



# MINUTES

## AUDIT RISK AND IMPROVEMENT COMMITTEE MEETING

**Tuesday 10 June 2025**

**6:00pm**

**Council Chambers**

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*Strengthening our community now to grow and prosper into the future*

## TERMS OF REFERENCE

### **Regulation 16 of the *Local Government (Audit) Regulations 1996* states that:**

An audit committee has the following functions —

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

### **1.0 INTRODUCTION**

The Council of the Shire of Corrigin (hereinafter called the Council) hereby establishes a committee under the powers given in *Section 5.8* and *Section 7.1 A* of the *Local Government Act 1995*, *Local Government Amendment Act 2024* and *Audit Regulations*, such committee to be known as the Audit, Risk and Improvement Committee, (hereinafter called the Committee). The Council appoints to the Committee those persons whose names appear in Section 5.0 below.

Membership of the Committee shall, unless otherwise specified, be for a term ceasing at the date of the Local Government election in the year the Shire's local government elections are held, after which time the Council may appoint members for a further term. The Committee shall act for and on behalf of Council in accordance with provisions of the *Local Government Act 1995*, and associated regulations, local laws and policies of the Shire of Corrigin and this Instrument.

### **2.0 NAME**

The name of the Committee shall be the Audit, Risk and Improvement Committee.

### **3.0 ROLE**

The role of the Committee is to report to Council and provide appropriate advice and recommendations on matters relevant to its objectives in order to facilitate decision-making by Council in relation to the discharge of its responsibilities.

### **4.0 OBJECTIVES OF THE COMMITTEE**

- 4.1 To provide guidance and assistance to the Council in:
- a) carrying out its audit functions under Part 7 of the *Local Government Act*.
  - b) the development of a process to be used to select and appoint an auditor.
  - c) determining the scope and content of the external and internal audit and advising on the general financial management of the Shire.
  - d) overseeing the audit process and meeting with the external auditor after each visit to discuss management issues and monitoring administration's actions on, and responses to, any significant matters raised by the auditor.
  - e) evaluating and making recommendations to Council on internal and external audit reports prior to them being presented to Council.
  - f) receiving and verifying the annual Local Government Statutory Compliance Return.
  - g) review reports provided by the CEO on systems and procedures in relation to:
    - i. risk management;
    - ii. internal control; and
    - iii. legislative compliance;
  - h) at least once every 3 years and report to Council the results of that review. Ref: Functions of Audit Committees (Audit Regulations).
- 4.2 To advise Council on significant high level strategic risk management issues related to the Shire of Corrigin including issues involving:
- a) the community;
  - b) the workforce;
  - c) vehicles and plant;
  - d) buildings and similar property;
  - e) revenue streams;
  - f) legal liability;
  - g) electronically stored information;
  - h) environmental impact;
  - i) fraud; and
  - j) reputation.

### **5.0 MEMBERSHIP**

The Committee shall consist of all Councillors. Additionally, up to two independent consultants with expertise in financial or legal matters will be called upon as required to provide additional independent external advice to the Committee. The external independent persons will have senior business, legal or financial management/reporting knowledge and experience, and be conversant with the financial and other reporting requirements.

Appointments of external consultants shall be made by the CEO following a decision of Council and the allocation of sufficient funds to provide consultation fees using relevant professional fee schedules. No member of staff including the CEO is to be a member of the Committee, but the CEO may participate as Council's principal advisor, unless expressly excluded by resolution of the Committee.

## **6.0 PRESIDING MEMBER**

The Presiding Member shall ensure that minutes of the proceedings are kept and that business is conducted in accordance with the Shire of Corrigin Standing Orders (Local Law).

The *Local Government Act 1995* places responsibility for speaking on behalf of Council with the President, or the CEO if the President agrees. The Presiding Member if different from the President is to refrain from speaking publicly on behalf of the committee or Council, or to issue any form of written material purporting to speak on behalf of the committee or Council without the prior approval of the President.

## **7.0 CONDUCT OF MEETINGS**

The Committee shall meet at least three times per year. A schedule of meetings will be developed and agreed to by the members. As an indicative guide, meetings would be arranged to coincide with relevant Council reporting deadlines, for example in February to discuss the Statutory Compliance Return, in July to discuss the year's financial performance and to discuss the annual audit program and in November to discuss the Annual Financial Report. Additional meetings shall be convened at the discretion of the Presiding Member.

