



NOTICE OF MEETING

Dear Elected Member

The next Audit Committee Meeting of the Shire of Perenjori will be held on Thursday 15th March 2018 in the Council Chambers, Fowler Street, Perenjori commencing at 11.30 am.

Ali Mills
Chief Executive Officer
9th March 2018

Shire of Perenjori Audit Committee Meeting 15th March 2018

Agenda

9th March 2018
Copies forward to:

All Councilors

Cr KJ Pohl
Cr LC Butler
Cr JM Hirsch
Cr LJ Smith

Shire of Perenjori

AGENDA

Audit Committee Meeting

Table of Contents

To be held in the Shire of Perenjori Council Chambers, Fowler Street, Perenjori on the 15th March 2018, to commence at 11.30 am.

18031	PRELIMINARIES.....	2
18031.1	RECORD OF ATTENDANCE AND APOLOGIES.....	2
18031.2	CONFIRMATION OF MINUTES	2
18032.2	RISK MANAGEMENT REVIEW	2
18032.3	FINANCIAL MANAGEMENT REVIEW	6
18033	OTHER BUSINESS.....	8
18033.1	DATE OF NEXT MEETING / MEETINGS	8
18033.2	CLOSURE	8

18031 PRELIMINARIES**18031.1 RECORD OF ATTENDANCE AND APOLOGIES****18031.2 CONFIRMATION OF MINUTES**

That the Minutes from the Audit Committee Meeting of the 21st December 2017 be confirmed as a true and correct record of that meeting.

Officer Recommendation – Item 18031.2

That Council accepts the Minutes from the Audit Committee Meeting of the 21st December 2017 as a true and correct record of that Meeting.

18032.2 RISK MANAGEMENT REVIEW

APPLICANT: SHIRE OF PERENJORI

FILE: ADM 0067

DISCLOSURE OF INTEREST: NIL

AUTHOR: CEO – ALI MILLS

RESPONSIBLE OFFICER: CEO – ALI MILLS

REPORT DATE: 15th MARCH 2018

ATTACHMENTS RISK REPORT

Executive Summary

The purpose of this report is to provide Council with an updated report reviewing risk management across the organisation.

Background

On 8 February 2013, the Department of Local Government and Communities (Department) advised all local governments via their Circular No 5 regarding the amendments made to the *Local Government (Audit) Regulations 1996*. The amendments to the *Local Government (Audit) Regulations 1996* extend the functions of local government Audit Committees to include reviewing the effectiveness of local government's systems with regard to risk management, internal control, and legislative compliance.

Specifically, the amendments require a local government's CEO to review, at least once every two years, the appropriateness and effectiveness of the local government's systems and procedures with regard to risk management, internal control and legislative compliance. A report must also be provided to the local government's Audit Committee of that review for their consideration. The Audit Committee is to review the CEO's report and submit the results to the Council with a copy of the CEO's report.

The Chief Executive Officer has conducted a first review of the Shire's existing systems and procedures and presented this to Council in March 2016. The findings of the recent review are presented to the Audit Committee in compliance with the requirements.

The review has noted improvements with the progress of:

- actions from the Financial Management Review,
- changes in IT,
- improvements in procedure documentation in all administration areas,
- improvements in safety across the organisation;
- reviews of policies and procedures and staff training across these.

Below is an extract from the Department's revised Operational Guidelines No 9 re Audit in Local Government (issued in December 2013) giving guidance as to what items to deal with in the three areas of risk management, internal control and legislative compliance:

"Issues that should be considered for inclusion in the CEO's Review of Risk Management, Internal Control and Legislative Compliance are:

Risk Management

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

- *Reviewing whether the local government has an effective risk management system and that material operating risks to the local government are appropriately considered.*
 - *Reviewing whether the local government has a current and effective business continuity plan (including disaster recovery) which is tested from time to time.*
 - *Assessing the internal processes for determining and managing material operating risks in accordance with the local government's identified tolerance for risk, particularly in the following areas:*
 - *potential non-compliance with legislation, regulations and standards and local government's policies*
 - *important accounting judgments or estimates that prove to be wrong*
 - *litigation and claims*
 - *misconduct, fraud and theft*
 - *significant business risks, recognizing responsibility for general or specific risk areas, for example, environmental risk, occupational health and safety, and how they are managed by the local government.*
 - *Obtaining regular risk reports, which identify key risks, the status and the effectiveness of the risk management systems, to ensure 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 government's internal control system with management and the internal and external auditors.*
 - *Assessing whether management has controls in place for unusual types of transactions and/or any potential transactions that might carry more than an acceptable degree of risk.*
 - *Assessing the local government's procurement framework with a focus on the probity and transparency of policies and procedures/processes and whether these are being applied.*
 - *Should the need arise, meeting periodically with key management, internal and external auditors, and compliance staff, to understand and discuss any changes in the local government's control environment.*

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

Internal Control

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

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

- *integrity and ethics.*
- *policies and delegated authority.*
- *levels of responsibilities and authorities.*
- *audit practices.*
- *information system access and security.*
- *management operating style.*
- *human resource management and practices.*

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

Aspects of an effective control framework will include:

- *delegation of authority.*
- *documented policies and procedures.*
- *trained and qualified employees.*
- *system controls.*
- *effective policy and process review.*
- *regular internal audits.*
- *documentation of risk identification and assessment.*
- *regular liaison with auditor and legal advisors.*

The following are examples of controls that are typically reviewed:

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

Legislative Compliance

The compliance programs of a local government are a strong indication of attitude

towards meeting legislative requirements. Audit committee practices in regard to monitoring compliance programs typically include:

Monitoring compliance with legislation and regulations.

- Reviewing the annual Compliance Audit Return and reporting to Council the results of that review.*
- Staying informed about how management is monitoring the effectiveness of its compliance and making recommendations for change as necessary.*
- 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 management's plans to deal with these.*
- Reviewing management disclosures in financial reports of the effect of significant compliance issues.*

Statutory Environment:

Regulation 16 (C) of the *Local Government (Audit) Regulations 1996* requires an audit committee to “review a report given to it by the CEO under Regulation 17(3) and is to (i) report to the Council the result of that review, and (ii) give a copy of that report to the Council.”

Regulation 17 (1) 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 —

(a) risk management; and

(b) internal control; and

(c) legislative compliance.”

Regulation 17(2) of the *Local Government (Audit) Regulations 1996* states “the review may relate to any or all of the matters referred to in sub-regulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review at least once every two calendar years.”

Regulation 17(3) requires “the CEO is to report to the audit committee the results of that review.”

The CEO has reviewed the Shires practices and policies relating to risk management, internal control, and legislative compliance. The results of the findings are that the Shire has sufficient systems and procedures in place to deal with all requirements in the Operational Guideline No 9, and that they are regularly reviewed for continuous improvement.

There is one area of noted concern relating to the Caron Dam, and the need to address safety and asset management concerns with this infrastructure.

Policy Implications

No policy relates to this requirement.

Financial Implications

There are no financial implications for this process.

Strategic Implications

Area 5: Investing in Councils Capacity – Our Leadership

Goal: Strengthen the Shire’s position as an innovative, independent local Government providing excellence in all areas of governance, management and leadership.

AGENDA**15th March 2018****Risk Management**

Risk Statement	Level of Risk	Risk Mitigation Strategy
Risk of non-compliance with legislation.	A moderate consequence which is possible resulting in medium level of risk.	Ongoing development of officers knowledge of legislative requirements and ongoing updating of the Audit committee awareness of its responsibilities mitigates the potential for a non-compliant event occurring.

Consultation

Senior Staff

Comment

Nil

Voting Requirements – Simple Majority**Officer Recommendation – Item 18032.2****That the Audit Committee:****1. Receives the Chief Executive Officer's Report, CEO Biennial Review Report as presented in attachment 1.****18032.3 FINANCIAL MANAGEMENT REVIEW****APPLICANT: SHIRE OF PERENJORI****FILE: ADM 0087****DISCLOSURE OF INTEREST: NIL****AUTHOR: ALI MILLS - CEO****RESPONSIBLE OFFICER: ALI MILLS - CEO****REPORT DATE: 15th MARCH 2018****ATTACHMENTS REPORT****Executive Summary**

This item requires Council to receive the progress report on the Financial Management Review actions as identified in March 2016.

Background

Chief Executive Officers (CEO's) are required by legislation to undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly, and not less than once in every four financial years, and to report the results of the review to Council.

