



Published Minutes

Audit And Risk Management Committee Meeting

Tuesday, 20 February 2024

Date:	Tuesday 20 February 2024
Time:	8:30am
Location:	Council Chambers, Onslow Shire Complex, Second Avenue, Onslow
Distribution Date:	Friday 23 February 2024



**Shire of Ashburton
Audit And Risk Management Committee Meeting**

The Chief Executive Officer recommends the endorsement of these minutes at the next Audit And Risk Management Committee Meeting.

K Donohoe
Chief Executive Officer
23 February 2024

These minutes were confirmed by Council as a true and accurate record of proceedings at the Audit And Risk Management Committee Meeting held on Tuesday, 20 February 2024.

Presiding Member

Date

21/5/24

Disclaimer

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1 Declaration Of Opening

The Presiding Member declared the meeting open at 8.33am.

1.1 Acknowledgement Of Country

As representatives of the Shire of Ashburton Council, we respectfully acknowledge the local Indigenous people, the traditional custodians of this land where we are meeting upon today and pay our respects to them and all their elders past, present and emerging.

2 Announcement Of Visitors

Nil

3 Attendance

3.1 Present

Elected Members:	SP A Smith Cr K White Cr M Lynch Cr A Sullivan Cr B Healy	Shire President (Presiding Member) Deputy Shire President, Onslow Ward Tom Price Ward Paraburdoo Ward Tom Price Ward (Deputy Member)
Observers:	Cr De Pledge Cr L Rumble	Ashburton-Tablelands Ward Paraburdoo Ward
Employees:	K Donohoe J Sangster C McGurk D Kennedy R Miller A Johnston J Bray DW Weerasingha A Furfaro	Chief Executive Officer Deputy Chief Executive Officer Director Community Development Director Corporate Services Director Infrastructure Services Manager Media and Communications Manager Governance Internal Auditor Governance Officer
Guests:	Nil	
Members of Public:	There were no members of the public in attendance at the commencement of the meeting.	

Members of media:	There were no members of the media in attendance at the commencement of the meeting.
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3.2 Apologies

Nil

3.3 Approved Leave Of Absence

Nil

4 Declaration By Members

4.1 Due Consideration By Elected Members To The Agenda

Elected members noted they have given due consideration to all matters contained in this agenda.

4.2 Declaration Of Interest

A member who has an Impartiality, Proximity or Financial interest in any matter to be discussed at this meeting must disclose the nature of the interest either in a written notice, given to the Chief Executive Officer, prior to the meeting, or at the meeting immediately before the matter is discussed.

A member who makes a disclosure in respect to an interest must not preside at the part of the meeting which deals with the matter, or participate in, or be present during any discussion or decision-making process relative to the matter, unless the disclosing member is permitted to do so under Section 5.68 or Section 5.69 of the *Local Government Act 1995*.

The following declarations of interest are disclosed –

Nil

5 Confirmation Of Minutes

5.1 Confirmation Of Previous Minutes

5.1.1 Minutes Of The Audit And Risk Management Committee Meeting Held On 12 December 2023

Committee Decision

Moved Cr M Lynch

Seconded Cr K White

That the Minutes of the Audit And Risk Management Committee Meeting held 12 December 2023 (Item 5.1.1 Attachment 1) be confirmed as a true and accurate record.

For: A Smith, K White, M Lynch, A Sullivan and B Healy

Against: Nil

Carried 5/0

6 Public Agenda Items

6.1 Audit Log Status Update

File Reference	CM52
Applicant or Proponent(s)	Not Applicable
Author	D Weerasingha, Internal Auditor
Authorising Officer	I Bishop, Deputy Chief Executive Officer
Previous Meeting Reference	Ordinary Council Meeting 12 Dec 2023 - Item 11-AR.7 – 223/2023
Disclosure(s) of interest	Author – Nil
	Authorising Officer – Nil
Attachments	<ol style="list-style-type: none">1. Report-Follow-up Internal Audit-Internal Audit Log- 29 Jan 20242. Audit Log Pending Items - 29 January 2024

Report Purpose

Council is required to review the Audit Log actions.

The purpose of this report is to provide Council oversight of the implementation of actions resulting from internal audits and external reviews.

Council is requested to receive the Audit Log status updates.

Background

The Chief Executive Officer (CEO) is required to ensure adequate systems and processes are established for the effective management and control of the Shire.

Internal audits and external reviews are examples of methods Council may use to ensure sound management of the Shire is occurring.

Following the finalisation of an internal audit and/or external review, recommendations are included in the Audit Log to ensure progress is monitored and recorded.

Comments

The Shire of Ashburton Internal Auditor (SOA IA) has conducted a follow up internal audit on the audit log addressing the findings reported by the internal audits and Auditor General of WA. This report covers from 20 November 2023 to 29 January 2024.

