



**AUDIT AND RISK COMMITTEE MEETING**

**MINUTES**

**7 FEBRUARY 2024**

These minutes were confirmed by Audit and Risk Committee as a true and correct record of proceedings by the Audit and Risk Committee Meeting held on ...../...../.....

**Presiding Member:** ..... **Date:** .....

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## 1.02.24 DECLARATION OF OPENING

The Chief Executive Officer, Mr Gary Sherry, declared the meeting open at 5pm.

## 2.02.24 ELECTION OF PRESIDING MEMBER AND DEPUTY PRESIDING MEMBER

### 2.02.24.01 ELECTION OF PRESIDING MEMBER

<b>File No:</b>	FIN007C1
<b>Date of Meeting:</b>	07 February 2024
<b>Author/s:</b>	Deanne Sweeney – Manager Corporate and Community
<b>Authorising Officer:</b>	Gary Sherry – Chief Executive Officer
<b>Declaration of Interest:</b>	The author and authorising officer do not have an interest in this item

#### **Summary of Report:**

It is necessary for the Audit Committee to elect a Presiding Member.

#### **Description of Proposal:**

In accordance with Schedule 2.3 of the Local Government Act 1995, written nominations for the office of Presiding Member for the next two years are to be addressed to the Chief Executive Officer.

Nomination forms are enclosed with Councillors Agenda Package for the purpose. If a Committee Member is nominated by another Committee Member, the nominee must advise the Chief Executive Officer orally or in writing that he/she is willing to be nominated for the office

Should there be two or more nominees, a secret ballot will be conducted to determine the holder of the office.

#### **Statutory Environment:**

Local Government Act 1995

5.12. Presiding members and deputies, election of

- (1) The members of a committee are to elect a presiding member from amongst themselves in accordance with Schedule 2.3, Division 1 as if the references in that Schedule —
  - (a) to “office” were references to “office of presiding member”; and
  - (b) to “council” were references to “committee”; and
  - (c) to “councillors” were references to “committee members”.
- (2) The members of a committee may elect a deputy presiding member from amongst themselves, but any such election is to be in accordance with Schedule 2.3, Division 2 as if the references in that Schedule —
  - (a) to “office” were references to “office of deputy presiding member”; and
  - (b) to “council” were references to “committee”; and
  - (c) to “councillors” were references to “committee members”; and
  - (d) to “mayor or president” were references to “presiding member”.

## Schedule 2.3 — When and how mayors, presidents, deputy mayors and deputy presidents are elected by the council

### Division 1 — Mayors and presidents

#### 1. Terms used in this Division

In this Division —

“extraordinary vacancy” means a vacancy that occurs under section 2.34(1);

“the office” means the office of councillor mayor or president.

#### 2. When the council elects the mayor or president

(1) The office is to be filled as the first matter dealt with —

(a) at the first meeting of the council after an inaugural election or a section 4.13 or 4.14 election or after an ordinary elections day; and

(b) at the first meeting of the council after an extraordinary vacancy occurs in the office.

(2) If the first ordinary meeting of the council is more than 3 weeks after an extraordinary vacancy occurs in the office, a special meeting of the council is to be held within that period for the purpose of filling the office.

#### 3. CEO to preside

The CEO is to preside at the meeting until the office is filled.

#### 4. How the mayor or president is elected

(1) The council is to elect a councillor to fill the office.

(2) The election is to be conducted by the CEO in accordance with the procedure prescribed.

(3) Nominations for the office are to be given to the CEO in writing before the meeting or during the meeting before the close of nominations.

(3a) Nominations close at the meeting at a time announced by the CEO, which is to be a sufficient time after the announcement by the CEO that nominations are about to close to allow for any nominations made to be dealt with.

(4) If a councillor is nominated by another councillor the CEO is not to accept the nomination unless the nominee has advised the CEO, orally or in writing, that he or she is willing to be nominated for the office.

(5) The councillors are to vote on the matter by secret ballot as if they were electors voting at an election.

(6) Subject to clause 5(1), the votes cast under subclause (5) are to be counted, and the successful candidate determined, in accordance with Schedule 4.1 (which deals with determining the result of an election) as if those votes were votes cast at an election.

(7) As soon as is practicable after the result of the election is known, the CEO is to declare and give notice of the result in accordance with regulations, if any.

#### 5. Votes may be cast a second time

(1) If when the votes cast under clause 4(5) are counted there is an equality of votes between 2 or more candidates who are the only candidates in, or remaining in, the count, the count is to be discontinued and the meeting is to be adjourned for not more than 7 days.

(2) Any nomination for the office may be withdrawn, and further nominations may be made, before or when the meeting resumes.

- (3) When the meeting resumes the councillors are to vote again on the matter by secret ballot as if they were electors voting at an election.
- (4) The votes cast under subclause (3) are to be counted, and the successful candidate determined, in accordance with Schedule 4.1 as if those votes were votes cast at an election.

#### OFFICER'S RECOMMENDATION

That Chief Executive Officer will conduct an election for the position of Presiding Member if required.

**The Chief Executive Officer advised that one written nomination had been received for the position of Audit & Risk Committee Presiding Member for Cr Crute.**

**The Chief Executive Officer asked for any further nominations from the Meeting. No further nominations were received.**

**With no further nominations, the Chief Executive Officer declared Cr Crute elected opposed to the position of Audit & Risk Committee Presiding Member.**

2.02.24.02 ELECTION OF DEPUTY PRESIDING MEMBER	
<b>File No:</b>	FIN007C1
<b>Date of Meeting:</b>	07 February 2024
<b>Author/s:</b>	Deanne Sweeney – Manager Corporate and Community
<b>Authorising Officer:</b>	Gary Sherry – Chief Executive Officer
<b>Declaration of Interest:</b>	The author and authorising officer do not have an interest in this item

#### **Summary of Report:**

It is possible for the Audit Committee to elect a Deputy Presiding Member.

#### **Description of Proposal:**

Council may elect a Deputy Presiding Member of the Audit Committee. There is no requirement to do so.

In accordance with Schedule 2.3 of the Local Government Act 1995, written nominations for the office of Deputy Presiding Member for the next two years are to be addressed to the Chief Executive Officer. Nomination forms are enclosed with Agenda Package for the purpose. If a Committee Member is nominated by another Committee Member, the nominee must advise the Chief Executive Officer orally or in writing that he/she is willing to be nominated for the office.

Should there be two or more nominees, a secret ballot will be conducted to determine the holder of the office.

#### **Statutory Environment:**

Local Government Act 1995

5.12. Presiding members and deputies, election of

- (1) The members of a committee are to elect a presiding member from amongst themselves in accordance with Schedule 2.3, Division 1 as if the references in that Schedule —
  - (a) to “office” were references to “office of presiding member”; and

- (b) to “council” were references to “committee”; and
  - (c) to “councillors” were references to “committee members”.
- (2) The members of a committee may elect a deputy presiding member from amongst themselves, but any such election is to be in accordance with Schedule 2.3, Division 2 as if the references in that Schedule —
- (a) to “office” were references to “office of deputy presiding member”; and
  - (b) to “council” were references to “committee”; and
  - (c) to “councillors” were references to “committee members”; and
  - (d) to “mayor or president” were references to “presiding member”.

Schedule 2.3 — When and how mayors, presidents, deputy mayors and deputy presidents are elected by the council [Sections 2.11(1)(b) and 2.15]

Division 2 — Deputy mayors and deputy presidents

6. Terms used in this Division

In this Division —

“extraordinary vacancy” means a vacancy that occurs under section 2.34(1);

“the office” means the office of deputy mayor or deputy president.

7. When the council elects the deputy mayor or deputy president

(1) If the local government has an elector mayor or president the office of deputy mayor or deputy president is to be filled as the first matter dealt with —

- (a) at the first meeting of the council after an inaugural election or a section 4.13 or 4.14 election or after an ordinary elections day; and
- (b) at the first meeting of the council after an extraordinary vacancy occurs in the office.

(2) If the local government has a councillor mayor or president the office of deputy mayor or deputy president is to be filled —

- (a) as the next matter dealt with after the mayor or president is elected at the first meeting of the council after an inaugural election or a section 4.13 or 4.14 election or after an ordinary elections day; and
- (b) subject to subclause (3), as the first matter dealt with at the first meeting of the council after an extraordinary vacancy occurs in the office.

(3) If at a meeting referred to in clause 2(1)(b) the deputy mayor or deputy president is elected to be the mayor or president, the resulting extraordinary vacancy in the office is to be filled as the next matter dealt with at the same meeting.

8. How the deputy mayor or deputy president is elected

(1) The council is to elect a councillor (other than the mayor or president) to fill the office.

(2) The election is to be conducted in accordance with the procedure prescribed by the mayor or president, or if he or she is not present, by the CEO.

(3) Nominations for the office are to be given to the person conducting the election in writing before the meeting or during the meeting before the close of nominations.

(3a) Nominations close at the meeting at a time announced by the person conducting the election, which is to be a sufficient time after the announcement by that person that nominations are about to close to allow for any nominations made to be dealt with.

(4) If a councillor is nominated by another councillor the person conducting the election is not to accept the nomination unless the nominee has advised the

- person conducting the election, orally or in writing, that he or she is willing to be nominated for the office.
- (5) The council members are to vote on the matter by secret ballot as if they were electors voting at an election.
  - (6) Subject to clause 9(1) the votes cast under subclause (5) are to be counted, and the successful candidate determined, in accordance with Schedule 4.1 as if those votes were votes cast at an election.
  - (7) As soon as is practicable after the result of the election is known, the person conducting the election is to declare and give notice of the result in accordance with regulations, if any.
9. Votes may be cast a second time
- (1) If, when the votes cast under clause 8(5) are counted, there is an equality of votes between 2 or more candidates who are the only candidates in, or remaining in, the count, the count is to be discontinued and, not more than 7 days later, a special meeting of the council is to be held.
  - (2) Any nomination for the office may be withdrawn, and further nominations may be made, before or when the special meeting is held.
  - (3) When the special meeting is held the council members are to vote again on the matter by secret ballot as if they were voting at an election.
  - (4) The votes cast under subclause (3) are to be counted, and the successful candidate determined, under Schedule 4.1 as if those votes were votes cast at an election.

#### OFFICER'S RECOMMENDATION

The Chief Executive Officer will conduct an election for the position of Deputy Presiding Member if required.

**The Chief Executive Officer advised that one written nomination had been received for the position of Audit & Risk Committee Deputy Presiding Member for Cr de Lange.**

**The Chief Executive Officer asked for any further nominations from the Meeting. No further nominations were received.**

**With no further nominations, the Chief Executive Officer declared Cr de Lange elected unopposed to the position of Audit & Risk Committee Deputy Presiding Member.**

### **3.02.24 DECLARATION OF OPENING / ATTENDANCE**

The elected Presiding Member assumed the Chair.

On behalf of the Council, I would like to acknowledge that this meeting is being held on the traditional lands of the Nyoongar People, and pay respect to all Elders, past, present, and emerging. I wish to acknowledge and respect local people's continuing culture, and the contribution they make to Country, and its life.

#### Elected Members (Voting)

Cr KL Crute	Shire President
Cr T de Lange	Deputy Shire President
Cr HA Bell	

#### External Committee Members (Voting)

Mr Eric Pech

#### Staff (Non-Voting)

Gary Sherry	Chief Executive Officer
Deanne Sweeney	Manager Corporate and Community
Sandie Spencer	Executive Governance Officer

#### Leave of Absence

Nil

#### Visitors/Residents/Electors

### **4.02.24 CONFIRMATION OF PREVIOUS MINUTES**

#### **ARC 02.24-01**

#### **COMMITTEE RESOLUTION**

**MOVED Cr Bell                      SECONDED Cr de Lange**

*That the minutes of the Audit and Risk Committee meeting held in the Shire of Brookton Council Chambers, on 13<sup>th</sup> July 2023, be confirmed as a true and correct record of the proceedings.*

**CARRIED BY SIMPLE MAJORITY VOTE 4/0**

**For: Cr Crute, Cr de Lange, Cr Bell, E Pech**

**Against: Nil**

### **5.02.24 RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE**

Nil.

### **6.02.24 PUBLIC QUESTION TIME**

Nil.

### **7.02.24 ANNOUNCEMENTS BY THE PRESIDING MEMBER WITHOUT DISCUSSION**

Nil.



**8.02.24 DECLARATIONS BY MEMBERS AND OFFICERS****Financial, Proximity and Impartiality Interests**

Item no.	Members/Officers	Type of Interest	Nature of Interest
Nil.			

**9.02.24 PRESENTATIONS**

Nil.

**10.02.24 FINANCE****10.02.24.01 REVIEW RISK MANAGEMENT FRAMEWORK**

<b>File No:</b>	FIN007C1
<b>Date of Meeting:</b>	07 February 2024
<b>Location/Address:</b>	N/A
<b>Name of Applicant:</b>	N/A
<b>Name of Owner:</b>	N/A
<b>Author/s:</b>	Deanne Sweeney – Manager Corporate and Community
<b>Authorising Officer:</b>	Gary Sherry – Chief Executive Officer
<b>Declaration of Interest:</b>	The author and authorising officer do not have an interest in this item
<b>Voting Requirements:</b>	Simple Majority
<b>Previous Report:</b>	N/A

**Summary of Report:**

The Audit and Risk Committee is to consider the endorsement of amendments to the Risk Management Framework following the Regulation 17 Review.

**Description of Proposal:**

As above.

**Background:**

Under Section 6.10 of the Local Government Act 1995 and Regulation 5(2) (c) of the Local Government (Financial Management) Regulations 1996 the Chief Executive Officer is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to risk management, internal control and legislative compliance, and report the results of the review to the Audit (and Risk) Committee. As part of this review it has been identified that some minor changes are required to Attachment 10.02.24.01A Risk Management Framework. The relevant changes are identified in red text to reflect the changes.

The review identified a reference to the former standard AS/NZS ISO 31000:2009 in the framework, instead of the more recent standard AS/NZS ISO 31000:2018.

**Consultation:**

Consultation has occurred between Chief Executive Officer and Manager Corporate and Community.

**Statutory Environment:**

Local Government Act 1995 S6.14  
 Local Government (Financial Management) Regulations 1996  
 AS/NZS ISO 31000:2018  
 Local Government Audit Regulations - 17

**Relevant Plans and Policy:**

Council “2.8 Risk Management” is relevant to this report.

**Financial Implications:**

There are no known financial implications to the 2023/24 budget applicable to this policy.

**Risk Assessment:**

On assessment against the Risk Matrix table below, the risk in relation to the amended policy and framework is assessed as “Low”.

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

Risk Rating	Action
LOW	Monitor for continuous improvement.
MEDIUM	Comply with risk reduction measures to keep risk as low as reasonably practical.
HIGH	Review risk reduction and take additional measures to ensure risk is as low as reasonably achievable.
SEVERE	Unacceptable. Risk reduction measures must be implemented before proceeding.

