Audit Committee Meeting
Minutes

Harvey Council Chambers
Tuesday, 15 July 2025
1PM

Shire of Harvey
Audit Committee Meeting

Minutes of the Audit Committee of the Harvey Shire Council, held in the Council Chamber, Young Street, Harvey, on Tuesday, 15 July 2025, commencing at 1pm.

Attendance

Chair Person	Ms.	M.	Campbell	*Shire President*
	Cr.	A.	Hitchcock	
	Cr.	R.	Coleman	
	Cr.	R.	Holly	
	Cr.	J.	Bromham	

Observer

	Cr.	W.	Dickinson

Staff

Chief Executive Officer	Ms.	A.	Riordan
Acting Director Infrastructure Services	Mr.	S.	Faber
Acting Director Sustainable Development	Mr.	D.	Putland
Director Corporate Services	Mr.	D.	Winter
Director Community and Lifestyle	Ms.	S.	Haslehurst
Manager Governance and Strategy	Ms.	K.	Williams
Manager Finance	Mr.	S.	Chopra
Manager Information Services	Mr.	A.	Ewing
Senior Governance Compliance Officer	Ms.	F.	Alldritt

There were no members of the public and no member of the press present.

Agenda

1. Official Opening

The Shire President declared the meeting open at 1.00pm.

Disclaimer

Members of the Public are advised that recommendations to Council contained within this Agenda can be subject to changes. Applicants and other interested parties should refrain from taking any action until written advice is received confirming Council's decision with respect to any particular issue.

Acknowledgement of Country

The Shire of Harvey acknowledges the traditional custodians of the land and their continuing connection to the land, waters and community. We pay our respects to all members of the Aboriginal communities and their cultures, and to Elders and Emerging Elders both past and present.

2. Record of Apologies and Leave of Absence

Cr. Krispyn

3. Declarations of Members' and Officers' Personal Interest

Nil.

4. Response to Previous Questions Taken on Notice

Nil.

5. Public Question Time

Nil.

6. Petitions/Deputations/Presentations/Submissions

Nil.

7. Confirmation of Minutes

Audit Committee Meeting – Tuesday, 15 April 2025.

Recommendation

That the Minutes of the Audit Committee Meeting held on Tuesday, 15 April 2025 as attached, be confirmed as a true and correct record.

Moved: Cr. Holly **Seconded: Cr. Coleman**

That the Minutes of the Audit Committee Meeting held on Tuesday, 15 April 2025 as attached, be confirmed as a true and correct record.

Carried 5-0 **AC25/009**

Votes:

For: President Campbell, Cr. Hitchcock, Cr. Coleman, Cr. Holly and Cr. Bromham.

Against: Nil.

8. Officers Reports

Item No.:	**8.1.**
Subject:	**Receipt of Interim Audit Report and Audit Findings 2024–2025 Office of Auditor General**
Proponent:	**Shire of Harvey**
Location:	**Shire of Harvey**
Reporting Officer:	**Manager Finance**
Authorising Officer:	**Director Corporate Services**
File No.:	**FM/U/001**
Attachments:	1. Interim Management Letter to CEO 30 June 2025 [**8.1.1** - 1 page] 2. Interim Management Letter Attachment Shire of Harvey 30 June 2025 [**8.1.2** - 3 pages]

Summary

On Tuesday, 3 June 2025, the Office of the Auditor General (OAG) presented the Interim Auditor's Report and audit findings following the interim audit of the Shire of Harvey's (the Shire) financial systems, controls, and processes, in accordance with sections 7.9 and 7.12A of the *Local Government Act 1995* and Regulation 10 of the Local Government (Audit) Regulations 1996. It is recommended the attached Auditor's Report and Audit Findings be received.

Background

Moore Australia (WA), under contract with the OAG, performed the interim audit of the Shire. The focus of interim audit was to evaluate overall control environment and to obtain an understanding of the key business processes, risks, and internal controls relevant to the audit of the Shire's Annual Financial Report.

Comment

Moore Australia (WA) conducted the interim audit in April 2025. Following this audit, The OAG has produced an Interim Audit Results for the year ending Monday, 30 June 2025 (refer ***Attachment 1***).

