



AGENDA

Audit, Risk and Improvement Committee Meeting

25 March 2026
Commencing at 2:00pm

Borden Pavilion
Stone Street, Borden WA 6338

COUNCIL'S VISION

Gnowangerup Shire –A community where people stay, grow, and thrive

Objectives of the Audit, Risk and Improvement Committee

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

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

The committee is to facilitate:

- The Audit, Risk and Improvement Committee assists the accountable authority in fulfilling their oversight responsibilities in relation to systems of risk management and internal control, the entity's processes for monitoring compliance with laws and regulations, including the code of conduct, financial and performance reporting and external and internal audit. The Audit, Risk and Improvement Committee is not responsible for the management of these functions.
- the enhancement of the credibility and objectivity of external financial reporting;
- compliance with laws and regulations as well as use of best practice guidelines relative to audit, risk management, internal control and legislative compliance;
- the provision of an effective means of communication between the external auditor, the CEO and the Council.

Powers of the Audit, Risk and Improvement Committee

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

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

Membership

The committee will consist of all elected members of Council. All members shall have full voting rights. The CEO and employees are not members of the committee.

The Deputy CEO will attend meetings, not as a member but to assist the Committee with any queries or requests for information.

The Senior Governance and Risk Management Officer or another nominated staff member will attend meetings to take the minutes.

The Presiding Member and Deputy Presiding Member must be elected in accordance with section 5.12 and Schedule 2.3 of the Act.

Meetings

The committee shall meet at least quarterly.

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

Reporting

Reports and recommendations of each committee meeting shall be presented to the next ordinary meeting of the Council and must be moved by the Presiding Member, or in his/her absence the Deputy Presiding Member, or in both their absences, any other member of the committee.

Functions of the Audit, Risk and Improvement Committee

Pursuant to Reg. 16 of the *Local Government (Audit) Regulations 1996* an Audit, Risk and Improvement Committee has the following functions

- a) to guide and assist the local government in carrying out its functions:
 - i. under Part 6 (Financial Management) of the Act; and
 - ii. relating to other audits and other matters related to financial management;
- b) guide and assist the local government in carrying out the local government's functions in relation to audits conducted under Part 7 (Audit) of the Act;
- c) review a report given to it by the CEO under regulation 17(3) (the CEO's report) and is to:
 - i. report to the council the results of that review; and
 - ii. give a copy of the CEO's report to the council;
- d) monitor and advise the CEO when the CEO is carrying out functions in relation to a review under
 - i. regulation 17(1); and
 - ii. the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);
- e) support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government;
- f) oversee the implementation of any action that the local government:
 - i. is required to take by section 7.12A(3) of the Act; and
 - ii. has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a) of the Act; and
 - iii. has accepted should be taken following receipt of a report of a review conducted under regulation 17(1); and
 - iv. has accepted should be taken following receipt of a report of a review conducted under the *Local Government (Financial Management) Regulations 1996* regulation 5(2)(c);
- g) perform any other function conferred on the Audit, Risk and Improvement Committee by these regulations or another written law.

In accordance with Reg. 14 (3A) of the *Local Government (Audit) Regulations 1996*:

- (3A) *The local government's Audit, Risk and Improvement Committee is to review the compliance audit return and is to report to the council the results of that review.*

Shire of Gnowangerup

NOTICE OF A COMMITTEE MEETING OF COUNCIL

Dear Committee Member

A meeting of the Audit, Risk and Improvement Committee of the Shire of Gnowangerup will be held on Wednesday, 25 March 2026 at the Borden Pavilion, Stone Street, Borden WA 6338 commencing at 2:00pm.

Signed



Thomas Gorman
DEPUTY CHIEF EXECUTIVE OFFICER

Meaning of and CAUTION concerning Council's "In Principle" support:

When Council uses this expression it means that:

- (a) Council is generally in favour of the proposal BUT is not yet willing to give its consent; and*
- (b) Importantly, Council reserves the right to (and may well) either decide against the proposal or to formally support it but with restrictive conditions or modifications.*

Therefore, whilst you can take some comfort from Council's "support" you are clearly at risk if you act upon it before Council makes its actual (and binding) decision and communicates that to you in writing.



DISCLAIMER

No responsibility whatsoever is implied or accepted by the Shire of Gnowangerup for any act, omission or statement or intimation occurring during Council or committee meetings.

The Shire of Gnowangerup disclaims any liability for any loss whatsoever and howsoever caused arising out of reliance by any person or legal entity on any such act, omission or statement or intimation occurring during Council or committee meetings.

Any person or legal entity who acts or fails to act in reliance upon any statement, act or omission made in a Council or committee meeting does so at that person's or legal entity's own risk.

In particular and without detracting in any way from the broad disclaimer above, in any discussion regarding any planning application or application for a licence, any statement or intimation of approval made by any member or officer of the Shire of Gnowangerup during the course of any meeting is not intended to be and is not taken as notice of approval from the Shire of Gnowangerup.

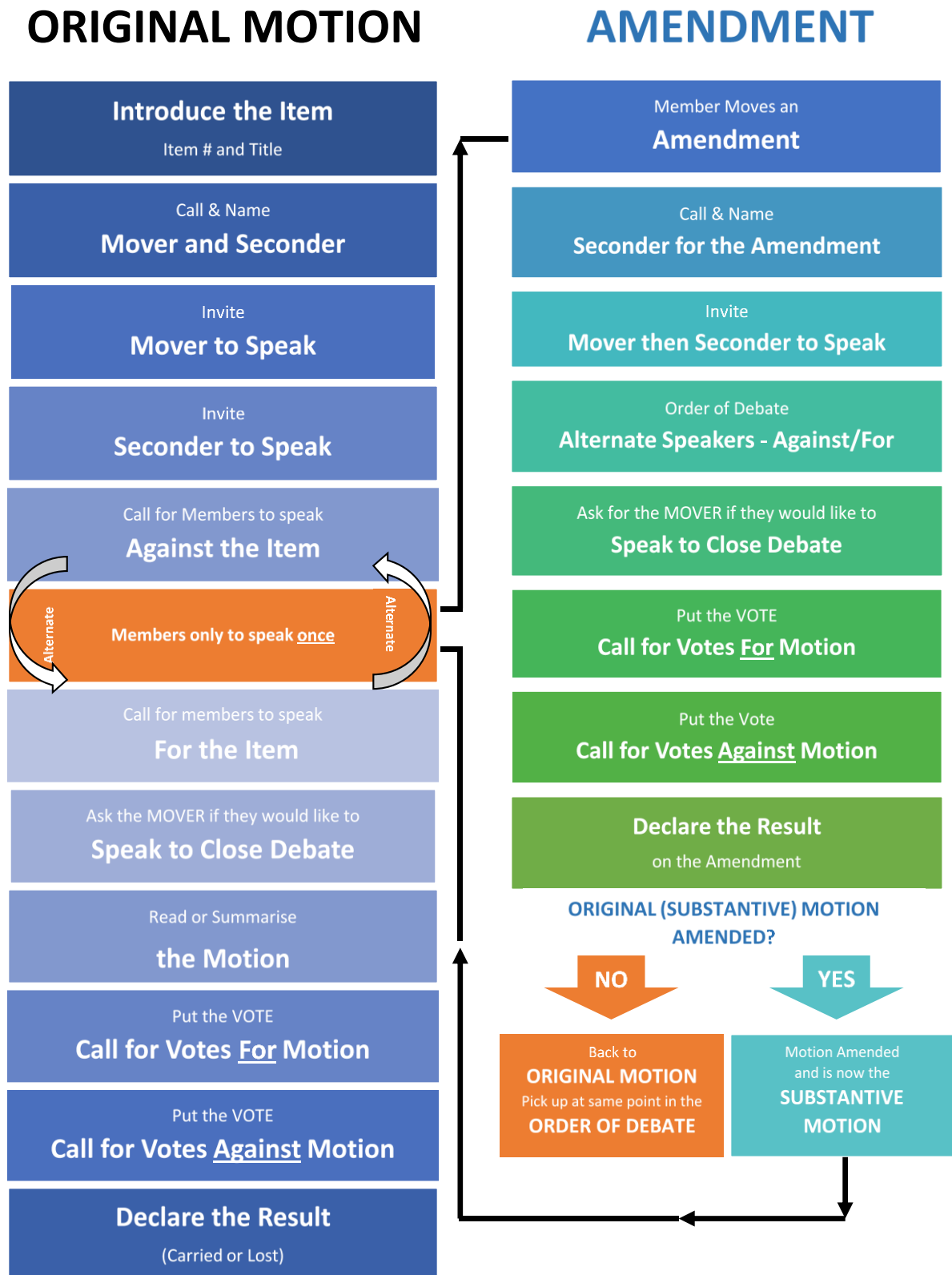
The Shire of Gnowangerup advises that anyone who has any application lodged with the Shire of Gnowangerup shall obtain and should only rely on **written confirmation** of the outcome of the application, and any conditions attaching to the decision made by the Shire of Gnowangerup in respect of the application.

These minutes are not a verbatim record but include the contents pursuant to Regulation 11 of Local Government (Administration) Regulations 1996.

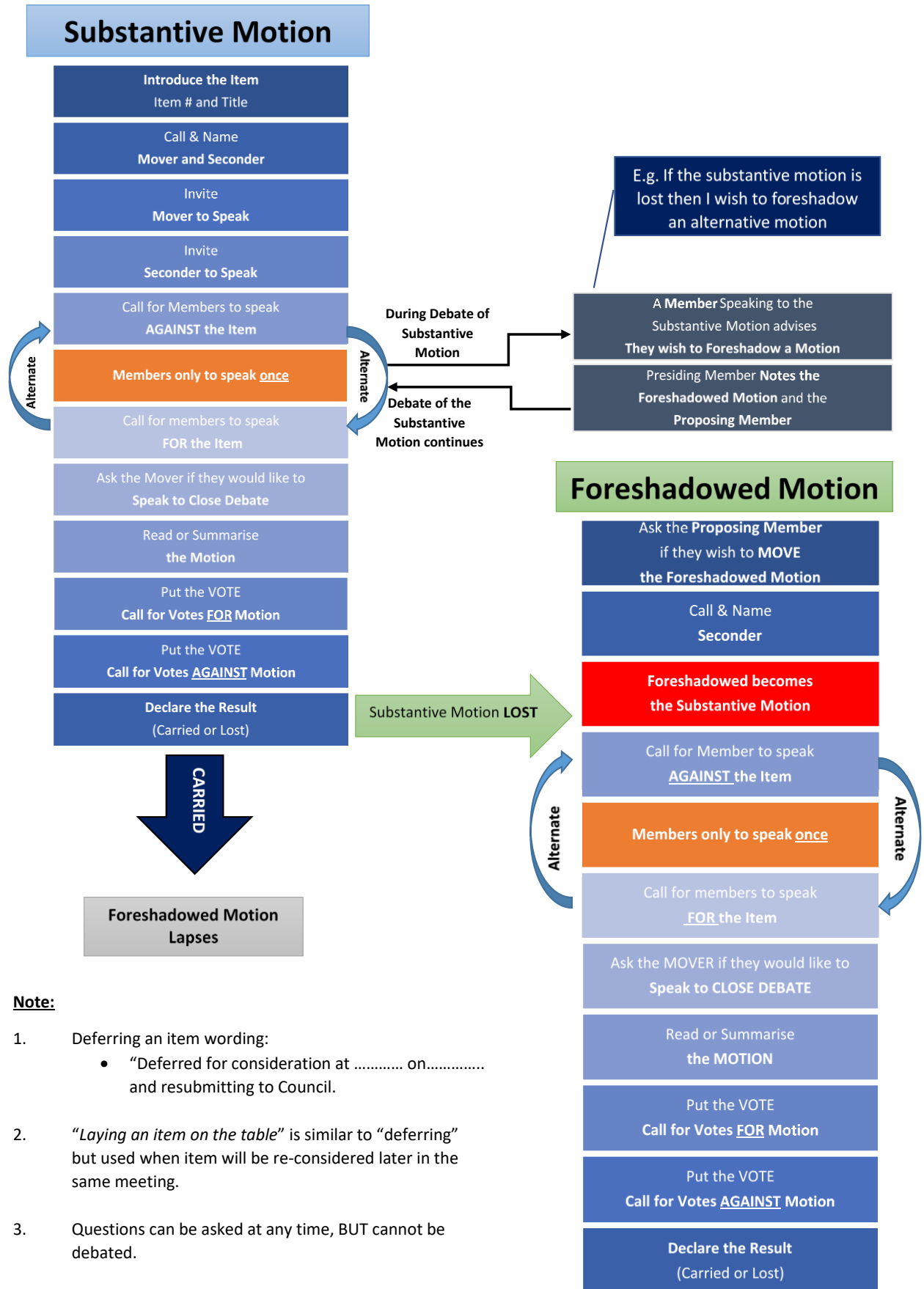
Signed 

Thomas Gorman
DEPUTY CHIEF EXECUTIVE OFFICER

Process of Motions



Slight clarification of wording of motion: A minor amendment of the motion can be done at any time through the President with the approval of the Mover and the Seconder. The Minor amendment must be minuted.



E.g. If the substantive motion is lost then I wish to foreshadow an alternative motion

A Member Speaking to the Substantive Motion advises They wish to Foreshadow a Motion
Presiding Member Notes the Foreshadowed Motion and the Proposing Member

Substantive Motion LOST

Foreshadowed Motion Lapses

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OPENING PROCEDURES

1. OPENING AND ANNOUNCEMENT OF VISITORS

Committee Chair, Renata Paliskis, welcomes committee members and staff and opens the meeting at _____pm.

2. ACKNOWLEDGEMENT OF COUNTRY

The Shire of Gnowangerup would like to acknowledge the Goreng people who are the Traditional Custodians of this land. The Shire of Gnowangerup would also like to pay respect to the Elders both past and present of the Noongar Nation and extend that respect to other Aboriginals present.

3. ATTENDANCE / APOLOGIES / APPROVED LEAVE OF ABSENCE

3.1 ATTENDANCE

3.2 APOLOGIES

3.2 APPROVED LEAVE OF ABSENCE

Nil

4. CONFIRMATION OF PREVIOUS MEETING MINUTES

4.1 AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING MINUTES 13 AUGUST 2025

OFFICER RECOMMENDATION:

That the minutes of the Audit, Risk and Improvement Committee Meeting held on 13 August 2025 be confirmed as a true record of proceedings.

5. OFFICER ITEMS

5.1	2024/2025 FINAL AUDIT MANAGEMENT REPORT
Location:	N/A
Proponent:	N/A
Date of Report:	3 March 2026
Business Unit:	Governance & Strategy
Responsible Officer:	Thomas Gorman – Deputy Chief Executive Officer
Author:	Thomas Gorman – Deputy Chief Executive Officer
Disclosure of Interest:	Nil

ATTACHMENTS

- Office of the Auditor General (OAG) Audit Report FYE 30 June 2025
- Management Letter with Management comments

PURPOSE OF THE REPORT

For the Audit, Risk and Improvement Committee to note the results of the 2024/2025 Final Audit and recommend that Council endorses the Final Audit Management Report dated 30 June 2025 and the responses of management.

BACKGROUND

The *Local Government Act 1995* (LGA) requires the accounts and annual financial report of a local government for each financial year to be audited by an auditor appointed by the Office of the Auditor General (OAG). The annual audit is conducted in two parts – an interim audit undertaken prior to the end of the financial year or start of the new financial year and the final audit which is undertaken on the completion of the draft annual financial statement.

COMMENTS

AMD Chartered Accountants undertook the 2024/2025 Interim Audit on behalf of the OAG. Details of the findings and subsequent responses from management can be found in the attached Final Audit Management Report.

Management has addressed the findings in their management responses as included in the Report.

CONSULTATION

Nil

LEGAL AND STATUTORY REQUIREMENTS

Local Government Act 1995

Section 7.2. Audit

POLICY IMPLICATIONS

Policy 2.13 Internal Control Policy

FINANCIAL IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS

As per Council Plan 2025-2035

Theme	Leadership and Governance
Strategy	4.2. An efficient and effective organisation, providing appropriate services to our community.

STRATEGIC RISK MANAGEMENT CONSIDERATIONS

This item has been evaluated against the current Council approved Risk Management Register.

Risk description	Not to note the Final Audit Report and Management comments and not to recommend the endorsement by Council
Primary Strategic Risk Category	Adverse Regulatory Change
Primary Strategic Risk Category Description	<ul style="list-style-type: none"> • Investigation of Council for non-compliance • Litigation • Reputational damage
Consequence: (Insignificant, Minor, Moderate, Major, Catastrophic)	Moderate
Likelihood: (Almost Certain, Likely, Possible, Unlikely, Rare)	Possible

IMPACT ON CAPACITY

Moderate impact on capacity due to nature of recommendations and staff capability to implement changes.

ALTERNATE OPTIONS AND THEIR IMPLICATIONS

Nil

CONCLUSION

The recommendation has been made to ensure compliance with the LG Act and Regulations.

VOTING REQUIREMENTS

Simple Majority

OFFICER RECOMMENDATION

That the Audit, Risk and Improvement Committee notes the results of the 2024/2025 Final Audit and recommends that Council endorses the Final Audit Management Report for the period ending 30 June 2025 from the Office of the Auditor General and the Management comments as included.



Auditor General

INDEPENDENT AUDITOR'S REPORT 2025 Shire of Gnowangerup

To the Council of the Shire of Gnowangerup

Opinion

I have audited the financial report of the Shire of Gnowangerup (Shire) which comprises:

- the statement of financial position as at 30 June 2025, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of financial activity for the year then ended
- notes comprising a summary of material accounting policies and other explanatory information.

In my opinion, the financial report :

- is based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the Shire for the year ended 30 June 2025 and its financial position at the end of that period
- is in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section below.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

The Chief Executive Officer (CEO) is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2025, but not the financial report and my auditor's report.

My opinion on the financial report does not cover the other information and accordingly, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to the CEO and Council and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

Responsibilities of the Chief Executive Officer and Council for the financial report

The Chief Executive Officer (CEO) of the Shire is responsible for:

- keeping proper accounts and records
- preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards
- managing internal control as required by the CEO to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for:

- assessing the Shire's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the Shire.

The Council is responsible for overseeing the Shire's financial reporting process.

Auditor's responsibilities for the audit of the financial report

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

My independence and quality management relating to the report on the financial report

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, the Office of the Auditor General maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Shire of Gnowangerup for the year ended 30 June 2025 included in the annual report on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the Shire to confirm the information contained in the website version.

Carly Meagher
Senior Director Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
21 November 2025

SHIRE OF GNOWANGERUP

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
1. Incorrect Calculation of Depreciation	No	✓			✓
2. Inaccurate Long Service Leave Balances	No			✓	
3. Inaccurate Sick Leave Provision	No			✓	

Key to ratings

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

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

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

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

The ratings included are preliminary ratings and could be modified pending other findings being identified, rated and the consideration of them collectively on the ratings and any potential impact on the audit opinion.

SHIRE OF GNOWANGERUP**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025****FINDINGS IDENTIFIED DURING THE FINAL AUDIT****1. Incorrect Calculation of Depreciation**

During our review of depreciation, we noted the following:

- Depreciation rates for two classes of assets did not tie to the policy adopted by Council, resulting in a material adjustment to the financial statements.
- There were numerous assets which were not being depreciated due to being incorrectly set up in the system, resulting in a material adjustment to the financial statements.

We are satisfied that after adjustments, depreciation is not materially misstated in the financial statements.

Rating: Significant (2024: Significant)**Implication**

- Risk of misstatement to property, plant and equipment and infrastructure.
- Risk budgetary information presented to Council is misrepresentative.

Recommendation

We recommend:

- It is ensured that the depreciation rates adopted by Council are flowed through the accounting system to the financial statements.
- Controls are put in place to ensure all assets that are set up in the system are correctly allocated a depreciation rate.

Management comment

Management acknowledges the error in applying incorrect depreciation rates to the two assets classes and has corrected the 2024-25 depreciation calculation as per the auditors' recommendation.

Depreciation rates for the following Infrastructure classes have been amended for the 2025-26 Financial year:

- *Asset 61093 Footpaths: amended to 20%,*
- *Asset 60023 Drainage – culverts and foodways: amended to 25%*
- *Asset 62001 Drainage – pits: amended to 25%*

A review of all asset classes will be conducted to ensure correct depreciation rates are applied.

Responsible person: Thomas Gorman Deputy CEO
Completion date: 4th November 2025

SHIRE OF GNOWANGERUP**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025****FINDINGS IDENTIFIED DURING THE FINAL AUDIT****2. Inaccurate Long Service Leave Balances**

During our review and testing of the long service leave reconciliation we noted for two employees that their balances were not accurate as at 30 June 2025, however the financial impact of this was trivial.

Rating: Minor**Implication**

- Risk of misstatement of long service leave liability.
- Risk of financial loss to the Shire through pay out of inaccurate long service leave liabilities.

Recommendation

We recommend the Shire carries out a detailed review of long service leave balances to ensure that the report per the system is accurate.

Management comment

We have reviewed and agree with the adjustment, and we will conduct a review of LSL provision during the current year.

Responsible person: Thomas Gorman Deputy CEO
Completion date: 4th November 2025

SHIRE OF GNOWANGERUP
PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025
FINDINGS IDENTIFIED DURING THE FINAL AUDIT

3. Inaccurate Sick Leave Provision

During our review of the sick leave provision, it was noted that no adjustment had been posted in FY2025. Whilst the financial impact was trivial, the provision did not tie to the supporting report.

Rating: Minor

Implication

Risk of misstatement of sick leave provision.

Recommendation

We recommend the Shire adopts procedures to ensure all balance sheet items are reviewed and update in line with supporting documentation at each financial year-end.

Management comment

The journal was actioned on 13th October 25 to adjust the provision. We will review procedures to ensure that all balance sheet items are properly reconciled with the appropriate documentation.

Responsible person: Thomas Gorman Deputy CEO
Completion date: 4th November 2025

5.2	REVIEW OF FINANCIAL MANAGEMENT, RISK MANAGEMENT, LEGISLATIVE COMPLIANCE AND INTERNAL CONTROLS REPORT
Location:	N/A
Proponent:	N/A
Date of Report:	3 March 2026
Business Unit:	Governance & Strategy
Responsible Officer:	Thomas Gorman – Deputy Chief Executive Officer
Author:	Thomas Gorman – Deputy Chief Executive Officer
Disclosure of Interest:	Nil

ATTACHMENTS

- Review of Financial Management, Risk Management, Legislative Compliance and Internal Controls Report (Local Government (Audit) Regulations 1996 Reg 17 & Local Government (Financial Management) Regulations 1996 reg 5(2)(c) (**CONFIDENTIAL**))

PURPOSE OF THE REPORT

For the Audit, Risk and Improvement Committee to receive and note the 2024 Financial Management, Risk Management, Legislative Compliance and Internal Controls Report. This report has come before the ARIC in the meeting in August 2025, however it is being represented to bring the matter in front of the new members of this committee

BACKGROUND

Regulation 17(1) of the (Local Government (Audit) Regulations requires the Chief Executive Officer (CEO) of a local government to review the appropriateness and effectiveness of a local government's systems and procedures in relation to:

- (a) Risk management;
- (b) Internal control; and
- (c) Legislative compliance.

Local Government (Financial Management) Regulations 1996 reg 5(2)(c) requires the CEO to examine the appropriateness and effectiveness of the financial management systems and procedures.

COMMENTS

The previous Financial Management Review Local Government (Financial Management) Regulations 1996 reg 5(2)(c) was completed in 2021 (received by the Audit, Risk and Improvement Committee in 2022) on Shire's behalf by Avant Edge Consulting.