**Community & Strategic Objectives:**

This item relates to delivery of core business and services detailed in the Shire of Brookton Strategic Community Plan – June 2032, duly appended to the BROOKTON Corporate Business Plan July 2022 to June 2032.

**Comment**

The Risk Management Framework is fundamental and essential to managing risk as part of governance and to how the organisation is managed at all levels and will contribute to continuous improvement of management systems.

**OFFICER'S RECOMMENDATION**

That Council adopt the amended Risk Management Framework, as presented in Attachment 10.02.24.01A.

(Simple Majority vote required)

**ARC 02.24-02**

**COMMITTEE RESOLUTION**

**MOVED Cr de Lange                      SECONDED Cr Bell**

***That Council adopt the amended Risk Management Framework, as presented in Attachment 10.02.24.01A.***

***CARRIED BY SIMPLE MAJORITY VOTE 4/0***

***For: Cr Crute, Cr de Lange, Cr Bell, E Pech***

***Against: Nil***

**Attachments**

**Attachment 10.02.24.01A – Risk Management Framework.**



## Risk Management Framework

Risk Management Policy &  
Risk Management Procedures

~~June~~December 2023  
Version: ~~22~~

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## Distribution List

Position - Organisation	Number of Copies
Shire President - Shire of Brookton	1
Chief Executive Officer - Shire of Brookton	1
Manager Corporate and Community – Shire of Brookton	1
Manager Infrastructure and – Shire of Brookton	1
Shire Councillors - Shire of Brookton	6
Local Emergency Management Committee (LEMC) – Shire of Brookton	4

## Version Control

Version Number	Date	Amendment Details	Amended by
1	31/10/19	Version 1 created.	PCO
1	15/06/23	Version 2 - Reviewed in June 2023	MCC
<u>1</u>	<u>12/12/23</u>	<u>Version 3 - Reviewed in December 2023</u>	<u>MCC</u>

## References and related documents

The content of this document has been sourced from Shire of Brookton Policy 2.8 – Risk Management and AS/NZS 31000:2018 - Risk Management Principles and Guidelines.

Document Title	Document Location
<u><a href="#">AS/NZS 31000:2009 AS/NZS ISO 31000:2018 Risk Management – Principles and Guidelines</a></u>	
Shire of Brookton Business Continuity Plan	G:\AA KEYWORD STRUCTURE\RISK MANAGEMENT\PLANNING
Shire of Brookton Local Emergency Management Arrangements	G:\AA KEYWORD STRUCTURE\EMERGENCY SERVICES\PLANNING\EMERGENCY MANAGEMENT PLAN ADM0158 - LOCAL EMERGENCY MANAGEMENT COMMITTEE (LEMC)
Shire of Brookton Emergency Plan	G:\AA KEYWORD STRUCTURE\OCCUPATIONAL SAFETY & HEALTH\EMERGENCY PLANS

## Glossary

Term	Definition
<b>Business Continuity Planning</b>	A process which documents a plan to manage the realisation of risk, ensuring that the business can operate to the extent required in the event of an incident.
<b>Consequence</b>	The outcome or result of an incident.
<b>Context</b>	The circumstances that form the setting for an event, statement or idea, and in terms of which it can be fully understood.
<b>Controls</b>	Actions that can be taken to reduce the severity or likelihood of this risk occurring.
<b>Framework</b>	A set of components that provide a foundation.
<b>Likelihood</b>	Chance of something occurring
<b>Risk</b>	Effect of uncertainty on objectives.
<b>Risk Appetite</b>	The amount of risk an organisation is willing to take on in order to achieve its objectives
<b>Risk Assessment</b>	Combined process of risk identification, risk analysis and risk evaluation.
<b>Risk Management</b>	Coordinated activities to direct and control an organisation with regard to risk.
<b>Risk Management Process</b>	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.
<b>Risk Owner</b>	Staff member with the accountability and authority to manage a risk
<b>Risk Rating</b>	Risk priority based on consequence and likelihood assessments
<b>Risk Register</b>	Register of all identified risks, their consequences, likelihood, rating and treatments

## Risk Management Policy

### 2.8 RISK MANAGEMENT

Directorate:	Executive			
Statutory Environment:	<i>Health and Safety Act 2020</i> <i>Work Health and Safety (General) Regulations 2022</i> <i>AS/NZS 4360: 2004 Risk Management</i> <i>Local Government Audit Regulations - 17</i>			
Council Adoption:	Date:	Oct 2016	Resolution #:	13.06.08.04
Last Amended:	Date:	July 2023	Resolution #:	OCM 07.23-10
Review Date:	July 2024			

#### Purpose:

The Shire of Brookton's ("the Shire") Risk Management Policy documents the commitment and objectives regarding managing uncertainty that may impact the Shire's strategies, goals or objectives.

#### Policy:

It is the Shire's Policy to achieve best practice aligned with AS/NZS ISO 31000:2018 Risk management in the management of all risks that may affect the Shire, its customers, people, assets, functions, objectives, operations or members of the public.

Risk Management will form part of the strategic, operational, project and line management responsibilities and where possible, be incorporated within the Shire's Integrated Planning Framework.

The Shire's Senior Management Group will implement and communicate the Risk Management policy, objectives and procedures, as well as direct and monitor implementation, practice and performance.

Every employee, Elected Member, volunteer and contractor within the Shire is recognised as having a role in risk management.

Consultants may be retained at times to advise and assist in the risk management process or management of specific risks or categories of risk.

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

- *Risk* means 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* means Coordinated activities to direct and control an organisation with regard to risk.
- *Risk Management Process* means 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.

#### Objectives:

- Optimise the achievement of the Shire's vision, experiences, strategies, goals and objectives.

5

G:\AA KEYWORD STRUCTURE\RISK MANAGEMENT\PLANNING\Shire of Brookton Risk Management Framework



- Provide transparent and formal oversight of the risk and control environment to enable effective decision making.
- Enhance risk versus return within our risk appetite.
- Embed appropriate and effective controls to mitigate risk.
- Achieve effective corporate governance and adherence to relevant statutory, regulatory and compliance obligations.
- Enhance organisational resilience.
- Identify and provide for the continuity of critical operations.

**Risk Appetite:**

- The Shire defined its risk appetite through the development and endorsement of the Shire's Risk Assessment and Acceptance Criteria. The criteria are included within the Risk Management Procedures and are subject to ongoing review in conjunction with this policy.
- All organisational risks reported at a corporate level 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 organisation's appetite and are to be noted within the individual risk assessment and approved by the CEO.

**Roles, Responsibilities & Accountabilities:**

Council's role with assistance from the Audit and Risk Committee is to –

- Review and approve the Shire's Risk Management Policy and Risk Assessment and Acceptance Criteria.
- Liaise with Office of the Auditor General in its assessment and reporting on financial statements and performance standards annually.
- Establish and maintain an Audit and Risk Committee under provisions of the *Local Government Act, 1995* with the charter to oversee the identification of relevant risks and associated actions of mitigation across all finance and operational areas.

The CEO is responsible for the allocation of roles, responsibilities and accountabilities. These are documented in the Risk Management Procedures (Operational Document).

**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 Senior Management Group and will be formally reviewed by Council biennially.

## Introduction

All organisations have internal and external factors and influences that make it uncertain as to whether or not they will achieve their objectives. Fundamentally, this uncertainty on the organisations objectives is called risk.

Everything an organisation does involves some form of risk. Risk is managed by anticipating, identifying, analysing and then deciding if it is an acceptable level of risk, or if actions can be taken to reduce it, to an acceptable level of risk.

This document presents the Shire's Risk Management Policy, processes and procedures which combine to form a tailored Risk Management Framework. This Framework outlines the Shires individual approach to incorporating these concepts at an organisational level.

Abiding by this framework will establish corporate governance, legislative and regulatory compliance balanced with the resources available whilst taking human and cultural factors into account.

The following flow chart (Figure 1) illustrates the relationships between the risk management principles, framework and process.

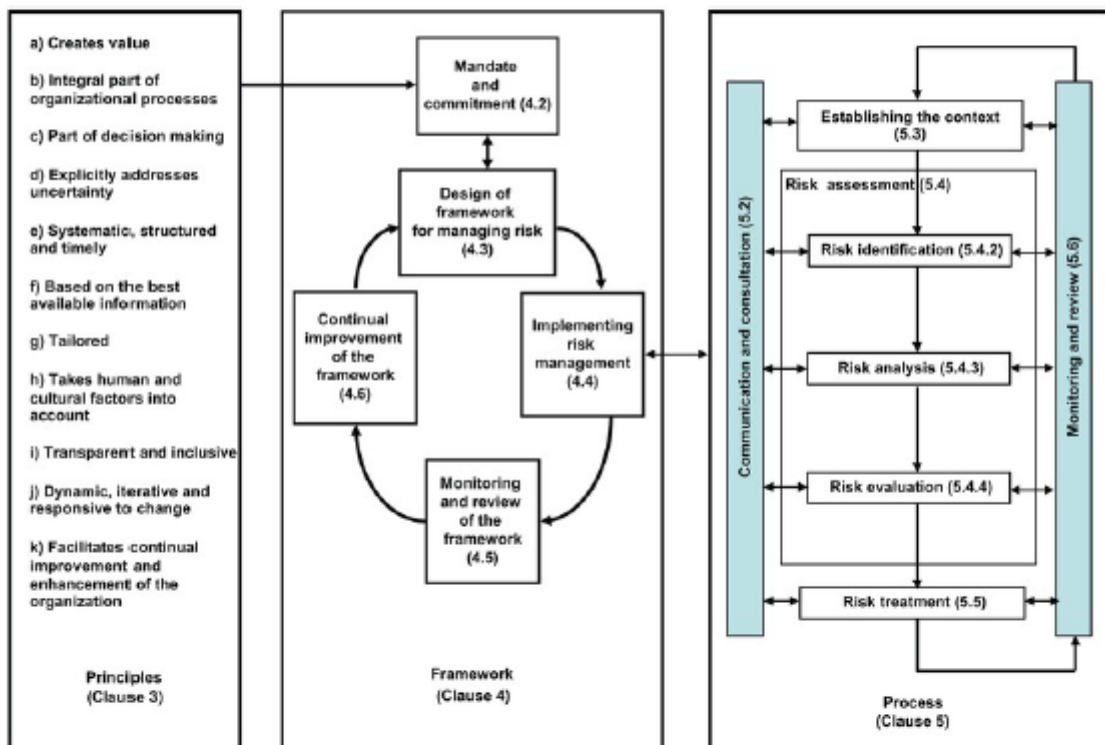


Figure 1: Relationships between the risk management principles, framework and process.

## Three Step Risk Governance Structure

### First Step

Operational areas of the Shire are the first step in ensuring risks within their scope are:

- Identified
- Reported
- Assessed
- Managed
- Monitored

Each Business Unit is accountable for all activities within their scope and responsible for:

- Establishing and implementing appropriate processes and controls.
- Completing required documentation, analysis and review.

### Second Step

The Senior Management Group are the Second Step in the risk management process. In addition to individual Business Unit responsibilities the Senior Management Group provide independent oversight of risk matters as required, co-ordination of the Shire's risk reporting for the CEO, Audit Committee and Council.

### Third Step

The Third Step consists of external and internal audits to assess the effectiveness of the First and Second Steps.

Internal Audits will be conducted on control processes and procedures under direction from the CEO. The Audit and Risk Committee may provide input on the direction and scope of these audits.

External Audits are conducted by the Office of the Auditor General (AOG) as required by legislation. Results are reported to the CEO and Audit and Risk Committee, as well as external parties where applicable.

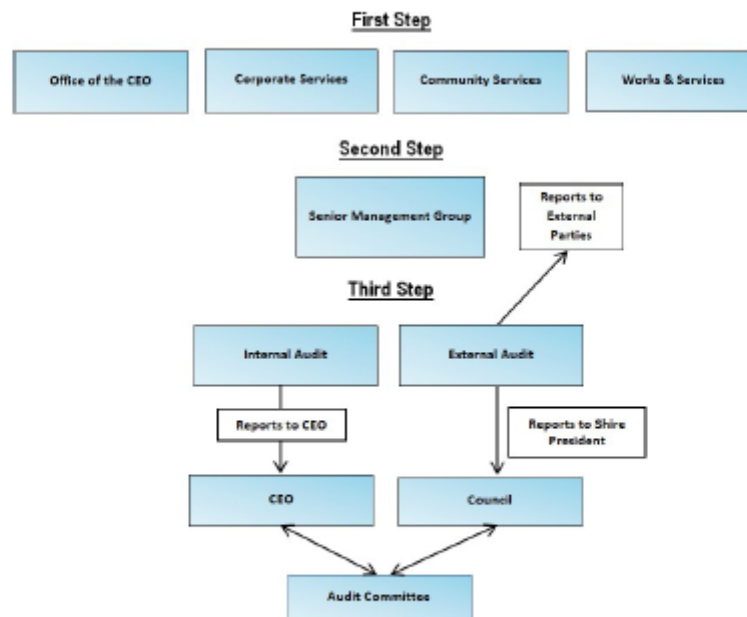


Figure 2: Three Step Governance Structure

## **Roles & Responsibilities**

All staff need to be familiar with the application of the risk management process across their areas of responsibility.

### Council

- Establish and maintain an Audit and Risk Committee.
- Facilitate resources, review and approve the Shire's Risk Management Policy and Framework.
- Liaise with Office of the Auditor General (AOG) to report on financial statements annually and the AOG is satisfied with measures being taken to mitigate risk.
- To review and consider any report or recommendation regarding the Risk Management Framework.

### Audit Committee

- Oversee external and internal audit functions.
- Promote high level the transparency and accountability of the Shire's financial management systems and reporting.
- Manage the Shire's risk exposure.
- Drive a culture of continuous improvement, including adequacy of accounting, internal control, risk management, reporting and other financial management systems and practices.
- Liaise with the Office of the Auditor General (AOG) on all matters detailed in its Terms of Reference.
- Independently oversee all matters related to the conduct of external audits.

### Chief Executive Officer (CEO)

- Ensure an effective risk management framework is implemented, applied and maintained across all Council functions.
- Allocate roles, responsibilities and accountabilities.
- Conduct internal audits as directed by the Audit and Risk Committee and as required by legislation.
- Make adequate resources available for risk management planning and implementation.
- Ensure Managers have the necessary knowledge and skills to effectively fulfil their risk management responsibilities.
- Perform regular risk management planning, review and where necessary training to effect mitigation.

