MINUTES

Shire of Wandering Audit Committee Meeting
20 June 2024

OUR VISION

Wandering is a community of responsible, resilient and adaptable residents thriving in our scenic, economically diverse environment.

These Minutes of the meeting held 20 June 2024 are confirmed as a true and correct record of proceedings without amendment. Confirmed by the Presiding Member, Cr S Little.

S.y Little   20/3/25.

Cr Little Presiding Member   Date

SHIRE OF WANDERING

Minutes of the Audit Committee Meeting held in the Council Chambers on Friday 20 June 2024.

Contents

1. Declaration of Opening / Announcements of Visitors
The Presiding Member declared the meeting open at 2.42pm.

2. Attendance / Apologies / Approved Leave of Absence

Councillors
Cr Ian Turton   (Shire President)
Cr Sheryl Little   (Deputy Shire President)
Cr Lou Cowan
Cr Dennis Jennings
Cr Alan Price
Cr Max Watts

Staff
Alan Hart   (Chief Executive Officer)

Apologies
Cr Gillian Hansen

Members of the Public
Nil

3. Confirmation of Minutes of Previous Meetings Held

3.1 Audit Committee Meeting Minutes – 9 February 2024

Statutory Environment:
Section 5.22 of the *Local Government Act* provides that minutes of all meeting to be kept and submitted to the next ordinary meeting of the Council or the committee, as the case requires, for confirmation.

Voting Requirements:
Simple Majority

010624 Moved: Cr S Little   Seconded: Cr D Jennings
Officer Recommendation and Council Decision:
That the Minutes of the Audit Committee Meeting held on 9 February 2024 be confirmed as true and correct.

Carried 6/0

<u>**For: Cr Turton, Cr Jennings, Cr Little, Cr Cowan, Cr Price, Cr Watts**</u>
<u>**Against: Nil**</u>

3.2   Audit Committee Meeting Minutes – 3 August 2023

Statutory Environment:
Section 5.22 of the *Local Government Act* provides that minutes of all meeting to be kept and submitted to the next ordinary meeting of the Council or the committee, as the case requires, for confirmation.

Voting Requirements:
Simple Majority

020624 Moved: Cr S Little   Seconded: Cr I Turton
Officer Recommendation and Council Decision:
That the Minutes of the Audit Committee Meeting held on 3 August 2023 be confirmed as true and correct.

Carried 6/0

<u>**For: Cr Turton, Cr Jennings, Cr Little, Cr Cowan, Cr Price, Cr Watts**</u>
<u>**Against: Nil**</u>

4.   General Business

4.1   Interim Management Report 2023/24 Year   5
File Reference: 14.145.14512
Location: N/A
Applicant: N/A
Author: Alan Hart-Chief Executive Officer
Authorising Officer   Alan Hart-Chief Executive Officer
Date: 13 June 2024
Disclosure of Interest: Nil
Confidential Attachment: Interim Management Letter

Summary:
For the committee to consider the interim management letter from the Office of the Auditor General in relation to the 2023/24 financial year.

Background:
The auditor has completed the interim audit for the Shire of Wandering and an interim management report has been prepared based on their findings. The interim management letter is presented to the audit committee for their review.

Comment:
The interim audit was undertaken in March 2024 and a number of items were identified during the audit and these are detailed in the interim management letter.

The Auditors have raised five items in the management letter, all items have been rated by the Auditor General as moderate or minor and will not have a potential impact on the audit opinion.

Only one item has been raised as a prior year finding. Comments regarding each item is contained in the management report.

Consultation:
Council

Statutory Environment:
Local Government Act 1995 Section 7.12(A).
Local Government Audit Regulations 1996 Regulation 16
Local Government Financial Management Regulations 1996

Policy Implications:

Nil

Financial Implications:
Nil

Strategic Implications:

IMPROVE OUR FINANCIAL POSITION

Goals	Strategies	Measurement
The Wandering Shire is financially sustainable	Improve accountability and transparency. Develop an investment strategy that plans for the future and provides cash backed reserves to meet operational needs Prudently manage our financial resources to ensure value for money	Rate review implemented over a staged process by 2020 Balanced budget delivered annually Annual external financial audit identifies no adverse issues Long Term Financial Plan updated annually Investment Strategy

Sustainability Implications:
- Environmental: There are no known significant environmental considerations.
- Economic: There are no known significant economic considerations.
- Social: There are no known significant social considerations.