Tim Partridge of AMD carried out the previous review required by Local Government (Audit) Regulations 1996 Reg 17 in December 2021 (received by the Audit, Risk and Improvement Committee in 2023).

The Shire engaged Moore Australia to undertake these two reviews simultaneously, and the result are contained in a single report

No progress has been made on these findings, however with the appointment of a Project Manager for the DECO, we will now develop a project plan and timeline to work through the issues these reviews have raised.

CONSULTATION

Moore Australia

LEGAL AND STATUTORY REQUIREMENTS

Local Government (Audit) Regulations 1996 Reg 17: CEO to review certain systems and procedures

- (1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —
 - (a) risk management; and
 - (b) internal control; and
 - (c) legislative compliance.
- (2) The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.
- (3) The CEO is to report to the Audit, Risk and Improvement Committee the results of that review.

Local Government (Financial Management) Regulations 1996 reg 5(2)(c): .CEO’s duties as to financial management

- (2) The CEO is to —
 - (a) ensure that the resources of the local government are effectively and efficiently managed; and
 - (b) assist the council to undertake reviews of fees and charges regularly (and not less than once in every financial year); and
 - (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.

POLICY IMPLICATIONS

Policy 2.13 Internal Control Policy

FINANCIAL IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS

As per Council Plan 2025-2035

Theme	Leadership and Governance
Strategy	4.2. An efficient and effective organisation, providing appropriate services to our community.

STRATEGIC RISK MANAGEMENT CONSIDERATIONS

This item has been evaluated against the current Council approved Risk Management Register.

Risk description	Not to note the Reg 5 & 17 Review Report and not to recommend the endorsement by Council
Primary Strategic Risk Category	Adverse Regulatory Change
Primary Strategic Risk Category Description	<ul style="list-style-type: none"> • Investigation of Council for non-compliance • Litigation • Reputational damage
Consequence: (Insignificant, Minor, Moderate, Major, Catastrophic)	Moderate
Likelihood: (Almost Certain, Likely, Possible, Unlikely, Rare)	Possible

IMPACT ON CAPACITY

Nil

ALTERNATE OPTIONS AND THEIR IMPLICATIONS

Nil

CONCLUSION

The recommendation has been made to ensure compliance with the Regulations.

VOTING REQUIREMENTS

Simple Majority

OFFICER RECOMMENDATION

That the Audit, Risk and Improvement Committee notes the results of the Review of Financial Management, Risk Management, Legislative Compliance and Internal Controls Report (Local Government (Audit) Regulations 1996 Reg 17 & Local Government (Financial Management) Regulations 1996 reg 5(2)(c)).

COMMERCIAL IN CONFIDENCE

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

Draft Report

Shire of Gnowangerup

November 2024



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1.0 Engagement Overview

1.1 Scope of Services

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

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

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

1.1.1 Procedures – Financial Management Review

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

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

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

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



1.0 Engagement Overview (Continued)

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

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

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

To undertake these procedures, we applied the following methodology:

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

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

2.0 Review Context

2.1 Review Context - Shire of Gnowangerup

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

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

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

3.0 Review Summary

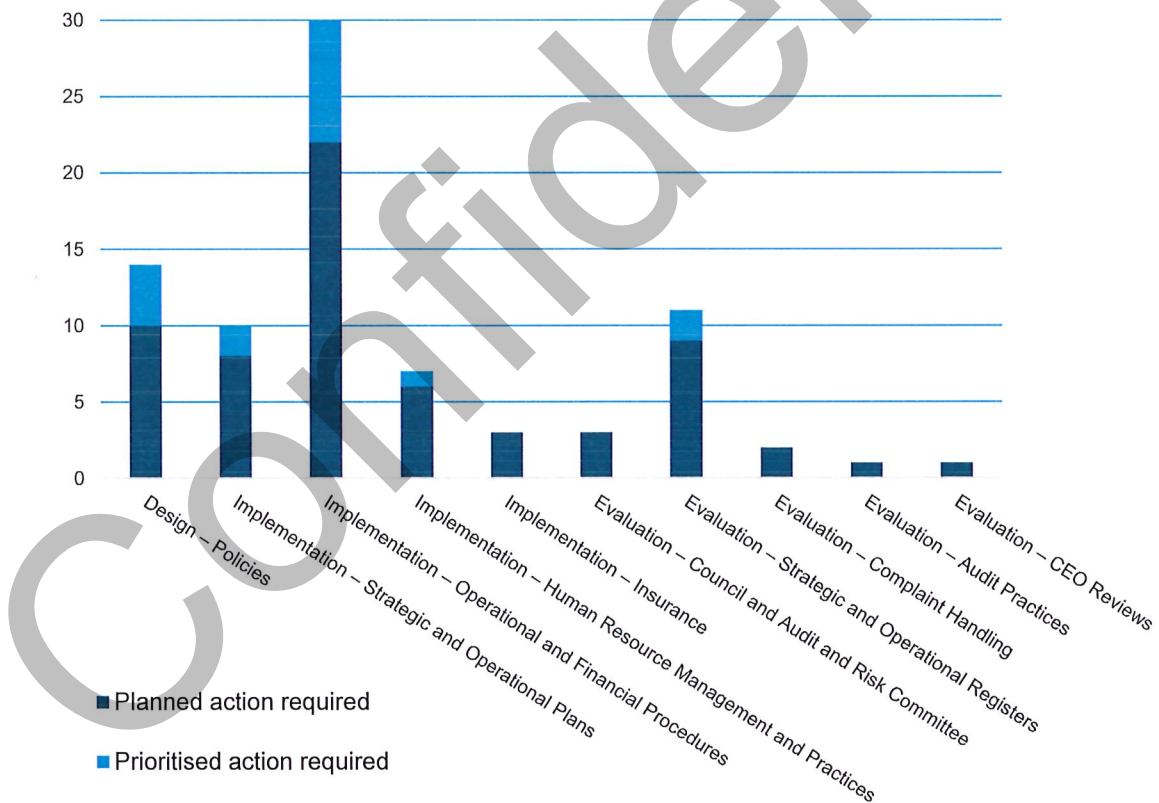
3.1 Overall

Operations of a regional local government seek to provide numerous services across multiple business areas to deliver the objectives and aspirations of the community. This involves commitment and dedication from staff, and while local government operations are diverse, they are also complex and involve a number of people making decisions across a large number of areas of operations. The Shire of Gnowangerup is highly reliant on a small team of senior decision makers to govern its operations whilst trying to ensure sound financial and risk management through internal controls and seeking to achieve a high level of compliance. These efforts were highlighted throughout our review with management noting planned action across a number of matters raised. Maintaining efforts toward improvements, particularly to rectify issues identified through recent audits and to embed processes following recent staff turnover are encouraged into the future.

The onsite component of our services was undertaken (performed in late September 2024) by first determining an appropriate framework for the Shire against which current policies, procedures and actions could be assessed this is described further in section 5.0. A number of areas for improvement were identified during the review. As the Shire has limited resources the areas identified for improvement have been split between those requiring prioritised action and those requiring planned action as it will require resources and time to address a number of the matters raised.

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

3.1.1 Number of Improvements Identified by Framework Element



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

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

3.0 Review Summary (Continued)

3.2 Financial Management

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

3.2.1 Appropriateness

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

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

3.2.2 Effectiveness

Considering the results of other elements of financial management systems and processes where documented and routinely tested, the current practices undertaken by the Shire of Gnowangerup may be considered somewhat effective. Our assessment as to effectiveness is subject to the implementation of the improvements highlighted in section 7.0 Framework Implementation of this report.

Controls currently exist in relation to a number of key financial management systems, though weaknesses were identified where internal controls are not considered effective. These are explained within section 7.0 Framework Implementation of this report.

3.2.3 Improvements

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

- IT general controls;
- General journal controls;
- Assets Disposals;
- Investment Register;
- Procurement controls;
- Debtor management procedures;
- Stock controls;
- Rating controls;
- Corporate transaction cards;
- Revenue controls;
- Cash handling procedures;
- Payroll controls;
- Change of banking details; and
- Regulatory financial reporting.

3.0 Review Summary (Continued)

3.3 Risk Management

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

The Shire updated its Risk Management Policy, aligned to ISO 31000:2018 to formalise its risk management processes in September 2023. The risk management policy forms the basis for risk management activities within the Shire.

3.3.1 Appropriateness

Currently, a documented entity wide Risk Management Policy and supporting procedures is in existence to guide the implementation of risk management throughout the Shire. The policy refers to the current Risk Management Standard, AS/NZ ISO 31000:2018, however limited procedures are in place to support execution of the policy. Update of the policy as well as development of a framework or strategy aligned to the current standard is encouraged to help ensure the appropriateness of risk management practices.

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

3.3.2 Effectiveness

The risk management framework and policy have been developed to reflect the Shire's commitment to organisation wide risk management principles, systems and processes aimed at optimising the achievement of objectives, embedding controls to mitigate risk, improving corporate governance and planning for continuity of critical operations. To assist with the delivery and application of these processes, updates and further development of risk management systems and processes are required to be implemented throughout the organisation in order for risk management processes and procedures to be considered effective.

3.3.3 Improvements

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

- Develop and implement a risk management framework / strategy aligned to the current Risk Management Standard, ISO 31000:2018 and consider any required complementary policy review;
- Activate the risk management policy by implementing documented risk management practices and procedures;
- Develop and maintain an ICT strategic plan;
- Review contractor insurance to ensure contractors have appropriate insurance;
- Test and finalise the Business Continuity / Disaster Recovery Plan;
- Develop and apply risk management activities to existing practices in accordance with the Risk Management Framework; and
- Ensure appropriate management of operational risks for high risk areas.

3.0 Review Summary (Continued)

3.4 Internal Control

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

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

We observed officers are aware a number of improvements to internal controls are required to be reviewed or developed with the objective of improving the existing framework and reducing gaps where weaknesses have been identified.

3.4.1 Appropriateness

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

3.4.2 Effectiveness

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

3.4.3 Improvements

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

- Review 2.13 internal controls policy, promoting a risk-based approach to the further development and maintenance of documented internal controls and procedures should provide an appropriate internal control framework. Continual risk-based assessment of appropriate controls throughout the organisation will assist to identify the need for new controls and identify existing outdated and unnecessary controls to be discontinued;
- Undertake a comprehensive ICT security review;
- Review, finalisation, testing and maintenance of the Business Continuity / Disaster Recovery Plan;
- Develop and maintain a number of registers to improve existing internal controls (see Section 8.2);
- Undertake appropriate training at induction and at regular intervals to ensure staff are fully aware of, and understand, relevant internal controls;
- Develop documented key internal control procedures, checklists or workflow diagrams;
- Define procedures to manage changes to internal controls; and
- Implement financial management control recommendations discussed at Section 3.2 report.

3.0 Review Summary (Continued)

3.5 Legislative Compliance

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

A legislative compliance policy (2.12) to communicate expectations of Council in relation to legislative breaches and regulatory compliance was last reviewed in September 2023. Legislative compliance at the Shire of Gnowangerup is also largely dependent upon the knowledge and experience of senior staff and their individual desire to achieve high levels of legislative and regulatory compliance.

3.5.1 Appropriateness

Considering local governments generally maintain a low risk appetite for breaches of legislation, the current legislative compliance policy provides for good governance and should be adhered to. While reliance on experienced senior staff for legislative compliance may be considered appropriate in some instances, it also carries high risk where the number of experienced senior staff is low. A number of areas were noted where improvements for managing compliance may be made, as described in Section 7.0 Framework Implementation of this report.

3.5.2 Effectiveness

We did not observe evidence of reporting occurring as required by policy 2.12. Maintaining legislative compliance is heavily reliant on the knowledge, experience and commitment of senior staff, to identify and prevent breaches of legislation. As a consequence, staff turnover, competing priorities and variations in workloads may have a significant negative impact on legislative compliance. Therefore, one of the most effective controls in maintaining legislative compliance is a motivated, stable, experienced and knowledgeable senior management group in addition to a compliance framework to ensure required compliance tasks are considered and actioned.

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

3.5.3 Improvements

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

- Review legislative compliance policy 2.12 to consider current strategic objectives and practicalities of policy requirements in relation to legislative compliance and management of compliance breaches;
- Maintain statutory registers as required by legislation;
- Ensure all items required by legislation to be published on the website are updated and maintained on the website with procedures to document when they are uploaded or modified;
- Further development and approval of authorised checklists for functions which require a high level of legislative compliance; and
- Develop and maintain a staff training matrix and coordinate training across the Shire. A risk based training matrix should help ensure staff with the responsibility for preventing, identifying and reporting breaches of legislation, are offered relevant training to ensure their knowledge of legislative requirements is maintained and qualifications are maintained and up to date where required.

4.0 Methodology

4.1 Review Methodology – Financial Management Review

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

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

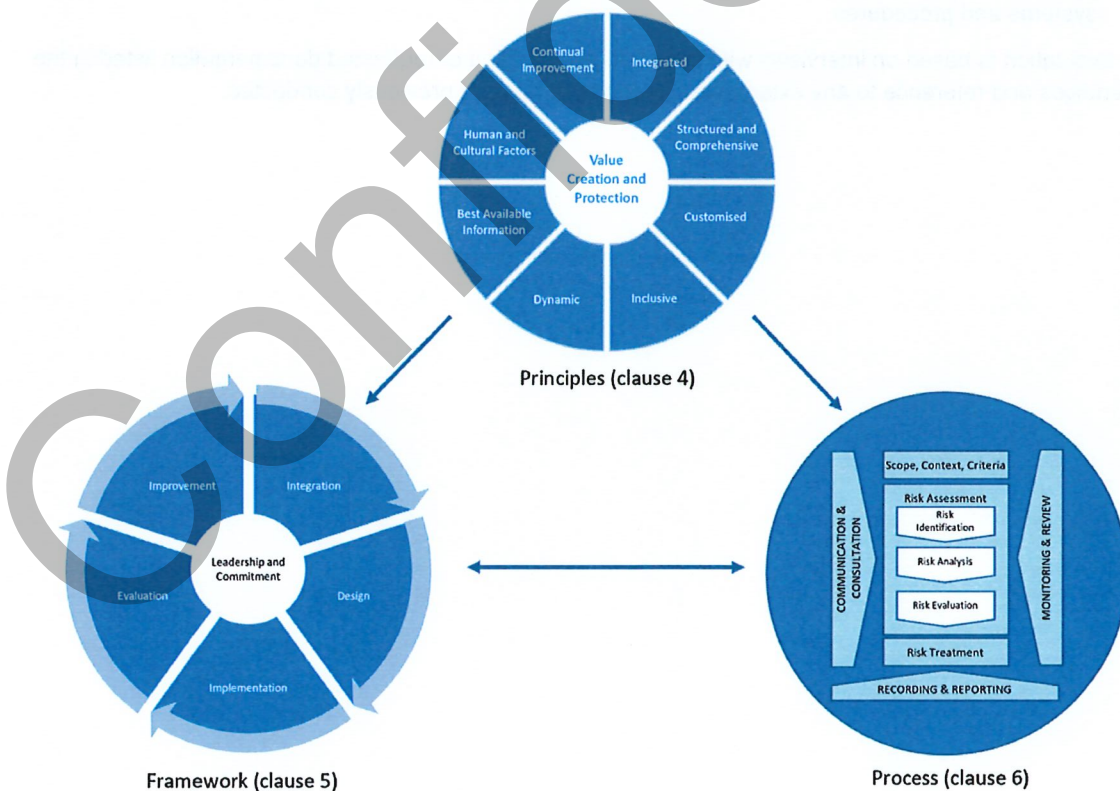
4.2 Review Methodology – Risk Management, Legislative Compliance and Internal Controls

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

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

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

Diagram 1. Risk Management Principles, Framework and Process



Source: Australia/New Zealand Standard ISO 31000:2018

4.0 Methodology (Continued)

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

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

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

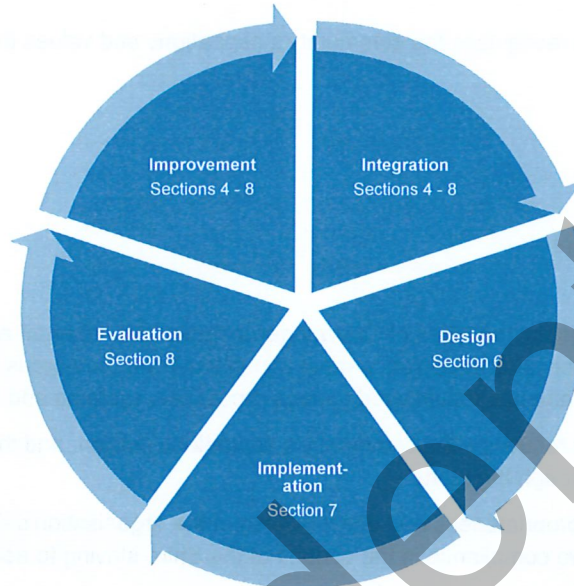
This evaluation is based on interviews with key staff, examination of requested documentation listed in the Appendices and reference to any external audit reports or reviews previously conducted.

5.0 Appropriate Framework

5.1 Risk Management, Internal Control and Legislative Compliance

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

Diagram 2. Risk Management, Internal Control and Legislative Compliance Framework



Source: Australia/New Zealand Standard ISO 31000:2018

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

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

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

Integration along with Leadership and Commitment were assessed within each of the elements of the framework.

6.0 Framework Design

6.1 Strategic Plans

The Shire has adopted a key strategic document to Plan for the Future – the Shire of Gnowangerup's Integrated Strategic Plan 2021 – 2031, combining the Strategic Community Plan 2021 – 2031 and Corporate Business Plan 2021 - 2025. This plan identifies the Council's organisational goals and strategic focus areas, as the Shire progress on its stated vision "A progressive, inclusive and prosperous community built on opportunity".

The Integrated Strategic Plan recognises the community's aspirations and values through the following strategic focus areas:

- Our Community
- Our Economy
- Our Infrastructure
- Our Natural Environment
- Our Organisation

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

The Integrated Strategic Plan reference the community's aspirations / vision, and the projects and programs which will be implemented through the plans.

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

6.0 Framework Design (Continued)

6.2 Council Policies

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

In general, Council policies are well formulated to provide clear guidance regarding Council's position on certain matters. Staff representations during our review noted the policy manual is routinely reviewed to update policy content and format. A list of policies reviewed is provided in Appendix B - Council Policies Examined. The table below details matters identified and associated suggested improvements.

Policy	Purpose / Goal	Matters Identified / Improvements
6.2.1 Councillors Entitlement Policy 2.1	To provide guidelines on the support and allowances available to Councillors within the provisions of the Local Government Act 1995, including cover for any 'out of pocket' expenses.	<p>The policy sets out the circumstances for which some expenses will be met. The most recent determination published by the Salaries and Allowances Tribunal (SAT) sets out entitlements to allowances and/ or reimbursement which cannot be proscribed, limited or waived by a local government.</p> <p>The policy sets out for an annual ICT allowance and also provides for the provision of a tablet in addition to the ICT Allowance. The SAT Determination sets out the allowance paid in addition to providing equipment and hardware is not to exceed the maximum level noted.</p> <p>Policy allows for the President to consider the appropriateness of council member training requests. Under the Local Government Act 1995 the Shire President does not have administrative authority and as such no authority to approve this type of request. The policy may also conflict with the provisions of Councillors Professional Development Policy 2.16, which deals with expenses relating to training and development.</p> <p>Improvements:</p> <p>Review and amend the policy to correctly reflect allowances and reimbursements for council members permitted under the current SAT determination.</p> <p>Review and update the policy to align with the provisions and limitations of the most recent determination published by the SAT. The policy should clarify ownership of ICT equipment provided to council members, which may assist to clarify limits for legislative compliance relating to ICT benefits provided to council members.</p> <p>Review and update the policy to ensure appropriate alignment with Councillors Professional Development Policy 2.16, and for approvals processes to align with legislative requirements. Alternatively, consider rescinding the policy where content is appropriately addressed through other policy and legislative provisions.</p>

6.0 Framework Design (Continued)

	Policy	Purpose / Goal	Matters Identified / Improvements
6.2.2	Legislative Compliance Policy 2.12	To provide a policy framework for the establishment of documented processes and procedures to ensure the local government complies with legislative requirements.	<p>This policy includes a number of systems, responsibilities review and reporting requirements. We did not observe evidence of these policy requirements occurring.</p> <p>Improvement: Ensuring processes and systems are in place for the resourcing and actioning of policy requirements outlined in Legislative Compliance Policy 2.12. Alternatively, review the policy to consider the practicalities of current requirements, ensuring alignment with current strategic objectives, compliance and reporting requirements within the organisational capabilities.</p>
6.2.3	Internal Control Policy 2.13	To provide a policy framework for the establishment of documented internal controls that are implemented based on risk management principles.	<p>Limited direction is provided by the policy to support an internal control framework designed to promote compliance, encourage effective operations and to protect the Shire's assets.</p> <p>Improvement: Update the current internal control policy, promoting a risk-based approach to the development and maintenance of documented internal controls and procedures. This suggestion is intended to support a continual assessment of appropriate controls throughout the organisation by identifying the need for new controls (based on risk) and ensuring the existing outdated and unnecessary controls are discontinued.</p>
6.2.4	Councillors Professional Development Policy 2.16	To provide guidelines and protocols for the continuing professional development of councillors which is in addition to the training required for newly elected councillors after each election.	<p>The policy was last reviewed and approved by Council on 27 September 2023. Evidence to support further review following the October 2023 ordinary local government election as required by section 5.128 of the <i>Local Government Act 1995</i> was not available for our review.</p> <p>Improvement: Review the policy to satisfy section 5.128 of the <i>Local Government Act 1995</i> for Councillors Professional Development. Controls should exist to ensure the policy is reviewed after each ordinary local government election as required by legislation.</p>
6.2.5	OSH Contractor Management Policy 3.7	To set out guidance for the Shire of Gnowangerup (Shire) to comply with the Occupational Safety and Health Act 1984, the Occupational Safety and Health Regulations 1996, and extending to the Worker's Compensation and Injury Management Act 1981.	<p>The OSH Policy has not been reviewed since it was adopted in December 2015 and references superseded legislation and is out of date.</p> <p>Improvement: Review and update the WHS Policy to comply with the legislative requirements of the Work Health and Safety Act 2020. Undertake training to communicate awareness of the updated policy and include in induction processes.</p>

6.0 Framework Design (Continued)

Policy	Purpose / Goal	Matters Identified / Improvements
6.2.6 Purchasing Policy 4.1	To ensure compliance with legislation and establish a framework of operational standards for contracts to purchase goods and services.	<p>The following matters were noted within purchasing policy 2.3:</p> <ul style="list-style-type: none"> The policy does not provide direction regarding contract variations and extensions awarded or against a written specification not awarded by tender. The policy should ensure appropriate controls exist to minimise opportunities to circumvent purchasing threshold requirements through application of variations and extensions. Extension of contracts and associated price changes are also not covered by the policy. For contracts awarded by tender, legislation provides minimum requirements for variations; Exemptions to purchasing requirements are not considered in the policy; The policy makes reference to pre-qualified suppliers and instances where pre-qualified suppliers are to be given priority for purchasing activities. This may cause confusion for users of the policy. The Shire do not have a policy relating to pre-qualified suppliers, and entering into such an arrangement may not comply with legislation; Purchasing requirements for emergency purchases are not documented in the policy, and procedures to support system requirements were not available for our review; and Incorrect references to delegations are included with the policy. <hr/> <p>Improvements:</p> <p>Amend the Policy to provide the following:</p> <ul style="list-style-type: none"> Prohibit price variations to existing contracts awarded by tender other than those provided within the original contract, as required by regulation 11(2) (j) (iv) of the <i>Local Government (Functions and General) Regulations 1996</i>; Include direction for the purchasing requirement for the issuing of contact variations and extensions for contracts not awarded by tender. Consideration should be given circumstances where the contract value increase over a policy threshold level, due to the variation or extension; Ensure requirements relating to permitted exemptions are appropriately referenced and are current with legislation; Update references to panels of pre-qualified suppliers where confusion may result in executing policy requirements; Document requirements where emergency purchases are activated by the policy, to reference the risks and control environment where considering these arrangements; and Remove detailed references to delegations to reduce opportunities for conflict due to misinterpretation of compliance requirements and update of other documents.

