



MINUTES

Audit Committee Minutes Wednesday, 28 August 2024 6:00 PM

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MINUTES

MINUTES OF THE ORDINARY MEETING OF THE AUDIT COMMITTEE HELD IN THE POD,
135 CANNING HIGHWAY, EAST FREMANTLE ON WEDNESDAY 28 AUGUST 2024.

1 DECLARATION OF OPENING OF MEETING/ANNOUNCEMENTS OF VISITORS

As the Presiding Chair was in transit, Cr Natale was appointed Presiding Member by members present and declared the meeting open at 6.07pm.

2 ACKNOWLEDGEMENT OF COUNTRY

“On behalf of the Council I would like to acknowledge the Whadjuk Nyoongar people as the traditional custodians of the land on which this meeting is taking place and pay my respects to Elders past, present and emerging.”

3 RECORD OF ATTENDANCE

The following members were in attendance:

Cr M Wilson Arrived at 6.35pm

Mayor J O'Neill

Cr A McPhail

Cr A Natale Appointed Presiding Member for the meeting

Cr A White

Mr J Chauvel

The following staff were in attendance:

Mr J Throssell Chief Executive Officer

Mr P Kocian Executive Manager, Corporate Services

Mr P Garoni Manager, Finance

Ms N McGill Senior Finance Officer

4 MEMORANDUM OF OUTSTANDING BUSINESS

Nil

5 DISCLOSURES OF INTEREST

Nil

6 PUBLIC QUESTION TIME

Nil

7 PRESENTATIONS/DEPUTATIONS

Nil

8 CONFIRMATION OF MINUTES OF PREVIOUS MEETING

8.1 AUDIT COMMITTEE WEDNESDAY, 28 FEBRUARY 2024

OFFICER RECOMMENDATION

Moved Cr McPhail, seconded Cr White

That the minutes of the Audit Committee meeting held on Wednesday, 28 February 2024 be confirmed as a true and correct record of proceedings.

(CARRIED UNANIMOUSLY 5:0)

For: Mayor O'Neill, Mr Chauvel, Crs Natale, McPhail, White

Against: Nil

9 ANNOUNCEMENTS BY THE PRESIDING MEMBER

Nil

10 REPORTS

Reports start on the next page

10.1 2408 EXTERNAL FINANCIAL AUDIT - OVERVIEW

Report Reference Number	ACR-607
Prepared by	Peter Kocian, Executive Manager Corporate Services
Supervised by	Jonathan Throssell, Chief Executive Officer
Meeting date	Wednesday, 28 August 2024
Voting requirements	Simple
Documents tabled	Nil
Attachments	
	<ol style="list-style-type: none"> 1. Audit Planning Summary - Confidential 2. Information Systems Audit Entrance Meeting - Confidential 3. Letter – 2024 Audit Fee - Confidential

PURPOSE

The Audit Committee is requested to receive the planning summaries relating to the Town's 2024 Information Systems Audit and Financial Audit.

EXECUTIVE SUMMARY

The Audit Committee is required to consider reports/findings arising from the external audit. This report informs the Audit Committee of the External Audit Schedule, with audit findings to be presented to the Audit Committee at the meeting following receipt of the Auditors Report.

BACKGROUND

On 24 August 2017, amendments to the *Local Government Act 1995* were passed by State Parliament that enabled the Auditor General to audit council finances and performance. The Town of East Fremantle fell under the audit remit of the Office of Auditor General from the 2018/19 financial year. Thus, this is the 6th year of audit under the Office of Auditor General.

The Office of Auditor General also undertakes performance audits of local government. This includes an Information Systems Audit, which is now conducted as part of the financial audit program.

CONSULTATION

The Office of the Auditor General

STATUTORY ENVIRONMENT

Part 7 of the *Local Government Act 1995* and the *Local Government (Audit) Regulations 1996* addresses the situation of audit. In relation to the duties of the local government with respect to audits –

- a. *the local government is to do everything in its power to –*
 - i. *assist the auditor to conduct an audit and carry out his or her other duties under the Act; and*
 - ii. *ensure that audits are conducted successfully and expeditiously;*
- b. *a local government is to meet with its auditor at least once in every year;*
- c. *a local government is to examine the report of the auditor and is to –*
 - i. *determine if any matters raised require action to be taken by the local government; and*

- ii. ensure that appropriate action is taken in respect of those matters;
- d. local government is to –
 - i. prepare a report on any actions taken in respect of any matters raised in the report of the auditor; and
 - ii. forward a copy of that report to the Minister by the end of the next financial year, or six months after the last report prepared by the auditor is received by the local government, whichever is the latest in time.

POLICY IMPLICATIONS

There are no Council Policies relevant to this item.

FINANCIAL IMPLICATIONS

The Town's indicative audit fee for 2023/24 is \$65,000 ex GST compared to a prior year audit fee of \$53,750 ex GST. The reasons for the increase are outlined in the attached letter and the Office of the Auditor General advise that the fee is calculated to cost recover the OAGs expenses to deliver the audit work program. From the Town's perspective, the annual Information Systems Audit and complexities relating to accounting treatments on the East Fremantle Oval Redevelopment Project and the Town's participation in the Resource Recovery Group have all added to the audit effort and thus cost of audit.

STRATEGIC IMPLICATIONS

Strategic Priority 5 – Leadership and Governance

5.1 Strengthen organisational accountability and transparency

5.3 Strive for excellence in leadership and governance

RISK IMPLICATIONS

RISKS

Risk	Risk Likelihood (based on history & with existing controls)	Risk Impact / Consequence	Risk Rating (Prior to Treatment or Control)	Principal Risk Theme	Risk Action Plan (Controls or Treatment proposed)
That key findings from the external audit are not actioned	Possible (3)	Moderate (3)	Moderate (5-9)	SERVICE INTERRUPTION Prolonged interruption of services - additional resources; performance affected <1 month	Accept Officer Recommendation

RISK MATRIX

Consequence		Insignificant	Minor	Moderate	Major	Extreme
		1	2	3	4	5
Likelihood	Almost Certain	Moderate (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
	5					

Likely	4	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Moderate (6)	Moderate (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)

A risk is often specified in terms of an event or circumstance and the consequences that may flow from it. An effect may be positive, negative or a deviation from the expected and may be related to the following objectives: occupational health and safety, financial, service interruption, compliance, reputation and environment. A risk matrix has been prepared and a risk rating is provided below. Any items with a risk rating over 16 will be added to the Risk Register, and any item with a risk rating over 16 will require a specific risk treatment plan to be developed.

RISK RATING

Risk Rating	9
Does this item need to be added to the Town's Risk Register	No
Is a Risk Treatment Plan Required	No

SITE INSPECTION

Not applicable.

COMMENT

The following is the planned external audit schedule for 2024:

Information Systems Audit: July/August (Entrance Meeting 26 June 2024)

Interim Audit: 13-24 May 2024 (2 weeks' onsite)

Final Audit: 24 September 2024-18 October 2024 (4 weeks' onsite)

Issue of Audit Opinion and Management Letter: by 22 November 2024

The key objectives of the Information System Audit are to:

- Provide a preliminary conclusion over the General IT Controls covering the following:
 - IT Risk Management
 - Information and Cyber Security
 - Information Security Framework
 - Human Resource Security
 - Access Management
 - Network Security
 - Endpoint Security
 - Physical Security
 - Change Management
 - IT Operations Management
 - Manage Continuity
- Assess the adequacy of these controls
- Conduct testing (operating effectiveness) on selected IT controls as per our test plans
- Follow up of IS Audit issues raised in previous audits; and

- Complete the IS Capability Maturity Assessment.

This is the Town's fourth Information Systems Audit in the last six years.

The Town did not receive a Management Letter following the Interim Audit, indicating that there are no audit findings. This is a pleasing result.

The Town is required to submit a final trial balance and 'signed and approved' Annual Financial Statements to the Auditors by the 24th September. As such, a Special Audit Committee Meeting is proposed for the 18th September 2024 for the Audit Committee to review and endorse the Annual Financial Statements prior to lodgment with OAG.

CONCLUSION

It is a busy audit cycle once again with approximately ten weeks of field work. If the Town can achieve audit clearance and receive the Auditors Report by the 22 November 2024, this would be a great achievement for the team.

10.1 OFFICER RECOMMENDATION / COMMITTEE RESOLUTION

Committee Resolution 012808

OFFICER RECOMMENDATION

Moved Cr McPhail, seconded Cr White

That the Audit Committee, with respect to the External Audit Schedule for 2024:

1. **Receives the Audit Planning Summaries for the Information Systems Audit and Financial Audit.**
2. **Notes the target date of 22 November 2024 for issue of the Audit Opinion and Management Letter.**
3. **Approves the proposed Special Audit Committee Meeting for Wednesday 18th September 2024 to receive the signed Annual Financial Statements for the year ended 30 June 2024.**

(CARRIED UNANIMOUSLY 5:0)

For: Mayor O'Neill, Mr Chauvel, Crs Natale, McPhail, White

Against: Nil

REPORT ATTACHMENTS

Attachments start on the next page

Attachment -1

Confidential Attachment

Attachment -2

Confidential Attachment

10.3 2408 AUDIT OF PURCHASE REQUISITIONS OVER \$5,000

Report Reference Number	ACR-587
Prepared by	Natalie McGill, Senior Finance Officer
Supervised by	Phil Garoni, Finance Manager
Meeting date	Wednesday, 28 August 2024
Voting requirements	Simple Majority
Documents tabled	Nil

Attachments

1. Procurement Review (Confidential)
2. ELT Agenda Item – October 2023 (Confidential)
3. Creditors with a minimum spend of \$50,000 (01/07/20 – 30/06/23) (Confidential)

PURPOSE

The Audit Committee is requested to receive the assessment of all supplier purchases greater than \$5k (ex GST) for the 2023/24 financial year (as at the time of preparing the report), for compliance against Council's Purchasing Policy.

EXECUTIVE SUMMARY

During the period of review, the Town released 203 purchase orders over \$5k (ex GST). Full information is provided as confidential attachment 1, with the level of compliance against the Purchasing Policy assessed by Officer's as follows:

Amount	Purchasing Requirement	No. Purchase Orders	No. Compliant with Purchasing Policy or Exempt i.e. Sole Supplier	% Compliant
Over \$5001 and up to \$20,000	Attempt to obtain 2 written quotes	146	139	95.21
Over \$20,001 and up to \$50,000	Attempt to obtain 3 written quotes	36	34	94.44
Over \$50,001 and up to \$250,000	Attempt to obtain 3 written quotes under a Request for Quotation	17	17	100
Over \$250,000.00	Request for Tender unless exempt	4	4	100

BACKGROUND

The annual Internal Audit Work Plan proposes that an internal audit of all requisitions over \$5,000 (ex GST) be completed and presented to the Audit Committee. This will ensure a complete sample and identify all instances of non-compliance. Findings will then inform areas for improvement, education, and if deemed appropriate, removal of financial delegation.

This review is also provided to the Town's auditors each year to assist the audit process.

CONSULTATION

All Officers with Purchasing Delegation

STATUTORY ENVIRONMENT

Section 5.41 of the *Local Government Act 1995* details the functions of the CEO.

Regulation of the *Local Government (Financial Management) Regulations 1996* details the CEOs duties as to the financial management of the local government.

Regulation 11A of the *Local Government (Functions and General) Regulations 1996* requires local governments to prepare and adopt a Purchasing Policy.

POLICY IMPLICATIONS

Council's Purchasing Policy applies.

The following requirements apply for purchases over \$5,001 (ex GST):

Amount (ex GST)	Purchasing Requirement
Over \$5,001 and up to \$20,000	Attempt to obtain 2 written quotes
Over \$20,001 and up to \$50,000	Attempt to obtain 3 written quotes
Over \$50,001 and up to \$250,000	Attempt to obtain 3 written quotes under a Request for Quotation
Over \$250,000	Request for Tender unless exempt

FINANCIAL IMPLICATIONS

There are no financial implications relevant to this item.

STRATEGIC IMPLICATIONS

Strategic Priority 5 – Leadership and Governance

5.1 Strengthen organisational accountability and transparency

5.3 Strive for excellence in leadership and governance

RISK IMPLICATIONS

RISKS

Risk	Risk Likelihood (based on history & with existing controls)	Risk Impact / Consequence	Risk Rating (Prior to Treatment or Control)	Principal Risk Theme	Risk Action Plan (Controls or Treatment proposed)
Non-compliance with Purchasing Policy: -Statutory breach - Not receiving value for money - Risk of favouring certain suppliers	Possible (3)	Major (4)	High (10-16)	COMPLIANCE Short term non-compliance but with significant regulatory requirements imposed	Treat through regular review/audit

RISK MATRIX

Consequence		Insignificant	Minor	Moderate	Major	Extreme
Likelihood		1	2	3	4	5
Almost Certain	5	Moderate (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Moderate (6)	Moderate (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)

A risk is often specified in terms of an event or circumstance and the consequences that may flow from it. An effect may be positive, negative or a deviation from the expected and may be related to the following objectives: occupational health and safety, financial, service interruption, compliance, reputation and environment. A risk matrix has been prepared and a risk rating is provided below. Any items with a risk rating over 16 will be added to the Risk Register, and any item with a risk rating over 16 will require a specific risk treatment plan to be developed.