This report provides the following information:

- a) Issues that have been closed since last report includes **8** issues identified in previous internal audits (2020-2022 Internal Audit Plan) as below:
 - Building permit related directive, building permit related on the job staff training and building permit related monitoring and compliance process.
 - Improving controls related to outstanding PO review and transparency of payment listing reported to council.
 - An issue identified with 2019 FMR in relation to bank reconciliation process resulted from improved review and monitoring through implementation of new reconciliation module in Synergy.
- b) **14** issues over Financial and ITGC that had been raised by OAG, have been closed per the updated status of Management Letter 2022-23.
- c) Issues that have been closed since last report includes **3** issues identified in regulation 17 -2023 as below:
 - Regulatory service filing natural environment related public communication in Synergy record management system as applicable without duplicating with communication department.
 - Regularising the Tom Price swimming pool related chemical warehouse and calibration of water quality testing equipment.
- d) Issues that are yet to be closed.
There are 156 issues pending to close over various processes as of 29 January 2024 (181 as of 20 November 2023).
- e) Three recommendation owners have not provided a status update as positions are vacant for the request made by SOA IA on 22 January 2024.
- f) There are no serious Internal Audit concern(s) mentioned in the report.

Internal Audit

A summary of the progress on the implementation of internal audit recommendations is provided in the following table.

Internal Audit Topics	Not Started		In Progress		Validated		Total Item		Total Open	
	29 Jan	20 Nov	29 Jan	20 Nov	29 Jan	20 Nov	29 Jan	20 Nov	29 Jan	20 Nov
Review of 2019 FMR	0	0	3	4	1	0	4	4	3	4
Procurement	1	2	1	5	18	16	23	23	5	7
Risk Management	3	3	12	12	4	4	19	19	15	15
Grants Management	10	10	0	0	1	1	11	11	10	10
Records Management [21]	2	2	3	3	10	10	15	15	5	5
Records Management [22]	7	7	6	6	19	19	32	32	13	13

Cyber Security	4	4	16	16	3	3	23	23	20	20
Business Continuity, Disaster Recovery and Incident Management	20	20	3	3	3	3	26	26	23	23
Building Permit Application Process	0	3	0	2	26	21	26	26	0	5
Contract Management	0	0	7	7	10	10	17	17	7	7
Fraud and Corruption	9	9	8	8	10	10	27	27	17	17
Payroll & HR	1	1	5	5	2	2	8	8	6	6
Regulation 17-2023	5	8	12	12	12	9	29	29	17	20
Totals	62	69	76	83	119	108	260	260	141	152

11 recommendations have been completed since last reported to the Audit and Risk Management Committee on 20 November 2023.

Financial Audits

A summary of the progress on the implementation of financial audit recommendations is provided in the following table.

Internal Audit Topics	Not Started		In Progress		Validated		Total Item		Total Open	
	29 Jan	20 Nov	29 Jan	20 Nov	29 Jan	20 Nov	29 Jan	20 Nov	21 Dec	20 Nov
Financial – 30 June 2016/17/18	0	0	0	0	3	3	3	3	0	0
Financial – 30 June 2019	0	0	0	1	4	3	4	4	0	1
Financial – 30 June 2020	0	2	0	1	5	2	5	5	0	3
Financial – 30 June 2021	1	7	0	2	8	0	9	9	1	9
Financial – 30 June 2022	1	5	0	1	5	0	6	6	1	6
Financial – 30 June 2023	5	0	0	0	0	0	5	0	5	0
IT General Controls 2020/2021 & 2021/22	3	3	5	7	2	0	10	10	8	10
Totals	10	17	5	12	27	8	42	37	15	29

14 recommendations have been completed since last reported to the Audit and Risk Management Committee on 20 November 2023.

Note: Full Audit Log attached (Attachment 2) shows only the actions pending.

Consultation

The relevant members of the Executive Leadership Team and Middle Management Group were consulted on the progress of the outstanding actions on the Audit Log.

Shire's Internal Auditor has been provided updates to the Audit Log and verified evidence provided to close actions.

Strategic Community Plan

Shire of Ashburton Strategic Community Plan 2022-2032

Strategic Objective	4. Performance - We will lead the organisation, and create the culture, to deliver demonstrated performance excellence to the community.
Strategic Outcome	4.6 Visionary community leadership with sound, diligent and accountable governance
Strategy	3 Deliver best practice governance and risk management.

Council Policy

Nil

Financial ImplicationsCurrent Financial Year

Nil

Future Financial Year(s)

Nil

Legislative Implications

In accordance with regulation 17 of the *Local Government (Audit) Regulations 1996*, the CEO is to review the appropriate and effectiveness of a local government's systems and procedures in relation to:

- Risk management,
- Internal control, and
- Legislative compliance.

The CEO is to report to the Audit and Risk Management Committee, the results of each review.

Risk Management

Risk has been assessed against the Shire of Ashburton Risk Management Framework.

Theme	Risk	Likelihood	Consequence	Inherent Risk Rating	Risk Treatment
Compliance	Compliance failures if areas identified for improvement are not addressed.	Possible (3)	Major (4)	High (10-16)	Implement process improvements as a result of internal audits/external reviews and provide regular progress reporting to the Audit and Risk Management Committee.

Based on the inherent risk rating and risk treatments, the residual risk to the Shire is considered to be high.