Risk Implications:
As detailed in the interim management letter.

Voting Requirements:
Simple Majority

030624 Moved: Cr L Cowan   Seconded: Cr M Watts
Officer Recommendation and Council Decision:
That the Committee receive the Interim Management Letter from the Office of the Auditor General for the year ended 30 June 2024.

Carried 6/0

For: Cr Turton, Cr Jennings, Cr Little, Cr Cowan, Cr Price, Cr Watts
Against: Nil

4.2 Financial Management/Regulation 17 Review	
File Reference:	04.041.04109
Location:	N/A
Applicant:	N/A
Author:	Alan Hart, Chief Executive Officer
Authorising Officer	Alan Hart, Chief Executive Officer
Date:	15 June 2024
Disclosure of Interest:	Nil
Attachments:	Shire of Wandering-Regulation 17 Review Report

Summary:
For the committee to consider the Risk Management, Legislative Compliance and Internal Control Audit undertaken by Australian Audit in May 2024.

Background:
The review process was necessary to comply with Local Government (Audit) Regulations 1996 which stipulate CEO must review the appropriateness and effectiveness of a Local Governments systems and procedures in relation to Risk Management, Internal control and legislative compliance at least every 3 years

Comment:
The Review of Risk Management, Legislative Compliance and Internal Controls helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance.

The attached report lists under findings and recommendations the matters identified and improvements required. Staff have addressed the improvement items and identified any actions that will be taken to address any existing process or document control weakness.

Whilst the report is quite extensive and contains numerous recommendations, staff will address the matters raised to ensure our risk is mitigated, and we comply with all relevant legislation.

Further work is also required on the Policy Manual to make the policies more compliant, particularly in relation to the Risk Management Framework. Where there are changes to Council Policy or in the case of the Audit Committee, Terms of Reference to be developed, these will be systematically worked through with Council at future planning forums before coming to Council for adoption. Matters that require a financial input, quotes will be obtained for Council's consideration in future budget workshops and where internal processes need to be improved, these will be reviewed and implemented, and staff will be trained in the new processes.

This report has been presented to the audit committee as the committee has a role in supporting Council in fulfilling its governance and oversight responsibilities and provide the audit committee with the opportunity to raise any issues that the document has identified or ask any other questions they may have in relation to our risk management and compliance activities.

Consultation:
Council

Statutory Environment:
Local Government Audit Regulations 1996 Regulation 17

Policy Implications:
Nil

Financial Implications:
The preparation of new plans that have been identified in the report may require specialist advise. Quotations will be sort for these items and will be considered by Council in future years budgets.

Strategic Implications:

IMPROVE OUR FINANCIAL POSITION

Goals	Strategies	Measurement
The Wandering Shire is financially sustainable	Improve accountability and transparency. Develop an investment strategy that plans for the future and provides cash backed reserves to meet operational needs Prudently manage our financial resources to ensure value for money	Rate review implemented over a staged process by 2020 Balanced budget delivered annually Annual external financial audit identifies no adverse issues Long Term Financial Plan updated annually Investment Strategy

Sustainability Implications:
- Environmental: There are no known significant environmental considerations.
- Economic: There are no known significant economic considerations.
- Social: There are no known significant social considerations.

Risk Implications:
As detailed in the attached report.

Voting Requirements:
Simple Majority

040624 Moved: Cr A Price   Seconded: Cr R Cowan
Officer Recommendation and Council Decision:
1. **That the Committee receive the Regulation 17 Review Report – 14 June 2024 from Australian Audit.**
2. **That the CEO prepare a timetable for the implementation of the recommendations made in the report and present that to the Audit Committee.**

Carried 6/0

For: Cr Turton, Cr Jennings, Cr Little, Cr Cowan, Cr Price, Cr Watts
Against: Nil

5.   Closure of Meeting
The Presiding Member declared the meeting closed at 3.36pm

DIRECTORS:

ROBERT CAMPBELL RCA, CA
VIRAL PATEL RCA, CA
ALASTAIR ABBOTT RCA, CA
CHASSEY DAVIDS RCA, CA

ASSOCIATE DIRECTOR:

SANTO CASILLI FCPA PFIIA
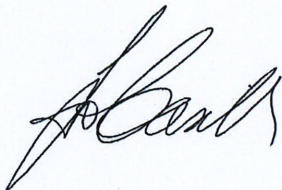
**AUSTRALIAN
AUDIT**

14 June 2024

Alan Hart
Chief Executive Officer
Shire of Wandering
22 Watts Street
Wandering WA 6308

Dear Alan

Please find attached our Final Regulation 17 review report for the Shire of Wandering which now includes your management comments.

I would like to thank you for the positive cooperation provided to us during the review process and for promptly providing information requested during the conduct of this review.

Yours sincerely

Santo Casilli FCPA PFIIA
Associate Director, Internal Audit, Probity and Risk

Australian Audit

Shire of Wandering

Regulation 17 Review

14 June 2024

FINAL Review Report

(Review in Confidence)

Australian Audit

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Regulation 17 Review Summary and Conclusion

INTRODUCTION

Australian Audit was engaged to undertake a review of the Shire of Wandering risk management, internal control and legislative compliance as required to be undertaken as per Regulation 17 of the *Local Government (Audit) Regulations 1996*.

As per Regulation 17(1), (2) and (3) of the *Local Government (Audit) Regulations* 1996, the Chief Executive Officer (**CEO**) is required to undertake a review, at least once every 3 financial years, of the following processes:

- Risk Management.

- Internal Control; and

- Legislative Compliance.

The Shire of Wandering uses Synergy Soft as its accounting system.

The Shire's last Regulation 17 review was undertaken in 2021 which was performed by Moore Australia.

SCOPE AND METHODOLOGY

The review undertook the following approach:

- Information relating to risk management, internal control and legislative compliance was requested from the Chief Executive Officer prior to commencement of the review to assess adequacy of policies, procedures and overall control processes that are currently in place within the Shire.

- An Information Technology questionnaire was also sent in order to assess the Shire's Information Systems General Control Environment.

- Information was requested regarding the process in place for ensuring that the Shire is continually in compliance with the Local Government Act and Regulation requirements including assessing the annual Compliance Audit Return (CAR) process.

The matters raised in this report are only those which came to our attention during performing our review and may not necessarily be a comprehensive statement of all the possible process improvement options that may exist in relation to the Risk Management, Internal Control and Legislative Compliance matters. Our review was conducted in accordance with ASAE 3500 – Assurance Engagement Other Than Audits or Reviews of Historical Financial Information.

Our review report is provided to the Shire to enable the Shire to meet their statutory obligations under Regulation 17 and as such we do not encourage this report to be used for any other purpose.

WORK PROGRAM

Our work incorporated the following areas for review as required under Regulation 17:

1.   RISK MANAGEMENT

To establish that:

- A Governance Framework is in place and endorsed by the Audit and Risk Committee.
- A formal governance unit exists responsible for proper governance compliance.
- Satisfactory risk management and governance policies are in place and have been endorsed by the Audit and Risk Committee/Council.
- Operational and Strategic Risk Registers are in place and are being constantly reviewed and updated to mitigate risk.
- Regular development of risk reports and actions to address risks are identified and actioned and such actions are regularly communicated to and endorsed by the Audit and Risk Committee.
- Fraud Risk Identification and Prevention policies are in place including the establishment of a Whistle Blower policy.
- An effective Audit and Risk Committee exists, and proper Committee processes are in place and being complied with.

2.   INTERNAL CONTROL

To establish that:

- A Delegation of Authority is in place, up to date and reviewed regularly.
- Proper and formal documented Shire Management polices (guidelines and procedures) are in place and are kept up to date.
- Internal assessment of control processes exists e.g., via an internal audit function or by the Shire's own Governance area.
- An Internal Control policy targeted for all employees, council and committee members on the importance of management controls.
- Reliance can be placed on the work undertaken by the Shire's external internal auditors re the review of the Shire's control environment and legislative compliance including general controls over the Shire's Information Technology systems.
- Proper segregation of duties and management controls exist in relation to the following key accounting processes:

    o Accounts payable.
    o Cash collection, receipting and reconciliations.
    o General Ledger amendments and reconciliations.
    o Payroll.
    o Procurement.

