



SHIRE OF
DOWERIN
TIN DOG TERRITORY

AGENDA

Audit & Risk Committee Meeting

To be held in Council Chambers
13 Cottrell Street, Dowerin WA 6461
Monday 17 July 2023
Commencing 11.00am

ABN: 35 939 977 194

P (08) 9631 1202 E dowshire@dowerin.wa.gov.au
13 Cottrell Street, Dowerin WA 6461

 www.dowerin.wa.gov.au





NOTICE OF MEETING

Dear Audit & Risk Committee Members,

The next Audit & Risk Committee Meeting of the Shire of Dowerin will be held on Monday 17 July 2023 in the Shire of Dowerin Council Chambers, 13 Cottrell Street, Dowerin commencing at 11.00am.

Rebecca McCall
Chief Executive Officer
12 July 2023

DISCLAIMER

Statements or decisions made at this meeting should not be relied or acted on by an applicant or any other person until they have received written notification from the Shire. Notice of all approvals, including planning and building approvals, will be given to applicants in writing. The Shire of Dowerin expressly disclaims liability for any loss or damages suffered by a person who relies or acts on statements or decisions made at a Council or Committee meeting before receiving written notification from the Shire.

The advice and information contained herein is given by and to Council without liability or responsibility for its accuracy. Before placing any reliance on this advice or information, a written inquiry should be made to Council giving entire reasons for seeking the advice or information and how it is proposed to be used.

It should be noted that the Attachment hyperlinks may not be functional from this document when sourced from the Shire of Dowerin's website. Attachment copies follow on at the end of the Agenda and Minutes.

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9.	Urgent Business Approved by the Person Presiding or by Decision
10.	Date of Next Meeting
11.	Closure

Shire of Dowerin
Audit & Risk Committee Meeting
11.00am 13 March 2023



1. Official Opening

2. Record of Attendance / Apologies / Leave of Absence

Committee Members:

Cr RI Trepp	President & Chair
Cr BA Ward	Deputy President
Cr NP McMorran	
Mr D Armstrong	

Staff:

Ms R McCall	Chief Executive Officer
Mr A Wooldridge	Deputy Chief Executive Officer
Ms L Dreghorn	Executive & Governance Officer

Apologies: Mrs T Jones

Approved Leave of Absence:

3. Public Question Time

Nil

4. Disclosure of Interest

Committee Members are to complete a Disclosure of Interest Form for each item they are required to disclose an interest in. The Form should be given to the Presiding Member before the meeting commences. After the meeting, the Form is to be provided to the Executive & Governance Officer for inclusion in the Disclosures Register.

5. Confirmation of Minutes of the Previous Meeting(s)

5.1 Audit & Risk Committee Meeting held on 13 March 2023

[Attachment 5.1A](#)

Voting Requirements



Simple Majority



Absolute Majority

Officer's Recommendation - 5.1

That, in accordance with Sections 3.18 and 5.22(2) of the *Local Government Act 1995*, the Minutes of the Audit & Risk Committee Meeting held on 13 March 2023, as presented in Attachment 5.1A, be confirmed as a true and correct record of proceedings.

6. PRESENTATIONS

Nil



SHIRE OF
DOWERIN
TIN DOG TERRITORY

MINUTES

Audit & Risk Committee Meeting

Held in Council Chambers
13 Cottrell Street, Dowerin WA 6461
13 March 2023

UNCONFIRMED



ABN: 35 939 977 194

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7.4	2022 Compliance Audit Return
8.	Questions from Members
9.	Urgent Business Approved by the Person Presiding or by Decision
10.	Date of Next Meeting
11.	Closure

Shire of Dowerin
Audit & Risk Committee Meeting
13 March 2023



1. Official Opening

The Chair welcomed those in attendance and declared the Meeting open at 10.00am.

2. Record of Attendance / Apologies / Leave of Absence

Committee Members:

Cr RI Trepp	President & Chair
Cr NP McMorran	
Mrs TA Jones	

Staff:

Ms R McCall	Chief Executive Officer
Mr A Wooldridge	Deputy Chief Executive Officer
Ms L Dreghorn	Executive & Governance Officer

Apologies:

Cr BA Ward, Deputy President
Mr D Armstrong

Approved Leave of Absence:

Nil

3. Public Question Time

Nil

4. Disclosure of Interest

Nil

5. Confirmation of Minutes of the Previous Meeting(s)

5.1 Audit & Risk Committee Meeting held on 13 December 2022

Attachment 5.1A

Voting Requirements



Simple Majority



Absolute Majority

Officer's Recommendation/Resolution - 5.1

Moved: Cr McMorran

Seconded: Mrs T Jones

0741 That, in accordance with Sections 3.18 and 5.22(2) of the *Local Government Act 1995*, the Minutes of the Audit & Risk Committee Meeting held on 13 December 2022, as presented in Attachment 5.1A, be confirmed as a true and correct record of proceedings.


CARRIED 3/0

6. PRESENTATIONS

Nil

7. OFFICER'S REPORTS

7.1 Risk Dashboard Quarterly Report – December 2022

<h1>Governance & Compliance</h1>		 SHIRE OF DOWERIN TIN DOG TERRITORY
Date:	7 March 2023	
Location:	Not Applicable	
Responsible Officer:	Rebecca McCall, Chief Executive Officer	
Author:	As Above	
Legislation:	<i>Local Government Act 1995</i>	
Sharepoint Reference:	Compliance/Risk Management/Reporting	
Disclosure of Interest:	Nil	
Attachments:	Attachment 7.1A - Risk Dashboard Quarterly Report – December 2022	

Purpose of Report

Executive Decision Legislative Requirement

Summary

This Item presents the Risk Dashboard Quarterly Review to the Audit & Risk Committee for noting.

Background

The Shire of Dowerin's Risk Management Policy, in conjunction with the Risk Management Framework, sets out the Shire's approach to the identification, assessment, management and monitoring of risks.

Appropriate governance of risk management within the Shire provides:

1. Transparency of decision making;
2. Clear identification of the roles and responsibilities of the risk management functions; and
3. An effective governance structure to support the Risk Management Framework.

The Audit & Risk Committee has a role to play and its responsibilities include:

1. Regular review of the appropriate and effectiveness of the Risk Management Framework;
2. Support Council to provide effective corporate governance;
3. Oversight of all matters that relate to the conduct of external audits; and
4. Must be independent, objective and autonomous in deliberations.

It is essential to monitor and review the management of risks as changing circumstances may result in some risks increasing or decreasing in significance. By regularly reviewing the effectiveness and efficiency of controls and appropriateness of treatment/action options selected, it can be determined if the organisation's resources are being put to the best use possible. During the

quarterly reporting process, management are required to review any risks within their area and follow up controls and treatments/actions that are mitigating those risks.

Comment

The reviewed Risk Dashboard is included as an Attachment for Council's perusal and comment. Due to no Audit and Risk Committee meeting schedule until after the End of Year Financials have been received, the Risk Dashboard will be presented at the next Audit and Risk Committee meeting for noting.

The following comments against current actions are noted:

Asset Management

Action: Link Building Maintenance Schedule to AMP

Comment: Rescheduled for September 2023

KPI: Asset Renewal Funding Ratio Result 92%. No longer a reporting requirement for Band 4; KPI to be reviewed

KPI: Asset Consumption Ratio Result 59%. No longer a reporting requirement for Band 4; KPI to be reviewed

KPI: Asset Sustainability Ratio Result 69%. No longer a reporting requirement for Band 4; KPI to be reviewed

KPI: AMP & LTFP, completed, improving

KPI: Accidents/Damage to Property Result 10 for quarter, improving

Business Disruption

Action: Development of IT Disaster Recovery Plan

Comment: Deferred until DCEO has reviewed IT Systems and Controls

KPI: LEMC meetings 2, improving

KPI: LEM annual exercise 1, improving

Compliance

Action: Review of Long-Term Financial Plan

Comment: Completed

Action: Review of Information Management System

Comment: Commenced; Expected to be finalised by September 2023

Action: End of Financial Audit - Prepare

Comment: Completed

KPI: Financial Management System Review (Every 3 years)

Comment: Completed November 2022

KPI: CEO Regulation 17 Review (Every 3 years)

Comment: Last reviewed September 2019; Due December 2022; Scheduled for February 2023

KPI: Regulation 53 of Building Regulations 2021 (pool Inspections)

Comment: Inspections completed November 2022

Document Control

Action: Review SharePoint System

Comment: Progressing; Consultant engaged to implement stage 1, expected to be finalised by June 2023

Employment Practices

Action: Review of Staff Induction process

Comment: Review progressing.

Action: Develop Health & Wellbeing Plan

Comment: implementing 2023 Plan

Action: Review Workforce Plan

Comment: Review underway, expected to complete June 2023

KPI: Absenteeism Personal Leave (greater than 10 days per FTE)

Comment: Rated for the 2021/22 with a result of 32%; leave policy introduced to improve rating, KPI to be reviewed to consider tolerance and measure

KPI: Absenteeism Unpaid Leave (greater than 0 days per FTE)

Comment: Rated for the 2021/22 with a result of 41%; leave policy introduced to improve rating, KPI to be reviewed to consider tolerance and measure

KPI: Employee Turnover (% Turnover of Permanent Staff)

Comment: KPI to be reviewed to consider tolerance and measure

Engagement Practices

Action: Review Community Complaints, Feedback & Request Handling Process

Comment: Reviewed in conjunction with SharePoint review; currently underway

Action: Review Process for Customer Response Requests

Comment: Reviewed in conjunction with SharePoint review; currently underway

Environmental Management

Action: Address Compliance of Waste Water Re-Use

Comment: Recycled Water Quality Management Plan in draft

Management of Facilities/Venues/Events

Action: Develop Event Management Framework

Comment: EMP in place, framework ongoing, extended due date to December 2023

Action: Undertake Community Facilities Review

Comment: Near completion

Action: Public Buildings Inspected Annually for Compliance

Comment: Inspections completed November 2022.

IT and Communication Systems

Action: Develop IT Disaster Recovery Plan

Comment: Linked with IT Framework & Services

Action: Document IT Infrastructure Replacement Program

Comment: Linked with IT Framework & Services

Action: Document IT System Framework & Services

Comment: Deferred until December 2023

Misconduct

Action: Review Purchasing Policy & Procurement Process

Comment: Scheduled to complete end April 2023

Project/Change Management

Action: Develop Project Management Methodology and Framework

Comment: Project management templates in place; process yet to be documented

Action: Review Communication and Engagement Framework

Comment: Due to review in August 2023

Safety and Security Practices

Action: Assess Shire Building and Facility Safety and Security

Comment: Completed November 2022

Action: Develop Isolated Worker Management Procedure

Comment: Policy signed off, yet to prepare procedure

Action: Conduct Annual BCP and LEMC Drills

Comment: LEMC Drill completed June 2022; BCP drill completed December 2022

Near Miss Per Quarter: Nil, Improving

Workers Compensation Claims: 1, Improving

It is planned to consider strategic financial management risks and identify key controls and treatments for inclusion into the risk dashboard.

Consultation

Rebecca McCall, Chief Executive Officer

Aaron Wooldridge, Deputy Chief Executive Officer

Linley Dreghorn, Executive & Governance Officer

Policy Implications

Policy 2.2 - Risk Management Policy is applicable.

Strategic Implications

Strategic Community Plan

Community Priority: Our Organisation

Objective: We are recognised as a transparent, well governed, and effectively managed Local Government

Outcome: 5.3

Reference: 5.3.1

Asset Management Plan

Identified key controls and actions associated with asset management are factored into the Asset Management Plan.

Long Term Financial Plan

Identified key controls and actions associated with financial management are factored into the Long Term Financial Plan.

Statutory Implications

The *Local Government Act 1995* and Regulations 16 and 17 of the *Local Government (Audit) Regulations* are applicable.

Risk Implications

The Shire of Dowerin 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, Council, management and the community will have assurance that risks are managed effectively to support the delivery of the strategic, corporate and operational plans.

Financial Implications

Many of the actions required to manage the risks identified will require resourcing and are being progressed within the current budget allocations.

Voting Requirements

Simple Majority

Absolute Majority

Officer's Recommendation/Resolution - 7.1

Moved: Cr Trepp

Seconded: Cr McMorran

0742 That, in accordance with Regulations 16 and 17 of the *Local Government (Audit) Regulations 1996*, the Audit & Risk Committee receives the quarterly Risk Dashboard Quarterly Report - December 2022, as presented in Attachment 7.1A, on the progress of actions to identify risks and track treatments to manage risks at the Shire of Dowerin.

CARRIED 3/0

Please note that the Audit & Risk Committee does not have delegated authority to make decisions. All recommendations of the Audit & Risk Committee are presented to Council for ratification.

UNCONFIRMED

7.2 2022 Financial Management Review

Governance & Compliance



Date:	7 March 2023
Location:	Not applicable
Responsible Officer:	Rebecca McCall, Chief Executive Officer
Author:	Linley Dreghorn, Executive & Governance Officer
Legislation:	<i>Local Government Act 1995; Local Government (Audit) Regulations 1996</i>
SharePoint Reference:	Organisation/Financial Management/Reporting
Disclosure of Interest:	Nil
Attachments:	Attachment 7.2A – Financial Management Review Report Attachment 7.2B – Summary of Findings Report

Purpose of Report

Executive Decision

Legislative Requirement

Summary

This Item presents the 2022 Financial Management (FM) Review to the Audit & Risk Committee for consideration and, if satisfactory, recommendation to Council for adoption.

Background

The CEO is responsible for implementing policies, procedures and controls which are designed to ensure the effective and efficient management of the Shire's resources. In accordance with Regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996*, the CEO is to undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures (at least once in every three financial years) and report the results of those reviews to Council.

The last FM Review was conducted in 2019 by Mr Gary Martin.

The CEO sought quotes from external consultants to undertake the FM Review, with the quote from Mr Darren Long considered the best value for money and therefore Mr Long was appointed to undertake the FM Review.

The FM Review entailed an examination of various financial systems and procedures including (but not limited to):

1. Bank Reconciliations and Petty Cash;
2. Trust Funds;
3. Receipts and Receivables;
4. Rates;
5. Fees and Charges;
6. Purchases, Payments and Payables (Including Purchase Orders);
7. Salaries and Wages;

8. Credit Card Procedures;
9. Fixed Assets (Including Acquisition and Disposal of Property);
10. Cost and Administration Overhead Allocations;
11. Minutes and Meetings;
12. Budget;
13. Financial Reports;
14. Registers (Including Annual and Primary Returns);
15. Delegations;
16. Audit & Risk Committee;
17. Insurance;
18. Storage of Documents/Record Keeping; and
19. Integrated Planning.

The FM Review did not entail an examination of compliance with all provisions of the *Local Government Act 1995* or all Regulations (apart from the *Local Government (Financial Management) Regulations 1996*), which did not impact on the key functions mentioned above. Emphasis was placed on internal controls and management oversight of the various functions mentioned as well as the matters raised in the recent external interim and annual audits.

The FM Review was conducted during the week commencing Monday 21 November 2022 onsite at the Shire Administration Office. The FM Review Report completed by Mr Long is provided as Attachment 7.2A.

Comment

A table of summary findings of the Financial Management Review has been developed by management and is provided in Attachment 7.2B.

The identification and improvement in management processes since 2018 has required significant time and effort to develop and implement, even though this has taken place in an environment which has not provided the clear air to achieve all that is required. It is recognised that ideally, a period of some weeks or months dedicated solely to process improvement development and implementation is required, however this is both unachievable and unrealistic. Therefore the "completion" of reviewing and implementing a robust governance/internal control/compliance/risk regime will be on-going for the immediate future.

The FM Review has noted that the Shire had observed the requirements of the *Local Government Act 1995* and the *Local Government (Financial Management) Regulations 1996*.

The FM Review identified the Council has a significant role and responsibility to play in recognising the situation that exists, as well as the pitfalls and the efforts being made to achieve a solid best practice environment.

Funding, human resources, time and competing demands (particularly community expectations and normal day to day operations) all compete with the work and effort required to achieve the high standard management regime expected and which is also required.

In summary, the 2022 FM Review found that the existing systems and procedures are appropriate and effective for the operations and size of the Shire.

It is the intent of Management to develop a prioritised action list to address the recommendations identified in Mr Long's report.

Staff may provide further comment on the FM Review at the meeting.

Consultation

Rebecca McCall, Chief Executive Officer
Aaron Wooldridge, Deputy Chief Executive Officer
Darren Long, DL Consulting

Policy Implications

It is noted that Policies and Procedures are being reviewed as part of the continual improvements. These will be considered separately by Council at the completion of the review process. Comments made in the FM Review relating to specific Policies and Procedures will be taken on-board as part of the review process.

Strategic Implications

Strategic Community Plan

Community Priority: Our Organisation

Objective: We are recognised as a transparent, well governed, and effectively managed Local Government

Outcome: 5.3

Reference: 5.3.2

Asset Management Plan

Nil

Long Term Financial Plan

Nil

Statutory Implications

Regulation 5(2) of the *Local Government (Financial Management) Regulations 1996* states:

“(2) The CEO is to –

- a) ensure that the resources of the local government are effectively and efficiently managed; and
- b) (b) assist the council to undertake reviews of fees and charges regularly (and not less than once in every financial year); and
- c) undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 3 financial years) and report to the local government the results of those reviews.”

The FM Review has been undertaken in accordance with this Regulation.

Risk Implications

The risks associated with matters in this report are:

1. Misconduct;
2. External Theft and Fraud;
3. Errors, Omissions and Delays;
4. Failure to fulfil Statutory, Regulatory or Compliance Requirements; and
5. Ineffective Employment Practices.

The impact of the risk is Financial, Non-Compliance and Reputational. The consequences of these risks are considered to be extreme. Mitigation includes contracting an independent consultant to undertake the FM Review.