### Senior Management Group

- Liaise with Council and the Audit and Risk Committee on Risk Management matters.
- Review and report on the Shire's Risk Management Framework.
- Encourage, embrace and enhance a risk management culture within the Shire.
- Evaluate emerging risks, issues and topics with a pro-active approach to mitigation.
- Document risk management decisions and actions.
- Own and manage Risk Assessments at an organisational level.
- Incorporate the following risk items into Senior Management Meeting agendas:
  - New or emerging risks.
  - Review existing risks.
  - Control adequacy.
  - Outstanding issues and actions.

## Managers

- Direct, encourage and embrace risk management implementation and culture within work areas.
- Own, manage and report on risk issues, as required.
- Ensure emerging risks and related issues are addressed in a timely manner and suitable form.
- Establish and implement appropriate processes and controls with assistance of the PCO.
- Complete required documentation, analysis and review, including Risk Management Action Plans and Risk Acceptance forms.
- Ensure the inclusion of risks in the Shire's Risk Register.
- Identify and monitor risk related Key Performance Indicators (KPI's).
- Identify and re-evaluate risks as a minimum of annually.

## Employees (and Contractors)

- Adhere to safe work practices and perform duties in a safe manner.
- Identify and report identified risk in areas of responsibility.
- Assist in development and effective implementation of risk management controls.
- Participate in and take any actions identified by the risk management process.

## **Risk Management Assessment Process**

### **1. Establishing Context**

The first step in the risk management process is to define the context within which risks are to be assessed. This establishes a start point to assess the risk against the Shire's Strategic, Operational and Project related objectives.

There are two key types of risk context:

*Internal* context may include the organisation's culture, process, structure and strategy. Management involves looking at the ways in which an organisation carries out its day to day business, operational activities and cultural factors, which are often changeable by the management structure.

*External* context may include political, legal, regulatory and social environment. Management involves looking at the environment within which an organisation operates, such as legal framework and changes not usually controlled by the organisation itself.

Risk is not limited to one category or factor as exposure can be varied and come from a variety of sources. Grouping risks into categories can assist in defining context and responsibility. See Appendix 3 – Control Effectivity Table and Risk Category Definitions.

### **2. Risk Assessment**

All Business Units need to undertake Risk and Control Assessments on an ongoing basis. For Risk Assessment Template see Appendix 4.

It is important to consider the risks involved in pursuing or not pursuing an opportunity. All significant causes and consequences should be considered under this Framework.

Each Manager needs to ensure Risk Assessments are:

- Reflective of and relevant to the Shire's actual risk environment.
- Reviewed annually as a minimum.

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G:\AA KEYWORD STRUCTURE\RISK MANAGEMENT\PLANNING\Shire of Brookton Risk Management Framework

- Completed in standard format aligned to this Framework.

Accordingly, each Manager is to perform the following:

- a) Risk Identification – means identifying sources of risk, areas of impact, events, opportunities, failure to innovate, their causes and potential consequences. The aim is to generate a list of risks based on those impacts or events.
- b) Risk Analysis – involves researching and understanding the risk and the influencing factors. It provides input to evaluation and decisions on the most appropriate action to be taken. The outcome of these assessment tools is called a Risk Rating.

The Risk Rating is determined by identifying the appropriate risk status on the Consequence and Likelihood Tables and applying these descriptor levels to the Risk Matrix. See Appendices 1 – Consequence Table and 2 – Likelihood Table, Risk Matrix and Risk Tolerance Table.

- c) Risk Evaluation – based on the Risk Rating it can be determined:
  - Treatment such as controls is required.
  - Existing controls are adequate.
  - The priority for treatment requires implementation.
  - The risk is acceptable with the decision being documented and status being monitored and reviewed annually as a minimum.
  - The risk is beyond acceptance level after implementation of controls.

### 3. Risk Treatment

Risk Treatment involves identifying one or more options to modify risks and determining how to implement options. Once implemented treatments can provide or modify efforts to control or mitigate the risk.

Treatment options or controls may include avoiding the risk entirely, accepting the risk to pursue an opportunity, removing the source of risk, changing the likelihood of occurrence, altering the consequence level, sharing the risk, retaining the risk by an informed decision and documenting the risk tolerance.

### 4. Risk Acceptance

Reasonable efforts should always be taken to reduce the risk. A lack of budgeted funds is not, in itself, sufficient justification to accept a risk.

The Shire will tolerate a certain "acceptance" level of risk. Risks rated low or moderate should be monitored in line with the relevant Business Unit processes and systems. See Appendix 2 – Likelihood Table, Risk Matrix and Risk Acceptance Table.

Risk Acceptance is a management decision to be made within authority levels. A Risk Acceptance Declaration must be made in writing and signed by the appropriate Manager on the bottom of the completed Risk Assessment form.

### 5. Communication and Consultation

Throughout the risk management process stakeholders should be identified, consulted and involved or informed of outcomes from the risk management process, where necessary.

Risk Management awareness and training will be provided to staff as part of the Occupational Safety and Health program, and included in new employee inductions.

## 6. Monitoring and Review

### Risk Register

The CEO will maintain the Shire's Risk Register. As risks are identified they are to be logged on the register as are the actions taken to respond to identified risks.

### Key Performance Indicators

Key Performance Indicator's (KPI's) are a measurable value which demonstrates how effectively core business objectives are being met. KPIs are not just arbitrary numbers, they express something strategic and measurable about what the organisation is trying to do, in this case monitoring trends in risk and validating treatments and controls.

When identifying KPI's the main points to ensure are that:

- Risk descriptions and casual factors are fully understood.
- The indicator is directly relevant to the risk or control.
- Predictive indicators are adopted wherever possible.
- Adequate coverage of monitoring risks and controls is provided.
- Quality data is received, documented, and used.

The trend of indicators is specifically used as an input to the Risk Assessment Template – Appendix 4.

Trend tolerances are set in accordance with the Shire's Risk Appetite. They may be set and agreed over three levels:

- **Green** – within appetite, no action required.
- **Amber** – indicator must be closely monitored, relevant controls set and implemented to bring the measure back within the green tolerance level.
- **Red** – beyond risk appetite. Indicator must be escalated to the CEO and Senior Management Group where appropriate actions are to be set and implemented to bring the measure back within acceptable appetite.

An example of a risk management KPI is to complete 'Take 5' assessments. These brief written assessments are designed to make the person undertaking them stop what they are doing, analyse the scene, take any available actions to mitigate the associated risks and document the circumstances before starting work.

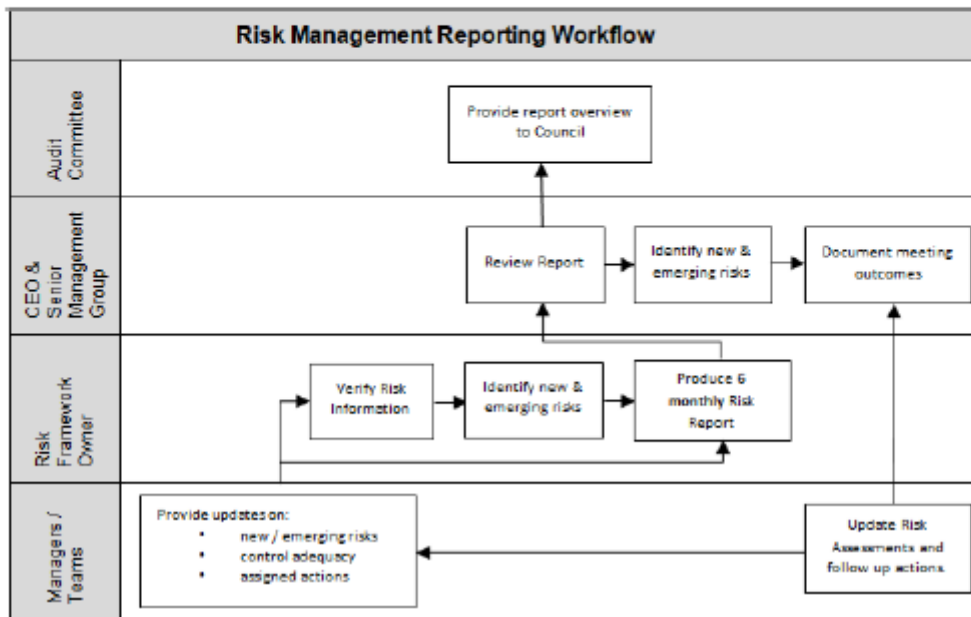
Completed Take 5's can be counted and used as a KPI that these assessments are being carried out, hazards are being identified, addressed and reported. The resulting data can be captured and used to monitor the actual work environment.

### **Reporting**

In addition to monitoring the performance of risk and hazard identification, reporting procedures and responsibilities, it is important to monitor the broader effectiveness of the framework to ensure it is

continually being improved, creating value and effective in mitigating risk for the organisation. If the Framework is not fit for purpose it needs to be reported, addressed by the Senior Management Group and reviewed by the Audit and Risk Committee.

Individual documentation review anniversaries have been identified throughout the framework and should be included on the Risk Register and individual Risk Assessments and Risk Acceptance forms.





## Appendix 1 - Consequence Table

RATING	PEOPLE	SERVICE DELIVERY	REPUTATION	COMPLIANCE	ASSETS	ENVIRONMENTAL	FINANCIAL
<b>Insignificant</b>	No injury, near miss, no impact on morale.	< 1 hour interruption to business or customers.	Some local complaints. Low or no media or political attention.	No regulatory or statutory impact.	Inconsequential damage.	Contained, immediately reversible impact managed by on site response.	\$0 - \$10,000
<b>Minor</b>	Minor First Aid treatment only. Negligible impact on morale or business.	< 1 day interruption to customers or business.	Minor community concern - no adverse effects. Some media or political attention.	Temporary non-compliance.	Minor damage rectified by routine internal procedures.	Minor impact, reversible in < 1 week by internal response.	\$10,000 to \$50,000
<b>Moderate</b>	Medical attention required. Lost time injury <30 Days. Short term effect on morale & business.	< 1 week day interruption to customers or business.	Significant community concern – minor adverse effects. Significant media or political attention.	Temporary non-compliance, minor penalties imposed.	Minor damage requiring external resources to rectify.	Moderate impact, potential to spread, can be reversed with intensive efforts.	\$50,000 to \$200,000
<b>Major</b>	Temporary disability Lost time injury >30 days. Significant impact on morale & business.	< 1 month interruption to customers or business. BCP activation.	Substantial community concern – adverse effects. Substantial media or political attention.	Non-compliance resulting in termination of service or substantial penalties.	Significant damage requiring internal & external resources to rectify.	Significant impact, likely to spread, danger of ongoing damage.	\$200 000 to \$500,000
<b>Extreme</b>	Major injury, permanent disability or fatality. Long term effect on morale & business.	> 1 month interruption to customers or business. BCP activation.	Irreparable damage to community or Shire reputation. Prolonged media or political attention.	Non-compliance results in litigation, criminal charges or significant damages or penalties.	Extensive damage requiring significant internal & external resources to rectify. Total loss of asset.	Major impact, irreversible damage.	> \$500,000

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## Appendix 2 – Likelihood Table, Risk Matrix and Risk Acceptance Table

### Likelihood Table

Rating	Description	Frequency
Almost Certain	Event may be expected to occur in most circumstances	> once per year
Likely	Event may probably occur in most circumstances	At least once per year
Possible	Event should occur at some time	At least once in 3 years
Unlikely	Event could occur at some time	At least once in 10 years
Rare	Event may only occur in exceptional circumstances	< once in 15 years

### Risk Matrix

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

### Risk Acceptance Table

Risk Rating	Action
LOW	Monitor for continuous improvement.
MEDIUM	Comply with risk reduction measures to keep risk as low as reasonably practical.
HIGH	Review risk reduction and take additional measures to ensure risk is as low as reasonably achievable.
SEVERE	Unacceptable. Risk reduction measures must be implemented before proceeding.

**Appendix 3 – Control Effectivity Table and Risk Category Definitions.**


**Control Effectivity Table**

Rating	Foreseeable	Description
<b>Effective</b>	Little scope for improvement.	Controls are operating as intended, aligned to Policies & Procedures, subject to ongoing maintenance & monitoring and being continuously reviewed and tested.
<b>Adequate</b>	Some scope for improvement.	Some inadequacies identified, controls are in place, being addressed and complied with and are subject to periodic review and testing.
<b>Inadequate</b>	Corrective action or improvement needed	Controls not operating as intended or do not exist, are not being addressed/complied with or have not been reviewed or tested for some time.

**Risk Category Definitions**

Risk Category	Examples	Responsible Business Unit
Teaching, training and learning	Insufficient implementation of risk management processes.	Executive (CEO)
Human Resources	Breaching employee regulations.	Executive (CEO)
Health and Safety	Documentation process not followed.	Executive (CEO)
Organisational Environment	Customer Service Charter failure	Executive (CEO)
Community Engagement	Public Notice undistributed	Community
Governance & Compliance	Noncompliance notice issued	Corporate
Financial	Invoices not paid in a timely manner.	Finance
Infrastructure	Inadequate maintenance activities	Infrastructure
IT & Record Keeping	System failure	Corporate
Ethics & Misconduct	Breach of Code of Conduct	Executive (CEO)
Procurement	Exceedance of authorisation limit	Corporate
Emergency Response	Inadequate incident response	Emergency

Appendix 4 - Risk Assessment Template

<h2 style="margin: 0;">Risk Assessment Template</h2>			
Risk Context:		Date: _____	
Risk Category:			
Risk Identification/Description: What could go right or wrong?			
<b>Risk Analysis</b>			
Potential causes:			
Existing Treatments and Controls:			Effectivity Rating
Overall Control Ratings:			Determination
Consequence:		Consequence	
		Likelihood	
		Risk Rating	
Actions / Treatments/ Issues			Due Date
			Responsibility
Indicators, monitoring and review			Tolerance
			Date
			Result
Risk Acceptance Declaration			Date
			Role
			Signature
Comments:			

**10.02.24.02 INTERNAL AUDIT OF THE CORPORATE CREDIT CARD SYSTEM**

<b>File No:</b>	N/A
<b>Date of Meeting:</b>	07 February 2024
<b>Location/Address:</b>	N/A
<b>Name of Applicant:</b>	N/A
<b>Name of Owner:</b>	N/A
<b>Author/s:</b>	Deanne Sweeney – Manager Corporate and Community
<b>Authorising Officer:</b>	Gary Sherry – Chief Executive Officer
<b>Declaration of Interest:</b>	The author and authorising officer do not have an interest in this item
<b>Voting Requirements:</b>	Simple Majority
<b>Previous Report:</b>	N/A

---

**Summary of Report:**

Council is requested to approve the Corporate Credit Card Review dated December 2023, completed in accordance with Policy 2.18 Use of Corporate Credit Cards.

**Background:**

An internal audit of the Corporate Credit Card System has been included in Council Policy 2.18 Use of Corporate Credit Cards approved September 2022 and in accordance with the Terms and Reference of the Audit and Risk Committee. The internal audit has been completed with samples for the period 01 July to 31 December 2023.