3.   LEGISLATIVE COMPLIANCE

To establish that:

- The Compliance Audit Return (CAR) is properly completed each year and any non-compliance matters are investigated promptly and adequate action is taken to ensure similar non- compliance no longer occurs.
- The establishment of proper complaints policies and registers including gift policies and registers.
- Legislative compliance regarding all Local Government Act and Regulation requirements are continually monitored and regularly reviewed to ensure continual compliance.

REVIEW CONCLUSION

Based on our assessment of the management controls and processes that exist at the Shire regarding the above three key areas of the Regulation 17 review, we wish to conclude as follows:

<u>Risk Management</u>

- The Shire does not have a formal Risk Management Framework in place.
- The Shire has not yet developed a formal risk register outlining its operational and strategic risks and as such the Audit and Risk Committee is not receiving reports of the Shires identified risks and proposed actions.
- There are no terms of reference for the Audit Committee. There are no standing agenda items for the Audit Committee which includes Risk Management.
- There is no Fraud Risk Prevention policy in place.
- There is no Whistle Blower policy in place.
- There is no Business Continuity Plan in place.

<u>Internal Control</u>

- There is no internal control policy which would enable the Shire to identify the need for all areas within the Shire to continually assess control processes and to empower all Shire staff to be responsible over the Shire's control environment.
- Testing of purchases identified instances of non-compliances with Purchasing & Tenders policy with regard to obtaining written quotations.
- No verification checks are carried out by the Shire to verify that the new bank account details belong to the supplier.
- An audit trail is not produced and checked for changes made to the Shire's vendor masterfile.
- Our testing of invoice payments identified instances where invoices were approved by staff who do not have the required level of delegation to approve invoices.
- Reconciliations are undertaken for some general ledger accounts. It doesn't appear that all balance sheet accounts and relevant P&L accounts such as payroll are reconciled monthly or at other intervals.
- There is no CCTV over the Community Resources Centre Till. Further, there is no duress alarm installed

at the Shire Administration office or at the Community Resources Centre.

Legislative Compliance

- Monitoring for legislative compliance requires improvement. The Shire currently relies on a Compliance Calendar. However, we do not believe that the Compliance Calendar is being fully utilised to identify and manage all of the Shire's legislative compliance requirements and that the Compliance Calendar is being used to monitor that all required legislative compliance is being met.

IT General Controls Environment

- The Shire does not have an IT Strategic Plan.
- The Shire does not have a formal Disaster Recovery Plan in place over its Information Technology environment.
- The Shire does not have any Information Technology written policies and procedures or written work instructions regarding its Information Technology operations such as data backup process, User Access, Internet usage policies etc.
- The Shire does not have a Software register detailing all software being approved for use at the Shire and which computer devices the software is located.
- Our review of the Shire's current logon IDs identified an unacceptable high number of generic user access, persons who are not listed as current staff member having access to the Shire's computerised systems and also instances of duplicated access.

FINDINGS AND RECOMMENDATIONS

The following matters were identified which have been reported below for consideration by Shire management:

MEDIUM RISK ISSUES

1. **Risk Management Framework**

   <u>Finding</u>

   The Shire currently does not have a Risk Management Framework.

   We also noted that the Shire does not have in place a risk management system (a process by which both strategic and operational risks are identified for ongoing management and review) via the establishment of an integrated risk register. As a result, the Audit Committee is not receiving reports of the Shires identified risks and proposed actions.

   In the absence of an up-to-date risk management framework and a process by which the Shire's risks can be identified and appropriate actions put in place to mitigate those risks, the Shire is at risk both operationally and strategically.

   <u>Recommendation</u>

   We recommend that as a matter of priority the CEO should ensure a formal Risk Management Framework is developed and that the Shire implement a process by which both operational and strategic risks are identified, recorded in a "Risk Register", establish risk mitigation actions for each risk and such risks and proposed actions are managed on a regular basis and reported regularly to the Audit Committee.