RISK RATING

Risk Rating	12
Does this item need to be added to the Town's Risk Register	No
Is a Risk Treatment Plan Required	No

SITE INSPECTION

Not Applicable.

COMMENT

An internal audit of all purchases greater than \$5k (ex GST) has been completed.

- All purchases over \$250k were assessed to be compliant as a public tender process was followed.
- All purchases between \$50k and \$250k were assessed to be compliant as an RFQ process was followed.
- There were 36 purchase orders released between \$20k and \$50k.

Of these orders 94.44% of purchases demonstrated compliance with Council's purchasing Policy by having a copy of the requisite number of quotes uploaded into the financial system or an exemption provided under the Purchasing Policy. This is a decrease from the 100% compliance rate achieved last financial year.

- There were 146 purchase orders released between \$5k and \$50k.

Of these orders, 95.21% of purchases greater than \$5k demonstrated compliance with Council's Purchasing Policy by having a copy of the requisite number of quotes uploaded into the financial system or an exemption provided under the Purchasing Policy. This is a small decrease of 2.25% on last financial year. The majority of the instances of non-compliance were for purchases below \$10k ex GST, indicating a relatively low material risk that the Town did not receive value for money.

One of the causes of non-compliance was found to be the Officers' applying a purchasing exemption to an order, without providing evidence of approval of the exemption. To assist with this process, Finance staff have developed an electronic 'Exemption to Purchasing Policy 2.1.3 Request' form, which has streamlined the process of obtaining approval for exemptions, which will hopefully improve the compliance rate going forward.

We have achieved 100% compliance with the segregation requirement for Requisitions/Purchase Orders to be requested and approved by two different Officers.

A further item is attached to this report, being an analysis of individual creditor spend over \$50k over a three-year period. The Executive Leadership Team determined that a formal Request for Quotation be prepared for the following supply categories. This work will be scheduled over the next 12 months subject to resource availability.

- Tree watering
- Electrical services
- Tree pruning
- Irrigation
- Bulk bin services
- Decomposable dog bags
- Corporate Publications Design and Graphics
- Weed management
- Plumbing services
- Tree stock
- Swimming pool inspections
- Project management services

10.3 OFFICER RECOMMENDATION / COMMITTEE RESOLUTION

Committee Resolution 022808

OFFICER RECOMMENDATION

Moved Cr Wilson, seconded Cr White

That the Audit Committee:

1. receives the procurement review of all purchases over \$5k (ex GST), as detailed in the confidential attachment, for assessment of compliance against Councils Purchasing Policy.
2. notes that an analysis of individual creditor spend over a three-year period has been completed and the Town will be preparing a specification and formal Request for Quotation for the following supply categories to ensure compliance with the Purchasing Policy and demonstrate value for money.
 - Tree watering
 - Electrical services
 - Tree pruning
 - Irrigation
 - Bulk bin services
 - Decomposable dog bags
 - Corporate Publications Design and Graphics
 - Weed management
 - Plumbing services
 - Tree stock
 - Swimming pool inspections
 - Project management services

(CARRIED UNANIMOUSLY 56:0)

For: Mayor O'Neill, Mr Chauvel, Crs Natale, McPhail, White

Against: Nil

REPORT ATTACHMENTS

Attachments start on the next page

Attachment -1
Confidential Attachment

Attachment -2
Confidential Attachment

10.4 2408 CONSOLIDATED STATUS REPORT

Report Reference Number	ACR-589
Prepared by	Peter Kocian, Executive Manager Corporate Services
Supervised by	Jonathan Throssell, Chief Executive Officer
Meeting date	Wednesday, 28 August 2024
Voting requirements	Simple
Documents tabled	Nil
Attachments	

1. Consolidated Status Report - Confidential

PURPOSE

It is recommended that the Audit Committee receive a status report on all outstanding matters raised in external audit reports, financial management reviews, performance audits, internal audit reports and any other review relevant to the Audit Committee's Terms of Reference.

EXECUTIVE SUMMARY

A status report has been prepared reporting against identified issues with respect to audit, risk management, internal controls, procurement matters and legislative compliance. The status report is not an exhaustive listing and is a fluid document and updated as issues are identified. It is presented to the Audit Committee to assist in their role to report to Council and provide advice and recommendations on matters relevant to its terms of reference.

BACKGROUND

The Department of Local Government has published an Operational Guideline on Audit in Local Government. Appendix 3 of this Guideline lists several matters that should be presented to an Audit Committee for review and monitoring:

Risk Management:

- Reviewing whether the local government has an effective risk management system;
- Reviewing whether the local government has a current and effective business continuity plan;
- Reviewing areas of potential non-compliance with legislation, regulations and standards and local governments policies;
- Reviewing the following; litigation and claims, misconduct, and significant business risks;
- Obtaining regular risk reports, which identify key risks, the status and the effectiveness of the risk management systems, to ensure that identified risks are monitored and new risks are identified, mitigated and reported;
- Assessing the adequacy of local government processes to manage insurable risks and ensure the adequacy of insurance cover, and if applicable, the level of self-insurance;
- Reviewing the effectiveness of the local governments internal control system with management and the internal and external auditors;
- Assessing whether management has controls in place for unusual types of transactions and/or any potential transactions that might carry more than an acceptable degree of risk;
- Assessing the local government's procurement framework with a focus on the probity and transparency of policies and procedures/processes and whether these are being applied.

Internal Control Systems:

- Separation of roles and functions, processing and authorisation;
- Control of approval of documents, letters and financial records;
- Limit of direct physical access to assets and records;
- Control of computer applications and information system standards;
- Regular maintenance and review of financial control accounts and trial balances;
- Comparison and analysis of financial results with budgeted amounts;
- Report, review and approval of financial payments and reconciliations;
- Comparison of the result of physical cash and inventory counts with accounting records.

Legislative Compliance:

- Monitoring compliance with legislation and regulations;
- Reviewing the annual Compliance Audit Return and reporting to Council the results of that review;
- Reviewing whether the local government has procedures for it to receive, retain and treat complaints, including confidential and anonymous employee complaints;
- Obtaining assurance that adverse trends are identified and review managements plans to deal with these;
- Reviewing management disclosures in financial reports of the effect of significant compliance issues;
- Considering the internal auditors role in assessing compliance and ethics risks in their plan;
- Monitoring the local government's compliance frameworks dealing with relevant external legislation and regulatory requirements.

CONSULTATION

Executive Leadership Team

Manager Corporate Services

Responsible staff for implementing recommendations.

STATUTORY ENVIRONMENT

Regulation 17 of the *Local Government (Audit) Regulations 1996* requires the CEO to review the appropriateness and effectiveness of a local governments systems and procedures in relation to risk management, internal control and legislative compliance separately or all at the one time, on the provision that each matter is reviewed at least once every three years. The CEO is also required to report the results of that review to Council.

The last Financial Management/Audit Reg 19 Review was completed in November 2022, with the next review due in November 2025.

POLICY IMPLICATIONS

There are no Council Policies relevant to this matter.

FINANCIAL IMPLICATIONS

There are no direct financial implications stemming from the Officer's Recommendation. However, should the Audit Committee request independent assurance that controls have been implemented, then 3rd party costs will be incurred.

STRATEGIC IMPLICATIONS

Strategic Priority 5 – Leadership and Governance.

5.1 Strengthen organisational accountability and transparency.

5.3 Strive for excellence in leadership and governance.

RISK IMPLICATIONS

RISKS

Risk	Risk Likelihood (based on history & with existing controls)	Risk Impact / Consequence	Risk Rating (Prior to Treatment or Control)	Principal Risk Theme	Risk Action Plan (Controls or Treatment proposed)
That key audit findings are not actioned within a timely manner	Possible (3)	Moderate (3)	Moderate (5-9)	COMPLIANCE Some temporary non-compliance	Control through oversight by the Audit Committee and ensuring adequate budget allocation for resourcing.

RISK MATRIX

Consequence		Insignificant	Minor	Moderate	Major	Extreme
Likelihood		1	2	3	4	5
Almost Certain	5	Moderate (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Moderate (6)	Moderate (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)

A risk is often specified in terms of an event or circumstance and the consequences that may flow from it. An effect may be positive, negative or a deviation from the expected and may be related to the following objectives: occupational health and safety, financial, service interruption, compliance, reputation and environment. A risk matrix has been prepared and a risk rating is provided below. Any items with a risk rating over 16 will be added to the Risk Register, and any item with a risk rating over 16 will require a specific risk treatment plan to be developed.

RISK RATING

Risk Rating	9
Does this item need to be added to the Town's Risk Register	No
Is a Risk Treatment Plan Required	No

SITE INSPECTION

Not applicable.

COMMENT

Management is progressively actioning findings contained within the status report.

Of the thirty (30) active findings from the previous status report, ten (10) items are deemed to be closed. These will be hidden in the next status report. Should the Audit Committee require clarification on any of these, Management can speak to these items at the Committee Meeting.

Of the twenty (20) remaining audit findings, three (3) items have not commenced:

1. Two items relate to a review of Policies. Given other work Governance priorities, including the implementation of new compliance software, this review has yet to be prioritised. The risk category is assessed to be low. This review is scheduled to be completed by June 2025.
2. The third item refers to a recommendation for an expanded internal audit function including the appointment of an internal auditor. For smaller local governments this will never be a viable resource option. This will remain outstanding on the status report unless the Audit Committee wishes to close this, noting that the Committee approves a risk-based audit work plan annually.

The last nine audit findings relate to management letter findings from last year's Information Systems Audit. The Office of the Auditor General is currently performing this year's Information System Audit, and the auditors will be assessing which findings can be closed. Advice received to date indicates that more than half of the audit findings may be closed, notwithstanding that there may be new findings that need to be added to the status report.

CONCLUSION

The Audit Committee should satisfy itself that the Town's performance in relation to completion of the Consolidated Status Report is acceptable and within the parameters of the Risk Framework.

10.4 OFFICER RECOMMENDATION / COMMITTEE RESOLUTION

Committee Resolution 032808

OFFICER RECOMMENDATION

Moved Cr McPhail, seconded Cr White

That the Audit Committee receives the Consolidated Status Report on items relevant to its Terms of Reference.

(CARRIED UNANIMOUSLY 5:0)

For: Mayor O'Neill, Mr Chauvel, Crs Natale, McPhail, White

Against: Nil

The Audit Committee determined to close finding 18 relating to an Internal Audit function as:

- *The Audit Committee approves a risk-based audit work plan annually;*
- *The Town does not have the resources to fund an Internal Auditor;*
- *A budget allocation is made each year to engage an external contractor to undertake internal audit projects as approved in the audit work plan.*

REPORT ATTACHMENTS

Attachments start on the next page

Attachment -1
Confidential Attachment

10.2 2408 RISK REGISTER UPDATE

Report Reference Number	ACR-583
Prepared by	Peter Kocian, Executive Manager Corporate Services
Supervised by	Jonathan Throssell, Chief Executive Officer
Meeting date	Wednesday, 28 August 2024
Voting requirements	Simple
Documents tabled	Nil

Attachments

1. Risk Review Workshop Proposal
2. Updated Risk Register
3. WHS Action Plan

PURPOSE

It is recommended that the Audit Committee receive the attached Risk Register as a standing item.

EXECUTIVE SUMMARY

The Town's Risk Management Framework recommends that the Audit Committee provide oversight of risk matters that meet any of the following criteria:

- Risks with a level of risk of extreme
- Risks with inadequate control ratings
- Risks with a consequence rating of extreme

Following direction provided by the Audit Committee, a summary risk register has been developed identifying the key risks determined by the Executive Team.

BACKGROUND

The Executive Leadership team recently participated in a Risk Workshop facilitated by Marsh with the objective of identifying those risks that would have a material impact on the Town of East Fremantle and Council's ability to meet its objectives.

The workshop involved an offsite desktop review of the Town's existing Risk Register inclusive of three key factors: risk identification, risk analysis and risk evaluation.

A consolidated risk register has subsequently been developed including:

- Description of key risks
- Assessment of inherent risk rating
- Identification of appropriate risk treatments and controls
- Evaluation of the effectiveness of treatments and controls
- Assessment of residual risk rating

CONSULTATION

Executive Team

STATUTORY ENVIRONMENT

Regulation 17 of the *Local Government (Audit) Regulations 1996* requires the CEO to review the appropriateness and effectiveness of a local government's systems and procedures in relation to risk management, internal control and legislative compliance separately or all at the one time, on the provision that each matter is reviewed at least once every three years. The CEO is also required to report the results of that review to Council.

POLICY IMPLICATIONS

Council has adopted Policy 2.2.4 Risk Management.

FINANCIAL IMPLICATIONS

The cost of the risk workshop was \$3,250 ex GST.

STRATEGIC IMPLICATIONS

Strategic Implications

Strategic Priority 5 – Leadership and Governance

5.1 Strengthen organisational accountability and transparency

5.3 Strive for excellence in leadership and governance

RISK IMPLICATIONS

RISKS

Risk	Risk Likelihood (based on history & with existing controls)	Risk Impact / Consequence	Risk Rating (Prior to Treatment or Control)	Principal Risk Theme	Risk Action Plan (Controls or Treatment proposed)
A major function of the Audit Committee is to oversee the treatment/management of extreme risks. Failure to do so may result in adverse consequences.	Unlikely (2)	Major (4)	Moderate (5-9)	SERVICE INTERRUPTION Prolonged interruption of services - additional resources; performance affected <1 month	Manage by active monitoring

RISK MATRIX

Consequence		Insignificant	Minor	Moderate	Major	Extreme
Likelihood		1	2	3	4	5
Almost Certain	5	Moderate (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Moderate (6)	Moderate (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)

A risk is often specified in terms of an event or circumstance and the consequences that may flow from it. An effect may be positive, negative or a deviation from the expected and may be related to the following objectives: occupational health and safety, financial, service interruption, compliance, reputation and environment. A risk matrix has been prepared and a risk rating is provided below. Any items with a risk rating over 16 will be added to the Risk Register, and any item with a risk rating over 16 will require a specific risk treatment plan to be developed.