In accordance with the above mentioned, this review was completed in December 2023.

A copy of the Internal audit findings is detailed in Attachment 10.02.24.02A.

**Consultation:**

Internal consultation has occurred between the Senior Finance Officer and Manager Corporate and Community.

**Statutory Environment:**

Local Government (Financial Management) Regulations 1996 – Regulations 5 (1)(2) & 11 (1)(a).

**Relevant Plans and Policy:**

Policy 2.18 Use of Corporate credit Cards.

**Financial Implications:**

There are no known financial implications relating to this report.

**Risk Assessment:**

Completion of the internal audit provides a disciplined approach to evaluate and improve Councils internal controls, including its corporate governance and accounting processes.

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

Risk Rating	Action
LOW	Monitor for continuous improvement.
MEDIUM	Comply with risk reduction measures to keep risk as low as reasonably practical.
HIGH	Review risk reduction and take additional measures to ensure risk is as low as reasonably achievable.
SEVERE	Unacceptable. Risk reduction measures must be implemented before proceeding.

### Community & Strategic Objectives:

The Corporate Credit Card Internal Audit relates to the Corporate Business Plan 2022/2032 18. Council Finances – Financial reporting improvement program.

### Comment

There were two findings contained within the audit as detailed below:

Corporate Credit Card			Comment	
Yes	No	N/A	Describe/ Guidelines	Explain "No" Answers
	No		Cardholders are to certify that the account details are correct. The Manager Corporate & Community, or in the case of the Manager Corporate & Community the Chief Executive Officer, will then review the expenditure before it is returned to Finance Department area for payment.	One receipt identified during the audit did not comply - 5.5%. The finding has been reviewed, controls implemented and can be marked off as complete.
	No		The cardholder's certification must be provided within 7 days of receipt and prior to the end of the credit cards settlement period.	One receipt identified during the audit did not comply - 5.5% The finding has been reviewed, controls implemented and can be marked off as complete.

These findings have been reviewed, controls implemented, and can be marked off as complete.

### OFFICER'S RECOMMENDATION

That the Committee recommends that Council approves the Internal Audit of the Corporate Credit Card System conducted December 2023 as presented in Attachment 10.02.24.02A.

(Simple Majority vote required)

**ARC 02.24-03**

**COMMITTEE RESOLUTION**

**MOVED Cr de Lange**

**SECONDED Cr Bell**

***That the Committee recommends that Council approves the Internal Audit of the Corporate Credit Card System conducted December 2023 as presented in Attachment 10.02.24.02A.***

***CARRIED BY SIMPLE MAJORITY VOTE 4/0***

***For: Cr Crute, Cr de Lange, Cr Bell, E Pech***

***Against: Nil***

**Attachments**

**Attachment 10.02.24.02A – Internal Audit of Corporate Credit Card System.**



## SHIRE OF BROOKTON

### Annual Internal Audit as per policy 2.18 use of Corporate Credit Cards

The focus of this internal audit is to determine if the Shire of Brookton has effective controls over the use of corporate credit cards

Date completed - 18 December 2023

Corporate Credit Card				Comment
Yes	No	N/A	Description/Guidelines	Explain "No" Answers
Yes			Council's aim, is to review policies at least once per annum - although not a statutory requirement - Last Review Sept 2022. Policy manual to be reviewed	
Yes			Confirm credit card limits as per Policy 2.18 Use of Corporate Credit Cards and Delegation Register 1.45 Issue of Corporate Credit Cards.	
Yes			An Agreement ( Annexure A)signed by all cardholders which sets out the cardholders responsibilities and legal obligations	
Yes			CESM only to utilise Corporate Credit Card for declared emergency requirements and for the purpose of fuel reimbursements	
Yes			The Shire of Brookton's Corporate Credit Cards are to be issued by its transactional banker.	
Yes			The Shire's Corporate Credit Cards shall only be used for purchases of goods and services in the performance of official duties for which there is a budget provision.	
Yes			A tax invoice should be provided to support the purchase along with completion of the Corporate Credit Card Authorisation Form. If no invoice or receipt is available, as much detail about the transaction should be recorded and used to support the payment, no later than 7 days after the transaction. (Date, Company, Address, ABN, amount, any GST included).	



		NA	Where a payment is made for entertainment, it is important to note on the invoice/receipt the number of persons entertained and the names of any Shire of Brookton's employees in that number.	
Yes			Monthly statement of account of the corporate credit card will be forwarded to each cardholder for certification and for the supply of receipts and tax invoices to support the Shire's claim for the GST component of purchases and services obtained.	
	No		Cardholders are to certify that the account details are correct. The Manager Corporate & Community, or in the case of the Manager Corporate & Community the Chief Executive Officer, will then review the expenditure before it is returned to Finance Department area for payment.	One receipt identified during the audit did not comply - 5.5%. The finding has been reviewed, controls implemented and can be marked off as complete.
Yes			New Card applications - Letter to be drawn up and authorised copies kept on record.	
	No		The cardholder's certification must be provided within 7 days of receipt and prior to the end of the credit cards settlement period.	One receipt identified during the audit did not comply - 5.5%. The finding has been reviewed, controls implemented and can be marked off as complete.
		NA	Cards that are lost or stolen must be reported immediately by the cardholder to the issuing banker by telephone. At the earliest opportunity, written notification must also be given to the Manager Corporate & Community.	
		NA	Unauthorised expenditure or expenditure of a private nature that is proved to be inappropriate will be recovered by deductions from the officer's salary.	
Yes			Internal audits will be completed and provide a report on the control, use, viability and adherence to authorised policy and procedures to the Manager Corporate & Community.	

		NA	Where the Corporate Cards carry rewards or bonus points, usually to encourage the use of the card by the issuing institution, these rewards or points will be accumulated in the name of the Shire of Brookton. The Shire's management (CEO) will decide how these points are to be utilised. Under no circumstances are rewards or bonus points to be redeemed for any officer's private benefit.	
Yes			CEO or other Officer cease to occupy a position that is authorised to be issued with a corporate credit card (either through internal transfer, retirement, resignation or conclusion of service contract) they must return the card to the MCC (or in the case of the MCC to the CEO) at least one week prior to vacating the position so that the card may be cancelled and the account settled.	
Yes			Maintaining a Card Register of all cardholders including the card number, expiry date of the credit card, credit limit and details of any limits on the goods and services the cardholder has authority to purchase.	<a href="G:\FINANCE\Bank\Signatories\Credit card register.xlsx">G:\FINANCE\Bank\Signatories\Credit card register.xlsx</a>

General comments - No changes to the cardholders or authorised limits throughout the year. Reduction in Credit Card usage as 3 samples selected the cardholder/officer statements showed no transactions took place during that month period.

CREATED BY: **Charlotte Cooke** Digitally signed by Charlotte Cooke  
Date: 2023.12.21 14:17:36 +08'00'  
 Charlotte Cooke - Senior Finance Officer  
 DATE COMPLETED : 21/12/2023  
 AUTHORISED BY: **Deanne Sweeney** Digitally signed by Deanne Sweeney  
Date: 2023.12.21 14:06:27 +08'00'  
 Deanne Sweeney - Manager Corporate & Community  
 DATE CHECKED : 21/12/2023

**10.02.24.03 REGULATION 17 REVIEW NOVEMBER 2023**

<b>File No:</b>	N/A
<b>Date of Meeting:</b>	07 February 2024
<b>Location/Address:</b>	N/A
<b>Name of Applicant:</b>	N/A
<b>Name of Owner:</b>	N/A
<b>Author/s:</b>	Deanne Sweeney – Manager Corporate and Community
<b>Authorising Officer:</b>	Gary Sherry – Chief Executive Officer
<b>Declaration of Interest:</b>	The author and authorising officer do not have an interest in this item
<b>Voting Requirements:</b>	Simple Majority
<b>Previous Report:</b>	N/A

**Summary of Report:**

The Audit and Risk Committee is to review the Shire of Brookton’s Regulation 17 Review November 2023 and consider recommending adoption by Council.

**Description of Proposal:**

The Regulation 17 Review, included as Attachment 10.02.24.03A, is a report of the review of the Shire of Brookton’s risk management, internal controls and legislative compliance, the findings of that review, the responses of management to those findings and recommendations on the systems and procedures of the Shire of Brookton.

Overall the following results were obtained:

Significant Risk	Moderate Risk	Minor Risk
Unacceptable. Risk reduction measures must be implemented before proceeding	comply with risk reduction measures to keep risk as low as reasonably practical	Monitor for continuous improvement
0	4	1

**Background:**

Local Government (Financial Management) Regulation 5(2)(c) requires that the Chief Executive Officer (CEO) examine the appropriateness and effectiveness of the systems and procedures in relation to risk management, internal controls, and legislative compliance of the Shire. A Regulation 17 Review meets this statutory requirement.

The last review of the Regulation 17 review was undertaken in 2021.

**Consultation:**

Chief Executive Officer  
Senior Finance Officer  
AMD Chartered Accountants

**Statutory Environment:**

Local Government (Financial Management) Regulations 1996 Division 5 CEO's duties as to financial management Section (2) the CEO is to:

- (c) 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 the results of those reviews.

**Relevant Plans and Policy:**

The recommendation is relevant to 2.8 Risk Management.

**Financial Implications:**

There are no financial implications associated with the officer recommendation.

**Risk Assessment:**

The risk is assessed as "Low". Failure to monitor the Shire's ongoing internal controls and risks would impact the organisations obligations to achieve legislative compliance.

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

Risk Rating	Action
LOW	Monitor for continuous improvement.
MEDIUM	Comply with risk reduction measures to keep risk as low as reasonably practical.
HIGH	Review risk reduction and take additional measures to ensure risk is as low as reasonably achievable.
SEVERE	Unacceptable. Risk reduction measures must be implemented before proceeding.

**Community & Strategic Objectives:**

This item relates to delivery of core business and services detailed in the Shire of Brookton Strategic Community Plan – June 2032, duly appended to the BROOKTON Corporate Business Plan July 2022 to June 2032.

**Comment**

Nil.

**OFFICER'S RECOMMENDATION**

That the Audit and Risk Committee recommends that council receives the Regulation 17 Review November 2023, findings and recommendations as presented in Attachment 10.02.24.03A.

(Simple Majority vote required)

**ARC 02.24-04**

**COMMITTEE RESOLUTION**

**MOVED Cr Crute**

**SECONDED Cr Bell**

***That the Audit and Risk Committee recommends that council receives the Regulation 17 Review November 2023, findings and recommendations as presented in Attachment 10.02.24.03A.***

***CARRIED BY SIMPLE MAJORITY VOTE 4/0***

***For: Cr Crute, Cr de Lange, Cr Bell, E Pech***

***Against: Nil***

**Attachments**

**Attachment 10.02.24.03A – Regulation 17 Review November 2023 Findings.**



# 2023 Regulation 17 Review

Shire of Brookton

November 2023





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PO Box 1306, Bunbury, WA 6231

19 December 2023

Mrs Gary Sherry  
Chief Executive Officer  
Shire of Brookton  
PO Box 42  
BROOKTON WA 6306

Dear Gary

#### 2023 REGULATION 17 REVIEW

We are pleased to present the findings and recommendations resulting from our Shire of Brookton (the "Shire") *Local Government (Audit) Regulations 1996, Regulation 17 Review*.

This report relates only to procedures and items specified within our 2023 Regulation 17 Review Proposal and does not extend to any financial report of the Shire.

We would like to thank Deanne, Charlotte and staff at the Shire for their co-operation and assistance whilst conducting our review.

Should there be matters outlined in our report requiring clarification or any other matters relating to our review, please do not hesitate to contact me.

Yours sincerely  
AMD Chartered Accountants

MARIA CAVALLO FCA  
Director

Liability limited by a scheme approved under Professional Standards Legislation

Independent Member of  
**BKR**  
INTERNATIONAL

CHARTERED ACCOUNTANTS  
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### Inherent limitations

Due to the inherent limitations of any internal control structure, it is possible that fraud, error or non-compliance with laws and regulations may occur and not be detected. Further, the internal control structure, within which the control procedures that have been subject to review, has not been reviewed in its entirety and, therefore, no opinion or view is expressed as to its effectiveness of the greater internal control structure. This review is not designed to detect all weaknesses in control procedures as it is not performed continuously throughout the period and the tests performed on the control procedures are on a sample basis. Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

We believe that the statements made in this report are accurate, but no warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by, the Shire of Brookton management and personnel. We have indicated within this report the sources of the information provided. We have not sought to independently verify those sources unless otherwise noted with the report. We are under no obligation in any circumstance to update this report, in either oral or written form, for events occurring after the report has been issued in final form unless specifically agreed with the Shire of Brookton. The review findings expressed in this report have been formed on the above basis.

### Third party reliance

This report was prepared solely for the purpose set out in this report and for the internal use of the management of the Shire of Brookton. This report is solely for the purpose set out in the 'Scope and Approach' of this report and for Shire of Brookton's information and is not to be used for any other purpose or distributed to any other party without AMD's prior written consent. This review report has been prepared at the request of the Shire of Brookton's Chief Executive Officer or its delegate in connection with our engagement to perform the review as detailed in the 2023 Regulation 17 Review Proposal. Other than our responsibility to the Council and management of the Shire of Brookton, neither AMD nor any member or employee of AMD undertakes responsibility arising in any way from reliance placed by a third party.





## 1. Executive Summary

### 1.1. Background and Objectives

To undertake a review of the appropriateness and effectiveness of risk management, internal controls and legislative compliance of the Shire in accordance with the *Local Government (Audit) Regulations 1996*, Regulation 17 for the period ended 30 November 2023 (the “Review”).

Our findings included within this report are based on the site work completed by us from 20 November to 22 November 2023, and subsequent communication. Findings are based on information provided and available to us during and subsequent to our visit.

### 1.2. Summary of Findings

The procedures performed and our findings on each of the focus areas are detailed in the following sections of the report:

- Section 2 – Risk management;
- Section 3 – Internal controls; and
- Section 4 – Legislative compliance.

Following the completion of our review and subject to the recommendations outlined within sections 2 to 4, we are pleased to report that in context of the Shire’s overall internal control environment, policies, procedures and processes in place are appropriate, and have been operating effectively at the time of the review.

Findings reported by us are on an exceptions basis, and do not take into account the many focus areas tested during our review where policies, procedures and processes were deemed to be appropriate and in accordance with best practice.