6.0 Framework Design (Continued)

Policy	Purpose / Goal	Matters Identified / Improvements
6.2.7 Corporate Credit Card Policy 4.4	To provide guidance for the use of Corporate Credit Cards	<p>The policy required the Council to approve the CEO's credit card application and determine the conditions for use. Under the <i>Local Government Act 1995</i> the Council has no administrative authority and therefore no authority to approve the CEO's application.</p> <p>The policy provides for credit cards, but does not consider other transaction cards such as pre-paid debit cards etc. Amendments to the <i>Local Government Act 1995</i> and <i>Local Government (Financial Management) Regulations 1996</i> came into effect on 1 September 2023, requiring reporting of transactions using credit, debit and other purchasing cards.</p> <p>The policy and procedure do not set out how purchases are to be substantiated, reported, reviewed and authorised where a valid tax invoice is not available to support card transactions.</p> <p>Improvements: Review the policy/procedure to amend the authorisation process of the CEO's credit card application. Reports to Council including transactions using purchasing cards should be undertaken as required by legislation.</p> <p>Update the policy to ensure all transaction cards are referenced within the policy. This may assist with reporting requirements of regulation 13A of the <i>Local Government (Financial Management) Regulations 1996</i>.</p> <p>Update the policy and procedure to include guidance to support purchases where a valid tax invoice is not available. This should include appropriate consideration to identify the purchase and provide for robust control and review processes prior to payments being deducted through automated bank payments.</p>
6.2.8 Significant Accounting Policies 4.8	To provide a framework for the financial management of the Shire that is clear, transparent, consistent, and complies with statutory obligations and requisite Australian Accounting Standards.	<p>Formalisation of accounting policies within a separate Council policy may result in a conflict with policies required by Australian Accounting Standards due to changes in the Australian Accounting Standard.</p> <p>Improvement: To avoid conflict with the standards and legislation, the policy should not include legislative and standards requirements and should enhance these requirements or provide a policy decision where an accounting standard allows a policy choice. Consider rescinding the policy and adopt accounting policies annually within the Annual Statutory Budget.</p>
6.2.9 Policy Review	Routine review of Policies to help ensure they remain current.	<p>Policies are reviewed periodically by Council to help ensure they remain current. Some policies are overdue for the required review as included in the policy manual.</p> <p>Improvement: Ensure procedures are in place for the regular review of policies. Following review of policies by Council, update the latest 'history' date on the policy to provide evidence and an accurate record of when the policy was reviewed, amended and adopted.</p>

6.0 Framework Design (Continued)

Policy	Purpose / Goal	Matters Identified / Improvements
6.2.10 Policy Publication	To provide access to current and consolidated policies of Council.	<p>The formatting and presentation of some policies are inconsistent and presented in alternative formats within different policies. Maintaining a consistent format across all the policies allows for better controls for their review and maintenance.</p> <p>Improvement: Review and amend policies to maintain a consistent format and structure across all policies.</p>
6.2.11 Policy Reference to Legislation and External Information	To support the link between Council policy, legislation and other information sources.	<p>We noted policies which contain specific detail relating to legislation and other external references. This practice may result in conflict between the policy and legislation or guidance in the instance of a change in legislation, guidance, or other external references. We noted policy references are currently outdated in their current policy format. Example of this:</p> <ul style="list-style-type: none"> • 2.7 Business Continuity Management Policy; • 3.7 OSH Contractors Management Policy; • 3.8 Fitness for Work Policy; and • 4.12 Non-Current Assets Policy. <p>Improvement: Update policies to remove specific and / or detailed references to legislation and other external references to assist with appropriate alignment, and consistency in Council policies is maintained.</p>
6.2.12 General Policy Actions	To set out parameters for the implementation of policies.	<p>We noted the content of several Council policies which may be operational in nature. Council policies are not necessarily intended to provide direction on how different operational functions are to be executed as these are the responsibility of the CEO. Some policies where this may occur include:</p> <ul style="list-style-type: none"> • 2.19 Flag at Half-Mast Protocols Policy; • 3.1 Training and Development Policy; • 3.2 Dispute Resolution and Grievance Policy; • 3.3 Employee Study Assistance Policy; • 3.5 Discrimination, Harassment and Bullying Policy; • 3.6 Staff Housing Policy; • 3.7 OSH Contractors Management Policy; • 3.8 Fitness for Work Policy; • 3.9 Recruitment and Selection Policy; • 3.11 Employee - Other Leave Policy; • 3.12 Disciplinary Policy; • 3.13 Performance Improvement Policy; • 3.15 Secondary Employment Policy; • 4.11 Petty Cash and Till Floats Policy; • 4.12 Non-Current Assets Policy; • 5.1 Asset Management Policy; • 5.2 Motor Vehicle Policy; and • 5.4 Use of Small Plant & Equipment by Employees Policy. <p>Policies are not necessarily intended to provide direction on how different functions are to be executed, except where legislation requires it.</p>

6.0 Framework Design (Continued)

Policy	Purpose / Goal	Matters Identified / Improvements
6.2.12 General Policy Actions (continued)		<p>Improvement: Review and update these policies to consider the appropriate separation of the roles of the Council and the CEO. Consider review and update of policies to articulate the strategic direction of Council, particularly where legislation does not provide such direction.</p>
6.2.13 Complaints Handling Policy	Policy to provide guidance to the Shire's approach to managing complaints and grievances had not been adopted.	<p>At the time of our review, a policy document setting out the processes for management of general complaints and grievances had not been adopted.</p> <p>Improvement: Develop and adopt a Council policy for the handling and resolution of community complaints and grievances, which is published on the official local government website. Ensure the policy provides a mechanism for the handling and resolution of complaints regarding the CEO. Establish a complaints register (separate to the register required by section 5.121(1) of <i>the Local Government Act 1995</i>) or procedure to ensure complaints are monitored, managed and dealt with. Ensure procedures are easily accessible and available to facilitate a structured approach, management and timely response to complaints and grievances.</p>

7.0 Framework Implementation

7.1 Strategic and Operational Plans

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

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

	Plan	Purpose / Goal	Matters Identified / Improvements
7.1.1	Corporate Business Plan	A plan to guide the internal operations of the Shire in delivering services to the community.	<p>The Corporate Business Plan (CBP) does not include information such as associated costs for activities and services as required by regulations for CBP.</p> <p>Improvement: Consider appropriate information for inclusion in the next edition of CBP to comply with regulations.</p>
7.1.2	Strategic Community Plan	The Shire's principle strategy and planning tool guiding the strategic direction of the local government underpinned by community engagement.	<p>The Strategic Community Plan does not include all information as required by the Department Local Government, Sport and Cultural Industries (DLGSC) Integrated Planning and Reporting Advisory Standard (September). This includes documenting community engagement processes, current and future resource capacity, consideration of demographics/ trends and performance measures.</p> <p>Improvement: Ensure future reviews of the Strategic Community Plan document information to include all required data and information as noted within the Department Local Government, Sport and Cultural Industries Integrated Planning and Reporting Advisory Standard (September 2016).</p>
7.1.3	Long Term Financial Plan	Plan prepared to assist the Shire to understand and plan its long term strategic financial management.	<p>The Long Term Financial Plan supplied has not been reviewed since it was prepared in 2019. Although there is no documented requirement for timing of reviews, it is a key tool (aligned to the Corporate Business Plan and annual budget) for ensuring long-term financial health.</p> <p>The Plan includes a section titled 'Risk Assessment' (which refers to a superseded risk management standard) and a risk matrix which may not align with adopted risk management policy and framework. Long term financial risks are not identified within the draft Plan.</p>

7.0 Framework Implementation (Continued)

Plan	Purpose / Goal	Matters Identified / Improvements
7.1.3 Long Term Financial Plan (continued)		<p>Improvements: To help ensure the robustness of the plan we suggest the plan be reviewed, and include all required data and information as published within the DLGSC Integrated Planning and Reporting Advisory Standard (September 2016).</p> <hr/> <p>Review the Long Term Financial Plan to monitor financial health and maintain effective alignment with Integrated Planning and Reporting documents. Risks should be appropriately considered in accordance with adopted risk management policy and procedures.</p>
7.1.4 Workforce Plan	Document to enable appropriate workforce to deliver the Corporate Business Plan and consider workforce implications of the Strategic Community Plan.	<p>The Workforce Plan 2022-2027 has not been reviewed since it was finalised in July 2022. Although there is no statutory obligation to adopt the plan, it is required by the DLGSC Integrated Planning and Reporting Advisory Standard (September 2016), and to be aligned to the Corporate Business Plan and annual budget.</p> <hr/> <p>Improvement: Review and update the Workforce Plan to maintain effective alignment with IPR documents, and to include all required data and information as published within the Department Local Government, Sport and Cultural Industries Integrated Planning and Reporting Advisory Standard (September 2016).</p>
7.1.5 Business Continuity / Disaster Recovery Plan	Plan to facilitate organised decision-making in the event of a major incident impacting the Shire's ability to continue normal operations.	<p>A Business Continuity/ Disaster Recovery Plan has been prepared in draft format. The Business Continuity / Disaster Recovery Plan has not been tested.</p> <hr/> <p>Improvement: Test the Business Continuity Plan to ensure its validity. The plan should facilitate organised decision making in the event of any major disruption impacting the Shire's ability to continue normal operations, with routine testing involving relevant and key personnel to ensure validity of the identified risks and treatments within the plan.</p>
7.1.6 Asset Management Plan	Plan prepared to assist the Shire to improve the way it delivers services through its infrastructure assets such as roads, drainage, footpaths, public open space and buildings.	<p>An asset management plan was not available for our review.</p> <hr/> <p>Improvement: Progress review and updates of asset information to implement an Asset Management Plan to maintain effective alignment with IPR documents. This should include all required data and information as published within the DLGSC Integrated Planning and Reporting Advisory Standard (September 2016).</p>

7.0 Framework Implementation (Continued)

	Plan	Purpose / Goal	Matters Identified / Improvements
7.1.7	ICT Strategic Plan	Plan to guide the future development and delivery of ICT services.	<p>An ICT Strategic Plan was not available for our review.</p> <p>Presently a single consultant is engaged to provide IT support services and advice regarding security etc. A high level of risk could be assumed by engaging a single entity to provide all IT services.</p> <p>Improvements: Develop an ICT Strategic Plan identifying and documenting key ICT risks along with the treatments to reduce the risk to an acceptable level. Consider independent review of identified ICT risks. Careful development of a strategy may assist in considering the risks of utilising a single IT provider and may assist in developing a scope to articulate service level agreements for a range of IT services to be potentially issued to different providers. Consider implementation of routine review and verification of skills, competencies, qualifications and experience for IT service providers.</p>
7.1.8	Record Keeping Plan	To provide a high quality service to all stakeholders in the Shire of Gnowangerup for all communications regarding Council business.	<p>The Shire's Record Keeping Plan as required by the State Records Act 2000 was last reviewed/updated in 2019. The plan is required to be reviewed at least once every five years.</p> <p>Improvement: Review systems and processes to ensure currency of the Record Keeping Plan including reviews required to be submitted to the State Records Office, as well as implementation of any improvements noted within the plan, including self evaluated improvements and any actions noted by the State Records Office.</p>
7.1.9	Local Emergency Management Arrangements (LEMA)	To detail emergency management arrangements and ensure understanding between agencies and stakeholders involved in managing emergencies within the Shire.	<p>The Local Emergency Management Arrangements document was last finalised in 2019 and requires update.</p> <p>Improvement: Undertake the review of LEMA and ensure regular exercises, review and update of the document occurs to ensure the content of the plan is relevant and current to the Shire. Ensure the document is produced and issued as required by legislation.</p>

7.0 Framework Implementation (Continued)

7.2 Operational and Financial Procedures

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

We observed a number of practices and procedures in place, however their application was not always consistent. In some instances where plans or procedures are in place, the responsible officer was unaware these existed. Considering the number of services provided and current staff resourcing, a risk based approach to the prioritisation of the review and development of new and existing procedures is recommended. The table below details areas of suggested improvement in relation to policies and procedures examined.

Component	Purpose / Goal	Matters Identified / Improvements
7.2.1 Evidencing Routine Reviews, Authorisations and Approvals	Systems and controls to allow for appropriate review of the completion of tasks and evidencing key points of control.	<p>We noted procedures and controls for recording and evidencing the routine review, approval and authorisation processes for a number of key operational functions are not formalised. Whilst these processes may occur in some instances, we observed the implementation is not always uniform or consistent. This may result in weaknesses in their application and the control environment.</p> <p>In the course of our review, we noted instances where the security for electronic signatures to authorise or review various processes was considered inadequate which may present a high level of risk to intended controls.</p> <p>Improvements: Review systems and processes to establish approved and consistent application of controls within operational functions. Controls should be maintained to evidence and demonstrate the appropriate segregation of duties and independent review being undertaken.</p> <p>Review and update systems and procedures for the application of electronic signatures to ensure appropriate controls exist to support security, authenticity and authorisation when they are utilised.</p>

7.0 Framework Implementation (Continued)

Component	Purpose / Goal	Matters Identified / Improvements
7.2.2 Operational Procedures, Checklists, Workflow Diagrams	To provide direction to staff in the delivery of day-to-day operational tasks, as well as guidance for expected processes, systems, and controls to be maintained.	<p>Procedures are not formalised for some key operational functions throughout the Shire. Workflow process diagrams and checklists may assist to create a visual representation of a process, clearly identifying key points of control and responsibility to be evidenced and independently reviewed. Where appropriate, these may be complemented by clearly articulated descriptive documented procedures.</p> <p>Improvement: Routinely review existing operational procedures, and where required develop and implement additional procedures to provide operational guidance aligned with adopted Council policies and legislation. Procedures should provide for activities not necessarily covered by legislation to communicate expected standards to staff from management. Development of documented procedures and checklists, and/ or workflow process diagrams may assist in clearly identifying controls and processes to be followed.</p>
7.2.3 Procedure Changes	Process to control and manage change to procedures.	<p>Process for amending or changing procedures are not formalised. This creates opportunities for unilateral undocumented changes to procedures and a breakdown in key controls.</p> <p>Improvement: Establish process for the development, review, amendment and authorisation of procedures, checklists and other internal control documentation, to assist with managing changes to procedures.</p>
7.2.4 Risk Management Procedures	Procedures and practices to set out a uniform approach to the identification, assessment, management, reporting and monitoring of risks.	<p>Some risk management activities currently undertaken are not formally documented and are sometimes performed independently within individual departments. We noted some of these existing procedures are based on a superseded risk management standard and may not align with adopted policy, reporting and monitoring objectives.</p> <p>Improvement: Communicate throughout the organisation, current risk management procedures and processes to assist with routine and consistent applications in accordance with Council policy. A key function of the Audit and Risk Committee should be to review updates to risk reports, as well as to monitor and evaluate risks, particularly where changes occur. Risk reports and updates should be routinely reported and reviewed by the Audit and Risk Committee.</p>

7.0 Framework Implementation (Continued)

Component	Purpose / Goal	Matters Identified / Improvements
7.2.5 Regulatory Reporting	To submit financial reports to the auditor within regulatory timeframes.	<p>The 2023-24 balanced accounts and annual financial report was not submitted to the auditor by 30 September 2024 as required by Section 6.4 of the <i>Local Government Act 1995</i>.</p> <hr/> <p>Improvement: Review systems and procedures to ensure regulatory compliance and timeframes are able to be met.</p>
7.2.6 Annual Budget	Compliance with statutory requirements when adopting the annual budget.	<p>The 2023-24 and 2024-25 budgets lists a number of reserve funds as being 'restricted by Council', including reserves relating to specified area rates which are restricted by legislation and not Council. This type of erroneous disclosure may inadvertently lead to conflict or non-compliance with legislation. Section 6.37(3) specifically prohibits a local government from changing the purpose of a reserve or using reserve funds for another purpose where it relates to funds imposed from a specified area rate.</p> <hr/> <p>We noted some disclosures in the 2023-24 and 2024-25 budgets do not align between related notes, including specified area rates and reserve account movements.</p> <hr/> <p>Improvement: Review systems and procedures to ensure the accurate presentation of required disclosures in the annual budget to comply with the <i>Local Government Act 1995</i> and associated regulations.</p>

7.0 Framework Implementation (Continued)

Component	Purpose / Goal	Matters Identified / Improvements
7.2.7 Annual Report	Ensure the annual report contains all information accepted by Council and published to the local government website as required.	<p>The 2022-23 annual report was adopted on 7 February 2024. The report has omitted some information required by legislation, namely:</p> <ul style="list-style-type: none"> Capital Grants, subsidies and contributions for replacing and renewing assets during the financial year and the preceding two financial years; and The State Records Act 2000 requires the annual report to provide information relating to: <ul style="list-style-type: none"> The efficiency and effectiveness of the organisation's record keeping systems is evaluated not less than once every 5 years; The organisation conducts a record keeping training program; The efficiency and effectiveness of the record keeping training program is reviewed from time to time; and The organisation induction program addresses employee roles and responsibilities in regard to their compliance with the organisation's record keeping plan. <p>Improvement: Ensure the annual report contains all information required by legislation.</p>
7.2.8 ICT Risk Evaluation	The evaluation of risk in the overall security policy, general ICT and applications.	<p>No formal evaluation process of the risks associated with the overall security policy, general ICT and application controls is in place. We also noted formal risk treatment plans do not appear to be in place in relation to risks associated with changes to the IT systems.</p> <p>Currently no ICT usage agreement is in place.</p> <p>Improvements: Develop evaluation systems and registers to evaluate, monitor and resolve risks related to the Shire's ICT environment. Controls should appropriately manage changes to the ICT system to ensure continuous and uninterrupted functionality of the ICT environment.</p> <p>Develop an ICT usage agreement and ensure all users agree to the usage terms and conditions. System may be needed to monitor usage policy acceptance and integrate the policy into the Shire's human resources procedure or user login.</p>

7.0 Framework Implementation (Continued)

Component	Purpose / Goal	Matters Identified / Improvements
7.2.9 ICT Security	Procedures and practices to ensure the security of IT information, systems and data.	<p>We noted limited controls in relation to the access to IT systems, including physical access to hardware. Some levels of permissions have been established to control network access to software and data, however this is largely undocumented.</p> <p>Improvement: Undertake a comprehensive independent IT security review, document current policies and practices, and implement findings of the review. This review should be undertaken by those with the appropriate expertise, skills, qualifications and credentials. Consider implementation of routine review and verification of skills, competencies, qualifications and experience for IT service providers.</p>
7.2.10 Information Required to be Published on Official Local Government Website	Ensure information is published for public information as required by legislation.	<p>At the time of our review, we noted the following information (in addition to other matters noted throughout this report) has not been published on the Shire's official website as required by legislation:</p> <ul style="list-style-type: none"> • Current Corporate Business Plan (as updated through Annual Review). <p>Improvement: Ensure information is published on the Shire's official website as required by section 5.96A of the <i>Local Government Act 1995</i> and any required legislation.</p>
7.2.11 General Journals	Controls to ensure journals are properly recorded, controlled, authorised and supported in accordance with approved procedures.	<p>While there appeared to be some informal controls in place at the time of our review for journals to only be processed by authorised officers, including independent review and approval by an authorised officer for posting of journals, there are limited documented internal control procedures for general journals. Supporting documentation for some journals selected for testing did not include adequate information to explain the reasons required for the entry.</p> <p>Improvement: Document internal controls to ensure journal requests initiated are reviewed and approved/ authorised prior to posting by an appropriate officer, the practice of independent review is consistently maintained, and evidence of review is routinely applied.</p>

7.0 Framework Implementation (Continued)

Component	Purpose / Goal	Matters Identified / Improvements
7.2.12 Creditors Systems and Processes	Controls around accounts payable processes.	<p>Creditors invoices appear to be processed and entered frequently along with creditors payment runs. Creditor invoices for payments relating to prior periods are not always allocated to the period to which the goods or services were received. Invoices for all goods or services received during the month may not be received prior to the end of the month and should be processed in the subsequent month but dated in the month the goods or services were received. These will then reflect as creditors at month end.</p> <p>Improvement: Supplier invoices should be processed in a timely fashion and entered through the Shire's ERP system as soon as practicable after receipt to provide a more accurate representation of the Shire's liabilities at any given time. Invoices should be followed up where not received for goods or services obtained.</p>
7.2.12 Procurement	Procedures for the procurement of goods or services.	<p>Through our limited testing performed in the course of our engagement, we noted some records and procurement activities which make reference to a panel of pre-qualified suppliers. It is not clear if these activities do in fact relate to pre-qualified supplier panels due to:</p> <ul style="list-style-type: none"> • Inconsistencies in references within documentation relating to the procurement activity; and • We did not observe evidence of compliance with legislation where a panel of prequalified suppliers is utilised. This includes a policy relating to panels of pre-qualified suppliers detailing governance and other required practices not being available for our review. <p>Through limited testing of payments, instances were noted where:</p> <ul style="list-style-type: none"> • Purchase orders were not signed by the preparer; • Purchase order date did not pre-date the invoice date; • The required number of quotations was not always sought, or appropriate documentation maintained to support the absence of quotations required; and • There was a discrepancy between the purchase order and the amount invoiced.