The matters identified during the audit and corresponding management responses are summarised below and are contained in the report provided by OAG (refer ***Attachment 2***).

1. Lack of Cyber Security Policies and Incident Response Plan

During our review of the Shire's IT control environment, we noted that the Shire currently does not have a formalised cyber security policy or an incident response plan in place.

Rating: Moderate

Implication:

The absence of cyber security policies increases the organisation's exposure to cyber threats, including data breaches, ransomware attacks, and unauthorised access to sensitive information. Additionally, without a clear incident response plan, the organisation may face delays in identifying, containing and recovering from cyber security incidents, potentially resulting in operational disruptions, financial losses and other damages.

Recommendation:

We recommend the Shire prioritise the development and implementation of formal cyber security policies along with a comprehensive incident response plan being established.

Management comment:

Cyber security is a key priority in the Shire's Information Services Strategic Plan 2024–2027, and we are committed to strengthening our cyber resilience. In line with this, we will prioritise the development and implementation of formal cyber security policies and an incident response plan to better protect our systems and information assets.

2. Control Deficiencies in Procurement System

During audit procedures, we have tested a sample of eight procurement transactions and noted the following exceptions:

- One instance where a verbal quotation was obtained as required, however, no documentation of the verbal quote was retained or documented.

- One instance where there was no evidence that the goods or services had been receipted or acknowledged as received prior to payment.

Rating: Moderate

Implication:

These control weaknesses increase the risk of unauthorised expenditure and incomplete purchases occurring and remaining undetected.

Recommendation:

All authorised Officers should be reminded of the need to ensure verbal quotes are documented prior to the time of authorising works and services or ordering goods. Additionally, confirmation of goods and services receipt should be confirmed and evidenced appropriately prior to payment. This will help to ensure goods and services have been appropriately ordered and authorised, ensure value for money has been considered and reduce the risk of payments made for items not delivered or received in full.

Management comment:

The Shire of Harvey is the process of migration to new ERP system, and the new ERP will make it mandatory to document receipt of goods and services in the system as well as having received verbal quotes before the creditor's tax invoices are approved for payment.

Statutory/Policy Environment

Section 7.9 of the *Local Government Act 1995*, requires the Auditor to provide a report of the findings to the Chief Executive Officer and the Shire President.

Section 7.12A of the *Local Government Act 1995* – provides for the following actions:

(2) "Requirement to meet with the Auditor at least once annually;

(3) Requirement to examine Auditor's Report;

(4) Review any actions required resulting from the audit and forward a copy of report to the Minister."

Regulation 10 of the Local Government (Audit) Regulations 1996, outlines the requirements for the auditor's report, including the obligation to forward it to the specified persons within 30 days of completing the audit.

Strategic Framework

The Shire's Strategic Community Plan 2021–2031, states:

Goal 5:	*A representative leadership that is future thinking, transparent and accountable.*
Objective 5.3	*Accountable leadership supported by a professional and skilled administration*
Objective 5.4	*Sound governance, including financial, asset and risk management.*
Objective 5.5	*Integrated strategic planning and reporting to drive continuous improvement.*

Community Engagement

Community Participation Goal

Inform: To provide the public with balanced and objective information to assist them in understanding the problems, alternatives and/or solutions.

This report is included in the Audit Committee Agenda document which is uploaded to the Shire's website for public viewing.

Promise to the Community

Inform: We will keep you informed.

The Audit Committee resolution will be included in the Audit Committee Meeting minutes, and the Council resolution will be included in the Ordinary Council Meeting minutes, which are uploaded to the Shire's website for public viewing.

Risk Management

The Risk Theme Profile identified as part of this report is **Failure to fulfill Compliance Requirements.** The consequences could be ***Compliance*** if there was a failure to comply with legislative requirements. The Risk Consequence is considered ***Minor*** and the likelihood ***Unlikely*** resulting in a ***Low*** risk being present.

Budget Implications

The Shire's annual Budget includes provision for the costs associated with the interim and annual audits.

Authority/Discretion

Legislative: Includes adopting local laws, town planning schemes and policies. It is also when Council reviews decisions made by Officers.

Voting Requirements

Simple Majority

Officer's Recommendation

That Council receives the Shire of Harvey's Interim Audit Report and Audit findings for the year ending Monday, 30 June 2025.