   Management Comments

   A review of our Risk Management systems and processes will be undertaken to ensure that a formal Risk Management Framework is put in place.

LOW RISK ISSUES

2. Audit Committee

<u>Finding</u>

There are no terms of reference for the Audit Committee. The Audit Committee meets on a need's basis. We also noted that this risk assessment does not form part of the Audit Committee's standard agenda item.

<u>Recommendation</u>

We recommend that a Terms of Reference / Charter document should be developed for the Audit Committee.

We also recommend that a copy of the Shire's risk register, including evidence of the Shire's progress of actions taken to minimize the Shire's risks be tabled at each Audit Committee meeting to enable the Committee to be satisfied that the Shire identified risks are being managed. This should be a standing agenda item for each Audit Committee.

Management Comments

A Term of Reference will be prepared for Council to adopt.

3. Fraud Risk Identification and Prevention Policy

<u>Finding</u>

We noted that the Shire does not currently have a Fraud Risk Prevention policy in place. A fraud prevention policy defines actions that constitute possible fraud so that employees are aware of what is and is not acceptable. The policy also assists in outlining employee responsibilities and the Shire's approach when possible fraud is either suspected or detected.

<u>Recommendation</u>

We recommend that a Fraud Risk Prevention policy be developed by the Shire and communicated to all staff.

The fraud prevention policy should include as a minimum the following:

- o Definition of actions that are deemed to be fraudulent.
- o Responsibilities for overall management of suspected fraud.
- o Procedures that staff should follow if a fraud is suspected.
- o Statement that all instances of suspected fraud will be investigated and reported to the appropriate authorities.

- o A statement that all fraud offenders will be prosecuted and that the police will be assisted in any investigation that is required.
- o A statement that all efforts will be made to recover wrongfully obtained Shire assets.
- o Encouragement to employees to report any suspicion of fraud.

Management Comments

A Fraud Risk Prevention policy will be developed for Council to adopt.

4. Whistle Blower Policy

<u>Finding</u>

There is no Whistle Blower policy in place or any other form of policy that empowers staff to report effectively any concerns of fraud or corruption. The Whistle Blower policy establishes the rules to follow when Shire staff become aware of any illegal or unethical activities within the Shire. The policy is to also raise awareness among staff about misconduct and encourages staff to report fraudulent behavior and possible misconduct. We believe such a policy will assist in fostering a culture of accountability and transparency within the Shire.

<u>Recommendation</u>

We recommend that the Shire give consideration towards developing a Whistle Blower policy or a policy on similar lines to empower staff to report concerns of fraud or corruption.

Management Comments

A Whistle Blower policy will be developed for Council to adopt.

5. Business Continuity Plan

<u>Finding</u>

There is no Business Continuity Plan in place. The Business continuity Plan allows the Shire to get back to operations in a timely and effective manner should the Shire experience any form of disaster or catastrophic event that would prevent the Shire from undertaking its operational responsibilities.

<u>Recommendation</u>

We recommend that the Business Continuity Response Plan should be developed and regularly tested to ensure it can be effectively implemented should a disaster occur.

Management Comments

A Business Continuity Plan will be developed for the Shire.

6. **Internal Control Policy**

<u>Finding</u>

We noted that the Shire does not have a formal internal auditing function which would assist the Shire in identifying internal control issues on a regular basis. In the absence of an inhouse or outsourced internal audit function, we believe that the Shire should at least have an internal control policy which would enable the Shire to instruct all areas within the Shire to continually assess management control processes and to empower all Shire staff to be responsible over the Shire's control environment.

<u>Recommendation</u>

The Shire should consider developing an Internal Control Policy which should outline the following elements:

- The promotion of a risk-based approach to the development and maintenance of documented internal controls and procedures. This is to support a continual assessment of appropriate controls throughout the Shire by identifying the need for new controls (based on risk) and ensuring existing outdated and unnecessary controls are discontinued. This can be accomplished via staff awareness on the importance of compliance with key internal controls and how non-compliance can impact on the Shire's operations.
- Documenting the Shire's key internal controls including the importance of all staff to be aware of the importance of maintaining proper segregation of duties controls especially within key finance and procurement functions.
- Outlining a set of measures that should be implemented such as continual training etc to ensure staff are fully aware of, and understand, the relevant importance of key internal controls within their workplace.
- The Shire should also consider including the requirement for all staff to be responsible for control awareness and also to contribute to the identification of control risk areas within their workplace and their areas of responsibility. This could be done by adding these responsibilities in their respective job descriptions and/or incorporated as part of their induction program.