Voting Requirements

Simple Majority

Officer Recommendation

That with respect to Audit Log Status Update, the Audit and Risk Management Committee recommends that Council, receives the updated Audit Log.

Committee Decision

Moved Cr M Lynch

Seconded Cr K White

That with respect to Audit Log Status Update, the Audit and Risk Management Committee recommends that Council, receives the updated Audit Log.

For: A Smith, K White, M Lynch, A Sullivan and B Healy

Against: Nil

Carried 5/0

6.2 Audit Report 2022/23

File Reference	FM09
Applicant or Proponent(s)	Not Applicable
Author	D Kennedy, Director Corporate Services
Authorising Officer	D Kennedy, Director Corporate Services
Previous Meeting Reference	Nil
Disclosure(s) of interest	Author – Nil
	Authorising Officer – Nil
Attachments	<ol style="list-style-type: none"> 1. Financial Report 2022/23 Shire of Ashburton 2. Audit Opinion 2022/23 Shire of Ashburton 3. Management Letter - Financial Audit 2022/23 4. Management Letter - IT General Controls 2022/23

Report Purpose

The purpose of this report is to present to the Audit and Risk Management Committee the 2022/23 Annual Financial Report and Audit Report provided by the Officer of the Auditor General (OAG).

The Audit and Risk Management Committee is requested to endorse and recommend the Annual Financial Report and Auditors Report for the 2022/23 financial year to Council for adoption.

Background

Council is required to prepare a financial report and present it to the Council's auditor by 30 September each year. This has been completed by officers with the Annual Financial Report and Independent Audit Report presented at Attachment 1 - 2.

The *Local Government Act 1995* (Act) requires that the audit report be examined by the local government to determine if any matters raised in the report require action to be taken. After considering the audit report the local government is to prepare a report on any actions to be taken in response to the audit report and to forward a copy of that report to the Minister for Local Government.

Comments

Council has received an unqualified or "clean" audit report from the OAG with the opinion stating that:

"In my opinion, the financial report is:

- *based on proper accounts and records*
- *presents fairly, in all material respects, the results of the operations of the Shire for the year ended 30 June 2023 and its financial position as at the end of that period*
- *in accordance with the Local Government Act 1995 (the Act) and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards."*

Emphasis of Matter – Restatement of Comparatives

The audit report contains an Emphasis of Matter note to be brought to Council's attention as follows:

"I draw attention to Note 32 of the financial report which states that the amounts reported in the previously issued 30 June 2022 financial report have been restated and disclosed as comparatives in this financial report. My opinion is not modified in respect of this matter."

This related to road valuations being overstated in previous years that were identified and corrected as part of the recent infrastructure revaluation process.

Management Letter – Financial Audit (Attachment 3)

Each year, the OAG issues a Management Letter of findings that have the potential to impact future audit opinions if not addressed. This provides the opportunity for management to focus control improvement efforts during the coming year.

Significant progress was made during 2022/23 to clear the majority of the 11 items contained in the 2021/22 Management Letter with only two carrying over.

The 2022/23 Management Letter contains seven items. The new findings predominately relate to issues identified during the infrastructure revaluation that occurred during the year for the first time since 2018.

The findings and recommendations have been reviewed by management, and management comments are provided for within the report addressing each finding raised. The outstanding findings will actively form part of the 2023/24 internal audit program.

Management Letter – IT General Controls (Attachment 4)

The OAG is progressively completing an IT General Controls audit of all local governments. The Shire was one of the first local governments to go through this process in 2021.

Limited progress had been made to address the 9 outstanding issues raised until July 2023 when the Shire engaged external assistance to plan improvements in all these areas. As the updated management letter indicates, significant improvements have been made, and the plans put in place are expected to resolve many of these issues in full by the next audit at the end of June 2025.

Consultation

Executive Leadership Team

Office of the Auditor General

RSM Australia

Finance Team

Governance Team

Media and Communications Team

Strategic Community Plan

Shire of Ashburton Strategic Community Plan 2022-2032

Strategic Objective	4. Performance - We will lead the organisation, and create the culture, to deliver demonstrated performance excellence to the community.
Strategic Outcome	4.2 Appropriate, sustainable, and transparent management of community funds
Strategy	4 Ensure financial transactions are accurate and timely.

Council Policy

Nil

Financial ImplicationsCurrent Financial Year

Nil

Future Financial Year(s)

Nil

Legislative Implications

The statutory implications associated with this item are contained within the *Local Government Act 1995*, section 7.8A – section 7.12AE and the *Local Government (Audit) Regulations 1996*

Risk Management

Risk has been assessed against the Shire of Ashburton Risk Management Framework.

Theme	Risk	Likelihood	Consequence	Inherent Risk Rating	Risk Treatment
Compliance	2022/2023 Annual Financial Report and Independent Audit Report are not accepted within the prescribed timeframe.	Rare (1)	Minor (2)	Moderate (5-9)	Accept the officer's recommendation.

Based on the inherent risk rating and risk treatments, the residual risk to the Shire is considered to be low.

