



SHIRE OF
DOWERIN
TIN DOG TERRITORY

AGENDA

Audit & Risk Committee Meeting

To be held in Council Chambers
13 Cottrell Street, Dowerin WA 6461
Tuesday 21 July 2020
Commencing 10.30am





NOTICE OF MEETING

Dear Audit & Risk Committee Members,

The next Audit & Risk Committee Meeting of the Shire of Dowerin will be held on Tuesday 21 July 2020 in the Shire of Dowerin Council Chambers, 13 Cottrell Street, Dowerin commencing at 10.30am.

Rebecca McCall
Chief Executive Officer
17 July 2020

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 this Agenda.

Table of Contents



| | |
|-----|---|
| 1. | Official Opening |
| 2. | Record of Attendance / Apologies / Leave of Absence |
| 3. | Public Question Time |
| 4. | Disclosure of Interest |
| 5. | Confirmation of Minutes of the Previous Meetings |
| 5.1 | Minutes of the Audit & Risk Committee Meeting held on 19 December 2019 |
| 6.0 | Presentations |
| 7. | Officer's Reports |
| 7.1 | Notice of Delegated Authority - Delegation 1.1 - Audit & Risk Committee and Amendment to Terms of Reference |
| 7.2 | Interim Audit Results for the Year Ending 30 June 2020 |
| 7.3 | Code of Conduct Review |
| 7.4 | Risk Dashboard Quarterly Report - June 2020 |
| 7.5 | Policy Manual Review - Policy 4.11 - Purchasing Policy and Procedure |
| 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
10.30am Tuesday 21 July 2020



1. Official Opening

2. Record of Attendance / Apologies / Leave of Absence

Committee Members:

| | |
|-----------------|--|
| Cr DP Hudson | President & Chair |
| Cr RI Trepp | |
| Cr BA Ward | |
| Mr JB Whiteaker | External Member, CEO, Shire of Northam |

Staff:

| | |
|--------------|--|
| Ms R McCall | Chief Executive Officer |
| Ms C Delmage | Manager Corporate & Community Services |
| Ms V Green | Executive & Governance Officer |

Apologies:

Approved Leave of Absence: Nil

3. Public Question Time

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 19 December 2019

[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 19 December 2019, as presented in Attachment 5.1A, be confirmed as a true and correct record of proceedings.

6. PRESENTATIONS

Nil

7. OFFICER'S REPORTS

7.1 Notice of Delegated Authority – Delegation 1.1 – Audit & Risk Committee and Amendment to Terms of Reference

| | | |
|--------------------------------------|--|--|
| <h1>Governance & Compliance</h1> | |  SHIRE OF DOWERIN TIN DOG TERRITORY |
| Date: | 13 July 2020 | |
| Location: | Not applicable | |
| Responsible Officer: | Rebecca McCall, Chief Executive Officer | |
| Author: | Vanessa Green, Executive & Governance Officer | |
| Legislation: | <i>Local Government Act 1995; Local Government (Audit) Regulations 1996</i> | |
| Sharepoint Reference: | Organisation/Governance/Delegations Organisation/Governance/Committees/Council Committees | |
| Disclosure of Interest: | Nil | |
| Attachments: | Attachment 7.1A – Delegation 1.1 Attachment 7.1B – Terms of Reference | |

Purpose of Report

Executive Decision

Legislative Requirement

Summary

This Item presents Delegation 1.1 to the Audit & Risk Committee for noting, and a subsequent amendment to the Audit & Risk Committee Terms of Reference, to the Audit & Risk Committee for consideration and, if satisfactory, recommendation to Council for adoption.

Background

The Audit & Risk Committee (the Committee) assists Council to meet its statutory audit requirements under the *Local Government Act 1995* and related regulations.

The Committee is to assist Council in discharging its responsibilities with regards to the exercise of due care, diligence and skill in relation to the:

1. Reporting of financial information, the application of accounting policies, and the management of the financial affairs of the Shire, and
2. Assessment of the adequacy of the management of risk.

The Terms of Reference (ToR) set out the scope of the Committee, its membership, staff support and meetings.

Staff recently undertook an extensive review of Council's Delegations Register, using the WALGA model template as a basis. The template includes a delegation to the Audit & Risk Committee allowing authority for an Audit & Risk Committee to:

1. Meet with the Shire's Auditor at least once a year on behalf of Council;
2. Examine the report of the Auditor and determine matters that require action to be taken and to ensure that appropriate action is taken in respect of those matters; and

3. Review and endorse the Shire's report on any actions taken in response to an Auditor's report prior to it being forwarded to the Minister for Local Government.