7.0 Framework Implementation (Continued)

Component	Purpose / Goal	Matters Identified / Improvements
7.2.12 Procurement (continued)		<p>Improvements:</p> <p>All procurement of goods or services should be undertaken in accordance with legislative and applicable policy requirements. Should pre-qualified panels of suppliers be utilised, a policy should be adopted to address statutory requirements including those set out within the <i>Local Government Act 1995</i> and <i>Local Government (Functions and General) Regulations 1996</i>, and appropriate systems and procedures implemented for compliance.</p> <hr/> <p>Where purchasing activities have not complied with the purchasing policy, such as where a purchase pre-dates a purchase order, these instances should be documented, reviewed and authorised to demonstrate controls have been developed to comply and ensure the purchasing policy has been adhered to.</p> <hr/> <p>Examine systems, processes and training to ensure those with delegated purchasing authority comply with the provisions of the purchasing policy and with legislation. Where repeated instances may occur, enforce individual accountability with documented procurement policies and procedures.</p> <hr/> <p>All procurement of goods or services should be undertaken in accordance with legislative requirements and the purchasing policy. A review of the purchasing policy may be required to ensure the policy reflects the purchasing objectives and risks of the Shire.</p>

7.0 Framework Implementation (Continued)

Component	Purpose / Goal	Matters Identified / Improvements
7.2.13 Procurement Assessment	Procedures to provide probity for the assessment of procurement options received.	<p>We noted some documented formal requirements when undertaking assessments of responses to requests for quotations and tenders, however these processes are not always applied by staff responsible for undertaking procurement activities.</p> <p>Documented procedures are not in place to consistently require declarations of interest and confidentiality to be signed prior to assessments being undertaken for high value purchases.</p> <p>Improvements: To help ensure probity and fairness when assessing high value procurement, at least three persons should assess the procurement responses independently of each other. Documented processes should require a higher level of probity and due diligence, for higher value or higher risk purchases.</p> <p>Persons assessing any significant procurement should be required to declare any matters which may impact or be perceived to impact on their independence. Procedures for the declaration of interests prior to procurement assessments being undertaken should also be documented for high value purchases and tenders.</p>
7.2.14 Contract Management	To provide clear documentation of key contract/ agreement information entered into with third parties by the Shire.	<p>Our testing and staff representations noted formalised and duly executed contracts detailing agreed service levels were not always prepared at the time of engaging contractors. Existing contract management policy and procedure documentation has not been recently reviewed and is outdated. Whilst we noted management detection of control weaknesses with some contract arrangements, the absence of formal documentation has the potential to limit controls relating to cost or performance management, as well as minimum service levels for works and/or services performed.</p> <p>Improvement: Formalise and maintain systems and processes to provide for higher level controls and oversight of contracts entered into with third parties by the Shire. Agreements should be dually executed to ensure contract obligations are understood and met by both parties.</p>

7.0 Framework Implementation (Continued)

Component	Purpose / Goal	Matters Identified / Improvements
7.2.15 Overhead and Administration Allocations	To allocate indirect costs in a practical and efficient manner.	<p>No formal process is currently in place to determine the allocation of indirect costs. From staff representations, current allocation rates are based on historical estimates and reviewed during budget preparations each year, however, no calculation method to support these rates was available for our review.</p> <p>We note administration overheads are allocated into public work overheads. Whilst this is generally acceptable, the on allocation of public works overheads to capital projects results in the capitalisation of administration overheads. AASB 116 Property, Plant, and Equipment does not allow for the inclusion of administration costs as part of the cost of property, plant or equipment.</p> <p>Our review noted limited monitoring throughout the year of indirect costs and we were unable to ascertain how subsequent corrective adjustments are calculated and approved, which may financially impact budgeted works programs.</p> <p>Improvements: Undertake a review of activity-based costings to support calculation of overhead and administration allocations. Routine review and monitoring of indirect costs should be maintained for accuracy and compliance in financial reporting of works program.</p> <p>Routine reviews of cost reallocations should be undertaken to ensure cost reallocations are appropriate. This should include reviewing systems and processes to ensure administration costs are not being indirectly capitalised as property, plant and equipment.</p>
7.2.16 Corporate Transaction Cards	Systems and processes to control use of Corporate Credit / Transaction Cards held.	<p>Corporate transaction card acknowledgements were not available for all card holders of the corporate transaction cards, including fuel cards.</p> <p>Improvement: Review systems and procedures to ensure all transaction card holders have acknowledged and signed documentation setting out cardholder responsibilities and legal obligations.</p>

7.0 Framework Implementation (Continued)

Component	Purpose / Goal	Matters Identified / Improvements
7.2.17 Credit Cards	Systems and processes to control use of Corporate Credit Cards held.	<p>Through our limited testing we noted:</p> <ul style="list-style-type: none"> An official tax invoice was not available for a credit card purchase as required by Council policy; and Instances where evidence of independent review of credit card statements was not available, or where the individuals reviewing and signing credit card transactions do not align with controls as required by Council policy. <p>Improvements:</p> <p>Update and maintain procedures to ensure all payments made by credit cards are accompanied by appropriate tax invoices or other documentation as set out through authorised procedures.</p> <p>Review systems and processes to ensure all corporate card transactions are appropriately reviewed and evidenced. Controls should ensure documentation has been appropriately filed as required by authorised procedures.</p>
7.2.18 Changes to Banking Details	Controls to validate banking change requests.	<p>The Shire's current process of changing supplier and employee banking details is inadequate, with minimal formal documented procedures in place. We are aware of many incidents of payment scams/ frauds within the local government industry in recent years. As a consequence of this activity, controls around the changes to supplier details within the payment system are essential.</p> <p>Improvement:</p> <p>The process to verify changes of supplier details should be documented and provided to officers responsible for preparation and entry of creditors invoices for approval for payment. This should be supported with training/direction to remind staff of the need to be ever vigilant, to exercise a level of scepticism for all requests presented and, most importantly, to raise a concern if there is any doubt about the authenticity of a request for change of EFT payment details. Formal procedures relating to changes to banking details for employees and creditors should be updated to ensure sufficient controls exist in both substantiating the change request and the changes performed within the Shire's ERP system. Review and update procedures to ensure appropriate segregation of duties and the following matters are appropriately considered, documented and controls are adequate to:</p> <ul style="list-style-type: none"> Validate the change request and its origin; Authority exists for the change request; and Validate and control the changes once completed.

7.0 Framework Implementation (Continued)

Component	Purpose / Goal	Matters Identified / Improvements
7.2.19 Petty Cash	Systems and processes to ensure controls are maintained around petty cash.	<p>Our testing of petty cash noted a breakdown within the systems and controls described to us. Evidence of independent review and recording of petty cash being issued was not available for all receipts tested, or reconciliations being routinely performed as required by policy documents.</p> <hr/> <p>Improvement: Undertake a review of systems and processes relating to petty cash, to ensure adequate controls exist relating to security of cash held, as well as maintaining and processing of petty cash transactions. Formal documentation should also be updated to remove confusion between Council policy and CEO procedures.</p>
7.2.20 Access to Shire Facilities	Ensure access to Shire facilities is restricted to only personnel who are authorised.	<p>We noted limited physical access security measures to some Shire facilities. The risk associated with this is not documented, measured or recorded appropriately to verify whether treatment plans have reduced the perceived level of risk to the Shire.</p> <hr/> <p>Improvement: Ensure adequate physical access security measures to prevent unauthorised individuals from accessing facilities are appropriately documented. Risks and their treatment plans should be recorded in a risk register to communicate the risk, aligned to the Shire's adopted risk management policy and framework.</p>

7.0 Framework Implementation (Continued)

Component	Purpose / Goal	Matters Identified / Improvements
7.2.21 Stock Controls	Process to ensure stock is correctly allocated and monitored as to reduce the potential for theft or misappropriation.	<p>Improvements to stocktakes were noted to have been recently implemented for some Shire facilities to monitor inventory items, however, the controls and level of independence for the stocktake and verification may not be considered adequate. Stock allocations for some stock items are entered and reviewed for reasonableness by management, but not independently reviewed for accuracy at periodic intervals. It was noted some mechanisms to detect where excess stock (including fuels, oils, materials etc.) may be allocated inappropriately or erroneously are currently being investigated for implementation.</p> <p>Improvements: A risk based approach should be undertaken to determine the frequency of required stocktakes and reconciliations for stock on hand. Reconciliation and monitoring of stock (such as monitoring of fuel used per vehicle) is an important control to help minimise shrinkage, security issues or potential misuse in a timely manner.</p> <p>Review and update systems and procedures relating to stock controls at Shire facilities. Routine / periodic stocktakes should minimally include reconciliation of stock movements against sales and independent review of data etc. Ensure appropriate controls exist to evidence independent review of data as required.</p>
7.2.22 Rates	Rates are correctly imposed and rate system is properly maintained.	<p>The 2024-25 rate notice and the 2024-25 information accompanying the rate notice did not:</p> <ul style="list-style-type: none"> • Contain a brief statement that rebates to pensioners and seniors under the <i>Rates and Charges (Rebates and Deferments) Act 1992</i> are funded by the Government of Western Australia and the circumstances under which they are available; • Provide information an agreement may be entered into for the payment of rates and service charges; and • Advice that instalment options are not available for rates or service charges unless any arrears are paid in full along with the first instalment prior to the due date. <p>Through our limited testing of rates notices, we noted the following which do not appear to comply with legislation and the adopted budget:</p> <ul style="list-style-type: none"> • An annual rates notice included an interest charge, despite no arrears listed on the notice; and • No option to pay by instalments being included on the rates notice. <p>Evidence of routine reviews of rate exempt properties as defined by section 6.26(2)(g) of the <i>Local Government Act 1995</i> was not available for our inspection.</p>

7.0 Framework Implementation (Continued)

Component	Purpose / Goal	Matters Identified / Improvements
7.2.22 Rates (continued)		<p>Weaknesses were identified in relation to revenue control procedures to communicate required changes to rates property information and valuations. While the number of approvals per annum are currently low, systems should be in place where development or building approvals occur to rateable properties, to ensure timely application of updated rates valuations are obtained to ensure the rate book is current and rates are being correctly received.</p> <p>In the course of our review, we noted instances where controls to monitor and manage compliance in relation to rating functions was considered inadequate. We noted limited access restrictions to the rating system by staff and limited reviews of routine rating functions performed, including amendments to rating records, rolling reconciliation of revaluations processed and set up of associated property charges which had resulted in unilateral breakdowns in controls and incorrect rating transactions occurring. We note recent improvements being implemented, this is strongly encouraged to continue and to be maintained in the future.</p> <p>An annual rate is applied to properties within the Shire as provided by the <i>Waste Avoidance and Resource Recovery Act 2007</i> for waste collection. Our limited testing noted the annual amount rated exceeded the amount provided by legislation for GRV properties in the 2021-22 and 2022-23 reporting periods.</p> <p>Improvements: Ensure all information required by the <i>Local Government Act 1995</i> and associated regulations to be contained within rates notices is included in annual rates notices or information accompanying the rates notice.</p> <p>Update existing systems and procedures to demonstrate appropriate controls and authorisations exist, for compliant routine and accurate rating functions including interim rating processes and annual rates billing.</p> <p>Develop and maintain systems and processes whereby routine reviews are undertaken of rate exempt properties within the Shire, confirming these properties are used exclusively for rate exempt purpose.</p> <p>Procedures to evidence the approval and authorisation of routine reviews of rate exempt properties as defined by section 6.26(2)(g) of the <i>Local Government Act 1995</i> were not available for our inspection.</p>

7.0 Framework Implementation (Continued)

Component	Purpose / Goal	Matters Identified / Improvements
7.2.22 Rates (continued)		<p>Continue to progress the review of rating systems to identify actions required to address non compliances in processing transactions within the rating module and to apply updates to ensure accuracy and currency of information. Ensure appropriate review, authorisation and controls are in place for rating systems and processes.</p> <p>Ensure future rates adopted within the annual budget are correctly calculated and comply with legislation.</p>
7.2.23 Record Keeping Practices	To demonstrate compliance of record keeping systems and practices with legislative requirements.	<p>Based on our enquiries with staff, no regular refresher training for the use of the records system is currently in place to support and direct staff to the appropriate procedures to save records in accordance with the Shire's record keeping plans and policies. This may increase risks associated with compliance with required controls is low, information may become compromised in that deletions, loss and compromised security or confidentiality of records may occur.</p> <p>Improvement: Review, update and communicate procedures for the record keeping practices and enforce individual accountability for compliance with established procedures.</p>
7.2.24 Records Management	Procedures and practices to ensure the appropriate maintenance and recording keeping of physical and digital records.	<p>The Shire's Record Keeping Plan as required by the <i>State Records Act 2000</i>, was last finalised in November 2019. An updated/reviewed plan (required to be reviewed at least once every five years) had not been finalised for submission at the time of our review.</p> <p>Improvements: Review systems and processes to ensure currency of the Record Keeping Plan including reviews required to be submitted to the State Records Office, as well as implementation of any improvements noted within the plan, including self evaluated improvements and any actions noted by the State Records Office.</p>
7.2.25 Fees and Charges	Procedures to ensure fees and charges are raised in accordance with adopted schedule of rates.	<p>Our limited testing noted:</p> <ul style="list-style-type: none"> • Invoices had been raised which did not agree to amounts included in the adopted schedule of fees and charges. Information to support the discounts and variations noted were not available, and whether they were authorised by an officer with the correct level of authority; and • An invoice raised at an incorrect rate, resulting in the customer being undercharged. <p>Improvement: Review systems and procedures to ensure all fees and charges are raised at the rates adopted, and discounts or variations are only applied as permitted by legislation. Controls should be in place to ensure invoices contain the correct information before being issued to customers.</p>

7.0 Framework Implementation (Continued)

Component	Purpose / Goal	Matters Identified / Improvements
7.2.26 Grants Management	Controls for the effective management of grants and compliance with conditions imposed by funding bodies and compliance with AASB standards.	<p>Grants management and controls are not considered adequate for all grants currently in progress. We noted individual positions actively seek funding opportunities for various programs, though limited formal procedures exist to support processes and controls in respect to:</p> <ul style="list-style-type: none"> • Application of grants; • Acquittal of grants; • Compliance with grant conditions; and • Grant governance and administration arrangements. <p>Where grants are not effectively managed, there is a risk funds may be returned due to poor performance or missed opportunities in the future. In circumstances where controls are not effective for grant application processes, unbudgeted and unauthorised financial commitments may be undertaken on behalf of the Shire. This may also impact on compliance with procurement activities.</p> <hr/> <p>In the course of our review, we noted an instance of non payment to the Shire of funding being managed on behalf of a third party, where there appears to be no contractual basis to withhold payment of funding given the Shire's involvement appears to be limited to specific administrative tasks related to this funding arrangement, being the making of payments once approval from appropriate parties has been received, this arrangement requires immediate and urgent review.</p>

7.0 Framework Implementation (Continued)

Component	Purpose / Goal	Matters Identified / Improvements
7.2.26 Grants Management (continued)		<p>Improvements: Document and implement procedures to consider the need for grant programs, whether relevant factors and risks are thoroughly analysed and assessed and appropriate options for delivery are considered prior to applying for grants to ensure grant objectives are clearly defined. Systems should include controls for the monitoring of grants with funding conditions, acquittal processes and recording of liabilities in line with the AASB standards. Incomplete consideration of these factors may result in non-compliance with accounting standards and effective delivery of the Shire's grant programs. Maintain a register of grants to evidence the routine review of status, compliance and performance of grants being managed by the Shire.</p> <p>To help ensure the Shire are not disadvantaged through assisting with management of third party grant funds, consider seeking legal advice where there may be contractual breaches of agreements. Urgently review and update existing agreements to ensure controls are appropriate and effective.</p>
7.2.27 Revenue Controls at Shire Facilities	Procedures and systems for the collection of revenue and handling of cash at Shire facilities.	<p>Revenue from some Shire facilities and activities is only receipted into the ERP system from the bank statement, limiting controls to validate, support and reconcile transactions (including facility management IT software) with funds received into the Shire's bank account.</p> <p>Improvement: A review of procedures and controls is required to determine practical procedures, documentation and controls for the receipt and reconciliation of revenue across all facilities and activities. Procedures should ensure compliance with associated regulatory requirement required under the <i>Local Government Act 1995</i> and subsidiary regulations.</p>

7.0 Framework Implementation (Continued)

Component	Purpose / Goal	Matters Identified / Improvements
7.2.28 Debtors Processes	Controls for raising of invoices and timely collection and recovery of outstanding revenue.	<p>Limited independent review of invoice batches is undertaken once raised to check for accuracy. We noted limited controls to ensure appropriate segregation of duties or the timely processing of debtor invoices.</p> <p>We observed limited formalised processes to controls in relation to the raising of credit notes for sundry debtors. Where a single individual is responsible for or involved in multiple stages of various processes, there is an increased risk and opportunity for error or misconduct.</p> <p>Improvement: Review and update systems, procedures and controls relating to debtors processes to ensure appropriate review, authorisation and control mechanisms exist for compliance with legislation and general good governance principles.</p> <p>Appropriate segregation of duties relating to processing sundry debtor credit notes should exist and controls documented. If circumstances prevent the full segregation of duties, then procedures and conditions should exist to demonstrate alternate controls in place to reduce associated risks.</p>
7.2.29 Overdue Debtors	Timely collection and recovery of outstanding revenue.	<p>We did not evidence formal procedures or processes for the consistent and timely collection of outstanding general and rates debtors. Debtor collection is undertaken on an ad-hoc basis which could lead to non compliance with required procedures / policy or lead to the loss of income where aging debts are not able to be recovered.</p> <p>Improvement: Create and document procedures to ensure a transparent and consistent approach is applied to overdue debtors and ensure appropriate resources are available to undertake these procedures.</p>
7.2.30 Balance Sheet Reconciliations	Process for the control of balance sheet accounts.	<p>Reconciliations for some balance sheet accounts were not always conducted in a timely and consistent manner from samples selected for our review, including some subsidiary ledger reconciliations only just recently being undertaken after not being performed for a number of years. We also noted evidence of review by an independent and more senior officer had not been consistently maintained or was not available. Reconciliations are a key control and any untimely, non-reconciled accounts are considered a high risk to an organisation.</p> <p>Improvement: Review system processes to ensure regular and timely review of balance sheet reconciliations. These should be reviewed for accuracy and completion by an independent, more senior officer.</p>

7.0 Framework Implementation (Continued)

Component	Purpose / Goal	Matters Identified / Improvements
7.2.31 Fixed Assets	Procedures for the identification and recording of fixed assets to comply with the Australian Accounting Standards (AAS).	<p>Information to support selected fixed asset additions and disposal samples were not available for our examination to test for timely, accurate and legislatively compliant recording of fixed assets.</p> <p>Improvement: Undertake a review of asset acquisition and disposal procedures to ensure timely capitalisation of assets in the Shire's accounting system in accordance with AAS. Ensure processes provide for asset disposals to be by the requirements of section 3.58 of the <i>Local Government Act 1995</i> and the <i>Local Government (Functions and General) Regulations 1996</i>, and the depreciation rates used are in line with the Shire's key accounting information requirements.</p>
7.2.32 Asset Disposals	Procedures for the disposition of property in accordance with the requirements of section 3.58 of the <i>Local Government Act 1995</i> and regulation 30 of the <i>Local Government (Functions and General) Regulations 1996</i> .	<p>In the course of our review, we noted an instance where an asset does not appear to have been disposed of in accordance with section 3.58 of the <i>Local Government Act 1995</i> and the <i>Local Government (Functions and General) Regulations 1996</i>. This was noted to be the result of a plant item being traded at the same time of purchasing a new plant item. Although the purchasing policy and legislative requirements allowed for the new plant item to be purchased without going to tender, the disposition of the traded plant item is not captured by these same exclusions.</p> <p>Improvement: Ensure future asset disposals are in accordance with the requirements of section 3.58 of the <i>Local Government Act 1995</i> and the <i>Local Government (Functions and General) Regulations 1996</i>.</p>
7.2.33 Material Variances	Percentage/ Value for reporting material variances in financial reports.	<p>Materiality thresholds were considered with the adoption of the 2024-25 annual budget in August 2024, however do not appear to have been adopted annually by Council as required by legislation prior to this.</p> <p>Improvement: Adopt annually a percentage / value to report material variances in the monthly statement of financial activity as required by legislation.</p>

7.0 Framework Implementation (Continued)

7.3 Human Resource Management and Practices

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

Component	Purpose / Goal	Matters Identified / Improvements
7.3.1 Employee Appointment Procedures	Procedures to ensure appointment of staff are appropriately authorised, and onboarding processes are consistently and routinely applied.	<p>Documented procedures to support onboarding processes for new staff appear appropriate, however some updates to maintain currency with legislation. Staff representations in the course of our review noted conflicts of interest are considered, though a declaration is not required to be undertaken by interviewers on an interview panel.</p> <hr/> <p>Controls to ensure staff inductions are consistently applied throughout the Shire do not provide for adequate monitoring to ensure they have been completed in a timely manner, and induction processes do not consistently communicate to staff the required expectations and requirements when performing local government functions.</p> <hr/> <p>Improvement: Include the requirement to complete conflict of interest declarations by all members of an interview panel to promote fair and unbiased processes being undertaken in recruitment processes. These declarations may assist with appropriate risk management considerations being applied where an actual or perceived conflict of interest may exist through human resource management practices.</p> <hr/> <p>Update and implement procedures to ensure all new staff are appropriately inducted and aware of the parameters of their employment responsibilities and obligations including:</p> <ul style="list-style-type: none"> • WH&S; • Duties and responsibilities; • Security; • Code of Conduct; • HR Policies and Procedures; • Legislative Compliance; • Risk Management; and • Other relevant and required topics.

7.0 Framework Implementation (Continued)

Component	Purpose / Goal	Matters Identified / Improvements
7.3.2 Employee Termination Procedures	Procedures to ensure staff physical and IT access is removed and Shire assets returned at the time of departure.	<p>A formal process / procedure is currently in place to manage tasks associated with the termination of employees, but it is not always followed, and the process/ procedure needs further development and implementation. The process prompts for ensuring Shire assets are recovered, however, there is no formal practice in place to ensure the recovery of assets, restriction of security and IT access has been completed prior to the employee finishing with the Shire.</p> <p>Improvement: Review and update systems, procedures and/or checklists to manage and document actions required for the termination of employees, ensuring access to IT systems etc is appropriately restricted, all allocated Shire assets are recovered in a timely manner, payroll procedures completed and reviewed independently.</p>
7.3.3 Payroll Processing, Exception Reporting, Authorisation and Employee Masterfile Setup	Systems and controls to allow for appropriate review of fortnightly payroll and approval of changes to employee details.	<p>Through our limited testing, we noted breakdowns in systems and controls relating to payroll processing, authorisation and the setup of employee details. We noted the following matters in particular:</p> <ul style="list-style-type: none"> • Where regulated award increases are required, employees are not notified of the change to their agreed remuneration entitlements; • The officers responsible for processing and reviewing payroll are tasked with review and capture of employee entitlements, allowances, deductions, etc. Reliance is placed on these officers to remember individual details and identify any errors when reviewing payroll reports for authorisation for payment; • While testing the calculation of selected employee final / termination pays, evidence to support the calculation, review and authorisation of the final payment did not include all information to be processed in termination pays for all samples selected; and • A pay rate did not agree to employment contract and other authorised correspondence on the employee's file.

7.0 Framework Implementation (Continued)

	Component	Purpose / Goal	Matters Identified / Improvements
7.3.3	Payroll Processing, Exception Reporting, Authorisation and Employee Masterfile Setup (continued)		<p>Improvement: Update, review and implement procedures and controls for the accurate processing, and authorisation, of payroll each fortnight. Details for each employee should be reviewed against individual employment contracts to capture allowances, deductions, entitlements etc, into a master list, with appropriate review and authorisation for changes. All required reports should be presented for review and authorisation each fortnight to minimise the risk of fraud, errors and omissions not being detected.</p>
7.3.4	Performance Reviews	Framework to provide effective communication between an employee and employer to measure performance, identify training needs and improve effectiveness and efficiency in the workplace.	<p>Our testing noted inconsistent practices for employee performance reviews, with limited evidence to support periodic reviews occurring for all employees.</p> <p>Improvement: Implement processes and procedures to facilitate routine and regular reviews for performance of all employees, with appropriate evidence of these reviews consistently recorded.</p>
7.3.5	Staff Contracts and Employee Files	To provide a documented record of the terms and conditions of each employee's contract of employment.	<p>In the course of performing our review, it was noted position descriptions are not consistent for all roles, and based on staff representations made, are not current for some positions.</p> <p>Improvement: Ensure position descriptions exist to articulate roles and responsibilities for each position within the organisation. These should be signed to acknowledge roles and responsibilities associated with individual employment. Undertake a review of all personnel files and establish position descriptions for employees who do not have one or where the position description is outdated.</p>

7.0 Framework Implementation (Continued)

Component	Purpose / Goal	Matters Identified / Improvements
7.3.6	Staff Training To ensure staff have access to ongoing and appropriate training.	<p>Planned and required staff training needs for employees are currently identified and recorded in a central training matrix for some operational areas/departments. Further value from this initiative can be added through refining the current matrix toward a more formal required staff training structure, applied throughout the organisation. We noted some training / licence requirements have expired and/or require renewal for some employees.</p> <p>Improvement: Refine the current staff training matrix to identify staff training needs relevant to their role, ensuring it is co-ordinated across the organisation and monitors currency of required licences and qualifications. Systems and processes should provide for timely scheduling and updating of various training / licence requirements identified within the matrix.</p>
7.3.7	Induction Processes To provide council members, employees, contractors and volunteers with adequate information, instruction and training relating to Shire policy, procedures and requirements.	<p>Inductions are generally applied throughout the organisation, however are only conducted with staff and do not currently include contractors and volunteers.</p> <p>Improvement: Ensure all new employees, council members, contractors and volunteers of Council are appropriately inducted, with evidence of inductions retained on within the record keeping system.</p>

7.0 Framework Implementation (Continued)

7.4 Insurance

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

	Component	Purpose / Goal	Matters Noted / Improvements
7.4.1	Contractor Insurance	Insurance cover maintained by contractors for damage caused when undertaking works for the Shire.	Contractors' insurances are not always assessed prior to award of contracts in all cases. Reliance is placed on contract managers to ensure copies of insurances are provided. Improvement: To help ensure all contractors have the relevant licences and have adequate insurance cover for the works they undertake for the Shire, procedures should be developed, and records maintained to ensure copies of contractor's insurances are obtained and held on file prior to award of contracts and they remain current.
7.4.2	Events Insurance	Insurance cover maintained by community groups for when holding events on Shire property.	Community groups' insurances are not always assessed prior to events being held on Shire property. Reliance is placed on event organisers to ensure copies of insurances are provided. Improvement: To help ensure all events held on Shire property have relevant and adequate insurance cover, procedures should be developed, and the records maintained to ensure current insurances are in place.
7.4.3	Insurance Claims	Systems and processes to provide high level monitoring of risks and to ensure controls are maintained prior to lodging insurance claims.	We noted in the course of our review, there is no formal requirement to report on the status/action of insurance claims made against and by the Shire. As insurers will generally manage many components of the claims process an informal recording system has been established to assist with monitoring and tracking pending claims. Formalisation of this initiative may assist with monitoring and evaluation of pending insurance claims by the executive leadership team. Improvement: Review systems and processes relating to insurance claims to formalise and maintain an insurance claims register to provide for high level monitoring and management insurance claims.