Voting Requirements

Simple Majority

Officer Recommendation

That with respect to the 2022/2023 Annual Financial Report, the Audit and Risk Management Committee recommends that Council,

1. Receives the 2022/2023 Annual Financial Report including the Independent Audit Report as detailed in Attachments 1-4,
2. Recommends the Annual Financial Report and Independent Audit Report for the 2022/2023 financial year to Council for adoption.

Committee Decision

Moved Cr M Lynch

Seconded Cr K White

That with respect to the 2022/2023 Annual Financial Report, the Audit and Risk Management Committee recommends that Council,

- 1. Receives the 2022/2023 Annual Financial Report including the Independent Audit Report as detailed in Attachments 1-4,**
- 2. Recommends the Annual Financial Report and Independent Audit Report for the 2022/2023 financial year to Council for adoption.**

For: A Smith, K White, M Lynch, A Sullivan and B Healy

Against: Nil

Carried 5/0

6.3 2023 Compliance Audit Return

File Reference	GV32
Applicant or Proponent(s)	Not Applicable
Author	R Marlborough, Senior Governance Officer
Authorising Officer	D Kennedy, Director Corporate Services
Previous Meeting Reference	Nil
Disclosure(s) of interest	Author – Nil
	Authorising Officer – Nil
Attachments	1. 2023 Compliance Audit Return 2. Internal Auditor's Review Certification

Report Purpose

The purpose of this report is to present the responses to the 2023 Compliance Audit Return for review by the Audit and Risk Management Committee and for subsequent Council endorsement.

Council is requested to endorse the completed 2023 Compliance Audit Return (CAR) for submission to the Department of Local Government, Sport and Cultural Industries by 31 March 2023.

Background

In accordance with regulation 14 of the *Local Government (Audit) Regulations 1996*, local governments are required to carry out a compliance audit for the period 1 January to 31 December each year.

The compliance audit covers a range of matters that require actions to be completed by local governments in performing their functions to maintain legislative compliance with the *Local Government Act 1995* and associated regulations and focuses on areas considered to be high risk.

Comments

The 2023 Compliance Audit Return contains the following compliance categories:

- Commercial Enterprises by Local Governments
- Delegation of Power/Duty
- Disclosure of Interest
- Disposal of Property
- Elections
- Finance
- Integrated Planning and Reporting
- Local Government Employees
- Official Conduct
- Tenders for Providing Goods and Services

- Optional Questions.

Responsible officers have responded to the questions in the 2023 CAR indicating either yes, no or not applicable.

The following table summarises the Shire's performance in each of the compliance categories. The Shire is 98.93% compliant for the 2023 Compliance Audit Return.

Category	2023 Questions	Compliance Rating
Commercial Enterprises by Local Governments	5	100%
Delegation of Power/Duty	13	100%
Disclosure of Interest	21	100%
Disposal of Property	2	100%
Elections	3	100%
Finance	7	100%
Integrated Planning and Reporting	3	100%
Local Government Employees	5	100%
Official Conduct	4	100%
Optional Questions	9	88.88%*
Tenders for Providing Goods and Services	22	100%
Total	94	98.93%

One area of non-compliance was identified in the 2023 Compliance Audit Return. In the Optional Questions category*. Further details are as follows:

Question 3. Section 5.87C of the Local Government Act 1995 – Gift disclosures made by elected members and the Chief Executive Officer are required to be submitted within 10 days after receipt of the gift.

Five gifts were disclosed outside of the prescribed timeframe.

The Shire will continue to provide regular reminders to elected members and staff on gift disclosure reporting requirements.

The Shire's Internal Auditor has reviewed the completed 2023 CAR, as provided in Attachment 2.

Following the Committees consideration of the 2023 CAR and subsequent Council endorsement, the 2023 CAR must be certified by the Shire President and Chief Executive Officer and submitted to the Department of Local Government, Sport and Cultural Industries no later than 31 March 2024.

Consultation

The Chief Executive Officer, Directors, Managers and relevant officers were consulted in the compilation of the CAR responses. The Shire's internal auditor has reviewed the findings.

Strategic Community Plan

Shire of Ashburton Strategic Community Plan 2022-2032

Strategic Objective	4. Performance - We will lead the organisation, and create the culture, to deliver demonstrated performance excellence to the community.
Strategic Outcome	4.6 Visionary community leadership with sound, diligent and accountable governance
Strategy	3 Deliver best practice governance and risk management.

Council Policy

Nil

Financial Implications

Current Financial Year

Nil

Future Financial Year(s)

Nil

Legislative Implications

In accordance with regulation 14 and 15 of the *Local Government (Audit) Regulations 1996* the local government is to carry out a compliance audit for the period 1 January to 31 December each year and submit a certified copy of the return to the Department of Local Government, Sport and Cultural Industries by 31 March.

Risk Management

Risk has been assessed against the Shire of Ashburton Risk Management Framework.

Theme	Risk	Likelihood	Consequence	Inherent Risk Rating	Risk Treatment
Compliance	Not completing the CAR will result in non-compliance with the Shire's statutory reporting obligations.	Unlikely (2)	Moderate (3)	Moderate (5-9)	Council endorsement of the completed CAR for submission to the Department of Local Government, Sport and Cultural Industries.