The CEO contracted Megan Shirt, to conduct the review as an external consultant. The review was conducted at the Administration office on the 25th and 26th May 2016. The review identified

AGENDA**15th March 2018**

thirty two areas for improvement. The risk weighting for the improvements are summarized in the tables below from high to low. Many of the items related to the development of procedures which ensure work practices are sustained in a consistent way. Rather than re-inventing the wheel, these will be sourced from other Council's. Some items can be attended to with little effort required whilst some actions will take some time and resources.

Council's Finance team will ensure the actions are being addressed in order of priority, whilst the CEO will monitor progress on a fortnightly basis with the MCDS.

Shire of Perenjori		
REVIEW OF FINANCIAL SYSTEMS Financial Year March 2015 - March 2016		Priority
Local Government (Financial Management) Regulations 5(2)(c)		H M L
ACTION/COMMENT		
1	Current Financial System - Finalise Business Continuity Plan with LGIS	H
2	Current Financial System - Review Roman II position in conjunction with Asset Management Review	M
3	POLICIES AND PROCEDURES - Review and update Policy Manual - Review current policies to remove procedures, and include these in procedures manual	H
4	POLICIES AND PROCEDURES - Review Delegation Register and develop policies for those required.	H
5	POLICIES AND PROCEDURES - Develop Policies for required items	H
6	POLICIES AND PROCEDURES - Review DLD&C List and include policies as determined required	H
7	Disbursement of funds - Written procedures are often included in the Policy, but should form part of a procedures manual.	M
8	Disbursement of funds - Review and update Purchasing Policy (include WALGA equote) and recent tendering amendments	H
9	Disbursement of funds - Written procedures for BAS processing should form part of a procedures manual.	L
10	Assets/Liabilities - Develop written procedures for the recognition and capitalisation of the Shires Assets	M
11	Other accounting processes - Review current procedures for correctness	M
12	Other accounting processes - Accounting processes are evident but need to be documented	M
13	External audit and process reviews - Purchasing Procedures and processes require written documentation	M
14	External audit and process reviews - Written administrative procedures in relation to tendering are needed	M
15	Appropriateness of Systems - It is evident that Records management is sufficient but staff responsibilities and training in use of systems is required.	M
16	Procedures - Payments - Procedures are in place for these activities however they are not documented in many instances in a formal way. Staff are fully aware of their obligations and appropriate checks and counter checks are in place.	M
17	Procedures - Payments reporting - List of payments to Council to include sequence/reconciliation check	M
18	Procedures - Payments reporting - Missing payments reason to be identified	M
19	Monthly Financial reports - Monthly Financial Statements to be included in the minutes	H
20	Monthly Financial reports - Monthly Payments listing to be included in the minutes	H
21	Annual Financial reports - Ensure legislative requirements and timeframes are met when carrying out Statutory Reviews.	H
22	Annual Financial reports - Correspondence to the DLG to be recorded in Records Management system (including attachments)	H
23	Annual Financial reports - Correspondence to the DLG to be signed by CEO	H
24	Internal Controls - Overall Annual Leave and Long Service Leave liability is increasing and appropriate action is required to reduce it.	M
25	Appropriateness - Cash Receipting System - Internal Controls should be reviewed in relation to daily receipting & banking procedures, including Senior Officer review.	M
26	Appropriateness - Payroll System - Changes to payroll records should be signed off by a senior officer (consider audit trail)	M

Shire of Perenjori		
REVIEW OF FINANCIAL SYSTEMS Financial Year March 2015 - March 2016		Priority
Local Government (Financial Management) Regulations 5(2)(c)		H M L
ACTION/COMMENT continued		
27	Appropriateness - Asset Register - Revaluations impact on Depreciation rates, these require review annually	M
28	Appropriateness - Reserve Accounts - Review of Reserve balances, amount of, investment of, and purpose is recommended	L
29	Appropriateness - Management Financial Reporting - Monthly Reports could be improved by including a reconciliation check - to ensure accuracy.	L
30	Audit Committee - Review procedures between Committee and Council adoption- to ensure matters requiring Council adoption are prompt.	H
31	Audit Committee - Ensure Auditor sends a copy of Audit Reports to President in accordance with S.7.9	H

Statutory Environment

Regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996.

Policy Implications

Nil

Financial Implications

Nil

Strategic Implications

Area 5: Investing in Councils Capacity – Our Leadership

Goal: Strengthen the Shire's position as an innovative, independent local Government providing excellence in all areas of governance, management and leadership.

Risk Management

Risk Statement	Level of Risk	Risk Mitigation Strategy
Financial and compliance objectives may not be achieved if core financial systems are not regularly reviewed to ensure they remain relevant and effective.	A moderate consequence which is possible resulting in medium level of risk.	Appoint qualified professionals to critically evaluate the City's core financial systems once every four years.

Consultation

Nil

Comment

The report confirms that the Shire of Perenjori's financial systems are adequate but further refinements can be made by implementing the recommendations.

Voting Requirements – Simple Majority

Officer Recommendation – Item 18032.3
That the Audit Committee receives the progress report and acknowledges improvements as has been noted.

18033 OTHER BUSINESS

18033.1 DATE OF NEXT MEETING / MEETINGS

To be advised.

18033.2 CLOSURE



Attachments

*Audit Committee Meeting
15th March 2018*



Attachment 18032.2

Risk Management Review Report

*Audit Committee Meeting
15th March 2018*

Shire of Perenjori

Risk Dashboard Report

17 October 2016

Executive Summary

This is the second report presented after initially being adopted by Council in 2014. Good progress has been made with further ongoing improvements to be implemented over the next 12 months.

1. Risk Profiles for the 16 themes discussed.
2. Risk Management Policy amendments and Procedures.

Recommendations

Embedding

1. Arrange for the attached Policy amendments and Procedures to be endorsed and adopted.

Risk Profiles

1. Discuss and review the attached Risk Profiles Review and approve all Risk Profiles (from a Risk & Control perspective).
2. Confirm Current Issues / Actions / Treatments (Responsibility & Due Date)

Misconduct		Risk High	Control Adequate
Current Issues / Actions / Treatments	Due Date	Responsibility	
Address audit findings and issues raised	Mar-18	CEO	
Inductions to be completed on-line	Mar-18	Senior staff	
Annual training on Policies - Confidentiality and Conflict resolutions			

Business & community disruption		Risk High	Control Effective
Current Issues / Actions / Treatments	Due Date	Responsibility	
Business Continuity Plan for Admin Building Completed December 2016	Dec-16	CEO	

Inadequate environmental management		Risk High	Control Adequate
Current Issues / Actions / Treatments	Due Date	Responsibility	
Build Transfer Station	Jun-17	MIS	
minimal water in dam to enable assessment	Jun-18		

Errors, omissions & delays		Risk Moderate	Control Effective
Current Issues / Actions / Treatments	Due Date	Responsibility	
Continued checking and monitoring by Senior Staff	ongoing	CEO, MCDS, MIS	
Participate in Bi-annual WALGA remuneration survey	Bi-Annual	MCDS	
Procedures written up for all back end tasks	Mar-17	CEO, SFO, MCDS	

External theft & fraud (inc. Cyber Crime)		Risk Moderate	Control Adequate
Current Issues / Actions / Treatments	Due Date	Responsibility	

Ineffective management of facilities / venues / events		Risk High	Control Effective
Current Issues / Actions / Treatments	Due Date	Responsibility	
Implement a booking system including key	Monitor	MCDS	
Establish Bus booking and checking procedure	Dec-17	MCDS, Customer Service	
Implement the Event Guide	Ongoing	CDO	

Failure to fulfil statutory, regulatory or compliance requirements		Risk Low	Control Adequate
Current Issues / Actions / Treatments	Due Date	Responsibility	
Implement Induction process developed by LGIS	Ongoing	CEO, MCDS, MIS	
Provide compliance list to Councillors	ongoing	MCDS	
Ensure compliance requirements are met	Ongoing	MCDS, CEO	

Inadequate safety and security practices		Risk High	Control Effective
Current Issues / Actions / Treatments	Due Date	Responsibility	
Refer to OSH Tracker for regular updates	Quarterly	CEO	
Regular workplace inspections	Quarterly	CEO	
	as required	CEO, MCDS, MIS	