Moved: Cr. Coleman **Seconded: Cr. Bromham**

That Council receives the Shire of Harvey's Interim Audit Report and Audit findings for the year ending Monday, 30 June 2025.

Carried 5-0 **AC25/010**

Votes:

For: President Campbell, Cr. Hitchcock, Cr. Coleman, Cr. Holly and Cr. Bromham.

Against: Nil.

Item No.:	**8.2.**
Subject:	**Audit Regulation 17 Quarterly Report – Quarter Four 2024–2025**
Proponent:	**Shire of Harvey**
Location:	**Shire of Harvey**
Reporting Officer:	**Senior Governance Compliance Officer**
Authorising Officer:	**Chief Executive Officer**
File No.:	**F/08/00099**
Attachments:	1. Reg 17 Quarterly Report 2024-2025 [**8.2.1** - 2 pages] 2. Procurement Audit Update [**8.2.2** - 3 pages]

Summary

On Tuesday, 18 July 2023, Officers presented the Audit Regulation 17 Report to the Audit Committee with the intention of reporting on the recommendations quarterly. This Quarterly Report captures the period of Tuesday, 1 April 2025 to Monday, 30 June 2025.

The Audit Regulation 17 Quarterly Report, Quarter Four 2024–2025 is presented to Council (refer ***Attachment 1***) to be received.

Background

Regulation 17 of the Local Government (Audit) Regulations 1996 requires the Chief Executive Officer (CEO) to review the appropriateness and effectiveness of a Local Government's systems and procedures in relation to risk management, internal control and legislation compliance. Each of these matters must be the subject of a review once in every three financial years, with the CEO to provide a report to the Audit Committee on the results of each audit.

The risk management functions of the Local Government should manage the creation and protection of value within the Shire of Harvey (the Shire). Effective risk management improves performance, encourages innovation and supports the achievement of objectives.

The Shire engaged AMD Chartered Accountants (AMD) to conduct the Audit Regulation 17 Review in May 2023, identifying nine areas for improvement all with a medium or low risk rating:

1. Risk Management Policies and Procedures – medium risk rating
2. Tender Management – medium risk rating
3. Contract Management – medium risk rating
4. Lease Management – medium risk rating
5. Grant Funding Plan – medium risk rating
6. Software/Application Review – low risk rating
7. Compliance Calendar – low risk rating
8. Audit Committee – medium risk rating
9. Internal Audit – low risk rating.

The Audit Committee is presented with a quarterly report on each of these areas to ensure accountability and transparency.

Comment

The initial report was presented to the Audit Committee at its meeting held Tuesday, 18 July 2023, where Officers provided a Management comment against each of the areas. Each quarterly report presented thereafter provides an update on each of these comments. ***Attachment 1*** summarises the progress of each area and the Officer's comments.

Tender Management – Completed.

Each of the items raised by AMD have been addressed and completed by the relevant Officers. In addition, the Procurement Officer has provided an update on the Procurement Audit report that was presented to the Audit Committee in January 2023 (refer ***Attachment 2***). The Procurement Audit Report provided 26 recommendations across the five key areas of observations; three items remain in progress while the remaining 23 have been completed.

Contract Management – In Progress.

Throughout the review, it was identified that there was no dedicated Contract Manager to oversee Contracts. Along with this, there were multiple procedures missing such as a Contract Management Framework, Contract Registers or Contract Performance Reviews.

It was recommended by AMD that a number of policies and procedures be introduced including; a Contract Management Framework, a more detailed and centralised Contracts Register, Contractor Performance Reviews and a system that notifies Officers when insurances are close to expiry for Shire Contractors. They also recommended designating one employee to oversee Contract Management.

Management Comment:

Officers are in the process of creating a Contract Management Framework which will capture the requirements and process of Contract Performance Reviews.

Lease Management – Complete.

It was concluded that, although there is a specific Community Lease Policy, there is no formal procedure to monitor lease compliance and the lease register (which is maintained in the Shire's information management system) is not up to date and lacks specifics of the lease conditions. It was also identified that current lease insurance details were not always obtained.