RISK RATING

Risk Rating	8
Does this item need to be added to the Town's Risk Register	No
Is a Risk Treatment Plan Required	No

SITE INSPECTION

Not applicable.

COMMENT

The Executive Leadership Team has identified the following risk profiles as the key risks for the Town of East Fremantle (see attached Register):

- Political
- Financial
- Commercial, Community and Economic
- Governance and Compliance
- Human Resource Management
- Business Interruption
- Climate Change and Environmental Management
- Sustainability
- Security and Confidentiality

These risk profiles are aligned to the Town's Strategic Community Plan.

Three risks have been identified with an inherent risk rating of extreme (20):

- Inability to manage community expectations, increased service level expectations. Council and strategic direction misalignment with the community.
- Inadequate performance of East Fremantle Community Park.
- Failure to plan and respond to climate impacts.

However, after evaluating the effectiveness of risk treatments and controls, and determining the residual risk rating, there are three risks with a residual risk rating of more than ten (10) that require ongoing monitoring by the Audit Committee:

- Performance of East Fremantle Community Park (community, financial, reputational).
- WHS Framework.
- Failure to plan and respond to climate impacts.

The Town's WHS Framework has been included above as existing controls (taken as a whole) are assessed to be inadequate and require resourcing. Council has been briefed on the independent audit of the Town's WHS Framework undertaken by Marsh and an action plan has been developed. The Audit Committee may wish to review a future report providing a status update on this action plan.

The Audit Committee is requested to take note of the additional risk treatments and controls assigned against the above risks to monitor the status of implementation.

CONCLUSION

That the Audit Committee approve the attached Risk Register as a standing item for review and monitoring.

10.2 OFFICER RECOMMENDATION / COMMITTEE RESOLUTION

Committee Resolution 042808

OFFICER RECOMMENDATION

Moved Cr White, seconded Mayor O'Neill

That the Audit Committee:

1. receives the attached Risk Register for ongoing review and monitoring.
2. requests that new and emerging risks be evaluated by the Town's Administration on a regular basis and added to the Risk Register as required.

(CARRIED UNANIMOUSLY 6:0)

For: Mayor O'Neill, Mr Chauvel, Crs Natale, McPhail, White & Wilson

Against: Nil

Cr Wilson arrived at the meeting at 6.35pm and participated in discussion.

The Audit Committee requested that the WHS Action Plan be presented as a stand alone item for future meetings.

REPORT ATTACHMENTS

Attachments start on the next page



Town of East Fremantle

Risk Review Workshop Proposal

Request of: Peter Kocian, Executive Manager Corporate Services

Date: 15 05 2024

A business of Marsh McLennan

 Purpose, Objectives, Scope

 Methodology

 Project Management

 Professional Fees

 Acceptance

 Terms of Engagement

Agenda

Purpose, Objectives & Scope

Purpose

Marsh Pty Ltd (Marsh) is pleased to provide a service proposal to the Town of East Fremantle to facilitate a Risk Review Workshop. This Proposal will articulate our approach to executing the requested services, our methodology and associated deliverables.

Objectives

1. Offsite Desktop Review of Risk Register & Preparation
2. Onsite Risk Review Workshop Facilitation

Scope

The Town of East Fremantle has approached Marsh Pty Ltd to facilitate the Risk Review Workshop to assist the Town in identifying and assessing its top 10 key risks and controls. Prior Offsite activities are aimed to ensure the awareness of the Marsh resource on the current Risks to ensure the effectiveness of the guided Onsite Risk Review Workshop.

Outcomes of the Risk Review Workshop:

- Identification of the top 10 prevalent risks for the Town and subsequent outcomes:
 - Assessment of the inherent risk rating including the likelihood and consequence
 - Identification of appropriate risk treatments and controls to mitigate these risks
 - Analyse the effectiveness of these treatments and controls
 - Assessment of the residual risk rating

Processes are to align with the Towns Enterprise Risk Management Framework (Policy, Plan and Procedure), Risk Appetite Statements. Any formal development of documentation or a report is outside the scope of this proposal but can be calculated and provisioned in a subsequent proposal upon the Town's request.

Our Expertise



Delivery Expertise

Marsh Pty Ltd (Marsh) has serviced the unique risk management and insurance needs of organisations in the private and public sector for over 30 years. Marsh has continually developed an industry wide approach to all insurance and risk management issues. Marsh continues to work with all private and public sector organisations to ensure we can jointly identify opportunities to minimise risks through the introduction of proactive systems and processes in the areas below.

Our services include:

-  **Enterprise risk management framework development**
-  **Business continuity management**
-  **Work health and safety systems development**
-  **Asset and property risk assessment**
-  **Disaster and emergency risk management**
-  **Workplace emergency evacuation programs**
-  **Environmental Management Systems development**
-  **Security risk management**

Methodology



Methodology

Objective 1 – Offsite Risk Review (Information Gathering)

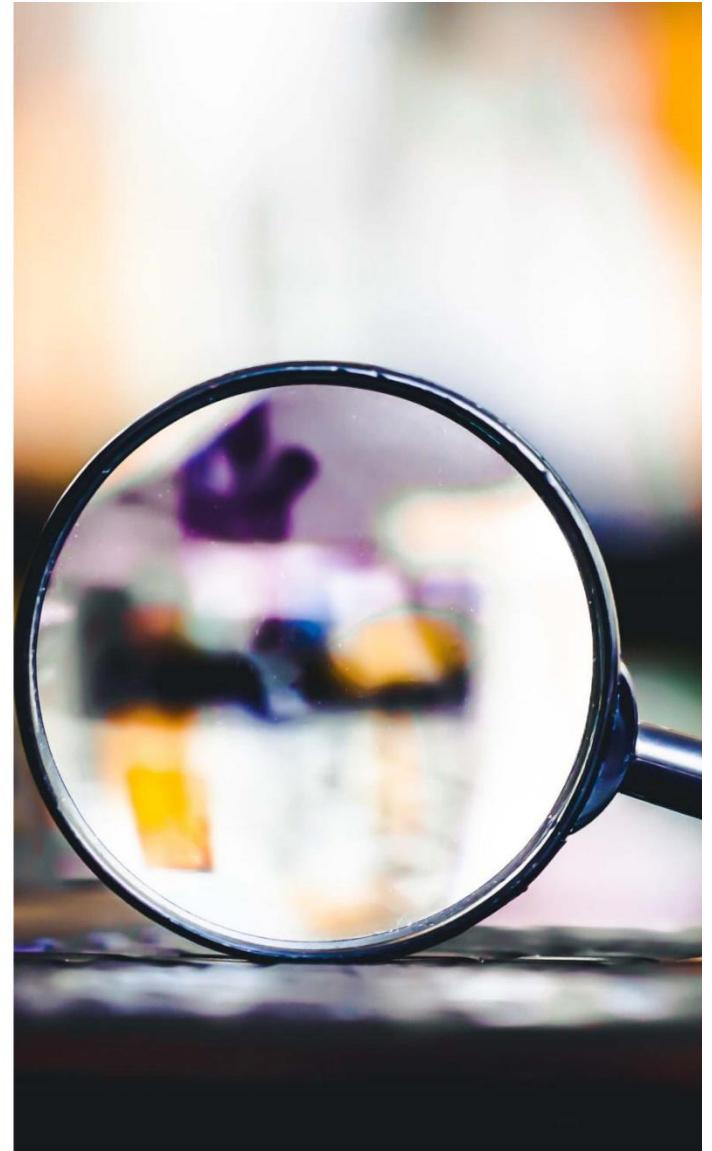
An offsite review is to provide time to the consultant to familiarise themselves with the current standing to provide a greater depth of local priorities, risks and facilitation of the onsite risk review workshop.

The review consists of the local governments current primary documents to be referred to in the risk review workshop being :

- The Enterprise Risk Management (ERM) Framework
 - ERM Policy
 - ERM Plan
 - ERM Procedure
- Current Risk Register

These specific documents will allow for onsite targeted questioning and any reference of:

- Key legislation, regulations related to risk, that Council must abide by
- Reporting protocols, structures and key accountabilities
- Clarification on Risk Criteria and how they are used
- Escalation protocols



Methodology

Objective 2 – Onsite Risk Review Workshop

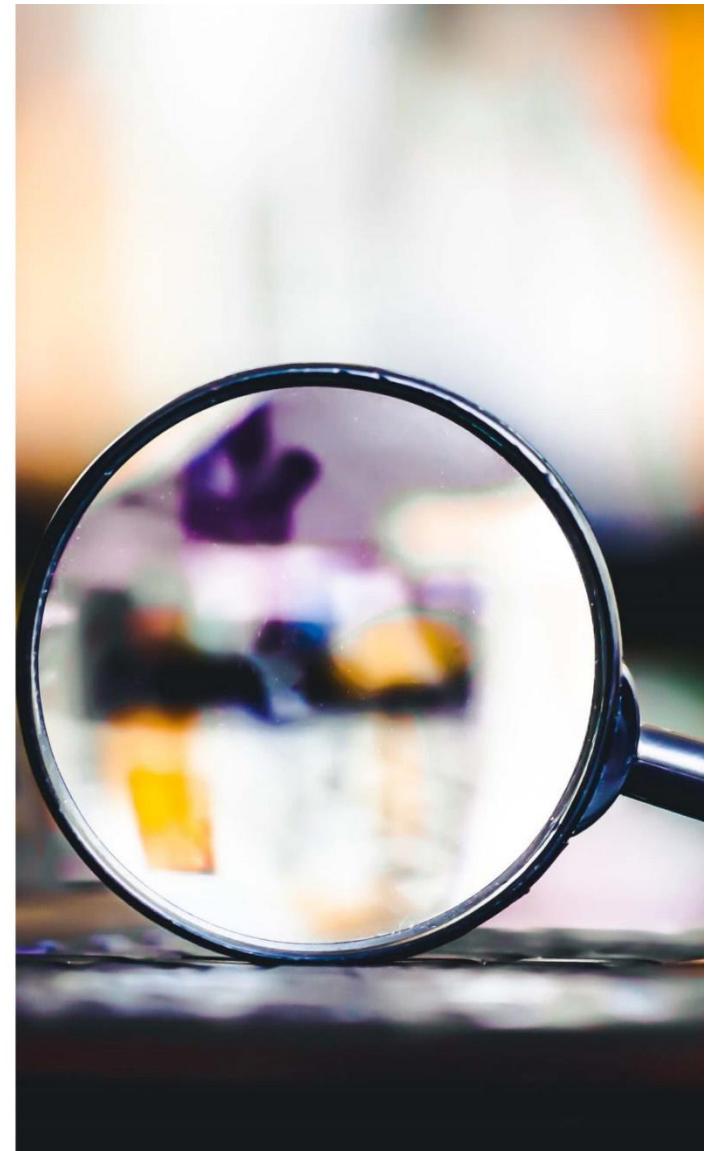
The focus of a Risk Review Workshop is on those risks that would have a material impact on the local government and Council's ability to meet its Objectives. These types of risks would, should they occur, seriously impede one or more of the Town of East Fremantle's services for a period that is averse to Objective success.

The Risk Review is inclusive of three key factors: **Risk Identification, Risk Analysis and Risk Evaluation**. In order to successfully complete these key factors we will:

- Conduct a review of Current Risks:
 - Involving the Risk Analysis and Risk Evaluation to determine Risk Ratings, Controls and any additional Treatments with Senior Leadership at the Town.
- Identify New and Emerging Risks:
 - Through a process of Risk Identification, Risk Analysis and Risk Evaluation to determine Risk Ratings, Controls and any Treatments with Senior Leadership at the Town.

The Town is to capture and document changes, additions and or amendments within the workshop.

Participants are expected to include Town executives and senior management team.



Project Management



Project Management and Quality Control



Consulting Resources

Lloyd Sounness

Principal Consultant will determine allocated resource to review materials, facilitate the Risk Review Workshop and liaise with the Town's Principal Contact.

Project Timing



We can undertake a project of this nature over the course of approximately 1-2 Weeks. This will be influenced by access to your information and the facilitation date of the workshop. Onsite delivery is expected as available from Late May 2024.



Project Timeframes

Week 1: Offsite Risk Review & Materials Preparation

Week 2: Onsite Risk Review Workshop

QA Quality Assurance

We will employ our standard Quality Assurance and Peer Review processes to ensure that all outputs for this project meet the agreed specifications.

Assumptions and Constraints

The following list includes assumptions and constraints on the project that have been taken into consideration when preparing this quotation. If any prove to be inaccurate or unreliable, the project schedule or cost may require a change.