Any three members of the Committee collectively or the internal or external auditor themselves may request the Presiding Member to convene a meeting. Urgent matters which may arise should be referred directly to Council through the monthly meetings or to a Special Council meeting.

- 7.1 Notice of meetings shall be given to members at least three days prior to each meeting.
- 7.2 The Presiding Member shall ensure that detailed minutes of all meetings are kept and shall, not later than five days after each meeting, provide Council with a copy of such minutes. Council shall provide secretarial and administrative support to the Committee.
- 7.3 All members of the Committee shall have one vote. If the vote of the members present is equally divided, the person presiding must cast a second vote.
- 7.4 The Chief Executive Officer should attend all meetings, except when the Committee chooses to meet in camera with the exclusion of the CEO.
- 7.5 Representatives of the external auditor should be invited to attend at the discretion of the Committee but must attend meetings either in person or by telephone link up considering the draft annual financial report and results of the external audit.
- 7.6 The internal auditor or representative shall be invited to attend meetings, at the discretion of the Committee, to consider internal audit matters.

## **8.0 QUORUM**

A quorum for a meeting shall be at least 50 percent of the number of members, whether vacant or not. A decision of the Committee does not have effect unless a simple majority has made it.

## **9.0 DELEGATED POWERS**

The Committee has no delegated powers under the *Local Government Act 1995* and is to advise and make recommendations to Council only.

The Audit, Risk and Improvement Committee is a formally appointed committee of Council and is responsible to that body.

The Audit, Risk and Improvement Committee does not have executive powers or authority to implement actions in areas over which management has responsibility and does not have any delegated financial responsibility. The Committee does not have any management functions and is therefore independent of management.

The following guidelines are to provide further direction from Council for the operation of the Committee:

### **9.1 External Audit**

The Committee shall:

- Liaise with the Office of the Auditor General regarding the appointment of a suitable Auditor.
- Prior to appointment, discuss the scope of the audit and any additional procedures required from the external auditor. Invite the external auditor to attend audit committee meetings to discuss the audit results and consider the implications of the external audit findings.
- Inquire of the auditor if there have been any significant disagreements with management and whether they have been resolved.
- Monitor management responses to the auditor's findings and recommendations.
- Review the progress by management in implementing audit recommendations and provide assistance on matters of conflict.
- Provide a report and recommendations to Council on the outcome of the external audit.

### **9.2 Co-ordination of Auditors**

The Committee shall:

- Oversee the work of the internal audit function to facilitate co-ordination with the external auditor.
- Meet periodically with the Chief Executive Officer, senior management staff and internal and external auditors to understand the organisation's control environment and processes.

### **9.3 Duties and Responsibilities**

The following duties and responsibilities of the Committee will include:

- i. To review the scope of the internal audit plan and program and the effectiveness of the function. This review should consider whether, over a period of years the internal audit plan systematically addresses:
  - internal controls over significant areas of risk, including non-financial management control systems.
  - internal controls over revenue, expenditure, assets and liability processes;
  - the efficiency, effectiveness and economy of significant Council programs; and
  - compliance with regulations, policies, best practice guidelines, instructions and contractual arrangements.
- ii. Review the appropriateness of special internal audit assignments undertaken by internal audit at the request of Council or Chief Executive Officer.
- iii. Review the level of resources allocated to internal audit and the scope of its authority.
- iv. Review reports of internal audit and the extent to which Council and management react to matters raised by internal audit, by monitoring the implementation of recommendations made by internal audit.
- v. Facilitate liaison between the internal and external auditor to promote compatibility, to the extent appropriate, between their audit programs.
- vi. Critically analyse and follow up any internal or external audit report that raises significant issues relating to risk management, internal control, financial reporting and other accountability or governance issues, and any other matters relevant under the Committee's terms of reference.
- vii. Review management's response to, and actions taken as a result of the issues raised.
- viii. Monitor the risk exposure of Council by determining if management has appropriate risk management processes and adequate management information systems.
- ix. Monitor ethical standards and related party transactions by determining whether the