Financial Implications

The 2022/23 Budget contains an allocation for the costs associated with undertaking the FM Review, provided at GL 2040250 GOV Other Consultants – Statutory.

Voting Requirements



Simple Majority



Absolute Majority

Officer's Recommendation/Resolution - 7.2

Moved: Mrs T Jones

Seconded: Cr McMorran

0743

That, by Simple Majority, in accordance with Regulation 5(2) of the *Local Government (Financial Management) Regulations 1996*, the Audit & Risk Committee receives the 2022 Financial Management Review and the table of Summary Findings of the Financial Management Review, as presented in Attachments 7.2A & Attachment 7.2B, noting the inclusion of management comments and expected action completion dates in Attachment 7.2B will also be reported to future Audit & Risk Committee and Council meetings on the progress and achieved milestones.

CARRIED 3/0

UNCONFIRMED

7.3 CEO's Review of Risk Management, Internal Control and Legislative Compliance and Risk Management Governance Framework – Regulation 17

Governance & Compliance



Date:	7 March 2023
Location:	Not Applicable
Responsible Officer:	Rebecca McCall, Chief Executive Officer
Author:	Linley Dreghorn, Executive & Governance Officer
Legislation:	<i>Local Government Act 1995; Local Government (Audit) Regulations 1996</i>
Sharepoint Reference:	Organisation/Compliance/Risk Management/2019 - CEO's Report for Audit Regulation 17
Disclosure of Interest:	Nil
Attachments:	Attachment 7.3A – CEO's Regulation 17 Review Report

Purpose of Report

- Executive Decision
 Legislative Requirement

Summary

This Item presents the CEO's Review of Risk Management, Internal Control and Legislative Compliance and Risk Management Governance Framework – Regulation 17 to the Audit & Risk Committee for consideration and, if satisfactory, recommendation to Council for adoption.

Background

Regulation 17 of the *Local Government (Audit) Regulations 1996* requires the Chief Executive Officer to review the appropriateness and effectiveness of the Council's systems and procedures as they relate to the following areas:

- Risk Management;
- Internal Controls; and
- Legislative Compliance.

The review may relate to any or all the matters to in sub regulation (1)(a), (b) and (c), but each of those matters is to be subject of a review not less than every 3 financial years.

The Department of Local Government, Sport & Cultural Industries provides an operational guideline (No. 9) which focuses on audit committees. As part of the guideline, appendix 3 provides a framework for Chief Executive Officer's in conducting the required Regulation 17 review. This guideline has been used as the basis for undertaking this review.

The Shire's last Regulation 17 Review was conducted in December 2019, which was adopted by Council at its Meeting (CMRef 0310).

Comment

The review aims to establish an ongoing level of accountability to ensure that Council's risk management, internal controls and legislative compliance is appropriate and effective.

The review undertaken looked at:

- Potential causes of risk to Council within each of the above areas;
- The key controls which currently exist to mitigate the risk;
- An assessment of the quality of the controls; and
- An overall assessment of the risk rating for the area.

This report has been completed in accordance with that Regulation and details of the findings from the review are listed with actions and recommendations by the CEO for improvement.

This review covers the reporting period from January 2020 to December 2022.

Consultation

Rebecca McCall, Chief Executive Officer
Aaron Wooldridge, Deputy Chief Executive Officer
Linley Dregghorn, Executive & Governance Officer

Policy Implications

Policy 2.2 – Risk Management Policy applies.

Strategic Implications

Strategic Community Plan

Community Priority: Our Organisation
Objective: We are recognised as a transparent, well governed, and effectively managed Local Government
Outcome: 5.3
Reference: 5.3.2

Asset Management Plan

Nil

Long Term Financial Plan

Nil

Statutory Implications

Regulation 17 of the *Local Government (Audit) Regulations 1996* states:

“17. CEO to review certain systems and procedures

- (1) *The CEO is to review the appropriateness and effectiveness of a local government’s systems and procedures in relation to –*
 - (a) *risk management; and*
 - (b) *internal control; and*
 - (c) *legislative compliance.*
- (2) *The review may relate to any or all of the matters referred to in sub regulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.*
- (3) *The CEO is to report to the audit committee the results of that review.”*

Risk Implications

The Audit & Risk Committee, and Council, would be contravening the *Local Government Act 1995* and the *Local Government (Audit) Regulations 1996* if this item was not considered.

The Shire of Dowerin has a Risk Management Governance Framework which includes a policy and procedure. The framework provides tools that monitor the Shire’s risk profile on a quarterly basis. When regular monitoring and review takes place risk implications are low.

Financial Implications

Nil

Voting Requirements



Simple Majority



Absolute Majority

Officer's Recommendation/Resolution - 7.3

Moved: Cr McMorran

Seconded: Mrs T Jones

0744 That, by Simple Majority, in accordance with Regulation 17 of the *Local Government (Audit) Regulations 1996*, the Audit & Risk Committee:

1. Receives the Chief Executive Officer's review of the Regulation 17 Report consisting of Shire of Dowerin's Risk Management, Internal Controls and Legislative Compliance report as presented in Attachment 7.3A;
2. Recommends adoption of the Chief Executive Officer's review of the Regulation 17 Report consisting of Shire of Dowerin's Risk Management, Internal Controls and Legislative Compliance report and the Shire of Dowerin Risk Dashboard Report by Council.

CARRIED 3/0

UNCONFIRMED

7.4 2022 Compliance Audit Return

Governance & Compliance



Date:	8 March 2023
Location:	Not Applicable
Responsible Officer:	Rebecca McCall, Chief Executive Officer
Author:	Linley Dreghorn, Executive & Governance Officer
Legislation:	<i>Local Government Act 1995</i>
Sharepoint Reference:	Organisation/Governance/Committees/2023 March Audit & Risk Committee Meeting Organisation/Corporate Management/Reporting/2022 Compliance Audit Return
Disclosure of Interest:	Nil
Attachments:	Attachment 7.4A - 2022 Compliance Audit Return

Purpose of Report

Executive Decision Legislative Requirement

Summary

This Item presents the 2022 Compliance Audit Return (CAR) to the Audit & Risk Committee (the Committee) for consideration and, if satisfactory, recommendation to Council for adoption.

Background

Each year every local government is required to carry out a compliance audit in relation to the period 1 January to 31 December against the requirements of the CAR.

After the CAR has been reviewed by the Committee and presented to Council, a copy certified by the President and CEO along with the relevant section of the minutes and any additional information explaining or qualifying the CAR, is to be submitted to the Department of Local Government, Sport and Cultural Industries (DLGSC) by 31 March.

The CAR is one of the tools available to the Committee and Council in its governance monitoring role. The CAR also forms part of the DLGSC's monitoring program. The 2022 CAR once again places emphasis on the need for the Committee and Council to be aware of and acknowledge instances of non-compliance or where full compliance was not achieved. In addition, the CAR requires Council to endorse details of remedial action either taken or proposed to be taken to prevent future like occurrences.

The 2022 CAR contains questions relating to:

1. Commercial Enterprises by Local Governments (5 questions);
2. Delegation of Power/Duty (13 questions);
3. Disclosure of Interest (21 questions);
4. Disposal of Property (2 questions);
5. Elections (3 questions);
6. Finance (7 questions);
7. Integrated, Planning and Reporting (3 questions);
8. Local Government Employees (5 questions);

9. Official Conduct (4 questions)
10. Optional Questions (9 questions); and
11. Tenders for Providing Goods and Services (22 questions).

The 2022 CAR was completed internally and involved collection of documents, verification of compliance and, where useful and applicable, recommendations in relation to improve any systems and processes that the Shire may have in place.

The CAR for the period 1 January 2022 to 31 December 2022 is included as Attachment 7.4A.

Comment

The 2022 CAR identified five areas of partial non-compliance:

'The Shire achieved a commendable level of compliance. Of the 94 areas examined there were only five where the Shire was partially non-compliant:

1. *'Delegation of Power/Duty' question 8 - section 5.42(2) requires delegations to the CEO to be in writing.*

A review of the delegations was conducted in December 2022 and presented to Council at its Ordinary Council Meeting, Item 12.4 CMRef 0714. However notification of the delegation was not provided to the CEO in writing.

2. *"Delegation of Power/Duty' question 9 - section 5.44(2) requires delegations by the CEO to any employee to be in writing.*

Notification in writing was not provided to delegated employees.

3. *'Other' question 4 - section 5.90A(2) & (5) the local government to prepare, adopt by absolute majority and publish an up-to-date version on the website, a policy dealing with attendance of council members and the CEO at events.*

Council at its 20 December 2022 Ordinary Council Meeting adopted Policy 1.16 - Attendance at Events & Functions Policy - Item 12.1 CMRef 0712, however this was completed by Simple Majority and not Absolute. All Councillors in attendance voted for the motion.

4. *'Other' question 6 - section 5.128(1) the local government to prepare, adopt by absolute majority and publish an up-to-date version on the website, a policy in relation to the continuing professional development of council members.*

Council at its 20 December 2022 Ordinary Council Meeting adopted Policy 1.16 - Attendance at Events & Functions Policy - Item 12.1 CMRef 0712, however this was completed by Simple Majority and not Absolute. All Councillors in attendance voted for the motion.

5. *'Other' question 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.*

This was not completed by 31 July 2022 as generally Council member training is reported in the Annual Report which is produced and adopted by Council after this date. Therefore we have noted this requirement and recorded in the annual compliance calendar.

Overall, the systems and processes employed by the Shire appear robust and appropriate for a local government of its size.'

These five areas, and the remedial action taken to ensure they do not occur again, are summarised in the following table:

Category	Question	Response	Comment	Remedial Action
Delegation of Power/Duty	Were all delegations to the CEO in writing?	No	<i>A review of the delegations was conducted in December 2022 and presented to Council at its Ordinary</i>	This requirement is recorded on the annual compliance calendar.

			<i>Council Meeting, Item 12.4 CMRef 0714. However, notification of the delegation was not provided to the CEO in writing.</i>	
Delegation of Power/Duty	Were all delegations by the CEO to any employee in writing?	No		This requirement is recorded on the annual compliance calendar.
Other	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?	No	Council at its 20 December 2022 Ordinary Council Meeting adopted Policy 1.16 - Attendance at Events & Functions Policy - Item 12.1 CMRef 0712, however this was completed by Simple Majority and not Absolute. All Councillors in attendance voted for the motion.	Represent to Council for absolute resolution.
Other	Did the local government prepare and adopt (by absolute majority) a policy in relation to the continuing professional development of council members?	No	Council at its 20 December 2022 Ordinary Council Meeting adopted Policy 1.15 - Councillors Training & Continuing Professional Development Policy - Item 12.1 CMRef 0712, however this was completed by Simple Majority and not Absolute. All Councillors in attendance voted for the motion.	Represent to Council for absolute resolution.
Other	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	This was not completed by 31 July 2022 as generally Council member training is reported in the Annual Report which is produced and adopted by Council after this date	This requirement is recorded on the annual compliance calendar.

The 2022 CAR included 94 questions. Of these, 89 were able to be answered on the basis of complying with the legislative requirements resulting in a 94.7% success rate. The below table compares previous year's results.

YEAR	QUESTIONS	COMPLIANCE
2021	98	96.94%
2020	102	97.06%
2019	104	97%

2018	95	94.7%
2017	94	98.9%

The 2022 CAR demonstrates the Shire's ongoing commitment to statutory compliance and adequate response to non-compliance throughout the organisation.

Consultation

Rebecca McCall, Chief Executive Officer
Aaron Wooldridge, Deputy Chief Executive Officer
Linley Dreghorn, Executive & Governance Officer

Policy Implications

Policy 2.2 – Risk Management Policy is applicable.

Strategic Implications

Strategic Community Plan

Community Priority: Our Organisation
Objective: We are recognised as a transparent, well governed, and effectively managed Local Government.
Outcome: 5.3
Reference: 5.3.2

Asset Management Plan

Nil

Long Term Financial Plan

Nil

Statutory Implications

Section 7.13(1)(i) of the *Local Government Act 1995* requires local governments to carry out a compliance audit in a manner specified by Regulations.

Regulation 14 of the *Local Government (Audit) Regulations 1996* is applicable and states:

"14. Compliance audits by local governments

- (1) *A local government is to carry out a compliance audit for the period 1 January to 31 December in each year.*
- (2) *After carrying out a compliance audit the local government is to prepare a compliance audit return in a form approved by the Minister.*
- (3A) *The local government's audit committee is to review the compliance audit return and is to report to the council the results of that review.*
- (3) *After the audit committee has reported to the council under sub regulation (3A), the compliance audit return is to be –*
 - (a) *presented to the council at a meeting of the council; and*
 - (b) *adopted by the council; and*
 - (c) *recorded in the minutes of the meeting at which it is adopted."*

Regulation 15 of the *Local Government (Audit) Regulations 1996* requires a certified copy of the CAR to be provided to the DLGSC by 31 March:

“15. Certified copy of compliance audit return and other documents to be given to Departmental CEO

- (1) After the compliance audit return has been presented to the council in accordance with regulation 14(3) a certified copy of the return together with –
- (a) a copy of the relevant section of the minutes referred to in regulation 14(3)(c); and
 - (b) any additional information explaining or qualifying the compliance audit,
- is to be submitted to the Departmental CEO by 31 March next following the period to which the return relates.
- (2) In this regulation –
- certified** in relation to a compliance audit return means signed by –
- (a) the mayor or president; and
 - (b) the CEO.”

Risk Implications

Risk Profiling Theme	Failure to fulfil statutory regulations or compliance requirements
Risk Category	Compliance
Risk Description	No noticeable regulatory or statutory impact
Consequence Rating	Insignificant (1)
Likelihood Rating	Rare (1)
Risk Matrix Rating	Low (1)
Key Controls (in place)	Governance Management Framework
Action (Treatment)	Document Governance Management Framework
Risk Rating (after treatment)	Adequate

Financial Implications

Nil

Voting Requirements

Simple Majority Absolute Majority

Officer’s Recommendation/Resolution – 7.4

Moved: Cr Trepp **Seconded:** Cr McMorran

0745 That, by Simple Majority, in accordance with Regulations 14 and 15 of the Local Government (Audit) Regulations 1996, the Audit and Risk Committee:

1. **Receives the 2022 Compliance Audit Return, as presented in Attachment 7.4A, noting the remedial action taken to address the five areas of partial non-compliance; and**
2. **Recommends to Council that it adopts the 2022 Compliance Audit Return and submits it to the Department of Local Government, Sport & Cultural Industries prior to 31 March 2023.**

CARRIED 3/0

8.	Questions from Members
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Nil

9.	Urgent Business Approved by the Person Presiding or by Decision
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Nil

10.	Date of the Next Meeting
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TBC May

11.	Closure
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The Chair thanked those in attendance and declared the Meeting closed at 10.50am.

UNCONFIRMED

7. OFFICER'S REPORTS

7.1 Risk Dashboard Quarterly Report – June 2023

<h1>Governance & Compliance</h1>		 SHIRE OF DOWERIN TIN DOG TERRITORY
Date:	10 July 2023	
Location:	Not Applicable	
Responsible Officer:	Rebecca McCall, Chief Executive Officer	
Author:	As Above	
Legislation:	<i>Local Government Act 1995</i>	
Sharepoint Reference:	Compliance/Risk Management/Reporting	
Disclosure of Interest:	Nil	
Attachments:	Attachment 7.1A - Risk Dashboard Quarterly Report – June 2023	

Purpose of Report



Executive Decision



Legislative Requirement

Summary

This Item presents the Risk Dashboard Quarterly Review to the Audit & Risk Committee for consideration and, if satisfactory, recommendation to Council for adoption.

Background

The Shire of Dowerin's Risk Management Policy, in conjunction with the Risk Management Framework, sets out the Shire's approach to the identification, assessment, management and monitoring of risks.

Appropriate governance of risk management within the Shire provides:

1. Transparency of decision making;
2. Clear identification of the roles and responsibilities of the risk management functions; and
3. An effective governance structure to support the Risk Management Framework.

The Audit & Risk Committee has a role to play and its responsibilities include:

1. Regular review of the appropriate and effectiveness of the Risk Management Framework;
2. Support Council to provide effective corporate governance;
3. Oversight of all matters that relate to the conduct of external audits; and
4. Must be independent, objective and autonomous in deliberations.

It is essential to monitor and review the management of risks as changing circumstances may result in some risks increasing or decreasing in significance. By regularly reviewing the effectiveness and efficiency of controls and appropriateness of treatment/action options selected, it can be determined if the organisation's resources are being put to the best use possible. During the

quarterly reporting process, management are required to review any risks within their area and follow up controls and treatments/actions that are mitigating those risks.

Comment

The reviewed Risk Dashboard is included as an Attachment for Council's perusal and comment. Due to no Audit and Risk Committee meeting schedule until June 2023 the Risk Dashboard will be presented at the next Audit and Risk Committee meeting for noting.

The following comments against current actions are noted:

Asset Management

Action: Update RAMM annually

Comment: Schedule to upload in July 2023.

KPI: Accidents/Damage to Property Result 7 for quarter, worsening.

Business Disruption

Action: Development of IT Disaster Recovery Plan

Comment: Deferred until DCEO has reviewed IT Systems and Controls

KPI: LEMC meetings 3, Improving

KPI: LEM annual exercise 1, Improving

Compliance

Action: Review of Information Management System

Comment: Commenced; Expected to be finalised September 2023

Action: Audit Finding 30 June 2022 – Action of Findings

Comment: Fair value of land & buildings & infrastructure assets to be assessed June 2023

Action: Review Human Resource Management Framework

Comment: Progressing; Extended completion to December 2023 due to other priorities

Document Control

Action: Review SharePoint System

Comment: Stage 1, completed.