Assumptions

- ▶ Marsh assumes the Town will provide such assistance and cooperation in connection with this matter as is reasonably requested by Marsh, including providing copies of relevant internal documentation and providing access to personnel for the duration of the engagement. Marsh will comply with all statutory and contracted obligations of confidentiality that exist in respect of client information.
- ▶ Since Marsh must rely upon information provided by the Town and its personnel, Marsh shall be entitled to assume completeness of such information, and assume this information is accurate and reliable. Marsh will, however, review data and explanations for reasonableness and discuss the results of this with the Town and, where agreed, incorporate the results of those discussions in the deliverables.
- ▶ No audit will be performed and, accordingly, no assurance will be expressed. Marsh's engagement cannot be relied upon to disclose irregularities, other than the transactions subject to our investigation, including fraud, other illegal acts and errors that may exist. However, Marsh will inform the Town of any such matters that may come to our attention.
- ▶ Any reports, including project status reports, prepared by Marsh will be for the purpose noted in this agreement. Marsh disclaims any assumption or responsibility to any person other than the Town, its officers, or Insurers for any reliance on any report other than for the purpose for which it was prepared. Marsh's reports will contain a disclaimer to this effect.

Constraints

- ▶ The timing of the project has been established with the understanding that the Town will provide the necessary information. Should information and/or related explanations not be forthcoming, the timing of the project can be directly affected.
- ▶ Should the scope of the engagement be amended, or the project requirements as of today take on an expanded role, the timing of the project and the estimated cost of the project may be subject to change.

Professional Fees



Professional Fees

Services as detailed in the purpose, objectives, scope, methodology and project management to facilitate the Risk Review Workshop. We understand that due to the nature and size of your Town the project may vary and evolve. With this in mind, we present the below costs estimating the commitments involved. Should the proposed scope change the schedule of rates will be discussed and adjusted accordingly. Our commitment is to work with the Town of East Fremantle to deliver the required services at the highest standard.

Strategic Risk Review Workshop Services		Note to the commercials
Description of Services	Fee (Excl. GST)	
Objective 1 - Offsite Risk Review & Materials Preparation	\$3,250.00	
Objective 2 - Onsite Risk Review Workshop	(Excl. GST)	
Total	\$3,250.00	
Assumptions and dependencies impacting the project		<ul style="list-style-type: none"> • All financial figures are shown in Australian dollars and exclude GST. • Excludes out-of-pocket expenses that will be agreed on as required and be billed at cost. • Onsite schedule and travel plan shall be made in agreement with the Town's Principal Contact. • An invoice will be issued upon completion of the project. • Our proposal remains valid for 30 days. • Any adjustments to the scope of works may attract additional costs and will be discussed prior to any changes, onsite project deliverables are planned for at the Town of East Fremantle. • The above pricing has been formulated in consideration of the broader Town of East Fremantle - Marsh relationship and our competitive pricing is reflective of the value we place on our continued collaboration and partnership.
 Marsh		15

Acceptance



Agreement to accept proposal:

Risk Review Workshop & Summary Report

To accept this proposal, written advice must be received from the instructing party confirming acceptance of:

- The contents of this proposal forming the basis of our instructions;
- Acceptance of our proposed fee;
- Any amendments or further instructions for our consideration; and
- Marsh's Standard Terms and Conditions of Contract, which are attached to this proposal and form an integral part thereof.

Once you have considered the contents of this proposal, should you wish to accept its contents without amendment, we request that you please sign below and return to indicate that it is in accordance with your understanding of the scope of our work and your agreement to the terms specified.

Signed on behalf of the Town of East Fremantle by its representative

Name:

Peter

Digitally signed

Position:

by Peter Kocian

Signature:

Kocian

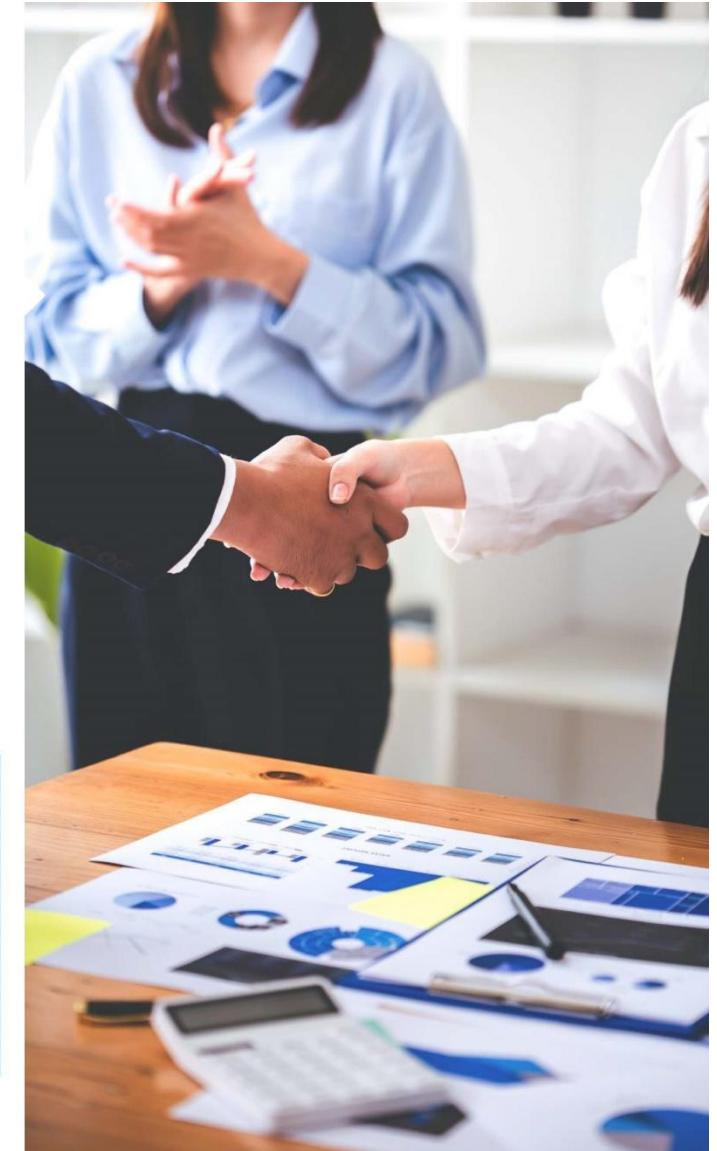
Date: 2024.05.20

Date:

14:16:58 +08'00'

Return by email to lloyd.sounness@marsh.com

 Marsh



Terms of Engagement



Terms of Engagement

TERMS OF ENGAGEMENT

These Terms of Engagement set out the terms on which Marsh Advisory, a division of Marsh Pty Ltd ABN 86 004 651 512 of One International Towers, 100 Barangaroo Avenue, Sydney, New South Wales, 2000 ("Marsh") will provide the services ("the Services") set out in the attached Scope of Work ("SOW")/Proposal to the party named in the SOW/Proposal (the "Client").

1. DURATION OF TERMS OF ENGAGEMENT

1.1 The parties agree that the effective date of the Engagement shall be the date on which Marsh shall have commenced providing the Services, whichever is earlier, and continue until terminated. The Client's continued instructions to us will constitute acceptance of these Terms of Engagement.

2. CONFIDENTIALITY & PRIVACY

2.1 Any information disclosed by the Client to Marsh must not be used or disclosed by Marsh without the Client's consent, unless the use or disclosure is reasonably required:

- (a) for performing the Services; or
- (b) to meet a legal obligation to disclose the information.

2.2 Marsh may in the course of providing the Services collect, hold, use and disclose Personal Information (as that term is defined in the *Privacy Act 1988* (Cth)). All Personal Information collected, held, used or disclosed in the course of providing the Services will be handled in accordance with the *Privacy Act 1988* (Cth), the Privacy Principles and Marsh's Privacy Policy (as amended from time to time, available at the "Legal Notices" section of www.marsh.com.au).

2.3 The Client warrants that:

- (a) It will comply with the *Privacy Act 1988* (Cth) when collecting, holding, using and disclosing Personal Information;
- (b) it has any required consent(s) in respect of the transfer of Personal Information to Marsh by the Client or any third party on the Client's behalf; and

- (c) where Personal Information of an individual is collected by Marsh from the Client or a third party on the Client's behalf, the Client will notify the individual of the collection of their Personal Information by Marsh and the matters required by law.

3. TERMS OF PAYMENT

3.1 The Client must pay Marsh the amount set out in SOW/Proposal within fourteen (14) days after receiving a tax invoice from Marsh.

3.2 Words or expressions used in this clause that are defined in the *Goods and Services Tax Act 1996* (Cth) if not so defined, then that are defined in the *Competition and Consumer Act 2010* (Cth), have the same meaning in this clause.

3.3 Despite any other provision in these Terms of Engagement, if Marsh makes a supply under, or in connection with, these Terms of Engagement, on which GST is payable:

(a) the consideration for the supply (the "GST exclusive consideration") is increased by, and the Client must pay Marsh, an amount equal to the GST payable by Marsh on the supply; and

(b) the amount by which the GST exclusive consideration is increased must be paid without set-off or deduction, at the same time as the GST exclusive consideration is payable.

3.4 If a payment to a party under these Terms of Engagement is a reimbursement or indemnification, calculated by reference to a loss, cost or expense incurred by the party, then the payment will be reduced by the amount of any input tax credit to which the party is entitled for the loss, cost or expense.

4. CONSULTANT WORK PRODUCT

4.1 Marsh shall retain all ownership, title, copyright and other intellectual property rights in all materials developed, designed, created or used by Marsh or provided by Marsh to the Client in connection with the Services, including but not limited to designs, plans, specifications,

processes, computer output, estimates, reports, written advice, data, memoranda, findings, recommendations of every description and every innovation, conception, improvement, discovery, invention, system, methodology, software, know-how and working paper (the "Work Product"). Marsh grants the Client a perpetual, non-exclusive, non-transferable and royalty free licence to use any reports, written advice or other materials provided by Marsh to the Client, but only for the purposes for which they were created under these Terms of Engagement ("the Purpose").

4.2 Marsh shall acquire no ownership, title, copyright and other intellectual property rights subsisting in any material provided by the Client to Marsh in connection with these Terms of Engagement. The Client grants Marsh a perpetual and royalty free licence to use those materials for the purposes of providing the Services.

4.3 The Client shall not use any Work Product provided by Marsh to the Client for any purpose other than the Purpose. The Work Product is provided to the Client on the basis it is confidential. The Client and Marsh agree that such Work Product shall not be disclosed by the Client to any third party, shall not be used for any other purpose whatsoever, or reproduced, disseminated, quoted from or referred to in whole or in part at any time, in any manner or for any purpose, nor shall any public references be made concerning Marsh or such Work Product or disclosure of Marsh's role in connection with these Terms of Engagement made by Client, or publicise the terms of these Terms of Engagement by Client, without the prior written consent of Marsh in each specific instance.

4.4 Where the Client makes any alteration or modification to any of the Work Product, all references to Marsh shall be removed therefrom. Any new or draft Work Products which Marsh may provide will not constitute Marsh's final opinions or conclusions. These will be contained in Marsh's final Work Product, which shall be expressed as such.

5. SCOPE OF WORK AND MARSH'S RESPONSIBILITIES

5.1 Marsh will provide the Services to the Client under these Terms of Engagement. It is understood and agreed that Marsh's services may include advice and recommendations,

however all decisions in connection with such advice and recommendations shall be the sole responsibility of, and made by, the Client.

5.2 The Client acknowledges that:

(a) all surveys, objectives, forecasts, predictions and recommendations made by Marsh in providing the Services are made in good faith on the basis of information available to Marsh at the time; and

(b) achieving the objectives, forecasts, predictions or recommendations will depend, among other things, on the actions of the Client, over which Marsh has no control.

5.3 If the Services include modelling and/or business analytics services such as hazard loss modelling, loss forecasting and triage, adverse event simulation, scenario and portfolio risk analysis, decision mapping or risk bearing and risk retention tolerance analysis ("Loss Modelling and Analytics") the Client agrees that:

(a) The Loss Modelling and Analytics will be based upon a number of assumptions, conditions and factors. If these assumptions, conditions and factors are incomplete or incomplete, if conditions and factors should change, if the data and documents provided to Marsh are unreliable, inaccurate, incomplete or inadequate, or if data that is necessary to provide a reliable analysis is unavailable or has been withheld or not provided on a timely basis the Loss Modelling and Analytics provided by Marsh may be materially affected.

Marsh is under no obligation to advise the Client of any developments occurring after the date of the final report of the Loss Modelling and Analytics;

(b) The Loss Modelling and Analytics are subject to inherent uncertainty and the Client acknowledges there are inherent risks associated with the proposed Services;

(c) Losses and actual result may differ materially from the results of simulation analyses and projections made by Marsh;

(d) The accuracy of predictions depends on the accuracy and quality of: (a) the data provided by the Client or input by the user;

and (b) assumptions and/or parameters provided by the Client, none of which are independently verified by Marsh; and

(e) Geologic, seismic, economic, environmental, financial, structural, and geotechnical conditions can vary from those encountered when and where the data was obtained, and that the nature of the data necessarily causes a level of uncertainty.