- systems of control are adequate.
- x. Review Council's draft annual financial report, focusing on:
    - accounting policies and practices.
    - changes to accounting policies and practices.
    - the process used in making significant accounting estimates.
    - significant adjustments to the financial report (if any) arising from the audit process.
    - compliance with accounting standards and other reporting requirements.
    - significant variances from prior years.
  - xi. Recommend adoption of the annual financial report to Council. Review any significant changes that may arise subsequent to any such recommendation but before the financial report is signed.
  - xii. Discuss with the external auditor the scope of the audit and the planning of the audit.
  - xiii. Discuss with the external auditor issues arising from the audit, including any management letter issued by the auditor and the resolution of such matters.
  - xiv. Review tendering arrangements and advise Council.
  - xv. Review the annual performance statement and recommend its adoption to Council.
  - xvi. Review issues relating to national competition policy, financial reporting by Council business units and comparative performance indicators.
  - xvii. Identify and refer specific projects or investigations deemed necessary through the Chief Executive Officer, the internal auditor and the Council if appropriate. Oversee any subsequent investigation, including overseeing of the investigation of any suspected cases of fraud within the organisation.
  - xviii. Monitor the progress of any major lawsuits facing the Council.
  - xix. Address issues brought to the attention of the Committee, including responding to requests from Council for advice that are within the parameters of the Committee's terms of reference.
  - xx. Report to Council after each meeting, in the form of minutes or otherwise, and as necessary and provide an annual report to Council summarising the activities undertaken during the year.
  - xxi. The Committee in conjunction with Council and the Chief Executive Officer should develop the Committee's performance indicators.
  - xxii. The Committee, through the Chief Executive Officer and following authorisation from the Council, and within the scope of its responsibilities, may seek information or obtain expert advice on matters of concern.
  - xxiii. Advise Council on significant risk management issues related to the Shire of Corrigin including major issues involving:
    - The Community;
    - The Workforce;
    - Vehicles and Plant;
    - Buildings and Similar Property;
    - Revenue Streams;
    - Legal Liability;
    - Electronically Stored Information;
    - Environmental Impact;
    - Fraud; and
    - Reputation.
  - xxiv. Review reports on the appropriateness and effectiveness of the Shire's systems and procedures in relation to:
    - risk management;
    - internal control; and
    - legislative complianceand report to Council.

#### **9.4 Reporting Powers**

The Committee:

- Shall report to Council and provide recommendations on matters pertaining to its terms of reference by assisting elected members in the discharge of their responsibilities for oversight and corporate governance of the local government.
- Does not have executive powers or authority to implement actions in areas that management has responsibility.
- Is independent of the roles of the Chief Executive Officer and his senior staff as it does not have any management functions.
- Does not have any role pertaining to matters normally addressed by the Local Emergency Management Committee and Council in relation to financial management responsibilities in relation to budgets, financial decisions and expenditure priorities.
- Is a separate activity and does not have any role in relation to day-to-day financial management issues or any executive role or power.
- Shall after every meeting forward the minutes of that meeting to the next Ordinary meeting of the Council, including a report explaining any specific recommendations and key outcomes.
- Shall report annually to the Council summarising the activities of the Committee during the previous financial year.

#### **10.0 TERMINATION OF COMMITTEE**

Termination of the Committee shall be:

- a) in accordance with the *Local Government Act 1995*; or
- b) at the direction of the Council.

#### **11.0 AMENDMENT TO THE INSTRUMENT OF APPOINTMENT AND DELEGATION**

This document may be altered at any time by the Council.

#### **12.0 COMMITTEE DECISIONS**

The Committee recommendations are advisory only and shall not be binding on Council.

## **1 DECLARATION OF OPENING**

The President, Cr. D Hickey opened the meeting at 5:58pm

## **2 ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE**

Shire President	Cr. D Hickey
Shire Deputy President	Cr. S Jacobs
	Cr. M Dickinson
	Cr. B Fare
	Cr. M Leach
	Cr. M Weguelin
Chief Executive Officer	N A Manton
Executive Support Officer	J M Filinski
Director AMD	M Cavallo (Via Teams)
Acting Director OAG	S Karki (Via Teams)

## **APOLOGIES**

**NIL**

## **3 DECLARATIONS OF INTEREST**

Nil

## **4 CONFIRMATION AND RECEIPT OF MINUTES**

### **4.1 CONFIRMATION AUDIT AND RISK MANAGEMENT COMMITTEE MEETING**

Minutes of the Audit, Risk and Improvement Committee meeting held on Tuesday 11 March 2025 (Attachment 4.1).