KPI: Record Keeping Plan; Compliant

Employment Practices

Action: Review of Staff Induction process

Comment: Completed

Action: Develop Health & Wellbeing Plan

Comment: Implementing 2023/24 Plan

Action: Review Workforce Plan

Comment: Review underway, deferred to allow new CEO input.

KPI: Absenteeism Personal Leave (greater than 10 days per FTE)

Comment: Rated for the 2021/22 with a result of 32%; leave policy introduced to improve rating, KPI to be reviewed to consider tolerance and measure

KPI: Absenteeism Unpaid Leave (greater than 0 days per FTE)

Comment: Rated for the 2021/22 with a result of 41%; leave policy introduced to improve rating, KPI to be reviewed to consider tolerance and measure

KPI: Employee Turnover (% Turnover of Permanent Staff)

Comment: KPI to be reviewed to consider tolerance and measure

Engagement Practices

Action: Review Community Complaints, Feedback & Request Handling Process

Comment: Extended completion to December 2023 due to other priorities

Action: Review Process for Customer Response Requests

Comment: Extended completion to December 2023 due to other priorities .

Environmental Management

Action: Address Compliance of Waste Water Re-Use

Comment: Recycled Water Quality Management Plan draft submitted to DoH for comment.

External Theft & Fraud

Action: Review security and storage of records

Comment: Last reviewed August 2022; next due August 2023

Action: Document Financial Management System

Comment: Commenced, expected to finalise in December 2023

KPI: Number of Cyber Breaches

Comment: 0 breaches

KPI: Number of Incidents of Theft or Fraud

Comment: 0 incidents

KPI: Passwords Changed Quarterly

Comment: 100% compliant

Management of Facilities/Venues/Events

Action: Develop Event Management Framework

Comment: EMP in place, framework ongoing, extended due date to December 2022

Action: Create Inspection and Maintenance Schedules for Event Equipment

Comment: Extend to October 2023 due to other priorities

Action: Undertake Community Facilities Review

Comment: Near completion

Action: Develop Wheatbelt Heritage Rail Management Plan

Comment: Not commenced

IT and Communication Systems

Action: Document IT System Framework & Services

Comment: Deferred until December 2023

Action: Document IT Infrastructure Replacement Program

Comment: Linked with IT Framework & Services

Misconduct

Action: Review Social Media Policy 7.11

Comment: Due for review

Action: Review Code of Conduct (Councillor)

Comment: Scheduled for July

Safety and Security Practices

Action: Develop Isolated Worker Management Procedure

Comment: Policy signed off, yet to prepare procedure

Action: Review Managing Emergencies In Shire Facilities

Comment: Deferred; Scheduled to complete December 2023; contractor engaged

It is planned to consider strategic financial management risks and identify key controls and treatments for inclusion into the risk dashboard.

Consultation

Rebecca McCall, Chief Executive Officer

Aaron Wooldridge, Deputy Chief Executive Officer
Linley Dreghorn, Executive & Governance Officer

Policy Implications

Policy 2.2 - Risk Management Policy is applicable.

Strategic Implications

Strategic Community Plan

Community Priority: Our Organisation

Objective: We are recognised as a transparent, well governed, and effectively managed Local Government

Outcome: 5.3

Reference: 5.3.1

Asset Management Plan

Identified key controls and actions associated with asset management are factored into the Asset Management Plan.

Long Term Financial Plan

Identified key controls and actions associated with financial management are factored into the Long-Term Financial Plan.

Statutory Implications

The *Local Government Act 1995* and Regulations 16 and 17 of the *Local Government (Audit) Regulations* are applicable.

Risk Implications

The Shire of Dowerin 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, Council, management and the community will have assurance that risks are managed effectively to support the delivery of the strategic, corporate and operational plans.

Financial Implications

Many of the actions required to manage the risks identified will require resourcing and are being progressed within the current budget allocations.

Voting Requirements



Simple Majority



Absolute Majority

Officer's Recommendation - 7.1

That, by Simple Majority, in accordance with Regulations 16 and 17 of the *Local Government (Audit) Regulations 1996*, the Audit & Risk Committee receives the quarterly Risk Dashboard Quarterly Report - June 2023, as presented in Attachment 7.1A, on the progress of actions to identify risks and track treatments to manage risks at the Shire of Dowerin.

Please note that the Audit & Risk Committee does not have delegated authority to make decisions. All recommendations of the Audit & Risk Committee are presented to Council for ratification.

Shire of Dowerin Risk Dashboard Report - June 2023

Asset Management Practices			Risk	Control
			Moderate	Adequate
Failure or reduction in service of infrastructure assets, plant, equipment or machinery. These include fleet, buildings, roads and playgrounds and all other assets during their lifecycle from procurement to disposal.				
Actions	Due Date	Responsibility		
Revaluation of Road Assets	Jun-24	CEO		
Update RAMM Annually	Jun-23	CEO		
Link Building Maintenance Schedule to AMP	Sep-22	DCEO		
Review Asset Management Plan	Completed	CEO & DCEO		
Review LTFP and Link to AMP	Completed	DCEO		
Review Fuel Stock Control System	Feb-21	CEO / DCEO / AWC		
Review Fuel Stock Control System	Completed	DCEO		
Implement New Fuel Stock Control System	Completed	CEO / DCEO / AWC		

Business Disruption			Risk	Control
			Moderate	Adequate
Failure to adequately prepare and respond to events that cause disruption to the local community and / or normal business activities. This could be a natural disaster, weather event, or an act carried out by an external party (e.g. sabotage / terrorism).				
Actions	Due Date	Responsibility		
Annual LEM Exercise Undertaken	Mar 24	CEO		
Review Business Continuity Plan	Aug 24	CEO		
Business Continuity Plan Drill to be Undertaken Annually	Dec 23	CEO & DCEO		
Develop IT Disaster Recovery Plan	Dec 22	DCEO		
Fire Breaks Inspected and Enforced Annually	Nov 23	DCEO		
Fire Fighting Equipment Maintained and Serviced Annually	Aug 23	CEO		
Wardens (Internal) - Training of New Wardens	Completed	CEO & DCEO		
Admin Generator Maintained and Serviced	Monthly	CEO		
Review Managing Emergencies in Shire Facilities	Jun 22	CEO & DCEO		

Failure to fulfil Compliance Requirements			Risk	Control
			Moderate	Adequate
Failure to correctly identify, interpret, assess, respond and communicate laws and regulations as a result of an inadequate compliance framework. This includes, new or proposed regulatory and legislative changes, in addition to the failure to maintain updated internal & public domain legal documentation.				
Actions	Due Date	Responsibility		
Document Governance Framework	Dec-22	CEO & EGO		
Continue Implementation of Training Program for Councillors and Staff	Ongoing	CEO, DCEO & EGO		
Review Councillor Induction Manual - Every 2 Years	Sep-23	EGO		
Review Human Resource Management Framework	Dec-22	CEO & DCEO		
Review Information Management System	Dec-22	DCEO		
End of Year Financial Audit - Prepare	Sep-23	DCEO		
Interim Audit Finding 30 June 2022 - Action of Findings	Completed	DCEO		
#REF!	Completed	DCEO		
Audit Finding 30 June 2022 - Action of Findings				

Document Management Processes			Risk	Control
			Moderate	Adequate
Failure to adequately capture, store, archive, retrieve, provide or dispose of documentation.				
Actions	Due Date	Responsibility		
Investigate Upgrades Required to Archive Room to Improve Compliance With SRO	Completed	DCEO		
Refurbishment of Archive Room to Improve Compliance	Completed	CEO		
Review Sharepoint System	Dec-22	DCEO		
Review Information Management Framework	Dec-22	DCEO		
Information Management Staff Training	Ongoing	DCEO		
Review Record Keeping Plan	Completed	DCEO		

Employment Practices			Risk	Control
			Moderate	Adequate
Failure to effectively manage and lead human resources (full-time, part-time, casuals, temporary and volunteers).				
Actions	Due Date	Responsibility		
Develop a Health and Wellbeing Program	Implementing	CEO & DCEO		
Review Workforce Plan	Dec-22	CEO & DCEO		
Create Checklist for Human Resource Management Framework	Completed	CEO & DCEO		
Update Training Register & Develop 2022/2023 Training Program	May-22	CEO & DCEO		
Review Staff Induction Process	Completed	DCEO		
Conduct Annual Drivers License Checks	Annually in Apr	DCEO		
Conduct Annual Performance Reviews	Annually in Apr	CEO & DCEO		

Engagement Practices			Risk	Control
			Moderate	Adequate
Failure to maintain effective working relationships with the Community (including local Media), Stakeholders, Key Private Sector Companies, Government Agencies and / or Elected Members. This includes activities where communication, feedback or consultation is required and where it is in the best interests to do so.				
Actions	Due Date	Responsibility		
Review Community Complaints, Feedback & Request Handling Process	Dec-22	CEO & DCEO		
Review Community Engagement Policy & Framework	Aug-23	CEO, DCEO & CDO		
Conduct Community Satisfaction Survey	Sep-24	CEO & CDO		
Review Process For Customer Response Requests	Dec-22	DCEO		
Review Customer Service Charter (every two years)	As Required	DCEO		
Review Customer Service Charter (every two years)	Sep-24	EGO		
Update Complaint Register (in accordance to Act)	As Required	DCEO		

Environment Management			Risk	Control
			Moderate	Adequate
Inadequate prevention, identification, enforcement and management of environmental issues.				
Actions	Due Date	Responsibility		
Develop Waste Water Management Plan & Program	Jun-23	CEO		
Develop Waste Management Plan & Program	Jun-23	CEO		
Complete Audit of Sewage System	Completed	CEO		
Address Compliance of Waste Management	Ongoing	CEO		
Address Compliance of Waste Water Re-Use	Sep-22	CEO		

Errors, Omissions & Delays			Risk	Control
			Moderate	Adequate
Errors, omissions or delays in operational activities as a result of unintentional errors or failure to follow due process including incomplete, inadequate or inaccuracies in advisory activities to customers or internal staff.				
Actions	Due Date	Responsibility		
Review Employee Code of Conduct	Jul-24	CEO & EGO		
Review and Document Organisations Controls and Systems	Ongoing	CEO & DCEO		
Centralise Checklists, Controls and Procedures	Dec-22	CEO & DCEO		
Review Customer Service Complaints & Request Process to include Snap Send Solve	Dec-22	DCEO		

External Theft & Fraud (Including Cyber)			Risk	Control
			Moderate	Adequate
Loss of funds, assets, data or unauthorised access, (whether attempted or successful) by external parties, through any means (including electronic).				
Actions	Due Date	Responsibility		
Review Access Controls to Include Key Register	No Date	CEO & DCEO		
Photographic Record of Minor Assets & Align With Minor Assets Register >\$5,000	Dec-22	DCEO		
Implement Quarterly Schedule For Changing Passwords	Ongoing	DCEO		
Review Security and Storage of Records	Aug-23	DCEO		
Document Financial Management System	Dec-23	DCEO		

Management of Facilities / Venues / Events			Risk	Control
			Low	Adequate
Failure to effectively manage the day to day operations of facilities, venues and / or events.				

IT or Communication Systems and Infrastructure			Risk	Control
			Moderate	Adequate
Disruption, financial loss or damage to reputation from a failure of information technology systems. Instability, degradation of performance, or other failure of IT or communication system or infrastructure 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.				

Misconduct			Risk	Control
			Moderate	Adequate
Intentional activities intended to circumvent the Code of Conduct or activities in excess of authority, which circumvent endorsed policies, procedures or delegated authority.				

Shire of Dowerin Risk Dashboard Report - June 2023

Actions	Due Date	Responsibility
Develop Event Management Framework	Dec-23	CDO
Develop Reserves Management Register	Completed	DCEO
Create Inspection and Maintenance Schedules for Event Equipment	Oct-23	CDO
Undertake Community Facilities Review	Aug-22	CEO & CDO
Public Buildings Inspected Annually for Compliance	Nov-23	CEO

Actions	Due Date	Responsibility
Develop IT Disaster Recovery Plan	Dec-22	DCEO
Review IT Management Service Level Agreement	Jan-24	DCEO
Document IT Infrastructure Replacement Program	Dec-22	DCEO
Develop Secure Password Procedure	Dec-22	DCEO
Develop Secure Password Procedure	Completed	DCEO
Replacement of Phone System	Sep-21	DCEO
Document IT System Framework & Services	Jun-21	DCEO

Actions	Due Date	Responsibility
Review and Document Organisations Controls and Systems	Ongoing	CEO & DCEO
Centralise Checklists, Controls and Procedures	Jun-21	CEO & DCEO
Review Fuel Stock Control and Process	Completed	DCEO
Present Regulation 17 Review to Audit & Risk Committee - Every 3 Years	Feb-26	CEO
Review Purchasing Policy & Procurement Process	Dec-22	DCEO
Review Social Media Policy 7.11	Dec-22	EGO
Review Code of Conduct (Councillor)	Jul-23	CEO & EGO
Conduct Drivers Licence Check Annually	April Annually	CEO & DCEO

Project / Change Management	Risk	Control
	Moderate	Adequate
Inadequate analysis, design, delivery and / or status reporting of change initiatives, resulting in additional expenses, time delays or scope changes.		
Actions	Due Date	Responsibility
Develop Project Management Methodology and Framework	Dec-22	DCEO
Review Communication and Engagement Framework	Aug-23	CEO & CDO

Safety and Security Practices	Risk	Control
	Moderate	Adequate
Non-compliance with the Occupation Safety & Health Act, associated regulations and standards. It is also the inability to ensure the physical security requirements of staff, contractors and visitors. Other considerations are negligence or carelessness.		
Actions	Due Date	Responsibility
Review Hazard Register	Annually	CEO & DCEO
Update Staff Training Register	Ongoing	CEO & DCEO
Conduct Quarterly Workplace Inspections	Quarterly	CEO
Safe Work Method Statements (SWMS) Library	Completed	CEO
Assess Shire Building and Facility Safety and Security	Nov-23	CEO
Develop Isolated Worker Management Procedure	Oct-22	CEO
Re-Establish WSH Committee & Conduct Bi-Monthly Meetings	Monthly	CEO
Review Managing Emergencies In Shire Facilities	Dec-23	CEO & DCEO
Conduct Annual BCP and LEMC Drills	Dec-23	CEO
Review Contractor Inductions and Register	Jun-22	CEO

Supplier / Contract Management	Risk	Control
	Moderate	Adequate
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.		
Actions	Due Date	Responsibility
Review Purchasing Policy	Dep 23	CEO & DCEO
Develop Standardised Contracts	Ongoing	CEO & DCEO
Document Financial Controls	Ongoing	DCEO
Develop Appropriate Financial Reporting Tools	Ongoing	DCEO
Develop Centralised Contract Management System	Ongoing	CEO & DCEO

Asset Management Practices

Jun-23

Risk Context

Failure or reduction in service of infrastructure assets, plant, equipment or machinery. These include fleet, buildings, roads and playgrounds and all other assets during their lifecycle from procurement to disposal.

- Areas included in the scope are;
- Inadequate design (not fit for purpose)
 - Ineffective usage (down time)
 - Outputs not meeting expectations
 - Inadequate maintenance activities.
 - Inadequate financial management and planning (capital renewal plan).
- It does not include issues with the inappropriate use of the Plant, Equipment or Machinery. Refer Misconduct.*

Objective:

Maintain assets at a suitable level from procurement to disposal.

Potential causes include;

Skill level & behaviour of operators	Unavailability of parts
Lack of trained staff	Lack of timely & appropriate maintenance / inspections
Outdated equipment	Unexpected breakdowns
Insufficient budget to maintain or replace assets	

Key Controls	Type	Last Reviewed	Rating
Roads Maintenance Program	Preventative	Sep-22	Adequate
Road Asset Management Program (RAMM)	Preventative	Jul-22	Adequate
Fleet and Plant Maintenance Program	Preventative	Sep-22	Adequate
Building Maintenance Program	Preventative	Jun-22	Adequate
Asset Management Plan	Preventative	Sep-22	Adequate
Plant Replacement Program	Preventative	Sep-22	Adequate
Sewerage Maintenance Plan & Program	Preventative	Oct-19	Inadequate
Road Strategy	Preventative	Jun-21	Adequate
Stock Control Systems (Fuel)	Preventative	Jun-21	Adequate
Overall Control Ratings:			Adequate

Control Assurance						
Control Owner	Control Documented	Completed	Accuracy	Timeliness	Fraud	Comments
	Yes	Yes	Yes	Yes	No	
CEO	Yes	Yes	Yes	Yes	No	
CEO	Yes	Partial	Partial	No	No	
CEO	Yes	Yes	Partial	Yes	No	
DCEO	Yes	Yes	Partial	Partial	No	
CEO	Yes	Yes	Yes	Yes	No	
CEO	No	No	No	No	No	
CEO	Yes	Yes	Yes	Yes	No	
DCEO	Yes	Yes	Yes	Yes	Partial	Risk of fraud is minimal

Actions (Treatments)	Due Date	Responsibility
Revaluation of Road Assets	Jun-24	CEO
Revaluation of Sewerage System	Jun-25	CEO
Revaluation of Other Infrastructure	Jun-25	DCEO
Revaluation of Land & Buildings	Jun-25	DCEO
Update RAMM Annually	Jun-23	CEO
Link Building Maintenance Schedule to AMP	Sep-22	DCEO
Review Asset Management Plan	Completed	CEO & DCEO
Review LTFP and Link to AMP	Completed	DCEO
Review Fuel Stock Control System	Completed	CEO
Implement New Fuel Stock Control System	Completed	DCEO

Original Due Date	Extension 1 Date	Extension 2 Date	Comments / Current Status
			Revaluation completed 2020 *
			Revaluation completed June 2022
			Revaluation completed June 2022
			Revaluation completed June 2022
			Data updated in RAMMS; 22/23 program scheduled to upload in July
Dec-20	Apr-21	Jun-22	Rescheduled for September 2023
			Adopted September 2023
			Reviewed AMP & LTFP adopted

Key Performance Indicators	Tolerance	Latest Result	Trend
Asset Renewal Funding Ratio	95%-105%	92%	
Asset Consumption Ratio	60%-75%	59%	
Asset Sustainability Ratio	90%-110%	69%	
AMP & LTFP	Reviewed Annually	Completed	Improving
Accidents and / or Damage to Property	<2 Per Quarter	7 for Quarter	Worsening

KPI / Action Data			
2022	2021	2020	Comments
<i>Not Rated</i>	92%	140%	No longer a reporting requirement for Band 4; KPI to be reviewed
<i>Not Rated</i>	59%	60%	No longer a reporting requirement for Band 4; KPI to be reviewed
<i>Not Rated</i>	69%	83%	No longer a reporting requirement for Band 4; KPI to be reviewed
<i>Completed</i>			AMP & LTFP reviewed & adopted
3	8	8	Rated quarterly

Residual Risk Rating		
Consequence Category	Risk Ratings	Rating
Financial	Consequence:	Moderate (3)
	Likelihood:	Possible (3)
	Overall Risk Ratings:	Moderate

Additional / Final Comments
Reviewed by Management Team - June 2023
Frameworks - the overarching structure to include adopted policies, documented controls, plans and strategies

Business & Community Disruption

Jun-23

Risk Context

Failure to adequately prepare and respond to events that cause disruption to the local community and / or normal business activities. This could be a natural disaster, weather event, or an act carried out by an external party (e.g. sabotage / terrorism).