Providing inaccurate advice / information		Risk Moderate	Control Adequate
Current Issues / Actions / Treatments	Due Date	Responsibility	
Identify formal Customer Service training for all staff	Annual	MCDS	
Development and Implementation of Customer Service Charter	Inductions	MCDS	
Support and encourage inter-communications between all staff	Ongoing	Senior Staff	

Ineffective employment practices		Risk Moderate	Control Adequate
Current Issues / Actions / Treatments	Due Date	Responsibility	
Continue workforce development plan strategies	Ongoing	MCDS	
Create an organisational training register (amalgamate individual plans) based on gaps identified	Ongoing	Admin Officer	
Improve Performance review process - bi-annually	Bi-annual	All supervisors	

Inadequate document management processes		Risk Moderate	Control Effective
Current Issues / Actions / Treatments	Due Date	Responsibility	
Review Records Management Policy and associated procedures	Annually June 2018	CEO	
Ongoing Training for new staff	ongoing	CEO	
Monitoring of Outstanding Records	Monthly	CEO	

Inadequate project / change management		Risk Moderate	Control Effective
Current Issues / Actions / Treatments	Due Date	Responsibility	
Project management template and process to be developed and implemented across staff	Apr-18	CEO	

Inadequate engagement practices		Risk Moderate	Control Effective
Current Issues / Actions / Treatments	Due Date	Responsibility	
Review of Corporate Business Plan to involve community	Annual	CEO	
Regular newsletters	ongoing, monthly	CDO	
Communications and Engagement Strategy Developed	Jun-18	CDO and CEO	

Inadequate supplier / contract management		Risk Moderate	Control Adequate
Current Issues / Actions / Treatments	Due Date	Responsibility	
Training for all staff on purchasing and procurement	Annual check	CEO	
Develop monitoring process / feedback for provision of Medical services (in conjunction with Morawa)	Annual	CEO	
Budget to allow for use of WALGA to support tendering processes	ongoing	CEO	

Inadequate asset sustainability practices		Risk Moderate	Control Adequate
Current Issues / Actions / Treatments	Due Date	Responsibility	
Adoption of Asset management Policy	review annual	CEO	
Review of Asset management Plan	review annual	CEO	

Failure of IT &/or communication systems and infrastructure		Risk Moderate	Control Adequate
Current Issues / Actions / Treatments	Due Date	Responsibility	
Convert IT Framework to Databank (Geraldton) Stage 1 and 2 completed October 2017	Dec-16	CEO	
Establish IT Disaster Recovery Plan Stage 3 to be completed	Jul-18	CEO	

Business & community disruption

Jan-18

This Risk Theme is defined as:

Failure to adequately prepare and respond to events that cause disruption to the local community and / or normal Shire business activities. The event may result in damage to buildings, property, plant & equipment (all assets). This could be a natural disaster, weather event, or an act carried out by an external party (inc. vandalism). This includes;

- Lack of (or inadequate) emergency response / business continuity plans.
- Lack of training to specific individuals or availability of appropriate emergency response.
- Failure in command and control functions as a result of incorrect initial assessment or untimely awareness of incident.
- Inadequacies in environmental awareness and monitoring of fuel loads, curing rates etc

This does not include disruptions due to IT Systems or infrastructure related failures - refer "Failure of IT & communication systems and infrastructure".

Potential causes include:

- Cyclone, Storm Surges, Fire, Earthquake
- Terrorism / Sabotage / Criminal Behaviour
- Epidemic / Pandemic
- Extended power outage
- Economic Factors
- Loss of Key Staff

Key Controls	Type	Date	Shire Rating
<i>Business Continuity Framework</i>	<i>Preventative</i>	<i>Jan-18</i>	<i>Effective</i>
<i>Volunteer Management & Training</i>	<i>Preventative</i>	<i>Jan-18</i>	<i>Effective</i>
<i>LEM Exercises</i>	<i>Detective</i>	<i>Jan-18</i>	<i>Effective</i>
<i>Functional LEMC</i>	<i>Preventative</i>	<i>Jan-18</i>	<i>Effective</i>
<i>Current LEMA & Recovery Plans</i>	<i>Recovery</i>	<i>Jan-18</i>	<i>Effective</i>
<i>Current Bushfire Risk Management Plan</i>	<i>Preventative</i>	<i>Jan-18</i>	<i>Effective</i>

Overall Control Ratings:

Effective

Risk Ratings	Shire Rating
<i>Consequence:</i>	<i>Major</i>
<i>Likelihood:</i>	<i>Possible</i>

Overall Risk Ratings:

High

Key Indicators	Tolerance	Date	Overall Shire Result
<i>Limited or no Power</i>	<i>Red</i>	<i>Jan-18</i>	<i>adequate</i>
<i>Appropriate staff response to disruptions and well managed</i>	<i>Red</i>		<i>adequate</i>
<i>Limited ability for staff to function in their roles</i>	<i>Amber</i>		<i>adequate</i>
<i>Community feedback</i>	<i>Red</i>		<i>adequate</i>

Comments

BCP completed with Senior Staff

Current Issues / Actions / Treatments

Business Continuity Plan for Admin Building Completed December 2016

Due Date

Dec-16

Responsibility

CEO

Review BCP Biennially

Dec-18

Senior Staff

Emergency Management Plan developed

Dec-17

CEO

Local Emergency Management Arrangements

Mar-18

CEO

Failure of IT &/or communication systems and infrastructure

Feb-16

This Risk Theme is defined as:

Instability, degradation of performance, or other failure of IT Systems, Infrastructure, Communication or Utility causing the inability to continue business activities and provide services to the community. This may or may not result in IT Disaster Recovery Plans being invoked. Examples include failures or disruptions caused by:

- Hardware &/or Software
- IT Network
- Failures of IT Vendors

This also includes where poor governance results in the breakdown of IT maintenance such as;

- Configuration management
- Performance Monitoring
- IT Incident, Problem Management & Disaster Recovery Processes

This does not include new system implementations - refer "Inadequate Project / Change Management".

Potential causes include:

- Weather impacts
- Power outage at service provider
- Out dated / inefficient hardware
- Incompatibility between operating system and Microsoft
- Power failure
- Infrastructure breakdown such as landlines, radio communications.
- Lack of training
- Software vulnerability (e.g. MS Access)

Key Controls	Type	Date	Shire Rating
<i>Data Back up Systems</i>	<i>Recovery</i>	<i>Oct-16</i>	Effective
<i>Performance Monitoring</i>	<i>Detective</i>	<i>Oct-16</i>	Effective
<i>Generator</i>	<i>Preventative / Recovery</i>	<i>Oct-16</i>	Effective
<i>Disaster Recovery Plan</i>	<i>Detective</i>	<i>Oct-16</i>	Adequate
<i>IT Infrastructure Replacement / Refresh Program</i>	<i>Preventative</i>	<i>Oct-16</i>	Adequate

Overall Control Ratings:	Adequate
---------------------------------	-----------------

Risk Ratings	Shire Rating
Consequence:	<i>Moderate</i>
Likelihood:	<i>Possible</i>

Overall Risk Ratings:	Moderate
------------------------------	-----------------

Key Indicators	Tolerance	Date	Overall Shire Result
<i>Business continuity</i>	<i>Amber</i>	<i>Jan-18</i>	adequate
<i>Staff able to function with communications</i>	<i>Amber</i>		adequate
<i>Minimal time loss with power disruptions</i>	<i>Red</i>		adequate
<i>Recovery Plan implemented well</i>	<i>Red</i>		adequate
<i>Staff competent and take initiative</i>	<i>Amber</i>		adequate

Comments

As rated by Ali Mills (CEO) on the 17th October 2016.

It was noted that the Corporate Business Plan rated ICT system risk as medium " ICT systems can quickly reach their tipping point, and the functionality of new technology can greatly enhance workforce productivity".

Current Issues / Actions / Treatments	Due Date	Responsibility
<i>Convert IT Framework to Databank (Geraldton) Stage 1 and 2 completed October 2017</i>	<i>Dec-16</i>	CEO
<i>Establish IT Disaster Recovery Plan Stage 3 to be completed</i>	<i>Jul-18</i>	CEO

External theft & fraud (inc. Cyber Crime)

Jan-18

This Risk Theme is defined as:

Loss of funds, assets, data or unauthorised access, (whether attempts or successful) by external parties, through any means (including electronic), for the purposes of;

- Fraud – benefit or gain by deceit
- Malicious Damage – hacking, deleting, breaking or reducing the integrity or performance of systems
- Theft – stealing of data, assets or information (no deceit)

Examples include:

- Scam Invoices
- Cash or other valuables from 'Outstations'.