## **COMMITTEE RESOLUTION**

**Moved: Cr. Jacobs**

**Seconded: Cr. Dickinson**

*That the minutes of the Audit, Risk and Improvement Committee meeting held on Tuesday 11 March (Attachment 4.1) be confirmed as a true and correct record.*

***Carried 6/0***

*For: Cr. Hickey, Cr. Jacobs, Cr. Dickinson, Cr. Weguelin, Cr. Fare & Cr. Leach*

*Against: Nil*



## **5 REPORTS**

The following reports are provided for information.

### **Local Government Information Systems Audit Results**

The 2023-24 Information Systems Audit Results report by the Office of the Auditor General for Western Australia presents findings from audits of general computer controls across 89 local government entities. Overall, the sector showed considerable improvement, with a reduction in reported issues compared to the previous year. Nearly 70% of weaknesses related to information and cyber security categories, particularly endpoint security, access management, and information security frameworks. While improvements were seen in risk management, network security, and human resource security, significant unresolved findings from prior audits remain a concern.

The report emphasises that many cyber security weaknesses can be addressed with practical measures, not necessarily expensive technology, and highlights case studies to illustrate common risks. It concludes with detailed recommendations to strengthen information technology (IT) environments, safeguard sensitive information, and reduce exposure to cyber threats.

The full report can be read here: [Information Systems Audit Results](#)

### **Local Government Financial Audit Results**

The Auditor General 2023–24 report on local government financial audits shows continued improvement across the sector, with fewer qualified opinions, reduced control weaknesses, and earlier audit completions. Challenges remain with audit readiness, financial reporting quality, and the ongoing discovery of previously unrecorded assets.

Key recommendations focus on improving internal review processes, asset management, and timely, accurate financial reporting. The report encourages councils and the Department Local Government, Sport and Cultural Industries (DLGSC) to streamline practices and maintain momentum to further improve audit outcomes in 2024–25.

The full report can be read here: [Financial Audit Results](#)

## 6 MATTERS REQUIRING A COMMITTEE DECISION

### 6.1 REPORT OF AUDIT FINDINGS

Applicant:	Shire of Corrigin
Date:	3/06/2025
Reporting Officer:	Myra Henry, Deputy Chief Executive Officer
Disclosure of Interest:	NIL
File Ref:	FM.0381
Attachment Ref:	Attachment 6.1 – Interim Findings - Confidential

#### SUMMARY

Audit, Risk and Improvement Committee is to consider the feedback from the interim audit conducted by AMD Chartered Accountants (AMD) from 31 March to 2 April 2025.

#### BACKGROUND

As per the Terms of Reference reviewed and endorsed at the Ordinary Council Meeting held on 18 March 2025, one of the principal objectives of the Audit, Risk and Improvement Committee is to accept responsibility for the annual external audit and to liaise with the Auditor (Office of the Auditor General) to ensure that Council is satisfied with the Shire's performance in managing its financial affairs.

The Committee's duties and responsibilities in relation to the Annual Financial Report and external audit are clearly outlined in the Terms of Reference, specifically item 4e and sections 9.1 and 9.2.

In accordance with section 7.2 of *the Local Government Act 1995*, the accounts and annual financial report of a local government for each financial year are required to be audited by an Auditor. Part 7 of *the Local Government Act 1995* and the *Local Government (Audit) Regulations 1996* set out the requirements and process for the audit.

As outlined by AMD, the audit scope is to express an opinion on whether the Shire of Corrigin's general purpose financial report:

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

The interim audit was conducted by AMD on behalf of the Office of the Auditor General, with the onsite component taking place from 31 March to 2 April 2025. Shire administration staff responded to numerous information requests in the lead-up to and during the audit visit. The auditors provided feedback on several findings from the interim audit, which require attention to ensure future compliance and continuous improvement.

