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CONFIRMED MINUTES

Shire of West Arthur Audit & Risk Committee Meeting 16 March 2023

MISSION STATEMENT

To value and enhance our community lifestyle and environment through strong local leadership, community involvement and effective service delivery.

DISCLAIMER

No responsibility whatsoever is implied or accepted by the Shire of West Arthur for any act, omission or statement or intimation occurring during Council or Committee meetings or during formal/informal conversations with staff. The Shire of West Arthur disclaims any liability for any loss whatsoever and howsoever caused arising out of reliance by any person or legal entity on any such act, omission or statement or intimation occurring during Council or Committee meetings or discussions. Any person or legal entity that act or fails to act in reliance upon any statement does so at the person's or legal entity's own risk.

The purpose of this council meeting is to discuss and, where possible, make resolutions about items appearing on the agenda. Whilst Council has the power to resolve such items and may in fact, appear to have done so at the meeting, no person should rely on or act on basis of such decision or on any advice or information provided by a member or officer, or on the content of any discussion occurring, during the course of the meeting.

In particular and without derogating in any way from the broad disclaimer above, in any discussion regarding any planning application or application for a licence, any statement or limitation of approval made by a member or officer of the Shire of West Arthur during the course of any meeting is not intended to be and is not taken as notice of approval from the Shire of West Arthur. The Shire of West Arthur warns that anyone who has an application lodged with the Shire of West Arthur must obtain and only should rely on WRITTEN CONFIRMATION of the outcome of the application, and any conditions attaching to the decision made by the Shire of West Arthur in respect of the application.

Persons should be aware that the provisions of the Local Government Act 1995 (section 5.25 (e)) establish procedures for revocation or rescission of a Council decision.

The Shire of West Arthur expressly disclaims liability for any loss or damage suffered by any person as a result of relying on or acting on the basis of any resolution of Council, or any advice or information provided by a member or officer, or the content of any discussion occurring, during the course of the Council meeting

These Minutes were confirmed at the Ordinary council meeting on: 12 December 2023

Signed:

Presiding Member at the meeting at which the Minutes were Confirmed.

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**MINUTES OF SHIRE OF WEST ARTHUR
AUDIT & RISK COMMITTEE MEETING
HELD IN THE COUNCIL CHAMBERS
ON THURSDAY, 16 MARCH 2023 AT 9.00AM**

1 DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS

The Presiding Member declared the meeting open at 9.00am.

2 ATTENDANCE/APOLOGIES

COUNCILLORS:	Cr Neil Morrell	(Presiding Member)
	Cr Neil Manuel	
	Cr Karen Harrington	Online
STAFF:	Vin Fordham Lamont	(Chief Executive Officer)
	Rajinder Sunner	(Manager Corporate Services)
	Melinda King	(Manager Financial Reporting)
APOLOGIES:	Nil	
ON LEAVE OF ABSENCE:	Nil	
ABSENT:	Nil	
MEMBER OF THE PUBLIC:	Nil	

3 PUBLIC QUESTION TIME

Nil

4 DISCLOSURES OF INTEREST

Nil

5 CONFIRMATION OF MINUTES OF PREVIOUS MEETING HELD

5.1 AUDIT & RISK COMMITTEE MEETING 16 AUGUST 2022

Statutory Environment:

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

Voting Requirements:

Simple Majority

RECOMMENDATION:

That the Minutes of the Audit & Risk Committee Meeting held in Council Chambers on 16 August 2022 be confirmed as true and correct.

Note: Cr Harrington noted that her name was recorded twice in the attendance in the Minutes from the meeting held 16 August 2022 and requested the amendment to remove the second occurrence.

COMMITTEE RESOLUTION ARC-2023-001

Moved: Cr Neil Manuel

Seconded: Cr Karen Harrington

That the Minutes of the Audit & Risk Committee Meeting held in Council Chambers on 16 August 2022 be amended as requested and confirmed as true and correct.

CARRIED

6 REPORTS

6.1 2022 COMPLIANCE AUDIT RETURN

File Reference:	ADM044
Location:	N/A
Applicant:	N/A
Author:	Vin Fordham Lamont, Chief Executive Officer
Authorising Officer:	Vin Fordham Lamont, Chief Executive Officer
Date:	2/03/2023
Disclosure of Interest:	Nil
Attachments:	1. 2022 Compliance Audit Return ↓

SUMMARY:

The Audit & Risk Committee is requested to consider recommending to Council the adoption of the Compliance Audit Return (CAR) 2021, as presented, as the official return for the Shire of West Arthur for the period 1 January 2022 to 31 December 2022.

BACKGROUND:

Each year, the local government is required to carry out a compliance audit for the period 1 January to 31 December of the previous year. The local government's Audit & Risk Committee is required to review the compliance audit return and report the results of that review to Council.

COMMENT:

The Shire appears to be mostly compliant with our legislative requirements. The only exceptions in the 2022 CAR are:

- Finance (Q3) – The auditor's report for the financial year ended 30 June 2022 was not received by the Shire by 31 December 2022. This was outside the Shire's control as the audit was delayed due to illness of the auditor.
- Other (Q7) – The Shire prepared a report of the training completed by council members in the 2021/2022 financial year, but it was not updated on our website. This has now been done.

The new Administration has endeavoured to emphasize to all employees the importance of compliance in the entire organisation.

CONSULTATION:

Manager Corporate Services
Manager Financial Reporting
Administration Officer

STATUTORY ENVIRONMENT:

Local Government Act 1995 – section 7.13(1)(i) – Regulations as to audits

Local Government (Audit) Regulations 1996 – reg. 14 - Compliance audits by local governments

POLICY IMPLICATIONS:

Nil

FINANCIAL IMPLICATIONS:

Nil

STRATEGIC IMPLICATIONS:

West Arthur Towards 2031

Theme: Leadership and Management

Outcome: Establish and maintain sound business and governance structures

Strategy: Comply with regulations and best practice standards to drive good decision making by Council and staff

RISK IMPLICATIONS:

Risk management is the removal of uncertainty from business decisions. Risk is expressed in terms of likelihood it may occur and the consequences that may flow from it. The consequences may be positive or negative or simply a deviation from the expected. The risk or consequence may be related to health and safety; financial; business or service interruption; compliance; reputation; or the environment. **Reference to the risk matrix below will generate a risk rating by assessing the likelihood and consequence and multiplying these scores by each other.** The greater the risk rating, the greater the risk and the higher the need for specific plans to be developed. All items with a risk rating greater than 10 should be added to the Risk Register and specific controls developed.

Risk Themes:

A risk theme is the categorising of risk. For example, the collection of risks that represent compliance failure. The risk themes in the shire Risk Register include:

- Business Disruption
- Community Disruption
- IT or Communications Failure
- External Threat or Fraud
- Misconduct
- Inadequate safety or security practices
- Inadequate project or change management
- Errors Omissions or Delays
- Inadequate Document Management Processes
- Inadequate supplier / contract management
- Providing inaccurate advice / information
- Ineffective Employment practices
- Compliance failure
- Inadequate asset management
- Inadequate engagement practices
- Ineffective facility or event management
- Inadequate environmental management

Risk Matrix:

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

Description of Key Risk	Failing to comply with legislation, resulting in financial loss, reputational damage, etc
Risk Likelihood (based on history and with existing controls)	Possible (3)
Risk Consequence	Moderate (3)
Risk Rating (Prior to Treatment or Control): Likelihood x Consequence	Medium (9)
Principal Risk Theme	Compliance failure
Risk Action Plan (Controls or Treatment Proposed)	Complete the annual compliance audit return and take note of non-compliance issues to ensure mistakes are not repeated

VOTING REQUIREMENTS:

Simple Majority

COMMITTEE RESOLUTION ARC-2023-002

Moved: Cr Neil Manuel

Seconded: Cr Karen Harrington

That the Compliance Audit Return for 2022, as presented, be recommended to Council for adoption as the office return for the Shire of West Arthur for the period 1 January 2022 to 31 December 2022.

CARRIED

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Compliance Audit Return Form - Starter Portal

[Home \(/\)](#) / [Compliance Audit Return \(/CAR/\)](#) / **Compliance Audit Return Form**

Compliance Audit Return Form

Start ✓
Details ✓
Commercial Enterprises ✓
Delegation ✓
Disclosure of Interest ✓
Disposal of Property ✓
Elections ✓
Finance ✓
IPR ✓
Employees ✓
Conduct ✓
Other ✓
Tenders ✓
Documents ✓
Review

Finalise

Print

Details

Local Government

West Arthur, Shire of

Created By

Vincent Fordham Lamont

Year of Return

2022

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Compliance Audit Return Form - Starter Portal

Status

Draft

Commercial Enterprises by Local Governments

1. Has the local government prepared a business plan for each major trading undertaking that was not exempt in 2022? *

N/A

 Add comments**Please enter comments ***

No major trading undertakings in 2022.

2. Has the local government prepared a business plan for each major land transaction that was not exempt in 2022? *

N/A

 Add comments**Please enter comments ***

No major land transactions in 2022.

3. Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2022? *

N/A

 Add comments**Please enter comments ***

No major land transactions in 2022.

4. Has the local government complied with public notice and publishing requirements for each proposal to commence a major trading undertaking or enter into a major land transaction or a land transaction that is preparatory to a major land transaction for 2022? *

N/A

 Add comments

—

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Compliance Audit Return Form - Starter Portal

5. During 2022, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority? *

N/A

 Add comments

—

Delegation of Power/Duty

1. Were all delegations to committees resolved by absolute majority? *

N/A

 Add comments

Please enter comments *

There are no delegations to any Council committee.

2. Were all delegations to committees in writing? *

N/A

 Add comments

—

3. Were all delegations to committees within the limits specified in section 5.17 of the Local Government Act 1995? *

N/A

 Add comments

—

4. Were all delegations to committees recorded in a register of delegations? *

N/A

 Add comments

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—

5. Has council reviewed delegations to its committees in the 2021/2022 financial year? *

Yes

 Add comments**Please enter comments ***

Review carried out in 2022, and continuing into 2023. New delegations register will be finalised in 2023.

6. Did the powers and duties delegated to the CEO exclude those listed in section 5.43 of the Local Government Act 1995? *

Yes

 Add comments

—

7. Were all delegations to the CEO resolved by an absolute majority? *

N/A

 Add comments**Please enter comments ***

No new delegations.

8. Were all delegations to the CEO in writing? *

N/A

 Add comments

—

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Compliance Audit Return Form - Starter Portal

9. Were all delegations by the CEO to any employee in writing? *

N/A

 Add comments**Please enter comments ***

No new delegations.

10. Were all decisions by the Council to amend or revoke a delegation made by absolute majority? *

N/A

 Add comments**Please enter comments ***

No delegations revoked.

11. Has the CEO kept a register of all delegations made under Division 4 of the Local Government Act 1995 to the CEO and to employees? *

Yes

 Add comments

—

12. Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2020/2021 financial year? *

Yes

 Add comments

—

13. Did all persons exercising a delegated power or duty under the Local Government Act 1995 keep, on all occasions, a written record in accordance with Local Government (Administration) Regulations 1996 regulation 19? *

Yes

 Add comments

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Compliance Audit Return Form · Starter Portal

Disclosure of Interest

1. Where a council member disclosed an interest in a matter and did not have participation approval under sections 5.68 or 5.69 of the Local Government Act 1995, did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter? *

Yes

 Add comments

2. Were all decisions regarding participation approval, including the extent of participation allowed and, where relevant, the information required by the Local Government (Administration) Regulations 1996 regulation 21A, recorded in the minutes of the relevant council or committee meeting? *

Yes

 Add comments

3. Were disclosures under sections 5.65, 5.70 or 5.71A(3) of the Local Government Act 1995 recorded in the minutes of the meeting at which the disclosures were made? *

Yes

 Add comments

4. Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day? *

Yes

 Add comments

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Compliance Audit Return Form - Starter Portal

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5. Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2022? *

Yes

 Add comments

—

6. On receipt of a primary or annual return, did the CEO, or the mayor/president, give written acknowledgment of having received the return? *

Yes

 Add comments

—

7. Did the CEO keep a register of financial interests which contained the returns lodged under sections 5.75 and 5.76 of the Local Government Act 1995? *

Yes

 Add comments

—

8. Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A of the Local Government Act 1995, in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28? *

Yes

 Add comments

—

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9. When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76 of the Local Government Act 1995, did the CEO remove from the register all returns relating to that person? *

Yes

 Add comments

—

10. Have all returns removed from the register in accordance with section 5.88(3) of the Local Government Act 1995 been kept for a period of at least five years after the person who lodged the return(s) ceased to be a person required to lodge a return? *

