legislation.	

Legislative Compliance

System or procedure	Description	Suggested actions
Receiving, recording and addressing complaints	The Shire has a *Complaints Management Policy* (September 2017) which provides guidance regarding complaints from external parties. The Shire also has a *Code of Conduct – Behaviour Complaints Management Policy* (May 2021) which addresses procedures for dealing with complaints in accordance with s15(2) of the *Local Government (Model Code of Conduct) Regulations 2021* (WA). Internal Grievances are dealt with on an informal basis where possible. The WALGA industrial relations guidance documents is used to guide this process where necessary. The CEO is the current Public Interest Disclosure (**PID**) officer.	Review the *Complaints Management Policy*, if not already done. Draft a procedure for dealing with internal complaints. This may refer to the WALGA industrial relations guidance documents where appropriate.
Identifying and managing adverse trends	There is no formal mechanism for reporting adverse trends. The officers indicated that they rely on managers to raise issues that they become aware of. Staff meetings can provide a platform for managing adverse trends. For example, concerns regarding high-risk areas such as IT or procurement can be addressed. In recent years, cyber security has been identified by the Executive Team as a rising issue. Additional training was introduced to combat this concern.	Amend/draft a new Executive Team agenda template to include 'adverse trends' as a standing item.
Minimising ethical breaches	The *Employee Code of Conduct* (October 2021) and the *Code of Conduct Council Members, Committee Members and Candidates Policy* (2021) are in place.	
Ensuring the Audit Committee understands and complies with all relevant requirements	The Audit Committee comprises all members of the council. The Shire President and chair of the Audit Committee is the current President of WALGA. We understand from officers that the Shire President gives the council and Audit Committee considerable knowledge and guidance. The Shire has an *Audit Committee Terms of Reference*. The Shire does not hold a specific Audit Committee introductory session or training outside of the mandatory councillor training. It is understood that some councillors are yet to complete the mandatory councillor training.	Review the *Audit Committee Terms of Reference*. Reduce the membership of the Audit Committee to ensure differentiation between the Audit Committee and the council.

Legislative Compliance		
System or procedure	**Description**	**Suggested actions**
	The Audit Committee usually meets the week before the monthly council meeting. However, meetings have on occasion been held on the same day.	Consider advertising for a suitably qualified or experienced independent member to join the Audit Committee.
		Consider amending the title of the 'Audit Committee' to the 'Audit and Risk Committee'. If this is done, amend the functions specified in the committee's *Terms of Reference*.
		Ensure all councillors complete their mandatory training and annual financial returns in a timely manner.
Reviewing local laws	The Shire's local laws are currently not due to be reviewed.	Ensure automated reminders to conduct local law reviews are programmed into the *RelianSys*. Note that reviewing local laws is often a time-consuming process. Therefore, the initial reminders should be sent at least a year before the review deadline.

Appendix 1: Resources (employees interviewed)

Name	Position/Title
Paul Devic	Executive Manager Works & Assets
Jackie Hawkins	Executive Manager Corporate & Community Services
Richard Hawkins	Risk and Safety Officer
Caitlin Tonkin	Executive Assistant
Scott Wildgoose	Chief Executive Officer

Appendix 2: Resources (documents sighted)

Document Title	Date
Accident/Incident Report example	3 May 2022
Accounts Payable Procedure	Endorsed May 2022
Asbestos Policy	November 2020
Asbestos Register	June 2020
Asset Information Spreadsheet	unknown
Asset Management Policy	Adopted November 2020
Audit Committee Terms of Reference	Unknown
Authority to purchase – Executive Manager Corporate and Community Services	March 2021
Bush Fire Policy	Adopted July 2020
Code of Conduct Council Members, Committee Members and Candidates Policy	Last reviewed 2021
Complaints Management Policy	Adopted September 2017
Corporate Credit Card Policy	Adopted November 2020
Delegation of Authority Register	Reviewed July 2022
Employee Code of Conduct	Adopted October 2021
Executive Accounts Payable Policy	Endorsed June 2022
Executive Policy Manual	October 2022
Evacuation diagram Shire administration building	Unknown
Facility Hire Request Form example	November 2021
Governance and Policy Manual Policy	November 2020
GRIP Tracker	October 2022
Hiring of Facilities/equipment procedure	Unknown
ICT Health Check (Cohesis)	December 2021
IT Disaster Recovery Plan	Reviewed November 2016
Key/Swipe Card Policy	Approved November 2020
Legal Proceedings Policy	Adopted November 2020
Letter to Executive Manager Works and Assets regarding delegations from the CEO	1 July 2022
Local Emergency Management Arrangements	2018
Local Operational Recovery Plan (draft)	July 2022
Local Recovery Plan	March 2018
Occupational Health & Safety Policy	Adopted November 2020
Ordinary Meeting of Council Minutes	October 2022
Policy Manual	Updated September 2022
Pool Reconciliation spreadsheet	unknown
Position description – Executive Manager Works and Assets	December 2021
Purchasing Policy	Reviewed 2020
Qualitative Assessment Matrix – Centre Roof Replacement	Unknown

Document Title	Date
Records Procedures (ITVision)	Unknown
Risk Management Policy	Approved November 2020
Recreational Centre Roof Replacement - Project Template Spreadsheet	2020
Safe Work Method Statement example (cutting palms at pool)	9 December 2021
Safe Work Method Statement example (preparing chemicals)	5 October 2021
Service Delivery Leadership Team Agenda	November 2022
Shire Cleaners Key Register	November 2022
Strategic Operational and Project Risks Framework	Reviewed June 2020
Strategic Resource Plan 2022 - 2037	September 2022
Take 5 Form – gardening	November 2021
Take 5 Form – grader w/b	August 2021
Take 5 Form – spot spraying	June 2021
Take 5 Form – truck driving/roller	June 2021
Workforce Plan 2022-2023	2022
5 Year ICT Plan (draft)	October 2022

Disclaimer

This report has been prepared on the basis of information provided to Civic Legal by the employees of the Shire of Morawa. The information was provided in the course of a review conducted by Civic Legal. That review was in the nature of a due diligence exercise, calculated to produce the descriptions contained in this report. Where options are suggested for management action, they do not constitute legal advice, as the provision of legal advice is outside the scope of the review. It is also outside the scope of this review for Civic Legal to review the content of any individual policies, plans or other documents.