5.4 While Marsh is delighted to work with the Client and your advisers in relation to any identified actuarial, legal, accounting, regulatory or tax issues which may arise in relation to the risk consulting services required of Marsh, by engaging Marsh the Client agrees and confirms the following (except to the extent prohibited by law):

(a) Marsh is not qualified to provide, and will not provide actuarial, legal, accounting, regulatory or tax advice that the Client can, should or will rely on as appropriate or accurate;

(b) Any information provided by Marsh on insurance regulatory or tax issues is usually based on publicly available information and Marsh's experience derived from prior involvement in such matters needs to be checked for accuracy and currency and may not be relied on;

(c) In all instances, the Client must form its own view on the above matters and this may include seeking appropriate advice from professional actuarial, legal, accounting and/or tax advisers before proceeding;

(d) By instructing Marsh or any other third party to proceed with any transaction the Client has not relied on Marsh for any actuarial, legal, accounting, regulatory or tax advice.

5.5 Marsh must, in performing the Services, comply with all relevant laws.

5.6 Any additional disclaimers outlined in the service proposal, statement of work or Work Product will also apply to these Services.

6. VARIATIONS

6.1 Where the Client seeks any variation in the Services, whether by way of addition, deletion and substitution or otherwise, the Client shall

submit its proposal for such variation in such services in writing as soon as practicable to Marsh. Marsh shall not be obligated to accept such variation in such services at its sole discretion and unless the Client agrees to pay any additional sum or sums reasonably specified by Marsh and to extend any period agreed for provision of such services by any additional period reasonably specified by Marsh.

7. CLIENT CO-OPERATION

7.1 To be able to perform the Services, Marsh needs the Client's co-operation. Marsh will rely on the Client to:

(a) arrange access to and make all provisions for Marsh to enter the Client's premises and provide work space as required by Marsh to perform the Services;

(b) give Marsh all information and instructions needed by Marsh to perform the Services as soon as reasonably practicable (including but not limited to ensuring the availability of relevant Client personnel during any consultation period); and

(c) ensure the accuracy of all information given to Marsh and needed by Marsh to perform the Services and inform Marsh promptly upon the Client discovering that any such information or document, is or becomes, untrue, incomplete or inaccurate.

7.2 In performing the Services, Marsh shall be entitled to rely upon all information and documents provided to it by or on behalf of the Client. Marsh shall not be responsible for the accuracy or verification of any such information or document. Marsh shall have no liability for any errors, deficiencies or omissions in any Services provided by Marsh, including the placement of any insurance on the Client's behalf that are based on inaccurate or incomplete information provided to Marsh. The Client understands that the failure to provide all necessary information to an insurer, whether intentional or in error, could result in the impairment or voiding of coverage.

7.3 If the Services directly or indirectly support an insurance broking placement for the Client, the Client agrees that all decisions regarding the



Terms of Engagement

any type or form of any insurance coverage shall be at Client's sole responsibility. Whilst Marsh may provide advice and recommendations, the Client must decide the specific insurance coverage that is appropriate for your particular circumstances and financial position.

8. PERSONNEL

8.1 The Client must not seek to employ any employee of Marsh while these Terms of Engagement are in force, or for a period of six (6) months after termination of these Terms of Engagement.

8.2 Marsh may substitute employees responsible for supplying the Services without the consent of the Client.

8.3 Marsh may subcontract any of the Services.

9. LIABILITY, INDEMNITY & CLAIMS

9.1 In no event shall either party to these Terms of Engagement be liable for any: (a) indirect; (b) incidental; (c) special; (d) consequential loss; (e) loss of profits other than that derived from Marsh's remuneration; (f) loss of revenues; (g) anticipated savings; (h) loss of data; or (i) loss of goodwill or reputation; arising out of or in connection with any Services provided by Marsh and/or Marsh's Associated Entities and their representatives including but not limited to Marsh's or their employees, agents, consultants and independent contractors ("the Relevant Persons" or "the 'Relevant Persons'"). **Consequential loss** means any loss that does not flow directly and naturally from the relevant breach or circumstances, and which could not reasonably have been in the contemplation of both parties as a probable result of the breach or the circumstances at the time the parties entered into these Terms of Engagement.

9.2 The aggregate liability of Marsh and the Relevant Persons combined, arising out of or in connection with the provision of Services, shall not exceed:

(a) for any Loss related to the provision of quantitative analysis services (other than provided by Marsh's Global Analytics and/or Property Risk Solutions teams) including, without limitation risk financing optimisation, fund reserving, catastrophe modelling, financial modelling and structured/legacy

solutions, maximum foreseeable loss (including fees paid to Marsh for the relevant Services (or if no fee is charged AUD200,000)) or

(b) for any other Loss, the greater of AUD 2,000,000 and five (5) times the fees paid to Marsh for the relevant Services.

9.3 The provisions in clauses 9.1 and 9.2 apply to the extent that they do not contravene the law for all events giving rise to any liability on Marsh's or the Relevant Persons' part, whether arising in contract, tort (including negligence) or on any other basis, but do not apply to any liability arising as a result of fraud or wilful default by Marsh and/or the Relevant Persons.

9.4 The provisions in clause 9.2 do not apply in relation to any Services supplied to you as a **Retail Client** as that term is defined in Chapter 7 of the Corporations Act 2001 (Cth).

9.5 Marsh's liability will further be limited to the extent that the Relevant Persons' conduct causes the loss, damage or expense, if you or your other representative caused or contributed to the loss, damage or expense, Marsh's liability and/or that of the Relevant Persons will be reduced to the extent which takes into account both you and your other representative's conduct.

9.6 All Services performed by Marsh under these Terms of Engagement are undertaken solely for the Client's benefit and may not be relied upon by a third party except where you have notified Marsh in writing that you are acting on behalf of that other party and Marsh agrees in writing to the third party relying on its Services.

9.7 If you, your representatives, or your Associated Entities raise demands, claims, proceedings, costs or damages against Marsh or the Relevant Persons in connection with the Services ("Claims") for a sum in excess of the amount set out in clause 9.2, then you will indemnify Marsh and the Relevant Persons against all such Claims to the extent that they exceed that amount.

9.8 Marsh's scope of work and fees do not contemplate Marsh being involved in any legal proceedings (unless agreed otherwise as part of the Services) or subject to third-party claims. The Client indemnifies Marsh, the Relevant Persons and its and their officers, employees and agents against all demands, claims,

proceedings and claims for costs made against Marsh by a third party connected with the Services.

9.9 Marsh warrants that it will perform the Services in a professional manner and will exercise the degree of reasonable skill and care to be expected of a competent consultant. To the maximum extent permitted by law, the warranties set out in these Terms of Engagement and Marsh and the Relevant Person's sole warranties in respect of all Services which are otherwise provided pursuant to these Terms of Engagement on an "as is" basis.

9.10 Marsh does not guarantee or warrant the safety of the Client's premises or operations, or that the Client or any such premises or operations are in compliance with laws or regulations.

10. TERMINATION

10.1 Either party may terminate these Terms of Engagement by giving the other party twenty-one (21) days written notice.

10.2 A party may terminate these Terms of Engagement by written notice with immediate effect if:

(a) the other party breaches a material term of these Terms of Engagement and fails to remedy the breach within seven (7) days after receiving written notice to remedy the breach;

(b) the other party cannot pay its debts as they become due or stops carrying on business; or

(c) a step is taken to appoint a receiver, receiver and manager, official manager, trustee in bankruptcy, provisional liquidator, liquidator, administrator, or other like person for the whole or part of the other party's assets, operations or business.

10.3 If the Client gives notice under clause 10.1, the Client must:

(a) pay Marsh for all Services provided by Marsh up to the date of termination;

(b) reimburse Marsh for expenses incurred by Marsh that the parties have agreed are payable by the Client; and

(c) reimburse Marsh for all reasonable costs and expenses incurred by Marsh as a consequence of the termination.

11. LAW

These Terms of Engagement shall be subject to and interpreted in accordance with the laws of New South Wales. Any dispute shall be submitted to the exclusive jurisdiction of the courts of New South Wales and those courts having rights to hear appeals from them.

12. GENERAL

12.1 A party must not assign these Terms of Engagement without the consent of the other party, except to a related body corporate (as defined in the Australian Corporations Act 2001 ("Cth")) of the party.

12.2 In these Terms of Engagement, the singular includes the plural and vice versa.

12.3 These Terms of Engagement (including any Services):

(a) cannot be amended except by written agreement of the parties; and

(b) represent the sole agreement between the parties about the Services and supersede and replace all other agreements between the Client and Marsh with respect to the subject matter of these Terms of Engagement.

12.4 Because the parties are of equal commercial sophistication in negotiating contracts and have negotiated these Terms of Engagement, any term in this agreement that is not terminated for or against any party, each party is entering into these Terms of Engagement voluntarily, has read and understands its provisions and has had the opportunity to seek and to obtain legal advice on its rights and responsibilities under, and the terms and conditions of, these Terms of Engagement.

12.5 Marsh operates as an independent contractor and not in any other capacity, including as a fiduciary. No fiduciary relationship shall arise by reason of these Terms of Engagement or the performance of the Services.

12.6 If any provision of this agreement is prohibited by law or judged by a court to be unlawful, void or unenforceable, the provision shall, to the extent required, be severed from this agreement and rendered ineffective as far as possible without modifying the remaining provisions of this agreement, and shall not in any way affect any other circumstances or of the validity or enforcement of this agreement.

12.7 Marsh is unable to provide insurance or reinsurance broking, risk consulting, claims or other services to you or your business to the extent that the provision of such services or benefit would violate applicable law or expose Marsh or its related bodies corporate to any sanction, prohibition or restriction under UN Security Council Resolutions or under other trade or economic sanctions, laws or regulations.

12.8 A failure by either party to take action to enforce its rights does not constitute a waiver of any right or remedy under this agreement unless it is in writing signed by the party granting the waiver.

12.9 Neither party will have any liability for any failure or delay in performing because of a force majeure event. Force majeure means an event beyond the reasonable control of a party.

12.10 Notices under this agreement must be in writing and sent to the party connected by hand, post or facsimile at its last known or registered office address. For the avoidance of doubt, notice given under this agreement shall not be valid served if sent by email.

12.11 You consent to Marsh including the name of the Client (or others you are acting as representative for) in Marsh's internal publications, new business reports or tenders.

12.12 Marsh may include, on an anonymous basis, information relating to its Clients' insurance programs in benchmarking, modelling and other analytics. Marsh offers an array of analytics capabilities to clients, insurers and others. For clients, these offerings include benchmarking databases, analytics and modelling tools, surveys and other compilations of information, which are designed to help clients more effectively assess their risk, make informed decisions and construct insurance programs and other risk mitigation strategies. Marsh or its Associated Entities may in some instances receive compensation for its analytics offerings from clients, insurers and others.



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Lloyd Sounness - Principal - Strategic Risk Consulting - Marsh Advisory Pacific