Yes

 Add comments

—

11. Did the CEO keep a register of gifts which contained a record of disclosures made under sections 5.87A and 5.87B of the Local Government Act 1995, in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28A? *

Yes

 Add comments

—

12. Did the CEO publish an up-to-date version of the gift register on the local government's website? *

Yes

 Add comments

—

13. When people cease to be a person who is required to make a disclosure under section 5.87A or 5.87B of the Local Government Act 1995, did the CEO remove from the register all records relating to those people? *

Yes

 Add comments

<https://car.dlgsc.wa.gov.au/CAR/CAR-Edit/?id=289b0c34-86a6-ed11-a81b-002248961531&stepid=93afe69e-6d74-ed11-81ab-00224892bd4b>

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—

14. Have copies of all records removed from the register under section 5.89A(6) Local Government Act 1995 been kept for a period of at least five years after the person ceases to be a person required to make a disclosure? *

Yes

 Add comments

—

15. Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to council or a committee, did that person disclose the nature and extent of that interest when giving the advice or report? *

Yes

 Add comments

—

16. Where council applied to the Minister to allow the CEO to provide advice or a report to which a disclosure under section 5.71A(1) of the Local Government Act 1995 relates, did the application include details of the nature of the interest disclosed and any other information required by the Minister for the purposes of the application? *

N/A

 Add comments

—

17. Was any decision made by the Minister under section 5.71B(6) of the Local Government Act 1995, recorded in the minutes of the council meeting at which the decision was considered? *

N/A

 Add comments

—

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18. Did the local government prepare and adopt, by absolute majority, a code of conduct to be observed by council members, committee members and candidates within 3 months of the prescribed model code of conduct coming into operation (3 February 2021)? *

Yes

 Add comments

—

19. Did the local government adopt additional requirements in addition to the model code of conduct? If yes, does it comply with section 5.104(3) and (4) of the Local Government Act 1995? *

No

 Add comments

—

20. Has the CEO published an up-to-date version of the code of conduct for council members, committee members and candidates on the local government's website? *

Yes

 Add comments

—

21. Has the CEO prepared and implemented a code of conduct to be observed by employees of the local government? *

Yes

 Add comments

—

Has the CEO published an up-to-date version of the code of conduct for employees on the local government's website? *

Yes

<https://car.dlgsc.wa.gov.au/CAR/CAR-Edit/?id=289b0c34-86a6-ed11-a81b-002248961531&stepid=93afe69e-6d74-ed11-81ab-00224892bd4b>

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Disposal of Property

1. Where the local government disposed of property other than by public auction or tender, did it dispose of the property in accordance with section 3.58(3) of the Local Government Act 1995 (unless section 3.58(5) applies)? *

Yes

Add comments

—

2. Where the local government disposed of property under section 3.58(3) of the Local Government Act 1995, did it provide details, as prescribed by section 3.58(4), in the required local public notice for each disposal of property? *

Yes

Add comments

—

Elections

1. Did the CEO establish and maintain an electoral gift register and ensure that all disclosure of gifts forms completed by candidates and donors and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the forms relating to each candidate in accordance with regulation 30G(1) and regulation 30G(2) of the Local Government (Elections) Regulations 1997? *

N/A

Add comments

Please enter comments *

Not an election year.

2. Did the CEO remove any disclosure of gifts forms relating to unsuccessful candidates, or successful candidates that completed their term of office, from the electoral gift register, and retain those forms separately for a period of at least two years in accordance with regulation 30G(4) of the Local Government (Elections) Regulations 1997? *

N/A

Add comments

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Please enter comments *

Not an election year.

3. Did the CEO publish an up-to-date version of the electoral gift register on the local government's official website in accordance with regulation 30G(5) of the Local Government (Elections) Regulations 1997? *

N/A

 Add comments**Please enter comments ***

Not an election year.

Finance

1. Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the Local Government Act 1995? *

Yes

 Add comments

—

2. Where the council delegated to its audit committee any powers or duties under Part 7 of the Local Government Act 1995, did it do so by absolute majority? *

N/A

 Add comments**Please enter comments ***

Audit and Risk Committee has not been delegated any powers or duties.

3. Was the auditor's report for the financial year ended 30 June 2022 received by the local government by 31 December 2022? *

No

 Add comments<https://car.dlgsc.wa.gov.au/CAR/CAR-Edit/?id=289b0c34-86a6-ed11-a81b-002248961531&stepid=93afe69e-6d74-ed11-81ab-00224892bd4b>

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Please enter comments *

Auditor visit for EOFY audit was delayed due to illness of auditor, and then the OAG being closed for all of January. We did not receive it until 15 February 2023.

4. Where the local government determined that matters raised in the auditor's report prepared under section 7.9(1) of the Local Government Act 1995 required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters? *

Yes

 Add comments

—

5. Where matters identified as significant were reported in the auditor's report, did the local government prepare a report that stated what action the local government had taken or intended to take with respect to each of those matters? Was a copy of the report given to the Minister within three months of the audit report being received by the local government? *

Yes

 Add comments**Please enter comments ***

Given that this CAR relates to the 2022 calendar year, and that the only auditors report we received in 2022 was in relation to the 2020/21 financial year, our response is in relation to the 2020/21 auditor's report.

6. Within 14 days after the local government gave a report to the Minister under section 7.12A(4)(b) of the Local Government Act 1995, did the CEO publish a copy of the report on the local government's official website? *

Yes

 Add comments

—

7. Was the auditor's report for the financial year ending 30 June 2022 received by the local government within 30 days of completion of the audit? *

Yes

 Add comments

<https://car.dlgsc.wa.gov.au/CAR/CAR-Edit/?id=289b0c34-86a6-ed11-a81b-002248961531&stepid=93afe69e-6d74-ed11-81ab-00224892bd4b>

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Integrated Planning and Reporting

1. Has the local government adopted by absolute majority a strategic community plan? *

Yes

Add comments

Please provide the adoption date or the date of the most recent review *

27/07/2021

—

2. Has the local government adopted by absolute majority a corporate business plan? *

Yes

Add comments

Please provide the adoption date or the date of the most recent review *

27/07/2021

—

3. Does the corporate business plan comply with the requirements of Local Government (Administration) Regulations 1996 19DA(2) & (3)? *

Yes

Add comments

—

Local Government Employees

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1. Were all CEO and/or senior employee vacancies advertised in accordance with Local Government (Administration) Regulations 1996, regulation 18A? *

Yes

 Add comments

—

2. Was all information provided in applications for the position of CEO true and accurate? *

N/A

 Add comments**Please enter comments ***

No applications for CEO received this year.

3. Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position under section 5.36(4) of the Local Government Act 1995? *

Yes

 Add comments

—

4. Did the CEO inform council of each proposal to employ or dismiss senior employee? *

Yes

 Add comments

—

5. Where council rejected a CEO's recommendation to employ or dismiss a senior employee, did it inform the CEO of the reasons for doing so? *

N/A

 Add comments<https://car.dlgsc.wa.gov.au/CAR/CAR-Edit/?id=289b0c34-86a6-ed11-a81b-002248961531&stepid=93afe69e-6d74-ed11-81ab-00224892bd4b>

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Official Conduct

1. Has the local government designated an employee to be its complaints officer? *

Yes

Add comments

2. Has the complaints officer for the local government maintained a register of complaints which records all complaints that resulted in a finding under section 5.110(2)(a) of the Local Government Act 1995? *

Yes

Add comments

3. Does the complaints register include all information required by section 5.121(2) of the Local Government Act 1995? *

Yes

Add comments

4. Has the CEO published an up-to-date version of the register of the complaints on the local government's official website? *

Yes

Add comments

<https://car.dlgsc.wa.gov.au/CAR/CAR-Edit/?id=289b0c34-86a6-ed11-a81b-002248961531&stepid=93afe69e-6d74-ed11-81ab-00224892bd4b>

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Other

1. Did the CEO review the appropriateness and effectiveness of the local government's financial management systems and procedures in accordance with the Local Government (Financial Management) Regulations 1996 regulations 5(2)(c) within the three financial years prior to 31 December 2022?

Yes

 Add comments

Please provide the date of council's resolution to accept the report. *

09/03/2022

—

2. Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with Local Government (Audit) Regulations 1996 regulation 17 within the three financial years prior to 31 December 2022?

Yes

 Add comments

Please provide the date of council's resolution to accept the report. *

09/03/2022

—

3. Where a disclosure was made under sections 5.87A or 5.87B of the Local Government Act 1995, were the disclosures made within 10 days after receipt of the gift? Did the disclosure include the information required by section 5.87C of the Act?

Yes

 Add comments

—

<https://car.dlgsc.wa.gov.au/CAR/CAR-Edit/?id=289b0c34-86a6-ed11-a81b-002248961531&stepid=93afe69e-6d74-ed11-81ab-00224892bd4b>

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Compliance Audit Return Form · Starter Portal

4. Did the local government prepare, adopt by absolute majority and publish an up-to-date version on the local government's website, a policy dealing with the attendance of council members and the CEO at events?

Yes

 Add comments

—

5. Did the CEO publish information on the local government's website in accordance with sections 5.96A(1), (2), (3), and (4) of the Local Government Act 1995?

Yes

 Add comments

—

6. Did the local government prepare and adopt (by absolute majority) a policy in relation to the continuing professional development of council members?

Yes

 Add comments

—

7. Did the local government prepare a report on the training completed by council members in the 2021/2022 financial year and publish it on the local government's official website by 31 July 2022?

No

 Add comments**OQ-CouncilMemberTrainingPublishComments ***

The website has since been updated accordingly.

8. By 30 September 2022, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2022?

Yes

 Add comments

<https://car.dlgsc.wa.gov.au/CAR/CAR-Edit/?id=289b0c34-86a6-ed11-a81b-002248961531&stepid=93afe69e-6d74-ed11-81ab-00224892bd4b>

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9. When adopting the annual budget, did the local government take into account all its expenditure, revenue and income?

Yes

 Add comments

—

Tenders for Providing Goods and Services

1. Did the local government comply with its current purchasing policy, adopted under the Local Government (Functions and General) Regulations 1996, regulations 11A(1) and (3) in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, \$250,000 or less or worth \$250,000 or less? *

Yes

 Add comments

—

2. Subject to Local Government (Functions and General) Regulations 1996, regulation 11(2), did the local government invite tenders for all contracts for the supply of goods or services where the consideration under the contract was, or was expected to be, worth more than the consideration stated in regulation 11(1) of the Regulations? *

Yes

 Add comments

—

3. When regulations 11(1), 12(2) or 13 of the Local Government (Functions and General) Regulations 1996, required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with Regulation 14(3) and (4)? *

Yes

 Add comments

<https://car.dlgsc.wa.gov.au/CAR/CAR-Edit/?id=289b0c34-86a6-ed11-a81b-002248961531&stepid=93afe69e-6d74-ed11-81ab-00224892bd4b>

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—

4. Did the local government comply with Local Government (Functions and General) Regulations 1996, Regulation 12 when deciding to enter into multiple contracts rather than a single contract? *

N/A

 Add comments

—

5. If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents or each acceptable tenderer notice of the variation? *

Yes

 Add comments

—

6. Did the local government's procedure for receiving and opening tenders comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 15 and 16? *

Yes

 Add comments

—

7. Did the information recorded in the local government's tender register comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulation 17 and did the CEO make the tenders register available for public inspection and publish it on the local government's official website? *

Yes

 Add comments

—

<https://car.dlgsc.wa.gov.au/CAR/CAR-Edit/?id=289b0c34-86a6-ed11-a81b-002248961531&stepid=93afe69e-6d74-ed11-81ab-00224892bd4b>

20/24

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8. Did the local government reject any tenders that were not submitted at the place, and within the time, specified in the invitation to tender? *

Yes

 Add comments

—

9. Were all tenders that were not rejected assessed by the local government via a written evaluation of the extent to which each tender satisfies the criteria for deciding which tender to accept? *

Yes

 Add comments

—

10. Did the CEO give each tenderer written notice containing particulars of the successful tender or advising that no tender was accepted? *

Yes

 Add comments

—

11. Did the local government's advertising and expression of interest processes comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulations 21 and 22? *

Yes

 Add comments

—

12. Did the local government reject any expressions of interest that were not submitted at the place, and within the time, specified in the notice or that failed to comply with any other requirement specified in the notice? *

Yes

 Add comments

<https://car.dlgsc.wa.gov.au/CAR/CAR-Edit/?id=289b0c34-86a6-ed11-a81b-002248961531&stepid=93afe69e-6d74-ed11-81ab-00224892bd4b>

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—

13. Were all expressions of interest that were not rejected under the Local Government (Functions and General) Regulations 1996, Regulation 23(1) & (2) assessed by the local government? Did the CEO list each person as an acceptable tenderer? *

Yes

 Add comments

—

14. Did the CEO give each person who submitted an expression of interest a notice in writing of the outcome in accordance with Local Government (Functions and General) Regulations 1996, Regulation 24? *

Yes

 Add comments

—

15. Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice in accordance with Local Government (Functions and General) Regulations 1996, Regulations 24AD(4) and 24AE? *

N/A

 Add comments**Please enter comments ***

No such panels created.