Risk Management		Risk Management		
System or procedure	**Civic Legal Suggested actions**	**CEO Review**	**Action**	**Timeframe for Delivery**
Risk management framework	Ensure the *Project and Event Risk Register* within the *Project Template Spreadsheet* is completed in a timely manner for all projects. Review and continue to develop the *Risk Register*.	The development of a improved risk management framework, risk registers, and risk reporting processes is underway. Project and event risk assessment templates were introduced over the last 12 months and it is expected that it needs to be further embedded in the organisation.	Develop risk framework and supporting registers, as well as monitoring processes.	November 2023 (aligns with CEO KRA)
Risk reporting	Create a formal risk reporting procedure for employees and visitors to the Shire, for risks outside of the work health and safety framework. Formalise the employee risk reporting structure through written systems and procedures.	It appears as though officers and processes have matured well in terms of WHS practices. Risk reporting for non-employees is likely a much higher maturity level and not a high priority at this stage.	Enhance risk and WHS processes to ensure clear reporting options for non-employees and employees	Jan-26
Business Continuity Plan	Ensure the *IT Disaster Recovery Plan* is resourced and budgeted for.	IT DR Planning is already underway as part of strategic ICT improvements and ICT Planning commenced in 2022	Complete ICT body of work currently underway including ICT DR Plan	Jun-23
	Draft a new *Business Continuity Plan* or expand the scope of the current *IT Disaster Recovery Plan* to ensure all necessary considerations are addressed.	Business continuity has been more of a undertake than document with things such as Covid, Cyclone etc. being unplanned for. However given the Shire has a well functioning ICT cloud system it allows great flexibility in terms of administrative officer movements. Depot operations need to to be thought about in more detail.	Develop a Shire Business Continuity Plan	Dec-23
Addressing incorrect accounting estimates	Draft a written procedure to guide the investigation and correction of incorrect accounting estimates.	The Shire has moved from 1 budget review per year to 3 which has substantially improved the attention paid to estimates etc. Given accounting misstatement is usaually minor and timing related would say this is low priority.	Review budget review procedures	Dec-25
Dealing with insurance claims and legal litigation	Develop a procedure for dealing with insurance claims, both from the Shire and from third parties. Develop a procedure for dealing with litigious claims.	The Shire is generally guided by LGIS in terms of these processes.	Develop internal guide document supported by LGIS to ensure key staff are aware of processes.	Dec-23
Preventing and uncovering misconduct, fraud and theft		Documenting segregations that must be maintained is probably the key requirement.	Document financial segregation of duty requirements.	Mar-24

Risk Management		Risk Management		
System or procedure	**Civic Legal Suggested actions**	**CEO Review**	**Action**	**Timeframe for Delivery**
Environmental risk management	Develop environmental management plans for all high-risk sites (e.g. depot, landfill site, airport and orphan landfill sites). It would be prudent to include the small, unregulated sites as well in such plans.	This area was also highlighted as part of end of year audit and will be a focus over the next 12 months.	Develop Environment Management Plans	Dec-23
	Review the *Asbestos Policy* , if not already done.	Underway	Complete review of asbestos and other hazardous material processes, policies and registers	Dec-23
	Develop plans and procedures to support the disposal of hazardous waste.			
Work health & safety (**WHS**) procedures	Develop an overarching program or procedural document which captures the various WHS practices undertaken by the Shire.	Over the last 12-18 months the Shire has significantly enhanced its WHS processes. Much of the time has been spent undertaking tasks. It is agreed that now is a good time for relection, documentation, and consolidation so all processes are clear. Majority of WHS related policies need to be Executive Policies with a overarching Council commitment to good practice.	Review WHS Council Policies and Develop Executive Policies	Dec-23
	Review the *Operational Health and Safety Policy* to ensure it is consistent with the Shire's obligations under the recently introduced WHS legislation. Amend the title to '*Work Health and Safety Policy*'.			
Addressing control weaknesses identified by the external auditor	Draft procedure for responding to the auditor and reporting to the Audit Committee (action monitoring and closing out).	These processes should be fairly simple and common sense but having an overarching Exec Policy or Procedure will provide clarity. Not seen as high risk.	Develop Exec Policy or Procedure to meet overarching ARC requirements	Mar-24
Controls for unusual types of transactions or high-risk transactions	Draft a procedure for considering how best to manage high-risk projects. This may include guidance regarding when a project manager should be engaged.	This review process generally occurs at the Executive Level and once the risk framework is in place the need for external assistance should be aligned to risk and control. A procedure seems unecessary and hard to apply given variations in projects.	Nil	
Procurement Framework	Draft an overarching procedure to guide the entire procurement process. This should make reference to the *Purchasing Policy* and WALGA Procurement Toolkit where appropriate.	Operational level guidance and training is needed. Shire generally has very few people undertaking purchasing so low risk but the processes needs to be better understand by all levels.	Develop Better Practice Purchasing Executive Policy and accompanying procedures	Dec-23
	Ensure all officers with authority to undertake purchases on behalf of the Shire are aware of, and are following, the approved procedure.		Develop and implement basic training when purchasing authorisation is given	Dec-23

Risk Management		Risk Management		
System or procedure	**Civic Legal Suggested actions**	**CEO Review**	**Action**	**Timeframe for Delivery**
Use of corporate credit cards	Review the *Corporate Credit Card Policy* , if not already done.	All Council Policies are due for review.	Review all Council Policies	Jun-23
Communicating changes to the Shire's control environment to relevant employees	Conduct a review of all council policies and ensure they are of a strategic focus. Council policies that are operational in nature should be converted to 'executive policies'. Introduce a procedure to standardise how employees are to be informed about changes to the Shire's control environment.	A lot of progress in employee communication and process improvement has been made to date and now is a good time to conduct an overarching review of policies and their relevance at a strategic or operational context.	Review all Council Policies Develop an Executive Policy around SDLT, Staff Meetings and general all of staff communication	Jun-23 Dec-23
Induction procedures	Draft an operational induction procedure to guide supervisors conducting inductions. Cultural considerations should be considered. Training should be provided to supervisors to reinforce the procedure.	Inductions and onboarding were highlighted as a deficiency in the workforce plan and whilst early work has been on a improved system for onboarding. The next stage will be around improving inductions and a procedure and training around this will be key.	Draft an operational induction procedure to guide supervisors conducting inductions. Cultural considerations should be considered. Training should be provided to supervisors to reinforce the procedure.	Dec-23 Dec-23
IT management plan and data recovery procedure	Complete the *5 Year ICT Plan* . Ensure that the review of the *IT Disaster Recovery Plan* occurs and is progressed.	Both the ICT Plan and ICT DR planning are well progressed and are expected to be completed shortly.	Complete the 5 Year ICT Plan. Ensure that the review of the IT Disaster Recovery Plan occurs and is progressed.	Jun-23 Jun-23
Cyber security	Draft written procedures regarding the Shire's cyber security protocols. This is an area of critical importance in the *5 Year ICT Plan* .	The Shire has come a long way over the last 12 months, with staff training, phishing tests, basic policy development, and a new ICT Plan. Documenting more intricate ICT components is needed but is at a higher maturity level and will likely occur in 2024 once a new managed service contract is in place.	Draft written procedures regarding the Shire's cyber security protocols	Jun-24
Emergency evacuation procedures	Ensure evacuation drills are conducted periodically. This may be managed for example, by setting a calendar reminder or including it as a task in the *RelianSys* program. Consider maintaining an internal checklist or procedure to capture the work of the Environmental Health Officer. This would help to ensure tasks/inspections are undertaken in a regular and timely manner. It would also minimise corporate knowledge loss should the officer leave.	Evacuations testing has not been a common occurance over the last few years probably due to the low risk work areas. EHO services have been hit and miss over the last few years with the arrangement with Town of Victoria Park still in its infancy. Current EHO has developed a simple checklist and process.	Ensure at least one evacuation drill is conducted each year. Document EHO duties and activities to ensure actions are taken in a timely manner and corporate knowledge is maintained.	Dec-23 Dec-23