m: +61 427 617 646 e: lloyd.sounness@marsh.com

Lvl 3, 170 Railway Parade, West Leederville WA 6007

Lvl 6, 225 St Georges Terrace, Perth WA 6100

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Description - Title	Business Area	Risk Owner (Exec Role / Title)	Risk and potential impacts	Strategic Community Plan Reference	Likelihood	Consequence	Risk Rating	Description	Description and evidence of controls / corrective actions	Likelihood	Consequence	Residual risk rating	Effectiveness of the control in place	Additional Treatments / Changes / Controls	Responsible Person (Role / Title)	Review Timeframe (Months)	Expected Residual Risk Rating
Political			Inability to manage community expectations, increased service level expectations. Council and strategic direction misalignment with community. (Reputational, Service interruption)	5.1.2 Ensure effective engagement with community and stakeholders.	5	4	20	Unacceptable	Communication and Engagement Strategy, Community Engagement Framework and Checklist, Internal Resourcing (Manager, Communications and Community Engagement, Communications Officer), Strategic Community Plan and Community Perception Surveys (IPIR).	3	3	9	Adequate				
Political			Relationship breakdowns (State, WALGA, Council, inter-council, council-admin, community-admin). (Reputational, Compliance)	5.2.1 Foster and promote strategic collaborative relationships.	3	3	9	Monitor	Member of the Zone, regular State Government representation engagement, Code of Conduct (Council and Employees), State Government Standards for CEO Recruitment Performance and Termination, Professional Development Training for Members, Mandated Modules for newly Elected Members. Governance Framework, Integrity framework and Disclosure framework. Behaviour Complaints Policy and Procedure. CEO Performance Review Process. Regular liaison between CEO & Mayor.	3	2	6	Effective	Stakeholder Relationship Management Plan, Communications Agreement			
Financial			Failure of Council to endorse Budget or support rate changes, increased funding requirements to meet service levels and maintain assets. (Service interruptions, Reputational, Compliance)	5.3.1 Deliver community outcomes through sustainable finance and human resource management.	3	4	12	Urgent Attention	IPI Process (Strategic Resource Plan and Ratings Strategy).	2	3	6	Adequate				
Commercial, Community & Economic			Inadequate Performance of East Fremantle Community Park. (Reputational, Financial, Property)	1.2 Inviting open spaces, meeting places and recreational facilities. 5.3.1 Deliver community outcomes through sustainable finance and human resource management.	5	4	20	Unacceptable	Operator Agreement, performance reporting and establishment plan, Sub-lease and licence agreements with key tenants. Contractor management support.	3	4	12	Adequate	Management Committee and Engagement Schedule			
Political Environment			Cost shifting onto the Town. (Financial, Reputational)	5.2.1 Foster and promote strategic collaborative relationships.	4	3	12	Urgent Attention	Budget allocation on contract support on implementation of requirements. Long term financial planning, WALGA lobbying, Local Government Network to share and collaborate on requirements (planning and State/federal submissions). Communication of local impact of state and federal levies to rate payers.	4	2	8	Effective	Stakeholder Relationship Management Plan			
Governance & Compliance			Contractor and Project Management Issues, inadequate Contracts/or Management and variable fees, Contractor Performance Issues and failure to effectively plan. (Compliance, Financial and Reputational)	5.1.1 Strengthen governance, risk management and compliance.	4	3	12	Urgent Attention	Project Governance Framework, Contracts Register, Tender and Quotations under Procurement Policy, Delegations Register, Contractor Management Meetings, Grants Register, Online Induction System.	3	3	9	Inadequate	Contractor WHS Management			
Governance & Compliance			Inadequate Risk Management Processes and Application, Loss of confidential materials. Governance reporting and controls fail to capture financial fraud/losses, inadequate legal advice policies and procedures. External Audits with poor findings. (Compliance, Finance, Reputational)	5.1.1 Strengthen governance, risk management and compliance.	4	3	12	Urgent Attention	External Audit Framework, Information Systems Audit DAG, LGIS Risk Management A&C, Financial 3 Year Audit, Reg 17, Annual Compliance Audit, Audit Status Report and Monitoring to Audit Committee. External representation on Audit and Risk Committee. Risk Management Framework (including Policy and Procedures).	2	3	6	Effective	Governance Framework and Audit Log, ATTAIN Compliance Software.			
Human Resource Management			Increased psychosocial pressures, Inadequate WHS Standards and Workers Compensation Claims increase and Premium increases. (Health, Compliance, Reputational)	5.1.1 Strengthen governance, risk management and compliance.	4	4	16	Urgent Attention	LGIS and External Audits. Learnrite system, EAP, Code of Conduct, WHS Committee, WHS Policies and Procedures, HR Manual.	4	3	12	Inadequate	Resourcing implementation, Action Plan close out.			
Human Resource Management			Unavailable fit for purpose workforce (training, competence) and Planning, Organisation Structure, low retention, inadequate service achievement. (Compliance, Reputational, Service interruption)	5.1.3 Improve the efficiency and effectiveness of services.	3	3	9	Monitor	Learnrite System, annual reviews, internal and external training, and workforce plan. Current Employment Conditions and Benefits (Gym, Super co-co, RDO)	3	3	9	Adequate	Review of Organisation Structure, pay and benefits review			
Business Interruptions			Loss of infrastructure and assets. Lack of Business Continuity Management planning for significant events and inadequate recovery centre, ICT disruption, Asset Loss, Infrastructure Loss, Communication Loss and Records Management - EO1 Advice and Information, Built Environment Restrictions, ability to respond and recover from external impacts. (Service Disruption, Compliance, Financial, Reputational)	5.1.1 Strengthen governance, risk management and compliance. 5.3.2 Improve organisational systems with a focus on innovation.	4	4	16	Urgent Attention	ICT Contract, IT Disaster Recovery Plan, Annual IT DR Test, Asset Predictive renewal model, Business Continuity Management, ICT Security Policies and Procedures, Virus protection, multi factor protection, hourly backups, offsite storage. UPS for servers. Joint Emergency Management Arrangements with City of Fremantle.	2	4	8	Effective	Disaster Recovery Plans, Records Disaster Box,			
Climate Change & Environmental Management			Failure to planning and responding to climate impacts Loss and damage to infrastructure, inadequate foreshore management and response to flooding. (All)	4.3.1 Improve systems and infrastructure standards to assist with mitigating climate change impacts.	4	5	20	Unacceptable	Climate Emergency Strategy, CHRMAP, Foreshore Management Plan, Local Planning Strategy, Asset Management plans, CARG, LED street lighting project, solar installation	2	5	10	Effective	Tree register? Proposed community battery (Grant). local planning scheme no 4.			
Sustainability			Non-viable waste management and inadequate energy conservation with increased impact cost and access. (Financial, Environmental, Compliance)	4.2. Enhance environmental values and sustainable natural resource use.	3	4	12	Urgent Attention	Strategic Waste Management Plan, Waste Management Contract, Internal Sustainability Officer and Programs (events & engagements), Waste to Energy contract, community education. Long term financial plan. Waterwise plan.	2	4	8	Effective				
Security & Confidentiality			Loss of access and materials following cyber attack and unrestricted use and application of AI (Compliance, Service interruption, Reputational, Financial)	5.1.1 Strengthen governance, risk management and compliance. 5.3.2 Improve organisational systems with a focus on innovation.	3	4	12	Urgent Attention	Cyber training (3 monthly), locked down systems through a managed service, ICT Security, quarterly vulnerability testing, suite of IT Policies and Procedures, Code of Conduct, ICT Disaster Recovery Plan. LGIS	2	4	8	Adequate	Penetration Testing, development of Policies and Procedures			



Town of East Fremantle

Work Health & Safety Action Plan

Presented April 2024

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Work Health and Safety Action Plan

Purpose

This Work Health and Safety (WHS) Action Plan has been developed in response to WorkSafe Plan assessment that was undertaken in February 2024 and outlines actions to be taken by the Town of East Fremantle to address areas for improvement. This WHS Action Plan should be read in conjunction with the Verification Report.

Responsibility

The Town of East Fremantle Senior Management should determine a Responsible Party to take carriage of allocating, implementing and monitoring accepted recommendations.

Review

This WHS Action Plan should be reviewed at the Senior Management Group meetings to ensure actions are closed out.

Limitations

The WHS Action Plan was developed at the request of the Town of East Fremantle. It should not be relied upon for any assurance of legislative compliance. This assessment does not protect against enforcement action against the Town of East Fremantle by any regulatory authority including WorkSafe. Reliance on this WHS Action Plan should not be used to determine whether the Town of East Fremantle meets WorkSafe's legislative requirements.

Disclaimer

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

Scoring methodology

The following scoring methodology was used in the assessment

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

Section One – Management Commitment

Action Item	Element	Finding (Score)	Requirements (taken from criteria)	Action to be taken	Responsibility (determined by the Town of East Fremantle)	Due Date (determined by the Town of East Fremantle)
1	2.1.1	Ad hoc - (1)	<i>There is a documented health and safety policy that is reviewed on a regular basis, that includes a commitment to prevent ill health or injuries related to psychosocial risk, and promote wellbeing at work</i>	<ul style="list-style-type: none"> • Clearly identify the WHS Policy review period in accordance with assessment criteria. • Review in consultation with workers a WHS Policy to demonstrate the ToEF's position against current WHS Legislation and inclusion of reference to psychosocial risks in the workplace. 		
2	2.1.2	Insufficient - (2)	<i>The health and safety policy is available to workers, suppliers, contractors, customers and visitors to the workplace</i>	<ul style="list-style-type: none"> • Document consultation with workers and or their representatives on any WHS Policy change. • Document the communication of the WHS Policy on a regular basis through multiple medium's including physical representation in the workplace and able to be located electronically, including to external parties. • Update the WHS induction materials to make reference to the ToEF's current WHS Policy. 		
3	2.1.3	Insufficient - (2)	<i>The organisation identifies and monitors health and safety legislation, psychological standards, codes of practice, guidance notes, agreements and guidelines relevant to its operations</i>	<ul style="list-style-type: none"> • Incorporate reference to current legislation, standards and codes of practice within all operational documentation. • Further provision and communicate access to standards. • Schedule the consistent presentation, and review of information on notice boards. 		
4	2.1.4	Ad hoc - (1)	<i>There is a process that makes all parties aware of and accountable for identifying, monitoring and managing their health, safety and psychological risks and responsibilities</i>	<ul style="list-style-type: none"> • Review position descriptions and the WHS performance appraisal section in the annual review to facilitate the monitoring of WHS Accountabilities and reference WHS legislation. • Develop a report and regularly report on WHS risks and statistics to senior management to ensure their ability to exercise their due diligence through the monitoring and management of identified workplace risks. 		

Action Item	Element	Finding (Score)	Requirements (taken from criteria)	Action to be taken	Responsibility (determined by the Town of East Fremantle)	Due Date (determined by the Town of East Fremantle)
				<ul style="list-style-type: none"> Revise WHS inductions and provide a refresher on a reoccurring basis to include the current WHS Policy and clarify roles and responsibilities. Document the review and provision of the Employee Workplace Health and Safety Induction Handbook. 		
5	2.1.5	Unsatisfactory - (0)	<i>The organisation coordinates safety management activities</i>	<ul style="list-style-type: none"> Review the personnel resource allocation associated with WHS requirements and applying effective risk management processes. This may include a comparison and investment of an FTE ratio to similar sized Local Governments. Document the re-occurring development, regular review and periodic adoption of the Safety Management Plan by senior management. 		
6	2.1.6	Ad hoc - (1)	<i>Financial and physical resources are provided for all aspects of health, safety and psychosocial risk management</i>	<ul style="list-style-type: none"> Document the WHS budget review incorporating alignment to WHS KPI's at executive level with influence by the responsible party for the resource, risk or budget utilisation. Document the review of the WHS Plan and required budget allocations to health, safety and psychosocial risk management activities / resourcing adopted. 		
7	2.1.8	Ad hoc - (1)	<i>Recommendations to improve health, safety and psychological risk management are acted upon</i>	<ul style="list-style-type: none"> Develop and implement a pre-purchase risk assessment process to capture feedback prior and post selection. Review previous assessments, reports and action plans when developing new WHS Management Plans to capture areas for continual WHS improvements. Review hazard and incident reporting procedure, and OSH Tracker, to include identification and action against any psychosocial risks. 		

Section Two – Planning

Action Item	Element	Finding (Score)	Requirements (taken from criteria)	Action to be taken	Responsibility (determined by the Town of East Fremantle)	Due Date (determined by the Town of East Fremantle)
8	2.2.1	Ad hoc - (1)	<i>The organisations approach to health and safety management is planned and reviewed in consultation with senior management at least annually</i>	<ul style="list-style-type: none"> Develop a WHS Management Plan and document consultation and endorsement by senior management, which includes the ToEF's WHS objectives and broad strategies to be applied. Include who is responsible, resources required and timeframes to be achieved. Psychosocial objectives should be included within this plan. Review the WHS Management Plan to include reference to a risk management framework with risk treatment timeframes and acceptance levels to be achieved. Outline monitoring and evaluation processes with timeframes within the risk management framework, apply this to any developed Management or WHS Action Plans regular reviews. 		
9	2.2.2	Unsatisfactory - (0)	<i>Specific health, safety and psychosocial objectives and measurable targets have been established for relevant functions and levels within the organisation</i>	<ul style="list-style-type: none"> Develop WHS objectives and targets for the ToEF and its relevant business units, so that health and safety performance can be effectively managed. Targets and objectives should link into Element 2.2.1. Develop a process for WHS objectives and targets to be reviewed annually, taking into account the ToEF's needs and strategic direction. 		
10	2.2.3	Ad hoc - (1)	<i>Arrangements are in place for people with special needs</i>	<ul style="list-style-type: none"> Develop a procedure to ensure work tasks are assessed to inform pre-employment and health monitoring requirements including application of reasonable adjustments to be made. Develop job dictionaries and training in risk management processes to prevent exacerbating any underlying fitness for work issues. Develop Emergency Plans as per WHS R.43 for each workplace 		

Action Item	Element	Finding (Score)	Requirements (taken from criteria)	Action to be taken	Responsibility (determined by the Town of East Fremantle)	Due Date (determined by the Town of East Fremantle)
11	2.2.4	Insufficient - (2)	<i>Arrangements for visitors to the workplace are in place</i>	<ul style="list-style-type: none"> Develop a system to ensure a consistent approach to visitor and worker inductions with reference to and presentation of the WHS Policy, site rules, and site access requirements prior to site engagement. Develop a process to capture contact details of any individual who may access site for offsite communication in an emergency. Implement a process to review the provision of site-specific hazard and access information on a regular basis. 		
12	2.2.5	Unsatisfactory - (0)	<i>Policies and procedures for engaging and managing contractors are in place</i>	<ul style="list-style-type: none"> Develop a Contractor WHS Management Procedure and supporting processes or forms to document the effective engagement and management of contractors. Consult and communicate with workers on the development and application of any processes not limited to kick off meetings, assessment of preferred party, onsite monitoring, inspections, or records of performance management. Develop a records management system to ensure contractor WHS management processes are appropriately maintained and evidence of processes applied retained. 		
13	2.2.6	Ad hoc - (1)	<i>Potential emergency situations have been identified and relevant emergency procedures are in place</i>	<ul style="list-style-type: none"> Document a risk assessment of likely emergency situations for each workplace and ensure documented testing of procedures include an annual theory and practical scenario. Review the placement and testing of emergency equipment is maintained in accordance with AS1851. 		
14	2.2.7	Ad hoc - (1)	<i>The organisation's procedures, work instructions and work practices reflect current health and safety legislation, psychological standards, standards, codes of practice, guidance materials, agreements and guidelines</i>	<ul style="list-style-type: none"> Review the suite of WHS documentation to ensure all applicable legislation, codes of practice, psychological standards and guidelines have been identified for work task, adequately referenced and workers trained in the supporting material. 		