16. If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application notice of the variation? *

N/A

 Add comments

—

<https://car.dlgsc.wa.gov.au/CAR/CAR-Edit/?id=289b0c34-86a6-ed11-a81b-002248961531&stepid=93afe69e-6d74-ed11-81ab-00224892bd4b>

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17. Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 16, as if the reference in that regulation to a tender were a reference to a pre-qualified supplier panel application? *

N/A

 Add comments

—

18. Did the information recorded in the local government's tender register about panels of pre-qualified suppliers comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24AG? *

N/A

 Add comments

—

19. Did the local government reject any applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time, specified in the invitation for applications? *

N/A

 Add comments

—

20. Were all applications that were not rejected assessed by the local government via a written evaluation of the extent to which each application satisfies the criteria for deciding which application to accept? *

N/A

 Add comments

—

21. Did the CEO send each applicant written notice advising them of the outcome of their application? *

N/A

 Add comments

<https://car.dlgsc.wa.gov.au/CAR/CAR-Edit/?id=289b0c34-86a6-ed11-a81b-002248961531&stepid=93afe69e-6d74-ed11-81ab-00224892bd4b>

23/24

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Compliance Audit Return Form - Starter Portal

—

22. Where the local government gave regional price preference, did the local government comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24E and 24F? *

Yes

Add comments

—

Documents

There are no notes to display.

Close	Previous	Next
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6.2 2022/2023 HALF YEARLY BUDGET REVIEW

File Reference:	ADM131
Location:	N/A
Applicant:	N/A
Author:	Melinda King, Manager Financial Reporting
Authorising Officer:	Rajinder Sunner, Manager Corporate Services
Date:	9/03/2023
Disclosure of Interest:	Nil
Attachments:	1. 2022-2023 Budget Review - 28 February 2023 ↓

SUMMARY:

The Audit and Risk Committee is requested to consider the attached budget review for the eight month period from 1 July 2022 to 28 February 2023 and recommend to Council to endorse the proposed amendments.

BACKGROUND:

Local governments are required to conduct at least one budget review between six and nine months into a financial year.

The budget review is a comparison of the year to date actual results with the adopted budget.

The following reports are included for information:

- Budget Review
- Explanation of Variances

COMMENT:

Comments will be provided in the Explanation of Variances.

CONSULTATION:

Chief Executive Officer

Manager Corporate Services

Manager Works and Services

STATUTORY ENVIRONMENT:

Local governments are required to conduct a budget review between 1 January and 31 March each financial year. This is a requirement covered by Regulation 33A of the *Local Government (Financial Management) Regulations 1996*.

Regulation 33A(2) and (3) requires the results of the budget review to be submitted to Council within 30 days of the review. Council is then to consider the review and determine whether or not to adopt the review. Regulation 33A(4) states that within 30 days after Council has made a determination a copy of the review and determination is to be provided to the Department.

The *Local Government Act 1995* Part 6, Division 4, s6.8 requires any expenditure for an additional purpose that is not included in the annual budget to be authorised in advance by resolution (absolute majority required).

POLICY IMPLICATIONS:

Nil

FINANCIAL IMPLICATIONS:

Acceptance of the recommendations will alter the allocations of budgeted expenditure.

STRATEGIC IMPLICATIONS:

West Arthur Towards 2031

Theme: Leadership and Management

Outcome: Establish and maintain sound business and governance structures

Strategy: Comply with regulations and best practice standards to drive good decision making by Council and Staff

RISK IMPLICATIONS:

Risk management is the removal of uncertainty from business decisions. Risk is expressed in terms of likelihood it may occur and the consequences that may flow from it. The consequences may be positive or negative or simply a deviation from the expected. The risk or consequence may be related to health and safety; financial; business or service interruption; compliance; reputation; or the environment. ***Reference to the risk matrix below will generate a risk rating by assessing the likelihood and consequence and multiplying these scores by each other.*** The greater the risk rating, the greater the risk and the higher the need for specific plans to be developed. All items with a risk rating greater than 10 should be added to the Risk Register and specific controls developed.

Risk Themes:

A risk theme is the categorising of risk. For example, the collection of risks that represent compliance failure. The risk themes in the shire Risk Register include:

- Business Disruption
- Community Disruption
- IT or Communications Failure
- External Threat or Fraud
- Misconduct
- Inadequate safety or security practices
- Inadequate project or change management
- Errors Omissions or Delays
- Inadequate Document Management Processes
- Inadequate supplier / contract management
- Providing inaccurate advice / information
- Ineffective Employment practices
- Compliance failure
- Inadequate asset management
- Inadequate engagement practices
- Ineffective facility or event management
- Inadequate environmental management

Risk Matrix:

Consequence Likelihood		Insignificant	Minor	Moderate	Major	Catastrophic
		1	2	3	4	5
Almost Certain	5	Medium (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Medium (8)	High (12)	High (16)	Extreme (25)

Possible	3	Low (3)	Medium (6)	Medium (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Medium (6)	Medium (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Medium (5)

Description of Key Risk	Failing to undertake a legislated requirement to review the annual budget
Risk Likelihood (based on history and with existing controls)	Rare (1)
Risk Consequence	Minor (2)
Risk Rating (Prior to Treatment or Control): Likelihood x Consequence	Low (2)
Principal Risk Theme	Compliance Failure
Risk Action Plan (Controls or Treatment Proposed)	Ensure the budget review is included in the Compliance Calendar

VOTING REQUIREMENTS:

Absolute Majority

COMMITTEE RESOLUTION ARC-2023-003

Moved: Cr Neil Manuel

Seconded: Cr Karen Harrington

1. That the Audit & Risk Committee recommend that Council adopts the budget review for the 2022/2023 financial year, as presented.
2. That the Audit & Risk Committee, in view of the calculated budget surplus shown in the budget review, recommend that Council approve the following budget amendments:
 - An additional \$6,250 to fund a style guide for the Shire of West Arthur.
 - An additional \$15,000 to fund ICT equipment for Council Chambers.
 - An additional \$5,955 to fund ICT cyber security for depot connectivity.
 - An additional \$2,500 for an additional staff laptop.
 - \$8,160 to fund the minor strategic review which falls due.

CARRIED BY ABSOLUTE MAJORITY

**SHIRE OF WEST ARTHUR
STATEMENT OF BUDGET REVIEW
(NATURE OR TYPE)
FOR THE PERIOD ENDED 28 FEBRUARY 2023**

Note	Budget v Actual		Predicted		
	Annual Budget (a)	YTD Actual (b)	Variance Permanent (c)	Variance Timing (Carryover) (d)	Year End (a)+(c)+(d)
	\$	\$	\$	\$	\$
OPERATING ACTIVITIES					
Net current assets at start of financial year surplus/(deficit)					
	1,481,341	1,481,231	0	0	1,481,341
Revenue from operating activities (excluding rates)					
Operating grants, subsidies and contributions	550,100	456,540	137,335	0	687,435 ▲
Profit on asset disposals	20,676	8,308	0	0	20,676 ▲
4.1.1 Fees and charges	295,450	235,451	10,000	0	305,450 ▲
4.1.2 Service charges	0	0	0	0	0
4.1.7 Interest earnings	118,897	78,911	25,000	0	143,897 ▲
4.1.8 Other revenue	68,353	28,597	13,000	0	81,353 ▲
	1,053,476	807,807	185,335	0	1,238,811
Expenditure from operating activities					
4.2.1 Employee costs	(1,996,848)	(1,224,602)	0	0	(1,996,848)
Materials and contracts	(1,131,500)	(786,010)	(179,655)	0	(1,311,155) ▲
4.2.3 Utility charges	(90,405)	(57,045)	0	0	(90,405)
Depreciation on non-current assets	(2,217,441)	(414,527)	0	0	(2,217,441)
Interest expenses	(25,062)	(11,646)	0	0	(25,062)
Insurance expenses	(117,423)	(116,509)	0	0	(117,423)
4.2.6 Loss on asset disposals	(17,355)	0	0	0	(17,355)
4.2.7 Other expenditure	(48,000)	(14,213)	0	0	(48,000)
	(5,644,034)	(2,624,552)	(179,655)	0	(5,823,689)
Operating activities excluded from budget					
Depreciation on assets	2,217,441	414,527	0	0	2,217,441
4.4.3 (Profit)/loss on asset disposal	(3,321)	(8,308)	0	0	(3,321)
Adjust provisions and accruals	0	(38,807)			0
Amount attributable to operating activities	(895,097)	31,898	5,680	0	(889,417)
INVESTING ACTIVITIES					
4.1.3 Non-operating grants, subsidies and contributions	1,200,962	643,923	0	0	1,200,962
Purchase land held for resale	0	0	0	0	0
Purchase land and buildings	(734,749)	(37,324)	0	548,468	(186,281) ▼
Purchase plant and equipment	(635,696)	(211,183)	(2,283)	0	(637,979) ▲
Purchase furniture and equipment	0	0	0	0	0
Purchase and construction of infrastructure-roads	(1,083,221)	(339,351)	0	0	(1,083,221)
Purchase and construction of infrastructure-other	(627,656)	(496,694)	0	95,000	(532,656) ▼
Purchase of investments	0	0	0	0	0
Proceeds from disposal of assets	144,050	80,000	55,000	0	199,050 ▲
Proceeds from sale of investments	0	0	0	0	0
Amount attributable to investing activities	(1,736,310)	(360,629)	52,717	643,468	(1,040,125)
FINANCING ACTIVITIES					
Proceeds from new borrowings	270,000	270,000	0	0	270,000
Proceeds from advances	0	0	0	0	0
Proceeds from self supporting loans	29,031	14,396	0	0	29,031
Transfers from cash backed reserves (restricted assets)	993,650	0	88	(643,468)	350,270 ▼
Repayment of debentures	(101,198)	(50,031)	0	0	(101,198)
Advances to community groups	0	0	0	0	0
Transfers to cash backed reserves (restricted assets)	(445,499)	(49,197)	0	0	(445,499)
Amount attributable to financing activities	745,984	185,168	88	(643,468)	102,604
Budget deficiency before general rates	(1,885,423)	(143,563)	58,485	0	(1,826,938)
Estimated amount to be raised from general rates	1,885,423	1,883,801			1,885,423
Closing funding surplus/(deficit)	0	1,740,238	58,485	0	58,485 ▲
Expected restricted cash at year end					0
Closing funding surplus/(deficit) after restricted cash considered					58,485

**SHIRE OF WEST ARTHUR
NOTES TO THE REVIEW OF THE ANNUAL BUDGET
FOR THE PERIOD ENDED 28 FEBRUARY 2023**

4. PREDICTED VARIANCES

Comments/Reason for Variance	Variance \$	
	Permanent	Timing
4.1 OPERATING REVENUE (EXCLUDING RATES)		
4.1.1 PROFIT ON ASSET DISPOSAL		
No material variance expected		0
4.1.2 FEES AND CHARGES		
Rental income expected to be above budget	10,000	
4.1.3 GRANTS, SUBSIDIES AND CONTRIBUTIONS		
General Purpose Grant will be above budget	93,083	
Local Roads Grant will be above budget	44,252	
4.1.7 INTEREST EARNINGS		
Interest on Municipal account expected to be greater than budgeted.	25,000	
4.1.8 OTHER REVENUE		
Reimbursement of legal cost expected to be above budget	13,000	
	Predicted Variances Carried Forward	185,335 0
	Predicted Variances Brought Forward	185,335 0
4.2 OPERATING EXPENSES		
4.2.1 EMPLOYEE COSTS		
No material variance expected		
4.2.2 MATERIAL AND CONTRACTS		
Refresh the Shire logo approved by Council	(5,850)	
Repairs to loader - funded by reserve	(52,805)	
Long term financial plan expected to be above budget	(4,000)	
Animal control above budget	(4,000)	
Recreation and Culture materials below budget	12,000	
Bridge maintenance expected to be above budget.	(40,000)	
Plant op costs including fuel to be above budget (excluding loader funded by reserve)	(75,000)	
Admin overheads expected to be above budget	(10,000)	
4.2.3 UTILITY CHARGES		
No Material Variance		
4.2.4 DEPRECIATION (NON CURRENT ASSETS)		
No Material Variance		
4.2.4 INTEREST EXPENSES		
No Material Variance		
4.2.5 INSURANCE EXPENSES		
No Material Variance		
4.2.6 LOSS ON ASSET DISPOSAL		
No Material Variance		
4.2.7 OTHER EXPENDITURE		
No Material Variance		0
	Predicted Variances Carried Forward	5,680 0