Risk Management		Risk Management		
System or procedure	Civic Legal Suggested actions	CEO Review	Action	Timeframe for Delivery

Internal Control				
System or procedure	**Suggested actions**	**CEO Review**	**Action**	**Timeframe for Delivery**
Delegation register review	Establish a register of delegations from the CEO including all on-delegations.	The Shire has very few on delegations and letters of delegation are provided as required but a full register needs to be established	Establish a register of delegations from the CEO including all on-delegations.	Jun-23
Recording use of delegations	Ensure letters notifying officers of their delegations include details regarding recording requirements. Develop a procedure to capture how the use of delegations is to be recorded. This may need to be reinforced by staff training and internal checks/audits.	Most uses of delegation align to statutory documents, planning approvals, or authorisations and as such are recorded as a matter of course. Recording requirements should be covered in the register and will depend on the delegation.	Ensure recording requirements are included in delegation register and letters	Jun-23
Policy manual review	Consider retitling the 'executive policies' to 'CEO directives' to ensure they are clearly distinguishable from council policies. Continue to encourage a culture of compliance through onboarding procedures and regular reinforcement and reminders from senior employees. Develop a system to ensure policies are reviewed in a timely manner and prioritise those that are overdue (e.g. *Bush Fire Policy* (July 2020)). Develop a written procedure to guide the review process for both council, and executive policies.	The whole Council Policy manual needs a full review as per risk findings. Executive Policies are a fairly new thing for the Shire and establishing as a policy framework helps provide weight to the documents so suggest not changing the name. A review procedure/policy should be developed.	Review Council Policy Manual Develop a written procedure to guide the review process for both council, and executive policies.	Jun-23 Jun-23
Internal audits/reviews	Consider conducting periodic internal reviews (e.g. that the *Tender Register is* completed, the correct number of quotes are secured for purchases, that keys are signed out and back in).	Internal audits are something that will require a higher level of maturity in the organisation. As a sector it tends to be the Band 1 Local Governments looking at Internal Audit due to resource constraints. Potentially the Shire could pick the top 5 risks and see if Town of Victoria Park could develop a testing regime.	Investigate key risk areas for monitoring and discuss interim review requirements	Dec-23

Internal Control

System or procedure	Suggested actions	CEO Review	Action	Timeframe for Delivery
Liaising with legal advisors	Review the *Legal Proceedings Policy*, if not already done.	There is a big difference between advice and expenses relating to legal preceedings and pre-emptive or regulatory advice. The Shire has not had a need for advice relating to proceedings but does contact legal support for leasing, contracts, processing related to the Act such as rates recovery, and other areas where it is better to ensure the job is done correctly. Agree an executive policy is needed but not a high priority/risk area.	Review Council Policy Manual	Jun-23
	Draft an executive policy for engaging legal advisors.		Draft an executive policy for engaging legal advisors.	Dec-24
Authorising documents, letters, emails and financial records	Review position descriptions to ensure that levels of authority are clearly defined (e.g. authorisation to communicate with different levels of stakeholders on the Shire's behalf).	Most officers other than senior employees have very little authority. With the rise of technology the use of digital signatures has increased.		
	Draft an executive policy addressing authorisation of documents and digital signatures.		Draft an executive policy addressing authorisation of documents and digital signatures.	
Separation of roles and functions	Proactively raise employees' awareness of their obligations under the *Employee Code of Conduct* as one measure to reduce the risk of related employees influencing each other in the workplace. This could be in team meetings or training sessions.	Given authority is very centralised at the CEO and Senior Management level it doesn't allow much scope for misuse. Seperation of roles is difficult and to maintain efficiency there is often cross over. Do not see this as a major risk area. Code of Conduct will be part of HR items under Workforce Plan.	Nil	
Restricting access to physical assets and records	Create a procedure and a control register for hard-copy records/files. This would record staff details, and dates when individual records are accessed, removed, and returned.	The Shire's record keeping system and procedures is in need of review. Inconsistancy driven by high employee turnover and limited local government experience of employees. Record keeping is not well grasped even at bigger Local Governments but it is important that core documents and functions are well managed and recorded. And new employees receive basic training.	Undertake a full record keeping review, develop enhanced procedures, and develop staff training.	Dec-23
	Ensure there is a formal process/register for recording keys and swipe cards that are allocated to employees.	Keys and facility hire processes are in need of review but generally are low risk and lower priority.	Ensure there is a formal process/register for recording keys and swipe cards that are allocated to employees.	Jun-23

Attachment 2 – 11.2b Shire of Morawa CEO review of Civic Legal Review and proposed actions

Internal Control				
System or procedure	**Suggested actions**	**CEO Review**	**Action**	**Timeframe for Delivery**
	Ensure all procedures, including for example, the *Hiring of Facilities/ Equipment Procedure* , are dated and include a review period/date. Review the *Key/Swipe Card Policy* , if not already done.		Ensure all procedures, including for example, the Hiring of Facilities/ Equipment Procedure, are dated and include a review period/date.	Dec-23
Electronic records management procedures	Conduct an audit of the Shire's record-keeping systems to ensure that they meet relevant records' management standards, and ensure that all files/data are being appropriately classified and saved in the Shire's IT system. Draft a procedure identifying the appropriate allocation of access to electronic files for the various officers and how this is to be managed and reviewed over time.	See record keeping review above	Undertake a full record keeping review, develop enhanced procedures, and develop staff training.	Dec-23
Updating computer applications and information systems	Ensure regular meetings are conducted with the Shire's IT contractor in accordance with contractual obligations. Create an agenda template to guide these meetings including topics such as physical attendance at Morawa, cyber security, software updates, hardware replacement and the *5 Year ICT Plan* . Ensure the next IT consultant contract requires the contractor to provide the Shire with a schedule of IT changes and suggested updates.	With the completion of the ICT Plan the next stage of the ICT review is to develop a new scope of works and go to market for a managed service provider. All of the actions will form part of this new contract.	Undertake new managed service provider scope of works and implement ICT Plan reccomendations.	Dec-23
Authorising changes to data files and systems	Provide staff training to support the rollout of the written procedures. This training should also be included as part of the new staff induction process. Follow-up training should also be offered periodically.	In general staff don't have access to or change data files or systems. They generally change files that are being used for work. ICT identified as a lower priority item.	Use ICT system to control staff access and edit opportunities	Dec-24
	Draft a procedure that stipulates how records are to be assessed and recorded so this process meets relevant standards and complies with legislation. Ensure regular reminders and training are provided to employees to emphasise the importance of record keeping.		Actioned elsewhere	