It was recommended that a formal procedure be implemented to monitor lessee compliance with the terms and conditions of the Shire's leased properties and that the lease register be updated where necessary. To accompany this, a completeness review should be undertaken to ensure all Shire properties under lease or management orders are recorded and conditions of the property noted with action and responsibilities of all parties clearly stated. Lastly a system should be introduced to notify when lease insurances are due to expire and that an invoice be created for annual lease fees including peppercorn.

In addition to this, it was identified the arrangement for the Harvey Multi-Purpose Health Care Centre agreement was outdated and had no expiry date. AMD also identified that the agreement's insurance was required to be updated with current information.

Management Comment:

The Contract Administration Officer has completed all tasks associated with this action.

Internal Audit – On Hold.

The Shire does not have a formal documented internal audit program in place. AMD therefore recommended that an internal audit function be established incorporating an internal audit program which is re-assessed annually, in line with the Department of Local Government, Sport and Cultural Industries operational guidelines.

Management Comment:

There is no change to the previous comment made by Officers in relation to this action.

Statutory/Policy Environment

Local Government (Audit) Regulations 1996

- Regulation 17 – sets out the need for the Chief Executive Officer to review certain systems and procedures.

Shire of Harvey Policy 2.1.3 – Risk Management.

Strategic Framework

The Shire's Strategic Community Plan 2021–2031, states:

Goal 5:	*A representative leadership that is future thinking, transparent and accountable.*
Objective 5.4	*Sound governance, including financial, asset and risk management.*
Objective 5.5	*Integrated strategic planning and reporting to drive continuous improvement.*

Community Engagement

Community Participation Goal

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Promise to the Community

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Risk Management

The Risk Theme Profile identified as part of this report is **Failure to fulfil Compliance Requirements**. The consequence could be ***Compliance*** if there was a failure to comply with legislative requirements. The Risk Consequence is considered to be ***Minor*** and the likelihood ***Unlikely*** resulting in a ***Low*** risk being present.

Budget Implications

Nil.

Authority/Discretion

Information Purposes: Includes items provided to Council for information purposes only, that do not require a decision of Council (i.e. - for 'noting').

Voting Requirements

Simple Majority

Officer's Recommendation

That Council receives the Shire of Harvey Audit Regulation 17 Quarterly Report – Quarter Four 2024–2025 at ***Attachment 1.***

Moved: Cr. Bromham **Seconded: Cr. Holly**

That Council receives the Shire of Harvey Audit Regulation 17 Quarterly Report – Quarter Four 2024–2025 at *Attachment 1.*

Carried 5-0 **AC25/011**

Votes:

For: President Campbell, Cr. Hitchcock, Cr. Coleman, Cr. Holly and Cr. Bromham.

Against: Nil.

Item No.	**8.3.**
Subject:	**Strategic Risk Register 2024–2025 – Quarterly Report, Quarter Four**
Proponent:	**Shire of Harvey**
Location:	**Shire of Harvey**
Reporting Officer:	**Senior Governance Compliance Officer**
Authorising Officer:	**Chief Executive Officer**
File No.:	**F/27/00017**
Attachments:	1. Risk Quarterly Report Quarter 4 2024-2025 [**8.3.1** - 29 pages]

Summary

The Risk Management Framework refers to a quarterly reporting process to measure the progress of risk treatments for strategic risks. The Strategic Risk Register Quarterly Report assists the Audit Committee and Council to monitor the effectiveness of risk treatment actions undertaken. This Quarterly Report captures the period of 1 April 2025 to 30 June 2025 (Quarter Four).

The Strategic Risk Register 2024–2025 – Quarterly Report, Quarter Four (refer ***Attachment 1***) is presented to Council to be received.

Background

Risk management is a key tool in the successful operation of modern-day organisations. The Shire of Harvey (the Shire) aims to implement an effective risk management system that identifies risks relating to its strategic and operational plans, mitigates risk through internal controls and ensures that legislative compliance requirements are continually met. Risk management should create value for the Shire and community and effectively manage business systems and processes to achieve an appropriate balance between realising opportunities for gain while minimising adverse impacts.

Integral to risk management is the Risk Management Framework which provides an overview and approach for the Shire in the design, identification, implementation, assessment, reporting and monitoring of risks for the continual improvement of risk management processes and procedures. A key component of the Risk Management Framework is the Risk Register which categorises risks as either strategic, operational or project.