**SHIRE OF WEST ARTHUR
NOTES TO THE REVIEW OF THE ANNUAL BUDGET
FOR THE PERIOD ENDED 28 FEBRUARY 2023**

4. PREDICTED VARIANCES

Comments/Reason for Variance	Variance \$	
	Permanent	Timing
Predicted Variances Brought Forward	5,680	0
4.3 CAPITAL REVENUE		
4.3.1 GRANTS, SUBSIDIES AND CONTRIBUTIONS		
No Material Variance		
4.3.2 PROCEEDS FROM DISPOSAL OF ASSETS		
Water tanker and mower will not be sold	(10,000)	
Proceeds on sale of loader will be above budget	65,000	
4.3.3 PROCEEDS FROM NEW DEBENTURES		
No Material Variance		
4.3.4 PROCEEDS FROM SALE OF INVESTMENT		
No Material Variance		
4.3.5 PROCEEDS FROM ADVANCES		
No Material Variance		
4.3.6 SELF-SUPPORTING LOAN PRINCIPAL		
No Material Variance		
Predicted Variances Carried Forward	60,680	0
Predicted Variances Brought Forward	60,680	0
4.4 CAPITAL EXPENSES		
4.4.1 LAND HELD FOR RESALE		
No Material Variance		
4.4.2 LAND AND BUILDINGS		
Staff housing improvements will be below budget		25,000
Community housing improvements will be below budget		50,000
New staff house - expenditure will not occur this year		473,468
4.4.3 PLANT AND EQUIPMENT		
Loader purchase will be below budget	17,167	
Water tank will be above budget - Council approved	(35,450)	
Mower will be below budget	16,000	
4.4.4 FURNITURE AND EQUIPMENT		
No Material Variance		
4.4.5 INFRASTRUCTURE ASSETS - ROADS		
Design of Darkan Railway Reserve carpark to be funded from budgeted road project materials - to be determined. \$10,000 required and sufficient funds available. No additional cash contribution required.	0	
Additional wage and plant allocations were allowed for in the budget as projects to be determined. To be allocated to RRG project - Williams Darkan Road.	0	
No Material Variance		
4.4.6 INFRASTRUCTURE ASSETS - OTHER		
Refuse site expenditure will be below budget		95,000
4.4.7 PURCHASES OF INVESTMENT		
No Material Variance		
4.4.8 REPAYMENT OF DEBENTURES		
No Material Variance		
4.4.9 ADVANCES TO COMMUNITY GROUPS		
No Material Variance		
Predicted Variances Carried Forward	58,397	643,468

**SHIRE OF WEST ARTHUR
NOTES TO THE REVIEW OF THE ANNUAL BUDGET
FOR THE PERIOD ENDED 28 FEBRUARY 2023**

4. PREDICTED VARIANCES

Comments/Reason for Variance

	Variance \$	
	Permanent	Timing
Predicted Variances Brought Forward	58,397	643,468
4.5 OTHER ITEMS		
4.5.10 TRANSFER TO RESERVES (RESTRICTED ASSETS)		
No Material Variance		
4.5.11 TRANSFER FROM RESERVES (RESTRICTED ASSETS)		
Loader repairs to be funded from reserve	52,805	
Loader net purchase cost to be below budget	(82,167)	
Additional water tank cost to be funded from reserve	35,450	
Housing reserve transfers will be below budget		(25,000)
Community housing reserve transfer will be below budget		(50,000)
New staff house will be below budget - to be budgeted in 2023/2024		(473,468)
Sale of water tank and mower below budget	10,000	
Mower cost will be below budget	(16,000)	
Refuse site transfer will be below budget		(95,000)
4.5.1 RATE REVENUE		
No Material Variance		
4.5.2 OPENING FUNDING SURPLUS(DEFICIT)		
No Variance	0	
4.5.3 NON-CASH WRITE BACK OF PROFIT (LOSS)		
No Material Variance	0	
Total Predicted Variances as per Annual Budget Review	58,485	0
Budget Amendment Requests		
Style Guide	(6,250)	
IT equipment for Council Chambers	(15,000)	
Depot cyber security for depot connectivity	(5,955)	
Additional laptop for project officer	(2,500)	
Minor Strategic Review	(8,160)	
Total budget amendments for Council consideration	(37,865)	

6.3 2021-2022 AUDIT REPORT - SIGNIFICANT FINDINGS

File Reference:	ADM133
Location:	N/A
Applicant:	N/A
Author:	Rajinder Sunner, Manager Corporate Services
Authorising Officer:	Vin Fordham Lamont, Chief Executive Officer
Date:	10/03/2023
Disclosure of Interest:	Nil
Attachments:	1. Draft Letter to Minister for Local Government (including Audit Findings) - CONFIDENTIAL ↓

SUMMARY:

Audit and Risk Committee to consider the items raised in the 2021-2022 annual audit report, note the management responses, and recommend endorsement of those responses/actions to Council.

BACKGROUND:

The *Local Government Act 1995* (LGA) requires that Council accepts the draft Annual Report each financial year, including the Financial and Auditor's Reports, no later than 31 December or within two months of the Auditor's Report becoming available if that is not received prior to 31 December.

The Auditor's report was received on 15 February 2023. The Audit and Risk Committee met with the Auditor on 14 February 2023 and Council adopted the 2021/2022 Annual Report on 23 February 2023.

COMMENT:

Ideally, an Audit and Risk Committee meeting would be held to consider the audit report BEFORE Council adopts the Annual Report. Time constraints did not allow this to occur this year so Council has already adopted the 2021-2022 Annual Report.

Section 7.12A(4)(a) of the LGA states that "a local government must prepare a report addressing any matters identified as significant by the auditor in the audit report, and stating what action the local government has taken or intends to take with respect to each of those matters".

Officers have prepared the report containing our responses and the Audit and Risk Committee is now being asked to consider the issues raised (particularly those deemed to be significant) and formally recommend to Council that they be endorsed.

This will ensure compliance with legislative requirements and complete the process.

CONSULTATION:

Auditor

Office of the Auditor General

Chief Executive Officer

Manager Financial Reporting

Projects Officer

STATUTORY ENVIRONMENT:

Local Government Act 1995 Section 7.12A(4)(a) –Duties of Local Government with respect to audit;

Local Government Act 1995 Section 5.27 – Electors' general meetings;

Local Government Act 1995 Section 5.29 – Convening electors’ meetings;
Local Government Act 1995 Section 5.53 – Annual reports;
Local Government Act 1995 Section 5.54 – Acceptance of annual reports;
Local Government Act 1995 Section 5.55 – Notice of annual reports; and
Local Government Act 1995 Section 5.55A – Publication of annual report.

POLICY IMPLICATIONS:

Nil

FINANCIAL IMPLICATIONS:

Nil

STRATEGIC IMPLICATIONS:

West Arthur Towards 2031

Theme: Leadership and Management – Inspirational, Dynamic, Transparent

Outcome: Establish and maintain sound business and governance structures

Strategy: Provide informed decision making based on our strategic directions and legal requirements and that these are open, transparent and adequately communicated with the community.

RISK IMPLICATIONS:

Risk management is the removal of uncertainty from business decisions. Risk is expressed in terms of likelihood it may occur and the consequences that may flow from it. The consequences may be positive or negative or simply a deviation from the expected. The risk or consequence may be related to health and safety; financial; business or service interruption; compliance; reputation; or the environment. ***Reference to the risk matrix below will generate a risk rating by assessing the likelihood and consequence and multiplying these scores by each other.*** The greater the risk rating, the greater the risk and the higher the need for specific plans to be developed. All items with a risk rating greater than 10 should be added to the Risk Register and specific controls developed.

Risk Themes:

A risk theme is the categorising of risk. For example, the collection of risks that represent compliance failure. The risk themes in the shire Risk Register include:

- Business Disruption
- Community Disruption
- IT or Communications Failure
- External Threat or Fraud
- Misconduct
- Inadequate safety or security practices
- Inadequate project or change management
- Errors Omissions or Delays
- Inadequate Document Management Processes
- Inadequate supplier / contract management
- Providing inaccurate advice / information
- Ineffective Employment practices
- Compliance failure
- Inadequate asset management
- Inadequate engagement practices
- Ineffective facility or event management
- Inadequate environmental management

Risk Matrix:

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

Description of Key Risk	Failing to adopt the annual report, and hold the annual electors meeting with legislated time frame.
Risk Likelihood (based on history and with existing controls)	Possible (3)
Risk Consequence	Moderate (3)
Risk Rating (Prior to Treatment or Control): Likelihood x Consequence	Medium (9)
Principal Risk Theme	Compliance Failure.
Risk Action Plan (Controls or Treatment Proposed)	Adopt the annual report as presented and hold the annual electors meeting as prescribed under legislation.

VOTING REQUIREMENTS:

Absolute Majority

COMMITTEE RESOLUTION ARC-2023-004

Moved: Cr Karen Harrington

Seconded: Cr Neil Manuel

1. That the Audit & Risk Committee consider the items raised in the 2021-2022 annual audit report, note the management responses, and recommend endorsement of those responses/actions to Council.
2. That the Audit & Risk Committee recommend that Council authorise the CEO to write to the Minister for Local Government pursuant to the *Local Government Act 1995* Section 7.12A(4)(a), and include the management response to the significant finding in the audit report.

CARRIED BY ABSOLUTE MAJORITY

6.4 NEW FRAUD AND CONTROL POLICY

File Reference:	ADM015
Location:	N/A
Applicant:	N/A
Author:	Rajinder Sunner, Manager Corporate Services
Authorising Officer:	Vin Fordham Lamont, Chief Executive Officer
Date:	10/03/2023
Disclosure of Interest:	Nil
Attachments:	1. F23 - New Fraud and Control Policy ↓

SUMMARY:

The Audit and Risk committee is requested to consider the new Fraud and Control Policy and recommend it to Council for adoption.

BACKGROUND:

To protect resources, including information, and safeguard the integrity and reputation of the Shire, this policy sets out the arrangements for the overall management of the risks and any instances of fraud and/or corruption.

The Shire does not tolerate fraud and corruption. Control of fraud and corruption is the responsibility of everyone in, or associated with, the Shire.

It is recognised that fraudulent activity and corruption are illegal and contrary to the Shire's organisational values and Codes of Conduct.

COMMENT:

Fraud – is defined as dishonest activity causing actual or potential financial loss to the organisation including theft of money or other property whether or not deception is used at the time, before or after the activity. It also includes deliberate concealment, destruction, or falsification of documentation used for a normal business purpose as well as improper use of corporate information or position.

Corruption - is defined as an act done with intent to give or receive some advantage or benefit which is inconsistent with one's official duties and may impinge on the rights of others.

CONSULTATION:

Dean McAuliffe – DKM Workplace Solutions
Chief Executive Officer

STATUTORY ENVIRONMENT:

Local Government Act 1995

LOCAL GOVERNMENT (FUNCTIONS AND GENERAL) REGULATIONS 1996 POLICY IMPLICATIONS:

F23 – Fraud and Control Policy

FINANCIAL IMPLICATIONS:

There may be some financial implications depending upon the ability to recover.

STRATEGIC IMPLICATIONS:

Nil

RISK IMPLICATIONS:

Risk management is the removal of uncertainty from business decisions. Risk is expressed in terms of likelihood it may occur and the consequences that may flow from it. The consequences may be positive or negative or simply a deviation from the expected. The risk or consequence may be related to health and safety; financial; business or service interruption; compliance; reputation; or the environment. **Reference to the risk matrix below will generate a risk rating by assessing the likelihood and consequence and multiplying these scores by each other.** The greater the risk rating, the greater the risk and the higher the need for specific plans to be developed. All items with a risk rating greater than 10 should be added to the Risk Register and specific controls developed.