Internal Control				
System or procedure	**Suggested actions**	**CEO Review**	**Action**	**Timeframe for Delivery**
Ensuring (arithmetical) accuracy of records	Consider making accuracy in record keeping a key performance indicator for employees. Ensure the required functions of the Administration Officer are captured in procedural documents and supported by appropriate training.	A full review of record keeping is needed. See previous action.		
Comparing physical cash and inventory counts with accounting records.	Ensure all facilities receiving cash have written procedures to support cash handling, reconciliation and delivery to the administration building for receipting/banking.	Exec Policy on cash handling is on the list to be developed. The Shire only handles very small amounts of cash.	Develop Executive Policy for Cash Handling	Dec-23
Asset management plan	Complete the *Integrated Asset Management Plan* . Review the *Asset Management Policy* and *Road Management Policy* , if not already done.	Asset Management planning is a key focus of the new EMWA. A comprehensive suite of useable plans will take time but the Shire aims to develop plans for critical items within the next 12 months.	Complete critical asset planning and review associated policies.	Dec-23

Legislative Compliance

System or procedure	Suggested actions	CEO Review	Action	Timeframe for Delivery
Ensuring compliance with legislation, regulations, industry standards and internal policies	Consider amending the *Service Delivery Leadership Team agenda template* to include 'legislative compliance' as a standing item. Consider amending/creating a new staff meeting agenda template to ensure policy/ legislation/ governance is included as a standing item.	Regulatory and legislative compliance is unlikely to interest most employees and in most circumstances employees will look to the CEO for clear direction in this area. Suggest developing communication document/protocol as opposed to bringing into meetings.	Develop Executive Policy to drive what and how the CEO distributes information across the organisation	Dec-24
Reviewing the annual Compliance Audit Return (**CAR**) and reporting the results to council	Draft a procedure for completing the annual CAR. This should include standards expected in regard to, for example, sampling and the provision and recording of evidence.	Agree with suggested action. CEO is generally key driver and reviewer of CAR.	Draft a procedure for completing the annual CAR. This should include standards expected in regard to, for example, sampling and the provision and recording of evidence.	Dec-24
Receiving, recording and addressing complaints	Review the *Complaints Management Policy*, if not already done. Draft a procedure for dealing with internal complaints. This may refer to the WALGA industrial relations guidance documents where appropriate.	Full review of Council Policies is needed. Internal Grievance procedure or executive policy is needed.	Review Council Policies Draft a procedure for dealing with internal complaints. This may refer to the WALGA industrial relations guidance documents where appropriate.	Jun-23 Jun-24
Identifying and managing adverse trends	Amend/draft a new Executive Team agenda template to include 'adverse trends' as a standing item.	The redevelopment and growth of the risk framework should provide a mechanism to identify adverse trends in terms of the risk to the Shire.	Finalise risk framework and associated registers and processes.	Dec-23
	Review the *Audit Committee Terms of Reference*. Reduce the membership of the Audit Committee to ensure differentiation between the Audit Committee and the council.	Agree with all actions. Some items are being driven by LG Reform.	Review the Audit Committee Terms of Reference. Reduce the membership of the Audit Committee to ensure differentiation between the Audit Committee and the council.	Oct-23 Oct-23

Attachment 2 – 11.2b Shire of Morawa CEO review of Civic Legal Review and proposed actions

Legislative Compliance				
System or procedure	**Suggested actions**	**CEO Review**	**Action**	**Timeframe for Delivery**
Ensuring the Audit Committee understands and complies with all relevant requirements	Consider advertising for a suitably qualified or experienced independent member to join the Audit Committee.		Consider advertising for a suitably qualified or experienced independent member to join the Audit Committee.	Oct-23
	Consider amending the title of the 'Audit Committee' to the 'Audit and Risk Committee'. If this is done, amend the functions specified in the committee's *Terms of Reference* .		Consider amending the title of the 'Audit Committee' to the 'Audit and Risk Committee'. If this is done, amend the functions specified in the committee's Terms of Reference.	Oct-23
	Ensure all councillors complete their mandatory training and annual financial returns in a timely manner.		Ensure all councillors complete their mandatory training and annual financial returns in a timely manner.	Oct-23
Reviewing local laws	Ensure automated reminders to conduct local law reviews are programmed into the *RelianSys* . Note that reviewing local laws is often a time-consuming process. Therefore, the initial reminders should be sent at least a year before the review deadline.	Local Laws will be incorporated within Reliansys if they aren't already.	Ensure Local Law reviews are scheduled in Reliansys	Jun-23

Shire of Morawa

Audit & Risk Committee

Meeting

2 March 2023

Attachment 1   *11.3a Compliance Audit Return 2022*

Item 11.3   2022 Compliance Audit Return

Home (/)   /   Compliance Audit Return (/CAR/)   /   **Compliance Audit Return Form**

Compliance Audit Return Form

Start ✔	Details ✔	Commercial Enterprises ✔	Delegation ✔

Disclosure of Interest ✔	Disposal of Property ✔	Elections ✔	Finance ✔	IPR ✔

Employees ✔	Conduct ✔	Other ✔	Tenders ✔	Documents ✔	Review	Finalise

Print

Details

Local Government	Year of Return	Status
Morawa, Shire of	2022	Draft

Created By

Paul Devcic

Commercial Enterprises by Local Governments

1. Has the local government prepared a business plan for each major trading undertaking that was not exempt in 2022? *

☑ **Add comments**

N/A

Please enter comments *

No major trading undertaken

2. Has the local government prepared a business plan for each major land transaction that was not exempt in 2022? *

☑ **Add comments**

N/A

Please enter comments *

No major land transaction undertaken

3. Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2022? *

N/A

—

☐ **Add comments**

4. Has the local government complied with public notice and publishing requirements for each proposal to commence a major trading undertaking or enter into a major land transaction or a land transaction that is preparatory to a major land transaction for 2022? *

N/A

—

☐ **Add comments**

5. During 2022, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority? *

N/A

☐ **Add comments**

—

Delegation of Power/Duty

1. Were all delegations to committees resolved by absolute majority? *

☑ **Add comments**

Yes

Please enter comments *

Resolution 220704 - Adoption of the Delegation Register

2. Were all delegations to committees in writing? *

☑ **Add comments**

Yes

Please enter comments *

Resolution 220704

3. Were all delegations to committees within the limits specified in section 5.17 of the Local Government Act 1995? * ☑ **Add comments**