The following tables provide a summary of the findings raised in this report:

	Significant Risk	Moderate Risk	Minor Risk
Number of new issues reported	0	4	1

*For details on the review rating criteria, please refer to Section 5.*



Ref	Issue	Risk Rating
<b>Risk management</b>		
<b>Risk Management Policies and Procedures</b>		
2.2.2	Further enhancements recommended relating to existing policies and procedures. A number of policies and procedures identified which are outdated or in development Some Shire practices have no documented policy or procedure.	Moderate
<b>Business Continuity</b>		
2.2.3	Business Continuity Plan had not been updated since October 2019 and contained a number of outdated contacts. In addition, the plan had not been tested.	Moderate
<b>Tender/contract/lease management</b>		
2.2.4	Tender register not published on the Shire's website. Shire does not have a contract management framework and the lease register does not record the lessee's insurance details.	Moderate
<b>Internal controls</b>		
No findings to raise in respect to the internal controls of the Shire.		
<b>Legislative compliance</b>		
<b>Audit and Risk Committee</b>		
4.2.1	Risk reports not presented to the Audit and Risk Committee.	Moderate
<b>Internal Audit Program</b>		
4.2.2	Shire does not have a formal documented internal audit program in place.	Minor



## 2. Risk management

### 2.1. Scope and approach

Our review examined the following areas:

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



## 2.2. Detailed findings and recommendations

### 2.2.1. Risk Management Policies and Procedures

*Finding Rating: Moderate*

While completing a review of the Shire’s internal risk management policies and procedures, we noted:

(A) Further Enhancement Required

The following policies and/or procedures required further enhancements:

- Risk Management Framework –policy refers to the former AS/NZS 3100:2009 Risk Management – Principles and Guidelines on page 3;
- Public Interest Disclosure (PID) Procedure – procedure does not currently allow for internal or external parties to report concerns anonymously. In addition, the procedure states the person holding the position of Deputy Chief Executive Officer (DCEO) is the designated PID officer, however the Shire of Brookton DCEO position is currently vacant;
- Occupational Safety and Health Policy – was due for review in June 2023. The policy also contains an old ref to AS/NZS 4801;
- Local Recovery Plan – plan requires updating, contacts in the Plan have not been updated and an outdated reference to AS/NZS Standard 4360:1999 Risk Management is quoted in the policy;
- Shire of Brookton Bushfire Risk Management Plan 2021 - 2026 – refers to outdated AS/NZ ISO 31000:2009 Risk Management-Principles and Guidelines;
- An audit of the Safety Plan has not been conducted;
- Employee Code of Conduct dated June 2021 does not have a next scheduled review date noted; and
- Use of Corporate Credit Cards – unclear if fuel cards are included in the policy.

(B) No Policy or Procedure

No policies or procedures are in place in respect to:

- Fraud Management;
- Events Management;
- Specimen signature for officers with delegate authority; and
- Community surveys.

(C) Potential Out of Date Documents

The following policies, procedures and/or plans are potentially out of date and may require review:

Document	Last Revision Date
Procurement Policy	June 2023
Use of Corporate Credit Cards	June 2023
Document	Review Due Date
Social Media Policy	June 2023
IT Security and Use Policy	June 2023

Our review of policies and procedures was limited to those which were provided during our onsite visit.



**Implications/Risks**

Lack of policies and/or procedures evidencing specific risks to the Shire.  
In addition, outdated policies and procedures may not reflect the actual practices followed by Shire representatives.

**Recommendation**

We recommend:

- those policies and procedures highlighted at (A) above are further enhanced in accordance with our findings;
- policies and procedures be developed and implemented for those identified areas of risk highlighted at (B) above; and
- those potentially out of date policies and procedures identified at (C) above, be reviewed and updated accordingly.

**Management Comment**

A full review of the Policy Manual is scheduled after Council's extraordinary election in March 2024.

Further Enhancement (A) and No Policy or Procedure (B) will be reviewed. Council endorsement will be required for some policies and plans. Progress will be reviewed by the Audit and Risk Committee.

Responsible Officer: Chief Executive Officer

Completion Date: December 2024

**2.2.2. Business Continuity Plan**

*Finding Rating: Moderate*

Our review of the Shire of Brookton's Business Continuity Plan (Plan) identified:

- the Plan is dated October 2019 and has not been reviewed since this date. Furthermore the Plan contains outdated contacts; and
- the Plan has not been tested.

**Implications/Risks**

Where the Plan has not been reviewed, updated and tested, there is a risk of significant delays and business interruption in respect to the Shire's business should an unforeseen circumstance arise.

**Recommendation**

We recommend the Shire of Brookton Business Continuity Plan be reviewed and updated where required. In addition, the Business Continuity Plan should be tested to ensure the Plan is adequate in the event of an unforeseen circumstance occurring.

**Management Comment**

The recommendation is accepted. A review of the Business Continuity Plan and testing will be completed.

Responsible Officer: Manager Corporate and Community

Completion Date: December 2024



### 2.2.3. Tender, Contract and Lease Management

#### *Finding Rating: Moderate*

Our review of tenders, contracts and leases identified the following:

- the tender register has not been published on the website as required;
- The Shire does not have a contract management framework outlining the consistent approach to be undertaken for all Shire contracts; and
- the lease register did not record insurance details of lessees.

#### **Implications/Risks**

- Risk of non-compliance with the Local Government Regulations.
- The Shire is potentially exposed to risks due to contractor non-compliance with contract terms and conditions.
- Potential for contract risks not being identified, assessed and appropriately managed throughout the contract.
- Risk that findings and results from a contract are not used to improve future contract processes conducted by the Shire.
- The Shire is potentially exposed to risks if the lessees' insurance is not up to date.

#### **Recommendation**

We recommend:

- the tender register be published on the Shire's website;
- a contract management framework be developed incorporating policies and procedures relating to contract management;
- consideration be given to one employee being designated responsibility to oversee contract management;
- a detailed and centralised contracts register be maintained and updated as required;
- Current insurances for Shire contractors be obtained and a system be implemented whereby a notification is issued when contractor insurances are due to expire;
- A contractor performance review system be designed and implemented;
- a formal procedure be implemented to monitor lessee compliance with the terms and conditions of the Shire's leased properties and the lease register be updated where necessary.

#### **Management Comment**

The recommendations are acknowledged and accepted. Recommendations will be prioritised and actioned.

Responsible Officer: Manager Corporate and Community      Completion Date: December 2024



### **3. Internal controls**

#### **3.1. Scope and approach**

Our review examined the following areas:

- Segregation of roles and functions, processing and authorisation controls;
- Delegations of authority (completeness and adherence);
- Documented policies and procedures;
- The effectiveness of policy and process reviews;
- Approval of documents, letters and financial records;
- Management internal reviews undertaken in respect to comparison of internal data with external sources of information;
- The adequacy of internal controls;
- Security controls in respect to physical access to assets and records;
- Security controls in respect to computer applications and information systems (general and application IT controls);
- Access limits placed on data files and systems;
- Whether the maintenance and review of financial control accounts and trial balances is regular and appropriate;
- Key management internal reviews undertaken in respect to comparison and analysis of financial results with budgeted amounts;
- Key management internal reviews undertaken in respect to the arithmetical accuracy and content of records;
- Controls in respect to purchasing and payment of accounts;
- Effectiveness of the training and development plan for staff and elected members; and
- Reporting, review and approval of financial payment and reconciliations; and
- Physical cash and inventory count records when compared to accounting records.

#### **3.2. Detailed findings and recommendations**

Our review indicated the internal controls are in line with best practice and were found to be operating effectively.

Accordingly, we have no recommendations to raise in respect to the internal controls the Shire have in place.



## 4. Legislative compliance

### 4.1. Scope and approach

Our review examined the following areas:

- Internal monitoring of compliance with legislation and regulations;
- The Local Government's ability to stay informed regarding legislative changes;
- The Local Government's completion of the annual Compliance Audit Return and reporting the results of that review to the Audit and Risk Management Committee and Council;
- The monitoring of the Local Government's structured guidelines that detail the Local Government's processes for meeting statutory obligations (compliance frameworks);
- Communications between key management and the Audit and Risk Management Committee to ensure the Audit and Risk Management Committee is informed in respect to the effectiveness of the Local Government's compliance and recommendations for changes as required;
- The Local Government's procedures in respect to receiving, retaining and handling complaints, including confidential and anonymous employee complaints;
- Key managements internal review processes in respect to the identification of adverse trends and management plans to address these;
- Management disclosures in financial reports of the effect of significant compliance issues (if any);
- The internal and / or external audit contracts include an assessment of compliance and ethics risks in the development of the audit plan and in the conduct of audit projects, and report compliance and ethical issues to the Audit and Risk Management Committee; and
- The Audit and Risk Management Committee's processes and procedures in respect to compliance with legislative and regulatory compliance ensuring no misuse of position through adequate disclosure of conflicts of interest.

### 4.2. Detailed findings and recommendations

#### 4.2.1. Audit and Risk Committee

*Finding Rating: Moderate*

We noted for the period under review, risk reports had not presented to the Audit and Risk Committee.

#### Implications/Risks

- Risk of governance and oversight responsibilities not being met.
- Risk of Local Government Act and Regulations not being regularly assessed.

#### Recommendation

We recommend risk reports be presented at each Audit and Risk Committee meeting providing an update on the status of identified risks.

#### Management Comment

The recommendation has been accepted. Procedures have been reviewed and updated to ensure risk reports completed are presented to the Audit and Risk Committee annually.

Responsible Officer: Manager Corporate and Community

Completion Date: December 2023





#### **4.2.2. Internal Audit**

*Finding Rating: Low*

We note the Shire does not currently have a formal documented internal audit program in place.

##### **Implications/Risks**

Risk of non-compliance with Department of Local Government, Sports and Cultural Industries Guidelines recommended practices.

##### **Recommendation**

The Department of Local Government, Sports and Cultural Industries Guidelines recommend an internal function be established incorporating an internal audit program which is re-assessed annually.

Should the Shire consider that an internal audit function is not required, we suggest the Audit and Risk Committee formally document they have considered the best practice guideline and the reasons they feel it is not necessary.

##### **Management Comment**

Recommendation noted. An internal audit program will be discussed with the Executive Team and a recommendation provided to the Audit and Risk Committee.

Responsible Officer: Manager Corporate and Community

Completion Date: December 2024



## 5. Guidance on Risk Assessment

Risk is uncertainty about an outcome. It is the threat that an event, action or non-action could affect an organisation's ability to achieve its business objectives and execute its strategies successfully. Risk is an inherent component of all service activities and includes positive as well as negative impacts. As a result not pursuing an opportunity can also be risky. Risk types take many forms – business, economic, regulatory, investment, market, and social, just to name a few.

Risk management involves the identification, assessment, treatment and ongoing monitoring of the risks and controls impacting the organisation. The purpose of risk management is not to avoid or eliminate all risks. It is about making informed decisions regarding risks and having processes in place to effectively manage and respond to risks in pursuit of an organisation's objectives by maximising opportunities and minimising adverse effects.

Our risk guidelines are based on the Risk Management – Guidelines Standard AS / NZS ISO 31000-2018 and the Shire of Brookton's Risk Management Framework.

Our guidance to risk classification in completing our review is as follows:

### *Measure of Likelihood of Risk*

Likelihood is the chance that the event may occur given knowledge of the organisation and its environment. The following table provides broad descriptions to support the likelihood rating:

#### Likelihood Table

Rating	Description	Frequency
<b>Almost Certain</b>	Event may be expected to occur in most circumstances	> once per year
<b>Likely</b>	Event may probably occur in most circumstances	At least once per year
<b>Possible</b>	Event should occur at some time	At least once in 3 years
<b>Unlikely</b>	Event could occur at some time	At least once in 10 years
<b>Rare</b>	Event may only occur in exceptional circumstances	< once in 15 years

*\*Above Extracted from the Shire's Risk Management Framework.*



**Measure of Consequence of Risk**

Consequence is the severity of the impact that would result if the event were to occur. The following table provides broad descriptions to support the consequence rating:

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

*\*Above Extracted from the Shire’s Risk Management Framework.*

**Risk Analysis Matrix – Level of Risk**

Finding Rating for each audit issue was based on the following table:

**Risk Matrix**

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

*\*Above Extracted from the Shire’s Risk Management Framework.*



*Finding / Risk Acceptance Rating*

**Risk Acceptance Table**

Risk Rating	Action
LOW	Monitor for continuous improvement.
MEDIUM	Comply with risk reduction measures to keep risk as low as reasonably practical.
HIGH	Review risk reduction and take additional measures to ensure risk is as low as reasonably achievable.
SEVERE	Unacceptable. Risk reduction measures must be implemented before proceeding.

*\*Above Extracted from the Shire's Risk Management Framework.*

**10.02.24.04 ANNUAL FINANCIAL REPORT AND AUDIT REPORT 2022/2023**

<b>File No:</b>	FIN007A
<b>Date of Meeting:</b>	07 February 2024
<b>Location/Address:</b>	N/A
<b>Name of Applicant:</b>	N/A
<b>Name of Owner:</b>	Shire of Brookton
<b>Author/s:</b>	Deanne Sweeney – Manager Corporate and Community
<b>Authorising Officer:</b>	Gary Sherry – Chief Executive Officer
<b>Declaration of Interest:</b>	The author and authorising officer do not have an interest in this item
<b>Voting Requirements:</b>	Simple Majority
<b>Previous Report:</b>	N/A

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**Summary of Item:**

The 2022/2023 Annual Report (AR) provides a summary of the Shire’s performance in relation to finance and governance responsibilities for the 2022/2023 financial year.

**Description of Proposal:**

The Officer’s Recommendation is that the Audit and Risk Committee make a recommendation for Council to approve the 2022/2023 Annual Report, inclusive of the audited financials, and set a date for the annual general meeting of electors as required by the *Local Government Act, 1995*.

The 2022/23 Annual Financial Report Attachment 10.02.24.04A and Management Letter Attachment 10.02.24.04B are provided under separate cover.

**Background:**

Nexia Australia Pty Ltd has conducted the audit of the Shire of Brookton’s financial management functions.

Legislation requires the first draft of the annual financial statements to be provided to the Shire’s auditors (OAG) prior to 30 September of each financial year. This is preceded by a request for all relevant information to be provided prior to the auditors attending onsite.

Nexia attended the Shire of Brookton onsite during 23-27 October 2023 with ongoing communication and follow up through to December 2023. The Auditor signed their Audit Report on 20 December 2023.

No matters were raised as part of the 2023 Final Management Letter as presented in Attachment 10.02.24.04B.

With Council adoption of the 2022/2023 Annual Report, a local public notice will advise of the availability of the Annual Report (AR) together with the date set for the Annual Electors Meeting as determined by Council.

**Consultation:**

Office of the Auditor General  
Nexia Australia Pty Ltd

**Statutory Environment:**

Local Government Act 1995

**5.27. Electors' general meetings**

- 1) A general meeting of the electors of a district is to be held once every financial year.
- 2) A general meeting is to be held on a day selected by the local government but not more than 56 days after the local government accepts the annual report for the previous financial year.
- 3) The matters to be discussed at general electors' meetings are to be those prescribed.