Risk Themes:

A risk theme is the categorising of risk. For example, the collection of risks that represent compliance failure. The risk themes in the shire Risk Register include:

- Business Disruption
- Community Disruption
- IT or Communications Failure
- External Threat or Fraud
- Misconduct
- Inadequate safety or security practices
- Inadequate project or change management
- Errors Omissions or Delays
- Inadequate Document Management Processes
- Inadequate supplier / contract management
- Providing inaccurate advice / information
- Ineffective Employment practices
- Compliance failure
- Inadequate asset management
- Inadequate engagement practices
- Ineffective facility or event management
- Inadequate environmental management

Risk Matrix:

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

Description of Key Risk	Possible Financial or Intellectual property loss
Risk Likelihood (based on history and with existing controls)	Almost Certain (5)
Risk Consequence	Major (4)
Risk Rating (Prior to Treatment or Control): Likelihood x Consequence	Extreme (20)
Principal Risk Theme	Misconduct
Risk Action Plan (Controls or Treatment Proposed)	Implement the new policy

VOTING REQUIREMENTS:

Simple Majority

COMMITTEE RESOLUTION ARC-2023-005

Moved: Cr Neil Manuel

Seconded: Cr Karen Harrington

That the Audit & Risk Committee endorse the new Fraud and Control policy and recommend to the Council to adopt the New Fraud and Control policy.

CARRIED

Policy Title	F23 – Fraud and Control
Policy Type	Governance
Responsible Officer	Chief Executive Officer



Purpose

To protect resources, including information, and safeguard the integrity and reputation of the Shire. This policy sets out the arrangements for the overall management of the risks and any instances of fraud and/or corruption.

The Shire does not tolerate fraud and corruption. Control of fraud and corruption is the responsibility of everyone in, or associated with, the Shire.

It is recognised that fraudulent activity and corruption are illegal and contrary to the Shire's organisational values and Codes of Conduct.

Scope

This policy ensures Employees, Elected Members, Committee Members, contractors, and volunteers are aware of their responsibilities in relation to fraud and corruption prevention and control, the identification, treatment and recording of fraud or corruption risks, fraud or corruption auditing and detection processes, reporting responsibilities and obligations and investigation procedures.

Definitions

Fraud – is defined as dishonest activity causing actual or potential financial loss to the organisation including theft of money or other property whether or not deception is used at the time, before or after the activity. It also includes deliberate falsification, concealment, destruction, or falsification of documentation used for a normal business purpose as well as improper use of corporate information or position.

Corruption - is defined as an act done with intent to give or receive some advantage or benefit inconsistent with official duty and the rights of others.

Policy Statement

Responsibilities

All Elected Members, employees, contractors, and volunteers of the Shire are required to observe the highest standards of ethics and integrity in undertaking their roles as custodians of the Shire's assets, financial resources, and information. They are also expected to act in an open, honest, and professional manner that reflects the high standing of the Shire.

It is recognised that fraudulent activity and corruption are illegal and contrary to the Shire's organisational values.

The Shire will take a proactive stance to ensure that incidences of fraudulent or corrupt activities or behaviours do not occur. Whilst the Shire endeavours to foster a culture which upholds trust (openness, honesty, and integrity), it must be recognised that not everyone within an organisation may share those values. In responding to this, the Shire will ensure the creation of an effective internal control environment, supported by a positive organisational culture and effective leadership aimed at preventing fraud and corruption from occurring.

As such all Elected Members, employees, contractors and volunteers of the Shire are to report actual or

suspected fraud and corruption and report potential sources of fraud and corruption.

- Reporting Fraud and Corruption:
A Public Officer or any other person may report to the Corruption and Crime Commission (CCC) or the Public Sector Commission (PSC) any matter which that person suspect on reasonable grounds concerns or may concern serious or minor misconduct.

[Corruption and Crime Commission](#)

[Public Sector Commission](#)

- Audit and Risk Committee:
Will be notified of instances of alleged fraud and corruption through risk reporting.

Prevention

The Shire proactively engages in preventative measures designed to help reduce the risk of fraud and corruption from occurring. These include:

Leadership	Setting and demonstrating the standards for ethical behaviours for the Shire
Risk Assessment	Identifying, Monitoring, Mitigating or Eliminating Fraud Hazards
Processes and Systems	Information Technology System controls Transparent, robust policies and processes <ul style="list-style-type: none"> - Code of Conduct - Procurement - User access policies - Contracts - Audit
Education and Awareness	Initial and ongoing training and communication and consultation with Elected Members, employees, volunteers, and contractors engaged.
Public Interest Disclosures	Public Information

Detecting

Early detection is an essential element of fraud and corruption control. Although notifications of fraud and corruption from internal and external sources are the most common method of detection, other detection measures include monitoring high-risk areas, internal reviews and audits, intrusion detection systems, conducting reviews focused on risk, or data mining and data matching.

Fraudulent and corrupt conduct is able to be detected through the Shire 's robust internal control systems and mechanisms. These include:

Audit Plan
Procurement - Purchasing and Tenders Policy
Audit and Risk Committee
Public Interest Disclosures

Responding

When the Shire becomes aware of incidents of fraud and corruption the Shire will act promptly and decisively.

Responses include:

- internal investigations;
- referrals to external investigators where appropriate;
- referrals to the police and/or the Corruption and Crime Commission;
- remedies for dealing with misconduct, such as disciplinary action up to and including termination of employment;
- active recovery of proceeds of fraud or corruption where appropriate;
- internal reporting on fraud and corruption instances to the Audit and Risk Committee;
- review of internal controls by the Executive Management Team.

History	
Delegation	People and Culture
Relevant Legislation	<i>Local Government Act 1995 (WA)</i> <i>Local Government (Functions & General) Regulations 1996</i> <i>Public Sector Management Act 1994</i> <i>Corruption, Crime & Misconduct Act 2003</i> <i>Public Interest Disclosure Act 2003</i>
Related Documentation	Purchasing and Tender Policy Code of Conduct for Employees Code of Conduct for Elected Members Contracts of Employment

6.5 RISK MANAGEMENT GOVERNANCE FRAMEWORK

File Reference:	ADM015
Location:	N/A
Applicant:	N/A
Author:	Rajinder Sunner, Manager Corporate Services
Authorising Officer:	Vin Fordham Lamont, Chief Executive Officer
Date:	10/03/2023
Disclosure of Interest:	Nil
Attachments:	1. Risk Management Governance Framework ↓

SUMMARY:

The Audit and Risk Committee is requested to consider the Risk Management Governance Framework and recommend to Council to adopt the Risk Management Governance Framework.

BACKGROUND:

It is the Shire's Policy to achieve best practice, (aligned with AS ISO 31000:2018 Risk management - Guidelines), in the management of all risks that may affect the Shire, its customers, people, assets, functions, objectives and operations, or members of the public.

Risk Management will form part of Strategic, Operational, Project and Line Management responsibilities and where possible, be incorporated within the Shire's Integrated Planning Framework.

The Shire's Management Team will determine and communicate the Risk Management Policy, Objectives and Procedures, as well as direct and monitor implementation, practice and performance.

Every worker within the Shire is recognised as having a role in risk management, from the identification of risks, to implementing risk treatments and shall be invited and encouraged to participate in the process.

COMMENT:**Risk Management Objectives**

- Optimise the achievement of our vision, mission, strategies, goals and objectives.
- Provide transparent and formal oversight of the risk and control environment to enable effective decision making.
- Enhance risk versus return within our risk appetite.
- Embed appropriate and effective controls to mitigate risk.
- Achieve effective corporate governance and adherence to relevant statutory, regulatory and compliance obligations.
- Enhance organisational resilience.
- Identify and provide for the continuity of critical operations.

CONSULTATION:

Mark Southgate – LGIS Regional Risk Coordinator

STATUTORY ENVIRONMENT:

Local Government Act 1995

Local Government (Audit) Regulations 1996

POLICY IMPLICATIONS:

Risk Management Policy

FINANCIAL IMPLICATIONS:

Nil

STRATEGIC IMPLICATIONS:

West Arthur Towards 2031

Theme: Leadership and Management

Outcome: Establish and maintain sound business and governance structures

Strategy: Comply with regulations and best practice standards to drive good decision making by Council and Staff

RISK IMPLICATIONS:

Risk management is the removal of uncertainty from business decisions. Risk is expressed in terms of likelihood it may occur and the consequences that may flow from it. The consequences may be positive or negative or simply a deviation from the expected. The risk or consequence may be related to health and safety; financial; business or service interruption; compliance; reputation; or the environment. ***Reference to the risk matrix below will generate a risk rating by assessing the likelihood and consequence and multiplying these scores by each other.*** The greater the risk rating, the greater the risk and the higher the need for specific plans to be developed. All items with a risk rating greater than 10 should be added to the Risk Register and specific controls developed.

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Unlikely	2	Low (2)	Low (4)	Medium (6)	Medium (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Medium (5)

Description of Key Risk	Financial loss, employee health, organisational reputation, operations, natural environment, compliance, project management
Risk Likelihood (based on history and with existing controls)	Likely (4)
Risk Consequence	Catastrophic (5)
Risk Rating (Prior to Treatment or Control): Likelihood x Consequence	Extreme (20)
Principal Risk Theme	All themes
Risk Action Plan (Controls or Treatment Proposed)	Adopt the proposed Risk Management Governance Framework

VOTING REQUIREMENTS:

Simple Majority

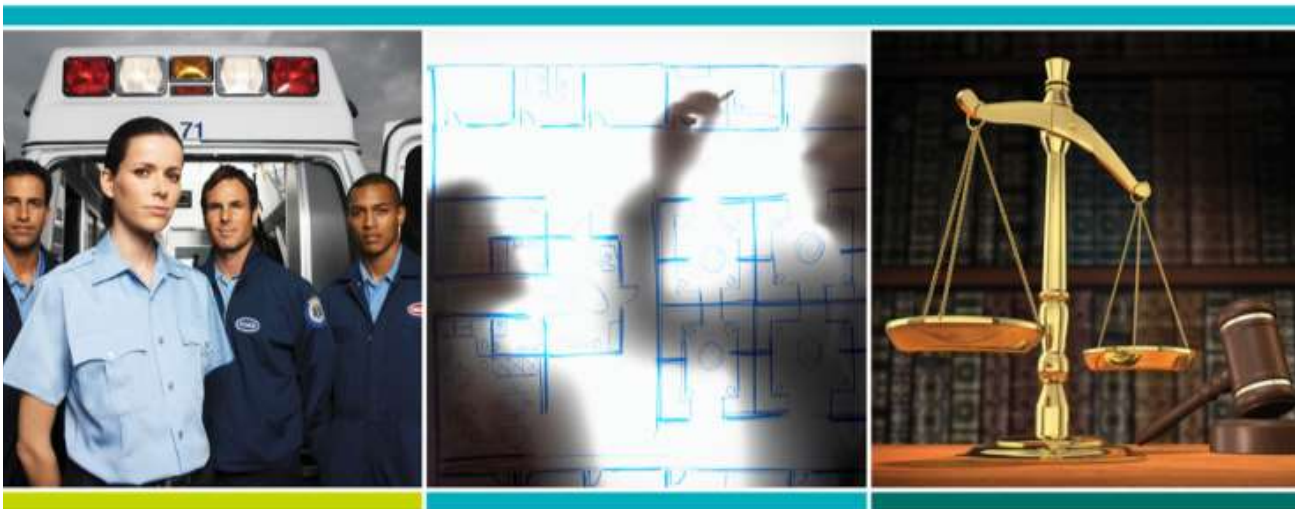
COMMITTEE RESOLUTION ARC-2023-006

Moved: Cr Neil Manuel

Seconded: Cr Karen Harrington

That the Audit & Risk Committee consider the Risk Management Governance Framework as presented and recommend to Council to adopt that document.

CARRIED



Risk Management Governance Framework

- Risk Management Policy
- Risk Management Procedures

March 2023

Version: 0.2



Shire of West Arthur



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Introduction

The Risk Management Policy and Procedures form the Risk Management Framework for the Shire of West Arthur (“the Shire”). It sets out the Shire’s approach to the identification, assessment, management, reporting and monitoring of risks. All components of this document are based on Australian Standard AS ISO 31000:2018 Risk management - Guidelines.

It is essential that all areas of the Shire adopt these procedures to ensure:

- Strong corporate governance;
- Compliance with relevant legislation, regulations and internal policies;
- Integrated Planning and Reporting requirements are met;
- Uncertainty and its effects on objectives is understood.

This Framework aims to balance a documented, structured and systematic process with the current size and complexity of the Shire along with existing time, resource and workload pressures.

Further information or guidance on risk management procedures is available from LGIS Risk Management.