This includes;

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

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

Potential causes include;

Cyclone, storm, fire, earthquake	Extended utility outage
Terrorism / sabotage / criminal behaviour	Economic factors
Epidemic / pandemic	Loss of key staff
Loss of suppliers	Loss of key infrastructure

Key Controls	Type	Last Reviewed	Rating
Local Emergency Management Arrangements (LEMA)	Preventative	Oct 19	Adequate
Business Continuity Plan	Preventative	Aug 22	Adequate
Managing Emergencies in Shire Facilities	Preventative	Dec 16	Adequate
Overall Control Ratings:			Adequate

Actions (Treatments)	Due Date	Responsibility
Annual LEM Exercise Undertaken	Mar 24	CEO
Review Business Continuity Plan	Aug 24	CEO
Business Continuity Plan Drill to be Undertaken Annually	Dec 23	CEO & DCEO
Develop IT Disaster Recovery Plan	Dec 22	DCEO
Fire Breaks Inspected and Enforced Annually	Nov 23	DCEO
Fire Fighting Equipment Maintained and Serviced Annually	Aug 23	CEO
Wardens (Internal) - Training of New Wardens	Completed	CEO & DCEO
Admin Generator Maintained and Serviced	Monthly	CEO
Review Managing Emergencies in Shire Facilities	Jun 22	CEO & DCEO

Key Performance Indicators	Tolerance	Latest Result	Trend
Missed LEMC Committee Meetings	1 per annum	2	Improving
Number of Firebreak Infringements Issued	5 per annum	2	Constant
LEMC Annual Exercise Undertaken	1 per annum	1	Constant
BCP Annual Exercise Undertaken	1 per annum	1	Constant

Residual Risk Rating

Consequence Category	Risk Ratings	Rating
Service Interruption; Reputation; Financial	Consequence:	Moderate (3)
	Likelihood:	Possible (3)
	Overall Risk Ratings:	Moderate

Objective: To continue delivery of critical services at acceptable levels following a disruption

Control Assurance

Control Owner	Control Documented	Completed	Accuracy	Timeliness	Fraud	Comments
CEO	Yes	Yes	Yes	Yes		Fraud not relevant
CEO	Yes	Yes	Yes	Yes		Fraud not relevant
CEO	Yes	Yes	Yes	Yes		Fraud not relevant

Original Due Date	Extension 1 Date	Extension 2 Date	Comments / Current Status
			Regional exercise held in Traying March 2023; Next due March 2024
			Reviewed August 2022; Next due August 2024
			Completed December 2022; Next due December 2023
Dec-20	Jun-21	Dec-22	Deferred until DCEO can review IT system & controls; IT provider to advise schedule
			Inspected November 2022
			Inspections completed; Next inspection August 2023
			Inspections included in maintenance schedule
Jun-20	Dec-21	Jun-22	Deferred; Scheduled to complete December 2023 (consultant engaged)

KPI / Action Data

2023	2022	2021	Comments
	1	1	Rate annually in December; 3 meetings held in 2022
	0	0	Rate annually in December
	1	Nil	Rate annually in December; Conducted June 2022 & March 2023
	1	2	Rate annually in December; Conducted December 2022

Additional / Final Comments

Reviewed by Management Team - June 2023

Frameworks - the overarching structure to include adopted policies, documented controls, plans and strategies

Failure to fulfil Compliance Requirements (Statutory and Regulatory)

Jun-23

Risk Context
Failure to correctly identify, interpret, assess, respond and communicate laws and regulations as a result of an inadequate compliance framework. This includes, new or proposed regulatory and legislative changes, in addition to the failure to maintain updated internal & public domain legal documentation.
It includes (amongst others) the Local Government Act, Planning & Development Act, Health Act, Building Act, Dog Act, Cat Act, Freedom of Information Act and all other legislative based obligations for Local Government.
It does not include Occupational Safety & Health Act (refer "Inadequate safety and security practices") or any Employment Practices based legislation (refer "Ineffective Employment practices").

Objective: Compliance with Statutory and Regulatory Local Government obligations, including the Local Government Act, Planning & Development Act, Health Act, Building Act and Freedom of Information Act

Potential causes include;	
Lack of training, awareness and knowledge	Lack of Legal Expertise
Staff / Councillor Turnover	No Compliance Officer or person responsible for Compliance oversight and enforcement
Inadequate record keeping / failure of corporate electronic systems	Breakdowns in the tender or procurement process
Ineffective policies & processes	Ineffective monitoring of changes to legislation

Key Controls	Type	Last Reviewed	Rating
Governance Management Framework	Preventative	Ongoing	Adequate
Information Management System	Preventative	Unknown	Adequate
Human Resource Management Framework	Preventative	Ongoing	Adequate
Access to Accurate & Current Legislation & Regulations	Preventative	Ongoing	Adequate
Governance Calendar	Preventative	Ongoing	Adequate
Council & Staff Inductions	Preventative	Ongoing	Adequate
Overall Control Ratings:			Adequate

Control Assurance						
Control Owner	Control Documented	Completed	Accuracy	Timeliness	Fraud	Comments
CEO	Yes	Yes	Yes	Yes	No	
CEO; DCEO	Partial	Partial	Partial	Partial	No	
CEO; DCEO	Partial	Partial	Partial	Partial	No	
EGO	No	No	Yes	Yes	No	Documentation not required
EGO	Yes	Yes	Yes	Yes	No	
CEO; DCEO	Yes	Yes	Yes	Yes	No	

Actions (Treatments)	Due Date	Responsibility
Document Governance Framework	Dec-22	CEO & EGO
Continue Implementation of Training Program for Councillors and Staff	Ongoing	CEO, DCEO & EGO
Review Councillor Induction Manual - Every 2 Years	Sep-23	EGO
Review Human Resource Management Framework	Dec-22	CEO & DCEO
Review Information Management System	Dec-22	DCEO
End of Year Financial Audit - Prepare	Sep-23	DCEO
Interim Audit Finding 30 June 2022 - Action of Findings	Completed	DCEO
Audit Finding 30 June 2022 - Action of Findings	Jun-23	DCEO

Original Due Date	Extension 1 Date	Extension 2 Date	Comments / Current Status
Dec-19	Jun-20	Jun-22	Progressing; Extended completion to December 2023 due to other priorities
			Progressing
			Completed September 2021; Next review due September 2023
Ongoing	Feb-21	Jun-22	Progressing; Extended completion to December 2023 due to other priorities
Dec-20	Feb-21	Dec-22	Commenced; Expected to be finalised by September 2023
			Financials Year Ending 2021/22 completed
			Findings addressed and system updated
			Fair value of land & buildings & infrastructure assets to be assessed June 2023

Key Performance Indicators	Tolerance	Latest Result	Trend
Financial and Performance Audit Qualifications	Unqualified Audit	Unqualified Audit	Improving
Compliance Audit Return	As per legislated	Compliant	Constant
Financial Management System Review (Every 3 Years)	As per legislated	Compliant	Constant
CEO Regulation 17 Review (Every 3 Years)	As per legislated	Compliant	Constant
Freedom of Information Statistical Return	As per legislated	Compliant	Constant
Annual Waste & Recycling Data Reporting	As per legislated	Compliant	Constant
Regulation 53 of Building Regulations 2021 (Pool Inspections)	As per legislated	Compliant	Constant
Food Act 2008 & Public Health Act 2016 Reporting	As per legislated	Compliant	Constant

KPI / Action Data			
2023	2022	2021	Comments
	<i>Unqualified Audit</i>	<i>Unqualified Audit</i>	Rated annually in December
<i>Compliant</i>	<i>Compliant</i>	<i>Compliant</i>	Completed February 2022; Rated annually in March
<i>Compliant</i>	<i>Compliant</i>	<i>Not Rated</i>	Reviewed November 2022; Next due October 2025
<i>Compliant</i>	<i>Compliant</i>	<i>Not Rated</i>	Last reviewed September 2019; Due December 2022; Completed February 2023
	<i>Compliant</i>	<i>Compliant</i>	Submitted July 2022; Rated annually in July
	<i>Compliant</i>	<i>Compliant</i>	Submitted October 2022; Rated annually in October
	<i>Compliant</i>	<i>Non-Compliant</i>	Every 3 years; Inspections completed November 2022; Next due November 2025
	<i>Compliant</i>	<i>Compliant</i>	Rated annually in December

Residual Risk Rating		
Consequence Category	Risk Ratings	Rating
Compliance / Reputation / Financial	Consequence:	Moderate (3)
	Likelihood:	Possible (3)
	Overall Risk Ratings:	Moderate

Additional / Final Comments
Reviewed by Management Team - June 2023
Frameworks - the overarching structure to include adopted policies, documented controls, plans and strategies

Document Management Processes

Jun-23

Risk Context

Failure to adequately capture, store, archive, retrieve, provide or dispose of documentation.

This includes:

- Contact lists
- Procedural documents, personnel files, complaints
- Applications, proposals or documents
- Contracts
- Forms or requests

Potential causes include;

Incompatible systems	Outdated record keeping practices
Inadequate access and / or security levels	Lack of system/application knowledge
Inadequate Storage facilities (including climate control)	High workloads and time pressures
High Staff turnover	Standard Operating Policies not followed

Key Controls	Type	Last Reviewed	Rating
Information Management Framework	Preventative	Dec-20	Adequate
Governance Management Framework	Preventative	Ongoing	Adequate
Recordkeeping Plan	Preventative	Sep-22	Adequate
Overall Control Ratings:			Adequate

Actions (Treatments)	Due Date	Responsibility
Investigate Upgrades Required to Archive Room to Improve Compliance With SRO	Completed	DCEO
Refurbishment of Archive Room to Improve Compliance	Completed	CEO
Review Sharepoint System	Dec-22	DCEO
Review Information Management Framework	Dec-22	DCEO
Information Management Staff Training	Ongoing	DCEO
Review Record Keeping Plan	Completed	DCEO

Key Performance Indicators	Tolerance	Latest Result	Trend
Information Management Framework	Reviewed Annually	Not Rated	Constant
Archives	As legislated	Compliant	Constant
Record Keeping Plan Completed	As legislated	Not Rated	Improving

Residual Risk Rating		
Consequence Category	Risk Ratings	Rating
Compliance / Reputation	Consequence:	Moderate (3)
	Likelihood:	Possible (3)
	Overall Risk Ratings:	Moderate

Objective:

Adequately capture, store, archive, retrieve, provide and ultimately dispose of Shire documentation

Control Assurance						
Control Owner	Control Documented	Completed	Accuracy	Timeliness	Fraud	Comments
CEO	Partial	Partial	Partial	Partial	No	
CEO	Yes	Yes	Yes	Yes	No	
CEO	Yes	Yes	Partial	Yes	No	

Original Due Date	Extension 1 Date	Extension 2 Date	Comments / Current Status
Completed			
Completed			
Jun-21	Dec-21	Apr-22	Stage 1 completed
Jun-20	Jun-21	Jun-22	Progressing; Extended completion to Dec 23 due to other priorities
Ongoing			Form part of Induction Process
Jun-21	Dec-21	Jun-22	Completed

KPI / Action Data			
2023	2022	2021	Comments
	<i>Not Rated</i>	<i>Not Rated</i>	Rate annually in December
	<i>Compliant</i>	<i>Compliant</i>	Recorded & destroyed as per R&D Schedule; Rate annually in December
	<i>Completed</i>	<i>Non Compliant</i>	RKP Compliant

Additional / Final Comments
Reviewed by Management Team - June 2023
Frameworks - the overarching structure to include adopted policies, documented controls, plans and strategies.

Employment Practices Jun-23

Risk Context

Failure to effectively manage and lead human resources (full-time, part-time, casuals, temporary and volunteers).
 This includes:
 -Not having appropriately qualified or experienced people in the right roles
 -Insufficient staff numbers to achieve objectives
 -Breaching employee regulations
 -Discrimination, harassment & bullying in the workplace
 -Poor employee wellbeing (causing stress)
 -Key person dependencies without effective succession planning in place
 -Industrial activity

Potential causes include;

Leadership failures	Ineffective performance management programs or procedures
Key / single-person dependencies	Limited staff availability - labour market conditions
Poor internal communications / relationships	Inadequate induction practices
Ineffective Human Resources policies, procedures and practices	Inconsistent application of policies

Key Controls	Type	Last Reviewed	Rating
Workforce Plan	Preventative	May-19	Effective
Human Resource Management Framework	Preventative	May-19	Adequate
Overall Control Ratings:			Adequate

Actions (Treatments)	Due Date	Responsibility
Develop a Health and Wellbeing Program	Implementing	CEO & DCEO
Review Workforce Plan	Dec-22	CEO & DCEO
Create Checklist for Human Resource Management Framework	Completed	CEO & DCEO
Update Training Register & Develop 2022/2023 Training Program	May-22	CEO & DCEO
Review Staff Induction Process	Completed	DCEO
Conduct Annual Drivers License Checks	Annually in Apr	DCEO
Conduct Annual Performance Reviews	Annually in Apr	CEO & DCEO

Key Performance Indicators	Tolerance	Latest Result	Trend
Training Program (% Completed)	90% per annum	Not rated	
Absenteeism (% of Personal)	> 10 days per FTE	32%	
Absenteeism (% Unpaid Leave)	> 0 days per FTE	41%	
Employee Turnover (% Turnover Rate of Permanent Staff)	10%	Not rated	
Performance Reviews (% Completed)	100% per annum	100%	Constant
Annual Drivers Licenses (% Completed Checks)	100% per annum	100%	Constant
Workers Compensation Claims	< 1 per annum	1	Improving

Residual Risk Rating		
Consequence Category	Risk Ratings	Rating
Compliance / Health / Reputational / Financial	Consequence:	Moderate (3)
	Likelihood:	Possible (3)
	Overall Risk Ratings:	

Notes:

Australian Public Service Commission
 .id informed decisions
 CEMI (UWA)
 National turnover 8.5%

Objective:
 Effective management and leadership of human resources (full-time, part-time, casual, temporary and volunteer).

Control Assurance						
Control Owner	Control Documented	Completed	Accuracy	Timeliness	Fraud	Comments
CEO; DCEO	Yes	Yes	Yes	Yes	No	
CEO; DCEO	Partial	Partial	Partial	Partial	No	

Original Due Date	Extension 1 Date	Extension 2 Date	Comments / Current Status
			Implementing 2023/24 Plan
Apr-20	Mar-21	Jul-22	Review underway, deferred to allow new CEO input
Jun-20	Jun-21	Jun-22	Checklist is place; refining framework continues
			Live document in place
Mar-20	Sep-20	Jun-22	
			Conducted check during performance review process in April 2023
			Performance reviews conducted during April/May 2023

KPI / Action Data			
2023	2022	2021	Comments
	Not Rated	Not Rated	Control not in place to rate indicator
	32%	Not Rated	KPI to be reviewed to consider tolerance and measure
	1.20%	Not Rated	KPI to be reviewed to consider tolerance and measure
	53.96%	Not Rated	KPI to be reviewed to consider tolerance and measure
100%	100%	100%	Rate annually in June
100%	100%	100%	Rate annually in June
1	2	4	Rate annually in June

Additional / Final Comments
Reviewed by Management Team - June 2023
Frameworks - the overarching structure to include adopted policies, documented controls, plans and strategies.

Engagement Practices

Jun-23

Risk Context

Failure to maintain effective working relationships with the Community (including local Media), Stakeholders, Key Private Sector Companies, Government Agencies and / or Elected Members. This includes activities where communication, feedback 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
- 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.

Objective:
Effective working relationships (communication, feedback & consultation) with the Community, local Media, Stakeholders, key Private Sector Companies, Government Agencies and Elected Members.