Action Item	Element	Finding (Score)	Requirements (taken from criteria)	Action to be taken	Responsibility (determined by the Town of East Fremantle)	Due Date (determined by the Town of East Fremantle)
				<ul style="list-style-type: none"> Documentation developed should guide external communication and agreements to support site work practices, including when involving high-risk construction work. 		
15	2.2.8	Ad hoc - (1)	<i>All workers have access to current legislation, standards, codes of practice, guidance notes, agreements and guidelines that impact upon their activities</i>	<ul style="list-style-type: none"> Develop a process for providing access to up-to-date information to all parties (internally and externally) on a regular basis and used for updating documentation for work activities. Involve workers in the regular review of documentation that contains reference to standards and legislative requirements. Implement and maintain SDS registers at storage locations with corresponding risk assessments to be completed by the worker. Implement a register to monitor procedures and processes. Detailing review dates and how they have been communicated to relevant workers. 		
16	2.2.9	Insufficient - (2)	<i>The organisation and individuals satisfy legal requirements to undertake specific activities, perform work or operate equipment</i>	<ul style="list-style-type: none"> Review processes for inclusion of legal requirements including for undertaking specific high-risk activities. Develop a process to add and review Standard Operating Procedures and SWMS on a regular basis, in line with legislative requirements, and in consultation with the workers performing the work. Develop and implement a holistic training register inclusive of verification on competency processes to assist managers and supervisors in monitoring legal requirements to perform work and safely operate plant and equipment. 		

Section Three – Consultation & Reporting

Action Item	Element	Finding (Score)	Requirements (taken from criteria)	Action to be taken	Responsibility (determined by the Town of East Fremantle)	Due Date (determined by the Town of East Fremantle)
17	2.3.1	Insufficient - (2)	<i>There are agreed procedures for involvement and consultation with workers on health and safety issues, including both physical and psychological risks</i>	<ul style="list-style-type: none"> Review the Employee Workplace Health and Safety Induction Handbook inclusive of 6.5 Safety Consultation and Communication to incorporate the WHS Issue Resolution Process. Seek documented endorsement by the WHS Committee on the Terms of Reference following a review of the function and voting rights. Document the regular review, communication and consultation processes to ensure their maintenance, and awareness for application by the workforce. 		
18	2.3.2	Insufficient - (2)	<i>Consultative arrangements are communicated to workers and are well understood</i>	<ul style="list-style-type: none"> Document the regular review of the Employee Workplace Health and Safety Induction Handbook inclusive of 6.5 Safety Consultation and Communication and the WHS Issue Resolution Process. Document the regular review, communication and consultation processes to ensure their maintenance, and awareness for application by the workforce 		
19	2.3.3	Ad hoc - (1)	<i>Workers or their representatives are involved in planning processes for the management of health, safety and psychosocial risk at the workplace</i>	<ul style="list-style-type: none"> Review 6.3 Hazard Identification, Risk Assessment and Control Process in the Employee Health and Safety Induction Handbook to make reference to psychosocial risks. Further workers and supervisors who develop and implement day-to-day operational processes would benefit from understanding how to apply legislative requirements in managing WHS risks. Document workers or their representative's involvement in the development of new or changes to WHS management activities. 		

20	2.3.4	Insufficient - (2)	<i>Workers or their representatives are consulted regarding proposed changes to the work environment, processes or procedures and purchasing decisions that could affect their physical and psychological health and safety</i>	<ul style="list-style-type: none"> Review consultation processes to include proposed changes to the workplace. Documented processes such as a pre-purchase risk assessment referring to consultation, forums and workplace committees should be reviewed and communicated on a regular basis e.g. Employee Health and Safety Induction Handbook 		
21	2.3.5	Ad hoc - (1)	<i>Workers or their representatives are consulted regarding management of physical and psychosocial hazards in the workplace</i>	<ul style="list-style-type: none"> Document how hazards reported and controls implemented are monitored to ensure their effectiveness and any consultation records. Develop a process for workers to be provided feedback on proposed controls for hazards raised, and to demonstrate that control measures implemented are effective. 		
22	2.3.6	Ad hoc - (1)	<i>There are arrangements in place for the acquisition, provision and exchange of health, safety and psychosocial information with external parties, including customers, suppliers, contractors and relevant public authorities</i>	<ul style="list-style-type: none"> Provide avenues for external parties to access and be provided WHS information e.g. the WHS Policy on the website, request and assessment of WHS information by contractors, provide volunteers a WHS handbook. Develop and implement, including through consultation and communication, a Contractor WHS Management Toolkit as available through LGIS. This process and requirements placed on contractors should be well communicated to prospective suppliers, expanding on the drafted OSH Contractor Management Policy. 		
23	2.3.7	Unsatisfactory - (0)	<i>Consultative and reporting arrangements are regularly evaluated and modified where required</i>	<ul style="list-style-type: none"> Develop a process for the regular evaluation of the consultative and reporting arrangements to ensure that they are effective, and any modifications occur in a timely manner. Document the review of the consultative and reporting process occurring at least annually or more frequently where required, including by the WHS Committee, and supported by Executive Management. 		

Section Four – Hazard Management

Action Item	Element	Finding (Score)	Requirements (taken from criteria)	Action to be taken	Responsibility (determined by the Town of East Fremantle)	Due Date (determined by the Town of East Fremantle)
24	2.4.1	Insufficient - (2)	<i>Requirements for reducing risks are understood by management and workers</i>	<ul style="list-style-type: none"> Review the Employee Health and Safety Induction Handbook and online induction to detail WHS legislated role and responsibilities for communication at periodic intervals. Train and educate workers and management on the requirements to reduce risk and the available means through supporting document development and reviews. Document workers review of any developed SWMS on a regular basis to assist management in holding them accountable to enacting risk mitigation activities. 		
25	2.4.2	Insufficient - (2)	<i>Work environments are regularly inspected and physical and psychosocial hazards are identified</i>	<ul style="list-style-type: none"> Document actions taken where a hazard is known or identified within an inspection, including within a reasonable timeframe to ensure the provision and maintenance of a safe and healthy workplace. Develop and communicate who is responsible for facilitating workplace inspections and training them in how physical and psychosocial hazards are identified. 		
26	2.4.3	Ad hoc - (1)	<i>Work activities are analysed and physical and psychosocial hazards identified</i>	<ul style="list-style-type: none"> Identify core work activities and document the analysis of any physical and psychosocial hazards. Review work activities with documented processes on a reoccurring basis inclusive of legislative requirements for consultation and communication with the relevant workgroup and or worker representatives. Review reporting processes to ensure where workers and management are aware of physical and or psychosocial hazards, these are reported for analysis. Train workers and managers in identifying and analysing work activities for hazards. 		

Action Item	Element	Finding (Score)	Requirements (taken from criteria)	Action to be taken	Responsibility (determined by the Town of East Fremantle)	Due Date (determined by the Town of East Fremantle)
27	2.4.4	Insufficient - (2)	<i>Risk assessments are undertaken on identified physical and psychosocial hazards</i>	<ul style="list-style-type: none"> Provide training to the workforce in how to identify hazards and following conduct a risk assessment. Review all risk management processes to ensure that they are fit for purpose for worker application and the activities that they perform. Train workers in completing a risk assessment and provided means to do so. Document managers, supervisors in collaboration with executive performing checks to ensure that processes are being followed and are understood by workers. 		
28	2.4.5	Insufficient - (2)	<i>Hazards are prioritised and controlled using the Hierarchy of Controls and having regard to the identified level of risk</i>	<ul style="list-style-type: none"> Review how identified hazards shall be recorded inclusive of any prioritisation and selection of control measures within hazard identification and assessment processes. Document treatment prioritisation and timeframes for identified control measures based on the level of risk. Provide workers and managers risk management training in applying the Hierarchy of Controls with regard to identified levels of risk. 		
29	2.4.6	Ad hoc - (1)	<i>The effectiveness of the physical and psychosocial hazard identification, risk assessment and risk control process is periodically reviewed and documented</i>	<ul style="list-style-type: none"> Review risk management practices inclusive of identification, analysis, assessment, control and evaluation processes. Document executives and senior management involvement in risk management reviews to inform on the effectiveness of controls as per legislated due diligence responsibilities. Document the evaluation of control effectiveness within the WHS Committee's activities, following a review and adoption of the WHS Committee Terms of Reference, provided workers who report hazards are consulted on hazard control outcomes and changes. 		

Action Item	Element	Finding (Score)	Requirements (taken from criteria)	Action to be taken	Responsibility (determined by the Town of East Fremantle)	Due Date (determined by the Town of East Fremantle)
30	2.4.7	Insufficient - (2)	<i>Physical and psychosocial incidents, injuries and diseases are reported and investigated</i>	<ul style="list-style-type: none"> • Review investigation processes against current WHS legislation and WorkSafe reporting requirements. • Provide workers and management training on their WHS Roles and Responsibilities, including, but not limited to reporting and investigating physical and psychosocial injuries and diseases. • Document managers and executives' involvement, notification, and investigation and communication on findings including for serious workplace incidents. Including where WorkSafe may be required to be notified and records retained. 		
31	2.4.8	Ad hoc - (1)	<i>Is there a process in place for identifying and measuring worker fitness for work that includes both physical and psychosocial capacities</i>	<ul style="list-style-type: none"> • Develop and implement a fitness for work process that outlines how to identify and measure worker fitness for work inclusive of physical and psychosocial capacities prior to employment, periodic monitoring requirements, and at completion of employment as required. • Review report forms to support the identification and investigation of physical and psychosocial fitness for work concerns, whilst internal verification of internal concerns should be provisioned within any process of identification. • Where interventions are implemented (e.g. hearing testing, quit smoking assistance) the ToEF should clarify the requirements for the intervention prior (e.g. prescribed workplace, restrictions), and how worker fitness for work is being ensured (e.g. noise testing, information on health benefits and impacts). 		

Section Five – Training & Supervision

Action Item	Element	Finding (Score)	Requirements (taken from criteria)	Action to be taken	Responsibility (determined by the Town of East Fremantle)	Due Date (determined by the Town of East Fremantle)
32	2.5.1	Ad hoc - (1)	<i>An induction program is in place for all workers and contractors, providing relevant health and safety information and instruction</i>	<ul style="list-style-type: none"> Review the Employee Workplace Health and Safety Induction Handbook on a reoccurring basis inclusive of the WHS Policy or exert. Document providing workers and contractors a site specific WHS induction prior to commencement that references current processes e.g. WHS Policy. Make provisions available for workers and contractors to have ready access to WHS information referenced in inductions and on boarding processes. 		
33	2.5.2	Insufficient - (2)	<i>All management and supervisory personnel have received training in health, safety and psychosocial management principles and practices appropriate to their roles and responsibilities</i>	<ul style="list-style-type: none"> Develop a communication plan for inclusion of WHS topics at staff meetings and other forums. Review WHS roles and responsibilities training that aligns with supervisory position requirements and ToEF practices they will be required to be applied. Provide managers and those engaging contractors training in how to manage contractor WHS requirements, and application of internal processes including, but not limited to, incident investigations and workplace inspections. Review the training requirements and performance review criteria for managers and supervisors to ensure it includes health and safety objectives and targets including for psychosocial hazard management 		
34	2.5.3	Insufficient - (2)	<i>The organisation has identified the training needs of all workers</i>	<ul style="list-style-type: none"> Implement an organisational training matrix to undertake a training needs analysis on a regular basis and be utilised in the annual performance review process to guide training requests. Following any development of SWMS, review the included reference to training requirements to undertake the high-risk activity. 		

Action Item	Element	Finding (Score)	Requirements (taken from criteria)	Action to be taken	Responsibility (determined by the Town of East Fremantle)	Due Date (determined by the Town of East Fremantle)
				<ul style="list-style-type: none"> Review all Position Descriptions following a change or position opening to include amended reference to WHS. 		
35	2.5.4	Insufficient - (2)	<i>Tasks are allocated according to capability, level of training and supervision of workers</i>	<ul style="list-style-type: none"> Provide additional training to all personnel in a supervisory or management positions in relation to Town risk management, contractor WHS management and WHS roles and responsibilities would assist in mitigating physical and psychosocial hazards, concerns or issues. Implement a regular job task observations to support verification of competency and training requirements to assist supervisors undertaking future performance reviews. Review all Position Descriptions following a change or position opening to include amended reference to WHS legislation. 		
36	2.5.5	Ad hoc - (1)	<i>Training is delivered by people with appropriate knowledge skills and experience</i>	<ul style="list-style-type: none"> Develop, implement and document due diligence of trainer and providers to ensure engagement of competent and qualified trainers/organisations, in addition to obtaining internal feedback from workers involved. Develop a process for job observations to ensure training information obtained has been transferred into the workplace. 		
37	2.5.6	Insufficient - (2)	<i>The training program is evaluated and reviewed</i>	<ul style="list-style-type: none"> Develop a training program that aligns with the organisational needs, incident and injury statistics, and budget considerations. Facilitate training evaluations by participants to enable an effective review by senior management for future planning considerations. 		
38	2.5.7	Insufficient - (2)	<i>Supervision is undertaken by people with appropriate health, safety and psychosocial knowledge, skills and experience</i>	<ul style="list-style-type: none"> Implement WHS performance criteria for management and supervisory personnel that is reflective of their roles and responsibilities and any organisational WHS objectives and targets. 		