8.0 Framework Evaluation

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

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

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

8.1 Council and Audit and Risk Committee

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

	Component	Purpose / Goal	Matters Noted / Improvements
8.1.1	Council and Committee Minutes	Official record of proceedings and decisions.	<p>The 2023 CAR was adopted by Council following review and report by the Audit Committee, however the CAR attachment was tabled as a confidential attachment and not published in the public minutes of the meetings. Regulation 11 of the <i>Local Government (Administration) Regulations 1996</i> required details of each decision made at Council and committee meetings to be recorded in the minutes, and also requires documents attached to an agenda to be attached to the minutes unless the meeting or that part of the meeting to which the document refers is closed to members of the public.</p> <p>Improvement: Review procedures for recording of official minutes to ensure all detail, decisions and documents / attachments required to be recorded by legislation are captured.</p>
8.1.2	List of Payments	List of payments presented to Council each month in accordance with legislative requirements.	<p>Amendments to the <i>Local Government Act 1995</i> and <i>Local Government (Financial Management) Regulations 1996</i> came into effect on 1 September 2023, requiring reporting of transactions using credit, debit and other purchasing cards. In our limited testing of minutes, we did not observe reports being prepared as required by legislation.</p> <p>The monthly list of payments paid by delegated authority for September 2023 was not published in the minutes of the meeting as required by legislation.</p> <p>Improvements: Update systems and procedures to ensure reports are prepared and considered to comply with regulation 13A of the <i>Local Government (Financial Management) Regulations 1996</i>. Update systems and controls to ensure the list of payments paid by delegated authority is included in the published minutes of Council meetings as required by the legislation.</p>

8.0 Framework Evaluation (Continued)

Component	Purpose / Goal	Matters Noted / Improvements
8.1.3 Monthly Financial Report	Monthly financial report, including statements of financial activity, prepared in accordance with legislative requirements.	<p>Our selected sample of monthly statements of financial activity prepared and presented for consideration by Council were not always prepared in accordance with regulation 34 and 35 of the <i>Local Government (Financial Management) Regulations 1996</i>.</p> <p>Through our limited testing, we noted instances where prescribed requirements relating to monthly financial reports had not been included. The movement of surplus on the Statement of Financial Activity (SFA) did not agree to the closing surplus noted in the disclosure of net current assets and is not as set out in the annual budget. The format of the SFA (previously Rate Setting Statement) also requires further update to comply with the <i>Local Government (Financial Management) Regulations 1996</i>, regulations 34 and 35, which were amended 30 June 2023.</p> <p>The explanation of material variances was not properly completed in the documents supporting some monthly financial reports as required by regulation 34(2)(b) of the <i>Local Government (Financial Management) Regulations 1996</i>. Some explanations simply state to refer to accompanying notes/ supplementary information, however these notes did not provide sufficient detail to support why the variances had occurred.</p> <p>Council resolution #1223.93 in December 2023 approved budget amendments to increase capital expenditure for grant projects. This amendment was not noted in subsequent monthly statement of financial activity reports presented to Council for adoption.</p> <p>Improvements:</p> <p>Ensure the monthly financial report is completed accurately, contains all items and is prepared in the format required by legislation.</p> <p>Systems and procedures should provide for the timely and correct entry of accounting transactions to enable accurate preparation of the monthly financial report for consideration by Council.</p> <p>Ensure future monthly financial reports are completed accurately and contains all items required by legislation.</p> <p>Update systems and controls to ensure Council decisions are actioned and processed in a timely manner.</p>

8.0 Framework Evaluation (Continued)

8.2 Strategic and Operational Registers

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

	Register	Purpose / Goal	Matters Identified / Improvements
8.2.1	Contracts Register	Provide a record of contracts entered into by the Shire.	<p>A contracts register has been established, and contains details for contracts, leases and grants, however, it does not provide information detailing the current status of some contracts held by the Shire.</p> <p>Improvement: Update the register to record details of all contracts (current and expired) and their status in a form to assist with ensuring contracts are monitored and actioned as required and reflecting the value of the contracts.</p>
8.2.2	Delegations Register	Statutory register of delegations of authority.	<p>A review/amendment history is not currently recorded within the delegations register.</p> <p>When the register of delegations was last reviewed by Council, the resolution noted sub delegations to the CEO was pursuant to the sub delegations in the register as reviewed and adopted by Council. This potentially limits delegations made by the CEO to be limited to those made by Council and may conflict with the responsibilities of the CEO and the Council.</p> <p>The register of delegations is currently published on the Shire's website. There is no legislative requirement to publish this information on the website, except for the minutes where considered by Council. Some level of risk may exist detailing the limitations and controls of delegations to the CEO and delegations by the CEO to staff.</p> <p>Improvements: Following review of delegations by Council, update the latest 'history' date on each delegation to provide an accurate record of when the delegation was reviewed, amended and adopted.</p> <p>Ensure future reviews of the register of delegations are appropriate and consistent with the roles and responsibilities of the CEO, Council and officers.</p>

8.0 Framework Evaluation (Continued)

Register	Purpose / Goal	Matters Identified / Improvements
8.2.3 Financial Interest Register	Records details required under the Act relating to financial circumstances of relevant persons.	<p>Our inspection of the financial interest register noted the following matters:</p> <ul style="list-style-type: none"> • Three instances where a primary return recorded either an incomplete start date or did not record a start date and we were unable to validate the return had been received within three months of the relevant person's start date; • Primary returns were not available in the register for some officers recorded within the register of delegations who may need to complete returns; • Acknowledgements of a primary return and an annual return were not compliant with section 5.77 of the <i>Local Government Act 1995</i>; • Returns for an individual who has ceased to be relevant persons have not been removed to the folder for individuals who have ceased to be a relevant person. It was also noted this individual has continued to complete annual returns despite no longer being required to do so. <p>There are related parties' disclosures and other Councillor information forms filed in the Financial Interest Register. Related party disclosures support disclosures required by the Accounting Standards and not the same legislative requirements as the Financial Interest Register. As the financial interest register is available for public inspection, only records which are required by legislation to be made available for public inspection should be recorded in the register.</p> <p>Improvements:</p> <p>Review systems and procedures to ensure:</p> <ul style="list-style-type: none"> • All returns are properly completed at the time of providing acknowledgement of receipt of the returns; • Undertake a thorough examination of files to locate returns and file within the register as required within the provisions of section 5.88 of the <i>Local Government Act 1995</i>, or take action to rectify and report any instances of non compliance as required by section 5.77 of the <i>Local Government Act 1995</i>; • Review systems and procedures to ensure the acknowledgement of receipt for all returns is by the CEO or President as required by legislation; and • Review filing of returns and disclosures from individuals who have ceased to be relevant persons of the organisation, to ensure records are maintained as required under the provisions of the <i>Local Government Act 1995</i>.

8.0 Framework Evaluation (Continued)

	Register	Purpose / Goal	Matters Identified / Improvements
8.2.3	Financial Interest Register (continued)		<p>Undertake an examination of files to ascertain whether acknowledgements for returns noted during the review have been misfiled or have not been issued. File documents within the register as required within the provisions of section 5.88 of the <i>Local Government Act 1995</i>.</p> <hr/> <p>Remove records not required to be maintained within the financial interest register.</p>
8.2.4	Grants Register	Register of grants to provide high level monitoring of compliance with grant conditions.	<p>A register of grants being managed by the Shire was not available for our review. Understanding the current status of grants (as well as the number of grants currently being managed by the Shire) may assist in assessing the risks of undertaking additional programs, performance with current programs (e.g. where programs are not efficiently delivered) and detecting any issues or non compliance in a timely manner for appropriate action.</p> <hr/> <p>Improvement: Maintain a register of grants to evidence the routine review of status, compliance and performance of grants being managed by the Shire.</p>
8.2.5	Investment Register	Register of investments held to evidence the nature and location of all investments and all transactions in relation to investments.	<p>An investment register was not available for our inspection detailing the nature and location of all investments and all related transactions. While there are no current investments to be recorded for the Shire, historically investments have been made with Shire funds, however we were unable to validate how these were monitored and managed.</p> <hr/> <p>Improvement: Recording the nature and location of all investments and transactions is required by regulation 19 (2) of the <i>Local Government (Financial Management) Regulations 1996</i>. Tracing of funds on maturity of investments is essential and record of where funds are transferred and who authorised the transfer should be maintained within the register. Maintaining printed copies of the investment register, reviewed and authorised by a senior manager, independent of the control of the investments, prevents subsequent amendment to the register.</p>
8.2.6	Portable and Attractive Items Register	Register to maintain listing of portable / desirable assets as required by <i>Local Government (Financial Management) Regulations 1996</i> .	<p>The Shire's listing of portable and attractive items as required by the <i>Local Government (Financial Management) Regulations 1996</i> was not available for review.</p> <hr/> <p>Improvement: Develop a portable and attractive item listing for all non-consumable assets susceptible to theft or loss. Consider implementing controls to update the portable and attractive asset register when items are purchased and increasing the frequency of stocktakes to be in line with the Shire's risk appetite.</p>

8.0 Framework Evaluation (Continued)

	Register	Purpose / Goal	Matters Identified / Improvements
8.2.7	Risk Register	Provide a record of risk breaches and remedial action taken.	<p>A strategic risk register was available for inspection through our review of minutes. The register contains identified risk profiles for the Shire, however it has not been adequately updated since 2023. Staff representations indicated further risk management activities are intended to be undertaken for more routine maintenance, monitoring and reporting of risks.</p> <p>Improvement: Maintaining risk registers for all identified key risks is important to help ensure appropriate identification, recording and communication of high rated risks, along with providing a record to enable the verification of whether treatment plans have appropriately mitigated the risk to within accepted risk appetite. Routine (at least quarterly) review of the risk register is required for sound risk management.</p>
8.2.8	Tender Register	Statutory register of tenders called.	<p>Inspection of the register noted the inclusion of some procurement activities which were not tenders, but rather requests for quotations. Procurement processes which are not tenders should be maintained separately to the tender register.</p> <p>Improvement: Ensure the tender register contains all information required to comply with regulation 16 and 17 of the <i>Local Government (Functions and General) Regulations 1996</i> for future tenders called.</p>
8.2.9	Development Applications and Building Permits Register	Provide a record of the receipt and status of applications received.	<p>A register to record and track applications for building permits and development applications is maintained, however we noted limited monitoring and reporting occurs for compliance with regulatory timeframes. Reliance for compliance with statutory processing timeframes of applications received remains with only one officer.</p> <p>Improvement: Review systems and process when maintaining the register to record the details and status of applications for building permits and development, to assist with monitoring and reporting with ensuring applications are processed within mandated timeframes.</p>
8.2.10	Regulatory Health Inspection Register	Register of regulatory inspections undertaken.	<p>A register of health inspections undertaken was not available for our review and does not appear to be routinely maintained.</p> <p>Improvement: Maintain a register to detail a central record of health inspections undertaken, registered premises within the district, and to ensure inspections are undertaken within required timeframes.</p>

8.0 Framework Evaluation (Continued)

	Register	Purpose / Goal	Matters Identified / Improvements
8.2.11	Register of Hazardous Materials	Provide a record of properties under the Shire's control containing hazardous materials.	<p>A register of hazardous materials was not available for our inspection, to reflect properties under the control of the Shire which may contain hazardous materials such as asbestos, and if associated risks have been adequately treated.</p> <p>Improvement: Develop and maintain a register to record details of hazardous materials, such as asbestos, for properties under the control of the Shire.</p>

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8.0 Framework Evaluation (Continued)

8.3 Annual Compliance Audit Returns (CAR)

Returns have been completed by in house staff on a self assessment basis reviewed by the Audit Committee and approved by Council each year. Where matters of non compliance were noted in the returns, these matters were communicated to the Audit Committee and to Council, with improvements noted within the agenda report attachment to address matters identified.

8.4 Complaint Handling

Community complaints are received by administration staff, recorded in Shire's records management system and assigned to the relevant department to address. Responsibility for the routine follow up of complaints to ensure they have been adequately addressed remain with the manager or department who has been assigned the complaint.

Official complaints are managed as required by legislation.

	Component	Purpose / Goal	Matters Noted / Improvements
8.4.1	Community Complaints Procedures	Procedures for the recording handling and resolution of community complaints.	<p>Currently, customer complaints are entered into the records management system and forwarded to the CEO or an executive member of staff for management and action. Updates to this process such as establishing a community complaints register to provide more routine monitoring to follow up and improve the management of complaints to ensure they are adequately addressed and in a timely manner have not been implemented.</p> <p>Improvement: To help ensure all complaints are adequately monitored, reported and resolved, a register of customer complaints received should be maintained and procedures should ensure staff are aware of their obligations in accordance with adopted policies.</p>
8.4.2	Public Interest Disclosure Procedures	Procedures for the dealing with public interest disclosures.	<p>From our review, there was no evidence of information available for public or staff awareness of the process to enquire about, or make a public interest disclosure.</p> <p>Improvement: To comply with the <i>Public Interest Disclosure Act 2003</i> (PID Act), prepare and publish internal procedures about public interest disclosures.</p>

8.0 Framework Evaluation (Continued)

8.5 Audit Practices

The 2020-21, 2021-22 and 2022-23 reporting periods were audited by the Office of the Auditor General (OAG) using third party auditors.

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

Component	Purpose / Goal	Matters Noted / Improvements
8.5.1 WHS Audit	Review of work health and safety procedures.	During our review, evidence of a recent WHS audit was not available for our review. Improvement: Undertake a WHS audit, ensuring subsequent actions and matters identified through the audit are adequately addressed.

8.0 Framework Evaluation (Continued)

8.6 Reviews required to be undertaken by the CEO

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

The table below details areas for possible improvements in relation to CEO reviews.

Component	Purpose / Goal	Matters Noted / Improvements
8.6.1 Audit Regulation 17 Review	CEO's review of the appropriateness and effectiveness of systems and procedures for Risk Management, Internal Controls and Legislative Compliance in accordance with regulation 17 of <i>Local Government (Audit) Regulations 1996</i> .	<p>A review was last undertaken in December 2021 with the finalised report provided to the CEO in January 2022, however, the results of the review were not reported by the CEO to the audit committee, and the audit committee reporting to the Council its consideration of the review did not occur until March 2023.</p> <hr/> <p>Improvement: Ensure the results of future reviews are reported to the audit committee and to council as required by regulation 16 (c) of the <i>Local Government (Audit) Regulations 1996</i>, within the time period as required by regulation 17 of <i>Local Government (Audit) Regulations 1996</i>.</p>

9.0 Other Matters

Disclaimer

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

Moore Australia (WA), a Perth based partnership of trusts ("the firm"), carries on business separately and independently from other Moore Australia member firms around Australia and Moore Global firms worldwide.

Sole Recourse

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Appendix A – Financial Management Systems Review

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

System	Description of Assessment
Bank reconciliation and petty cash management	Examination of procedures and review of maintenance and management practices undertaken by staff.
Trust funds	Examination of trust funds to determine proper accountability in the Shire's financial management system and compliance with regulatory requirements.
Receipts and receivables	Examination of end of day banking procedures to determine if they were adequate in ensuring cash collection is being recorded and allocated properly to the general ledger. The receivables system including raising of invoices was also reviewed with limited testing in respect to allocation/posting.
Rates	<p>The Shire's rating procedures were examined to determine if they were adequate in ensuring rates were being imposed or raised correctly. This also included inspection of the rate record, rate notices, instalment notices, valuation reconciliations and general ledger. We randomly selected and tested rate notices which included:</p> <ul style="list-style-type: none"> • sighting the notices; • re-performing the calculations; • ascertaining whether the valuations applied agree to Landgate's valuation roll/report and rates per dollar imposed are as per adopted budget; • ensuring the rate system is properly updated; and • checking proper posting to the general ledger.
Purchases, payments and payables (including purchase orders)	Random selection of payment transactions to determine whether purchases were authorised/budgeted and payments were supported, certified/authorised and correctly allocated. The Shire's purchases, payments and payables system was also examined to determine if adequate controls were in place in ensuring liabilities are properly recorded and payments are properly controlled.
Payroll	<p>A sample of employees were randomly selected from pay runs during the reporting period and detailed testing of each employee's pay was performed to help ensure:</p> <ul style="list-style-type: none"> • the employee existed; • the correct rate of pay was used; • non-statutory deduction authorities are on hand; • time sheets were properly completed and authorised; • hours worked were properly authorised; and • allocations were reasonable and correctly posted. <p>The Shire's payroll system was also reviewed to determine if adequate controls were in place to help ensure wages and salaries are properly processed and payments are properly controlled.</p>

Appendix A – Financial Management Systems Review (Continued)

System	Description
Transaction card procedures	<p>A review of the Shire's transaction card procedures was performed to determine if adequate controls were in place. We randomly selected and tested credit card transactions to determine whether they are legitimate and usual in the context of the Shire's operations. This included:</p> <ul style="list-style-type: none"> • sighting tax invoices; • ascertaining whether the transaction is for bona fide Shire business; and • determining whether transactions are in line with the Shire's policy.
Fixed assets (including depreciation, acquisition, and disposal of property)	<p>The fixed assets system including controls over acquisition and disposal of assets, updating of the fixed assets register, depreciation of fixed assets and reconciliation of the fixed assets register to the general ledger was examined. A sample of asset additions and disposals were judgmentally selected, and testing performed to ensure:</p> <ul style="list-style-type: none"> • the tax invoices existed; • correct posting to the general ledger; • fixed assets register was promptly updated; and • classification of assets was correct. <p>In addition, a sample of assets were judgmentally selected and testing performed to ensure the depreciation rates used are in line with the Shire's policy.</p>
Cost and administration allocation	<p>The Shire's cost and administration allocation system was examined to determine if indirect costs have been properly reallocated to various jobs/programs. This included review of the allocation basis and rates used to ensure they are appropriate and regularly reviewed.</p>
Financial reports controls	<p>The format of the annual report, annual financial report and monthly financial reports were reviewed for compliance with legislative requirements.</p>
Budget and budget review	<p>The 2024-25 budget document and documents surrounding budget adoption and the 2023-24 budget review were examined to ensure compliance with regulatory requirements.</p>
Borrowings	<p>Reconciliation of borrowings to the WATC loan schedules were examined.</p>
Inventory	<p>Inventory reconciliations and stock take procedures were examined.</p>

Appendix B – Council Policies Examined

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

Policy Topic

1 CORPORATE & COMMUNITY DEVELOPMENT

1.1 Indigenous Engagement Policy

2 STRATEGY & GOVERNANCE

2.1 Councillors' Entitlement Policy

2.2 Graffiti Management Policy

2.3 Communications and Social Media Policy

2.4 Records Management Policy

2.5 Risk Management Policy

2.6 Execution of Documents and Use of Common Seal Policy

2.7 Business Continuity Management Policy

2.8 Customer Service Policy

2.9 Personal Mobile Device Policy

2.10 Related Parties Transactions Policy

2.11 Appointment of Acting Chief Executive Officer Policy

2.12 Legislative Compliance Policy

2.13 Internal Control Policy

2.14 Council Briefing Sessions / Workshops Protocols Policy

2.15 Public Interest Disclosures Policy

2.16 Councillors Professional Development Policy

2.17 Attendance at Events Policy

2.18 Conducting Electronic Meetings and Attendance by Electronic Means Policy

2.19 Flag at Half-Mast Protocols Policy

2.20 Committees Policy

2.21 Gnowangerup Caravan Park Long-Term Accommodation and Pet Guidelines Policy

3 HUMAN RESOURCES & COMMUNICATIONS

3.1 Training and Development Policy

3.2 Dispute Resolution and Grievance Policy

3.3 Employee Study Assistance Policy

3.4 Work Health and Safety Policy

3.5 Discrimination, Harassment and Bullying Policy

3.6 Staff Housing Policy

3.7 OSH Contractors Management Policy

3.8 Fitness For Work Policy

3.9 Recruitment and Selection Policy

3.10 Employee Recognition Gratuity Policy

3.11 Employee – Other Leave

3.12 Disciplinary Policy

3.13 Performance Improvement Policy

3.14 Internet, Email and Computer Use Policy

3.15 Secondary Employment Policy



Appendix B – Council Policies Examined (Continued)

4 FINANCE

- 4.1 Purchasing Policy
- 4.2 Collection of Non-rates Debts Policy
- 4.3 Investment Policy
- 4.4 Corporate Credit Card Policy
- 4.5 Water Services Financial Hardship Policy
- 4.6 Waiver of Rubbish and Recycling Charges Policy
- 4.7 Self Supporting Loans to Community Organisations Policy
- 4.8 Significant Accounting Policies
- 4.9 Buy Local Policy – Regional Procurement Preference
- 4.10 Rates Concessions – New Business Policy
- 4.11 Petty Cash and Cash Till Floats Policy
- 4.12 Non-Current Assets Policy
- 4.13 Family Violence Hardship Policy for Water Services

5 INFRASTRUCTURE, ENVIRONMENT & ASSET MANAGEMENT

- 5.1 Asset Management Policy
- 5.2 Motor Vehicle Policy
- 5.3 Gnowangerup Airstrip Local Planning Policy
- 5.4 Gate Permits Policy
- 5.5 Use of Small Plant and Equipment by Employees Policy

Appendix C – Plans Examined

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

Plan	Status
Code of Conduct for Council Members, Committee Members and Candidates	Adopted April 2021
Code of Conduct for Employees, Volunteers and Contractors	2021
Strategic Community Plan	2021-2031
Corporate Business Plan	2021-2025
Incident Management/Business Continuity Response Plan	June 2024
Annual Budget	2023-24 & 2024-25
Annual Report	2022-23
Workforce Plan	2022-2027
Long Term Financial Plan	2019-20 to 2028-29
Record Keeping Plan	2019
Local Recovery Plan	2019

Appendix D – Strategic and Operational Registers Examined

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

Registers
Delegation Register
Tender Register
Cemeteries Register
Financial Interest Register
Gifts Register
Building Permit Register
Complaint Register
Contracts and Leases Register
Corporate Credit Card Register
Elected Members Training Register
Key Register
Planning Register
Register of Fees and Allowances Paid to Elected Members

Appendix E – Operational Guidelines

Risk Management

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

Reviewing whether the local government has an effective risk management system and material operating risks to the local government are appropriately considered;

Reviewing whether the local government has a current and effective Business Continuity Plan (including disaster recovery) which is tested from time to time;

Assessing the internal processes for determining and managing material operating risks in accordance with the local government's identified tolerance for risk, particularly in the following areas:

- potential non-compliance with legislation, regulations and standards and local government's policies
- important accounting judgements or estimates prove to be wrong
- litigation and claims
- misconduct, fraud and theft
- significant business risks, recognising responsibility for general or specific risk areas, for example, environmental risk, occupational health and safety, and how they are managed by the local government

Obtaining regular risk reports, which identify key risks, the status and the effectiveness of the risk management systems, to ensure identified risks are monitored and new risks are identified, mitigated and reported;

Assessing the adequacy of local government processes to manage insurable risks and ensure the adequacy of insurance cover, and if applicable, the level of self-insurance;

Reviewing the effectiveness of the local government's internal control system with management and the internal and external auditors;

Assessing whether management has controls in place for unusual types of transactions and/or any potential transactions that might carry more than an acceptable degree of risk;

Assessing the local government's procurement framework with a focus on the probity and transparency of policies and procedures/processes and whether these are being applied;

Should the need arise, meeting periodically with key management, internal and external auditors, and compliance staff, to understand and discuss any changes in the local government's control environment; and

Ascertaining whether fraud and misconduct risks have been identified, analysed, evaluated, have an appropriate treatment plan which has been implemented, communicated, monitored and there is regular reporting and ongoing management of fraud and misconduct risks.