Potential causes include;

Relationship breakdowns with community groups	Short lead times
Leadership inattention to current issues	Miscommunication / poor communication
Inadequate documentation or procedures	Inadequate Regional or District Committee attendance.
Budget / funding issues	Inadequate involvement with, or support of community groups

Key Controls	Type	Last Reviewed	Rating
Community & Engagement Framework	Preventative	Sep-21	Adequate
Communication & Engagement Policy	Preventative	Sep-21	Adequate
Complaint Handling Process	Preventative	Jun-21	Adequate
Community Satisfaction Survey	Detective	Sep-22	Adequate
Customer Service Charter	Preventative	Sep-22	Adequate
Overall Control Ratings:			Adequate

Control Assurance						
Control Owner	Control Documented	Completed	Accuracy	Timeliness	Fraud	Comments
CEO; CDO	Yes	Yes	Yes	Yes		Fraud not relevant
CEO; CDO	Yes	Yes	Yes	Yes		Fraud not relevant
CEO; CDO	Yes	Yes	Yes	Yes		Fraud not relevant
CEO; CDO	Yes	Yes	Yes	Yes		Fraud not relevant
CEO; CDO	Yes	Yes	Yes	Yes		Fraud not relevant

Actions (Treatments)	Due Date	Responsibility
Review Community Complaints, Feedback & Request Handling Process	Dec-22	CEO & DCEO
Review Community Engagement Policy & Framework	Aug-23	CEO, DCEO & CDO
Conduct Community Satisfaction Survey	Sep-24	CEO & CDO
Review Process For Customer Response Requests	Dec-22	DCEO
Review Customer Service Charter (every two years)	Sep-24	EGO
Update Complaint Register (in accordance to Act)	As Required	DCEO

Original Due Date	Extension 1 Date	Extension 2 Date	Comments / Current Status
Sep-19	Jun-20	Apr-22	Extended completion to December 2023 due to other priorities
			Review every 2 years; Due August 2023
			Completed Septmeber 2022; next due September 2024
Jun-22	Dec-23		Extended completion to December 2023 due to other priorities
			Completed September 2022; Next due September 2024
			Register available on Shire website & update as required

Key Performance Indicators	Tolerance	Latest Result	Trend
Number Complaints from the Community Not Responded To	<3 per quarter	Not Rated	
Community Satisfaction Survey - Council Leadership within the Community	80% Satisfaction	70%	Worsening
Community Satisfaction Survey - How the community is consulted & informed about local issues	80% Satisfaction	56%	Worsening
Community Engagement Framework	Completed	Completed	Constant

KPI / Action Data			
2023	2022	2021	Comments
	<i>Not Rated</i>	<i>Not Rated</i>	Rated annually in December; control to be identified to capture indicator
	<i>70%</i>	<i>Not Rated</i>	Rated biannually in December; Next due 2024
	<i>56%</i>	<i>Not Rated</i>	Rated biannually in December; Next due 2024
		<i>Completed</i>	Rate in December; Review due August 2023

Residual Risk Rating

Consequence Category	Risk Ratings	Rating
Reputation	Consequence:	<i>Minor (2)</i>
	Likelihood:	<i>Likely (4)</i>
	Overall Risk Ratings:	Moderate

Additional / Final Comments

Reviewed by Management Team - June 2023

Frameworks - the overarching structure to include adopted policies, documented controls, plans and strategies.

Environment Management

Jun-23

Risk Context
Inadequate prevention, identification, enforcement and management of environmental issues. The scope includes; -Lack of adequate planning and management of coastal erosion issues. -Failure to identify and effectively manage contaminated sites (including groundwater usage). -Waste facilities (landfill / transfer stations). -Weed & mosquito / Vector control. -Ineffective management of water sources (reclaimed, potable) -Illegal dumping. -Illegal clearing / land use.

Objective:
Effective management and protection of our environment

Potential causes include;	
Inadequate management of landfill sites	Inadequate reporting / oversight frameworks
Lack of understanding / knowledge	Community apathy
Inadequate local laws / planning schemes	Differing land tenure (land occupancy or ownership conditions)
Prolific extractive industry (sand, limestone, etc.)	Competing land use (growing population vs conservation)

Key Controls	Type	Last Reviewed	Rating
Road Engineering & Subdivision Policy (4.4)	Preventative	May-19	Adequate
Recycled Water Management Plan & Program	Preventative		Adequate
Contaminated Sites Register	Preventative	Jun-22	Adequate
Waste Management Plan & Program	Preventative		Not Rated
Overall Control Ratings:			Adequate

Control Assurance						
Control Owner	Control Documented	Completed	Accuracy	Timeliness	Fraud	Comments
CEO	Yes	Yes	Yes	Yes	No	
CEO	Yes	Yes	Yes	Yes	No	In Draft
CEO	Yes	Yes	Yes	Yes	No	
CEO	No	No	No	No	No	

Actions (Treatments)	Due Date	Responsibility
Develop Waste Water Management Plan & Program	Jun-23	CEO
Develop Waste Management Plan & Program	Jun-23	CEO
Complete Audit of Sewage System	Completed	CEO
Valuation of Sewage System	Jun-25	CEO
Address Compliance of Waste Management	Ongoing	CEO
Preparation of Refuse Site Closure Plan	Dec-22	CEO
Address Compliance of Waste Water Re-Use	Sep-22	CEO

Original Due Date	Extension 1 Date	Extension 2 Date	Comments / Current Status
Dec-20	Jun-22		Plan in draft
Dec-20	Jun-21	Jun-22	Deferred; not considered a priority at present
Completed			
Completed			Completed June 2022; Next due June 2025
Ongoing			CEO to determine & identify any gaps
			Contractor engaged
Jun-21	Jun-22	Sep-22	Recycled Water Quality Management Plan draft submitted to DoH for comment

Key Performance Indicators	Tolerance	Latest Result	Trend
Annual Waste & Recycling Data Reporting	As per legislated	Completed	Constant
Satisfactory Water Sampling For Water Re-Use	100%	Completed	Constant
Asbestos Register	As per legislated	Maintained	Constant
Contaminated Site Register	As per legislated	Maintained	Constant

KPI / Action Data			
2023	2022	2021	Comments
	<i>Submitted</i>	<i>Submitted</i>	Completed as per statutory requirements; Next due October 2023
	<i>200%</i>	<i>200%</i>	Water sampling conducted monthly during irrigation season; rate in December
	<i>Maintained</i>	<i>Maintained</i>	Last reviewed June 2021; Review annually in June
	<i>Maintained</i>	<i>Maintained</i>	Maintained

Residual Risk Rating		
Consequence Category	Risk Ratings	Rating
Environment / Reputation / Financial	Consequence:	Moderate (3)
	Likelihood:	Possible (3)
	Overall Risk Ratings:	Moderate

Additional / Final Comments
Reviewed by Management Team - June 2023

Errors, Omissions & Delays

Jun-23

Risk Context

Errors, omissions or delays in operational activities as a result of unintentional errors or failure to follow due process including incomplete, inadequate or inaccuracies in advisory activities to customers or internal staff.

Examples include;

- Incorrect planning, development, building, community safety and Emergency Management 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.
- Human error
- Inaccurate recording, maintenance, testing or reconciliation of data.
- Inaccurate data being used for management decision-making and reporting.
- Delays in service to customers

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

Objective:

Minimal errors, omissions or delays in service delivery and advisory activities

Potential causes include;

Human error	Incorrect information
Inadequate formal procedures or training	Miscommunication
Lack of trained staff	Work pressure / stress
Unrealistic expectations from community, council or management	Health issues
Poor use of check sheets / FAQ's	Lack of understanding

Key Controls	Type	Date	Rating
Checklists and Documented Procedures	Preventative	Nov-19	Adequate
Complaints Register	Preventative	Nov-19	Adequate
Complaints Process	Recovery	Nov-19	Adequate
Councillor Information Bulletin	Preventative	Nov-19	Adequate
Customer Service Charter	Preventative	Nov-19	Adequate
Delegations & Register	Preventative	Nov-19	Adequate
Electronic Records - Sharepoint	Recovery	Nov-19	Adequate
External Communications (website, news articles)	Preventative	Nov-19	Adequate
External Consultants (ie. legal)	Preventative	Nov-19	Adequate
Customer Service Request Procedure	Preventative	Nov-19	Adequate
File Note/Documentation	Preventative	Nov-19	Adequate
Internal Communications (staff newsletter, regular meetings)	Preventative	Nov-19	Adequate
Performance Reviews	Preventative	Nov-19	Adequate
Qualified Building, Health & Planning Officers	Preventative	Nov-19	Adequate
Segregation of Duties (financial control)	Preventative	Nov-19	Adequate
Staff Inductions	Preventative	Nov-19	Adequate
Staff Training (formal & on-the-job)	Preventative	Nov-19	Effective
Council Motions Register	Preventative	Nov-19	Adequate

Control Assurance

Control Owner	Control Documented	Completed	Accuracy	Timeliness	Fraud	Comments
CEO; DCEO	Partial	Partial	Partial	Partial	No	
CEO	Yes	Yes	Yes	Yes	No	
CEO	Yes	Yes	Yes	Yes	No	
CEO	Yes	Yes	Yes	Yes	No	
CEO	Yes	Yes	Yes	Yes	No	
CEO	Yes	Yes	Yes	Yes	Partial	
All Staff	Yes	Yes	Yes	Yes	No	
CEO; CDO	Yes	Yes	Yes	Yes	No	
CEO	Yes	Yes	Yes	Yes	No	
CEO; DCEO	Yes	Yes	Yes	Yes	No	
SMT	Yes	Yes	Yes	Yes	No	
CEO; CDO	Yes	Yes	Yes	Yes	No	
SMT	Yes	Yes	Yes	Yes	No	
CEO	Yes	Yes	Yes	Yes	No	
CEO; DCEO	Yes	Yes	Yes	Yes	Partial	
SMT	Yes	Yes	Yes	Yes	No	
CEO; DCEO	Yes	Yes	Yes	Yes	No	
EGO	Yes	Yes	Yes	Yes	No	

Workforce Plan	Preventative	Nov-19	Adequate
Overall Control Ratings:			Adequate
Actions (Treatments)			
	Due Date	Responsibility	
Review Employee Code of Conduct	Jul-24	CEO & EGO	
Review and Document Organisations Controls and Systems	Ongoing	CEO & DCEO	
Centralise Checklists, Controls and Procedures	Dec-22	CEO & DCEO	
Review Customer Service Complaints & Request Process to include Snap Send Solve	Dec-22	DCEO	

Key Performance Indicators	Tolerance	Latest Result	Trend
Legal Claims	0	0	Constant
Number of Complaints Regarding Errors, Omissions or Delays (minor)	0	0	Constant
Number of Complaints Regarding Errors, Omissions or Delays (major)	0	0	Constant
Referral to SAT/Ombudsman/Public Sector Commission	0	0	Constant
Number of Complaints to Local Government Standards Panel	0	0	Constant
External Audit Qualification	Unqualified Audits	Unqualified Audit	Constant
Staff Training Target Met	90%	Not Rated	

Residual Risk Rating		
Consequence Category	Risk Ratings	Rating
Reputation / Compliance	Consequence:	Moderate (3)
	Likelihood:	Possible (3)
	Overall Risk Ratings:	Moderate

CEO; DCEO	Yes	Yes	Yes	Yes	No	
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Original Due Date	Extension 1 Date	Extension 2 Date	Comments / Current Status
			July 2022 presented to all staff, next due July 2024
			Continuous improvement
Dec-20	Jun-21	Jun-22	Progressing as part of the review of SharePoint
Jun-22			Progressing as part of the review of SharePoint

KPI / Action Data			
2023	2022	2021	Comments
0	0	0	Rate annually in June
0	0	0	Rate annually in June
0	0	0	Rate annually in June
0	0	0	Rate annually in June
0	0	0	Rate annually in June
	Unqualified Audit	Unqualified Audit	Rate annually in December
	Unable to Rate	Unable to Rate	Rate annually in June; Control to be identified to rate indicator

Additional / Final Comments
Reviewed by Management Team - June 2023
Frameworks - the overarching structure to include adopted policies, documented controls, plans and strategies.

External Theft & Fraud (Including Cyber)

Jun-23

Risk Context

Loss of funds, assets, data or unauthorised access, (whether attempted 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

Potential causes include;

Inadequate security of equipment / supplies / cash	Inadequate provision for patrons belongings
Robbery	Lack of Supervision
Scam Invoices	Collusion with internal staff
Cyber crime	

Key Controls	Type	Last Reviewed	Rating
Building Security Access Controls (Keys and Keypad Access)	Preventative	Unknown	Adequate
Equipment Storage and Access Controls	Preventative	Unknown	Adequate
IT Security Framework (Passwords and Security Protocols)	Preventative	Sep-19	Adequate
Financial Management System	Preventative	Sep-19	Adequate
Overall Control Ratings:			Adequate

Actions (Treatments)	Due Date	Responsibility
Review Access Controls to Include Key Register	No Date	CEO & DCEO
Photographic Record of Minor Assets & Align With Minor Assets Register >\$5,000	Dec-22	DCEO
Implement Quarterly Schedule For Changing Passwords	Ongoing	DCEO
Review Security and Storage of Records	Aug-23	DCEO
Document Financial Management System	Dec-23	DCEO

Key Performance Indicators	Tolerance	Latest Result	Trend
Number of Cyber Breaches	0	0	Constant
Number of Incidents of Theft or Fraud	0	0	Constant
Passwords Changed Quarterly	100%	100%	Constant

Residual Risk Rating

Consequence Category	Risk Ratings	Rating
Financial / Property	Consequence:	Minor (2)
	Likelihood:	Possible (3)
	Overall Risk Ratings:	Moderate

Objective:

To prevent a loss of funds, assets, data or unauthorised access by external parties

Control Assurance						
Control Owner	Control Documented	Completed	Accuracy	Timeliness	Fraud	Comments
CEO	Partial	Partial	Partial	No	Partial	
CEO	Partial	Partial	Partial	No	Partial	
CEO; DCEO	Yes	Yes	Yes	Yes	Partial	
CEO; DCEO	Yes	Yes	Yes	Yes	Partial	

Original Due Date	Extension 1 Date	Extension 2 Date	Comments / Current Status
Dec-19	Jun-20	Dec-21	Progress stalled, no due date set
Jun-20			Progressing
			Secure password policy in place; reset passwords every 90 days
			Last reviewed August 2022; next due August 2023
Oct-21	Dec-22	Dec-23	Commenced, expected to finalise in December 2023

KPI / Action Data			
2023	2022	2021	Comments
0	0	0	Rate annually in June
0	0	0	Rate annually in June
100%	100%	100%	Rate annually in June

Additional / Final Comments

Reviewed by Management Team - June 2023

Frameworks - the overarching structure to include adopted policies, documented controls, plans and strategies.

Management of Facilities / Venues / Events

Jun-23

Risk Context
Failure to effectively manage the day to day operations of facilities, venues and / or events. This includes; -Inadequate procedures in place to manage quality or availability. -Poor crowd control -Ineffective signage -Booking issues -Stressful interactions with hirers / users (financial issues or not adhering to rules of use of facility) -Inadequate oversight or provision of peripheral services (e.g.. cleaning / maintenance)

Objective:
Effective management of the day to day operations of facilities, venues and events.

Potential causes include;	
Double bookings	Traffic congestion or vehicles blocking entry or exit
Illegal / excessive alcohol consumption	Insufficient time between bookings for cleaning or maintenance
Bond payments poorly managed	Difficulty accessing facilities / venues.
Falsifying hiring agreements (alcohol on site / lower deposit)	Failed safety / chemical / health requirements
Inadequate oversight or provision of peripheral services (e.g.. cleaning / maintenance)	Poor service from contractors (such as catering or cleaning)

Key Controls	Type	Last Reviewed	Rating
Event Management Framework	Preventative	May-19	Adequate
Building Maintenance Program	Preventative	May-19	Adequate
Facility / Venue Booking System	Preventative	May-19	Adequate
Reserves Management System	Preventative	May-19	Adequate
Asset Management Plan	Preventative	May-19	Adequate
Statutory Public Building Compliance Program	Preventative	Nov-21	Adequate
Overall Control Ratings:			Adequate

Control Assurance						
Control Owner	Control Documented	Completed	Accuracy	Timeliness	Fraud	Comments
CEO	Yes	Partial	Yes	No	No	
CEO	Yes	Yes	Yes	Yes	No	
CEO; DCEO	Yes	Yes	Yes	Yes	No	
CEO; DCEO	Yes	Yes	Yes	Yes	No	
CEO; DCEO	Yes	Yes	No	No	No	
CEO; DCEO	Partial	Partial	Partial	No	No	

Actions (Treatments)	Due Date	Responsibility
Develop Event Management Framework	Dec-23	CDO
Develop Reserves Management Register	Completed	DCEO
Create Inspection and Maintenance Schedules for Event Equipment	Oct-23	CDO
Undertake Community Facilities Review	Aug-22	CEO & CDO
Public Buildings Inspected Annually for Compliance	Nov-23	CEO
Develop Wheatbelt Heritage Rail Management Plan	Jun-23	CEO

Original Due Date	Extension 1 Date	Extension 2 Date	Comments / Current Status
Mar-20	Jun-20	Jun-22	Event Management Plan in place, yet to complete framework; extend to Dec 2023
			Completed
Dec-19	Mar-20	Jun-22	Extend to October 2023 due to other priorities
Jun-20	Feb-21	Jun-22	Near completion
Dec-20	Nov-21	Apr-22	Inspections completed November 2022: Next due Novemebr 2023
			Not commenced

Key Performance Indicators	Tolerance	Latest Result	Trend
Number of Injuries / Incidents at Events	0	0	Constant
Number of Injuries / Incidents at Facilities	0	0	Constant
Customer Satisfaction Survey - Facilities	<65%	83%	Improving
Compliance of Events and Facilities	>90%	90%	Constant
Reserves Management Register	Maintained	Not Rated	

KPI / Action Data			
2023	2022	2021	Comments
0	0	0	Rate annually in June
0	0	0	Rate annually in June
83%	83%	Not Rated	Rated every 2 years; Due Setpember 2024
	Compliant	Not Rated	Rated every 2 years; Due Setpember 2024
	Maintained	Maintained	Rate annually in December 2023

Residual Risk Rating		
Consequence Category	Risk Ratings	Rating
Reputation	Consequence:	Minor (2)
	Likelihood:	Unlikely (2)
	Overall Risk Ratings:	Low

Additional / Final Comments
Reviewed by Management Team - June 2023
Frameworks - the overarching structure to include adopted policies, documented controls, plans and strategies.