Based on the inherent risk rating and risk treatments, the residual risk to the Shire is considered to be low.

Voting Requirements

Simple Majority

Officer Recommendation

That with respect to 2023 Compliance Audit Return, the Audit and Risk Management Committee recommends that Council,

1. Endorses the Compliance Audit Return for the period 1 January 2023 to 31 December 2023 as shown in Attachment 1, and
2. Authorises the Shire President and Chief Executive Officer to jointly certify the Compliance Audit Return for submission to the Department of Local Government, Sport and Cultural Industries.

Committee Decision

Moved Cr K White

Seconded Cr M Lynch

That with respect to 2023 Compliance Audit Return, the Audit and Risk Management Committee recommends that Council,

1. Endorses the Compliance Audit Return for the period 1 January 2023 to 31 December 2023 as shown in Attachment 1, and
2. Authorises the Shire President and Chief Executive Officer to jointly certify the Compliance Audit Return for submission to the Department of Local Government, Sport and Cultural Industries.

For: A Smith, K White, M Lynch, A Sullivan and B Healy

Against: Nil

Carried 5/0

6.4 Financial Management Review 2024

File Reference	CM52
Applicant or Proponent(s)	Not Applicable
Author	D Weerasingha, Internal Auditor
Authorising Officer	I Bishop, Deputy Chief Executive Officer
Previous Meeting Reference	Ordinary Council Meeting 8 August 2023 - Item 6.2-150/2023
Disclosure(s) of interest	Author – Nil
	Authorising Officer – Nil
Attachments	1. Financial Management Review 2024

Report Purpose

Council is required to review the attached Financial Management Review 2024 Report (Report).

The purpose of this report is to present the results per regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996* which states:

“The CEO is to-

undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 3 financial years) and report to the local government with the results of those reviews.”

Council is requested to receive the Financial Management Review 2024 report (refer to Attachment 1).

Background

In accordance with regulation 5 of the *Local Government (Financial Management) Regulations 1996*, the objective of the review is to:

“(1) Ensure there are effective and efficient control systems:

- (a) for the proper collection of all money owing to the local government.*
- (b) for the safe custody and security of all money collected or held by the local government.*
- (c) for the proper maintenance and security of the financial records of the local government (whether maintained in written form or by electronic or other means or process);*
- (d) to ensure proper accounting for municipal or trust —*
 - (i) revenue received or receivable; and*
 - (ii) expenses paid or payable; and*
 - (iii) assets and liabilities.*
- (e) to ensure proper authorization for the incurring of liabilities and the making of payments.*

- (f) *for the maintenance of payroll, stock control and costing records.*
- (g) *to assist in the preparation of budgets, budget reviews, accounts and reports required by the Act or these regulations.*
- (2) *Ensure that*
 - (a) *the resources of the local government are effectively and efficiently managed; and*
 - (b) *assist the council to undertake reviews of fees and charges regularly (and not less than once in every financial year)."*

Comments

This report presents the findings of the Financial Management Review of the Shire for the period of 1 July 2020 to 31 March 2023 (referred to as the "engagement period").

The assessment of the adequacy and effectiveness of internal controls were conducted against the control and monitoring activities mentioned in the accounting manual provided by the Department of Local Government, Sport and Cultural Industries (DLGSC). The assessment results are detailed in Annexure 1 (pages 19-22) of the Report.

Significant review findings are listed under finding sections as summarised in below table. Details of findings are detailed in the Report (pages 8-19).

The effectiveness of internal controls was evaluated for each finding based on the control's effectiveness matrix provided in the Shire adopted Risk Management Framework.

S/N	Finding	Control Effectiveness
1	Long outstanding items in bank reconciliation	Inadequate
2	Inefficient order-to-pay controls	Adequate
3	Inadequate use of contract variation form	Adequate
4	Negative fuel stock	Adequate
5	Inadequate capitalisation policy	Adequate
6	Irregular assets capitalisation and depreciation	Inadequate
7	Unusual assets records	Inadequate
8	Low interest income on term deposits	Adequate
9	Inadequate rates concession policy or directives	Adequate

Findings 1 and 7 has been closed while the finding number 6 is to be closed by 30 June 2024 per the management comments given by Finance Manager.

Please see the attached full report for complete details on findings, implications, recommendations, agreed corrective actions and target completion date.