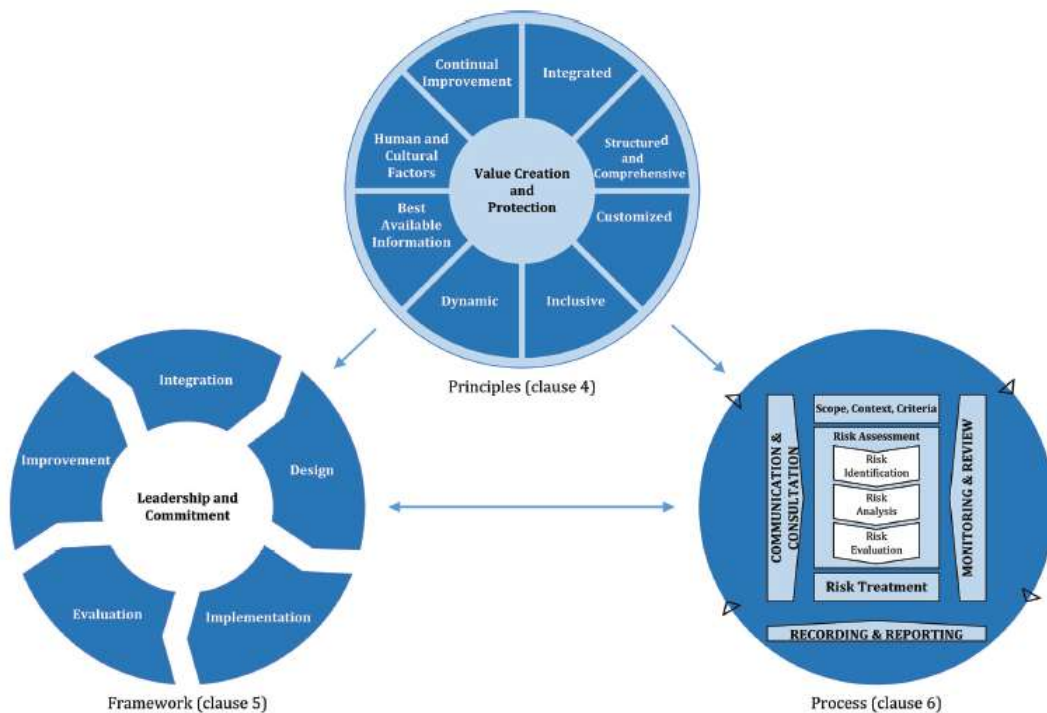


Figure 1: Risk Management Principles, Framework and Process (Source: ISO 31000:2018)



Risk Management Policy

Purpose

The Shire of West Arthur's Risk Management Policy documents the commitment and objectives regarding managing uncertainty that may impact the Shire's strategies, goals or objectives.

Policy

It is the Shire's Policy to achieve best practice, (aligned with AS ISO 31000:2018 Risk management - Guidelines), in the management of all risks that may affect the Shire, its customers, people, assets, functions, objectives, operations or members of the public.

Risk Management will form part of the Strategic, Operational, Project and Line Management responsibilities and where possible, be incorporated within the Shire's Integrated Planning Framework.

The Shire's Management Team will determine and communicate the Risk Management Policy, Objectives and Procedures, as well as direct and monitor implementation, practice and performance.

Every worker within the Shire is recognised as having a role in risk management, from the identification of risks, to implementing risk treatments and shall be invited and encouraged to participate in the process.

Consultants may be retained at times to advise and assist in the risk management process or management of specific risks or categories of risk.

Definitions

Risk: Effect of uncertainty on objectives.

Note 1: An effect is a deviation from the expected – positive, negative or both – and can address, create or result in opportunities and threats.

Note 2: Objectives can have different aspects and categories (such as financial, health and safety and environmental goals) and can be applied at different levels (such as strategic, organisation-wide, project, product or process).

Note 3: Risk is usually expressed in terms of risk sources, potential events, their consequences and their likelihood.

Risk Management: Coordinated activities to direct and control an organisation with regard to risk.

Risk Management Process: Systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context, and identifying, analysing, evaluating, treating, monitoring and reviewing risk.

Risk Management Objectives

- Optimise the achievement of our vision, mission, strategies, goals and objectives.
- Provide transparent and formal oversight of the risk and control environment to enable effective decision making.



- Enhance risk versus return within our risk appetite.
- Embed appropriate and effective controls to mitigate risk.
- Achieve effective corporate governance and adherence to relevant statutory, regulatory and compliance obligations.
- Enhance organisational resilience.
- Identify and provide for the continuity of critical operations.

Risk Appetite

The Shire quantified its risk appetite through the development and endorsement of the Shire's Risk Assessment and Acceptance Criteria. The criteria are included within the Risk Management Procedures and are subject to ongoing review in conjunction with the Risk Management Policy.

All organisational risks are to be assessed according to the Shire's Risk Assessment and Acceptance Criteria to allow consistency and informed decision making. For instances with specific requirements such as special projects or to satisfy external stakeholder requirements, alternative risk assessment criteria may be utilised, however these cannot exceed the organisations appetite and are to be noted within the individual risk assessment.

Roles, Responsibilities & Accountabilities

The Chief Executive Officer (CEO) is responsible for the allocation of roles, responsibilities and accountabilities. These are documented in the Risk Management Procedures (Operational Document).

Monitor & Review

The Shire will implement and integrate a monitor and review process to report on the achievement of the Risk Management Objectives, the management of individual risks and the ongoing identification of issues and trends.

This policy will be kept under review by the Shire's Management Team and its workers. It will be formally reviewed triennially.

Signed:

Date: ____/____/____

Chief Executive Officer

History	
Delegation	Nil
Relevant Legislation	<i>AS/NZS ISO 31000:2018 Risk Management Guidelines</i>
Related Documentation	



Risk Management Procedures

Governance

Appropriate governance of risk management within the Shire of West Arthur provides:

- Transparency of decision making.
- Clear identification of the roles and responsibilities of the risk management functions.
- An effective Governance Structure to support the risk management framework.

Framework Review

The Risk Management Framework is to be reviewed for appropriateness and effectiveness annually.

Operating Model

The Shire has adopted a “Three Lines of Defence” model for the management of risk. This model ensures roles; responsibilities and accountabilities for decision making are structured to demonstrate effective governance and assurance. By operating within the approved risk appetite and framework, the Council, Management and Community will have assurance that risks are managed effectively to support the delivery of the Strategic, Corporate & Operational Plans.

First Line of Defence

All operational areas of the Shire are considered ‘1st Line’. They are responsible for ensuring that risks within their scope of operations are identified, assessed, managed, monitored and reported. Ultimately, they bear ownership and responsibility for losses or opportunities from the realisation of risk. Associated responsibilities include;

- Establishing and implementing appropriate processes and controls for the management of risk (in line with these procedures).
- Undertaking adequate analysis (data capture) to support the decision-making process of risk.
- Prepare risk acceptance proposals where necessary, based on level of residual risk.
- Retain primary accountability for the ongoing management of their risk and control environment.

Second Line of Defence

The Manager Corporate Services acts as the primary ‘2nd Line’. This position owns and manages the framework for risk management, drafts and implements governance procedures and provides the necessary tools and training to support the 1st line process.

Maintaining oversight on the application of the framework provides a transparent view and level of assurance to the 1st & 3rd lines on the risk and control environment. Support can be provided by additional oversight functions completed by other 1st Line Teams (where applicable). Additional responsibilities include:

- Providing independent oversight of risk matters as required.
- Monitoring and reporting on emerging risks.
- Co-ordinating the Shire’s risk reporting for the CEO & Management Team and the Audit and Risk Committee.



Third Line of Defence

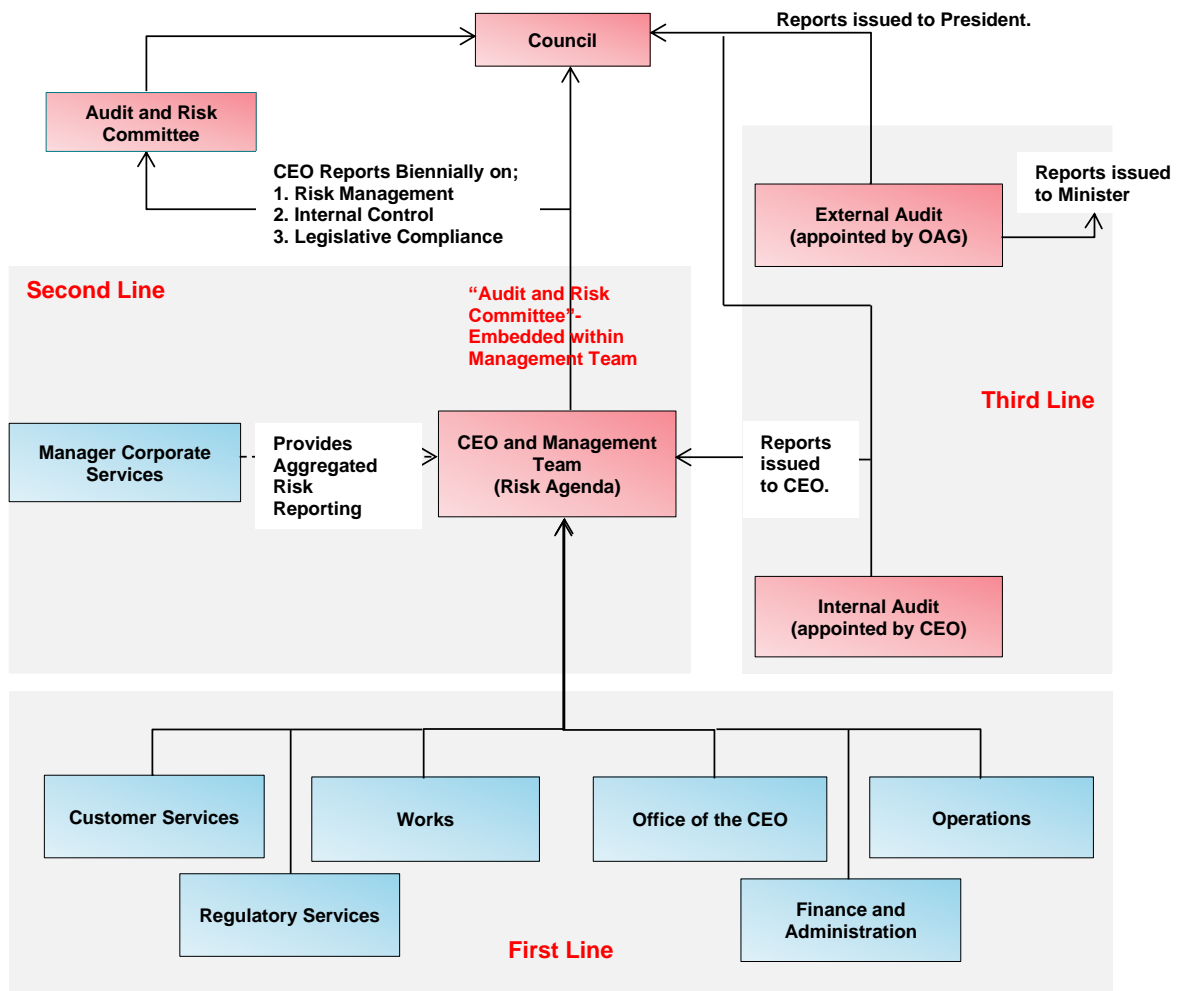
Internal & External Audit are the third line of defence, providing independent assurance to the Council, Audit and Risk Committee and Shire Management on the effectiveness of business operations and oversight frameworks (1st & 2nd Line).

Internal Audit – Appointed by the CEO to report on the adequacy and effectiveness of internal control processes and procedures. The scope of which would be determined by the CEO with input from the Audit Committee.

External Audit – Appointed by the Office of the Auditor General - OAG.

Governance Structure

The following diagram depicts the current operating structure for risk management within the Shire.





Roles & Responsibilities

Council

- Review and approve the Shire's Risk Management Policy and Risk Assessment & Acceptance Criteria.
- Establish and maintain an Audit Committee in terms of the Local Government Act.

Audit Committee

- Refer to Terms of Reference of Audit and Risk Committee.

CEO / Management Team

- Appoint Internal Auditors as required .
- Liaise with Council in relation to risk acceptance requirements.
- Approve and review the appropriateness and effectiveness of the Risk Management Framework.
- Drive consistent embedding of a risk management culture.
- Analyse and discuss emerging risks, issues and trends.
- Document decisions and actions arising from risk matters.
- Own and manage the Risk Profiles at Shire Level.

Manager Corporate Services

- Oversee and facilitate the Risk Management Framework.
- Support reporting requirements for Risk matters.