**5.53 Annual reports**

- 1) The local government is to prepare an annual report for each financial year.
- 2) The annual report is to contain —
  - (a) a report from the mayor or president;
  - (b) a report from the CEO;
  - [(c), (d) deleted]
  - (e) an overview of the plan for the future of the district made in accordance with section 5.56, including major initiatives that are proposed to commence or to continue in the next financial year;
  - (f) the financial report for the financial year;
  - (g) such information as may be prescribed in relation to the payments made to employees;
  - (h) the auditor's report for the financial year;
  - (h(a)) a matter on which a report must be made under section 29(2) of the Disability Services Act 1993;
  - (h(b)) details of entries made under section 5.121 during the financial year in the register of complaints, including —
    - (i) the number of complaints recorded in the register of complaints;
    - (ii) how the recorded complaints were dealt with; and
    - (iii) any other details that the regulations may require; and such other information as may be prescribed.

**5.54 Acceptance of annual reports**

- 1) Subject to subsection (2), the annual report for a financial year is to be accepted\* by the local government no later than 31 December after that financial year.

\* Absolute majority required.

- 2) If the auditor's report is not available in time for the annual report for a financial year to be accepted by 31 December after that financial year, the annual report is to be accepted by the local government no later than 2 months after the auditor's report becomes available.

**Relevant Plans and Policy:**

There are no plan and policy implications arising from this report.

**Financial Implications:**

There are no known financial implications upon either the Council's current budget or strategic resource plan.

### Risk Assessment:

There is a risk that should the Annual Report not be adopted within the timeframes outlined, Council may be in breach of the *Local Government Act, 1995* and applicable subsidiary legislation. Accordingly, the risk associated with this matter is assessed as 'Medium'.

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

Risk Rating	Action
LOW	Monitor for continuous improvement.
MEDIUM	Comply with risk reduction measures to keep risk as low as reasonably practical.
HIGH	Review risk reduction and take additional measures to ensure risk is as low as reasonably achievable.
SEVERE	Unacceptable. Risk reduction measures must be implemented before proceeding.

### Community & Strategic Objectives:

This item relates to delivery of core business and services detailed in the Shire of Brookton Strategic Community Plan – June 2032, duly appended to the BROOKTON Corporate Business Plan July 2022 to June 2032.

### Comment

Based on the Auditor's opinion the Shire's financial report complies with the *Local Government Act, 1995* together with the Local Government (Financial Management) Regulations, 1996 and further:

- a) gives a true and fair view of the Shire's financial position as of 30 June 2023 and of its financial performance and its cash flows for the year ended on that date; and
- b) complies with the Australian Accounting Standards.

There were no findings contained within the Final Audit Management Letter in the current audit.

The corporate business unit will continue to identify improvements of internal controls to improve efficiencies within the organisation.

## OFFICER RECOMMENDATION

That the Committee recommends that Council:

1. pursuant to Sections 5.53 and 5.54 of the Local Government Act 1995, endorses and accepts the Shire of Brookton 2022/2023 Annual Report presented as Attachment 10.02.24.04A to this report;
2. authorise the Chief Executive Officer to give public notice of the availability of the 2022/2023 Annual Report in accordance with Section 5.55 of the Local Government Act, 1995;
3. receives the Management Report from the Office of the Auditor General for the Year Ended 30<sup>th</sup> June 2023; and
4. authorises the Chief Executive Officer to advertise the Annual General Meeting of Electors to be held on Thursday 21<sup>st</sup> March 2024 commencing at 7.30pm at the Brookton Memorial Hall, 25 White Street Brookton.

(Simple Majority vote required)

### **ARC 02.24-05**

#### **COMMITTEE RESOLUTION**

**MOVED Cr Bell**

**SECONDED Cr de Lange**

***That the Committee recommends that Council:***

1. ***pursuant to Sections 5.53 and 5.54 of the Local Government Act 1995, endorses and accepts the Shire of Brookton 2022/2023 Annual Report presented as Attachment 10.02.24.04A to this report;***
2. ***authorise the Chief Executive Officer to give public notice of the availability of the 2022/2023 Annual Report in accordance with Section 5.55 of the Local Government Act, 1995;***
3. ***receives the Management Report from the Office of the Auditor General for the Year Ended 30<sup>th</sup> June 2023; and***
4. ***authorises the Chief Executive Officer to advertise the Annual General Meeting of Electors to be held on Thursday 21<sup>st</sup> March 2024 commencing at 7.30pm at the Brookton Memorial Hall, 25 White Street Brookton.***

**CARRIED BY SIMPLE MAJORITY VOTE 4/0**

**For: Cr Crute, Cr de Lange, Cr Bell, E Pech**

**Against: Nil**

## **Attachments**

Attachment 10.02.24.04A provided under separate cover – 2022/23 Annual Financial Report.  
Attachment 10.02.24.04B – Management Letter.



**Attachment 10.02.24.04A – Provided under separate cover**

## ATTACHMENT

## SHIRE OF BROOKTON

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

## FINDINGS IDENTIFIED DURING THE FINAL AUDIT

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
NO FINDINGS			

## KEY TO RATINGS

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

- Significant** - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating may be reported as a matter of non-compliance in the audit report in the current year, or in a subsequent reporting period if not addressed. However, even if the issue is not likely to impact the audit report, it should be addressed promptly.
- Moderate** - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.
- Minor** - Those findings that are not of primary concern but still warrant action being taken.

**SHIRE OF BROOKTON  
PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023  
FINDINGS IDENTIFIED DURING THE FINAL AUDIT**

**NO FINDINGS FOR THE YEAR ENDED 30 JUNE 2023.**

## 10.02.24.05 2023 COMPLIANCE AUDIT REPORT (CAR)

<b>File No:</b>	GOV-026
<b>Date of Meeting:</b>	07 February 2024
<b>Location/Address:</b>	N/A
<b>Name of Applicant:</b>	N/A
<b>Name of Owner:</b>	Shire of Brookton
<b>Author/s:</b>	Deanne Sweeney – Manager Corporate and Community
<b>Authorising Officer:</b>	Gary Sherry – Chief Executive Officer
<b>Declaration of Interest:</b>	The author and authorising officer do not have an interest in this item
<b>Voting Requirements:</b>	Simple Majority
<b>Previous Report:</b>	Nil

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### Summary of Item:

The Audit and Risk Committee are to consider the annual Shire of Brookton Compliance Audit Return (CAR) for the period 1<sup>st</sup> January 2023 to 31<sup>st</sup> December 2023, with a recommendation being put forward to the Shire of Brookton Council for adoption.

### Background:

The Compliance Audit Return (CAR) is a Department of Local Government, Sport, and Cultural Industries (DLGSCI) prepared check list of some of the statutory requirements for Local Governments were required to comply with in the twelve months to 31 December 2023.

Regulation 14 of the Local Government (Audit) Regulations requires that a local government's Audit Committee reviews the CAR and reports the results of that review to the Council prior to adoption by Council and submission to the DLGSCI.

The Statutory Compliance Audit Return is to be:

1. presented by staff to a meeting of the Audit & Risk Committee;
2. recommended for adoption by Council by decision of the Audit & Risk Committee;
3. presented to a meeting of Council;
4. adopted by the Council; and
5. the adoption recorded in the minutes of the meeting at which it is adopted.

After the Compliance Audit Return has been presented to Council, a certified copy of the return, along with the relevant section of the minutes and any additional information explaining or qualifying the compliance audit is to be submitted to the Executive Director, Department of Local Government, Sport, and Cultural Industries, by 31<sup>st</sup> March 2024.

The 2023 CAR focuses on the following areas of compliance:

1. Commercial Enterprises by Local Governments
2. Delegation of Power/Duty
3. Disclosure of Interest
4. Disposal of Property
5. Elections
6. Finance
7. Integrated Planning and Reporting
8. Local Government Employees
9. Official Conduct
10. Optional questions
11. Tenders for Providing Goods and Services

The Audit Committee is to consider the CAR 2023 and make recommendations to the 15 February 2024 Ordinary Meeting of Council. The draft Compliance Audit Return 2023 is included at Attachment 10.02.24.05A.

The Shire of Brookton 2023 CAR includes the following matters of non-compliance:

No	Legislative Reference	Question	Answer	Response	Comment
<b>Disclosure of Interest</b>					
4	s5.75 Admin Reg 22, Form 2 s5.75 Admin Reg 22, Form 2	Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day?	No	CESM & CRC Coordinator 9/8/23 Correspondence to Crime & Corruption Commission Sent	One promoted staff member was overlooked in completing a primary return upon commencing the new position with authorities. Staff will review procedure to identify future. Another longer serving employee did not complete a primary return on employment.
<b>Elections</b>					
3	Elect Regs 30G(5) & (6)	Did the CEO publish an up-to-date version of the electoral gift register on the local government's official website in accordance with regulation 30G(5) of the Local Government (Elections) Regulations 1997?	No	The 2023 Electoral Gift Register was not published on the Shire of Brookton website in 2023.	No electoral gifts were received in 2023. The Electoral Gift Register on the website was titled "2021 Electoral Gift Register" This has been amended.
<b>Integrated Planning and Reporting</b>					
2	Admin Reg 19DA(1) & (4)	Has the local government adopted by absolute majority a corporate business plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	No	The Corporate Business Plan was not reviewed in 2023. The most recent Corporate Business Plan was reviewed at OCM 11.22-14 - 17/11/22	This requirement was overlooked. Staff will develop a schedule to present a Corporate Business Plan annually to Council.

**Consultation:**

Consultation has been undertaken with relevant officers in regard to compliance requirements being met, or not.

**Statutory Environment:**

The Council is obliged to complete and submit the Brookton Compliance Audit Return 2023 in accordance with the Local Government Act 1995 and the Local Government (Audit) Regulations 1996.

- Section 7.13(1)(i) of the Local Government Act, 1995 requires local governments to carry out, in the prescribed manner and in a form approved by the Minister an audit of compliance with statutory requirements prescribed in the Local Government (Audit) Regulations, 1996.
- Regulation 13 of the Local Government (Audit) Regulations, 1996 details the statutory requirements that must be addressed within the compliance audit.
- Regulation 14 of the Local Government (Audit) Regulations, 1996 specifies the requirement to undertake a compliance audit for the annual period 1 January to 31 December and the process by which the audit return is to be considered by Council.
- Regulation 15 of the Local Government (Audit) Regulations 1996 details the actions to be taken to certify the audit return and to submit the return by 31 March following the period to which the return relates.

**Relevant Plans and Policy:**

Nil.

**Financial Implications:**

There are no financial implications.

**Risk Assessment:**

There is a risk that Council will be in breach of its statutory obligations should it not complete and adopt the Brookton - Compliance Audit Return 2023. Accordingly, it has been assessed that the level of risk is high.

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

Risk Rating	Action
LOW	Monitor for continuous improvement.
MEDIUM	Comply with risk reduction measures to keep risk as low as reasonably practical.
HIGH	Review risk reduction and take additional measures to ensure risk is as low as reasonably achievable.
SEVERE	Unacceptable. Risk reduction measures must be implemented before proceeding.

### **Community & Strategic Objectives:**

This item relates to delivery of core business and services detailed in the Shire of Brookton Strategic Community Plan – June 2032, duly appended to the BROOKTON Corporate Business Plan July 2022 to June 2032.

### **Comment**

In addition to the statutory compliance, the CAR is an internal control monitoring process and as such is a useful tool for to report the Audit & Risk Committee.

The areas of non-compliance are planned to be addressed by the Chief Executive Officer.

### OFFICER'S RECOMMENDATION

"The Audit and Risk Committee recommends that Council:

1. adopts the completed Local Government Compliance Audit Return for the period 1 January 2023 to 31 December 2023 and the President and Chief Executive Officer be authorised to sign the joint certification and return to the Director General of the Department of Local Government and Communities as required; and
2. notes the non-compliance matter and requests that the Chief Executive Officer ensure the areas of non-compliance are addressed.

(Simple Majority vote required)

### **ARC 02.24-06**

#### **COMMITTEE RESOLUTION**

**MOVED Cr Bell**

**SECONDED Cr de Lange**

*"The Audit and Risk Committee recommends that Council:*

1. *adopts the completed Local Government Compliance Audit Return for the period 1 January 2023 to 31 December 2023 and the President and Chief Executive Officer be authorised to sign the joint certification and return to the Director General of the Department of Local Government and Communities as required; and*
2. *notes the non-compliance matter and requests that the Chief Executive Officer ensure the areas of non-compliance are addressed.*

**CARRIED BY SIMPLE MAJORITY VOTE 4/0**

**For: Cr Crute, Cr de Lange, Cr Bell, E Pech**

**Against: Nil**

### **Attachments**

**Attachment 10.02.24.05A – Draft Compliance Audit Return 2023.**



## Brookton – Compliance Audit Return

<b>Commercial Enterprises by Local Governments</b>				
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>
1	s3.59(2)(a) F&G Regs 7,9,10	Has the local government prepared a business plan for each major trading undertaking that was not exempt in 2023?	N/A	No major trading undertaking was considered in 2023
2	s3.59(2)(b) F&G Regs 7,8A, 8, 10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2023?	N/A	No major land transaction was considered in 2023
3	s3.59(2)(c) F&G Regs 7,8A, 8,10	Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2023?	N/A	No major land transaction was considered in 2023
4	s3.59(4)	Has the local government complied with public notice and publishing requirements for each proposal to commence a major trading undertaking or enter into a major land transaction or a land transaction that is preparatory to a major land transaction for 2023?	N/A	No major land transaction was considered in 2023
5	s3.59(5)	During 2022, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority?	N/A	No major trading undertaking or major land transaction was considered in 2023

<b>Delegation of Power/Duty</b>				
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>
1	s5.16 (1)	Were all delegations to committees resolved by absolute majority?	Yes	OCM 06.23-15 on 15 June 2023
2	s5.16 (2)	Were all delegations to committees in writing?	Yes	
3	s5.17	Were all delegations to committees within the limits specified in section 5.17 of the Local Government Act 1995?	Yes	
4	s5.18	Were all delegations to committees recorded in a register of delegations?	Yes	
5	s5.18	Has council reviewed delegations to its committees in the 2022/2023 financial year?	Yes	OCM 06.23-15 on 15 June 2023