Yes

Please enter comments *

Resolution 220704 - refer to Delegation Register

4. Were all delegations to committees recorded in a register of delegations? * ☑ **Add comments**

Yes

Please enter comments *

Resolution 220704 - refer to Delegation Register

5. Has council reviewed delegations to its committees in the 2021/2022 financial year? * ☑ **Add comments**

Yes

Please enter comments *

11.1.3 Resolution 220704 -
https://www.morawa.wa.gov.au/documents/12056/21-july-2022-ordinary-
council-meeting-confirmed-minutes

6. Did the powers and duties delegated to the CEO exclude those listed in section 5.43 of the Local Government Act 1995? *

☑ **Add comments**

Yes

Please enter comments *

11.1.3 Resolution 220704 -
https://www.morawa.wa.gov.au/documents/12056/21-july-2022-ordinary-
council-meeting-confirmed-minutes

7. Were all delegations to the CEO resolved by an absolute majority? *

☐ **Add comments**

Yes

—

8. Were all delegations to the CEO in writing? *

☐ **Add comments**

Yes

—

9. Were all delegations by the CEO to any employee in writing? *   ☐ **Add comments**

Yes

—

10. Were all decisions by the Council to amend or revoke a delegation made by absolute majority? *   ☐ **Add comments**

Yes

—

11. Has the CEO kept a register of all delegations made under Division 4 of the Local Government Act 1995 to the CEO and to employees? *   ☐ **Add comments**

Yes

—

12. Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2020/2021 financial year? *

☐ **Add comments**

Yes

—

13. Did all persons exercising a delegated power or duty under the Local Government Act 1995 keep, on all occasions, a written record in accordance with Local Government (Administration) Regulations 1996 regulation 19? *

☐ **Add comments**

Yes

—

Disclosure of Interest

1. Where a council member disclosed an interest in a matter and did not have participation approval under sections 5.68 or 5.69 of the Local Government Act 1995, did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter? *

Yes

Please enter comments *

A number of instances minuted in all OCM/SCM's

☑ **Add comments**

2. Were all decisions regarding participation approval, including the extent of participation allowed and, where relevant, the information required by the Local Government (Administration) Regulations 1996 regulation 21A, recorded in the minutes of the relevant council or committee meeting? *

Yes

—

☐ **Add comments**

3. Were disclosures under sections 5.65, 5.70 or 5.71A(3) of the Local Government Act 1995 recorded in the minutes of the meeting at which the disclosures were made? *

☑ **Add comments**

N/A

Please enter comments *

https://www.morawa.wa.gov.au/registers/gifts

4. Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day? *

☑ **Add comments**

Yes

Please enter comments *

Cr Mark Coaker
Start Date: 02/06/2022
Primary Return Date: 21/07/2022

5. Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2022? *

☑ **Add comments**

No

Please enter comments *

One Late Submission
Cr Yvette Harris
Submitted: 05/09/2022

6. On receipt of a primary or annual return, did the CEO, or the mayor/president, give written acknowledgment of having received the return? *

Yes

☐ **Add comments**

—

7. Did the CEO keep a register of financial interests which contained the returns lodged under sections 5.75 and 5.76 of the Local Government Act 1995? *

Yes

☐ **Add comments**

—

8. Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A of the Local Government Act 1995, in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28? *

☑ **Add comments**

Yes

Please enter comments *

https://www.morawa.wa.gov.au/registers/gifts
https://www.morawa.wa.gov.au/Profiles/morawa/Assets/ClientData/Documents/Freedom_Information_Docs/1_Shire_of_Morawa_Public_Interest_Disclosure.pdf

9. When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76 of the Local Government Act 1995, did the CEO remove from the register all returns relating to that person? *

☐ **Add comments**

Yes

—

10. Have all returns removed from the register in accordance with section 5.88(3) of the Local Government Act 1995 been kept for a period of at least five years after the person who lodged the return(s) ceased to be a person required to lodge a return? *

☐ **Add comments**

Yes

—

11. Did the CEO keep a register of gifts which contained a record of disclosures made under sections 5.87A and 5.87B of the Local Government Act 1995, in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28A? *

☐ **Add comments**

Yes

—

12. Did the CEO publish an up-to-date version of the gift register on the local government's website? *

☐ **Add comments**

Yes

—

13. When people cease to be a person who is required to make a disclosure under section 5.87A or 5.87B of the Local Government Act 1995, did the CEO remove from the register all records relating to those people? *

Yes

☐ **Add comments**

—

14. Have copies of all records removed from the register under section 5.89A(6) Local Government Act 1995 been kept for a period of at least five years after the person ceases to be a person required to make a disclosure? *

Yes

☐ **Add comments**

—

15. Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to council or a committee, did that person disclose the nature and extent of that interest when giving the advice or report? *

☑ **Add comments**

Yes

Please enter comments *

https://www.morawa.wa.gov.au/documents/12097/17-november-2022-ordinary-council-meeting-minutes

16. Where council applied to the Minister to allow the CEO to provide advice or a report to which a disclosure under section 5.71A(1) of the Local Government Act 1995 relates, did the application include details of the nature of the interest disclosed and any other information required by the Minister for the purposes of the application? *

☐ **Add comments**

N/A

—

17. Was any decision made by the Minister under section 5.71B(6) of the Local Government Act 1995, recorded in the minutes of the council meeting at which the decision was considered? *

☐ **Add comments**

N/A

—

18. Did the local government prepare and adopt, by absolute majority, a code of conduct to be observed by council members, committee members and candidates within 3 months of the prescribed model code of conduct coming into operation (3 February 2021)? *

☑ **Add comments**

Yes

Please enter comments *

https://www.morawa.wa.gov.au/documents/11898/20-may-2021-ordinary-council-meeting-minutes

19. Did the local government adopt additional requirements in addition to the model code of conduct? If yes, does it comply with section 5.104(3) and (4) of the Local Government Act 1995? *

☐ **Add comments**

N/A

https://www.morawa.wa.gov.au/documents/11842/shire-of-morawa-policy-manual

20. Has the CEO published an up-to-date version of the code of conduct for council members, committee members and candidates on the local government's website? *

☑ **Add comments**

Yes

Please enter comments *

https://www.morawa.wa.gov.au/documents/12010/employee-code-of-conduct-2021

21. Has the CEO prepared and implemented a code of conduct to be observed by employees of the local government? *

☐ **Add comments**

Yes

https://www.morawa.wa.gov.au/documents/12010/employee-code-of-conduct-2021

Has the CEO published an up-to-date version of the code of conduct for employees on the local government's website? *

Yes

Disposal of Property

1. Where the local government disposed of property other than by public auction or tender, did it dispose of the property in accordance with section 3.58(3) of the Local Government Act 1995 (unless section 3.58(5) applies)? *

N/A

☐ Add comments

—

2. Where the local government disposed of property under section 3.58(3) of the Local Government Act 1995, did it provide details, as prescribed by section 3.58(4), in the required local public notice for each disposal of property? *

N/A

☐ Add comments

—

Elections

1. Did the CEO establish and maintain an electoral gift register and ensure that all disclosure of gifts forms completed by candidates and donors and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the forms relating to each candidate in accordance with regulation 30G(1) and regulation 30G(2) of the Local Government (Elections) Regulations 1997? *