IT or Communication Systems and Infrastructure

Jun-23

Risk Context

Disruption, financial loss or damage to reputation from a failure of information technology systems. Instability, degradation of performance, or other failure of IT or communication system or infrastructure 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
- Networks
- Failures of IT Vendors

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

- Configuration management
- Performance monitoring

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

Potential causes include;

Weather impacts	Non-renewal of licences
Power outage on site or at service provider	Inadequate IT incident, problem management & Disaster Recovery Processes
Out-dated, inefficient or unsupported hardware or software	Lack of process and training
Software vulnerability	Equipment purchases without input from IT department
Incompatibility between operating systems	Vulnerability to user error

Key Controls	Type	Last Reviewed	Rating
IT Infrastructure Replacement Program	Preventative	Jul-20	Adequate
IT Management Service Level Agreement	Detective	Early 2018	Adequate
IT Managed Service Agreement Monthly Report	Detective	Monthly	Adequate
IT Disaster Recovery Plan	Recovery		Not Rated
IT System Access Framework	Preventative		Adequate
Secure Password Procedure	Preventative		Adequate
Advanced Email Protection	Preventative	Aug-20	Effective
Overall Control Ratings:			Adequate

Actions	Due Date	Responsibility
Develop IT Disaster Recovery Plan	Dec-22	DCEO
Review IT Management Service Level Agreement	Jan-24	DCEO
Document IT Infrastructure Replacement Program	Dec-22	DCEO
Develop Secure Password Procedure	Completed	DCEO
Replacement of Phone System	Completed	DCEO
Document IT System Framework & Services	Dec-22	DCEO

Key Performance Indicators	Tolerance	Latest Result	Trend
Number of Cyber Breaches	0	0	Constant
IT Replacement Program	Developed	Not rated	Constant
IT Disaster Recovery Plan	Developed	Not rated	Constant
Advanced Email Protection	Installed	Installed	Constant
IT System Access Framework	Developed	Not rated	Constant
Document Secure Password Procedure	Developed	Not rated	Constant

Residual Risk Rating		
Consequence Category	Risk Ratings	Rating
Service Disruption / Financial	Consequence:	Major (4)
	Likelihood:	Likely (4)
	Overall Risk Ratings:	Moderate

Objective:

Stability and performance of information technology and communication systems

Control Assurance						
Control Owner	Control Documented	Completed	Accuracy	Timeliness	Fraud	Comments
CEO	Yes	Yes	Yes	Yes		Fraud not relevant
CEO	Yes	Yes	Yes	Yes		Fraud not relevant
CEO; DCEO	Yes	Yes	Yes	Yes		Fraud not relevant
CEO; DCEO	Yes	Yes	Yes	Yes		Due June 2021
CEO; DCEO	Yes	Yes	Yes	Yes	Partial	
CEO; DCEO	Yes	Yes	Yes	Yes	No	
DCEO	Yes	Yes	Yes	Yes	No	

Original Due Date	Extension 1 Date	Extension 2 Date	Comments / Current Status
Dec-20	Jun-21	Dec-22	Linked with IT Framework & Services
			Provision of Managed Information Services expires in 2024
Mar-20	Dec-20	Jun-22	Linked with IT Framework & Services
			Procedure implemented
Sep-21	Completed		VOIP system installed
Mar-21	Jun-21	Dec-22	Deferred until December 2023

KPI / Action Data			
2023	2022	2021	Comments
0	0	0	Rate annually in June
	Not rated	Completed	Rating based on completion
	Not rated	Not rated	Rating based on completion
Maintained	Maintained	Maintained	System remains in place
Not rated	Not rated	Not rated	Rating based on completion
Maintained	Maintained	Completed	Rating based on completion

Additional / Final Comments
Reviewed by Management Team - June 2023
Frameworks - the overarching structure to include adopted policies, documented controls, plans and strategies.

Misconduct

Jun-23

Risk Context

Intentional activities intended to circumvent the Code of Conduct or activities in excess of authority, 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
- Inappropriate use of plant, equipment or machinery
- Inappropriate use of social media.
- Inappropriate behaviour at work.
- Purposeful sabotage

This does not include instances where it was not an intentional breach - refer Errors, Omissions or Delays.

Objective:

Compliance with our Code of Conduct

Potential causes include;

Inadequate training of code of conduct \ induction	Greed, gambling or sense of entitlement
Changing of job roles and functions/authorities	Collusion between internal & external parties
Delegated authority process inadequately implemented	Password sharing
Lack of internal checks	Low level of Supervisor or Management oversight
Covering up poor work performance	Believe they'll get away with it
Poor enforcement of policies and procedures	Undue influence from Manager / Councillor
Information leaked to Tenderers during the Tender process	Poor work culture
Insubordination	By-passing established administrative procedures
Disgruntled employees	Sharing of confidential information

Key Controls	Type	Last Reviewed	Rating
Delegations Register	Preventative	May-20	Adequate
Staff Recruitment Process (includes Police Clearance)	Preventative	Feb-19	Adequate
Staff Inductions	Preventative	Aug-20	Adequate
External Audits	Preventative	May-20	Adequate
Annual Drivers Licence Checks	Preventative	Feb-20	Adequate
Social Media Policy	Preventative	Apr-20	Adequate
Segregation of Duties (Financial)	Preventative	Jul-20	Adequate
Financial Management Policy	Preventative	May-20	Adequate
Financial Authorisation Policy	Preventative	May-20	Adequate
Delegation Control - Synergy	Preventative	Jul-20	Adequate
Financial Interests Returns Declarations	Preventative	Ongoing	Adequate
Primary and Annual Returns Process	Preventative	Aug-20	Adequate
Procurement Delegation Control - Synergy	Preventative	Ongoing	Adequate
Petty Cash Policy	Preventative	May-20	Adequate
Corporate Credit Card Policy	Preventative	Apr-21	Adequate
Delegated Authority for Procurement	Preventative	May-20	Adequate
Elected Member Training Plan	Preventative	Ongoing	Adequate
Audit & Risk Committee Terms of Reference	Preventative	Nov-19	Adequate
IT Security Access Register (Profiles & Passwords)	Preventative	90 Days	Adequate
Purchasing Policy & Procurement Process	Preventative	Jul-20	Adequate

Control Assurance						
Control Owner	Control Documented	Completed	Accuracy	Timeliness	Fraud	Comments
CEO	Yes	Yes	Yes	Yes	Partial	
CEO	Yes	Yes	Yes	Yes	Partial	
CEO; DCEO	Yes	Yes	Yes	Yes	No	
CEO; DCEO	Yes	Yes	Yes	Yes	No	
CEO; DCEO	Yes	Yes	Yes	Yes	No	
CEO; DCEO	Yes	Yes	Yes	Yes	No	
CEO; DCEO	Yes	Yes	Yes	Yes	Partial	
CEO; DCEO	Yes	Yes	Yes	Yes	No	
CEO; DCEO	Yes	Yes	Yes	Yes	No	
CEO; DCEO	Yes	Yes	Yes	Yes	Partial	
CEO; DCEO	Yes	Yes	Yes	Yes	No	
CEO; DCEO	Yes	Yes	Yes	Yes	Partial	
CEO; DCEO	Yes	Yes	Yes	Yes	No	
CEO; DCEO	Yes	Yes	Yes	Yes	Partial	
CEO; DCEO	Yes	Yes	Yes	Yes	No	
CEO; DCEO	Yes	Yes	Yes	Yes	No	
CEO; DCEO	Yes	Yes	Yes	Yes	Partial	
CEO; DCEO	Yes	Yes	Yes	Yes	No	
CEO; DCEO	Yes	Yes	Yes	Yes	Partial	
CEO; DCEO	Yes	Yes	Yes	Yes	Partial	

Tender Procurement Process	Preventative	Unknown	Adequate
Financial Management Systems Review	Preventative	Sep-19	Adequate
Regulation 17 Review	Preventative	Dec-19	Adequate
Related Parties Disclosures Policy	Preventative	Jan-19	Adequate
Council Member Communication & Use of Social Media Policy	Preventative	Introduced	Adequate
Code of Conduct	Preventative	Feb-21	Adequate
Overall Control Ratings:			Adequate

CEO; DCEO	Yes	Yes	Yes	Yes	Partial	
CEO; DCEO	Yes	Yes	Yes	Yes	Partial	
CEO; DCEO	Yes	Yes	Yes	Yes	No	
CEO; DCEO	Yes	Yes	Yes	Yes	No	
CEO; DCEO	Yes	Yes	Yes	Yes	No	
CEO; DCEO	Yes	Yes	Yes	Yes	No	

Actions (Treatments)	Due Date	Responsibility
Review and Document Organisations Controls and Systems	Ongoing	CEO & DCEO
Centralise Checklists, Controls and Procedures	Jun-21	CEO & DCEO
Review Fuel Stock Control and Process	Completed	DCEO
Present Regulation 17 Review to Audit & Risk Committee - Every 3 Years	Feb-26	CEO
Review Purchasing Policy & Procurement Process	Dec-22	DCEO
Review Social Media Policy 7.11	Dec-22	EGO
Review Code of Conduct (Councillor)	Jul-23	CEO & EGO
Prepare Credit Card Procedure	Completed	DCEO
Conduct Drivers Licence Check Annually	April Annually	CEO & DCEO

Original Due Date	Extension 1 Date	Extension 2 Date	Comments / Current Status
Dec-20	Ongoing		Progressing
Dec-20	Jun-21	Jun-22	Underway as part of SharePoint review
May-20	Apr-21		Processed reviewed & procedures implemented for fuel & materials
			Completed February 2023; Next due February 2026
Mar-20	Apr-23	Jun-23	Scheduled to complete end June 2023; progressing
Oct-19	Completed		Reviewed April 2020; introduced Council Member Communication & Use of Social Media Policy December 2019; Due for review
			Review scheduled for July 2023
Sep-21	Completed		Credit Card authorisation forms and agreements in place
			Last checked April 23; Next check April 2024

Key Performance Indicators	Tolerance	Latest Result	Trend
Unqualified External Audits (# of Significant Findings)	0	Unqualified	Constant
Disregarding or Manipulating Procurement Process	Nil	Not rated	Constant
Breaches of Code of Conduct	Nil	1	Constant
Internal & External Complaints (Minor)	< 1 per quarter	0	Constant
Internal & External Complaints (Major)	0	0	Constant
Adherence to Internal Controls	Nil	Not rated	Constant

KPI / Action Data			
2023	2022	2021	Comments
	<i>Unqualified</i>	<i>Unqualified</i>	Rate annually in December
	<i>0</i>	<i>35</i>	Rate annually in December
	<i>1</i>	<i>4</i>	Rate annually in December
	<i>0</i>	<i>0</i>	Rate annually in December
	<i>0</i>	<i>0</i>	Rate annually in December
	<i>Unable to Rate</i>	<i>Unable to Rate</i>	Rate annually in December; Control to rate indicator yet to be identified

Residual Risk Rating		
Consequence Category	Risk Ratings	Rating
Reputation / Finance	Consequence:	<i>Moderate (3)</i>
	Likelihood:	<i>Possible (3)</i>
	Overall Risk Ratings:	Moderate

Additional / Final Comments
Reviewed by Management Team - June 2023
Frameworks - the overarching structure to include adopted policies, documented controls, plans and strategies.

Project / Change Management

Jun-23

Risk Context

Inadequate analysis, design, delivery and / or status reporting of change initiatives, resulting in additional expenses, time delays 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
- Inadequate handover process

This does not include new plant & equipment purchases. Refer "Inadequate Asset Sustainability Practices"

Potential causes include;

Lack of communication and consultation	Excessive growth (too many projects)
Lack of investment	Inadequate monitoring and review
Failures of project Vendors/Contractors	Geographic or transport difficulties sourcing equipment / materials
External consultants underquoting on costs	Lack of project methodology knowledge and reporting requirements
Ineffective management of expectations (scope creep)	Project risks not managed effectively
Inadequate project planning (resources/budget)	

Key Controls	Type	Last Reviewed	Rating
Project Management Methodology and Framework	Preventative		Not Rated
Communication and Engagement Framework	Preventative		Adequate
Risk Management Framework	Detective	Oct-19	Adequate
Financial Management Framework	Preventative	Mar-17	Adequate
Overall Control Ratings:			Adequate

Actions (Treatments)	Due Date	Responsibility
Develop Project Management Methodology and Framework	Dec-22	DCEO
Review Communication and Engagement Framework	Aug-23	CEO & CDO

Key Performance Indicators	Tolerance	Latest Result	Trend
Minimisation of Project Variations	<90%	Not rated	
Achievement of Project Deadlines / Milestones	<90%	Not rated	
Community Engagement Framework Review (Every 2 Years)	Completed	Not rated	

Residual Risk Rating

Consequence Category	Risk Ratings	Rating
Financial / Reputational / Health	Consequence:	Moderate (3)
	Likelihood:	Possible (3)
	Overall Risk Ratings:	Moderate

Objective:

Adequate analysis, design, delivery and reporting of projects

Control Assurance						
Control Owner	Control Documented	Completed	Accuracy	Timeliness	Fraud	Comments
CEO	No	No	No	No	Partial	
CEO	Yes	Yes	Yes	Yes	No	
CEO; DCEO	Yes	Yes	Yes	Yes	No	
CEO; DCEO	Yes	Yes	Yes	Yes	Partial	

Original Due Date	Extension 1 Date	Extension 2 Date	Comments / Current Status
Oct-19	Dec-20	Dec-21	Project management templates in place; process yet to be documented
Mar-22			Due to review in August 2023

KPI / Action Data			
2023	2022	2021	Comments
	Unable to Rate	Unable to Rate	Rate annually in December; Controls to rate indicator to be identified
	Unable to Rate	Unable to Rate	Rate annually in December; Controls to rate indicator to be identified
	Not Rated	Completed	Rate upon completion; Due August 2023

Additional / Final Comments

Reviewed by Management Team - June 2023

Frameworks - the overarching structure to include adopted policies, documented controls, plans and strategies.

Safety and Security Practices

Jun-23

Risk Context

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

Potential causes include;

Lack of appropriate PPE / equipment	Inadequate signage, barriers or other exclusion techniques
Inadequate first aid supplies or trained first aiders	Poor storage and use of dangerous goods
Inadequate security protection measures in place for buildings, depots and other places of work	Ineffective / inadequate testing, sampling or other health-related requirements
Inadequate or unsafe modifications to plant & equipment	Lack of mandate and commitment from senior management
Inadequate policy, frameworks, systems and structure to prevent the injury of visitors, staff, contractors and/or tenants.	Inadequate organisational Emergency Management requirements (evacuation diagrams, drills, wardens etc.).
Inadequate supervision, training or mentoring of staff	Slow or inadequate response to notifications from public

Key Controls	Type	Last Reviewed	Rating
Building Security Access Controls (Keys & Keypad Access)	Preventative	Sep-19	Adequate
OSH Management Framework	Preventative	May-17	Adequate
Human Resource Management Framework	Preventative	May-19	Adequate
Governance Management Framework	Preventative	Ongoing	Adequate
Managing Emergencies In Shire Facilities	Preventative	Dec-16	Adequate
Overall Control Ratings:			Adequate

Actions (Treatments)	Due Date	Responsibility
Review Hazard Register	Annually	CEO & DCEO
Update Staff Training Register	Ongoing	CEO & DCEO
Conduct Quarterly Workplace Inspections	Quarterly	CEO
Safe Work Method Statements (SWMS) Library	Completed	CEO
Assess Shire Building and Facility Safety and Security	Nov-23	CEO
Develop Isolated Worker Management Procedure	Oct-22	CEO
Re-Establish WSH Committee & Conduct Bi-Monthly Meetings	Monthly	CEO
Review Managing Emergencies In Shire Facilities	Dec-23	CEO & DCEO
Conduct Annual BCP and LEMC Drills	Dec-23	CEO
Review Contractor Inductions and Register	Jun-22	CEO

Key Performance Indicators	Tolerance	Latest Result	Trend
Reporting and Management of Incidents	100%	100%	Improving
Failed Safety Inspections	Nil	Nil	Constant
Lost Time Injuries Per Quarter	Nil		Constant
Near Misses Per Quarter	Nil	Nil	Improving
Workers Compensation Claims Per Quarter	Nil	1	Improving
Safety Audit Result % (Every Three Years)	95%	74%	Constant

Objective:

Compliance with the Occupation Safety & Health Act, associated regulations and standards, and the ability to ensure the physical security requirements of staff, contractors and visitors.