Potential causes include:

- Inadequate security of equipment / supplies / cash
- Robbery
- Scam Invoices
- Inadequate provision for patrons belongings
- Lack of Supervision

Key Controls	Type	Date	Shire Rating
<i>Physical Security (locks, gates, windows)</i>	<i>Preventative</i>	<i>Jan-18</i>	<i>Adequate</i>
<i>CCTV</i>	<i>Recovery</i>	<i>Jan-18</i>	<i>Adequate</i>
<i>Financial management Practices</i>	<i>Preventative</i>	<i>Jan-18</i>	<i>Adequate</i>

Overall Control Ratings: *Adequate*

Risk Ratings	Shire Rating
Consequence:	<i>Moderate</i>
Likelihood:	<i>Possible</i>

Overall Risk Ratings: *Moderate*

Key Indicators	Tolerance	Date	Overall Shire Result
<i># Incidents - Thefts</i>	<i>Red</i>	<i>Jan-18</i>	<i>Adequate</i>
<i>Near misses - Reported</i>	<i>Amber</i>		<i>Adequate</i>
<i>Clean Financial Management Checks</i>	<i>Red</i>		<i>Adequate</i>
Comments			

Current Issues / Actions / Treatments	Due Date	Responsibility
<i>Implement Recommendations from FMR and Audit</i>	<i>Mar-18</i>	<i>MCDS, SFO, CEO</i>

Misconduct

Jan-18

This Risk Theme is defined as:

Intentional activities in excess of authority granted to an employee, which circumvent endorsed policies, procedures or delegated authority. This would include instances of:

- Relevant authorisations not obtained.
- Distributing confidential information.
- Accessing systems and / or applications without correct authority to do so.
- Misrepresenting data in reports.
- Theft by an employee
- Collusion between Internal & External parties

This does not include instances where it was not an intentional breach - refer Errors, Omissions or delays in transaction processing, or Inaccurate Advice.

Potential causes include:

- Lack of training
- Changing of job titles
- Delegated authority process inadequately implemented
- Disgruntled employees
- Lack of understanding
- Poor internal checks (PO's and delegated authority)
- Password sharing

Key Controls	Type	Date	Shire Rating
<i>Delegation Register - Framework</i>	<i>Detective</i>	<i>Aug-16</i>	<i>Effective</i>
<i>Induction Process (Code of Conduct) Implemented</i>	<i>Preventative</i>	<i>Ongoing</i>	<i>Adequate</i>
<i>Segregation of Duties (Financial)- Procurement Process</i>	<i>Preventative</i>	<i>Ongoing</i>	<i>Effective</i>
<i>IT Security Access Framework (Profiles & Passwords)</i>	<i>Preventative</i>	<i>Ongoing</i>	<i>Adequate</i>
<i>Adequate staff training</i>	<i>Preventative</i>	<i>Ongoing</i>	<i>Adequate</i>
<i>Effective staff communications</i>	<i>Preventative</i>	<i>Ongoing</i>	<i>Adequate</i>

Overall Control Ratings:

Adequate

Risk Ratings	Shire Rating
<i>Consequence:</i>	<i>Major</i>
<i>Likelihood:</i>	<i>Possible</i>

Overall Risk Ratings:

High

Key Indicators	Tolerance	Date	Overall Shire Result
<i>Incidents Reported</i>	<i>Red</i>	<i>Jan-18</i>	<i>Adequate</i>
<i>Inductions on employee files</i>	<i>Amber</i>		<i>Adequate</i>
<i>Clean audits</i>	<i>Red</i>		<i>In Adequate</i>
<i>Clean Financial checks</i>	<i>Red</i>		<i>Adequate</i>
<i>Clear PO's & Segregation of Duties</i>	<i>Amber</i>		<i>Adequate</i>

Comments

Current Issues / Actions / Treatments

Address audit findings and issues raised

Due Date

Mar-18

Responsibility

CEO

Inductions to be completed on-line

Mar-18

Senior staff

Annual training on Policies - Confidentiality and Conflict resolutions

Inadequate safety and security practices

Jan-18

This Risk Theme is defined as:

Non-compliance with the Occupation Safety & Health Act, associated regulations and standards. It is also the inability to ensure the physical security requirements of staff, contractors and visitors. Other considerations are:

- Inadequate Policy, Frameworks, Systems and Structure to prevent the injury of visitors, staff, contractors and/or tenants.
- Inadequate Organisational Emergency Management requirements (evacuation diagrams, drills, wardens etc).
- Inadequate security protection measures in place for buildings, depots and other places of work (vehicle, community etc).
- Public Liability Claims, due to negligence or personal injury.
- Employee Liability Claims due to negligence or personal injury.
- Inadequate or unsafe modifications to plant & equipment

Potential causes include:

- Lack of appropriate PPE / Equipment
- Inadequate first aid supplies or trained staff
- Rubbish / Litter Control
- Inadequate security arrangements
- Inadequate signage, barriers or other exclusion techniques
- Storage and use of Dangerous Goods
- Ineffective / inadequate testing, sampling (similar) health based req'
- Lack of mandate and commitment from Senior Management

Key Controls	Type	Date	Shire Rating
Workplace Inspections	Preventative	Ongoing	Effective
Staff Individual Training Plans	Preventative	Ongoing	Adequate
Hazard Register	Detective	Ongoing	Adequate
OSH Management Framework	Preventative	Ongoing	Effective
Contractor / Site Inductions	Preventative	Annual	Adequate
Staff Inductions	Preventative	Ongoing	Effective
Organisational Emergency Mgt (Evac plans & drills, Wardens,etc)	Preventative	Ongoing	Effective

Overall Control Ratings:	Effective
---------------------------------	------------------

Risk Ratings	Shire Rating
Consequence:	Moderate
Likelihood:	Almost Certain
Overall Risk Ratings:	High

Key Indicators	Tolerance	Date	Overall Shire Result
4801 Audit Results - LGIS	Red	Jan-18	Adequate
LTIFR	Red		Adequate
Safety Team minutes	Green		Adequate
Reduced items in audits	Amber		Adequate
Audit Actions - Implemented	Red		Adequate

Comments

Current Issues / Actions / Treatments	Due Date	Responsibility
Refer to OSH Tracker for regular updates	Quarterly	CEO
Regular workplace inspections	Quarterly	CEO
Inductions of all staff and contractors	as required	CEO, MCDS, MIS

Inadequate project / change management

Jan-18

This Risk Theme is defined as:

Inadequate analysis, design, delivery and / or status reporting of change initiatives, resulting in additional expenses, time requirements or scope changes. This includes:

- Inadequate Change Management Framework to manage and monitor change activities.
- Inadequate understanding of the impact of project change on the business.
- Failures in the transition of projects into standard operations.
- Failure to implement new systems
- Failures of IT Project Vendors/Contractors

This includes Directorate or Service Unit driven change initiatives except new Plant & Equipment purchases. Refer "Inadequate Asset Management"

Potential causes include:

- Lack of communication and consultation
- Lack of investment
- Ineffective management of expectations (scope creep)
- Inadequate project planning (resources/budget)
- Shire growth (too many projects)
- Inadequate monitoring and review
- Project risks not managed effectively
- Lack of Project methodology knowledge and reporting requirements

Key Controls	Type	Date	Shire Rating
<i>Project Working Group</i>	<i>Detective</i>	<i>Ongoing</i>	Effective
<i>Project Status Reporting to Council</i>	<i>Detective</i>	<i>ongoing</i>	Effective
<i>Membership to WALGA and use of Procurement templates</i>	<i>Detective</i>	<i>ongoing</i>	Effective
<i>Project methodology</i>	<i>Detective</i>	<i>Dec-17</i>	Effective

Overall Control Ratings:	Effective
---------------------------------	------------------

Risk Ratings	Shire Rating
Consequence:	<i>Major</i>
Likelihood:	<i>Unlikely</i>
Overall Risk Ratings:	Moderate

Key Indicators	Tolerance	Date	Overall Shire Result
<i>Working group notes</i>	<i>Green</i>	Jan-18	Adequate
<i>Council satisfied with reports</i>	<i>Amber</i>		Adequate
<i>Compliance in procurement</i>	<i>Red</i>		Adequate
<i>Staff using project methodology</i>	<i>Amber</i>		Adequate

Comments

Current Issues / Actions / Treatments	Due Date	Responsibility
<i>Project management template and process to be developed and implemented across staff</i>	<i>Apr-18</i>	<i>CEO</i>

Errors, omissions & delays

Jan-18

This Risk Theme is defined as:

Errors, omissions or delays in operational activities as a result of unintentional errors or failure to follow due process. This includes instances of;

- Human errors, incorrect or incomplete processing
- Inaccurate recording, maintenance, testing and / or reconciliation of data.
- Errors or inadequacies in model methodology, design, calculation or implementation of models.