#### COMMENT

As part of the annual audit process, two areas for improvement were identified, primarily relating to financial reconciliations and information technology practices.

With regard to financial processes, the audit highlighted opportunities to strengthen month-end procedures to improve accuracy and consistency. Management has reviewed the matters raised and taken proactive steps to address them. Adjustments have been made to internal processes to support timely and accurate reconciliation practices, including improvements to documentation and oversight procedures. These enhancements are being implemented progressively from April 2025, with full application expected by the end of the financial year.

In relation to information technology, the audit reaffirmed the need to continue improving system security and governance. A number of actions are already underway, including planning for future improvements to data security, user access controls, and longer-term IT strategy development. Management is working closely with our IT service provider to progress these initiatives within available resources and budget planning frameworks. The Shire remains committed to strengthening internal controls and continuously improving its financial and IT systems.

## **STATUTORY ENVIRONMENT**

*Local Government Act 1995, s 7.12A – Duties of a Local Government in respect to the Audit.*

## **POLICY IMPLICATIONS**

3.1 Risk Management Policy

## **FINANCIAL IMPLICATIONS**

There is an allowance of \$48,000 in the budget for Audit Fees

## **COMMUNITY AND STRATEGIC OBJECTIVES**

Shire of Corrigin Strategic Community Plan 2021-2031 and Corporate Business Plan 2021-2025:

**Objective:** Governance and Leadership

Strong Governance and Leadership

Strategic Community Plan		Corporate Business Plan	
Outcome	Strategies	Action No.	Actions
4.4	Provide informed and transparent decision making that meets our legal obligations, and the needs of our diverse community	4.4.4	Provide Council adequate and appropriate financial information on a timely basis.
4.5	Implement systems and processes that meet legislative and audit obligations	4.5.1	Continual improvement in governance and operational policies, processes and implementation

## **VOTING REQUIREMENT**

Simple Majority

## **COMMITTEE RESOLUTION**

**Moved: Cr. Weguelin**

**Seconded: Cr. Leach**

*That the Audit, Risk and Improvement Committee recommend that Council receive the Interim Audit findings from AMD Chartered Accountants and notes the areas that have been addressed, and issues have been completed.*

**Carried 6/0**

*For: Cr. Hickey, Cr. Jacobs, Cr. Dickinson, Cr. Weguelin, Cr. Fare & Cr. Leach*

*Against: Nil*

## 6.2 INTERNAL AUDIT – REVIEW OF FINANCIAL MANAGEMENT, RISK MANAGEMENT, INTERNAL CONTROL AND LEGISLATIVE COMPLIANCE

Applicant:	Shire of Corrigin
Date:	5/06/2025
Reporting Officer:	Natalie Manton, Chief Executive Officer
Disclosure of Interest:	NIL
File Ref:	FM.0047
Attachment Ref:	Attachment 6.2.1 – Review Report Under Regulation 5 of the Local Government (Financial Management) Regulations 1996 Attachment 6.2.2 - Review Report Under Regulation 17 of Certain Systems and Procedures.

### SUMMARY

The Audit, Risk and Improvement Committee is requested to consider the independent review of financial and risk management, internal controls and legislative compliance

### BACKGROUND

The *Local Government (Audit) Regulations 1996 Regulation 17* and *Local Government (Financial Management) Regulations 1996 Regulation 5* require the CEO to review the integrity of the Shire of Corrigin financial and risk management systems to confirm the appropriateness and effectiveness of the systems and processes.

The Shire of Corrigin engaged Hammond Woodhouse Advisory to provide the following services in relation to the requirements of *Local Government Financial Management Regulation 5* and the *Audit Regulation 17*.

- Review current risk management policies, procedures and plans,
- Evaluate the financial internal control systems and procedures,
- Evaluate the operational internal control systems and procedures,
- Assess systems and processes for maintaining legislative compliance,
- Provide a list of any improvements identified during the review, and
- Provide a report including recommendations to assist the CEO to assess the appropriateness and effectiveness of the systems and procedures.

### Risk Management, Internal Control and Legislative Compliance

The *Local Government Audit Regulations 1996 Regulation 17* requires the CEO to review the appropriateness and effectiveness of a local government's systems in relation to risk management, internal control and legislative compliance. Each of these areas is to be reviewed at least once every three calendar years and reported to the Audit and Risk Management Committee.