Management Comments

Due to the size of the Shire, an internal Audit Function is not practical. Council will consider what policies and formal internal controls can be put in place.
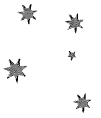
7. Compliance with Purchasing & Tenders Policy

Finding

The Shire's Purchasing & Tenders policy states that 3 written quotes should be obtained where services are to be contracted between $50,001 - $249,999. Based on our sample testing of Shire's purchases, the following non-compliances with the Purchasing & Tenders policy was noted:

- Three (3) written quotes were not obtained to engage Brandy's Hire for a purchase value of $52,182.90.
- Three (3) written quotes, as per Shire policy, were not obtained to engage WA Fuel Supplies. The total payments to this supplier over a 12 month period was $121,862. In this instance only two (2) quotes were obtained from companies that service the Shire area. Although Section 11 2 (g) of the Local government (Functions & General) Regulations 1996 provides exemption from going to public tender for petrol and oil supplies, adequate written quotations would still apply as per the Shire's procurement policy. The Shire's Purchasing & Tenders policy does not address exemptions from applying the policy except where there is sole supply and as such the appropriate number of quotations should have been obtained or an explanation should have been provided as to the reasons why the required number of quotations were not able to be obtained.

Recommendation

Management should ensure compliance with its Purchasing & Tenders Policy in all instances. Any exemptions in applying the policy should be set out within the Policy document including the need to provide explanations as to why the policy was unable to be complied with *(for example only 2 suppliers responded to quote request)*.

Management Comments

Staff will be re-trained on the procurement requirements under Councils purchasing policy.

8. Verification of Vendor Bank Account Changes

Finding

Where a supplier requests changes to their bank account details, the supplier is required to make the request in writing via the completion of a form providing the details of the new bank details. However, no verification checks are carried out by the Shire to verify that the new bank account details belong to the supplier. Normally verification checks would include the Shire requesting a copy of the Supplier's new bank account statement which would be in the name of the supplier or the Shire would contact the supplier directly to acknowledge confirmation of the request to change their bank account.

Recommendation

We recommend that the Shire consider incorporating additional verification checks prior to changing a

supplier's bank account details or consider using EFTsure to undertake the verification checks on behalf of the Shire.

Management Comments

Our procedures for verifying vendor details will be changed to take into account the recommendations above.

9. Changes to Vendor Masterfile

<u>Finding</u>

An audit trail is not produced detailing the changes processed in the vendor masterfile. At the moment, once the changes are processed, the paperwork is forwarded to someone independent to check the change. The current checking process will not identify any unauthorised changes made to the vendor masterfile.

<u>Recommendation</u>

We recommend that management produce and check the audit trail report of the changes made to the vendor Masterfile before creditor runs to ensure changes were valid.

Management Comments

Procedures will be changed to incorporate the recommendation above.

10. Invoice Payments

<u>Finding</u>

During testing of invoice payments, we noted two (2) instances where the invoices were approved for payments by officers who are not listed on the Delegation Register.

<u>Recommendation</u>

Management should ensure invoices are approved by delegated officers before making payment of the invoice.

Management Comments

Agreed

11. General Ledger Reconciliations

<u>Finding</u>

Reconciliations are undertaken for some accounts. It doesn't appear that all balance sheet accounts and relevant P&L accounts such as payroll are reconciled monthly or at other intervals.

<u>Recommendation</u>

We recommend that the Shire give consideration to developing a reconciliation checklist which is used to capture all balance sheet accounts (and relevant profit and loss accounts, for example, payroll accounts) noting the frequency of the reconciliations and the person/position responsible for the reconciliation and subsequent review and sign off.