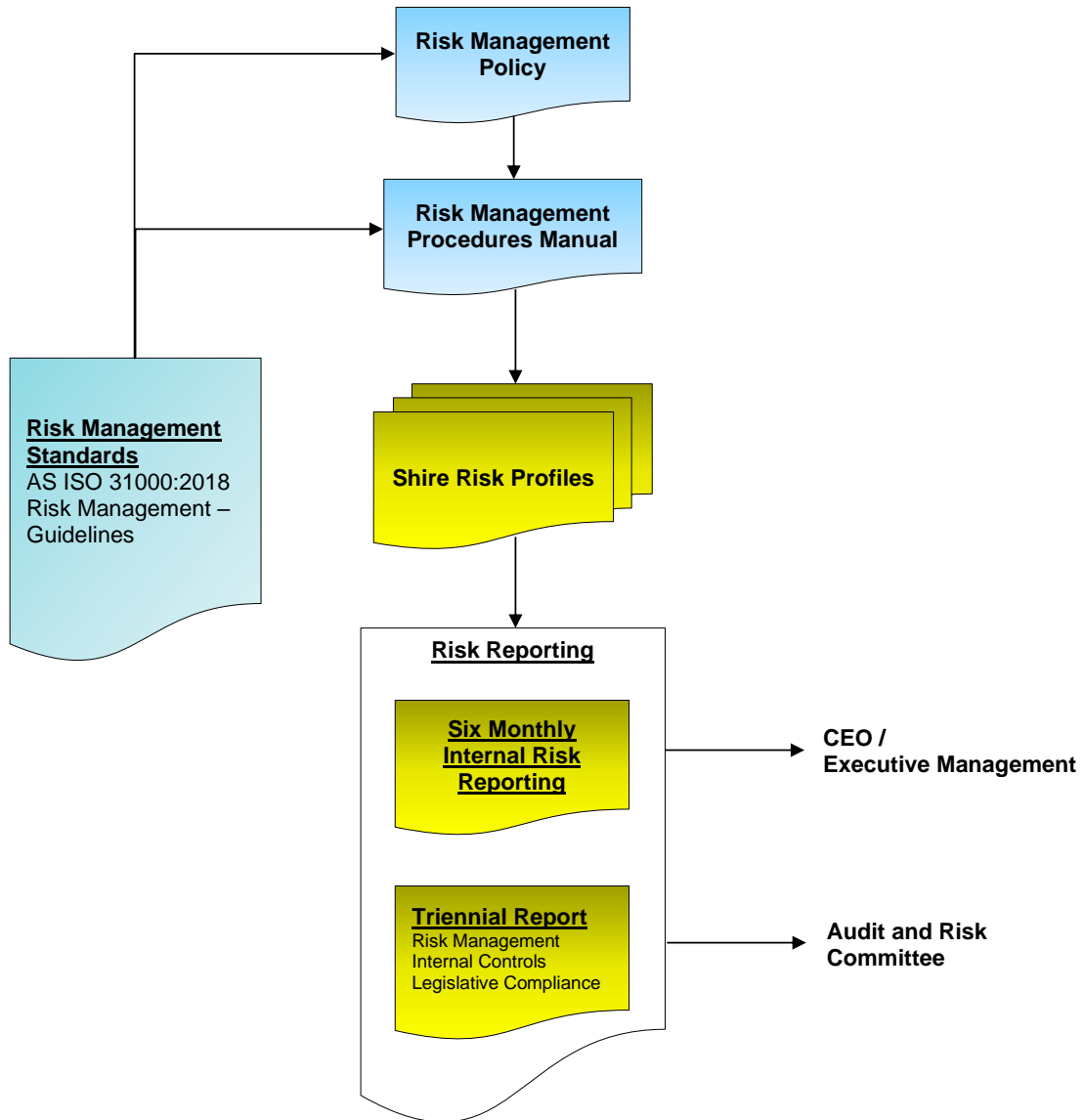
Work Areas

- Drive risk management culture within work areas.
- Own, manage and report on specific risk issues as required.
- Assist in the Risk & Control Management process as required.
- Highlight any emerging risks or issues accordingly.
- Incorporate 'Risk Management' into Management Meetings, by incorporating the following agenda items;
 - New or emerging risks.
 - Review existing risks.
 - Control adequacy.
 - Outstanding issues and actions.



Document Structure (Framework)

The following diagram depicts the relationship between the Risk Management Policy, Procedures and supporting documentation and reports.





Risk & Control Management

All Work Areas of the Shire are required to assess and manage the Risk Profiles on an ongoing basis.

Each Manager, in conjunction with the Manager Corporate Services is accountable for ensuring that Risk Profiles are:

- Reflective of the material risk landscape of the Shire.
- Reviewed on at least a six monthly basis, unless there has been a material restructure or change in the risk and control environment.
- Maintained in the standard format.

This process is supported by the use of key data inputs, workshops and ongoing business engagement.

Risk & Control Assessment

To ensure alignment with AS ISO 31000:2018 Risk Management Guidelines, the following approach is to be adopted from a Risk & Control Assessment perspective:

Establishing the Context

The first step in the risk management process is to understand the context within which the risks are to be assessed and what is being assessed, this forms two elements:

Organisational Context

The Shire's Risk Management Procedures provide the basic information and guidance regarding the organisational context to conduct a risk assessment; this includes Risk Assessment and Acceptance Criteria (Appendix A) and any other tolerance tables as developed. In addition, existing Risk Themes are to be utilised (Appendix C) where possible to assist in the categorisation of related risks.

Any changes or additions to the Risk Themes must be approved by the Manager Corporate Services and CEO.

All risk assessments are to utilise these documents to allow consistent and comparable risk information to be developed and considered within planning and decision making processes.

Specific Risk Assessment Context

To direct the identification of risks, the specific risk assessment context is to be determined prior to and used within the risk assessment process.

For risk assessment purposes the Shire has been divided into three levels of risk assessment context:

1. Strategic Context

This constitutes the Shire's external environment and high-level direction. Inputs to establishing the strategic risk assessment environment may include;

- Organisation's Vision / Mission
- Stakeholder Analysis
- Environment Scan / SWOT Analysis
- Existing Strategies / Objectives / Goals



2. Operational Context

The Shire's day to day activities, functions, infrastructure and services. Prior to identifying operational risks, the operational area should identify its Key Activities i.e. what is trying to be achieved. Note: these may already be documented in business plans, budgets etc.

3. Project Context

Project Risk has two main components:

- **Risk in Projects** refers to the risks that may arise as a result of project activity (i.e. impacting on current or future process, resources or IT systems) which may prevent the Shire from meeting its objectives
- **Project Risk** refers to the risks which threaten the delivery of project outcomes.

In addition to understanding what is to be assessed, it is also important to understand who are the key stakeholders or areas of expertise that may need to be included within the risk assessment.

Risk Identification

Using the specific risk assessment context as the foundation, and in conjunction with relevant stakeholders, answer the following questions, capture and review the information within each Risk Profile.

- What can go wrong? / What are areas of uncertainty? (Risk Description)
- How could this risk eventuate? (Potential Causes)
- What are the current measurable activities that mitigate this risk from eventuating? (Controls)
- What are the potential consequential outcomes of the risk eventuating? (Consequences)

Risk Analysis

To analyse the risks, the Shire's Risk Assessment and Acceptance Criteria (Appendix A) is applied:

- Based on the documented controls, analyse the risk in terms of Existing Control Ratings
- Determine relevant consequence categories and rate how bad it could be if the risk eventuated with existing controls in place (Consequence)
- Determine how likely it is that the risk will eventuate to the determined level of consequence with existing controls in place (Likelihood)
- By combining the measures of consequence and likelihood, determine the risk rating (Level of Risk)

Risk Evaluation

The Shire is to verify the risk analysis and make a risk acceptance decision based on:

- Controls Assurance (i.e. are the existing controls in use, effective, documented, up to date and relevant)
- Existing Control Rating
- Level of Risk
- Risk Acceptance Criteria (Appendix A)
- Risk versus Reward / Opportunity

The risk acceptance decision needs to be documented and acceptable risks are then subject to the monitor and review process. Note: Individual Risks or Issues may need to be escalated due to urgency, level of risk or systemic nature.



Risk Treatment

For unacceptable risks, determine treatment options that may improve existing controls and/or reduce consequence / likelihood to an acceptable level.

Risk treatments may involve actions such as avoid, share, transfer or reduce the risk with the treatment selection and implementation to be based on;

- Cost versus benefit.
- Ease of implementation
- Alignment to organisational values / objectives

Once a treatment has been fully implemented, the Manager Corporate Services is to review the risk information and acceptance decision with the treatment now noted as a control and those risks that are acceptable then become subject to the monitor and review process (Refer to Risk Acceptance section).

Monitoring & Review

The Shire is to review all Risk Profiles at least on a six monthly basis or if triggered by one of the following;

- Changes to context,
- A treatment is implemented,
- An incident occurs or due to audit/regulator findings.

The Manager Corporate Services is to monitor the status of risk treatment implementation and report on, if required.

The CEO & Management Team will monitor significant risks and treatment implementation as part of their normal agenda item on a quarterly basis with specific attention given to risks that meet any of the following criteria:

- Risks with a Level of Risk designated at High or Extreme
- Risks with Inadequate Existing Control Rating
- Risks with Consequence Rating of Catastrophic
- Risks with Likelihood Rating of Almost Certain

The design and focus of the Risk Summary report will be determined from time to time on the direction of the CEO & Management Team. They will also monitor the effectiveness of the Risk Management Framework ensuring it is practical and appropriate to the Shire.

Communication & Consultation

Throughout the risk management process, stakeholders will be identified, and where relevant, be involved in or informed of outputs from the risk management process.

Risk management awareness and training will be provided to staff.

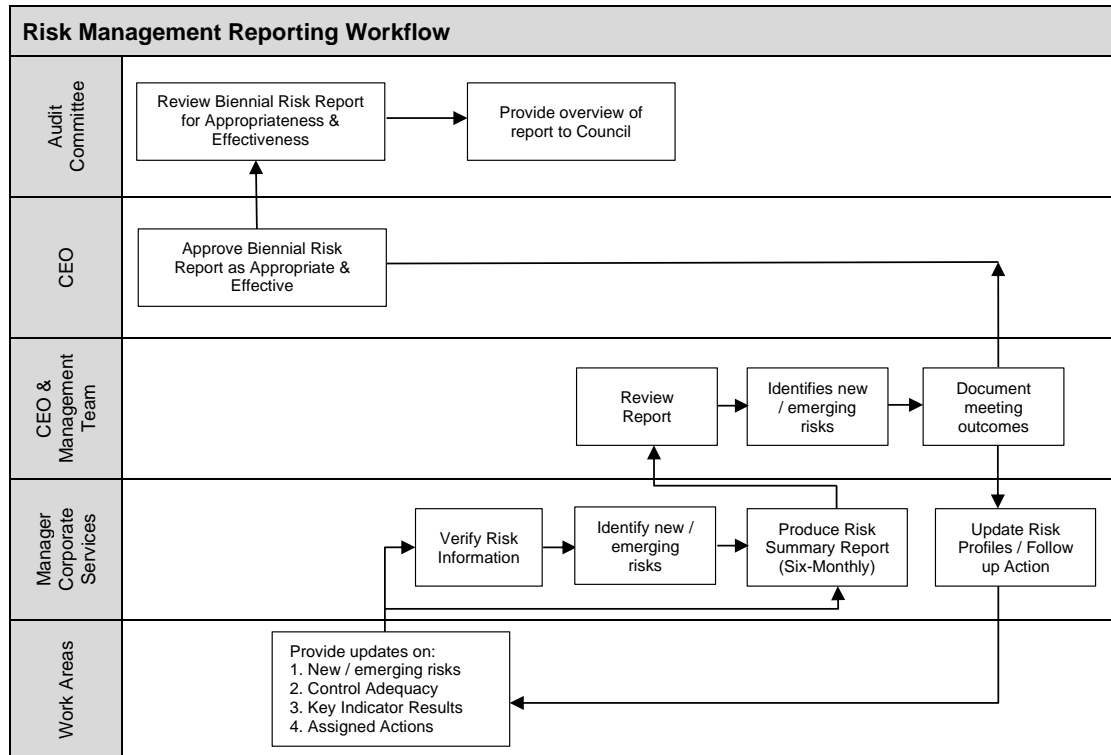
Risk management will be included within the induction process to ensure new workers are introduced to the Shire's risk management culture.



Reporting Requirements

Coverage & Frequency

The following diagram provides a high level view of the ongoing reporting process for Risk Management.



Each Work Area is responsible for ensuring:

- They continually provide updates in relation to new and emerging risks, control effectiveness and key indicator performance to the Manager Corporate Services .
- Work through assigned actions and provide relevant updates to the Manager Corporate Services.
- Risks / Issues reported to the CEO & Management Team are reflective of the current risk and control environment.

The Manager Corporate Services is responsible for:

- Ensuring Shire Risk Profiles are formally reviewed and updated, at least on a six monthly basis or when there has been a material restructure, change in risk ownership or change in the external environment.
- Producing a six-monthly Risk Report for the CEO & Management Team which contains an overview Risk Summary for the Shire.
- Annual Compliance Audit Return completion and lodgement.