☐ **Add comments**

N/A

—

2. Did the CEO remove any disclosure of gifts forms relating to unsuccessful candidates, or successful candidates that completed their term of office, from the electoral gift register, and retain those forms separately for a period of at least two years in accordance with regulation 30G(4) of the Local Government (Elections) Regulations 1997? *

N/A

☐ **Add comments**

—

3. Did the CEO publish an up-to-date version of the electoral gift register on the local government's official website in accordance with regulation 30G(5) of the Local Government (Elections) Regulations 1997? *

N/A

☐ **Add comments**

—

Finance

1. Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the Local Government Act 1995? *

☐ **Add comments**

Yes

—

2. Where the council delegated to its audit committee any powers or duties under Part 7 of the Local Government Act 1995, did it do so by absolute majority? *

☐ **Add comments**

N/A

—

3. Was the auditor's report for the financial year ended 30 June 2022 received by the local government by 31 December 2022? *

☑ **Add comments**

Yes

Please enter comments *

https://www.morawa.wa.gov.au/documents/12109/15-december-2022-
ordinary-council-meeting-minutes

**4. Where the local government determined that matters raised in
the auditor's report prepared under section 7.9(1) of the Local
Government Act 1995 required action to be taken, did the local
government ensure that appropriate action was undertaken in
respect of those matters?** *

☐ **Add comments**

Yes

—

**5. Where matters identified as significant were reported in the
auditor's report, did the local government prepare a report that
stated what action the local government had taken or intended to
take with respect to each of those matters? Was a copy of the
report given to the Minister within three months of the audit report
being received by the local government?** *

☐ **Add comments**

N/A

—

6. Within 14 days after the local government gave a report to the Minister under section 7.12A(4)(b) of the Local Government Act 1995, did the CEO publish a copy of the report on the local government's official website? *

☑ **Add comments**

Yes

FIN-AR-Publish14DaysComments *

https://www.morawa.wa.gov.au/documents/12025/20202021-report-to-minister-for-local-government-on-significant-audit-matter

7. Was the auditor's report for the financial year ending 30 June 2022 received by the local government within 30 days of completion of the audit? *

☐ **Add comments**

Yes

—

Integrated Planning and Reporting

1. Has the local government adopted by absolute majority a strategic community plan? *

☑ **Add comments**

Yes

Please provide the adoption date or the date of the most recent review *

18/08/2022

Please enter comments *

https://www.morawa.wa.gov.au/documents/12071/18-august-2022-ordinary-council-meeting-confirmed-minutes

2. Has the local government adopted by absolute majority a corporate business plan? *

☑ **Add comments**

Yes

Please provide the adoption date or the date of the most recent review *

21/11/2019

Please enter comments *

plan is currently under review

3. Does the corporate business plan comply with the requirements of Local Government (Administration) Regulations 1996 19DA(2) & (3)? *

☑ **Add comments**

Yes

Please enter comments *

https://www.morawa.wa.gov.au/documents/1608/corporate-business-plan-2019-2023

Local Government Employees

1. Were all CEO and/or senior employee vacancies advertised in accordance with Local Government (Administration) Regulations 1996, regulation 18A? *

☐ **Add comments**

Yes

—

2. Was all information provided in applications for the position of CEO true and accurate? *

    ☐ **Add comments**

N/A

—

3. Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position under section 5.36(4) of the Local Government Act 1995? *

    ☐ **Add comments**

N/A

—

4. Did the CEO inform council of each proposal to employ or dismiss senior employee? *

☑ **Add comments**

Yes

Please enter comments *

https://www.morawa.wa.gov.au/documents/12021/17-march-2022-ordinary-council-meeting-confirmed-minutes

5. Where council rejected a CEO's recommendation to employ or dismiss a senior employee, did it inform the CEO of the reasons for doing so? *

☐ **Add comments**

N/A

—

Official Conduct

1. Has the local government designated an employee to be its complaints officer? *

☑ **Add comments**

Yes

Please enter comments *

CEO is default officer, no delegation designated to employees.

2. Has the complaints officer for the local government maintained a register of complaints which records all complaints that resulted in a finding under section 5.110(2)(a) of the Local Government Act 1995? *

Yes

—

☐ **Add comments**

3. Does the complaints register include all information required by section 5.121(2) of the Local Government Act 1995? *

Yes

—

☐ **Add comments**

4. Has the CEO published an up-to-date version of the register of the complaints on the local government's official website? *

☑ **Add comments**

Yes

Please enter comments *

https://www.morawa.wa.gov.au/documents/11899/complaint-about-alleged-breach-form

Other

1. Did the CEO review the appropriateness and effectiveness of the local government's financial management systems and procedures in accordance with the Local Government (Financial Management) Regulations 1996 regulations 5(2)(c) within the three financial years prior to 31 December 2022?

☑ **Add comments**

Yes

Please provide the date of council's resolution to accept the report. *

10/03/2022

Please enter comments *

Resolution 220303 - https://www.morawa.wa.gov.au/documents/12015/10-march-2022-audit-and-risk-committee-minutes

2. Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with Local Government (Audit) Regulations 1996 regulation 17 within the three financial years prior to 31 December 2022?

☑ **Add comments**

Yes

Please provide the date of council's resolution to accept the report. *

16/04/2020

Please enter comments *

https://www.morawa.wa.gov.au/documents/1665/april-2020-audit-committee-agenda

3. Where a disclosure was made under sections 5.87A or 5.87B of the Local Government Act 1995, were the disclosures made within 10 days after receipt of the gift? Did the disclosure include the information required by section 5.87C of the Act?

☐ **Add comments**

N/A

—

4. Did the local government prepare, adopt by absolute majority and publish an up-to-date version on the local government's website, a policy dealing with the attendance of council members and the CEO at events?

☑ **Add comments**

Yes

Please enter comments *

ELM17 - https://www.morawa.wa.gov.au/documents/11842/shire-of-morawa-policy-manual

5. Did the CEO publish information on the local government's website in accordance with sections 5.96A(1), (2), (3), and (4) of the Local Government Act 1995?

☐ **Add comments**

Yes

—

6. Did the local government prepare and adopt (by absolute majority) a policy in relation to the continuing professional development of council members?

☑ **Add comments**

Yes

Please enter comments *

ELM04 - https://www.morawa.wa.gov.au/documents/11842/shire-of-morawa-policy-manual
Resolution 201113 - https://www.morawa.wa.gov.au/documents/11809/19-november-2020-ordinary-council-meeting-minutes

7. Did the local government prepare a report on the training completed by council members in the 2021/2022 financial year and publish it on the local government's official website by 31 July 2022?