This may result in incomplete or inaccurate information. Consequences include;

- Inaccurate data being used for management decision making and reporting.
- Delays in service to customers
- Inaccurate data provided to customers

This excludes process failures caused by inadequate / incomplete procedural documentation - refer "Inadequate Document Management Processes".

Potential causes include:

- Human Error
- Inadequate procedures or training
- Lack of Staff (or trained staff)
- Incorrect information
- Miscommunication

Key Controls	Type	Date	Shire Rating
<i>Documented Procedures / Checklists</i>	<i>Preventative</i>	<i>ongoing</i>	Adequate
<i>Complaints Register / Process</i>	<i>Detective</i>	<i>ongoing</i>	Effective
<i>Segregation of Duties (Financial Control)</i>	<i>Preventative</i>	<i>ongoing</i>	Effective
<i>Competitive wage and package levels</i>	<i>Preventative</i>	<i>ongoing</i>	Effective
<i>Monitoring and checking of outgoing Comms</i>	<i>Preventative</i>	<i>Ongoing</i>	Adequate

Overall Control Ratings:	Effective
---------------------------------	------------------

Risk Ratings	Shire Rating
Consequence:	<i>Moderate</i>
Likelihood:	<i>Unlikely</i>

Overall Risk Ratings:	Moderate
------------------------------	-----------------

Key Indicators	Tolerance	Date	Overall Shire Result
<i>PD developed</i>	<i>Amber</i>	Oct-16	Adequate
<i>Staff training matrix</i>	<i>Amber</i>		Adequate
<i>Performance reviews</i>	<i>Amber</i>		Adequate
<i>Incidents</i>	<i>Red</i>		Adequate
<i>Financial checks</i>	<i>Red</i>		Adequate

Comments

As rated by Ali Mills (CEO) on the 17th October 2016

Current Issues / Actions / Treatments	Due Date	Responsibility
<i>Continued checking and monitoring by Senior Staff</i>	<i>ongoing</i>	<i>CEO, MCDS, MIS</i>
<i>Participate in Bi-annual WALGA remuneration survey</i>	<i>Bi-Annual</i>	<i>MCDS</i>
<i>Procedures written up for all back end tasks</i>	<i>Mar-17</i>	<i>CEO, SFO, MCDS</i>

Inadequate document management processes

Jan-18

This Risk Theme is defined as:

Failure to adequately capture, store, archive, retrieve, provision and / or disposal of documentation. This includes:

- Contact lists.
- Procedural documents.
- 'Application' proposals/documents.
- Contracts.
- Forms, requests or other documents.

Potential causes include:

- Spreadsheet/Database/Document corruption or loss
- Inadequate access and / or security levels
- Inadequate Storage facilities (including climate control)
- High Staff turnover
- Outdated record keeping practices / incompatible systems
- Lack of system/application knowledge
- High workloads and time pressures
- Incomplete authorisation trails

Key Controls	Type	Date	Shire Rating
<i>Policy & Procedural Review Process</i>	<i>Detective</i>	<i>Annual</i>	Effective
<i>Records Management Process (filing & archiving)</i>	<i>Preventative</i>	<i>Annual</i>	Adequate
<i>Records Management Policy Review</i>	<i>Preventative</i>	<i>Biennial</i>	Effective
<i>Document / Correspondence receipt & action process (Synergy)</i>	<i>Preventative</i>	<i>ongoing</i>	Effective
<i>Adequate staff training of Records system</i>	<i>Preventative</i>	<i>ongoing</i>	Adequate

Overall Control Ratings:	Effective
---------------------------------	------------------

Risk Ratings	Shire Rating
Consequence:	<i>Moderate</i>
Likelihood:	<i>Unlikely</i>

Overall Risk Ratings:	Moderate
------------------------------	-----------------

Key Indicators	Tolerance	Date	Overall Shire Result
<i>Records adequately stored</i>	<i>Amber</i>		Adequate
<i>Staff trained in Records</i>	<i>Amber</i>		Adequate
<i>Efficient file retrieval capability</i>	<i>Amber</i>		Adequate
<i>Employee PD's reviewed with KPI's</i>			Adequate

Comments

Current Issues / Actions / Treatments	Due Date	Responsibility
<i>Review Records Management Policy and associated procedures</i>	<i>Annually June 2018</i>	<i>CEO</i>
<i>Ongoing Training for new staff</i>	<i>ongoing</i>	<i>CEO</i>
<i>Review of PD's</i>	<i>Jun-18</i>	<i>CEO</i>
<i>Monitoring of Outstanding Records</i>	<i>Monthly</i>	<i>CEO</i>

Inadequate supplier / contract management

Jan-18

This Risk Theme is defined as:

Inadequate management of External Suppliers, Contractors, IT Vendors or Consultants engaged for core operations. This includes issues that arise from the ongoing supply of services or failures in contract management & monitoring processes. This also includes:

- Concentration issues
- Vendor sustainability

It does not include failures in the tender process; refer "Inadequate Procurement, Disposal or Tender Practices".

Potential causes include:

- Funding
- Complexity and quantity of work
- Inadequate tendering process
- Geographical remoteness
- Inadequate contract management practices
- Ineffective monitoring of deliverables
- Lack of planning and clarity of requirements
- Historical contracts remaining

Key Controls	Type	Date	Shire Rating
Contract Management System / Register	Preventative		Adequate
Review Meetings (Large Capital Projects)	Detective	ongoing	Effective
Review Meetings (Medical Services)	Detective	annual and as required	Adequate
Review Meetings (Waste)	Detective		Adequate
WALGA membership and contracting of procurement services for large projects	Preventative	Annual and as required	Effective

Overall Control Ratings:	Adequate
--------------------------	----------

Risk Ratings	Shire Rating
Consequence:	Moderate
Likelihood:	Possible
Overall Risk Ratings:	Moderate

Key Indicators	Tolerance	Date	Overall Shire Result
Contracts current and renewed	Red	Oct-16	Adequate
Meeting notes	Green		Adequate

Comments

Current Issues / Actions / Treatments	Due Date	Responsibility
Training for all staff on purchasing and procurement	Annual check	CEO
Develop monitoring process / feedback for provision of Medical services (in conjunction with Morawa)	Annual	CEO
Develop monitoring process / feedback for provision of Waste services (in conjunction with Morawa)	Annual	CEO
Budget to allow for use of WALGA to support tendering processes	ongoing	CEO

Providing inaccurate advice / information

Jan-18

This Risk Theme is defined as:

Incomplete, inadequate or inaccuracies in advisory activities to customers or internal staff. This could be caused by using unqualified, or inexperienced staff, however it does not include instances relating to Misconduct.

Examples include;

- incorrect planning, development or building advice,
- incorrect health or environmental advice
- inconsistent messages or responses from Customer Service Staff
- any advice that is not consistent with legislative requirements or local laws.