The *Local Government (Financial Management) Regulations 1996 Regulation 5* also require the CEO to conduct a Financial Management Review to ensure efficient systems and procedures are established for the local authority at least every three years. The previous review was conducted in 2022.

### Financial Management Review

The duties and key areas the Shire were reviewed for the 2024/25 financial year include:

- Bank reconciliations and petty cash
- Trust Funds
- Receipts and receivables
- Rates
- Fees and Charges
- Purchases, payments and payables

- Salaries and wages
- Credit Card procedures
- Fixed Assets
- Cost and administration overhead allocations
- Minutes of meetings
- Budget
- Financial Reports
- Registers (including Annual and Primary Returns)
- Delegations
- Audit Committee
- Insurance
- Storage of documents/record keeping
- Plan for the future
- General compliance and other matters

### **Risk Management**

The scope of the Regulation 17 review included the following areas as outlined in the Department of Local Government Guidance Note 9 Audit in Local Government:

- Review risk management systems and operating risks.
- Review business continuity plan.
- Assess the internal processes for determining and managing material operating risks in accordance with the local government's identified tolerance for risk, with regard to,
  - Potential non-compliance with legislation, regulations and standards and local government's policies.
  - Important accounting judgements or estimates that prove to be wrong.
  - Litigation and claims.
  - Misconduct, fraud and theft.
  - 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.
- Risk reports identifying key risks, the status and the effectiveness of the risk management systems, to ensure that identified risks are monitored and new risks are identified, mitigated and reported.
- Assess the adequacy of local government processes to manage insurable risks and ensure the adequacy of insurance cover.
- Review the effectiveness of the local government's internal control system with management and the internal and external auditors.
- Assess whether management has controls in place for unusual types of transactions and/or any potential transactions that might carry more a high degree of risk.
- Assess the local government's procurement framework and whether these policies and procedures are being applied.
- Ascertain whether fraud and misconduct risks have been identified, analysed, evaluated, an appropriate treatment plan has been implemented, communicated, monitored and there is regular reporting and ongoing management of fraud and misconduct risks.

### **Internal Control**

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:

- Integrity and ethics,
- Policies and delegated authority,
- Levels of responsibilities and authorities,
- Audit practices,
- Information system access and security,
- Management operating style, and
- 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.

An effective control framework includes:

- Delegation of authority,
- Documented policies and procedures,
- Trained and qualified employees,
- System controls,
- Effective policy and process review,
- Regular internal audits,
- Documentation of risk identification and assessment, and
- Regular liaison with auditor and legal advisors.

The following controls were reviewed:

- Separation of roles and functions, processing and authorisation,
- Control of approval of documents, letters and financial records,
- Comparison of internal data with other or external sources of information,
- Limit of direct physical access to assets and records,
- Control of computer applications and information system standards,
- Limit access to make changes in data files and systems,
- Regular maintenance and review of financial control accounts and trial balances,
- Comparison and analysis of financial results with budgeted amounts,
- The arithmetical accuracy and content of records,
- Report, review and approval of financial payments and reconciliations, and
- Comparison of the result of physical cash and inventory counts with accounting records.

### **Legislative Compliance**

The compliance programs of a local government are a strong indication of attitude towards meeting legislative requirements. The review will consider Audit Committee's monitoring of compliance programs including:

- Compliance with legislation and regulations.
- Annual Compliance Audit Return and reporting to Council the results of that review,
- Procedures for receiving and treating complaints, including confidential and anonymous employee complaints.
- Obtain assurance that adverse trends are identified and review management's plans to deal with these.
- Management disclosures in financial reports.
- 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.
- Compliance frameworks dealing with relevant external legislation and regulatory requirements.

- 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.

#### **COMMENT**

The review report provides the CEO with a clear understanding as to the appropriateness and effectiveness of the current systems and processes and identifies areas for improvement. The review includes a list of recommendations for improvements to systems and processes.

The draft report was submitted to the CEO for review prior to being submitted to the Audit Committee for review. The recommendations will be reviewed by management and actioned as required.