Control Assurance						
Control Owner	Control Documented	Completed	Accuracy	Timeliness	Fraud	Comments
CEO	Yes	Yes	No	No	Partial	
CEO	Yes	Yes	Yes	Yes	No	
CEO; DCEO	Partial	Partial	Partial	Partial	No	
CEO; DCEO	Yes	Yes	Yes	Yes	No	
CEO; DCEO	Yes	Yes	Yes	Yes	No	

Original Due Date	Extension 1 Date	Extension 2 Date	Comments / Current Status
			Register updated as required
			Inspections schedule prepared
May-22	Jun-22		SMWS in place for all plant
			Completed November 2022; Next due November 2023
			Policy signed off; yet to prepare procedure
			Bi-Monthly meetings conducted
Dec-21	Jun-22	Mar-23	Deferred; Scheduled to complete December 2023; contractor engaged
			LEMC drill completed, next due 2023; BCP drill due Dec 2022, next due Dec 2023
			Review completed; contractor inductions conducted as required

KPI / Action Data			
2023	2022	2021	Comments
	<i>Not Rated</i>	<i>Unable to Rate</i>	Rated annually in December; Control to be identified to rate indicator
	<i>Not Rated</i>	<i>Unable to Rate</i>	Rated annually in December; Control to be identified to rate indicator
	<i>Note Rated</i>	<i>Unable to Rate</i>	Rated annually in December; Control to be identified to rate indicator
	0	4	Rated annually in December
	1	2	2 overall for 2021/22 (nil for quarter); Rated annually in December
	<i>Not Rated</i>	74%	Safety Audit completed May 2021

Residual Risk Rating		
Consequence Category	Risk Ratings	Rating
Health	Consequence:	Moderate (3)
	Likelihood:	Possible (3)
	Overall Risk Ratings:	Moderate

Additional / Final Comments
Reviewed by Management Team - June 2023
Frameworks - the overarching structure to include adopted policies, documented controls, plans and strategies.

Nil

Supplier / Contract Management

Jun-23

Risk Context
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:
<ul style="list-style-type: none"> • Concentration issues (contracts awarded to one supplier) • Vendor sustainability

Potential causes include;	
Insufficient funding	Inadequate contract management practices
Complexity and quantity of work	Ineffective monitoring of deliverables
Suppliers not willing to provide quotes	Limited availability of suppliers
Inadequate tendering process	Lack of planning and clarity of requirements
Contracts not renewed on time	Historical contracts remaining

Key Controls	Type	Last Reviewed	Rating
Annual Budget	Preventative	Mar-21	Adequate
Financial Management Framework	Preventative	Progressing	Adequate
Access to Independent Advice (WALGA/Lawyers) & Peer Review	Preventative	Ongoing	Adequate
Overall Control Ratings:			Adequate

Actions (Treatments)	Due Date	Responsibility
Review Purchasing Policy	Dep 23	CEO & DCEO
Develop Standardised Contracts	Ongoing	CEO & DCEO
Document Financial Controls	Ongoing	DCEO
Develop Appropriate Financial Reporting Tools	Ongoing	DCEO
Develop Centralised Contract Management System	Ongoing	CEO & DCEO

Key Performance Indicators	Tolerance	Latest Result	Trend
Contracts Reviewed And Maintained	>90%	90%	Constant
Number of Expired Contracts Not Yet Renewed	<1 per quarter	1	Worsening

Residual Risk Rating		
Consequence Category	Risk Ratings	Rating
Service Interruption / Financial	Consequence:	Moderate (3)
	Likelihood:	Possible (3)
	Overall Risk Ratings:	Moderate

Objective:
Adequate management (including contractual arrangements) of external Suppliers, Contractors, IT Vendors or Consultants engaged for operations.

Control Assurance						
Control Owner	Control Documented	Completed	Accuracy	Timeliness	Fraud	Comments
CEO; DCEO	Yes	Yes	Yes	Yes	No	
CEO; DCEO	Yes	Yes	Yes	Yes	Partial	Risk of fraud is minimal.
CEO; DCEO	Yes	Yes	Yes	Yes	No	

Original Due Date	Extension 1 Date	Extension 2 Date	Comments / Current Status
			Bi-Annual Review due September 2023
			Standardised MOUs; Service Level Agreements; Tenancy Agreements; Contracts
			Controls in place; constantly reviewing for improvement
			Continuous training to utilise all tools
			Investigating options whilst reviewing SharePoint

KPI / Action Data			
2023	2022	2021	Comments
	90%	90%	Rate annually in December
	2	1	Rate annually in December

Additional / Final Comments
Reviewed by Management Team - June 2023
Frameworks - the overarching structure to include adopted policies, documented controls, plans and strategies.

Measures of Consequence

RATING	PEOPLE	INTERRUPTION TO SERVICE	REPUTATION (Social / Community)	COMPLIANCE	PROPERTY (Plant, Equip, Buildings)	NATURAL ENVIRONMENT	FINANCIAL IMPACT	PROJECT	
								Time	Budget
Insignificant (1)	Near-Miss	No material service interruption	Unsubstantiated, localised low impact on community	No noticeable regulatory or statutory impact	Inconsequential damage.	Contained, reversible impact	Less than \$5,000	Exceeds deadline by 5% of project	Exceeds project budget by 5%
Minor (2)	First Aid Treatment	Less than 1 hour temporary interruption	Substantiated, localised impact on community trust or reputation	Some temporary non-compliance	Localised damage rectified by compliance	Contained, reversible impact	\$5,001 - \$50,000	Exceeds deadline by 10% of project	Exceeds project budget by 10%
Moderate (3)	Medical treatment / Lost time injury <30 Days	Medium term temporary interruption	Substantiated, public embarrassment	Short term non-compliance but with significant results in litigation, termination of services	Localised damage rectified by compliance	Contained, reversible impact	\$50,001 - \$200,000	Exceeds deadline by 15% of project	Exceeds project budget by 15%
Major (4)	Lost time injury >30 Days / temporary disability	Prolonged interruption of services	Substantiated, public embarrassment	Non-compliance results in litigation, termination of services	Significant damage rectified by compliance	Uncontained, reversible impact	\$200,001 - \$500,000	Exceeds deadline by 20% of project	Exceeds project budget by 20%
Extreme (5)	Fatality, permanent disability	Indeterminate prolonged interruption of services	Substantiated, public embarrassment	Non-compliance results in litigation, criminal charges or	Extensive damage rectified by compliance	Uncontained, irreversible impact	More than \$500,000	Exceeds deadline by 25% of project	Exceeds project budget by 25%

Measures of Likelihood

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

Risk Matrix

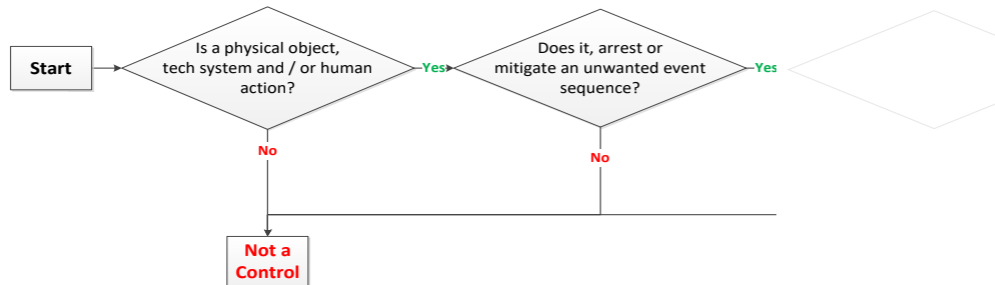
	Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)
Almost Certain (5)	Moderate (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely (4)	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)
Possible (3)	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
Unlikely (2)	Low (2)	Low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

Risk Acceptance Criteria

Risk Rank	Description	Criteria	Responsibility
LOW	Acceptable	Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring	Operational Manager
MODERATE	Monitor	Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring	Operational Manager
HIGH	Urgent Attention Required	Risk acceptable with excellent controls, managed by senior management / executive and subject to monthly monitoring	DCEO / CEO
EXTREME	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

Existing Controls Ratings

Rating	Foreseeable	Description
Effective	There is <u>little</u> scope for improvement.	Processes (Controls) operating as intended and aligned to Policies / Procedures. Subject to ongoing monitoring. Reviewed and tested regularly.
Adequate	There is <u>some</u> scope for improvement.	Processes (Controls) generally operating as intended, however inadequacies exist. Nil or limited monitoring. Reviewed and tested, but not regularly.
Inadequate	There is a <u>need</u> for improvement or action.	Processes (Controls) not operating as intended. Processes (Controls) do not exist, or are not being complied with. Have not been reviewed or tested for some time.



Lagging Indicator

Indicators relating to a result or outcome. Lag means the indicator will change after something happens. The indicator measures the results of an action. Looks back as to whether the intended result was achieved)


Leading Indicator

Indicators measures an input that leads to a result. Often related to something you can influence. How to produce desired results. Looks forward at future outcomes.

Risk Register - Updated June 2023

Theme	Key Control	Rating	KPI	Comment
Asset Management Practices	Sewerage Maintenance Plan & Program	Indequate		Scheduled to complete December 2023
Asset Management Practices	KPI - Accidents/Damage to Property	7	<2 Per Quarter	Worsening
Engagement	Community Satisfaction Survey - Council leadership in the community		70%	Worsening
Engagement	Community Satisfaction Survey - How the community is consulted & informed about local		56%	Worsening
Environment Management	Sewerage Maintenance Plan & Program	Inadequate		Scheduled to complete December 2023
Environment Management	Waste Management Plan	Not Rated		Scheduled for December 2023
Management of Facilities/Venues/Events	Event Management Framework	Not Rated		Plan in place; overall framework to be completed
IT or Communication Systems & Infrastructure	IT Disaster Recovery Plan	Not Rated		
Project/Change Management	Project Management Methodology & Framework	Not Rated		Templates in place; procedures to be developed

7.2 Interim Audit Results for the Year Ending 30 June 2023

<h1>Corporate & Community Services</h1>		 SHIRE OF DOWERIN TIN DOG TERRITORY
Date:	10 July 2023	
Location:	Not applicable	
Responsible Officer:	Aaron Wooldridge, Deputy Chief Executive Officer	
Author:	Linley Dreghorn, Executive & Governance Officer	
Legislation:	<i>Local Government Act 1995; Local Government (Audit) Regulations 1996</i>	
Sharepoint Reference:	Organisation/Corporate Management/Reporting	
Disclosure of Interest:	Nil	
Attachments:	Attachment 7.2A – Interim Audit Report Attachment 7.2B – Interim Audit Findings	

Purpose of Report

Executive Decision

Legislative Requirement

Summary

This Item presents the results and findings of the Interim Audit for the year ending 30 June 2023 to the Audit & Risk Committee for consideration and, if satisfactory, recommendation to Council for adoption.

Background

The Office of the Auditor General (OAG) conducted its Interim Audit for the Shire of Dowerin on Monday 27 and 28 March 2023.

The Report on the results of the Audit has been received and is included as an Attachment for the Audit & Risk Committee's information.

Comment

The Report identifies twelve areas which are considered deficient, being:

1. Payment based on Purchase Order;
2. Amendments to Supplier Masterfile;
3. System generated Annual Leave Balances;
4. Cyber Security Risks;
5. User Access Rights;
6. Monthly Debtor Reconciliations;
7. Debtor Requisition Forms;

Matters outstanding from prior years:

8. Bank Reconciliations;

- 9. Monthly Creditor Reconciliations;
- 10. Cancelled Receipts;
- 11. Asset Disposal Forms; and
- 12. General Journals

The rating given to all twelve deficiencies is Moderate, meaning the findings are of sufficient concern to warrant action being taken to rectify the deficiency as soon as practicable.

The Report details the Finding against each deficiency, indicates the Implications the deficiency may have on the organisation, and makes Recommendations on how the organisation can best rectify the deficiency. Management was made aware of the identified deficiencies at the conclusion of the Audit and were afforded the opportunity to provide comment and context to the deficiency.

While the matters are fully detailed in the Report, they have been summarised in the table below:

Finding	Recommendation	Management Comment
Payments based on Purchase Order	The Shire should review current payment process to ensure that payments to suppliers should be based on the value of supplier invoices having checked its accuracy against the relevant purchase order.	As this was an oversight at the time of payment, the matter has been rectified since with staff contacting the contractor to amend the overpayment by agreeing to future invoice adjustments. This will be fixed and finalised by 30 June 2023.
Amendments to Supplier Masterfile	Changes to the Supplier Masterfile should be independently reviewed and evidence of review should be retained.	As part of the End of Month process, staff provides documentation and reconciliation for each area of responsibility to the Deputy CEO as the independent approver. This is done repeatedly and was introduced after the first quarter of the year, however, proper checks are in place, hence, no discrepancies.
System generated Annual Leave Balances	The Shire should review system generated annual leave balances regularly or seek the service of IT service provider to conduct the review to ensure the accuracy of the annual leave reports generated by the system.	This finding has been reported to ITVision support as part of the initial migration fix when the Shire purchased the Altus-Definitiv system. However, currently ITVision is unable to give us a completion date for the fix to occur due to STP2 version being rolled out in the Altus-Definitiv payroll system for all shires. This will be followed regularly as part of our outstanding item action list and End of Month processes.
Cyber Security Risks	The Shire should use a structured approach in consultations with its IT consultants (if required) to establish a cyber security plan and implement related policies to mitigate cyber security risks.	As this finding was not part of previous year audits, management has already discussed this issue outside the audit and was discussed in conjunction with our insurers to best approach the issue.

	We suggest management refers to OAG's Report #19 dated 29 March 2023 on Information Systems Audit - Local Government 2021-22 to seek further guidance on enhancement to their general computer controls.	Management has been in discussions with the current IT provider and has worked with them to put together an initial overall ICT redundancy and continuity plan for the shire will incorporate the risk of cyber security.
User Access Rights	The Shire should establish a formal process to review user access rights periodically to ensure they are in line with individual staff roles and responsibilities.	This will be part of the overall ICT redundancy and continuity plan review in conjunction with the current IT Policy for update.
Monthly Debtor Reconciliations	The monthly debtor reconciliations should be reviewed by an independent officer promptly and the date of review should be indicated.	The related months have been redone as the original end of month documentation was unable to be found, therefore, both months are filed and signed with relevant documentation.
Debtor Requisition Forms	The Debtor Requisition Form should be reviewed and approved by an independent senior officer before an invoice is raised.	The Debtor Requisition form was introduced part way through the year as part of previous audit findings, however, old forms may have been used during the transition period. This process has been continuing with all staff ensuring relevant forms are used and completed with approval given.
Matters outstanding from Prior years		
Bank Reconciliations	The monthly bank reconciliations should be prepared timely and reviewed by an independent senior officer promptly. The review should be evidenced in writing.	Since last year audit findings, management has discovered the bank reconciliation process was not done to a standard expected by management. This meant that unrepresented or outstanding transactions were not being followed up and corrected at the time of reconciliation where it becomes outstanding for a longer period than required. Management has engaged with an external consultant firm, LG Best Practice to undertake a comprehensive audit of the finance area in recommending and implementing processes and procedures for the finance team. This includes bringing up to date and reconciling of the outstanding bank reconciliation items correctly from past periods into the

		synergy accounting system and develop procedures for staff to be trained in delivering the processes correctly and accurately.
Monthly Creditor Reconciliations	The monthly creditor reconciliations should be prepared timely and reviewed by an independent officer promptly and the date of review should be indicated.	Management has discussed with the finance team to ensure proper end of month collating of reconciliation and documentation are signed off and filed accordingly. This has been fixed since recent audit and will continue monthly.
Cancelled Receipts	The Cancelled Receipts Requisition Form should be reviewed and authorised by an independent officer in a timely manner.	Management has investigated and found majority of forms did not have the approval section included when the form was developed prior to audit. Management has provided instructions to the staff to have all relevant forms updated to ensure approval sections are included where needed and the process to be undertaken each time the form is used. This is now in place.
No Asset Disposal Forms	The Asset Disposal Form should be reviewed and authorised by a senior finance officer when disposing of assets to ensure that all asset disposals are in accordance with management decisions.	Management has identified this process was not continued since the outgoing Works Manager left in April 22 but is captured since the recent audit and is improved by also developing and establishing an asset acquisition form as well.
General Journals	All general journals should independently be reviewed by an appropriate officer and evidence of preparation and review should be retained.	This was identified from prior audit findings and has been improved and implemented since then, however, where certain journals are completed by one officer at the time will be usually the case of no other officer around (limited staff at the time) and the particular issue had to be corrected by journal due to time restraint and demand for reporting, however, follow up will still need to be done for an approval officer signing the journal off. Staff have been informed where any journal will require supporting documentation at all times unless standard journals (recoveries) are an exception.

Staff will provide additional comment on the Findings and an update of actioning recommendations at the meeting.

Consultation

OAG / Auditors

Rebecca McCall, Chief Executive Officer

Aaron Wooldridge, Deputy Chief Executive Officer

Policy Implications

Nil

Strategic Implications

Strategic Community Plan

Community Priority: Our Organisation

Objective: We are recognised as a transparent, well governed, and effectively managed Local Government

Outcome: 5.3

Reference: 5.3.2

Asset Management Plan

Nil

Long Term Financial Plan

Nil

Statutory Implications

The *Local Government (Audit) Regulations 1996* provides the legislative framework for the conduct of audits in local government, and the role of the Audit & Risk Committee in considering the results of those audits.

Risk Implications

Risk Profiling Theme	Failure to fulfil statutory regulations or compliance requirements
Risk Category	Compliance
Risk Description	No noticeable regulatory or statutory impact
Consequence Rating	Minor (2)
Likelihood Rating	Unlikely (2)
Risk Matrix Rating	Low (4)
Key Controls (in place)	Governance Management Framework; Governance Calendar
Action (Treatment)	Document Governance Framework
Risk Rating (after treatment)	Adequate

Financial Implications

Nil

Voting Requirements



Simple Majority



Absolute Majority

Officer's Recommendation - 7.2

That, in accordance with the *Local Government (Audit) Regulations 1996*, the Audit and Risk Committee:

1. **Receives the Auditor's Interim Audit Management Report, as presented in Attachment 7.2A, from Macri Partners Chartered Accountants for the 2022/23 financial year;**
2. **Notes the Management Comment and Actions taken to address the Findings contained in the Auditor's Interim Audit Management Report; and**
3. **Recommends to Council that it receives the Auditor's Interim Audit Management Report, as presented in Attachment 7.2A, from Macri Partners Chartered Accountants for the 2022/23 Interim Audit.**

8.	Questions from Members
9.	Urgent Business Approved by the Person Presiding or by Decision
10.	Date of the Next Meeting
11.	Closure



Our Ref: 8298

Mr Robert Trepp
President
Shire of Dowerin
PO Box 111
DOWERIN WA 6461

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469 Wellington Street, Perth

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PERTH WA 6849

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Dear Mr Trepp

**ANNUAL FINANCIAL REPORT
INTERIM AUDIT RESULTS FOR THE YEAR ENDING 30 JUNE 2023**

We have completed the interim audit for the year ending 30 June 2023. We performed this phase of the audit in accordance with our audit plan. The focus of our interim audit was to evaluate the overall control environment, but not for the purpose of expressing an opinion on the effectiveness of internal control, and to obtain an understanding of the key business processes, risks and internal controls relevant to our audit of the annual financial report.