6	s5.42(1) & s5.43 Admin Reg 18G	Did the powers and duties delegated to the CEO exclude those listed in section 5.43 of the Local Government Act 1995?	Yes	
7	s5.42(1)	Were all delegations to the CEO resolved by an absolute majority?	Yes	OCM 06.23-15 on 15 June 2023
8	s5.42(2)	Were all delegations to the CEO in writing?	Yes	
9	s5.44(2)	Were all delegations by the CEO to any employee in writing?	Yes	
10	s5.16(3)(b) & s5.45(1)(b)	Were all decisions by the Council to amend or revoke a delegation made by absolute majority?	Yes	
11	s5.46(1)	Has the CEO kept a register of all delegations made under Division 4 of the Act to the CEO and to employees?	Yes	
12	s5.46(2)	Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2022/2023 financial year?	Yes	As part of review by Council in June 2023
13	s5.46(3) Admin Reg 19	Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record in accordance with Local Government (Administration) Regulations 1996, regulation 19?	Yes	

#### Disclosure of Interest

No	Reference	Question	Response	Comments
1	s5.67	Where a council member disclosed an interest in a matter and did not have participation approval under sections 5.68 or 5.69 of the 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	
2	s5.68(2) & s5.69(5) Admin Reg 21A	Were all decisions regarding participation approval, including the extent of participation allowed and, where relevant, the information required by the Local Government (Administration) Regulations 1996 regulation 21A, recorded in the minutes of the relevant council or committee meeting?	Yes	
3	s5.73	Were disclosures under sections 5.65, 5.70 or 5.71A(3) of the Local Government Act 1995 recorded in the minutes of the meeting at which the disclosures were made?	Yes	
4	s5.75 Admin Reg 22, Form 2	Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day?	No	CESM & CRC Coordinator 9/8/23 - Correspondence to Crime & Corruption Commission Sent
5	s5.76 Admin Reg 23, Form 3	Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2022?	Yes	
6	s5.77	On receipt of a primary or annual return, did the CEO, or the Mayor/President, give written acknowledgment of having received the return?	Yes	

<b>7</b>	s5.88(1) & (2)(a)	Did the CEO keep a register of financial interests which contained the returns lodged under sections 5.75 and 5.76 of the Local Government Act 1995?	Yes	
<b>8</b>	s5.88(1) & (2)(b) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A of the Local Government Act 1995, in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28?	Yes	
<b>9</b>	s5.88(3)	When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76 of the Local Government Act 1995, did the CEO remove from the register all returns relating to that person?	Yes	
<b>10</b>	s5.88(4)	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?	Yes	
<b>11</b>	s5.89A(1), (2) & (3) Admin Reg 28A	Did the CEO keep a register of gifts which contained a record of disclosures made under sections 5.87A and 5.87B of the Local Government Act 1995, in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28A?	Yes	
<b>12</b>	s5.89A(5) & (5A)	Did the CEO publish an up-to-date version of the gift register on the local government's website?	Yes	
<b>13</b>	s5.89A(6)	When people cease to be a person who is required to make a disclosure under section 5.87A or 5.87B of the Local Government Act 1995, did the CEO remove from the register all records relating to those people?	Yes	
<b>14</b>	s5.89A(7)	Have copies of all records removed from the register under section 5.89A(6) of the 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	
<b>15</b>	s5.70(2) & (3)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to council or a committee, did that person disclose the nature and extent of that interest when giving the advice or report?	Yes	
<b>16</b>	s5.71A & s5.71B(5)	Where council applied to the Minister to allow the CEO to provide advice or a report to which a disclosure under 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?	N/A	
<b>17</b>	s5.71B(6) & s5.71B(7)	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?	N/A	

18	s5.104(1)	Did the local government prepare and adopt, by absolute majority, a code of conduct to be observed by council members, committee members candidates that incorporates the model code of conduct?	N/A	OCM 06.21-22
19	s5.104(3) & (4)	Did the local government adopt additional requirements in addition to the model code of conduct? If yes, does it comply with section 5.104(3) and (4) of the Local Government Act 1995?	N/A	
20	s5.104(7)	Has the CEO published an up-to-date version of the code of conduct for council members, committee members and candidates on the local government's website?	Yes	
21	s5.51A(1) & (3)	Has the CEO prepared and implemented a code of conduct to be observed by employees of the local government? If yes, has the CEO published an up-to-date version of the code of conduct for employees on the local government's website?	Yes	

### Disposal of Property

No	Reference	Question	Response	Comments
1	s3.58(3)	Where the local government disposed of property other than by public auction or tender, did it dispose of the property in accordance with section 3.58(3) of the Local Government Act 1995 (unless section 3.58(5) applies)?	N/A	
2	s3.58(4)	Where the local government disposed of property under section 3.58(3) of the 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	

### Elections

No	Reference	Question	Response	Comments
1	Elect Regs 30G(1) & (2)	Did the CEO establish and maintain an electoral gift register and ensure that all disclosure of gifts forms completed by candidates and donors and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the forms relating to each candidate in accordance with regulations 30G(1) and 30G(2) of the Local Government (Elections) Regulations 1997?	Yes	
2	Elect Regs 30G(3) & (4)	Did the CEO remove any disclosure of gifts forms relating to an unsuccessful candidate, or a successful candidate that completed their term of office, from the electoral gift register, and retain those forms separately for a period of at	N/A	No electoral gift forms were completed by any candidate and received by Council.

		least two years in accordance with regulation 30G(4) of the Local Government (Elections) Regulations 1997?		
3	Elect Regs 30G(5) & (6)	Did the CEO publish an up-to-date version of the electoral gift register on the local government's official website in accordance with regulation 30G(5) of the Local Government (Elections) Regulations 1997?	No	The 2023 Electoral Gift Register was not published on the Shire of Brookton website in 2023.

<b>Finance</b>				
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No	Reference	Question	Response	Comments
1	s7.1A	Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the Local Government Act 1995?	Yes	Special Meeting of Council 23/10/2023
2	s7.1B	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?	N/A	No delegation authorised
3	s7.9(1)	Was the auditor's report for the financial year ended 30 June 2023 received by the local government by 31 December 2023?	Yes	The auditor's report for the financial year ended 30 June 2023 was received 20/12/2023
4	s7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under section 7.9(1) of the Local Government Act 1995 required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters?	N/A	No findings were raised in the auditor's report for the financial year ended 30 June 2023
5	s7.12A(4)(a) & (4)(b)	Where matters identified as significant were reported in the auditor's report, did the local government prepare a report that stated what action the local government had taken or intended to take with respect to each of those matters? Was a copy of the report given to the Minister within three months of the audit report being received by the local government?	N/A	No significant matters were raised in the auditor's report for the financial year ended 30 June 2023
6	s7.12A(5)	Within 14 days after the local government gave a report to the Minister under section 7.12A(4)(b) of the Local Government Act 1995, did the CEO publish a copy of the report on the local government's official website?	N/A	
7	Audit Reg 10(1)	Was the auditor's report for the financial year ending 30 June 2023 received by the local government within 30 days of completion of the audit?	Yes	

<b>Local Government Employees</b>				
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No	Reference	Question	Response	Comments
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1	s5.36(4) & s5.37(3) Admin Reg 18A	Were all CEO and/or senior employee vacancies advertised in accordance with Local Government (Administration) Regulations 1996, regulation 18A?	N/A	No CEO or senior employee was employed in 2023
2	Admin Reg 18E	Was all information provided in applications for the position of CEO true and accurate?	N/A	No CEO or senior employee was employed in 2023
3	Admin Reg 18F	Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position under section 5.36(4) of the Local Government Act 1995?	N/A	No CEO or senior employee was employed in 2023
4	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss senior employee?	N/A	No senior employee was employed or dismissed in 2023
5	s5.37(2)	Where council rejected a CEO's recommendation to employ or dismiss a senior employee, did it inform the CEO of the reasons for doing so?	N/A	No senior employee was employed or dismissed in 2023

#### Official Conduct

No	Reference	Question	Response	Comments
1	s5.120	Has the local government designated an employee to be its complaints officer?	N/A	The CEO is the Complaints Officer
2	s5.121(1) & (2)	Has the complaints officer for the local government maintained a register of complaints which records all complaints that resulted in a finding under section 5.110(2)(a) of the Local Government Act 1995?	Yes	
3	S5.121(2)	Does the complaints register include all information required by section 5.121(2) of the Local Government Act 1995?	Yes	
4	s5.121(3)	Has the CEO published an up-to-date version of the register of the complaints on the local government's official website?	Yes	

#### Tenders for Providing Goods and Services

No	Reference	Question	Response	Comments
1	F&G Reg 11A(1) & (3)	Did the local government comply with its current purchasing policy, adopted under the Local Government (Functions and General) Regulations 1996, regulations 11A(1) and (3) in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, \$250,000 or less or worth \$250,000 or less?	Yes	

<b>2</b>	s3.57 F&G Reg 11	Subject to Local Government (Functions and General) Regulations 1996, regulation 11(2), did the local government invite tenders for all contracts for the supply of goods or services where the consideration under the contract was, or was expected to be, worth more than the consideration stated in regulation 11(1) of the Regulations?	Yes	
<b>3</b>	F&G Regs 11(1), 12(2), 13, & 14(1), (3), and (4)	When regulations 11(1), 12(2) or 13 of the Local Government Functions and General) Regulations 1996, required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with Regulation 14(3) and (4)?	Yes	Supply of goods or services obtained through the Western Australian Local Government Association preferred suppliers program. Policy 2.36 Procurement
<b>4</b>	F&G Reg 12	Did the local government comply with Local Government (Functions and General) Regulations 1996, Regulation 12 when deciding to enter into multiple contracts rather than a single contract?	N/A	
<b>5</b>	F&G Reg 14(5)	If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents, or each acceptable tenderer notice of the variation?	N/A	
<b>6</b>	F&G Regs 15 & 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 15 and 16?	Yes	
<b>7</b>	F&G Reg 17	Did the information recorded in the local government's tender register comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulation 17 and did the CEO make the tenders register available for public inspection and publish it on the local government's official website?	Yes	
<b>8</b>	F&G Reg 18(1)	Did the local government reject any tenders that were not submitted at the place, and within the time, specified in the invitation to tender?	N/A	
<b>9</b>	F&G Reg 18(4)	Were all tenders that were not rejected assessed by the local government via a written evaluation of the extent to which each tender satisfies the criteria for deciding which tender to accept?	Yes	
<b>10</b>	F&G Reg 19	Did the CEO give each tenderer written notice containing particulars of the successful tender or advising that no tender was accepted?	Yes	
<b>11</b>	F&G Regs 21 & 22	Did the local government's advertising and expression of interest processes comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulations 21 and 22?	N/A	

<b>12</b>	F&G Reg 23(1) & (2)	Did the local government reject any expressions of interest that were not submitted at the place, and within the time, specified in the notice or that failed to comply with any other requirement specified in the notice?	N/A	
<b>13</b>	F&G Reg 23(3) & (4)	Were all expressions of interest that were not rejected under the Local Government (Functions and General) Regulations 1996, Regulation 23(1) & (2) assessed by the local government? Did the CEO list each person as an acceptable tenderer?	N/A	
<b>14</b>	F&G Reg 24	Did the CEO give each person who submitted an expression of interest a notice in writing of the outcome in accordance with Local Government (Functions and General) Regulations 1996, Regulation 24?	N/A	
<b>15</b>	F&G Regs 24AD(2) & (4) and 24AE	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice in accordance with Local Government (Functions & General) Regulations 1996 regulations 24AD(4) and 24AE?	N/A	
<b>16</b>	F&G Reg 24AD(6)	If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application notice of the variation?	N/A	
<b>17</b>	F&G Reg 24AF	Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 16, as if the reference in that regulation to a tender were a reference to a pre-qualified supplier panel application?	N/A	
<b>18</b>	F&G Reg 24AG	Did the information recorded in the local government's tender register about panels of pre-qualified suppliers comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24AG?	N/A	
<b>19</b>	F&G Reg 24AH(1)	Did the local government reject any applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time, specified in the invitation for applications?	N/A	
<b>20</b>	F&G Reg 24AH(3)	Were all applications that were not rejected assessed by the local government via a written evaluation of the extent to which each application satisfies the criteria for deciding which application to accept?	N/A	
<b>21</b>	F&G Reg 24AI	Did the CEO send each applicant written notice advising them of the outcome of their application?	N/A	

22	F&G Regs 24E & 24F	Where the local government gave regional price preference, did the local government comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24E and 24F?	Yes	
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### Integrated Planning and Reporting

No	Reference	Question	Response	Comments
1	Admin Reg 19C	Has the local government adopted by absolute majority a strategic community plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	17/11/2022  OCM 11.22-13 - 17/11/22
2	Admin Reg 19DA(1) & (4)	Has the local government adopted by absolute majority a corporate business plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	No	The Corporate Business Plan was not reviewed in 2023. The most recent Corporate Business Plan was reviewed at OCM 11.22-14 - 17/11/22
3	Admin Reg 19DA(2) & (3)	Does the corporate business plan comply with the requirements of Local Government (Administration) Regulations 1996 19DA(2) & (3)?	Yes	

### Optional Questions

No	Reference	Question	Response	Comments
1	Financial Management Reg 5(2)(c)	Did the CEO review the appropriateness and effectiveness of the local government's financial management systems and procedures in accordance with the Local Government (Financial Management) Regulations 1996 regulations 5(2)(c) within the three financial years prior to 31 December 2023? If yes, please provide the date of council's resolution to accept the report.	Yes	20/07/2023 Presented at Ordinary Council Meeting 20/07/2023
2	Audit Reg 17	Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with Local Government (Audit) Regulations 1996 regulation 17 within the three financial years prior to 31 December 2023? If yes, please provide date of council's resolution to accept the report.	Yes	21/11/2023 Being presented at February 2024 Ordinary Council Meeting
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	N/A	No disclosures were made in 2023



		of the gift? Did the disclosure include the information required by section 5.87C of the Act?		
<b>4</b>	s5.90A(2) & (5)	Did the local government prepare, adopt by absolute majority and publish an up-to-date version on the local government's website, a policy dealing with the attendance of council members and the CEO at events?	Yes	Policy 1.24 Attendance at events (Council Members and CEO). Ordinary Council Meeting 20/08/2020
<b>5</b>	s5.96A(1), (2), (3) & (4)	Did the CEO publish information on the local government's website in accordance with sections 5.96A(1), (2), (3), and (4) of the Local Government Act 1995?	Yes	
<b>6</b>	s5.128(1)	Did the local government prepare and adopt (by absolute majority) a policy in relation to the continuing professional development of council members?	Yes	Policy 1.6 Training Sessions Conferences Meeting Seminars - Elected Members. Ordinary Council Meeting 16/09/2021
<b>7</b>	s5.127	Did the local government prepare a report on the training completed by council members in the 2022/2023 financial year and publish it on the local government's official website by 31 July 2023?	Yes	
<b>8</b>	s6.4(3)	By 30 September 2023, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2023?	Yes	Balanced accounts and annual report submitted to auditor 20/09/2023
<b>9</b>	s.6.2(3)	When adopting the annual budget, did the local government take into account all its expenditure, revenue and income?	Yes	

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Mayor/President

\_\_\_\_\_  
Date

**11.02.24 STATUS TABLE – REGULATION 17**

The following table provides an understanding of governance matters identified through annual audits or required by legislation and an update on the progress of addressing relative compliance. The status is presented to satisfy the requirements of Regulation 17 of the Local Government (Audit) Regulations 1996.