Officers have framed the Shire’s Risk Register to follow the Risk Management Process outlined in the Shire’s Risk Management Framework:

A: Establishing the scope, context and criteria

B: Identifying the risk

C: Analysing the risk

D: Evaluating the risk

E: Treating the risk

F: Communicating and consulting

G: Monitoring and reviewing

H: Recording and reporting

The Risk Register has been developed to integrate with the Shire’s Integrated Planning and Reporting Framework, resulting in the identification of 27 strategic risks which align with the 27 objectives in the

Strategic Community Plan. The controls and risk mitigations incorporate strategies and plans, legislative requirements, policies and procedures, and projects and initiatives. The risk treatments include the relevant projects/action in the Corporate Business Plan.

The Audit Committee is presented with a quarterly report on all strategic risks to ensure accountability and transparency across risk management.

Comment

The Strategic Risk Register Quarterly Report is designed to provide information on the strategic risks and the progress towards completing risk treatments, ultimately aiming to achieve a residual risk that Council is willing to accept.

Each strategic risk is presented with a base risk rating, control rating, treatment action, residual risk rating and commentary on progress of risk treatments for the quarter. Any matters requiring Council decision will be identified in this commentary section.

Quarter Three Summary

Residual Risk Rating	Description	Number	Percentage
Low	Risk is acceptable with adequate controls, managed by routine procedures.	6	22%
Medium	Risk is acceptable with adequate controls, managed by specific procedures.	14	52%
High	Risk is acceptable with excellent controls, managed by Executive Leadership Team.	7	22%
Extreme	Risk is only acceptable with excellent controls and all treatment plans implemented.	0	0%
Total		**27**	**100%**

Of the 27 strategic risks:

- Six have a Residual Risk Rating of 'Low'.
- 14 have a Residual Risk Rating of 'Medium'.
- Seven have a Residual Risk Rating of 'High'.
- There are no Residual Risk Rating's of 'Extreme'.

Due to the implementation of the mitigation actions identified in ***Attachment 1***, the residual risk rating for all risks is High or lower and therefore are within the tolerance level and responsibility of the Administration.

Statutory/Policy Environment

Council Policy 2.1.3 – Risk Management

- This Policy documents the commitment and objectives regarding uncertainty that may impact the Shire's strategies, goals and objectives. It is the Shire's Policy to achieve best practice (aligned with AS/NZS ISO 31000:2018 Risk Management – Guidelines) in the management of all risks that may affect the Shire in meeting its objectives.

Strategic Framework

The Shire's Strategic Community Plan 2021–2031, states:

Goal 5:	*A representative leadership that is future thinking, transparent and accountable.*
Objective 5.4	*Sound governance, including financial, asset and risk management.*

Community Engagement

Community Participation Goal

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Risk Management

The Strategic Risk Register as at ***Attachment 1*** identifies 27 strategic risks which have been rated in accordance with the Shire's Risk Management Policy and Framework. Varying risk treatments have been developed to manage strategic risk and those treatments integrated with the Shire's strategic planning framework.

Budget Implications

Any budget implications are identified in the progress column of the Quarterly Report.

Authority/Discretion

Executive: The substantial direction setting and oversight role of the Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.

Voting Requirements

Simple Majority

Officer's Recommendation

That Council receives the Strategic Risk Register 2024–2025 – Quarterly Report, Quarter Four as attached as ***Attachment 1***.

Moved: Cr. Coleman **Seconded: Cr. Bromham**

That Council receives the Strategic Risk Register 2024–2025 – Quarterly Report, Quarter Four as attached as *Attachment 1.*

Carried 5-0 AC25/012

Votes:

For: President Campbell, Cr. Hitchcock, Cr. Coleman, Cr. Holly and Cr. Bromham.

Against: Nil.

9. Matters Behind Closed Doors

Nil.

10. Closure of Meeting

There being no further business to discuss, the meeting was declared closed at 1.30pm.

I, Ms. Michelle Campbell, certify that the aforesaid Minutes of the meeting held on Tuesday, 15 July 2025, are a true and correct record of that meeting on Tuesday, 15 July 2025.

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Ms. Michelle Campbell
Shire President