Key Indicators

Key Indicators are required to be used for monitoring and validating key risks and controls. The following describes the process for the creation and reporting of Key Indicators:

Identification

The following represent the minimum standards when identifying appropriate Key Indicator key risks and controls:

- The risk description and casual factors are fully understood.
- The Key Indicator is fully relevant to the risk or control.
- Predictive Key Indicators are adopted wherever possible.
- Key Indicators provide adequate coverage over monitoring key risks and controls.

Validity of Source

In all cases an assessment of the data quality, integrity and frequency must be completed to ensure that the Key Indicator data is relevant to the risk or Control.

Where possible the source of the data (data owner) should be independent to the risk owner. Overlapping Key Indicators can be used to provide a level of assurance on data integrity.

If the data or source changes during the life of the Key Indicator, the data is required to be revalidated to ensure reporting of the Key Indicator against a consistent baseline.

Tolerances

Tolerances are set based on the Shire's Risk Appetite. They are set and agreed over three levels:

- Green – within appetite; no action required.
- Amber – the Key Indicator must be closely monitored and relevant actions set and implemented to bring the measure back within the green tolerance.
- Red – outside risk appetite; the Key Indicator must be escalated to the CEO & Management Team where appropriate management actions are to be set and implemented to bring the measure back within appetite.

Monitor & Review

All active Key Indicators are updated as per their stated frequency of the data source.

When monitoring and reviewing Key Indicators, the overall trend must be considered over a longer timeframe instead of individual data movements. The trend of the Key Indicators is specifically used as an input to the risk and control assessment.



Risk Acceptance

Day-to-day operational management decisions are generally managed under the delegated authority framework of the Shire.

Risk Acceptance is a management decision to accept, within authority levels, material risks which will remain outside appetite framework (refer Appendix A – Risk Assessment & Acceptance Criteria) for an extended period of time (generally 3 months or longer).

The following process is designed to provide a framework for those identified risks.

The 'Risk Acceptance' must be in writing, signed by the relevant Manager and cover:

- A description of the risk.
- An assessment of the risk (e.g. Impact consequence, materiality, likelihood, working assumptions etc)
- Details of any mitigating action plans or treatment options in place
- An estimate of the expected remediation date.

A lack of budget / funding to remediate a material risk outside appetite is not sufficient justification in itself to accept a risk.

Accepted risks must be continually reviewed through standard operating reporting structure (i.e. Management Team)

Annual Control Assurance Plan

The annual assurance plan is a monitoring schedule prepared by the Executive Management Team that sets out the control assurance activities to be conducted over the next 12 months. This plan needs to consider the following components.

- Coverage of all risk classes (Strategic, Operational, Project)
- Existing control adequacy ratings across the Shire's Risk Profiles.
- Consider control coverage across a range of risk themes (where commonality exists).
- Building profiles around material controls to assist in design and operating effectiveness reviews.
- Consideration to significant incidents.
- Nature of operations
- Additional or existing 2nd line assurance information / reviews (e.g. HR, Financial Services, IT)
- Frequency of monitoring / checks being performed.
- Review and development of Key Indicators
- Timetable for assurance activities
- Reporting requirements

Whilst this document and subsequent actions are owned by the Manager Corporate Services, input and consultation will be sought from individual Work Areas.



Appendix A – Risk Assessment and Acceptance Criteria

Shire of West Arthur Measures of Consequence							
Rating (Level)	Health	Financial Impact	Service Interruption	Compliance	Reputational	Property	Environment
Insignificant (1)	First aid injuries	Less than \$5,000	No material service interruption	No noticeable regulatory or statutory impact	Unsubstantiated, low impact, low profile or 'no news' item	Inconsequential damage.	Contained, reversible impact managed by on site response
Minor (2)	Medical type injuries	\$5,001 - \$25,000	Short term temporary interruption – backlog cleared < 1 day	Some temporary non compliances	Substantiated, low impact, low news item	Localised damage rectified by routine internal procedures	Contained, reversible impact managed by internal response
Moderate (3)	Lost time injury <30 Days	\$25,001 - \$100,000	Medium term temporary interruption – backlog cleared by additional resources < 1 week	Short term non-compliance but with significant regulatory requirements imposed	Substantiated, public embarrassment, moderate impact, moderate news profile	Localised damage requiring external resources to rectify	Contained, reversible impact managed by external agencies
Major (4)	Lost time injury >30 Days	\$100,001 - \$500,000	Prolonged interruption of services – additional resources; performance affected < 1 month	Non-compliance results in termination of services or imposed penalties	Substantiated, public embarrassment, high impact, high news profile, third party actions	Significant damage requiring internal & external resources to rectify	Uncontained, reversible impact managed by a coordinated response from external agencies
Catastrophic (5)	Fatality, permanent disability	More than \$500,000	Indeterminate prolonged interruption of services – non-	Non-compliance results in litigation, criminal charges or significant	Substantiated, public embarrassment, very high multiple impacts, high widespread	Extensive damage requiring prolonged period of restitution.	Uncontained, irreversible impact



Shire of West Arthur Measures of Consequence							
Rating (Level)	Health	Financial Impact	Service Interruption	Compliance	Reputational	Property	Environment
			performance > 1 month	damages or penalties	multiple news profile, third party actions	Complete loss of plant, equipment & building	

Shire of West Arthur Measures of Likelihood			
Level	Rating	Description	Frequency
5	Almost Certain	The event is expected to occur in most circumstances	More than once per year
4	Likely	The event will probably occur in most circumstances	At least once per year
3	Possible	The event should occur at some time	At least once in 3 years
2	Unlikely	The event could occur at some time	At least once in 10 years
1	Rare	The event may only occur in exceptional circumstances	Less than once in 15 years

Shire of West Arthur Risk Matrix						
Consequence		Insignificant	Minor	Moderate	Major	Catastrophic
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)



Shire of West Arthur Risk Matrix						
Consequence		Insignificant	Minor	Moderate	Major	Catastrophic
Likelihood		1	2	3	4	5
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)

Shire of West Arthur Risk Acceptance Criteria			
Risk Rank	Description	Criteria	Responsibility
LOW (1-4)	Acceptable	Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring	Operational Manager
MODERATE (5-9)	Monitor	Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring	Operational Manager
HIGH (10-16)	Urgent Attention Required	Risk acceptable with excellent controls, managed by senior management / executive and subject to monthly monitoring	Manager Corporate Services / CEO
EXTREME (16-25)	Unacceptable	Risk only acceptable with excellent controls and all treatment plans to be explored and implemented where possible, managed by highest level of authority and subject to continuous monitoring	CEO / Council



Shire of West Arthur Existing Controls Ratings		
Rating	Foreseeable	Description
Effective	There is little scope for improvement.	Processes (Controls) operating as intended and / or aligned to Policies & Procedures; are subject to ongoing maintenance and monitoring and are being continuously reviewed and tested.
Adequate	There is some scope for improvement.	Whilst some inadequacies have been identified; Processes (Controls) are in place, are being addressed / complied with and are subject to periodic review and testing.
Inadequate	A need for corrective and / or improvement actions exist.	Processes (Controls) not operating as intended, do not exist, or are not being addressed / complied with, or have not been reviewed or tested for some time.



Appendix B – Risk Profile Template

Risk Theme	Date		
<p><u>This Risk Theme is defined as:</u> <i>Definition of Theme</i></p>			
<p><u>Potential causes include:</u> <i>List of potential causes</i></p>			
Key Controls	Type	Date	Shire Rating
<i>List of Key Controls</i>			
Overall Control Ratings:			
Risk Ratings			Shire Rating
<i>Consequence:</i>			
<i>Likelihood:</i>			
Overall Risk Ratings:			
Key Indicators	Tolerance	Date	Overall Shire Result
<i>List of Key Indicators</i>			
<p><u>Comments</u> <i>Rationale for all above ratings</i></p>			
Current Issues / Actions / Treatments	Due Date	Responsibility	
<i>List current issues / actions / treatments</i>			



Appendix C – Risk Theme Definitions

Misconduct

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.

External Theft & Fraud (Inc. Cyber Crime)

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'.

Business Disruption

A local physical event causing the inability to continue business activities and provide services to the community; this may or may not result in Business Continuity Plans being invoked. This does not include disruptions due to:

- IT Systems or infrastructure related failures should be captured under "Failure of IT Systems and Infrastructure".
- Contractor / Supplier issues should be captured under "Inadequate Supplier / Contract Management".
- People issues should be captured under "Inappropriate People Management".

Damage to Physical Assets

Damage to buildings, property, plant & equipment (all assets) that does not result in a disruption to business objectives (refer Business Disruption); this could be a result of a natural disaster or other events, or an act carried out by an external party (Inc. graffiti and / or vandalism).

Errors, omissions, delays

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".

Failure of IT &/or Communications Systems and Infrastructure

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 Change Management".

Failure to fulfil statutory, regulatory or compliance requirements.

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;

- Issues in relation to Work Health and Safety (WHS) – refer "Inadequate worker and visitor safety and security".
- Procurement, disposal or tender process failures – refer "Inadequate Procurement, Disposal or Tender Practices".
- HR based legislation – refer "ineffective People Management".

Providing inaccurate advice / information

Incomplete, inadequate or inaccuracies in professional 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.

Inadequate Project / Change Management

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"



Inadequate Organisation and Community Emergency Management

Failure to adequately conduct Prevention, Preparation, Response and Recovery (PPRR) in the organisation structure and community elements, inclusive of the management of all emergencies. This includes;

- Lack of (or inadequate) emergency response 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

(References: AS 3745; AS 1851; AIIMS 2017)

Inadequate Document Management Processes

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.

Inadequate worker and visitor safety and security

Non-compliance with Work Health and Safety (WHS) legislative duties and requirements, or those associated with storage and handling of dangerous goods. This risk theme also includes physical security considerations as well as issues relating to:

- Inadequate Policy, Frameworks, Systems and Structure to prevent the injury of visitors, workers, contractors or other persons, including tenants, exposed to Shire workplaces or business environments.
- 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 engagement of Community / Stakeholders / Elected Members

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.

Inadequate Procurement, Disposal or Tender Practices.

Failures in the procurement, acquisition, acceptance or disposal process for assets as governed by the WHS Act and associated Regulations, Local Government Act, associated Regulations and Shire Policy. This risk theme also relates to and includes;

- Lack of formalised process to identify specific requirements prior to procurement.
- Acceptance of assets without reference to a formalised process to ensure correct receipt and / or notification of receipt (transfer of ownership).



- Disposing of plant and equipment (P & E) (either through sale or decommissioning) that did not meet expectations from either a time or financial perspective.
- Failures in the Tender process from RTF preparation, advertising, due diligence and awarding.

Inadequate Asset Management

Failure or reduction in service of infrastructure assets, plant, equipment or machinery. These include fleet assets in addition to community use based assets including playgrounds, boat ramps and other maintenance based assets. Areas included in the scope are;

- Inadequate design (not fit for purpose).
- Ineffective usage (down time)
- Outputs not meeting expectations.
- Inadequate maintenance activities.
- Inadequate or unsafe modifications.

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

Inadequate Stock Management

Lack of stock to ensure continuity of operations or oversupply of stock resulting in dormant (non-performing) assets. Stock includes, consumables, stationery, spare parts and / or other items used for operational purposes. This could be a result of an ineffective stock management system / processes or the peripheral processes in the issuance and / or recording of 'transactions'.

It does not include theft or loss of stock through ineffective operations; refer;

- Theft – “Misconduct” or “External Theft or Fraud”
- Ineffective operations – “Errors, Omissions or Delays”.

Inadequate Supplier / Contract Management

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”.

Ineffective People Management

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 legislative requirements associated with workers, including prescribed qualifications.
- Discrimination, Harassment & Bullying in the workplace.
- Poor worker 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 process inefficiency.

Ineffective management of Facilities / Venues / Events

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)

Not meeting Community expectations

Failure to provide expected levels of service, events and benefit to the community. This includes where precedents have set Community perceptions or where services are generally expected. This will normally result in reputational impacts, however may have financial considerations with re-work, compensations or refunds. Examples include:

- Reducing the number or quality of events.
- Withdrawing support (or not supporting) other initiatives to provide relief/benefits to the Community.
- Loss of new or ongoing funding requirements for projects, events and other initiatives.
- Technology expectations



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7 NEW OR URGENT BUSINESS INTRODUCED BY DECISION OF THE MEETING

Nil

8 CLOSURE OF MEETING

The Presiding Member declared the meeting closed at 9.18am.