Potential causes include:

- Lack of qualified staff
- Long lead times for responses
- Increasing workloads
- Lack of appropriate technical knowledge relevant to the context
- Poor working relationships between internal staff/departments

Key Controls	Type	Date	Shire Rating
<i>Contracting of external expertise</i>	<i>Detective</i>	<i>ongoing</i>	Effective
<i>Regular training with Customer service staff</i>	<i>Preventative</i>	<i>Twice a year</i>	Adequate
<i>Complaints Register</i>	<i>Preventative</i>	<i>Ongoing</i>	Effective
<i>Monitoring Customer service</i>	<i>Detective</i>	<i>Ongoing</i>	Adequate
<i>Customer Service Charter</i>	<i>Preventative</i>	<i>annual</i>	Adequate
Overall Control Ratings:			Adequate

Risk Ratings	Shire Rating
Consequence:	<i>Moderate</i>
Likelihood:	<i>Possible</i>
Overall Risk Ratings:	Moderate

Key Indicators	Tolerance	Date	Overall Shire Result
<i>information</i>	<i>Amber</i>		Adequate
<i>Feedback/complaint</i>			
<i>Response times to queries/Complaints</i>	<i>Amber</i>		Adequate

Comments

Current Issues / Actions / Treatments	Due Date	Responsibility
<i>Identify formal Customer Service training for all staff</i>	<i>Annual</i>	<i>MCDS</i>
<i>Development and Implementation of Customer Service Charter</i>	<i>Inductions</i>	<i>MCDS</i>
<i>Support and encourage inter-communications between all staff</i>	<i>Ongoing</i>	<i>Senior Staff</i>

Ineffective employment practices

Jan-18

This Risk Theme is defined as:

Failure to effectively manage and lead human resources (full/part time, casuals, temporary and volunteers). This includes not having an effective Human Resources Framework in addition to not having appropriately qualified or experienced people in the right roles or not having sufficient staff numbers to achieve objectives. Other areas in this risk theme to consider are;

- Breaching employee regulations (excluding OH&S).
- Discrimination, Harassment & Bullying in the workplace.
- Poor employee wellbeing (causing stress)
- Key person dependencies without effective succession planning in place.
- Induction issues.
- Terminations (including any tribunal issues).
- Industrial activity.

Care should be taken when considering insufficient staff numbers as the underlying issue could be a process inefficiency.

Potential causes include:

- Leadership failures
- Available staff / volunteers are generally highly transient.
- Single Person Dependencies
- Poor internal communications / relationships
- Ineffective performance management programs or procedures.
- Ineffective training programs or procedures.
- Limited staff availability - mining / private sectors (pay & conditions).
- Inadequate Induction practices.

Key Controls	Type		Shire Rating
<i>Policy & Procedures</i>	<i>Preventative</i>	<i>Annual</i>	<i>Effective</i>
<i>Training Needs Analysis & Training Register</i>	<i>Preventative</i>	<i>ongoing</i>	<i>Effective</i>
<i>Cross Skilling / Shared Services (Morawa)</i>	<i>Preventative</i>	<i>Ongoing</i>	<i>Adequate</i>
<i>Staff Inductions (Code of Conduct Component)</i>	<i>Preventative</i>	<i>Ongoing</i>	<i>Effective</i>
<i>Performance Review Process</i>	<i>Detective</i>	<i>twice year</i>	<i>Adequate</i>

Overall Control Ratings:	Adequate
---------------------------------	-----------------

Risk Ratings	Shire Rating
Consequence:	<i>Moderate</i>
Likelihood:	<i>Possible</i>

Overall Risk Ratings:	Moderate
------------------------------	-----------------

Key Indicators	Tolerance	Date	Overall Shire Result
<i>% Staff turnover rate</i>	<i>Amber</i>	Jan-00	Adequate
<i>Absenteeism</i>	<i>Amber</i>		Adequate
<i>Workers Compensation Claims (Stress Claims)</i>	<i>Red</i>		Adequate
<i>Employee feedback</i>	<i>Amber</i>		

Comments

Current Issues / Actions / Treatments	Due Date	Responsibility
<i>Continue workforce development plan strategies</i>	<i>Ongoing</i>	<i>MCDS</i>
<i>Create an organisational training register (amalgamate individual plans) based on gaps identified</i>	<i>Ongoing</i>	<i>Admin Officer</i>
<i>Implement recommendations from HR report 2017</i>	<i>Dec-18</i>	<i>CEO</i>
<i>Improve Performance review process - bi-annually</i>	<i>Bi-annual</i>	<i>All supervisors</i>

Failure to fulfil statutory, regulatory or compliance requirements

Jan-18

This Risk Theme is defined as:

Failure to correctly identify, interpret, assess, respond and communicate laws and regulations as a result of an inadequate compliance framework. This could result in fines, penalties, litigation or increase scrutiny from regulators or agencies. This includes, new or proposed regulatory and legislative changes, in addition to the failure to maintain updated legal documentation (internal & public domain) to reflect changes.

This does not include Occupational Safety & Health Act (refer "Inadequate employee and visitor safety and security") or any Employment Practices based legislation (refer "Ineffective Employment practices")

It does include the Local Government Act, Health Act, Building Act, Privacy Act and all other legislative based obligations for Local Government.

Potential causes include:

- Lack of training, awareness and knowledge
- Staff Turnover
- Inadequate record keeping
- Ineffective processes
- Lack of Legal Expertise
- Councillor Turnover
- Breakdowns in Tender process
- Ineffective monitoring of changes to legislation

Key Controls	Type	Date	Shire Rating
Compliance Return (DLG)	Detective	annual	Adequate
Compliance Calendars	Preventative	annual	Adequate
Tender Process	Preventative	ongoing	Inadequate
Subscriptions (WALGA)	Preventative	annual	Effective
Induction Process - Councillors / Staff	Preventative	ongoing	Effective

Overall Control Ratings:

Adequate

Risk Ratings	Shire Rating
Consequence:	Minor
Likelihood:	Unlikely

Overall Risk Ratings:

Low

Key Indicators	Tolerance	Date	Overall Shire Result
Compliance Audit Return completed and adequate	Red	March 31st	Adequate
Annual Budget completed	Red	Annual - July	Adequate
Annual Budget Review Completed	Red	Annual - Feb	Adequate
Annual Report completed	Red	Annual - Dec	Adequate

Comments

Current Issues / Actions / Treatments

Due Date	Responsibility
Ongoing	CEO, MCDS, MIS
ongoing	MCDS
annual	SFO, CEO
Ongoing	MCDS, CEO

Inadequate asset sustainability practices

Jan-18

This Risk Theme is defined as:

Failure or reduction in service of infrastructure assets, plant, equipment or machinery. These include fleet, buildings, roads, playgrounds, boat ramps and all other assets and their associated lifecycle from procurement to maintenance and ultimate disposal. Areas included in the scope are;

- Inadequate design (not fit for purpose)
- Ineffective usage (down time)
- Outputs not meeting expectations
- Inadequate maintenance activities.
- Inadequate financial management and planning.

It does not include issues with the inappropriate use of the Plant, Equipment or Machinery. Refer Misconduct.

Potential causes include:

- Skill level & behaviour of operators
- Lack of trained staff
- Outdated equipment
- Unavailability of parts
- Lack of formal or appropriate scheduling (maintenance / inspections)
- Unexpected breakdowns

Key Controls	Type	Date	Shire Rating
<i>Fixed Asset Register</i>	<i>Preventative</i>	<i>Annual</i>	Adequate
<i>Asset Management Plan</i>	<i>Preventative</i>	<i>Biennial</i>	Adequate
<i>Planned Building Maintenance</i>	<i>Detective</i>	<i>Annual</i>	Effective
<i>Planned Plant Replacement Program</i>	<i>Preventative</i>	<i>Annual</i>	Effective
<i>Road Asset Management System (ROMANS)</i>	<i>Preventative</i>	<i>Biennial</i>	Adequate
Overall Control Ratings:			Adequate

Risk Ratings	Shire Rating
Consequence:	<i>Moderate</i>
Likelihood:	<i>Possible</i>
Overall Risk Ratings:	Moderate

Key Indicators	Tolerance	Date	Overall Shire Result
<i>Asset Sustainability Ratio</i>	<i>Amber</i>		<i>Adequate</i>
<i>Asset Consumption Ratio</i>	<i>Amber</i>		<i>Adequate</i>
<i>Asset Renewal Funding Ratio</i>	<i>Amber</i>		<i>Adequate</i>
<i>% Satisfaction with with Shire Assets</i>	<i>Amber</i>		<i>Adequate</i>

Comments

Current Issues / Actions / Treatments

Due Date	Responsibility
<i>review annual</i>	<i>CEO</i>
<i>ongoing</i>	<i>Senior staff</i>
<i>review annual</i>	<i>CEO</i>

Inadequate engagement practices

Jan-18

This Risk Theme is defined as:

Failure to maintain effective working relationships with the Community (including Local Media), Stakeholders, Key Private Sector Companies, Government Agencies and / or Elected Members. This invariably includes activities where communication, feedback and / or consultation is required and where it is in the best interests to do so. For example;

- Following up on any access & inclusion issues.
- Infrastructure Projects.
- Regional or District Committee attendance.
- Local Planning initiatives.
- Strategic Planning initiatives

This does not include instances whereby Community expectations have not been met for standard service provisions such as Community Events, Library Services and / or Bus/Transport services.