Black – No changes from previous reports

Blue – Additions from last Audit & Risk Committee meeting

Item #	Date Initiated	Item Title	Findings or other Statutory Requirements	Risk Factor	Officer Status Update	Assigned to	Estimated Due Date	% Completed
11	9-Jul-20	Review of Workforce Plan	Forms part of the Integrated Planning and Reporting Framework that informs the annual budget - subject to review every two years.	Moderate	Draft Workforce Plan template compiled – progress to be performed in the coming months following full re-alignment of officer duties and transfer of a number of service delivery functions in-house (i.e. swimming pool management, cleaning, bushfire management). 12.07.2021 - commencement with Moore Australia for the suite of plans IPR. 22/12/22 - To be submitted as a project for the 2023/24 budget. 05/07/23 - Provision in 2023/24 Draft Budget	CEO	May-21 Dec-21	20%
15	9-Jul-20	Review of Local Laws	A review of the Shire of Brookton’s Local Laws to be conducted.	Moderate	12.07.2021 – Draft Meeting Procedures Local Law and revocation of Extractive Industry Local Law endorsed by Council in April 2021 – presently awaiting gazettal. 05/07/23 - Provision in 2023/24 Draft Budget	CEO	Ongoing	20%
4.2.1	Apr-23	Key Security and Access to CRC Building	Keys maintained at the Administration Office be stored in the locked key cabinet to ensure access is restricted to authorised personnel; Staff be required to complete the key sign out book when utilising Council keys; and Staff who require access to the CRC building be provided with their own unique alarm code.	Medium	Procedures have been amended to approve the Administration Records Officer (ARO) as the authorised personnel for the key cabinets. Cabinets are locked at all times and access is required through the ARO. The ARO is responsible for the signing out of keys. A Security System Code register is currently being implemented at the CRC. This will ensure all employees are provided with an individual PIN for access to the CRC building and will form part of the Engagement Checklist. 05/07/23 - New	MCC	Jun-23	100%

Item #	Date Initiated	Item Title	Findings or other Statutory Requirements	Risk Factor	Officer Status Update	Assigned to	Estimated Due Date	% Completed
					security system installed at CRC with individual PIN's.			
4.2.2	Apr-23	Disaster Recovery Plan and Disposal of IT Equipment Policy	Review and test the Disaster Recovery Plan on a regular basis to identify any deficiencies and update the plan accordingly; and Implement a disposal of IT equipment policy, communicating the policy to staff and ensuring ongoing monitoring of compliance with the policy.	Medium	The Disaster Recovery Plan will be reviewed at the earliest convenience. A quote has been requested from our IT provider to assist with the annual review and expected to be undertaken in the 2023/24 financial year. Implementation of a Disposal of IT Equipment Policy is currently underway and will be presented to Council by December 2023. <b>04/01/24 Disposal of IT Equipment Policy adopted by council October 23.</b>	MCC	Dec-23	30%
5.2.1	Apr-23	Monthly Reconciliations	Reconciliations are a key control and should be reviewed by someone independent of the reconciliation function on at least a monthly basis. Furthermore, we recommend there be evidence to indicate independent review of monthly financial statements.	Low	The End of Month Procedures have been reviewed and updated to ensure dual signage on all documents. Whilst the individual documents were not dual signed the End of Month Checklist is reviewed and signed off by the Senior Finance Officer and Manager Corporate & Community. The End of Month checklist has been amended to include the independent review of the Monthly Financial Statements and dual signing by the Senior Finance Officer and Manager Corporate & Community.	MCC	Apr-23	100%
6.2.1	Apr-23	Tender Management	We recommend all documentation during the tender process be retained and available for review.	Medium	<b>A Tender Checklist is to be implemented and communicated to appropriate staff to ensure compliance. 04/01/24 implemented and provided to appropriate staff.</b>	MCC	Dec-23	100%

Item #	Date Initiated	Item Title	Findings or other Statutory Requirements	Risk Factor	Officer Status Update	Assigned to	Estimated Due Date	% Completed
7.2.1	Apr-23	Human Resources Policies and Procedures	Staff recruitment, staff performance reviews & training and development policies and procedures be prepared, approved, implemented through appropriate communication to employees and regularly monitored; and the code of conduct be reviewed in accordance with stated review date and updated if required	Medium	The Shire does not have a policy or procedure for staff recruitment, staff performance reviews, and training and development. In addition, the code of conduct was not reviewed in accordance with the stated review date of June 2022. Staff will review existing HR policies and document required procedures by 30 September 2023. The CEO will review the Employees Code of Conduct by 30 June 2023. 5/7/2023 HR Policies will be reviewed and included in a total review of the Shire of Brookton Policy Manual to be reviewed by Council after the October 2023 Elections. 5/7/2023 The CEO will review the Shire of Brookton Employees Code of Conduct by 30 July 2023. <b>18/1/2024 The CEO will review the Shire of Brookton Employee's Code of Conduct by 30 June 2024.</b>	CEO	February-24 Jun-24	20%
7.2.2	Apr-23	Leave Testing Exceptions	Leave forms be retained for all leave taken by employees and all leave forms specify the hours of leave taken; Leave forms be updated to include the number of hours of leave taken; and Long service leave owing from other Local Government Councils be recorded in Synergy to ensure adequate records are maintained relating to accurate leave provision balances as any point in time.	Low	Leave forms have been amended to include hours taken. A Fortnightly Payroll Checklist is currently being implemented to ensure all leave forms retained for leave taken. LSL is not currently detailed in SynergySoft, a manual spreadsheet is kept and reviewed annually which provides details of liability owed to other council's and owed by other council's providing a net balance reported in our Annuals. <b>12/12/23 LSL Liabilities are now accounted for in our accounting software.</b>	MCC	Oct-23	100%
7.2.3	Apr-23	Fuel Reconciliation	Fuel held in service tanks be included in the fuel reconciliation each month; and The Shire introduce a monthly tolerance variance for fuel and investigate variances above the tolerance each month.	Low	Fuel held in the service tank is currently included in the monthly reconciliation. We will develop a policy for a fuel tolerance of 50 Litres per month and implement as soon as resource are available, all associated documents amended to reflect the level. The Infrastructure Department will be responsible to investigate any discrepancies and communicate this to the appropriate staff.	MIW	Dec-23	0%

Item #	Date Initiated	Item Title	Findings or other Statutory Requirements	Risk Factor	Officer Status Update	Assigned to	Estimated Due Date	% Completed
7.2.4	Apr-23	Termination checklist	We recommend a formal termination checklist be developed which is required to be completed upon termination and signed off once completed.	Low	The finding relates to a termination prior to the implementation of the Termination Checklist in June 2022. Council has been progressing with a range of improvements to address issues, the Termination Checklist has been amended to be prepared by the Payroll Officer and reviewed by the Manager Corporate & Community.	MCC	Apr-23	100%
7.2.5	Apr-23	Payroll Testing Exceptions	The monthly payroll reconciliation include a reconciliation to the payroll YTD report; authorised superannuation deduction forms be retained for all employees; and all pay run reports be signed by the preparer.	Low	A fortnightly Payroll Reconciliation has been implemented to include reconciliation of payroll YTD. The Engagement Checklist has been amended to include the Senior Finance Officer to dual sign new employee details into the SynergySoft System. Procedures have been amended to ensure all changes to the Payroll accounting system are dual signed by the Finance Officer - Payroll and Manager Corporate & Community.	MCC	Apr-23	100%
8.2.1	Apr-23	Fraud Management Policy	We recommend the Shire develop and implement a Fraud Management Policy and Framework. This Framework would provide a system of detection and prevention of fraud, reporting of any fraud or suspected fraud and appropriate dealing of issues relating to fraud. Once documented, this Framework should be implemented and appropriately communicated to staff.	Medium	The Shire does not have a policy or framework for Fraud management. This will be implemented at the earliest time subject to resources being available. Once adopted it will be communicated to the appropriate staff.	MCC	Dec-23	0%
8.2.2	Apr-23	Compliance Audit Return Lodgement Date	We recommend in accordance with Regulation 15(1) of the Local Government (Audit) Regulations 1996, the compliance audit return be submitted to the Departmental CEO by 31 March each year. We noted the 2022 compliance audit return was lodged by 31 March 2023.	Low	High staff turnover in the 2021/22 financial year has adversely impacted the timelines for the Shire of Brookton. New procedures have been put into place to ensure all future key reporting dates are met ensuring compliance requirements with Regulation 15 (1) of the Local Government (Audit) Regulations 1996.	CEO	Apr-23	100%

Item #	Date Initiated	Item Title	Findings or other Statutory Requirements	Risk Factor	Officer Status Update	Assigned to	Estimated Due Date	% Completed
8.2.3	Apr-23	Risk Management Framework and Risk Management Policy	We recommend the Shire review and update the Risk Management Framework incorporating all risk related policies to reflect the updated standard.	Low	The Risk Management Framework and Policy will be reviewed as soon as practical and presented at the next available Audit & Risk Committee and Ordinary Council Meeting for endorsement. <a href="#">12/12/23 Presented at the 13 July 2023 Audit &amp; Risk Committee Meeting and 20 July 2023 OCM.</a>	MCC	Dec-23	100%
2.2.1	Dec-23	Risk Management Policies and Procedures	Risk Management Framework -policy refers to the former AS/NZS 3100:2009 Risk Management - Principles and Guidelines on page 3	Moderate	<a href="#">Amendment presented at the 07 February 2024 Audit &amp; Risk Committee Meeting and 14 February 2024 Ordinary Council Meeting.</a>	MCC	Dec-24	100%
2.2.1	Dec-23	Risk Management Policies and Procedures	Public Interest Disclosure (PID) Procedure - procedure does not currently allow for internal or external parties to report concerns anonymously. In addition, the procedure states the person holding the position of Deputy Chief Executive Officer (DCEO) is the designated PID officer, however the Shire of Brookton DCEO position is currently vacant.	Moderate	<a href="#">PID Policy/procedure will be reviewed as part of a total review of the Shire of Brookton Policy Manual to be reviewed by Council after the October 2023 Elections.</a>	CEO	Jun-24	20%
2.2.1	Dec-23	Risk Management Policies and Procedures	Occupational Safety and Health Policy - was due for review in June 2023. The policy also contains an old ref to AS/NZS 4801.	Moderate	<a href="#">Occupational Safety and Health Policy will be reviewed as HR Policies will be in a total review of the Shire of Brookton Policy Manual to be reviewed by Council after the October 2023 Elections.</a>	CEO	Jun-24	20%
2.2.1	Dec-23	Risk Management Policies and Procedures	Local Recovery Plan - plan requires updating, contacts in the Plan have not been updated and an outdated reference to AS/NZS Standard 4360:1999 Risk Management is quoted in the policy.	Moderate	<a href="#">Local Recovery Plan updated by Council at December 2023 OCM.</a>	CEO	Dec-24	100%
2.2.1	Dec-23	Risk Management Policies and Procedures	Shire of Brookton Bushfire Risk Management Plan 2021 - 2026 - refers to outdated AS/NZ ISO 31000:2009 Risk Management-Principles and Guidelines.	Moderate	<a href="#">The Shire of Brookton Bushfire Risk Management Plan 2021 - 2026 is expected to be reviewed in 2026</a>	CEO	Dec-26	0%

Item #	Date Initiated	Item Title	Findings or other Statutory Requirements	Risk Factor	Officer Status Update	Assigned to	Estimated Due Date	% Completed
2.2.1	Dec-23	Risk Management Policies and Procedures	An audit of the Safety Plan has not been conducted - Safety Management System	Moderate	<b>The Safety Management System is scheduled to be reviewed at the new Administration Toolbox Meeting to be held on 13th February 2024</b>	CEO	Dec-24	
2.2.1	Dec-23	Risk Management Policies and Procedures	Employee Code of Conduct dated June 2021 does not have a next scheduled review date noted.	Moderate	<b>The CEO will review the Shire of Brookton Employees Code of Conduct by 30 June 2024.</b>	CEO	Dec-24	20%
2.2.1	Dec-23	Risk Management Policies and Procedures	Use of Corporate Credit Cards - unclear if fuel cards are included in the policy.	Moderate		MCC	Dec-24	
2.2.1	Dec-23	Risk Management Policies and Procedures	No policies or procedures are in place in respect to Fraud Management, Events Management, Specimen signature for officers with delegate authority and Community surveys.	Moderate		CEO/MCC	Dec-24	
2.2.1	Dec-23	Risk Management Policies and Procedures	Policies are potentially out of date and may require review - Procurement Policy, Use of Corporate Credit Cards, Social Media Policy and IT Security and Use Policy.	Moderate	<b>These policies will be reviewed as part of a total review of the Shire of Brookton Policy Manual to be reviewed by Council after the October 2023 Elections.</b>	CEO/MCC	Dec-24	20%
2.2.2	Dec-23	Business Continuity Plan	The Shire of Brookton's Business Continuity Plan (Plan) identified the Plan is dated October 2019 and has not been reviewed since this date. Furthermore the Plan contains outdated contacts, and the Plan has not been tested.	Moderate	PID Policy/procedure will be reviewed as part of a total review of the Shire of Brookton Policy Manual to be reviewed by Council after the October 2023 Elections.	MCC	Dec-24	
2.2.3	Dec-23	Tender, Contract and Lease Management	The tender register has not been published on the website	Moderate		MCC	Dec-24	

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2.2.3	Dec-23	Tender, Contract and Lease Management	The Shire does not have a contract management framework outlining the consistent approach to be undertaken for all Shire contracts.	Moderate		MCC	Dec-24	
2.2.3	Dec-23	Tender, Contract and Lease Management	The lease register did not record insurance details of lessees.	Moderate		MCC	Dec-24	
4.2.1	Dec-23	Audit and Risk Committee	For the period under review, risk reports had not presented to the Audit and Risk Committee.	Moderate	<b>Procedures have been reviewed and updated to ensure risk reports completed are presented to the Audit and Risk Committee annually.</b>	MCC	Dec-23	100%
4.2.2	Dec-23	Internal Audit	The Shire does not currently have a formal documented internal audit program in place.	Low		MCC	Dec-24	



**12.02.24 NEW BUSINESS OF AN URGENT NATURE INTRODUCED BY DECISION OF MEETING**

Nil.

**13.02.24 CONFIDENTIAL ITEMS FOR DISCUSSION**

**13.02.24.01 SHIRE OF BROOKTON RISK REGISTER**

**14.02.24 CLOSURE OF MEETING**

With no further business, the Presiding Member declared the meeting closed at 5:50pm.