Action Item	Element	Finding (Score)	Requirements (taken from criteria)	Action to be taken	Responsibility (determined by the Town of East Fremantle)	Due Date (determined by the Town of East Fremantle)
				<ul style="list-style-type: none">Revise the available WHS training to ensure it details internal WHS processes		

Section Six – Volunteer Management

Action Item	Element	Finding (Score)	Requirements (taken from criteria)	Action to be taken	Responsibility (determined by the Town of East Fremantle)	Due Date (determined by the Town of East Fremantle)
39	2.6.1	Ad hoc - (1)	<i>There are policies and procedures in place for managing volunteers</i>	<ul style="list-style-type: none"> Develop and implement policies and procedures for managing volunteers. 		
40	2.6.2	Ad hoc - (1)	<i>Records of volunteer management are retained</i>	<ul style="list-style-type: none"> Develop a process for records relating to the management of volunteers including consultation, inspections and reviews being maintained. 		
41	2.6.3	Insufficient - (2)	<i>Volunteers are provided work instructions that reflect current legislation, standards and codes of practice</i>	<ul style="list-style-type: none"> Develop a process for recording providing volunteers work instructions. 		
42	2.6.4	Ad hoc - (1)	<i>Where required volunteers meet legislative requirements for the tasks, they are undertaking</i>	<ul style="list-style-type: none"> Develop a process for the effective collection and recording of all volunteer licenses and training requirements before the volunteer is engaged to ensure they meet legislative requirements. Develop a documented spot check process to verify licenses are valid and in date. 		
43	2.6.5	Unsatisfactory - (0)	<i>The organisation conducts ongoing training and verification of competency for volunteers</i>	<ul style="list-style-type: none"> Develop a process where volunteers are completing required training and are assessed against a verification of competency to ensure knowledge has been effectively transferred for the tasks they perform. 		
44	2.6.6	Insufficient - (2)	<i>Equipment (including PPE) suitable for the work being conducted is provided to volunteers and volunteers are trained in its use</i>	<ul style="list-style-type: none"> Document the review and risk assessment on the type of PPE required by volunteers to perform their duties safely, that it is fit for purpose and records are maintained. Ensure volunteers are trained in the correct use, fitting and maintenance of provided PPE. 		
45	2.6.7	Ad hoc - (1)	<i>There are arrangements in place for consultation and communication with volunteers</i>	<ul style="list-style-type: none"> Develop a documented process regarding consultation and communication methods where volunteers are informed of expectations on engagement and participation. 		

Action Item	Element	Finding (Score)	Requirements (taken from criteria)	Action to be taken	Responsibility (determined by the Town of East Fremantle)	Due Date (determined by the Town of East Fremantle)
				<ul style="list-style-type: none"> Develop a process for consultation and communication records to be adequately maintained, e.g. volunteer group meeting minutes, information on noticeboards and a schedule of activities in event plans 		
46	2.6.8	Unsatisfactory - (0)	<i>Where appropriate volunteers are involved in the planning and risk assessment of tasks, they are involved in</i>	<ul style="list-style-type: none"> Develop a process for volunteers to be included within the planning, risk assessment and likely controls of the tasks they are involved in 		
47	2.6.9	Insufficient - (2)	<i>There is a process in place for identifying and managing fatigue in volunteers</i>	<ul style="list-style-type: none"> Develop and maintain a fatigue management plan and other supporting materials to demonstrate that fatigue management has been considered and effectively controlled regarding the tasks they are performing, including after hours or in event clean-up. 		



PROPRIETARY NATURE OF WHS ACTION PLAN

This WHS Action Plan is prepared for the sole and exclusive use of the part or organisation to which it is addressed. Therefore, this document is considered proprietary to Marsh and may not be made available to anyone other than the addressee or person (s) within the addressee's organisation who are designated to evaluate or implement the WHS Action Plan. Marsh WHS Action Plan may be made available to other persons or organisations only with written permission of Marsh.

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10.5 2408 OFFICE OF THE AUDITOR GENERAL - AUDIT REPORTS TO PARLIAMENT

Report Reference Number	ACR-613
Prepared by	Peter Kocian, Executive Manager Corporate Services
Supervised by	Jonathan Throssell, Chief Executive Officer
Meeting date	Wednesday, 28 August 2024
Voting requirements	Nil
Documents tabled	<ol style="list-style-type: none">1. Information Systems Audit Results 2022-232. Financial Audit Results 2022-23

Attachments

1. [Capability Maturity Assessment - Confidential](#)

PURPOSE

The Audit Committee is requested to receive the Office of the Auditor General's audit reports for local government audit in 2022/23. These reports are presented as tabled documents.

EXECUTIVE SUMMARY

The Office of the Auditor General is required to submit reports to Parliament on the findings from the audits of local government entities. The Town's audit performance can be assessed in the context of sector-wide findings.

BACKGROUND

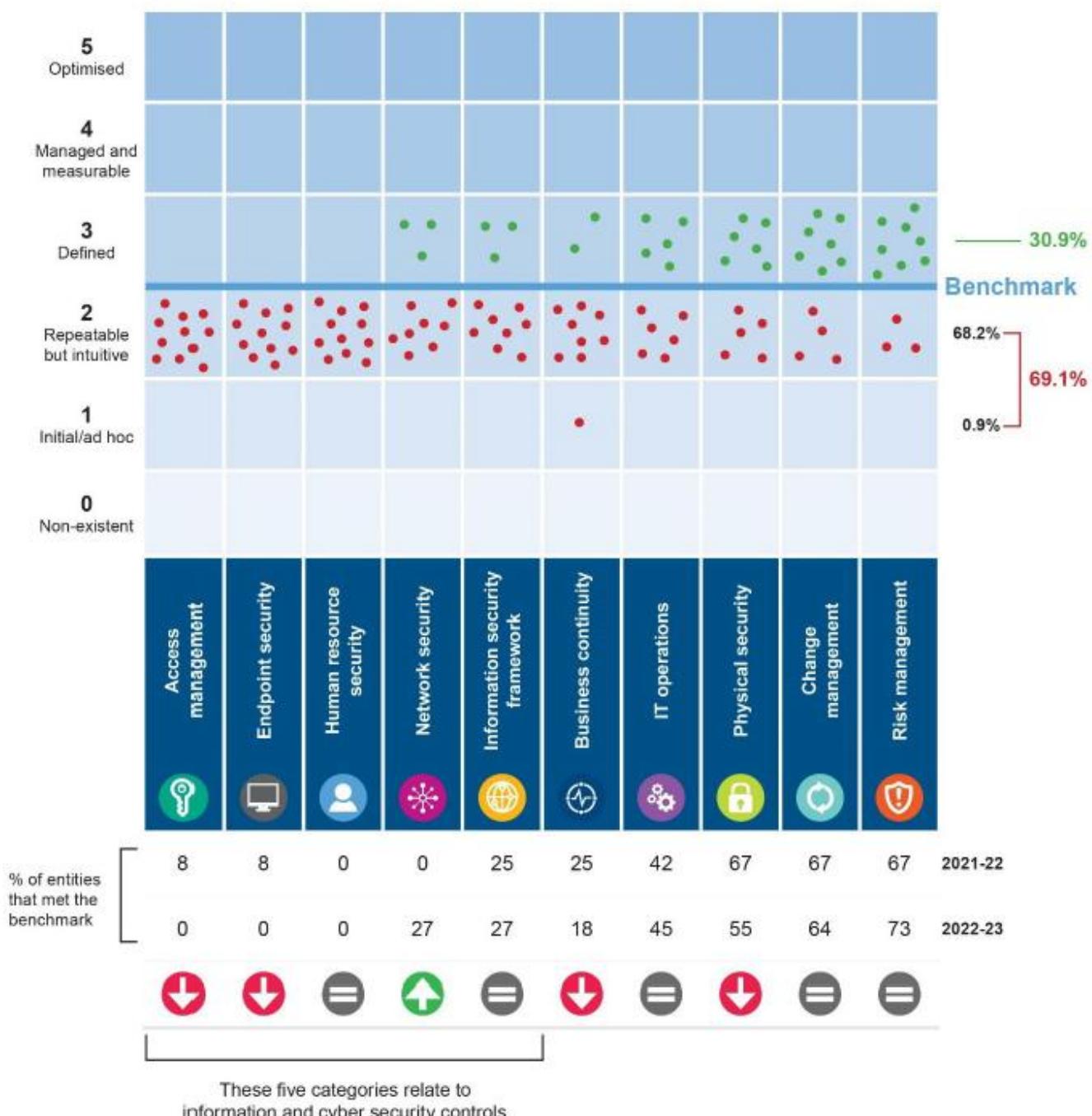
Council members were sent the attached reports via email on the 27th May and 7th June 2024. The reports summarise the results of the 2022/23 cycle of local government audits.

The Town of East Fremantle was one of eleven local governments that was subject to a capability maturity assessment in 2022/23 as part of the Information Systems Audit. To meet the benchmark, entities need to achieve a level 3 (defined) rating or better:



The figure below has been extracted from the report which shows the results of all eleven entities. The Towns results are attached – we achieved a level of '3' against five categories and a level of '2' against five categories. Relative to the other local governments, the Town's level of maturity compares favourably, and has improved year on year.

Figure 4 shows the results of our capability maturity assessments.



STATUTORY ENVIRONMENT

Auditor General Act 2006

POLICY IMPLICATIONS

There are no Council Policies relating to this item.

FINANCIAL IMPLICATIONS

There are no financial implications associated with this item.

STRATEGIC IMPLICATIONS

Strategic Priority 5 – Leadership and Governance

5.1 Strengthen organisational accountability and transparency

5.3 Strive for excellence in leadership and governance

RISK IMPLICATIONS
RISKS

Risk	Risk Likelihood (based on history & with existing controls)	Risk Impact / Consequence	Risk Rating (Prior to Treatment or Control)	Principal Risk Theme	Risk Action Plan (Controls or Treatment proposed)
Inadequate oversight of the Town's external audit framework	Unlikely (2)	Moderate (3)	Moderate (5-9)	COMPLIANCE Some temporary non-compliance	Accept Officer Recommendation

RISK MATRIX

Consequence		Insignificant	Minor	Moderate	Major	Extreme
		1	2	3	4	5
Likelihood	5	Moderate (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
	4	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)
3	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)	
2	Low (2)	Low (4)	Moderate (6)	Moderate (8)	High (10)	
1	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)	

A risk is often specified in terms of an event or circumstance and the consequences that may flow from it. An effect may be positive, negative or a deviation from the expected and may be related to the following objectives: occupational health and safety, financial, service interruption, compliance, reputation and environment. A risk matrix has been prepared and a risk rating is provided below. Any items with a risk rating over 16 will be added to the Risk Register, and any item with a risk rating over 16 will require a specific risk treatment plan to be developed.

RISK RATING

Risk Rating	6
Does this item need to be added to the Town's Risk Register	No
Is a Risk Treatment Plan Required	No

SITE INSPECTION

Not applicable.

COMMENT

There are various recommendations included in the report on Financial Audit to improve financial reporting timelines and to reduce costs for local governments:

Recommendations

To further improve financial reporting timeliness and reduce costs:

1. Entities should:
 - a. submit good quality, reviewed and CEO-signed financial reports for audit no later than 30 September. Supporting work papers and reconciliations should also be available by this date
 - b. communicate delays to financial report submission early to minimise disruptions and facilitate resource allocation. Flexibility may be required from entities when rescheduling their audit
 - c. engage early with valuers to develop a scope and plan for valuation. This is essential to ensure timely, compliant and sensible valuations. Entity information provided to valuers should be complete and accurate
 - d. alert OAG audit engagement leaders to new processes or systems, any issues encountered during the year, or any area of concern or technical accounting determinations
 - e. evaluate the significance of errors and decide if they need to be adjusted. Analyse the root cause for the errors.
2. DLGSC should:
 - a. provide entities with guidance on valuations. We understand DLGSC plan to have this available before 30 June 2024
 - b. help entities resolve the issues preventing them from submitting their financial report to audit by 30 September. It is critical that support is provided early before issues escalate
 - c. consider further opportunities to reduce financial report disclosure requirements, to provide further relief to entities, without compromising the needs of users of the financial report
 - d. provide guidance to entities on how to account for crossovers, turf, garden/trees and rehabilitation provisions. This will ensure a consistent approach.

In line with the above, the Town has followed better practice guidance with the Annual Financial Statements and Management Position Papers to be submitted to the Audit Committee in September.

CONCLUSION

The attached reports provide valuable insights into the audit performance of local government entities. Committee members are encouraged to read the reports.

10.5 OFFICER RECOMMENDATION / COMMITTEE RESOLUTION

Committee Resolution 052808

OFFICER RECOMMENDATION

Moved Cr White, seconded Cr McPhail

That the Audit Committee receives the tabled reports prepared by the Office of the Auditor General on the findings from the audits of local government entities for the 2022/23 financial year.

(CARRIED UNANIMOUSLY 6:0)

For: Mayor O'Neill, Mr Chauvel, Crs Natale, McPhail, White & Wilson

Against: Nil

REPORT ATTACHMENTS

Attachments start on the next page

11 MATTERS BEHIND CLOSED DOORS

12 CLOSURE OF MEETING

There being no further business, the Presiding Member declared the meeting closed at 7.09pm.

*I hereby certify that the Minutes of the ordinary meeting of the **Audit Committee** of the Town of East Fremantle, held on **28 August 2024** Minute Book reference **1 to 12** were confirmed at the meeting of the Council on*

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Presiding Member