Consultation

As per the adopted Strategic Internal Audit Plan, the consultation framework is shown below:

Output	IIA Standard	Council	Audit and Risk Management Committee	CEO/ ELT	Audit Sponsor/ Director	Internal Audit
Internal Audit Charter	1000	Adopt	Review / Recommend	Consult / Inform	Inform	Develop
Strategic Internal Audit Plan	2010	Adopt	Review / Recommend	Consult / Inform	Consult / Inform	Develop
Annual Internal Audit Service Delivery Plan	2010	Adopt	Review / Recommend	Consult / Inform	Consult / Inform	Develop
Internal Audit Manual	2040	Adopt	Review / Recommend	Consult / Inform	Inform	Develop
Quality Assurance and Improvement Plan	1300, 1320	Adopt	Review / Recommend	Consult / Inform	N/A	Develop
Annual Internal Audit Status Report	2060	Receive	Review / Recommend	Inform	Inform	Develop / Approve
Audit Engagements						
Planning Memorandum	2200	N/A	N/A	Consult/ Approve	Consult	Develop / Approve
Draft Report	2400	N/A	N/A	N/A	Consult	Develop
Final Report	2400, 2440	Receive	Review / Recommend	Inform	Inform	Develop / Approve

Strategic Community Plan

Shire of Ashburton Strategic Community Plan 2022-2032

Strategic Objective	4. Performance - We will lead the organisation, and create the culture, to deliver demonstrated performance excellence to the community.
Strategic Outcome	4.6 Visionary community leadership with sound, diligent and accountable governance
Strategy	3 Deliver best practice governance and risk management.

Council Policy

[Council Policies » Shire of Ashburton](#)

Nil

Financial ImplicationsCurrent Financial Year

Nil

Future Financial Year(s)

Nil

Legislative Implications

Regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996* states:

“The CEO is to-

undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 3 financial years) and report to the local government with the results of those reviews.”

Risk Management

Risk has been assessed against the Shire of Ashburton Risk Management Framework.

Theme	Risk	Likelihood	Consequence	Inherent Risk Rating	Risk Treatment
Compliance	Compliance failures if areas identified for improvement are not addressed.	Possible (3)	Major (4)	High (10-16)	Implement process improvements as a result internal/external reviews and provide regular progress reporting to the Audit and Risk Management Committee.

Based on the inherent risk rating and risk treatments, the residual risk to the Shire is considered to be high.

Voting Requirements

Simple Majority

Officer Recommendation

That with respect to the Financial Management Review 2024, the Audit and Risk Management Committee recommends that, Council, receives the Financial Management Review 2024 Report, as detailed in Attachment 1.

Carried 5/0

6.5 Internal Audit over Compliance Areas Q3 2023/2024

File Reference	CM53
Applicant or Proponent(s)	Not Applicable
Author	D Weerasingha, Internal Auditor
Authorising Officer	I Bishop, Deputy Chief Executive Officer
Previous Meeting Reference	Ordinary Council Meeting 08 Aug 2023 - Item 6.2 – 150/2023
Disclosure(s) of interest	Author – Nil
	Authorising Officer – Nil
Attachments	Nil

Report Purpose

The purpose of this report is to provide Council with status and results of compliance activities selected to audit on the 2023/2024 Strategic Internal Audit Plan.

Council is requested to receive the Internal Audit over compliance areas Q3 2023/2024 report.

Background

The Chief Executive Officer (CEO) is required to ensure adequate systems and processes are established for the effective management and control of the Shire as per the *Local Government Act 1995* and regulation 17 of the *Local Government (Audit) Regulations 1996*.

With reference to International Internal Audit (IIA) Standards 2060, the Internal Auditor is required to periodically update Council with significant risk exposures and control issues, performance of planned audits, changes to audit plan and resource concerns among others.

Comments

Please find the reviews conducted on compliance activities per the Strategic Internal Audit Plan 2023-2024.

S/N and Area	Review
1-Private Swimming Pools Barriers Inspection	<p>Drowning of young children is preventable yet remains one of the leading causes of accidental death for young children, with swimming pools generally being the main water body involved. While adult supervision within arm's reach is the most effective way to prevent these drowning incidents, mandatory pool safety barriers, local government inspections and public education are extremely important in the overall strategy to prevent or reduce these tragedies. The results of these efforts can be seen in the Royal Life Saving National Drowning Report 2020, which showed that there were zero toddler drowning deaths in Western Australia in 2019/2020. While this is an amazing result, it is important that we do not become complacent.</p> <p>Local governments are required to inspect the safety barriers of private swimming pools within their district at intervals not exceeding four years. These inspections monitor the compliance of those safety barriers. Local governments have powers under the <i>Building Act 2011</i> to assist them enforce compliance.</p>