Management Comments

Agreed

12. Cash Handling

<u>Finding</u>

Our review of the cash handling procedures for the Shire identified the following:

- Shire Administration Office – there is no duress alarm.
- CRC - there is no CCTV over the till and no duress alarm. Management should consider installing CCTV over the till and a duress alarm. Further, there is no documented procedures for cash handling at the CRC.

<u>Recommendation</u>

- Management should consider installing a duress alarm at the Shire Administration Office.
- Management should consider installing CCTV over the till and a duress alarm at the CRC. Management should also document the protocols over cash handling process at the CRC.

Management Comments

This will be considered during the next budget process.

13. Legislative Compliance

<u>Finding</u>

There does not appear to be a Legislative Compliance policy in place to oversee that all required legislative matters are being continually complied with.

The Shire currently relies on the annual Compliance Audit Return (CAR) to gauge its compliance level against legislative requirements and a compliance calendar. The CAR, although is an effective compliance monitor, reflects only a portion of all the legislative requirements that must be complied with and therefore does not provide complete legislative compliance assurance to the Shire.

As the Shire does not have an Internal Audit function or any other similar regular checking function to periodically assess all of the required legislative compliance matters, it is difficult for the Shire to assure itself that all legislative compliance matters are being consistently complied with.

<u>Recommendation</u>

Consideration should be given to the implementation of a Legislative Compliance policy which outlines the responsibility for compliance with legislative requirements and how such compliance is to be met.

Consideration should be given for the Shire to develop various legislative compliance checklists to enable various areas within the Shire to undertake regular self-assessment checks on an ongoing basis. We would suggest that these be undertaken regularly throughout the calendar year and be signed off attesting to compliance. These can be undertaken in conjunction with the annual Compliance Audit Return (CAR) and would complement the (CAR) process.

Further, consideration should also be given to include within each updated policies, protocols and procedures reference to the applicable legislative requirement. This then provides information to staff that by following the policy or procedure legislative compliance is being achieved.

Management Comments

Agreed.

14. IT Strategy

<u>Finding</u>

The Shire does not have an IT Strategic Plan. An IT Strategic Plan allows the Shire to plan its information technology needs including software and hardware to ensure security over its data and ensuring the Shire maintains up to date technology.

Recommendation

We recommend the Shire should develop an IT Strategic Plan as a matter of priority.

Management Comments

This will be considered as a budget item.

15. Disaster Recovery Plan

Finding

The Shire does not have a formal Disaster Recovery Plan in place over its Information Technology environment.

Recommendation

We recommend the Shire discuss this with their outsourced IT provider, Focus Networks.

Management Comments

This will be considered as a budget item.

16. Written Instructions for Information Technology Function

Finding

The Shire does not have any Information Technology written policies and procedures or written work instructions regarding its Information Technology operations such as data backup process, User Access, Internet usage policies etc.

Recommendation

Although the Shire has outsourced its Information Technology function to an external provider, the Shire should develop written procedures for the Information Technology function. This should outline the Shires Information Technology operations, data backup facilities, user access control and data security, internet usage monitoring, control and security over its physical asset, user password control and monitoring and the functional link between the Shire and its outsourced Information Technology service provider regarding service provision.

Management Comments

A review of internal procedures will be undertaken to ensure that the appropriate procedures and policies are put in place.

17. Software Register

Finding

The Shire does not have a Software register detailing all software being used at the Shire and which computer devices the software is located.

Recommendation

We recommend the Shire discuss this with their outsourced IT provider, Integrated ICT.

Management Comments

Agreed.

18. Staff Computer Log in IDs

Finding

Our review of the Shire's current logon IDs identified high number of generic user access, persons who are not listed as current staff member having access to the Shire's computerised systems and a duplicated access.

Recommendation

Management should review the current access to Shire's computer system to determine if the current accesses are appropriate and required. If it is not, then the accesses should be terminated in the system.

Management Comments

This is continually being worked on and reviewed. Significant amount of work has been undertaken to reduce the number of generic logons.

OBSERVATIONS

Invoice Testing

During testing of invoice payments, we noted one (1) instance where the amount reported in the Accounts Payable system ($7,222.87) did not agree with the invoice amount ($7,199.50). The difference is $23.37 and the supplier is Rhonie's Wandering Mop & Bucket.