☑ **Add comments**

Yes

OQ-CouncilMemberTrainingPublishComments *

https://www.morawa.wa.gov.au/profiles/morawa/assets/clientdata/documents/registers/2022_councillor_training_report-august_2022.pdf

8. By 30 September 2022, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2022?

☐ **Add comments**

Yes

—

9. When adopting the annual budget, did the local government take into account all its expenditure, revenue and income?   ☑ **Add comments**

Yes

Please enter comments *

https://www.morawa.wa.gov.au/documents/12073/20222023-annual-budget

Tenders for Providing Goods and Services

1. Did the local government comply with its current purchasing policy, adopted under the Local Government (Functions and General) Regulations 1996, regulations 11A(1) and (3) in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, $250,000 or less or worth $250,000 or less? *   ☐ **Add comments**

Yes

—

2. Subject to Local Government (Functions and General) Regulations 1996, regulation 11(2), did the local government invite tenders for all contracts for the supply of goods or services where the consideration under the contract was, or was expected to be, worth more than the consideration stated in regulation 11(1) of the Regulations? *

Yes

☐ **Add comments**

—

3. When regulations 11(1), 12(2) or 13 of the Local Government Functions and General) Regulations 1996, required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with Regulation 14(3) and (4)? *

Yes

☑ **Add comments**

Please enter comments *

Notice placed in the West Australian New Paper

4. Did the local government comply with Local Government (Functions and General) Regulations 1996, Regulation 12 when deciding to enter into multiple contracts rather than a single contract? *

N/A

— Add comments

—

5. If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents or each acceptable tenderer notice of the variation? *

N/A

— Add comments

—

6. Did the local government's procedure for receiving and opening tenders comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 15 and 16? *

☑ **Add comments**

Yes

Please enter comments *

All formal tenders were open on a set date with at least one Shire employee present

7. Did the information recorded in the local government's tender register comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulation 17 and did the CEO make the tenders register available for public inspection and publish it on the local government's official website? *

☐ **Add comments**

Yes

—

8. Did the local government reject any tenders that were not submitted at the place, and within the time, specified in the invitation to tender? *

☐ **Add comments**

N/A

—

9. Were all tenders that were not rejected assessed by the local government via a written evaluation of the extent to which each tender satisfies the criteria for deciding which tender to accept? *

☑ **Add comments**

N/A

Please enter comments *

Tender received no submissions.

10. Did the CEO give each tenderer written notice containing particulars of the successful tender or advising that no tender was accepted? *

☐ **Add comments**

N/A

—

11. Did the local government's advertising and expression of interest processes comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulations 21 and 22? *

☐ **Add comments**

N/A

—

12. Did the local government reject any expressions of interest that were not submitted at the place, and within the time, specified in the notice or that failed to comply with any other requirement specified in the notice? *

☐ **Add comments**

N/A

—

13. Were all expressions of interest that were not rejected under the Local Government (Functions and General) Regulations 1996, Regulation 23(1) & (2) assessed by the local government? Did the CEO list each person as an acceptable tenderer? *

☐ **Add comments**

N/A

—

14. Did the CEO give each person who submitted an expression of interest a notice in writing of the outcome in accordance with Local Government (Functions and General) Regulations 1996, Regulation 24? *

☐ **Add comments**

N/A

—

15. Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice in accordance with Local Government (Functions and General) Regulations 1996, Regulations 24AD(4) and 24AE? *

☐ **Add comments**

N/A

—

16. If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application notice of the variation? *

☐ **Add comments**

N/A

—

17. Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 16, as if the reference in that regulation to a tender were a reference to a pre-qualified supplier panel application? *

☐ **Add comments**

N/A

—

18. Did the information recorded in the local government's tender register about panels of pre-qualified suppliers comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24AG? *

N/A

—

19. Did the local government reject any applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time, specified in the invitation for applications? *

N/A

—

20. Were all applications that were not rejected assessed by the local government via a written evaluation of the extent to which each application satisfies the criteria for deciding which application to accept? *

N/A

☐ Add comments

☐ Add comments

☐ Add comments

—

21. Did the CEO send each applicant written notice advising them of the outcome of their application? *

☐ **Add comments**

N/A

—

22. Where the local government gave regional price preference, did the local government comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24E and 24F? *

☐ **Add comments**

N/A

—

Documents

There are no notes to display.

Close   Previous   Next

Shire of Morawa

Audit & Risk Committee

Meeting

2 March 2023

Attachment 1   *11.4a Financial Management Review Status Report Update*

Item 11.4   Financial Management Review 2022 – Status Report Update

SHIRE OF MORAWA – STATUS REPORT – FINANCIAL MANAGEMENT REVIEW 2022

Monitoring Activities (MA):

Risk area	Monitoring activities to be verified	Risk Rating	Issue Identified	Planned Action	Responsible Officer	Timeline	Action to Date	Date Completed
Receipting	Statements of accounts receivable are sent to customers enabling review. (Exception 1)		We noted no evidence of statements for accounts receivable being sent to customers prior to January 2022.	Development and Implementation of an Accounts Receivable Executive Policy & Procedure	EMCCS & Debtors Officer (DO)	Dec-22	Instructions have been given to responsible officer to ensure that statements are sent out monthly. Copies of all statements will be saved electronically. The Executive Policy – Accounts receivable has been adopted.	May-22
Fixed Assets	Management regularly reviews valuation of fixed assets (i.e. methodology and useful lives of assets) to ensure that assets' valuation is appropriate and in accordance with Australian Accounting Standards. (Exception 2)		Unable to obtain evidence of management's review of fixed assets (methodology & Useful lives).	Development and implementation of year end procedures that ensure asset depreciation rates and useful lives are reviewed and evidence retained.	EMCCS & CCSO	Jun-23	These procedures have not yet been started but will be part of the year end process.	
	Management reviews depreciation rates and methodology (at least annually) to ensure that rates and remaining useful lives are reasonable. (Exception 2)		Unable to obtain evidence of management's review of depreciation rates and methodology.		EMCCS & CCSO	Jun-23	These procedures have not yet been started but will be part of the year end process.	
	Fixed asset register to the general ledger reconciliation is prepared and reviewed routinely. (Exception 3)		From the review it was noted that the last time the fixed asset register had been reconciled to the general ledger was June 2021.	Development and implementation of month end procedures that encompass all reconciliations required to be done.	EMCCS & CCSO	Jun-23	Monthly financial report template has been updated to include asset reconciliation.	Mar-22

Key control (KC) activities

Risk area	Monitoring activities to be verified	Risk Rating	Issue Identified	Planned Action	Responsible Officer	Timeline	Action to Date	Date Completed
Revenue	Monthly statements are issued to trade debtors. (Exception 1)		We noted no evidence of statements for accounts receivable being sent to customers prior to January 2022.	Development and Implementation of an Accounts Receivable Executive Policy & Procedure	EMCCS & DO	Dec-22	Instructions have been given to responsible officer to ensure that statements are sent out monthly. Copies of all statements will be saved electronically. The Executive Policy – Accounts receivable has been adopted.	Nov-22
	Rates are raised in line with the approved budgeted rate in the dollar. (Exception 4)		We noted that the rate in the dollar in Note 1 of the Budget was displayed to 5 decimal places where in the Council Resolution it was to 6 decimal places.	Ensure that the rounding is to the same decimal place on all documents	EMCCS	Jun-22	Budget Template has been checked to ensure the decimal points are the same in all documents	Jun-22