Legislative Compliance

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

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

Appendix E – Operational Guidelines (Continued)

Legislative Compliance (continued)

- c) *Staying informed about how management is monitoring the effectiveness of its compliance and making recommendations for change as necessary*
- d) *Reviewing whether the local government has procedures for it to receive, retain and treat complaints, including confidential and anonymous employee complaints*
- e) *Obtaining assurance that adverse trends are identified and review management's Plans to deal with these*
- f) *Reviewing management disclosures in financial reports of the effect of significant compliance issues*
- g) *Reviewing whether the internal and / or external auditors have regard to compliance and ethics risks in the development of their Audit Plan and in the conduct of audit projects, and report compliance and ethics issues to the audit committee*
- h) *Considering the internal auditor's role in assessing compliance and ethics risks in their Plan;*
- i) *Monitoring the local government's compliance frameworks dealing with relevant external legislation and regulatory requirements*
- j) *Complying with legislative and regulatory requirements imposed on audit committee members, including not misusing their position to gain an advantage for themselves or another or to cause detriment to the local government and disclosing conflicts of interest*

Internal Controls

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

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

- a) *integrity and ethics;*
- b) *policies and delegated authority;*
- c) *levels of responsibilities and authorities;*
- d) *audit practices;*
- e) *information system access and security;*
- f) *management operating style; and*
- g) *human resource management and practices.*

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

Appendix E – Operational Guidelines (Continued)

Internal Controls (continued)

Aspects of an effective control framework will include:

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

The following are examples of controls that are typically reviewed:

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

Appendix F – Improvements Identified

Risk Area	Prioritised Action Required
Design – Policies	6.2.4 Councillors Professional Development Policy 2.16
	6.2.5 OSH Contractor Management Policy 3.7
	6.2.6 4.1 Purchasing Policy
	6.2.13 Complaints Handling Policy
Implementation – Strategic and Operational Plans	7.1.3 Long Term Financial Plan
	7.1.7 ICT Strategic Plan
Implementation – Operational and Financial Procedures	7.2.1 Evidencing Routine Reviews, Authorisations and Approvals
	7.2.5 Regulatory Reporting
	7.2.8 ICT Risk Evaluation
	7.2.9 ICT Security
	7.2.11 General Journals
	7.2.12 Procurement
	7.2.18 Changes to Banking Details
	7.2.22 Rates
	7.2.26 Grants Management
	7.2.27 Revenue Controls at Shire Facilities
	7.2.30 Balance Sheet Reconciliations
	7.2.31 Fixed Assets
	7.2.32 Asset Disposals
7.2.33 Material Variances	
Implementation – Human Resource Management and Practices	7.3.7 Induction Processes
Implementation – Insurance	7.4.1 Contractor Insurance
	7.4.2 Events Insurance
	7.4.3 Insurance Claims
Evaluation – Strategic and Operational Registers	8.2.3 Financial Interest Register
	8.2.8 Tender Register
Evaluation – Audit Practices	8.5.1 WHS Audit

Appendix F – Improvements Identified (Continued)

Risk Area	Planned Action Required
Design – Policies	6.2.1 2.1 Councillors Entitlement Policy
	6.2.2 Legislative Compliance Policy 2.12
	6.2.3 2.13 Internal Control Policy
	6.2.7 4.4 Corporate Credit Card Policy
	6.2.8 4.8 Significant Accounting Policies
	6.2.9 Policy Review
	6.2.10 Policy Publication
	6.2.11 Policy Reference to Legislation and External Information
	6.2.12 General Policy Actions
	Implementation – Strategic and Operational Plans
7.1.2 Strategic Community Plan	
7.1.3 Long Term Financial Plan	
7.1.4 Workforce plan	
7.1.5 Business Continuity / Disaster Recovery Plan	
7.1.6 Asset Management Plan	
7.1.8 Record Keeping Plan	
7.1.9 Local Emergency Management Arrangements (LEMA)	
Implementation – Operational and Financial Procedures	
	7.2.2 Operational Procedures, Checklists, Workflow Diagrams
	7.2.3 Procedure Changes
	7.2.4 Risk Management Procedures
	7.2.6 Annual Budget
	7.2.7 Annual Report
	7.2.10 Information Required to be Published on Official Local Government Website
	7.2.12 Creditors Systems and Processes
	7.2.13 Procurement Assessment
	7.2.14 Contract Management
	7.2.15 Overhead and Administration Allocations
	7.2.16 Corporate Transaction Cards
	7.2.17 Credit Cards
	7.2.19 Petty Cash
	7.2.20 Access to Shire Facilities
	7.2.21 Stock Controls
	7.2.22 Rates
	7.2.23 Record Keeping Practices
	7.2.24 Records Management
7.2.25 Fees and Charges	
7.2.28 Debtors Processes	
7.2.29 Overdue Debtors	

Appendix F – Improvements Identified (Continued)

Risk Area	Planned Action Required	
Implementation – Human Resource Management and Practices	7.3.1 Employee Appointment Procedures	
	7.3.2 Employee Termination Procedures	
	7.3.3 Payroll Processing, Exception Reporting, Authorisation and Employee Masterfile Setup	
	7.3.4 Performance Reviews	
	7.3.5 Staff Contracts and Employee Files	
	7.3.6 Staff Training	
Implementation – Insurance	7.4.1 Contractor Insurance	
	7.4.2 Events Insurance	
	7.4.3 Insurance Claims	
Evaluation – Council and Audit and Risk Committee	8.1.1 Council and Committee Minutes	
	8.1.2 List of Payments	
	8.1.3 Monthly Financial Report	
Evaluation – Strategic and Operational Registers	8.2.1 Contracts Register	
	8.2.2 Delegations Register	
	8.2.4 Grants Register	
	8.2.5 Investment Register	
	8.2.6 Portable and Attractive Items Register	
	8.2.7 Risk Register	
	8.2.9 Development Applications and Building Permits Register	
	8.2.10 Regulatory Health Inspection Register	
	8.2.11 Register of Hazardous Materials	
	Evaluation – Complaint Handling	8.4.1 Community Complaints Procedures
		8.4.2 Public Interest Disclosure Procedures
Evaluation – CEO Reviews	8.6.1 Audit Regulation 17 Review	

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5.3	AUDIT FINDINGS REGISTER
Location:	N/A
Proponent:	N/A
Date of Report:	3 March 2026
Business Unit:	Governance & Strategy
Responsible Officer:	Thomas Gorman – Deputy Chief Executive Officer
Author:	Thomas Gorman – Deputy Chief Executive Officer
Disclosure of Interest:	Nil

ATTACHMENTS

- Audit Findings Register

PURPOSE OF THE REPORT

For Council's Audit, Risk and Improvement Committee to receive and note the updated Audit Findings Register.

BACKGROUND

The Audit, Risk and Improvement Committee plays a key role in assisting a local government to fulfil its governance and oversight responsibilities in relation to financial reporting, internal control structure, risk management systems, legislative compliance, ethical accountability and the internal and external audit functions.

The Audit Findings Register is designed to assist the Audit, Risk and Improvement Committee monitor the implementation of recommendations from internal and external audits and reviews, including consultant and regulator reports.

The register is based on the Western Australian Public Sector Audit, Risk and Improvement Committees – Better Practice Guide template, published by the Office of the Auditor General (OAG) Western Australia and contains the following Audit Findings/Recommendations:

- Interim & Final Audit 2022/2023 by OAG
- Regulation 17 Review - AMD Chartered Accountants (January 2022)
- Regulation 5 (2) (c) - Financial Management Review - Avant Edge Consulting (November 2021)
- Interim Audit 2023/2024 by OAG (Audit undertaken by AMD Chartered Accountants)
- Final Audit 2023/2024 by OAG (Audit undertaken by AMD Chartered Accountants)
- Interim Audit 2024/2025 by OAG (Audit undertaken by AMD Chartered Accountants)
- Final Audit 2024/2025 by OAG (Audit undertaken by AMD Chartered Accountants)

I would make the comment that the level of audit findings in the last 2 financial years are:

	Interim Audit Items	Final Audit Items	Total Items
Financial Year 23-24	9	7	16
Financial Year 24-25	10	3	13

We would expect to see a significant reduction during the current financial year in the number of audit items raised. We are probably 12 months away from have developed our internal processes properly to expect effectively no audit items to be raised.

The open audit items that are shown in the register reflect the lack of staff resources from significant staff turnover over the last 2+ years. The finance function has already been reviewed with a Senior Finance and Finance Officers being appointed.

The DCEO and Senior Finance Officer will prepare a planning document to ensure the open items from the above Audit Findings Register are closed out as a matter of urgency.

COMMENTS

The Audit Findings Register provides the Audit, Risk and Improvement Committee with a progress report at every Audit, Risk and Improvement Committee meeting on actions taken by management and officers to implement audit recommendations. The information is to help the Audit, Risk and Improvement Committee to monitor the timeliness of agreed actions and understand the reasons for any delay.

As a result of significant staff turnover in senior and finance and executive staff, there has been no progress to date.

With the appointment of Project Manager for the DCEO and the author, we will start reviewing the status of all open items to ensure they are closed out over the next 6 months.

CONSULTATION

Nil

LEGAL AND STATUTORY REQUIREMENTS

Local Government Act 1995

Local Government Regulations (Audit) 1996

Local Government (Functions and General) Regulations 1996

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS

As per Council Plan 2025-2035

Theme	Leadership and Governance
Strategy	4.2. An efficient and effective organisation, providing appropriate services to our community.

STRATEGIC RISK MANAGEMENT CONSIDERATIONS

This item has been evaluated against the current Council approved Risk Management Register.

Risk description	Not to note the Audit Findings Register
Primary Strategic Risk Category	Adverse Regulatory Change
Primary Strategic Risk Category Description	<ul style="list-style-type: none"> • Investigation of Council for non-compliance • Litigation • Reputational damage
Consequence: (Insignificant, Minor, Moderate, Major, Catastrophic)	Moderate
Likelihood: (Almost Certain, Likely, Possible, Unlikely, Rare)	Possible

IMPACT ON CAPACITY

Moderate: Updating & ensuring progress is made requires responsible, generally senior staff, to action items in a timely manner.

ALTERNATE OPTIONS AND THEIR IMPLICATIONS

Nil

CONCLUSION

The Audit Findings Register is a beneficial tool to assist the Audit, Risk and Improvement Committee meet their oversight obligations.

VOTING REQUIREMENTS

Simple Majority

OFFICER RECOMMENDATION

That the Audit, Risk and Improvement Committee notes the updated Audit Findings Register.

5.4	NON-COMPLIANCE REGISTER REPORT
Location:	N/A
Proponent:	N/A
Date of Report:	3 March 2026
Business Unit:	Governance & Strategy
Responsible Officer:	Thomas Gorman – Deputy Chief Executive Officer
Author:	Thomas Gorman – Deputy Chief Executive Officer
Disclosure of Interest:	Nil

ATTACHMENTS

- Non-Compliance Register (July 2025 to December 2025)(**CONFIDENTIAL**)
-

PURPOSE OF THE REPORT

To highlight non-compliance and/or emerging trends. The Non-compliance register report includes but not limited to instances like insufficient quotes, retrospective purchase orders, inconsistencies between purchase orders and invoices or the omittance of purchase orders for invoices.

BACKGROUND

Butler Settineri (Dry Kirkness) undertook the 2021/2022 Interim Audit on behalf of the OAG in May 2022 and "Inadequate Procurement Practices" was identified as one of 3 moderate risk findings during the audit.

COMMENTS

As a result of the above finding the "Non-Compliance Purchase Order Register" was established in August 2022. The register is used to track instances of non-compliance items providing name of supplier, date of EFT transfer, EFT number, the invoice amount, the date the purchase was order created, and reason why the instance occurred.

Since the creation of the register it has been noted that the Shire's current purchasing policy and procedure is in need of updating to included exemptions for instances where the issue of a purchase order is not possible, i.e. utility accounts, service provision items like media messaging services, postal services, Toll freight charges, etc. that greatly varies month to month, pending on usage.

The Shire's current procedure states that a *"Shire Purchase Order must be used for all purchases except for purchases made by Credit Card or petty cash."*

With the additional resources we will be increasing the scrutiny of transactions, initially through the lens of the Finance Department processes, but later through some independent review of specific P.O.s focusing on high risk transactions categories.

CONSULTATION

Nil

LEGAL AND STATUTORY REQUIREMENTS

Local Government Act 3.57

Local Government (Functions and General) Regulations – Regulation 11A

State Record Act 2000

Shire of Gnowangerup Code of Conduct

Shire of Gnowangerup Purchasing Policy

Shire of Gnowangerup Purchasing Procedure

The requirements that must be complied with by the Shire, including purchasing thresholds and processes, are prescribed within the Regulations, and associated purchasing procedures and policies.

POLICY IMPLICATIONS

Shire of Gnowangerup Purchasing Policy and Purchasing Procedure sets out the process and thresholds to be adhered to. Not following these processes reduces the likelihood the Shire will get value for money and increases the potential for misappropriation of funds.

FINANCIAL IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS

As per Council Plan 2025-2035

Theme	Leadership and Governance
Strategy	4.2. An efficient and effective organisation, providing appropriate services to our community.

STRATEGIC RISK MANAGEMENT CONSIDERATIONS

This item has been evaluated against the current Council approved Risk Management Register.

Risk description	Not to note the Non-Compliance Register Report
Primary Strategic Risk Category	Adverse Regulatory Change
Primary Strategic Risk Category Description	<ul style="list-style-type: none"> • Investigation of Council for non-compliance • Litigation • Reputational damage
Consequence: (Insignificant, Minor, Moderate, Major, Catastrophic)	Minor
Likelihood: (Almost Certain, Likely, Possible, Unlikely, Rare)	Possible

IMPACT ON CAPACITY

Moderate: Updating & ensuring progress is made requires responsible, generally senior staff, to action items in a timely manner.

ALTERNATE OPTIONS AND THEIR IMPLICATIONS

Nil

CONCLUSION

The Non-Compliance Register was created to track and address instances of non-compliance to help ensure compliance with the Regulations and the Shire’s purchasing policy and procedure.

VOTING REQUIREMENTS

Simple Majority

OFFICER RECOMMENDATION

That the Audit, Risk and Improvement Committee notes the Non-Compliance Register Report for the period (July 2025 to December 2025).

5.5 NON-COMPLIANCE REPORT – GARDENING SERVICES TENDER

Location: N/A
Proponent: N/A
Date of Report: 3 March 2026
Business Unit: Infrastructure and Assets
Responsible Officer: Rick Miller
Author: Rick Miller
Disclosure of Interest: Nil

ATTACHMENTS

NIL

PURPOSE OF THE REPORT

The purpose is to highlight a breach of our procurement process where we continued to purchase gardening services from BGL Solutions after the contract ceased 30 June 2025. It's noted that the contract had no extension clause. This breached the shire procurement policy.

BACKGROUND

BG Solutions was contracted up to 30th June 2025 to provide gardening services to the shire. The contract ceased before a new procurement process was undertaken. There were services procured without due process from 1 July 2025 to 30 September 2025. This amounted \$60,307. These were procured solely by purchase order. The purchase orders were the following:

24374	31/07/2025	\$38,945
24379	31/07/2025	\$7,570
24395	04/08/2025	\$1,980
24421	12/08/2025	\$7,571
24440	15/08/2025	\$7,571
24496	03/09/2025	\$6,670

There was an informal RFQ undertaken for works required for the period 1 October 2025 to 31 December 2025 to the value of \$74826.75. This processed followed the shire purchasing policy.

A formal tender process was undertaken which resulted in the Garden Services being contracted from December 2025 for a 3 year period plus 2 one year options.

COMMENTS

The problem occurred as a result of poor contract management by the shire. The following should have occurred:

- The original contract included a monthly extension clause
- Regular contract reviews taken place to highlight upcoming threshold events, to ensure proper contract management.
- Staff shortages are addressed to ensure sufficient staff oversight
- Better understanding of the shire procurement processes

These have been rectified by the following actions:

- Developing more sophisticated contract templates to guide operational staff
- Additional contract management skills including Ciara Nalty's legal expertise
- Additional staff to manage the various shire contracts
- Additional procurement staff
- Additional procurement training for staff

CONSULTATION

Nil

LEGAL AND STATUTORY REQUIREMENTS

Local Government 1995 Act s3.57

Local Government (Functions and General) Regulations – Regulation 11A

State Record Act 2000

Shire of Gnowangerup Code of Conduct

Shire of Gnowangerup Purchasing Policy

Shire of Gnowangerup Purchasing Procedure

The requirements that must be complied with by the Shire, including purchasing thresholds and processes, are prescribed within the Regulations, and associated purchasing procedures and policies.

POLICY IMPLICATIONS

Shire of Gnowangerup Purchasing Policy and Purchasing Procedure sets out the process and thresholds to be adhered to. Not following these processes reduces the likelihood the Shire will get value for money and increases the potential for misappropriation of funds.

FINANCIAL IMPLICATIONS

We do not believe there was an adverse financial outcome, as the same contractor was retained through the whole process

STRATEGIC IMPLICATIONS

As per Council Plan 2025-2035

Theme	Leadership and Governance
Strategy	4.2. An efficient and effective organisation, providing appropriate services to our community.

STRATEGIC RISK MANAGEMENT CONSIDERATIONS

This item has been evaluated against the current Council approved Risk Management Register.

Risk description	Improper contract management
Primary Strategic Risk Category	Adverse Regulatory Change
Primary Strategic Risk Category Description	<ul style="list-style-type: none"> • Investigation of Council for non-compliance • Litigation • Reputational damage
Consequence: (Insignificant, Minor, Moderate, Major, Catastrophic)	Major
Likelihood: (Almost Certain, Likely, Possible, Unlikely, Rare)	Possible

IMPACT ON CAPACITY

Nil

ALTERNATE OPTIONS AND THEIR IMPLICATIONS

Nil

CONCLUSION

VOTING REQUIREMENTS

Simple Majority

OFFICER RECOMMENDATION

That the Audit, Risk and Improvement Committee notes the Non Compliance Gardening Services Tender report

5.6 NON-COMPLIANCE REPORT – ACCOUNTING SERVICES

Location:	N/A
Proponent:	N/A
Date of Report:	3 March 2026
Business Unit:	Governance & Strategy
Responsible Officer:	Thomas Gorman – Deputy Chief Executive Officer
Author:	Thomas Gorman – Deputy Chief Executive Officer
Disclosure of Interest:	Nil

ATTACHMENTS

NIL

PURPOSE OF THE REPORT

The purpose is to raise a procurement failure for accounting and financial services from Moore Australia. The failure is that as the scope of the original engagement changes, the shire did not implement a procurement process that was reflective of that change in scope.

BACKGROUND

After the completion of the 2024 Financial year reporting requirements, there was an assessment done by management of the incumbent Account and Financial Services contractor, that showed the following areas of concern:

- Poor performance in meeting reporting deadlines
- Concern that the shire would find itself in breach of the Local Government Act 1995 through the contractor's non-performance
- Concern over dealing with a sole practitioner's ability to meet the requirements of our shire
- Dissatisfaction with contractor's response time to our queries

At this point the shire identified the need to have another firm support the shire through the Mid Year Budget Review and the Financial Budget processes for the FY 2026 year.

This short term engagement was procured through an informal process based on engagement scope of less than \$20,000, which only required two verbal quotes.

After the initial engagement it became necessary to engage further services from Moore Australia, as the previous contractor ceased providing his accounting services. The shire found itself in the middle of developing the new budget and preparing for the FY2025 financial year end; with limited staff capacity or oversight to enter into an appropriate procurement process that reflected this change of scope.

The Moore Australia engagement has rolled on from that period until there was a realisation in December 2025 that this formal procurement process had not been completed.

Starting in January 2026, there was an assessment done of the proper scope of the engagement for Accounting & Financial Services, and it became clear that these fees could be in excess of \$250,000. At this point we sought clarification from WALGA about the exact meaning of our procurement processes.

We were able to establish that we are able to procure this scale of services using a formal Request for Quote process and the relevant WALGA Preferred Supplier panel. This RFQ was sent to the suppliers on the WALGA panel 4th March 2026.

Until that Request for Quote process is complete the shire will continue to engage Moore Australia on the existing basis, to ensure we do not breach the Local Government Act 1995, Local Government Regulations 1996 and our own Council Plan.

We expect that the procurement process will be completed well before 30th June 2026

COMMENTS

Corrective actions we have taken are:

- Appointment of dedicated Procurement Officer to review and oversee the procurement processes
- Delegate the overall responsibility to raise the standard of shire procurement processes to the Deputy CEO
- Initiate the correct procurement process as outlined above
- Include this range of services on the register of contracts
- Implement a review trigger point 6 months before end of contract.

CONSULTATION

Nil

LEGAL AND STATUTORY REQUIREMENTS

Local Government Act 1995

Local Government (Functions and General) Regulations 1996

Shire of Gnowangerup Code of Conduct

Shire of Gnowangerup Purchasing Policy

Shire of Gnowangerup Purchasing Procedure

The requirements that must be complied with by the Shire, including purchasing thresholds and processes, are prescribed within the Regulations, and associated purchasing procedures and policies.

POLICY IMPLICATIONS

Shire of Gnowangerup Purchasing Policy and Purchasing Procedure sets out the process and thresholds to be adhered to

FINANCIAL IMPLICATIONS

Not following these processes reduces the likelihood the Shire will get value for money and increases the potential for misappropriation of funds.

STRATEGIC IMPLICATIONS

As per Council Plan 2025-2035

Theme	Leadership and Governance
Strategy	4.2.2 Ensure strong financial management through effective planning.

STRATEGIC RISK MANAGEMENT CONSIDERATIONS

This item has been evaluated against the current Council approved Risk Management Register.