	<p>Below points were noted for SOA on Private Swimming Pool barriers inspection per the Manager Regulatory Services</p> <ul style="list-style-type: none"> • Regulatory Services had engaged qualified contractor for the inspection and has issued a purchase order to start work. Unfortunately, contractor has not been able to start the work. • Regulatory Services has committed to managing the inspection program due to a lack of response from the contractor, Royal Surf Lifesaving. • The Environmental Health Support Officer will coordinate the inspection program with the help of the Shire Rangers. • Authorisation for the Shire positions conducting the inspections is being finalised through Governance. • City of Karratha has been approached to provide on the job training for nominated staff conducting inspections. There are no formal training programs available. • The Manager Regulatory Services is reviewing all past inspection documentation to develop a 2024 inspection program that will incorporate legislative changes scheduled for June 2024 on pool fence compliance. • It is estimated it will take 6-9 months to complete the inspections in 2024. Then a rotating program of inspections will occur in each town to ensure we are current and compliant with our legislative obligations. <p>Internal Audit Conclusion</p> <p>Process needs to be monitored by the Executive Leadership Team (ELT) to make sure adequate resourcing and achievement of objectives.</p>
2-Firebreaks	<p>Local Emergency Management Arrangements (LEMA) together with bushfire management provides an important safeguard to keep community safe from related hazards.</p> <p>Under section 33 of the <i>Bush Fires Act 1954</i> (BF Act) local governments can require a landowner or occupier to maintain a fire-break to reduce fuel loads and provide access for firefighting appliances in the event of a bushfire. Fire-break notices can be served either:</p> <ul style="list-style-type: none"> • to individuals directly, or • on all owners and occupiers of land by publishing the notice in the Government Gazette and a local newspaper. <p>Below points were noted for SOA on Firebreaks per the Manager Regulatory Services and Tom Price Ranger</p> <ul style="list-style-type: none"> • ENG08 Bush Fire Policy was repealed by decision of Council at their meeting held on 12 December 2024. The policy mainly related to Bush Fire Brigades and was replaced with a new local law for the management of Bush Fire Brigades. The new local law does not provide guidance on fire breaks;

- Shire has issued a Firebreak Notice - October 2022 which explain the requirements from owner/occupier. The latest Firebreak notice has been gazetted on 7 November 2023.
- However, it was noted the definition of “Flammable Items” are not defined on firebreak notice. This is a best practice recommendation per the Department of Fire and Emergency Services (DFES) guidance notice issued to implement section 33 of BF Act.
- Shire does not maintain logs or specific record on areas under Shire responsibility or owner/occupier. Upon inquiry, Tom Price Ranger explained with Intramaps (Shire Assets Mapping System) that the responsibility is limited to three towns. Tom Price, Onslow and Paraburdoo. However, it was noted firebreak public notice on website address townsites and outside townsites with requirements.
- Upon inquiry with Manager Regulatory Services, it was explained Shire may not have all the information on the lands that the Shire is responsible for as we are currently involved in a project with the Western Australian Local Government Association and DFES to develop a Bushfire Risk Management Plan that will provide accurate information on this. Shire does not have anything historical and most of the land in the Shire is covered under Mining, Pastoral and State/National Park reserves.
- Tom Price Ranger explained that a software is being implemented by DFES to identify and asses risks and to implement risk treatments. However no further information was available to establish the identification, assessment and treatments on bushfire risk management process except the software name Bushfire Risk Management (BRMS) with Mapworks – Amristar.
- Tom Price Ranger maintains a spreadsheet for the noncompliance issued with a Synergy reference number. However, no records were available what are the are the properties compliance checked except only where such noncompliance. Tom Price Ranger explained that compliance is monitored for all the areas and only noncompliance are recorded. The sheet marked as 2023-2024 had 76 noncompliance recorded.
- Tom Price Ranger explained that two cases were that contractors were involved to clean properties and Shire is in the process of recovering cost from owner/occupier.
- Tom Price Ranger explained all parks, reserves, and drainage areas are managed by the Shire of Ashburton’s Town Maintenance Officers (TMO’s). Ranger Services and TMO’s work together to ensure that all of the above listed areas are complainant with the Shires Bush Fires Notice.

Internal Audit Conclusion

Process needs to be regularly audited to make sure compliance to section 33 and appropriate bushfire risk management is in place with additional treatment actions if needed. It is also suggested to follow this process with control assurance in ISO 31000.

3-Compliance Audit Return

With reference to the 2023 Compliance Audit Return, Internal Audit has conducted review on integrity of the process.

Due to widespread scope to verify accuracy and completeness of each response by different respondents, internal audit has limited the review to agree individual responses to final Compliance Audit Return based on Attain (Compliance System) as follows:

Area	Respondent	Responses
C189 Delegation of Power / Duty	Manager Governance	All YES
C189 Disclosure of Interest	Manager Governance	All YES
C189 Commercial Enterprise by Local Governments	Executive Manager Land, Property and Regulatory Services	All YES
C189 Disposal of Property	Executive Manager Land, Property and Regulatory Services	All YES
C189 Integrated Planning and Reporting	Manager Governance	All YES
C189 Local Government Employees	Manager Organisational Development	All YES
C189 Tenders for Providing Goods and Services	Senior Procurement Officer	All YES
C189 Finance	Manager Finance	All YES
C189 Official Conduct	Manager Governance	All YES
C189 Optional Questions	Manager Governance	1 NO Answer was informed. 3. s5.87C - 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?