Management control issues

We would like to draw your attention to the attached listing of deficiencies in internal control and other matters that were identified during the course of the interim audit. These matters have been discussed with management and their comments have been included on the attachment. The matters reported are limited to those deficiencies that were identified during the interim audit that we have concluded are of sufficient importance to merit being reported to management. Some of the matters may be included in our auditor's report in accordance with section 7.9(2) of the *Local Government Act 1995* or regulation 10(3)(a) and (b) of the *Local Government (Audit) Regulations 1996*. If so, we will inform you before we finalise the report.

An audit is not designed to identify all internal control deficiencies that may require management attention. It is possible that irregularities and deficiencies may have occurred and not been identified as a result of our audit.

This letter has been provided for the purposes of your local government and may not be suitable for other purposes.

We have forwarded a copy of this letter to the CEO. A copy will also be forwarded to the Minister for Local Government when we forward our auditor's report on the annual financial report to the Minister on completion of the audit.

Feel free to contact me on 6557 7542 if you would like to discuss these matters further.

Yours sincerely

Liang Wong
Assistant Director
Financial Audit
23 June 2023

Attach

ATTACHMENT**SHIRE OF DOWERIN****PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2023****FINDINGS IDENTIFIED DURING THE INTERIM AUDIT**

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
1. Payment based on Purchase Order		✓	
2. Amendments to Supplier Masterfile		✓	
3. System generated Annual Leave Balances		✓	
4. Cyber Security Risks		✓	
5. User Access Rights		✓	
6. Monthly Debtor Reconciliations		✓	
7. Debtor Requisition Forms		✓	
Matters outstanding from prior years			
8. Bank Reconciliations		✓	
9. Monthly Creditor Reconciliations		✓	
10. Cancelled Receipts		✓	
11. Asset Disposal Forms		✓	
12. General journals		✓	

KEY TO RATINGS

The Ratings in this management letter are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. We give consideration to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

- Significant** - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating could indicate the need for a modified audit opinion in the current year, or in a subsequent reporting period if not addressed. However, even if the issue is not likely to impact the audit report, it should be addressed promptly.
- Moderate** - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.
- Minor** - Those findings that are not of primary concern but still warrant action being taken.

SHIRE OF DOWERIN

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

Current year findings

1. Payments based on Purchase Order

Finding

From our expenditure testing of 24 samples, we noted a payment had been made to 5Rivers Plumbing and Gas on 8 February 2023 based on the purchase order amount and not on the actual invoice amount resulting in an over-payment of \$5,050.70

Rating: Moderate

Implication

Erroneous payments could occur when payments are based on purchase order values rather than on actual invoice values as the actual quantity of goods supplied could vary from the quantity ordered.

Recommendation

The Shire should review current payment process to ensure that payments to suppliers should be based on the value of supplier invoices having checked its accuracy against the relevant purchase order.

Management Comment

As this was an oversight at the time of payment, the matter has been rectified since with staff contacting the contractor to amend the overpayment by agreeing to future invoice adjustments. This will be fixed and finalised by 30 June 2023.

Responsible Person: Deputy CEO

Completion Date: 30 June 2023

SHIRE OF DOWERIN

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

2. Amendments to Supplier Masterfile

Finding

There was no evidence retained to demonstrate whether changes to supplier details, including bank account details, are being authorised by an officer independent of the officer making the amendment.

We however, acknowledge that our testing to validate supplier information in the system did not identify any discrepancies.

Rating: Moderate

Implication

Without documented evidence of review, there is an increased risk that unauthorised changes may be made resulting in errors or funds being inappropriately transferred.

Recommendation

Changes to the supplier masterfile should be independently reviewed and evidence of review should be retained.

Management Comment

As part of the End of Month process, staff provides documentation and reconciliation for each area of responsibility to the Deputy CEO as the independent approver. This is done repeatedly and was introduced after the first quarter of the year, however, proper checks are in place, hence, no discrepancies.

Responsible Person: Deputy CEO

Completion Date: 30 June 2023

SHIRE OF DOWERIN

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

3. System generated Annual Leave Balances

Finding

At the time of the audit, we noted that there were inaccuracies in the system generated annual leave balances following the implementation of the new payroll system Altus-Definitiv.

Rating: Moderate

Implication

Effective management of annual leave balances becomes difficult when no reliance could be placed on the system generated annual leave balances.

Recommendation

The Shire should review system generated annual leave balances regularly or seek the service of IT service provider to conduct the review to ensure the accuracy of the annual leave reports generated by the system.

Management Comment

This finding has been reported to ITVision support as part of the initial migration fix when the Shire purchased the Altus-Difinitiv system. However, currently ITVision is unable to give us a completion date for the fix to occur due to STP2 version being rolled out in the Altus-Definitiv payroll system for all shires.

This will be followed regularly as part of our outstanding item action list and End of Month processes.

Responsible Person: Deputy CEO

Completion Date: 30 June 2024

SHIRE OF DOWERIN

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

4. Cyber Security Risks**Finding**

We could not see any documentary evidence demonstrating the Shire's preparedness against ever present and evolving nature of cyber security threats.

Rating: Moderate

Implication

In the absence of a clear cyber security plan and related policies, the Shire may not be able to identify and mitigate the risks posed by cyber security threats and protect sensitive information and key systems against inappropriate disclosure, loss or misuse.

Recommendation

The Shire should use a structured approach in consultations with its IT consultants (if required) to establish a cyber security plan and implement related policies to mitigate cyber security risks.

We suggest management refers to OAG's Report #19 dated 29 March 2023 on *Information Systems Audit - Local Government 2021-22* to seek further guidance on enhancement to their general computer controls.

Management Comment

As this finding was not part of previous year audits, management has already discussed this issue outside the audit and was discussed in conjunction with our insurers to best approach the issue.

Management has been in discussions with the current IT provider and has worked with them to put together an initial overall ICT redundancy and continuity plan for the shire will incorporate the risk of cyber security.

Responsible Person: Deputy CEO

Completion Date: 31 December 2023

SHIRE OF DOWERIN

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

5. User Access Rights

Finding

We noted that there was no formal process to review user access rights and privileges in the system to ensure they are in line with the responsibilities of individual staff member's roles/positions.

Rating: Moderate

Implication

The lack of a formal process to review user access rights and privileges to the system increases the risk of unauthorised access to the system which could compromise data integrity.

Recommendation

The Shire should establish a formal process to review user access rights periodically to ensure they are in line with individual staff roles and responsibilities.

Management Comment

This will be part of the overall ICT redundancy and continuity plan review in conjunction with the current IT Policy for update.

Responsible Person: Deputy CEO

Completion Date: 31 December 2023

SHIRE OF DOWERIN

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

6. Monthly Debtor Reconciliations

Finding

We noted that the monthly debtor reconciliations for the months of July 2022 and January 2023 were not reviewed.

Rating: Moderate

Implication

Errors or omissions in the reconciliations will not be detected early if the reconciliations are not reviewed in a timely manner.

Recommendation

The monthly debtor reconciliations should be reviewed by an independent officer promptly and the date of review should be indicated.

Management Comment

The related months have been redone as the original end of month documentation was unable to be found, therefore, both months are filed and signed with relevant documentation.

Responsible Person: Deputy CEO

Completion Date: 20 March 2023

SHIRE OF DOWERIN

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

7. Debtor Requisition Forms

Finding

We noted that there was no evidence of approval of Debtor Requisition Forms for 3 out of 8 samples tested.

Rating: Moderate

Implication

Calculation errors or omissions may not be detected early if Debtor Requisition Forms are not reviewed and approved by an independent senior officer.

Recommendation

The Debtor Requisition Form should be reviewed and approved by an independent senior officer before an invoice is raised.

Management Comment

The Debtor Requisition form was introduced part way through the year as part of previous audit findings, however, old forms may have been used during the transition period.

This process has been continuing with all staff ensuring relevant forms are used and completed with approval given.

Responsible Person: Deputy CEO

Completion Date: 30 June 2023

SHIRE OF DOWERIN**PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2023****FINDINGS IDENTIFIED DURING THE INTERIM AUDIT****Matters outstanding from Prior years****8. Bank Reconciliations****Status in 2023**

At the time of the audit, the Shire was unable to produce monthly bank reconciliations for the Muni account commencing July 2022.

Finding in 2022

We noted that the monthly Muni bank reconciliations for the months of July 2021 to November 2021 were reviewed only in January 2022. We also noted that no monthly bank reconciliations have been prepared for the Muni Max and LRCIP bank accounts.

Finding in 2021

We noted that there had been delays in reviewing the monthly Muni bank reconciliations for the months of July and September 2020 and February and March 2021 and the bank reconciliation for the month of January 2021 was not available. We also noted that no monthly bank reconciliations have been prepared for the Muni Max account. However, the interest earned on this account during the period was immaterial and the interest income has been correctly captured in the general ledger.

Rating: Moderate (2022 & 2021 – Moderate)

Implication

Non-preparation of a monthly bank reconciliations could result in any fraudulent activity not been detected early.

Recommendation

The monthly bank reconciliations should be prepared timely and reviewed by an independent senior officer promptly. The review should be evidenced in writing.

Management Comment – 2023 (Current Year)

Since last year audit findings, management has discovered the bank reconciliation process was not done to a standard expected by management. This meant that unrepresented or outstanding transactions were not being followed up and corrected at the time of reconciliation where it becomes outstanding for a long period than required.

Management has engaged with an external consultant firm LG Best Practice to undertake a comprehensive audit of the finance area in recommending and implementing processes and procedures for the finance team. This includes bringing up to date and reconciling of the outstanding bank reconciliation items correctly from past periods into the synergy accounting system and develop procedures for staff to be trained in delivering the processes correctly and accurately.

Responsible Person: Deputy CEO

Completion Date: 30 June 2023

Management Comment – 2022 (Prior Year)

Bank Reconciliations between July and September 2021 have been recently found and was dated and approved by management in October 2021. This is still not acceptable by

SHIRE OF DOWERIN

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

management as reconciliations are required to be completed at end of month. Staff are informed and have been made aware again and new management will ensure this happens. The Muni Max and LRCIP account will be closed in the 22/23 year as they are no longer required, however, management agrees these accounts should have been reconciled.

Responsible Person: Manager Corporate & Community Services

Completion Date: Completed

SHIRE OF DOWERIN**PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2023****FINDINGS IDENTIFIED DURING THE INTERIM AUDIT****9. Monthly Creditor Reconciliations****Status in 2023**

We noted that the monthly creditor reconciliation for the month of July and August 2022 were not reviewed and the monthly reconciliations for the months of January and February 2023 were not available for our review at the time of the audit. Also there were delays in reviewing the reconciliations for the months of September and October 2022.

Finding in 2022

We noted that monthly creditor reconciliations for the months of August and October 2021 and March 2022 were not dated by the reviewer and also the November 2021 reconciliations has been prepared only in March 2022.

We also noted that there was a balance of \$11,471.91 comprising several individual balances (approximately 95% of the total creditor balance) in the April 2022 monthly reconciliation which we were informed was due to an error in the system.

Rating: Moderate (2022 – Moderate)

Implication

Errors or omissions in the reconciliations will not be detected early if the reconciliations are not reviewed in a timely manner. Also delays in the preparation of monthly creditor reconciliations will result in non-detection of erroneous or fraudulent accounting entries.

Recommendation

The monthly creditor reconciliations should be prepared timely and reviewed by an independent officer promptly and the date of review should be indicated.

Management Comment – 2023 (Current Year)

Management has discussed with the finance team to ensure proper end of month collating of reconciliation and documentation are signed off and filed accordingly. This has been fixed since recent audit and will continue monthly.

Responsible Person: Deputy CEO

Completion Date: 30 June 2023

Management Comment – 2022 (Prior Year)

Management will ensure all reconciliations are properly signed off and dated going forward, however, seeing the majority of the reconciliations have been fully signed and dated plus the findings themselves are signed by the reviewer, management does not agree the finding should be rated 'Moderate' rather it should be 'Minor'.

Management does not believe the April 22 creditor balance of \$11,147.91 is due to an error but is evident that the matter needs further investigation and rectified within the coming weeks.

Responsible Person: Manager Corporate & Community Services

Completion Date: 12 August 2022

SHIRE OF DOWERIN**PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2023****FINDINGS IDENTIFIED DURING THE INTERIM AUDIT****10. Cancelled Receipts****Status in 2023**

We noted that the system is now able to generate a cancelled receipts report. However we noted that the Receipt Cancellation Request Form was not authorised by an officer independent of the receipting function in all three samples that were selected.

Finding in 2022

The Shire has developed a Receipt Cancellation Request Form during the year. However, there was no evidence of authorisation of the completed form. The matter relating to the production of cancelled receipts report remains unresolved.

Finding in 2021

We noted that the cancelled receipts were not authorised by an officer independent of the receipting function. We also noted that the current IT system does not have the functionality to produce a cancelled receipts report.

Rating: Moderate (2022 & 2021 – Moderate)

Implication

Errors or frauds in the receipting function may not be detected in the absence of duly completed and authorised Receipt Cancellation Request Form.

Recommendation

The Cancelled Receipts Requisition Form should be reviewed and authorised by an independent officer in a timely manner.

Management Comment – 2023 (Current Year)

Management has investigated and found majority of forms did not have the approval section included when the form was developed prior to audit.

Management has provided instructions to the staff to have all relevant forms updated to ensure approval sections are included where needed and the process to be undertaken each time the form is used. This is now in place.

Responsible Person: Deputy CEO

Completion Date: 30 June 2023

Management Comment – 2022 (Prior Year)

The form will be updated to include a provision for a Manager/CEO approval section. Management will investigate and put in place an end of month process to verify receipt cancellations during the month.

Responsible Person: Manager Corporate & Community Services

Completion Date: 31 July 2022

SHIRE OF DOWERIN**PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2023****FINDINGS IDENTIFIED DURING THE INTERIM AUDIT****11. No Asset Disposal Forms****Status in 2023**

The Shire was unable to produce a duly authorised Asset Disposal Form for the two samples that were selected.

Finding in 2022

The Shire has since developed an asset disposal form. However, it has no provision for authorisation of the completed form. Consequently, there was no evidence of authorisation for the only disposal of asset during the period of our review.

Finding in 2021

We noted that currently there is no process of formally documenting the disposal of assets i.e. through the use of Asset Disposal Form, and obtaining management's approval prior to disposing individual assets. We however acknowledge that potential disposals are included in the Shire's approved budget.

Rating: Moderate (2022 & 2021 – Moderate)

Implication

Although potential disposals are reflected in the Shire's approved budget, it is likely that the budgeted sales proceeds may differ from actual proceeds. Therefore, current practice could potentially result in the misappropriation of assets and result in a financial loss to the Shire.

Recommendation

The Asset Disposal Form should be reviewed and authorised by a senior finance officer when disposing of assets to ensure that all asset disposals are in accordance with management decisions.

Management Comment – 2023 (Current Year)

Management has identified this process was not continued since the outgoing Works Manager left in April 22 but is captured since the recent audit and is improved by also developing and establishing an asset acquisition form as well.

Responsible Person: Deputy CEO

Completion Date: 30 June 2023

Management Comment – 2022 (Prior Year)

Management will review and update the form to capture the approval of disposal by management as this was not provided for when the form was developed.

Responsible Person: Manager Corporate & Community Services

Completion Date: 31 July 2022

SHIRE OF DOWERIN**PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2023****FINDINGS IDENTIFIED DURING THE INTERIM AUDIT****12. General journals****Status in 2023**

We noted that out of 15 samples we tested, 1 journal did not have the name of the preparer and reviewer, 1 journal was without evidence of review and 1 journal was prepared and reviewed by the same officer.

Finding in 2022

We noted that in 3 out of 10 samples we tested, there were no supporting documents for the journal entries processed in the system.

Rating: Moderate (2022 – Moderate)

Implication

There is a risk that erroneous or fraudulent journals may pass undetected when:

- the names of preparer and reviewer are absent;
- there is a lack of an independent review and/or
- the same officer prepares and performs the review function.

Recommendation

All general journals should independently be reviewed by an appropriate officer and evidence of preparation and review should be retained.

Management Comment – 2023 (Current Year)

This was identified from prior audit findings and has been improved and implemented since then, however, where certain journals are completed by one officer at the time will be usually the case of no other officer around (limited staff at the time) and the particular issue had to be corrected by journal due to time restraint and demand for reporting, however, follow up will still need to be done for an approval officer signing the journal off. Staff have been informed where any journal will require supporting documentation at all times unless standard journals (recoveries) are an exception.

Responsible Person: Deputy CEO

Completion Date: 30 June 2023

Management Comment – 2022 (Prior Year)

Management is satisfied with the nature of the journals as they were originally given approval and that they will not lead to any suspicious/fraudulent activity, however it is agreed by management that the forms and process around the journal processing will be updated and improved going forward. All journals are required to be approved by management and supporting documentation is required for each journal. Staff are made aware and will ensure this is done.

Responsible Person: Manager Corporate & Community Services

Completion Date: Completed