Risk description	Improper contract management
Primary Strategic Risk Category	Adverse Regulatory Change
Primary Strategic Risk Category Description	<ul style="list-style-type: none"> • Investigation of Council for non-compliance • Litigation • Reputational damage
Consequence: (Insignificant, Minor, Moderate, Major, Catastrophic)	Major
Likelihood: (Almost Certain, Likely, Possible, Unlikely, Rare)	Possible

IMPACT ON CAPACITY

Nil

ALTERNATE OPTIONS AND THEIR IMPLICATIONS

Nil

CONCLUSION

The shire Procurement Policy must be followed at all times to ensure that we demonstrate good governance in the procurement along with ensuring we demonstrate value for money outcomes were achieved.

VOTING REQUIREMENTS

Simple Majority

OFFICER RECOMMENDATION

That the Audit, Risk and Improvement Committee notes the Non Compliance Accounting Services report

5.7	CYBERSECURITY IMPACT ACTIONS FOR SHIRE OF GNOWANGERUP
Location:	N/A
Proponent:	N/A
Date of Report:	3 March 2026
Business Unit:	Governance & Strategy
Responsible Officer:	Thomas Gorman – Deputy Chief Executive Officer
Author:	Thomas Gorman – Deputy Chief Executive Officer
Disclosure of Interest:	Nil

ATTACHMENTS

- Attachment 1: LGIS Cyber Uplift Program (**CONFIDENTIAL**)
- Attachment 2: JLT Public Sector Top Cyber Security Controls Review 2025 (**CONFIDENTIAL**)

PURPOSE OF THE REPORT

To recognise the risk to the shire of not adequately meeting the challenges from the external technology based threats. We will refer to this going forward as meeting the demands from Cyber Security

BACKGROUND

There have significant levels of cyber related crimes perpetrated or sponsored by stated based, crime or terrorist groups, amongst others. This can be seen where even large organisations internationally and in Australia get caught with a range of poor technology outcomes, ie data breaches to the dark web and ransomware attacks to name just two.

One Australian sector targeted is the whole of government, including local government.

At an Australian Government level, this risk was identified as part of its overall national security framework. From this came the Australian Cyber Security Centre which over time developed “The Essential 8” minimum baseline for cyber security for all organisations. This was done as one of the strategies to safeguard the Australian community from the impacts of cyber attacks.

The Essential 8 baseline has been accepted by the government sector as the framework it needs to employ to properly meet the cyber threat. Certain WA Local Governments are now being audited to see how they are meeting this requirement. The Office of Auditor General is leading this review.

It is clear from inside and outside of the government sector that cyber security represents a significant risk.

COMMENTS

In August 2025 our shire has received the Cyber Uplift Program from our insurers LGIS. This was pitched to the sector because the LGIS board recognised the evolving cyber threat landscape; and it recognised it needed to help local governments meet this risk.

We also received the JLT Public Sector Top Cyber Security Controls Review in September 2025; that flowed from the Cyber Uplift Program.

A review of the results showed that while our shire definitely had areas to improve it compared well the sector.

Shortly after receiving the JLT report, the shire started an assessment of our current IT environment and how we are meeting the cyber security threat. To that point we are significantly upgrading our managed IT services which we believe will ensure we are compliant with the Essential 8 standard.

CONSULTATION

LGIS and JLT

LEGAL AND STATUTORY REQUIREMENTS

Local Government Act 1995

Local Government (Functions and General) Regulations 1996

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

The additional services provided by the upgraded Managed IT Service represents an additional \$30,000 to \$50,000 per year cost to the shire

STRATEGIC IMPLICATIONS

As per Council Plan 2025-2035

Theme	Leadership and Governance
Strategy	4.2 An efficient and effective organisation providing appropriate services to our community

STRATEGIC RISK MANAGEMENT CONSIDERATIONS

This item has been evaluated against the current Council approved Risk Management Register.

Risk description	Data breaches, data loss and ransom costs
Primary Strategic Risk Category	Failure of IT Systems and Infrastructure
Primary Strategic Risk Category Description	Data corruption Stolen Data Data subject to Ransom Threat
Consequence: (Insignificant, Minor, Moderate, Major, Catastrophic)	Catastrophic
Likelihood: (Almost Certain, Likely, Possible, Unlikely, Rare)	Possible

IMPACT ON CAPACITY

The impacts are catastrophic if the shire is impacted by a cyber attack. Ideally with the correct processes in place, the downtime is limited as our back up processes are implemented.

CONCLUSION

The shire needs to take all practical steps to ensure that it is not adversely impacted by a cyber attack. There are both operational and legislative consequences if it fails to do so.

VOTING REQUIREMENTS

Simple majority

OFFICER RECOMMENDATION

That the Audit, Risk and Improvement Committee notes Cybersecurity Impact Actions for Shire of Gnowangerup report.

5.8	WORKPLACE HEALTH & SAFETY ACTION PLAN
Location:	N/A
Proponent:	N/A
Date of Report:	3 March 2026
Business Unit:	Governance & Strategy
Responsible Officer:	Thomas Gorman – Deputy Chief Executive Officer
Author:	Thomas Gorman – Deputy Chief Executive Officer
Disclosure of Interest:	Nil

ATTACHMENTS

- 3 Steps to Safety Assessment Report and WHS Action Plan

PURPOSE OF THE REPORT

For Council’s Audit, Risk and Improvement Committee to receive and note the shire WHS action plan that was a document to drive improvement after a LGIS review in November 2025.

BACKGROUND

As part of a regular three year review process our insurers (LGIS) visited the shire and performed a desktop audit of our Workplace Health & Safety processes and systems.

The shire had decided to bring in house the management of the WHS processes after identifying that the external contractor had not been performing the work to a satisfactory level.

COMMENTS

The shire welcomes the visit by LGIS as it helped us identify exactly what state our systems were in and what improvements are required. Unfortunately, the review showed significant shortfall in our systems.

The report has become the foundation document for the work for the newly appointed WHS Coordinator. The action plan that is attached shows the initial way forward as we work through the areas of improvement.

The coordinator is now working through the points raised and will provide a progress on the improvement steps we are taking at the next ARIC meeting.

During this time, there are significant resources being applied at addressing the areas to ensure the WHS environment fully meets the next annual review.

The work has been done has covered:

- Updating information within the WHS system (Skytrust)
- Additional staff training
- Moving manual systems to automated
- Overall process and system improvements

CONSULTATION

Nil

LEGAL AND STATUTORY REQUIREMENTS

Local Government Act 1995

Local Government Regulations (Audit) 1996

Local Government (Functions and General) Regulations 1996

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS

As per Council Plan 2025-2035

Theme	Leadership and Governance
Strategy	4.2.3 Provide a safe and positive workplace, supporting development and growth

STRATEGIC RISK MANAGEMENT CONSIDERATIONS

This item has been evaluated against the current Council approved Risk Management Register.

Risk description	Not to note Workplace Health & Safety Action Plan
Primary Strategic Risk Category	Adverse Regulatory Change
Primary Strategic Risk Category Description	<ul style="list-style-type: none"> • Investigation of Council for non-compliance • Litigation • Reputational damage
Consequence: (Insignificant, Minor, Moderate, Major, Catastrophic)	Moderate
Likelihood: (Almost Certain, Likely, Possible, Unlikely, Rare)	Possible

IMPACT ON CAPACITY

Moderate: Updating & ensuring progress is made requires responsible, generally senior staff, to action items in a timely manner.

ALTERNATE OPTIONS AND THEIR IMPLICATIONS

Nil

CONCLUSION

The Audit Findings Register is a beneficial tool to assist the Audit, Risk and Improvement Committee meet their oversight obligations.

VOTING REQUIREMENTS

Simple Majority

OFFICER RECOMMENDATION

That the Audit, Risk and Improvement Committee notes the Workplace Health & Safety Action Plan.



3 Steps to Safety

Step One – Assessment Report

Shire of Gnowangerup

November 2025

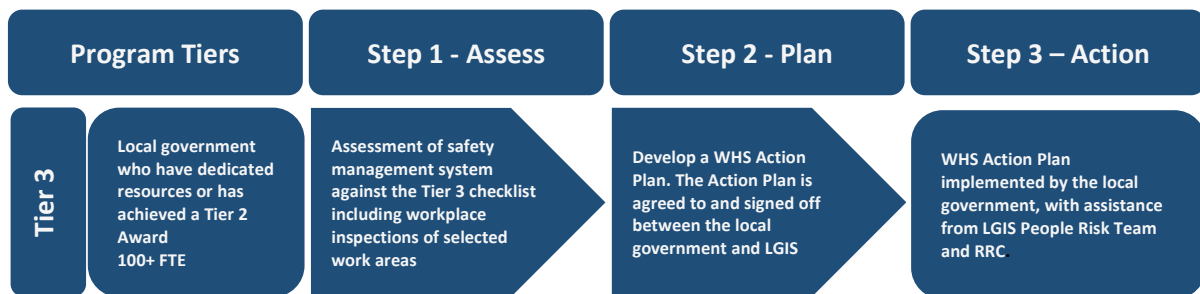
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INTRODUCTION

The 3 Steps to Safety program was established to recognise and meet the needs of local government with the aim of driving safety performance and minimising claim exposure. This report is the outcome of Step 1 of that program. The next steps are included at the end of this report.

Program Summary



Verification Report

The purpose of this report is to provide the Shire of Gnowangerup with a summary of the assessment findings.

Verification Details

The verification activity was undertaken by Philip Zikpi (WHS Consultant). The Shire of Gnowangerup was represented by Ciara Nalty, (Human Resources and Contracts Manager) for the duration of the verification activity. This report has been peer reviewed by Emma Horsefield (People Risk Manager) at LGIS.

The assessment was undertaken on Tuesday (4th November 2025) & Wednesday (5th November 2025)
The sites visited as part of the activity were Administration Building and the Works Depot.

Assessment Methodology

All evidence for this assessment was examined and verified on site through examination of documents, workplace inspections and interviews with representatives from the Shire of Gnowangerup. The assessment was undertaken based upon the LGIS scoring methodology below.

Finding	Score	Definition
Exemplary	4	The organisation has sustained performance requirements for the criteria. Strong supporting documentation and other applicable evidence is in place and is updated regularly. Consistent application for the criteria is in place over a considerable period, typically a minimum of 4 years. Some minor problems may occur from time to time
Satisfactory	3	The organisation satisfies the requirements of the criterion and has not gone significantly beyond it. Evaluation and review processes as part of continuous improvement is evident with strong supporting documentation
Insufficient	2	Documentation exists however there are gaps in the WHS Management System documentation, their implementation and/or the evidence that shows the criteria hasn't quite been met
Ad Hoc	1	The organisation has not met the criteria due to evidence being sporadic and ad hoc. Early drafts of documentation and/or processes are available
Unsatisfactory	0	The organisation cannot provide any evidence to support compliance with the criteria. No awareness or intention to implement

Limitations

This assessment was undertaken as part of the LGIS *3 Steps to Safety* program. It should not be relied upon for any assurance of legislative compliance. This assessment does not protect against enforcement action against the Shire of Gnowangerup by any regulatory authority.

Disclaimer

This verification report was produced in good faith by LGIS to assist local governments and reflects information that was considered accurate and reliable at the time of its publication. The employees of LGIS shall accept no liability or responsibility for any statutory enforcement or legal action against any local governments for reliance or use of the information contained herein.

Overall Scores

Category	Member Score	Available Score	Section Achievement
Management Commitment	19	32	59%
Planning	19	36	53%
Consultation and Reporting	17	28	61%
Hazard Management	15	32	47%
Training and Supervision	16	28	54%
Volunteer Management	26	36	72%
Overall Score	112	192	58%

ASSESSMENT FINDINGS

1.0 Management Commitment

Element 1.1 **There is a documented health and safety policy that is reviewed on a regular basis, which includes a commitment to prevent ill health or injuries and promote wellbeing at work.**

Findings: Satisfactory

Observation:

- The Shire has a Work Health and Safety (WHS) Policy that demonstrates its dedication to upholding high health and safety standards and fostering a culture of well-being in the workplace.
- The policy is approved by the Council and confirms the Shire's commitment to prevent ill health or injuries and promote wellbeing at work.
- Records of prior endorsements are maintained to demonstrate that the policy undergoes regular reviews to ensure its continued relevance and effectiveness.

Element 1.2 **The health and safety policy is available to workers, suppliers, contractors, customers and visitors to the workplace.**

Findings: Insufficient

Observation:

- The health and safety policy is made available to workers through the Employee Manual, but not to contractors, volunteers and visitors in the workplace.
- A signed copy of the policy is not displayed in the Shire's office, works depot or other Shire buildings.

Recommendations:

- The Shire should implement a process to communicate the health and safety policy to all stakeholders, including contractors, volunteers, and visitors.
- The policy should be clearly visible at all Shire staffed sites and included as a key component of the induction program for all workers, including contractors, visitors and volunteers.

Element 1.3 **The organisation identifies and monitors health and safety legislation, standards, codes of practice, guidance notes, agreements and guidelines relevant to its operations.**

Findings: Ad hoc

Observation:

- The Shire could not provide sustainable evidence that processes are in place to obtain health, safety and wellness information relevant to its operations.

Recommendations:

- The Shire should establish and implement formal processes to systematically collect and review health, safety and wellness information relevant to its operations.
- Updates on health and safety legislation and industry standards can be obtained through multiple channels, including subscribing to WorkSafe WA newsletters, LGIRS alerts, LGIS communications and relevant industry memberships.

Element 1.4 **There is a process that makes all parties aware of and accountable for identifying, monitoring and managing their health and safety risks and responsibilities.**

Findings: Insufficient

Observation:

- Although the Shire's position descriptions and induction outline health and safety duties, it lacks a formal process to consistently hold all parties accountable for managing related risks and responsibilities.
- Adherence to health and safety is not incorporated as assessment criteria in the current Performance Review Process.

Recommendations:

- The Shire should establish a structured process that ensures all parties are informed of their health and safety responsibilities and held accountable for safety risk management activities.
- The Shire should also establish a performance management framework that clearly integrate adherence to health and safety as a mandatory assessment criterion within the Performance Review Process.

Element 1.5 **The organisation coordinates safety management activities.**

Findings: Insufficient

Observation:

- The Shire is in the process of appointing a safety coordinator to oversee day-to-day health and safety activities, having previously engaged a WHS advisor for support, while the CEO retains ultimate authority and accountability for ensuring the Executive Management team's commitment to safety.
- The Shire lacks formal job development planning and measurable health and safety performance objectives.

Recommendations:

- The Shire should implement formal job development plans and establish clear, measurable health and safety performance objectives.

Element 1.6 **Financial and physical resources are provided for all aspects of health and safety risk management.**

Findings: Exemplary

Observation:

- The Shire provides financial and physical resources to allow the implementation of decisions regarding health and safety management.
- The budget allocates funds for a variety of initiatives, such as health and safety projects, training for safety representatives, subscriptions, personal protective equipment (PPE), the purchase of machinery and equipment to minimise hazards as well as health and wellness programs
- The budget is reviewed annually, or more frequently as needed, with operational aspects regularly discussed during WHS Committee and Executive Leadership meetings.

Element 1.7 **All workers have sufficient time to complete health and safety related tasks.**

Findings: Satisfactory

Observation:

- Supervisors, managers, workers, health and safety representatives confirm that sufficient time is allocated for the completion of health and safety-related tasks.
- This was demonstrated through completed pre-start checks, participation in toolbox meetings, workplace inspection reports, WHS committee meeting minutes and employee attendance at training sessions, including those for HSRs.

Element 1.8 **Recommendations to improve health and safety risk management are acted upon.**

Findings: Insufficient

Observation:

- Although most recommendations to improve health and safety risk management were implemented within a reasonable timeframe, there is evidence that this practice is not consistently maintained.

Recommendations:

- The Shire should promptly address all health and safety risk management recommendations to maintain a safe and healthy workplace.

2.0 Planning

Element 2.1 **The organisations approach to health and safety management is planned and reviewed in consultation with senior management at least annually.**

Findings: Insufficient

Observation:

- While the Shire has implemented initiatives such as engaging a third-party safety consultant and allocating both physical and financial resources to manage its health and safety responsibilities, it lacks a clear and documented strategy for implementing its health and safety policy statement.

Recommendations:

- The Shire should develop and maintain comprehensive health and safety planning documents to ensure effective management and continuity of the Shire's safety responsibilities alongside existing initiatives.

Element 2.2 **Specific health and safety objectives and measurable targets have been established for relevant functions and levels within the organisation.**

Findings: Ad hoc

Observation:

- Currently, specific health and safety objectives and measurable targets have not been defined for the various functions and levels within the Shire.
- While some positions within the Shire are accompanied by a documented health and safety statement, these statements remain broad and uniform across roles ranging from Records and research officer to Deputy Chief Executive Officer.
- Certain position descriptions, like the Community and Economic Development Manager, do not include any WHS statements.

Recommendations:

- The Shire should develop tailored health and safety objectives and measurable targets for each function and level within the Shire, ensuring that they reflect the specific responsibilities and risks associated with each role.
- It should establish a process to collect safety performance data, incorporating both leading indicators (e.g., toolbox meetings, safety investigations) and lagging indicators (e.g., workplace incidents) to drive continuous improvement.

Element 2.3 **Arrangements are in place for people with special needs.**

Findings: Satisfactory

Observation:

- The Shire has developed and implemented a Disability Access and Inclusion Plan to comply with statutory requirements and effectively evaluate task suitability for workers with special needs.
- Successful candidates must complete a medical assessment prior to employment with the Shire to evaluate their fitness for the role and identify any special needs or health challenges, enabling appropriate task adjustments, supervision and resource allocation.

- Following employment, any identified or disclosed special needs are addressed through a personalised and tailored approach.

Element 2.4

Arrangements for visitors to the workplace are in place.

Findings: Insufficient

Observation:

- While a sign-in book is available at the administration building reception, there are no established guidelines for managing visitors once they have entered the premises.

Recommendations:

- The Shire should implement a sign-in and sign-out procedure across all Shire-Staffed facilities will ensure consistent visitor tracking and enhance site safety and security.
- Visitors should receive an onsite induction covering identified and potential hazards, welfare facilities and, where applicable, be issued visitor identification tags and closely monitored at all times.

Element 2.5

Policies and procedures for engaging and managing contractors are in place.

Findings: Insufficient

Observation:

- The Shire has a Contractor WHS Management Handbook & WHS Management of Contractors Policy in place for engaging and managing contractors.
- Prior to selecting a contractor, potential applicants must submit relevant health and safety documents that commensurate with the level of risk (low, medium & high) associated with the contract work.
- Contractors are required to complete a health and safety induction before commencing work; however, this process is not consistently applied across all contractor types.
- There are no documented job observation records or checklists to track whether contractors are meeting the Shire's agreed requirements.

Recommendations:

- The Shire should implement a standardised procedure to ensure all contractor types complete the mandatory health and safety induction before commencing work.
- The Shire should implement a standardised job observation record and contractor monitoring checklist to ensure consistent assessment of contractors' adherence to the agreed Shire's requirements.

Element 2.6 **Potential emergency situations have been identified and relevant emergency procedures are in place.**

Findings: Insufficient

Observation:

- The Shire has developed an Operational Emergency Management Plan to identify potential emergency situations and ensure that relevant emergency procedures are in place.
- Designated and trained First Aid Officers and Fire Wardens are readily available to respond to any emergency situation.
- Evacuation diagrams are established and emergency equipment is accessible, but the absence of regular drills and proper maintenance compromise both worker readiness and equipment performance.

Recommendations:

- The Shire should establish and enforce a schedule for regular emergency drills and routine maintenance of emergency equipment to ensure worker preparedness and operational reliability.

Element 2.7 **The organisation's procedures, work instructions and work practices reflect current health and safety legislation, standards, codes of practice, guidance materials, agreements and guidelines.**

Findings: Insufficient

Observation:

- The Shire has processes to ensure that its procedures, work instructions, and work practices align with current health and safety legislation, standards, codes of practice, guidance materials, agreements and guidelines.
- The Shire has implemented Skytrust to support adherence to current legislation, but its utilisation remains limited, resulting in some documents still referencing outdated legislations.

Recommendations:

- The Shire should promote broad adoption of Skytrust, provide awareness training and review all documents to ensure compliance with current legislation.

Element 2.8 **All workers have access to current legislation, standards, codes of practice, guidance notes, agreements and guidelines that impact upon their activities.**

Findings: Insufficient

Observation:

- While the Shire has provided documentation demonstrating that most procedures and work instructions align with current legislation, it continues to use other documents that reference outdated legislation.
- Safe work method statements are not consistently developed in consultation with all relevant personnel for high-risk construction works.

Recommendations:

- The Shire should establish a routine document review and update process to ensure all procedures and work instructions consistently comply with current legislation, eliminating any outdated references.

Element 2.9

The organisation and individuals satisfy legal requirements to undertake specific activities, perform work or operate equipment.

Findings:

Satisfactory

Observation:

- Workers receive training in the operation of plant and equipment relevant to their roles, with all licenses and registrations for mobile equipment kept current and copies of workers' licenses scanned and securely stored in their personnel files.
 - The Shire also ensures that all equipment and vehicles are regularly maintained and serviced in accordance with the manufacturer's specifications.
-

3.0 Consultation and Reporting

Element 3.1 **There are agreed procedures for involvement and consultation with workers on health and safety issues.**

Findings: Satisfactory

Observation:

- The Shire uses various methods to address health and safety issues, such as toolbox talks, pre-start and team meetings, WHS Committee meetings and electing health and safety representatives.
- The WHS Committee's terms of reference define the Shire's mission to foster a proactive, collaborative approach that encourages active worker involvement in health and safety issues.
- Records of WHS Committee minutes and toolbox talks demonstrate that workers are actively represented in planning meetings.

Element 3.2 **Consultative arrangements are communicated to workers and are well understood.**

Findings: Insufficient

Observation:

- Managers and supervisors communicate consultative arrangements daily while health and safety representatives regularly update their work groups. However, the absence of these arrangements from the Shire WHS Induction Booklet limits workers' awareness and understanding of the consultation process.

Recommendations:

- Update the Shire WHS Induction Booklet to include the agreed consultative arrangements, enhancing workers' awareness and understanding of the consultation process.

Element 3.3 **Workers or their representatives are involved in planning processes for the management of health and safety risk at the workplace.**

Findings: Insufficient

Observation:

- Managers and supervisors ensure that everyone involved in the work communicates with each other to identify hazards and risks, talks about health and safety concerns and works together to find solutions.
- Workers interviewed confirmed their involvement in discussions about changes to workplace safety practices; however, this participation is not consistent across all departments

Recommendations:

- The Shire should implement a standardised consultation process to ensure consistent worker involvement in safety-related workplace practice changes across all departments.

Element 3.4

Workers or their representatives are consulted regarding proposed changes to the work environment, processes or procedures and purchasing decisions that could affect their health and safety.

Findings: Satisfactory

Observation:

- Workers confirm that they are given a reasonable opportunity to contribute to the decision-making process relating to the health and safety matters, such as the purchase new or used equipment or the use of new substance.
- Workers and their Representatives participate in task-specific risk assessments and the development of controls, with the consultation process supported by minutes from WHS Committee, team and toolbox meetings.

Element 3.5

Workers or their representatives are consulted regarding management of hazards in the workplace.

Findings: Satisfactory

Observation:

- The Shire consults with workers or their representatives when identifying hazards, assessing risks and deciding on measures to eliminate or minimise those risks.
- Minutes sighted from WHS Committee, completed hazard reports, and incident reports confirm workers and their representatives are consulted regarding hazards within the workplace.
- Workers and their representatives are consulted as part of the Incident Investigation process and the development of actions to manage hazards that contributed to the incident.