			Five disclosures in 2023 were received outside of the 10 day disclosure period.
	C189 Elections	Manager Governance	All YES

Consultation

Adopted Strategic Internal Audit Plan shows the consultation framework as follows:

Output	IIA Standard	Council	Audit and Risk Management Committee	CEO/ ELT	Audit Sponsor/ Director	Internal Audit
Internal Audit Charter	1000	Adopt	Review / Recommend	Consult / Inform	Inform	Develop
Strategic Internal Audit Plan	2010	Adopt	Review / Recommend	Consult / Inform	Consult / Inform	Develop
Annual Internal Audit Service Delivery Plan	2010	Adopt	Review / Recommend	Consult / Inform	Consult / Inform	Develop
Internal Audit Manual	2040	Adopt	Review / Recommend	Consult / Inform	Inform	Develop
Quality Assurance and Improvement Plan	1300, 1320	Adopt	Review / Recommend	Consult / Inform	N/A	Develop
Annual Internal Audit Status Report	2060	Receive	Review / Recommend	Inform	Inform	Develop / Approve
Audit Engagements						
Planning Memorandum	2200	N/A	N/A	Consult/ Approve	Consult	Develop / Approve
Draft Report	2400	N/A	N/A	N/A	Consult	Develop
Final Report	2400, 2440	Receive	Review / Recommend	Inform	Inform	Develop / Approve

Strategic Community Plan

Shire of Ashburton Strategic Community Plan 2022-2032

Strategic Objective	4. Performance - We will lead the organisation, and create the culture, to deliver demonstrated performance excellence to the community.
Strategic Outcome	4.6 Visionary community leadership with sound, diligent and accountable governance
Strategy	3 Deliver best practice governance and risk management.

Council Policy

Nil

Financial ImplicationsCurrent Financial Year

Nil

Future Financial Year(s)

Nil

Legislative Implications

In accordance with regulation 17 of the *Local Government (Audit) Regulations 1996*, the CEO is to review the appropriate and effectiveness of a local government's systems and procedures in relation to:

- Risk management,
- Internal control, and
- Legislative compliance.

The CEO is to report to the Audit and Risk Management Committee, the results of each review.

Risk Management

Risk has been assessed against the Shire of Ashburton Risk Management Framework.

Theme	Risk	Likelihood	Consequence	Inherent Risk Rating	Risk Treatment
Compliance	Compliance failures if high risk areas identified for assurance is monitored.	Possible (3)	Major (4)	High (10-16)	Implementation of Risk Treatments and use internal audit as 3 rd line of defence.

Based on the inherent risk rating and risk treatments, the residual risk to the Shire is considered to be high.

Voting Requirements

Simple Majority

Officer Recommendation

That with respect to Internal Audit Status Update, the Audit and Risk Management Committee recommends that Council, receives the Internal Audit over Compliance Areas Report Q3 2023/2024.

Moved **Cr M Lynch**

Seconded **Cr K White**

That with respect to Internal Audit Status Update, the Audit and Risk Management Committee recommends that Council, receives the Internal Audit over Compliance Areas Report Q3 2023/2024.

For: A Smith, K White, M Lynch, A Sullivan and B Healy

Against: Nil

Carried 5/0

7 New Business Of An Urgent Nature Introduced By Council Decision

Nil

8 Confidential Matters

Procedural Motion

Moved Cr M Lynch

Seconded Cr K White

That Council move behind closed doors at 8:47am, pursuant to clause 6.2 of the *Shire of Ashburton Standing Orders Local Law 2012* to consider the following confidential items.

8.1 Wittenoom Claims Update

Pursuant to sub section 5.23(2)(c) of the *Local Government Act 1995* which provides:

(b) the personal affairs of any person

For: A Smith, K White, M Lynch, A Sullivan and B Healy

Against: Nil

Carried 5/0

8.1 Wittenoom Claims Update

File Reference	LS34
Applicant or Proponent(s)	Not Applicable
Author	D Kennedy, Director Corporate Services
Authorising Officer	D Kennedy, Director Corporate Services
Previous Meeting Reference	Audit and Risk Committee Meeting 8 August 2023 - Item 8.1
Disclosure(s) of interest	Author – Nil
	Authorising Officer – Nil
Attachments	Nil

Reason for Confidentiality

Section under the Act	<i>This matter is to be considered behind closed doors pursuant to s.5.23(2)(b) of the Local Government Act 1995 as the subject matter relates to:</i>
Sub-clause and Reason:	<i>“s.5.23(2)(b) the personal affairs of any person.”</i>

Report Purpose

This item provides a summary of open, resolved and new claims since the last Wittenoom Claims update which was provided to the 8 August 2023 Audit and Risk Management Committee Meeting.

The Audit and Risk Management Committee is requested to receive the Wittenoom Claims update.

Voting Requirements

Simple Majority

Committee Decision

Moved Cr M Lynch

Seconded Cr A Sullivan

That with respect to the Wittenoom Claims Update, the Audit and Risk Management Committee recommends to Council that, the report be received.

For: A Smith, K White, M Lynch, A Sullivan and B Healy

Against: Nil

Carried 5/0

Procedural Motion**Moved** Cr M Lynch**Seconded** Cr K White**That the Audit And Risk Management Committee re-open the meeting to the public at 8:57am.****For:** A Smith, K White, M Lynch, A Sullivan and B Healy**Against:** Nil**Carried 5/0****9 Next Meeting**

The next Audit And Risk Management Committee Meeting will be held at 8:30am on Tuesday 21 May 2024 at Council Chambers, Onslow Shire Complex. Second Avenue, Onslow.

10 Closure Of Meeting

There being no further business, the Presiding Member closed the meeting at 8:58am.