Potential causes include:

- Budget / funding issues
- Media attention
- Inadequate documentation or procedures
- Short lead times
- Miscommunication / Poor communication
- Relationship breakdowns with community groups

Key Controls	Type	Date	Shire Rating
<i>Newsletters / Noticeboards / E-mails / Website</i>	<i>Preventative</i>	<i>Oct-16</i>	<i>Effective</i>
<i>Communication to Councillors (mid month)</i>	<i>Preventative</i>	<i>Oct-16</i>	<i>Effective</i>
<i>Councillor Briefing sessions and workshops</i>	<i>Preventative</i>	<i>ongoing</i>	<i>Effective</i>
<i>Community Meetings and workshops</i>	<i>Preventative</i>	<i>as required</i>	<i>Adequate</i>

Overall Control Ratings:

Effective

Risk Ratings	Shire Rating
Consequence:	<i>Moderate</i>
Likelihood:	<i>Unlikely</i>
Overall Risk Ratings:	<i>Moderate</i>

Key Indicators	Tolerance	Date	Overall Shire Result
<i>% community feeling they have opportunities to participate in planning</i>	<i>Amber</i>	<i>Oct-16</i>	<i>Adequate</i>
<i>% community satisfaction with the Shire's advocacy and community representation</i>	<i>Red</i>	<i>Oct-16</i>	<i>Adequate</i>

Comments

Current Issues / Actions / Treatments	Due Date	Responsibility
<i>Review of Corporate Business Plan to involve community</i>	<i>Annual</i>	<i>CEO</i>
<i>Regular newsletters</i>	<i>ongoing, monthly</i>	<i>CDO</i>
<i>Feedback mechanisms developed</i>	<i>Feb-17</i>	<i>CDO and CEO</i>
<i>Communications and Engagement Strategy Developed</i>	<i>Jun-18</i>	<i>CDO and CEO</i>

Ineffective management of facilities / venues / events

Jan-18

This Risk Theme is defined as:

Failure to effectively manage the day to day operations of facilities, venues and / or events. This includes;

- Inadequate procedures in place to manage the quality or availability.
- Ineffective signage
- Booking issues
- Financial interactions with hirers / users
- Oversight / provision of peripheral services (eg. cleaning / maintenance)

Potential causes include:

- Double bookings
- Illegal alcohol consumption
- Managing bond payments
- Animal contamination.
- Failed chemical / health requirements.
- Access to facilities / venues.

Key Controls	Type	Date	Shire Rating
<i>Events Policy / Procedures</i>	<i>Preventative</i>	<i>Oct-16</i>	Effective
<i>Booking System</i>	<i>Preventative</i>	<i>Oct-16</i>	Effective
<i>Maintenance Schedules</i>	<i>Detective</i>	<i>Oct-16</i>	Effective
<i>Community Feedback process</i>	<i>Detective</i>	<i>Oct-16</i>	Adequate

Overall Control Ratings:	Effective
---------------------------------	------------------

Risk Ratings	Shire Rating
Consequence:	<i>Moderate</i>
Likelihood:	<i>Likely</i>

Overall Risk Ratings:	High
------------------------------	-------------

Key Indicators	Tolerance	Date	Overall Shire Result
<i>Attendance at Arts & cultural activities</i>	<i>Amber</i>	<i>Oct-16</i>	Adequate
<i>% community satisfaction with with services and facilities</i>	<i>Amber</i>		Adequate
<i>Facilities well used and maintained</i>	<i>Amber</i>		Adequate

Comments

Current Issues / Actions / Treatments	Due Date	Responsibility
<i>Implement a booking system including key issuance / return</i>	<i>Monitor</i>	<i>MCDS</i>
<i>Establish Bus booking and checking procedure</i>	<i>Dec-17</i>	<i>MCDS, Customer Service</i>
<i>Implement the Event Guide</i>	<i>Ongoing</i>	<i>CDO</i>

Inadequate environmental management

Jan-18

This Risk Theme is defined as:

Inadequate prevention, identification, enforcement and management of environmental issues. The scope includes;

- Lack of adequate planning and management of coastal erosion issues.
- Failure to identify and effectively manage contaminated sites (including groundwater usage).
- Waste facilities (landfill / transfer stations).
- Weed control.
- Ineffective management of water sources (reclaimed, potable)
- Illegal dumping.
- Illegal clearing / land use.

Potential causes include:

- Inadequate management of landfill sites
- Inadequate reporting / oversight frameworks
- lack of understanding / knowledge
- Community apathy.
- Inadequate local laws / planning schemes

Key Controls	Type	Date	Shire Rating
Landfill / Waste Management Operational Plans	Detective	Oct-16	Adequate
Sewerage Pond management controls	Preventative	Oct-16	Adequate
Support Environmental Groups (NACC, Yarra Yarra CMG & Wild Dog Programme)	Preventative	Oct-16	Adequate
Caron Dam protected	Preventative	Oct-16	Inadequate
Community awareness - illegal dumping	Preventative	Oct-16	Adequate

Overall Control Ratings: Adequate

Risk Ratings	Shire Rating
Consequence:	Major
Likelihood:	Possible
Overall Risk Ratings:	High

Key Indicators	Tolerance	Date	Overall Shire Result
Operational plans	Amber	Oct-16	Inadequate
Environmental group support	Amber		Adequate
Caron dam Evap issue resolved	Amber		Inadequate
Plan for transition of Waste site to Transfer station and regional			Inadequate

Comments

Project delayed due to need for engineer assessment of pylons

Current Issues / Actions / Treatments	Due Date	Responsibility
Build Transfer Station	Jun-17	MIS
minimal water in dam to enable assessment	Jun-18	



Attachment 18032.3

Financial Management Review Report

*Audit Committee Meeting
15th March 2018*

PROGRESS REPORT MARCH 2018

Shire of Perenjori

REVIEW OF FINANCIAL SYSTEMS Financial Year March 2015 - March 2016

Local Government (Financial Management) Regulations 5(2)(c)

ACTION/COMMENT		CURRENT STATUS
1	Current Financial System - Finalise Business Continuity Plan with LGIS	H Completed
2	Current Financial System - Review Roman II position in conjunction with Asset Management Review	Completed
3	POLICIES AND PROCEDURES - Review and update Policy Manual - Review current policies to remove procedures, and include these in procedures manual	H Completed
4	POLICIES AND PROCEDURES - Review Delegation Register and develop policies for those required.	H Completed
5	POLICIES AND PROCEDURES - Develop Policies for required items	H Completed
6	POLICIES AND PROCEDURES - Review DLD&C List and include policies as determined required	H Completed
7	Disbursement of funds - Written procedures are often included in the Policy, but should form part of a procedures manual.	M Completed
8	Disbursement of funds - Review and update Purchasing Policy (include WALGA equote) and recent tendering amendments	H Completed
9	Disbursement of funds - Written procedures for BAS processing should form part of a procedures manual.	L Completed
10	Assets/Liabilities - Develop written procedures for the recognition and capitalisation of the Shires Assets	M Completed
11	Other accounting processes - Review current procedures for correctness	M Completed
12	Other accounting processes - Accounting processes are evident but need to be documented	M Completed
13	External audit and process reviews - Purchasing Procedures and processes require written documentation	M Completed
14	External audit and process reviews - Written administrative procedures in relation to tendering are needed	M Completed
15	Appropriateness of Systems - It is evident that Records management is sufficient but staff responsibilities and training in use of systems is required.	M Completed
16	Procedures - Payments - Procedures are in place for these activities however they are not documented in many instances in a formal way. Staff are fully aware of their obligations and appropriate checks and counter checks are in place.	M Completed
17	Procedures - Payments reporting - List of payments to Council to include sequence/reconciliation check	M Completed
18	Procedures - Payments reporting - Missing payments reason to be identified	M Completed
19	Monthly Financial reports - Monthly Financial Statements to be included in the minutes	H Completed
20	Monthly Financial reports - Monthly Payments listing to be included in the minutes	H Completed
21	Annual Financial reports - Ensure legislative requirements and timeframes are met when carrying out Statutory Reviews.	H Completed
22	Annual Financial reports - Correspondence to the DLG to be recorded in Records Management system (including attachments)	H Completed
23	Annual Financial reports - Correspondence to the DLG to be signed by CEO	H Completed
24	Internal Controls - Overall Annual Leave and Long Service Leave liability is increasing and appropriate action is required to reduce it.	M Completed