Element 3.6

There are arrangements in place for the acquisition, provision and exchange of health and safety information with external parties, including customers, suppliers, contractors and relevant public authorities.

Findings: Insufficient

Observation:

- Workers are provided with safety information, including Standard Operating Procedures for the safe operation of plant and equipment, as well as Material Safety Data Sheets (MSDS) for the proper handling of substances; however, the MSDS are currently outdated and inadequately stored.
- There is no documented process for exchanging health and safety information with contractors, nor is there a formal procedure for handling health and safety complaints from external parties.

Recommendations:

- The Shire should ensure all Material Safety Data Sheets (MSDS) are regularly updated and securely stored adjacent to the relevant materials, providing workers with timely and accurate safety information.
- The Shire should establish and implement a documented process for exchanging health and safety information with contractors and a formal procedure for managing health and safety complaints from external parties.

Element 3.7

Consultative and reporting arrangements are regularly evaluated and modified where required.

Findings: Insufficient

Observation:

- Consultation arrangements are not formally reviewed or documented. Instead, managers and supervisors rely on informal discussions to evaluate workers' understanding of health and safety requirements, using any identified gaps to inform the development of awareness training or other necessary actions.

Recommendations:

- The Shire should look to review the effectiveness of its consultation methods regularly. This review should form part of the committee's terms of reference and be documented.

4.0 Hazard Management

Element 4.1 **Requirements for reducing risks are understood by management and workers.**

Findings: Insufficient

Observation:

- The Shire’s Work Health and Safety Induction Booklet references risk management procedures, but workers have not received targeted training to enhance their awareness and understanding of their risk management responsibilities.

Recommendations:

- The Shire should establish targeted training programs to enhance workers’ awareness of their risk management responsibilities, as well as the practical measures required to mitigate workplace health and safety risks.

Element 4.2 **Work environments are regularly inspected and hazards are identified.**

Findings: Ad hoc

Observation:

- The Shire has developed inspection templates, SWMSs, SWPs, Take 5 safety checks and forms for reporting accidents, incidents and hazards through the implementation of Skytrust. However, the adoption and consistent use of these tools remain uneven across the Shire’s diverse work environments.
- Workers and supervisors are experiencing difficulties logging into the Skytrust system, or they have restricted access, limiting their ability to access SWMS and other hazard identification documents or to enter critical information such as incidents and identified hazards.

Recommendations:

- The Shire should implement enhanced user access controls and deliver targeted training and ongoing support to ensure workers and supervisors can effectively log in to and consistently use the Skytrust tools across all work environments for reporting and data entry.
- Pending resolution of the Skytrust adoption and access issues, the Shire should implement an interim system to maintain workplace inspections and hazard identification.

Element 4.3 **Work activities are analysed and hazards identified.**

Findings: Ad hoc

Observation:

- Managers, supervisors and workers could not confirm their contribution of relevant information during work activity analyses, as the current Skytrust safety documents are system-generated with limited input from those performing the tasks.
- No evidence was provided to show that procedures for analysing work activities and related safe work practices are reviewed with the workers performing the tasks within a reasonable timeframe, especially following changes

Recommendations:

- The Shire should establish a collaborative process that actively involves managers, supervisors and workers in contributing and validating

information during work activity analyses to enhance the accuracy and relevance of their safety documents.

- A formal review process should be implemented to ensure timely updates to work activity analyses and associated safe working procedures.
-

Element 4.4

Risk assessments are undertaken on identified hazards.

Findings: Insufficient

Observation:

- While the Skytrust incident and hazard register outlines identified hazards and their associated risks, the number of reported hazards is limited. The Shire was unable to provide evidence that risk assessments are consistently conducted for these hazards.
- Changes to the workplace, including the adoption of the Skytrust online WHS management system and the decision to allow animals such as dogs in the office building, have been implemented without conducting any risk assessments.

Recommendations:

- The Shire should implement a systematic risk assessment process to ensure all identified hazards in the Skytrust register are thoroughly evaluated and documented.
- The Shire should conduct risk assessments for all hazards and workplace changes, including the introduction of animals in the office in order to identify and mitigate potential hazards.

Element 4.5

Hazards are prioritised and controlled using the hierarchy of controls and having regard to the identified level of risk.

Findings: Insufficient

Observation:

- It was advised that, where reasonably practicable, the Shire implements higher-order controls or combinations thereof; however, workers currently lack sufficient training to understand the planning and application of the hierarchy of controls.

Recommendations:

- The Shire should provide comprehensive training to workers to enhance their understanding and effective application of the hierarchy of controls in the workplace safety planning and implementation.
- The processes for planning and implementing the hierarchy of controls should be thoroughly documented, regularly monitored, reviewed and continuously improved.

Element 4.6

The effectiveness of the hazard identification, risk assessment and risk control process is periodically reviewed and documented.

Findings: Insufficient

Observation:

- Hazard identification, risk assessment, and risk control activities are discussed at WHS Committee and pre-start/toolbox meetings, but there is no formal process in place for the periodic review and documentation of their effectiveness.

Recommendations: ● The Shire should develop a documented process to evaluate the effectiveness of all implemented risk control measures, including an assessment of how well the risk reduction aligns with initial expectations.

Element 4.7 **Incidents, injuries and diseases are reported and investigated.**

Findings: Insufficient

Observation:

- The Shire systematically records work-related incidents and injuries in a register, with reviews conducted during WHS Committee meetings and documented in the meeting minutes.
- Managers, supervisors and workers are familiar with the Accident, Incident Reporting and Investigation Procedure and provide necessary information as required; however, formal training to enhance their understanding of the investigation process has not yet been provided.

Recommendations: ● The Shire should establish formal training programs to improve the understanding and awareness of the Accident, Incident Reporting and Investigation Procedure among managers, supervisors and workers.

Element 4.8 **Is there a process in place for identifying and measuring worker fitness for work?**

Findings: Satisfactory

Observation:

- The Shire has established a Fitness for Work Policy that adopts a fair and proactive fatigue management process, including an alcohol and drug screening program to reduce injury risks and promote the health and safety of workers.
- The Fitness for Work Policy is integrated into the Shire's Work Health and Safety Induction Booklet and workers acknowledge their understanding and adherence to its provisions.

5.0 Training and Supervision

Element 5.1 **An induction program is in place for all workers and contractors, providing relevant health and safety information and instruction.**

Findings: Insufficient

Observation:

- The Shire has an induction program in place that provides relevant WHS instruction and information for its workers and contractors.
- Although proper induction has been provided to some workers and major contractors, it has not been consistently extended to small contractors, all workers and volunteers.

Recommendations:

- The Shire should implement a standardised induction and refresher training program to ensure all workers, including small contractors, workers and volunteers, receive consistent onboarding and ongoing safety expectations and updates.

Element 5.2 **All management and supervisory personnel have received training in health and safety management principles and practices appropriate to their roles and responsibilities.**

Findings: Ad hoc

Observation:

- Currently, the Shire’s management and supervisory staff have not been provided with training on health and safety management principles and practices relevant to their roles and responsibilities.

Recommendations:

- The Shire should provide targeted health and safety management training to management and supervisory personnel to ensure they are equipped to fulfill their roles and responsibilities effectively.

Element 5.3 **The organisation has identified the training needs of all workers.**

Findings: Insufficient

Observation:

- Although training needs are informally identified through performance reviews, individual requests, WHS Committee input and incident reports, the Shire has yet to establish a systematic process for determining WHS management training requirements for workers.

Recommendations:

- The Shire should implement a formal, systematic process to identify and address the training needs of all workers, including WHS management and supervisory requirements.

Element 5.4 **Tasks are allocated according to capability, level of training and supervision of workers.**

Findings: Satisfactory

Observation:

- The Shire ensures that tasks are assigned according to workers’ capabilities and training, supported by supervisory arrangements to ensure safe execution and compliance with work instructions and procedures.
- Position descriptions define the competency, capability and experience required for the role safely and efficiently.

Element 5.5 **Training is delivered by people with appropriate knowledge skills and experience.**

Findings: Exemplary

- Observation:**
- The Shire provides documented evidence demonstrating that it conducts due diligence on potential training organisations, assessing their credentials, learning objectives, course content and delivery methods before engagement.
 - On the job trainings are delivered by supervisors with the appropriate knowledge, skills and experience required to effectively deliver the training.
-

Element 5.6 **The training program is evaluated and reviewed.**

Findings: Insufficient

- Observation:**
- Although training attendance is addressed in team meetings, the Shire does not currently have a formal process to evaluate the effectiveness, relevance and benefits of its training activities.
-

- Recommendations:**
- The Shire should establish a formal process to evaluate all trainings to identify any gaps and formulate the appropriate recommendations.
 - The review process should provide information on the extent to which the training objectives are achieved as well as the relevance and benefit of the trainings.
-

Element 5.7 **Supervision is undertaken by people with appropriate health and safety knowledge, skills and experience.**

Findings: Insufficient

- Observation:**
- Supervision is provided from a technical standpoint; however, supervisors lack sufficient and updated health and safety knowledge, skills and experience.
-

- Recommendations:**
- The Shire should provide all managers and supervisors with comprehensive WHS roles and responsibilities training and implement clear performance criteria to ensure the effective application of health and safety knowledge in the workplace.
-

6.0 Volunteer Management

Element 6.1	There are policies and procedures in place for managing volunteers.
Findings:	Insufficient
Observation:	<ul style="list-style-type: none">• The Shire has adopted Standard Operating Procedures for Bush Fire Brigades to manage its bush fire volunteers; however, volunteers currently do not participate in the Shire’s induction process, which is essential to ensure they are fully informed of its health and safety expectations.• The Shire confirmed that it does not engage with any other volunteer groups.
Recommendations:	<ul style="list-style-type: none">• The Shire should implement a volunteer induction program that includes essential WHS training and information to ensure their safety and compliance.
Element 6.2	Records of volunteer management are retained.
Findings:	Satisfactory
Observation:	<ul style="list-style-type: none">• The Shire and DFES maintain comprehensive volunteer records, including names, contact details, skills, emergency contacts, active bush fire brigade memberships and training histories.• Records of volunteers’ PPE and clothing assignments, as well as their attendance at training sessions and meetings are also maintained and accessible through the Shire's CESM.
Element 6.3	Volunteers are provided work instructions that reflect current legislation, standards and codes of practice.
Findings:	Satisfactory
Observation:	<ul style="list-style-type: none">• The Shire collaborates with DFES to ensure bush fire brigades receive work instructions that consistently aligned with current legislation, standards and codes of practice.
Element 6.4	Where required, volunteers meet legislative requirements for the tasks they are undertaking.
Findings:	Satisfactory
Observation:	<ul style="list-style-type: none">• Through collaboration with DFES, the Shire ensures that volunteers meet all legislative requirements necessary for the tasks they undertake.• The Shire’s Bushfire Operating Procedures specify the required training that bushfire brigade members must complete before commencing active duties.

Element 6.5 **The organisation conducts ongoing training and verification of competency for volunteers.**

Findings: Satisfactory

- Observation:**
- The adopted Standard Operating Procedures specify the required training levels at each stage, ensuring all volunteers complete the necessary training and assessments to verify their competency in effectively applying their knowledge to assigned tasks
 - The Chief Bushfire Control Officer ensures that registered bush fire brigades complete the required training prior to undertaking active duties.
-

Element 6.6 **Equipment (including PPE) suitable for the work being conducted is provided to volunteers and volunteers are trained in its use.**

Findings: Satisfactory

- Observation:**
- The Shire ensures that volunteers are provided with the appropriate Personal Protective Equipment (PPE), including helmets, jackets, shirts, trousers and gloves, tailored to the specific requirements of their assigned tasks.
 - Bushfire Brigade are provided with in-house familiarisation, training that covers various aspects of managing PPE.
-

Element 6.7 **There are arrangements in place for the consultation and communication with volunteers.**

Findings: Satisfactory

- Observation:**
- The Shire regularly engages with volunteers through in-person, email, SMS, or phone meetings to address key issues and ensure thorough preparation for each volunteering activity.
 - The Volunteer Bush Fire Brigades convene an annual general meeting (AGM) attended by representatives from the Shire, Brigade Captains, Lieutenants, the Chief Bushfire Control Officer and the Deputy Chief to address operational matters and ensure comprehensive preparation for the forthcoming fire season.
-

Element 6.8 **Where appropriate, volunteers are involved in the planning and risk assessment of tasks they are involved in.**

Findings: Satisfactory

- Observation:**
- The Gnowangerup Bushfire Advisory Committee plays a vital role in coordinating and managing all activities related to bushfires and emergencies within the Shire.
 - The operational responsibility for planning and conducting risk assessments for bushfire tasks and activities primarily rests with the appointed Chief Bush Fire Control Officer, Bush Fire Brigade Officer.
 - Bushfire volunteers receive Rural Fire Awareness training delivered by DFES, which covers relevant tasks and incorporates feedback to support continuous improvement.
-

Element 6.9

There is a process for identifying and managing fatigue in volunteers.

Findings:

Satisfactory

Observation:

- Bush fire brigades receive training on fatigue management through the Rural Fire Awareness Training modules, along with a self-paced online training module accessible on the DFES website.
 - In addition to various fatigue awareness initiatives, volunteer bush fire brigades' fatigue is actively monitored on-site by tracking their attendance, start times and dates to promote ongoing safety and well-being.
-

ISSUES IDENTIFIED DURING THE ASSESSMENT NOT RECORDED ELSEWHERE

Work Depot

- The emergency shower at the depot lacks clear, unobstructed access, posing a serious safety risk by potentially delaying timely decontamination and increasing the severity of injuries or health complications during emergencies.

Moreover, the emergency shower outside is exposed to direct sunlight, which may cause water heating within the pipes.

Recommendation: The Shire should ensure the emergency shower at the depot has clear and unobstructed access at all times to enable prompt decontamination and enhance personnel safety during emergencies.

The Shire should consider installing a shade, like a canopy or awning, and potentially apply insulation to the pipes to minimise heat transfer from sunlight.

Chemical Shed

- The current chemical shed is in a dilapidated condition, exposing chemicals to sunlight and environmental elements, which can lead to chemical degradation and increased safety hazards.

Recommendation: The Shire should repair or replace the chemical shed to provide adequate storage that shields chemicals from sunlight and environmental exposure, reducing degradation and associated safety hazards.

Inside Main Depot

- The main depot is highly disorganized, with gardening equipment left unsecured and exposed blades posing significant injury risks, chemicals stored without proper protection increasing the potential for spills and contamination, gas cylinders and fire extinguishers improperly stored and unsecured. Overall, the depot environment was disorderly and cluttered, impeding safe movement and access to emergency equipment.

Recommendation: The Shire should implement strict organizational and storage protocols at the main depot to securely store gardening equipment, protect chemicals, and properly position gas cylinders and fire extinguishers, thereby eliminating safety hazards and ensuring a safe working environment

NEXT STEPS

Step 2 of the *3 Steps to Safety* program involves the development of a WHS Action Plan to address any outcomes assessed as *insufficient*, *ad hoc* and *unsatisfactory*. This will be completed by the assessor and sent to the Shire for ongoing implementation to drive continuous improvement.

ACKNOWLEDGEMENTS

LGIS would like to thank the Shire of Gnowangerup for their hospitality during the assessment. This appreciation is extended to all personnel who were involved in the activity who made themselves available or prepared and presented documents.

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WHS Action Plan – LGIS Step 1 Assessment Response

1. Executive Summary

This Work Health and Safety (WHS) Action Plan has been updated to fully align with every element of the LGIS 3 Steps to Safety – Step One Assessment (November 2025).

The Plan responds to all LGIS findings assessed as Insufficient or Ad hoc and provides a structured, auditable pathway to lift the Shire of Gnowangerup toward a very high level of WHS compliance.

The Plan is designed to work in conjunction with the created WHS Action Tracker (Excel), enabling clear accountability, progress monitoring, and evidence-based reporting to Executive Leadership, Council and LGIS.

2. Governance and Accountability Framework

The Chief Executive Officer retains ultimate accountability for WHS. Operational responsibility for implementation of this Action Plan rests with the Safety & Emergency Coordinator (SEC), supported by Managers, Supervisors, the WHS Committee and workers.

WHS performance will be monitored through monthly reporting, quarterly WHS Committee reviews and annual LGIS progress reviews (if available).

3. RACI Framework

Responsible:	SEC, Managers, Supervisors
Accountable:	Chief Executive Officer and Executive Leadership Team
Consulted:	Workers, Health and Safety Representatives, WHS Committee, Bushfire Volunteers
Informed:	All staff, contractors, volunteers and Council

4. Detailed WHS Action Plan (Aligned to LGIS Elements)

LGIS Section & Element	Finding	Required Action	Responsibility	Priority	Timeframe	Evidence
Section 1.2 WHS Policy Communication	Insufficient	Display WHS Policy at all Shire sites and include in worker, contractor, visitor and volunteer inductions	SEC	High	1 month	Displayed policy, induction records
Section 1.3 Legislative Monitoring	Ad hoc	Establish formal WHS legislative and standards monitoring process	SEC	High	1 month	Register of updates, subscriptions
Section 1.4 WHS Accountability	Insufficient	Embed WHS responsibilities and KPIs into Position Descriptions and Performance Reviews	HR / Executive	High	3 months	Updated PDs, performance templates
Section 1.5 WHS Objectives	Insufficient	Develop measurable WHS objectives and job development plans	Executive / WHS	High	2 months	WHS strategy, objectives
Section 1.8 Recommendation Close-out	Insufficient	Implement WHS recommendation tracking and close-out system	SEC	High	Immediate	Action register
Section 2.1 WHS Planning	Insufficient	Develop documented WHS Management Strategy aligned to LGIS	SEC	High	2 months	Approved WHS strategy
Section 2.2 WHS KPIs	Ad hoc	Develop role-specific WHS objectives and performance indicators	Managers / WHS	High	2 months	KPI framework
Section 2.4 Visitor Management	Insufficient	Implement standardised visitor induction	Admin / WHS	High	1 month	Visitor logs, induction records

LGIS Section & Element	Finding	Required Action	Responsibility	Priority	Timeframe	Evidence
		and sign-in/out procedures				
Section 2.5 Contractor Management	Insufficient	Standardise contractor induction, monitoring and job observation processes	WHS / Managers	High	2 months	Contractor checklists
Section 2.6 Emergency Preparedness	Insufficient	Implement emergency drills schedule and equipment maintenance program	WHS / Facilities	High	1 month	Drill records, maintenance logs
Sections 2.7-2.8 Document Control	Insufficient	Review and update all WHS documents to current legislation using Skytrust	SEC	High	3 months	Updated procedures
Section 3.2 Consultation Awareness	Insufficient	Update WHS Induction Booklet to include consultation arrangements	SEC	Medium	1 month	Updated induction booklet
Section 3.3 Consistent Consultation	Insufficient	Implement standardised consultation process across all departments	Managers / WHS	Medium	2 months	Consultation records
Section 3.6 Information Exchange	Insufficient	Update MSDS registers and establish contractor information exchange process	WHS / Depot	High	Immediate	MSDS registers
Section 3.7 Review of Consultation	Insufficient	Conduct annual review of consultation and reporting effectiveness	WHS Committee	Medium	Annual	Review reports
Section 4.1 Risk Awareness	Insufficient	Deliver targeted hazard identification and risk management training	SEC	High	2 months	Training records

LGIS Section & Element	Finding	Required Action	Responsibility	Priority	Timeframe	Evidence
Section 4.2 Hazard Reporting	Ad hoc	Resolve Skytrust access issues and implement interim reporting system	WHS / IT	Immediate	Immediate	Access logs
Section 4.3 Work Activity Analysis	Ad hoc	Implement worker-led SWMS and work activity analysis reviews	Supervisors	High	3 months	Reviewed SWMS
Section 4.4 Risk Assessments	Insufficient	Conduct formal risk assessments for all hazards and workplace changes	Managers / WHS	High	Ongoing	Risk registers
Section 4.5 Hierarchy of Controls	Insufficient	Provide hierarchy of controls training and embed into procedures	SEC	High	2 months	Training records
Section 4.6 Control Effectiveness	Insufficient	Implement formal review of risk control effectiveness	SEC	Medium	6 months	Review reports
Section 4.7 Incident Investigation	Insufficient	Deliver incident reporting and investigation training	SEC	High	2 months	Investigation reports
Section 5.1 Induction & Refresher	Insufficient	Standardise induction and refresher training for all workers, contractors and volunteers	WHS / HR	High	Immediate	Induction records
Section 5.2 WHS Leadership	Ad hoc	Deliver WHS leadership training for managers and supervisors	SEC	High	3 months	Training attendance
Section 5.3 Training Needs	Insufficient	Develop and maintain WHS Training Needs Analysis	SEC	Medium	3 months	TNA register
Section 5.6 Training Evaluation	Insufficient	Implement formal training evaluation and review process	SEC	Medium	6 months	Evaluation forms

LGIS Section & Element	Finding	Required Action	Responsibility	Priority	Timeframe	Evidence
Section 5.7 Supervision Competency	Insufficient	Define WHS competency requirements for supervisors	Executive / WHS	High	3 months	Competency framework
Section 6.1 Volunteer Induction	Insufficient	Implement Shire-specific volunteer WHS induction program	WHS / CESM	High	2 months	Volunteer induction records

5. Monitoring, Review and Continuous Improvement

Progress against this Action Plan will be monitored through the created Excel WHS Action Tracker spreadsheet. Monthly progress reports will be provided to the Executive Leadership Team, with quarterly reviews undertaken by the WHS Committee. Continuous improvement actions will be identified and incorporated into future planning cycles.

6. 12-Month WHS Roadmap

This 12-month WHS Roadmap provides a staged implementation pathway to support the delivery of the WHS Action Plan and to progressively lift the Shire of Gnowangerup to a high to very high level of WHS compliance under the LGIS 3 Steps to Safety Program.

Months 1–3 | Stabilise & Govern

- Confirm WHS governance, roles and officer due diligence responsibilities
- Communicate WHS Policy across all sites, contractors and volunteers
- Implement the WHS Action Tracker and Executive Dashboard
- Resolve Skytrust access issues and implement interim hazard reporting processes
- Rectify immediate physical hazards at the Works Depot
- Standardise WHS inductions for workers, contractors and volunteers

Months 4–6 | Build & Embed

- Finalise and endorse the WHS Management Strategy and measurable objectives
- Embed WHS responsibilities into Position Descriptions and performance review processes
- Deliver WHS leadership training for managers and supervisors
- Implement structured risk assessments and worker-led SWMS reviews
- Introduce emergency drills and emergency equipment maintenance schedules
- Develop and commence implementation of a WHS Training Needs Analysis (TNA)

Months 7–9 | Strengthen & Assure

- Review effectiveness of hazard controls and risk treatments
- Deliver incident reporting and investigation training
- Evaluate WHS training effectiveness and supervision capability
- Review consultation and communication arrangements
- Audit contractor compliance and visitor management processes
- Progress the majority of Action Plan items to completion

Months 10–12 | Review & Improve

- Conduct an internal WHS system review against LGIS assessment criteria
- Close out outstanding LGIS actions and compile supporting evidence
- Prepare for LGIS Step 2 engagement or re-verification
- Review WHS performance data and trends
- Set WHS objectives and priorities for the following 12-month period
- Report WHS outcomes to Executive Leadership Team and Council

Roadmap Success Indicators

By the end of the 12-month period, the Shire should demonstrate:

- Clear WHS governance and officer due diligence
- Consistent hazard identification and risk management practices
- Strong training, supervision and consultation systems
- A high to very high LGIS compliance rating
- A sustainable and mature WHS management system



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6. CLOSURE

There being no further business, Deputy Presiding Member Rebecca O'Meehan thanks committee members and staff and closes the meeting at _____pm.