Attachment 1 – 11.4a Financial Management Review Status Report Update

SHIRE OF MORAWA – STATUS REPORT – FINANCIAL MANAGEMENT REVIEW 2022

Monitoring Activities (MA):

Risk area	Monitoring activities to be verified	Risk Rating	Issue Identified	Planned Action	Responsible Officer	Timeline	Action to Date	Date Completed
Revenue	Documented procedures are in place to ensure the VGO is informed of any building works approved. (Exception 5)		The Shire does not have documented procedures to ensure the VGO is informed of any building works approved.	Ensure that a procedure is written and followed when a permit is issued and is reportable	EMCCS & Rates Officer	Jun-23	This has not been started at this time	
	The rates ledger is reconciled to the General Ledger. (Exception 6)		On review of the monthly rates reconciliation, it was found that a hard copy of the general ledger balance was not saved with the reconciliation so the reported balance could not be verified.	Ensure that a copy of the General Ledger balances is included as part of the reconciliation.	EMCCS & Rates Officer	Mar-22	This process has already been implemented.	Feb-22
	Credit note approvals are independent accounts receivable (Exception 7)		We noted that; 1) There is no formal process for the raising and approval of credit notes; and 2) Credit notes are raised by the accounts receivable officer	Development and Implementation of an Accounts Receivable Executive Policy & Procedure	EMCCS & ARO	Jun-23	Credit note form has been developed with appropriate authorisations required. The Executive Policy – Accounts receivable has been adopted. The document has been distributed to the relevant staff members.	Mar-22
Receivables / Receipting	Bank reconciliation is prepared monthly (with statements from bank) and management approval documented. (Exception 8)		3 accounts linked to term deposits did not have a monthly bank reconciliation prepared. These accounts have the interest earned on the investments receipted to them and it is then transferred to the Reserve Telenet account. As the 3 accounts were not reconciled the interest deposited into the accounts were not receipted into Synergy.	Management will move to have the 3 accounts closed and all interest earnings to be paid directly into the Telenet Account, which is reconciled monthly, and the interest allocated across the reserves.	EMCCS	Mar-22	Bank has been contacted to determine why the request for interest not to be deposited into these 3 accounts was deactivated. 2 of the 3 bank accounts linked to the term deposits have been closed. Due to the structure of the Reserve accounts it was necessary to keep one open for the interest to be deposited.	May-22

SHIRE OF MORAWA – STATUS REPORT – FINANCIAL MANAGEMENT REVIEW 2022

Monitoring Activities (MA):

Risk area	Monitoring activities to be verified	Risk Rating	Issue Identified	Planned Action	Responsible Officer	Timeline	Action to Date	Date Completed
Receivables / Receipting	Customers are informed (signs, etc.) that they should obtain receipts. (Exception 9)		From the review of receipting, there was no evidence that customers are informed that they should obtain receipts.	A sign will be placed at the front counter telling customers that they should obtain a receipt and a procedure will be implemented that ensures that email or over the phone transactions are sent a copy of the receipt.	EMCCS & CSO	May-22	Signs have been installed. Procedure has been updated to include the requirement to provide a copy of the receipt to the customer either in person, by email or in the post.	May-22
	When opening mail, cheques are stamped "for deposit only" with the local government bank account number. Cheques received are listed, totalled and reviewed before deposit. (Exception 10)		The Shire does not maintain a cheque register evidencing that cheques have been stamped "for deposit only" with the Shires bank details, and that the cheques are listed, totalled and reviewed before deposit.	Management will ensure that all cheques received by mail are recorded in a cheque register.	EMCCS & CSO	Jun-22	This process has been reinstated and is included in the Front Counter procedures.	Apr-22
	A reconciliation of aged receivables to control accounts is prepared monthly and management approval documented. (Exception 11)		On review of 2 monthly aged receivables reconciliations, we noted 1 instance where the reconciliation had no evidence of management approval.	Development and Implementation of an Accounts Receivable Executive Policy & Procedure	EMCCS & ARO	Dec-22	The Executive Policy – Accounts receivable has been completed and adopted.The policy has been distributed to the relevant staff members.	Nov-22
	Significant overdue customer accounts are investigated by management and actions taken documented. (Exception 12)		On review it was noted that there were significantly overdue customers' accounts and credit balances on others.	Development and Implementation of an Accounts Receivable Executive Policy & Procedure	EMCCS & Debtors Officer	Dec-22	In January a review was carried out and reviewed by EMCCS on all overdue customers and actions taken. Customer accounts in credit were due to rental properties not having the monthly invoices raised against the income received. A report was tabled at Council to write off some overdue debts and implemented in April 2022.
The Executive Policy – Accounts receivable has been adopted.	Apr-22
Receivables/Receipti	A list of preferred suppliers is maintained and used where possible. (Exception 13)		On review of corporate credit cards, it was noted that one employee did not have a Corporate Credit Card Holder Agreement. A later appointed employee did have an agreement.	A Corporate Credit Card Holder Agreement should be issued to all employees that are to hold a credit card for Shire purchases	EMCCS	Feb-22	The employee has since signed the implemented Corporate Credit Card Holder Agreement.	Feb-22

SHIRE OF MORAWA – STATUS REPORT – FINANCIAL MANAGEMENT REVIEW 2022

Monitoring Activities (MA):

Risk area	Monitoring activities to be verified	Risk Rating	Issue Identified	Planned Action	Responsible Officer	Timeline	Action to Date	Date Completed
	Unit prices on invoices received are checked against price lists, quotes or approved purchase orders. Invoices are checked for correct calculations, discounts, taxes and freight before payment (Exception 14)	🟧	From the sample of 23, we noted 6 instances where the invoice did not reconcile to the purchased order. These related to: 1) Purchase order raised for the amount of a rejected quote 2) Multiyear service contracts did not reflect the escalation inn pricing; and 3) GST Incorrectly accounted for	Implement the Draft Accounts Payable Executive Policy and Procedure.	EMCCS	Apr-22	The Executive Policy and Procedure have been completed and approved by the CEO. The documents have been distributed to staff.	Jun-22
	Suppliers' statements are reconciled to accounts payable monthly and reviewed by management. (Exception 15)	🟩	Review of accounts payable found that supplier statements are not reconciled against accounts monthly and reviewed by management.	Management are happy with the current controls it has in place and believes there is no benefit to carrying out this time consuming process.	EMCCS	Feb-22	No Action to be taken	Feb-22

Risk Matrix

Controls in place satisfactory	Minor	Moderate	Significant
	🟩	🟧	🟥