#### **STATUTORY ENVIRONMENT**

*Local Government (Audit) Regulations 1996 Regulation 17*

*Local Government (Financial Management) Regulations 1996 Regulation 5*

#### **POLICY IMPLICATIONS**

3.1 Risk Management Policy

#### **FINANCIAL IMPLICATIONS**

NIL

#### **COMMUNITY AND STRATEGIC OBJECTIVES**

Shire of Corrigin Strategic Community Plan 2021-2031 and Corporate Business Plan 2021-2025:

**Objective:** Governance and Leadership

Strong Governance and Leadership

Strategic Community Plan		Corporate Business Plan	
Outcome	Strategies	Action No.	Actions
4.5	Implement systems and processes that meet legislative and audit obligations	4.5.1	Continual improvement in governance and operational policies, process and implementation.

#### **VOTING REQUIREMENT**

Simple Majority

#### **COMMITTEE RESOLUTION**

**Moved: Cr. Fare**

**Seconded: Cr. Weguelin**

*That the Audit, Risk and Improvement Committee receives and notes the Financial and Risk Management Review Report (in accordance with Regulation 5 of the Local Government (Financial Management) Regulations 1996 and Regulation 17 of the Local Government (Audit) Regulations 1996) which reports on the efficiency of the Shire of Corrigin systems and processes.*

**Carried 6/0**

*For: Cr. Hickey, Cr. Jacobs, Cr. Dickinson, Cr. Weguelin, Cr. Fare & Cr. Leach*

*Against: Nil*

### 6.3 INTERNAL AUDIT – RISK MANAGEMENT REVIEW

Applicant:	Shire of Corrigin
Date:	3/06/2025
Reporting Officer:	Natalie Manton, Chief Executive Officer
Disclosure of Interest:	NIL
File Ref:	RM.0006
Attachment Ref:	Attachment 6.3 – Risk Dashboard

#### SUMMARY

This Internal Audit – Risk Management Review report seeks to provide an update on the assessment, impact and controls to mitigate risks using a risk management tool.

#### BACKGROUND

The latest review of the Risk Management Framework policies and procedures was adopted by Council on 18 March 2025. The policy and procedures document outlines the commitment and objectives regarding managing risk that may impact the Shire's strategies, goals or objectives.

The Risk Management Review Dashboard summaries the following risks:

- Asset Sustainability
- Business and Community Disruption
- Compliance Requirements
- Document Management
- Employment Practices
- Engagement Practices
- Environmental Management
- Errors, Omissions and Delays
- External theft and fraud
- Management of Facilities/Venues and Events
- IT Communication systems
- Misconduct
- Project/ Change Management
- Safety and Security practices
- Supplier Contract management

#### COMMENT

Internal risk management reviews are completed twice per annum with the previous report in September 2024.

#### STATUTORY ENVIRONMENT

*Local Government (Audit) Regulations 1996*

Section 17 CEO to review certain systems and procedures

#### POLICY IMPLICATIONS

3.1 Risk Management Policy

#### FINANCIAL IMPLICATIONS

NIL



## **COMMUNITY AND STRATEGIC OBJECTIVES**

Shire of Corrigin Strategic Community Plan 2021-2031 and Corporate Business Plan 2021-2025:

### **Objective: Governance and Leadership** **Strong Governance and leadership**

Strategic Community Plan		Corporate Business Plan	
Outcome	Strategies	Action No.	Actions
4.5	Implement systems and processes that meet legislative and audit obligations	4.5.1	Continual improvement in governance and operational policies, processes and implementation.

## **VOTING REQUIREMENT**

Simple Majority

## **COMMITTEE RESOLUTION**

**Moved: Cr. Jacobs**

**Seconded: Cr. Dickinson**

*That the Audit, Risk and Improvement Committee receive the updated Internal Audit Risk Management Report-Dashboard update.*

**Carried 6/0**

*For: Cr. Hickey, Cr. Jacobs, Cr. Dickinson, Cr. Weguelin, Cr. Fare & Cr. Leach*

*Against: Nil*

## **7 NEXT MEETING**

Audit, Risk and Improvement Committee meeting to be held on 9 September 2025 at 6.00pm

## **8 MEETING CLOSURE**

The President Cr. D Hickey closed the meeting at 6:17pm.