25	Appropriateness - Cash Receipting System - Internal Controls should be reviewed in relation to daily receipting & banking procedures, including Senior Officer review.	M	Completed
26	Appropriateness - Payroll System - Changes to payroll records should be signed off by a senior officer (consider audit trail)	M	Completed
27	Appropriateness - Asset Register - Revaluations impact on Depreciation rates, these require review annually	M	Completed
28	Appropriateness - Reserve Accounts - Review of Reserve balances, amount of, investment of, and purpose is recommended	L	In progress
29	Appropriateness - Management Financial Reporting - Monthly Reports could be improved by including a reconciliation check - to ensure accuracy.	L	Completed
30	Audit Committee - Review procedures between Committee and Council adoption- to ensure matters requiring Council adoption are prompt.	H	Completion
31	Audit Committee - Ensure Auditor sends a copy of Audit Reports to President in accordance with S.7.9	H	Completed



Previous Minutes

*Audit Committee Meeting
21st December 2017*

Shire of Perenjori

MINUTES

Audit Committee Meeting

Table of Contents

Held in the Shire of Perenjori Council Chambers, Fowler Street, Perenjori on the 21st December 2017,
commenced at 11.00 am.

17121	PRELIMINARIES	2
17121.1	RECORD OF ATTENDANCE AND APOLOGIES	2
17121.2	CONFIRMATION OF MINUTES.....	2
17122	ADOPTION OF ANNUAL REPORT 2016/17	2
17122	OTHER BUSINESS	5
17122.1	DATE OF NEXT MEETING / MEETINGS	6
17122.2	CLOSURE	6

17121 PRELIMINARIES

Cr L Butler declared the meeting open at 11.01 am.

17121.1 RECORD OF ATTENDANCE AND APOLOGIES

Cr L Butler

Cr L Smith

Cr J Hirsch

Cr K Pohl

Ali Mills – CEO

Rose Jones – SFO

Ron Back – Via Phone

Travis Bate – RSM Via Phone

17121.2 CONFIRMATION OF MINUTES

That the Minutes from the Audit Committee Meeting of the 16th March 2017 be confirmed as a true and correct record of that meeting.

Officer Recommendation – Item 17121.2

That Council accepts the Minutes from the Audit Committee Meeting of the 16th March 2017 as a true and correct record of that Meeting.

Committee Resolution – Item 17121.2

Moved: Cr Hirsch

Seconded: Cr Pohl

That Council accepts the Minutes from the Audit Committee Meeting of the 16th March 2017 as a true and correct record of that Meeting.

Carried: 5/0

17122 ADOPTION OF ANNUAL REPORT 2016/17

APPLICANT:	SHIRE OF PERENJORI
FILE:	NIL
DISCLOSURE OF INTEREST:	NIL
AUTHOR:	ALI MILLS - CEO
RESPONSIBLE OFFICER	ALI MILLS - CEO
REPORT DATE:	21ST DECEMBER 2017
ATTACHMENTS	ANNUAL REPORT
<u>Executive Summary</u>	

MINUTES**21st December 2017**

The Annual Report for the 2016/17 financial year is presented for Council's endorsement, along with the proposed date for the annual electors meeting.

Background

An Annual Report is required to be produced every year after the audit has been completed and upon receipt of the Audit Report.

The 2016/2017 Annual Report has been prepared in accordance with Section 5.53 of the Local Government Act and includes the audited Annual Financial Report.

The Annual Report highlights the Shire of Perenjori achievements in 2016/2017.

For statutory compliance a local government must:

- If the Auditors Report is not available in time for the annual report to be accepted by 31 December, the annual report is to be accepted no later than 2 months after the auditor's report becomes available.
- Advertise the availability of the annual report.
- The date of the Annual Electors Meeting is also required to be set. This meeting must be held within 56 days of acceptance of the Annual Report, which is by 15th February 2018.
- It is proposed that the annual meeting of Electors be held at 5.00 pm on Tuesday 13th February 2017 at the Latham Community Centre.
- Fourteen days public notice of the meeting is also required.

The Shire is required to prepare annual financial statements by 30th September and the auditor is to prepare a report in respect of the Financial Statements by 31st December each year.

Eight matters have been raised by the auditors which need addressing (attached).

Table 1: Matters identified by Auditors which need addressing:

MATTER	ACTION TO BE TAKEN	WHO TO ACTION	TIMEFRAME	CURRENT STATUS
Non-compliance with Tender Regulations – Granny Flat Modular Accommodation	Tender Regulations adhered to.	CEO & Managers	Immediate	In place
Non-compliance with Tender Regulations – Purchases foreseeably above tender limit	Purchasing policy and Tender Regulations to be adhered to.	CEO & Managers	Immediate	Aggregate tender completed. CEO & Managers aware
Non-compliance with internal purchasing policy	Purchasing policy to be adhered to. Training of all purchasing officer's. Authority to Creditor clerk to return incorrect items to Officer's.	Purchasing Officer's	Immediate	Workshop to be conducted in New Year by 30 th January 2018.

MINUTES

21st December 2017

Credit Card supporting documentation	Ensure all information provided before presenting to President for signing.	Creditor Clerk, CEO and Admin assist.	Immediate	In progress
Review of journals	Policy developed to ensure regular reviews are conducted.	Senior Finance Officer & CEO	5 th February 2018	In progress
Ratio benchmarks	Budgeting process to consider own income levels and capital expenditure projects. Review ratios before adopting.	CEO & Council	Budget process March – June 2018	CEO aware
Overhead allocation ²	Periodic review of allocations of overheads by an independent person. Policy and procedure to be developed.	CEO & SFO	5 th February 2018	In progress

Statutory EnvironmentLocal Government Act 1995 – s 5.27 – *Electors General Meetings*

- (1) A general meeting of the electors of a district is to be held once every financial year.
- (2) A general meeting is to be held on a day selected by the local government but not more than 56 days after the local government accepts the annual report for the previous financial year.
- (3) The matters to be discussed at general electors' meetings are to be those prescribed.

Policy Implications

Nil

Financial Implications

Nil

Strategic Implications

Area 5: Investing in Councils Capacity – Our Leadership

Goal: Strengthen the Shire's position as an innovative, independent local Government providing excellence in all areas of governance, management and leadership

Risk Management

Risk Statement	Level of Risk	Risk Mitigation Strategy
Risk of non-compliance with legislation.	A moderate consequence which is possible resulting in medium level of risk.	The audit is conducted in time and the proposed Electors Committee is planned to be compliant also.

Consultation

RSM

CEO

SFO

MIS

Megan Shirt

Comment

The annual report provides the opportunity for the Shire to summarise for the community the achievements of the Local Government and provide for the community the outcome of the annual audit.

Voting Requirements – Absolute Majority

Travis Bate left – 11.53 pm.

Officer Recommendation – Item 17122

That Council by absolute majority and by virtue of section 5.54 of the Local Government Act 1995 resolves to:

1. Adopt the 2016/2017 Annual Report for the financial period ending 30 June 2017 for the Shire of Perenjori as presented and attached; and
2. Confirm the date for the Annual Electors Meeting for Tuesday 13th February 2017 in Latham and authorise the statutory advertising
3. Charge the CEO to ensure outstanding matters raised by the auditor are addressed and progress reported on to the Audit Committee and/or Council

Committee Resolution – Item 17122**Moved: Ron Back****Seconded: Cr Hirsch**

That Council by absolute majority and by virtue of section 5.54 of the Local Government Act 1995 resolves to:

- 1. Adopt the 2016/2017 Annual Report for the financial period ending 30 June 2017 for the Shire of Perenjori as presented and attached; and**
- 2. Confirm the date for the Annual Electors Meeting for Tuesday 13th February 2017 in Latham and authorise the statutory advertising.**

Carried: 5/0**Moved: Cr L Smith****Seconded: Cr K Pohl**

- 3. Charge the CEO to ensure outstanding matters raised by the auditor are addressed and progress reported on to the Audit Committee and/or Council**

Carried: 5/0**17122 OTHER BUSINESS**

17122.1 DATE OF NEXT MEETING / MEETINGS

March 2018.

17122.2 CLOSURE

Cr L Butler declared the meeting closed at 12.10 pm.