Management considered it appropriate for this authority to be delegated to the Committee as it allows flexibility in determining the meeting with the Auditors hence it was included in the final Delegations Register which was presented to and adopted by Council at its May 2020 meeting (CMRef 0194).

As a result of this delegation it is necessary to update the Committee's ToR, which has also been undertaken.

Comment

Delegation 1.1 - Audit & Risk Committee details the formal instruction of authority to the Committee and the legislative requirements around that delegation. This is provided to the Committee for noting.

While the Committee now has delegated authority to determine the functions in respect to audits associated with Sections 7.12A(2), 7.12A(3) and 7.12A(4) of the *Local Government Act 1995*, it is also noted as a condition that the delegation cannot be exercised where a Management Letter or Audit Report raises a Finding specified as Significant. Should such a Finding be made by the Auditors, the meeting and report must be considered by Council.

In addition, even though the Committee has been delegated authority to meet with the Auditor, examine the Auditors report and determine matters requiring action as a result of that report, there is no requirement for the Committee to exercise that use of delegated authority, meaning that the matters may be presented to Council for consideration, in addition to being presented to the Committee for review and input.

It is proposed that, unless there is no other alternative available at the time, the meeting with the Auditors and the Audit Findings and Management Report will continue to be presented to both the Committee and to Council for consideration, simply for reasons of transparency and accountability.

Having been granted delegated authority, the Committee's ToR have been amended to incorporate this with a tracked-changes copy included as an Attachment.

The Committee's ToR were last reviewed and adopted by Council at its October 2019 meeting following the ordinary local government elections and appointment of Committee members (CMRef 0060). There are no other proposed changes to the ToR at this time.

Consultation

Rebecca McCall, Chief Executive Officer

Cherie Delmage, Manager Corporate & Community Services

Policy Implications

Nil

Strategic Implications

Strategic Community Plan

Community Priority: Our Leaders

Objective: A thriving and progressive rural community enabled by innovation in leadership, a focus on continuous improvement and adaptability to evolving community needs

Outcome: 2 & 3

Reference: L3, L4 & L5

Asset Management Plan

Nil

Long Term Financial Plan

Nil

Statutory Implications

Sections 5.16, 5.17 and 5.18 of the *Local Government Act 1995* are applicable and state:

5.16. Delegation of some powers and duties to certain committees

- (1) *Under and subject to section 5.17, a local government may delegate* to a committee any of its powers and duties other than this power of delegation.*

** Absolute majority required.*

- (2) *A delegation under this section is to be in writing and may be general or as otherwise provided in the instrument of delegation.*
- (3) *Without limiting the application of sections 58 and 59 of the Interpretation Act 1984 –*
- (a) *a delegation made under this section has effect for the period of time specified in the delegation or if no period has been specified, indefinitely; and*
- (b) *any decision to amend or revoke a delegation under this section is to be by an absolute majority.*
- (4) *Nothing in this section is to be read as preventing a local government from performing any of its functions by acting through another person.*

5.17. Limits on delegation of powers and duties to certain committees

- (1) *A local government can delegate –*

- (a) *to a committee comprising council members only, any of the council's powers or duties under this Act except –*

(i) *any power or duty that requires a decision of an absolute majority of the council; and*

(ii) *any other power or duty that is prescribed;*

and

- (b) *to a committee comprising council members and employees, any of the local government's powers or duties that can be delegated to the CEO under Division 4; and*

- (c) *to a committee referred to in section 5.9(2)(c), (d) or (e), any of the local government's powers or duties that are necessary or convenient for the proper management of –*

(i) *the local government's property; or*

(ii) *an event in which the local government is involved.*

- (2) *A local government cannot delegate any of its powers or duties to a committee referred to in section 5.9(2)(f).*

5.18. Register of delegations to committees

A local government is to keep a register of the delegations made under this Division and review the delegations at least once every financial year."

Regulation 16 of the *Local Government (Audit) Regulations 1996* specifies the functions of an Audit Committee, which are:

16. Functions of audit committee

An audit committee has the following functions –

- (a) *to guide and assist the local government in carrying out –*

(i) *its functions under Part 6 of the Act; and*

(ii) *its functions relating to other audits and other matters related to financial management;*

- (b) *to guide and assist the local government in carrying out the local government's functions in relation to audits conducted under Part 7 of the Act;*

- (c) *to review a report given to it by the CEO under regulation 17(3) (the CEO’s report) and is to –*
 - (i) *report to the council the results of that review; and*
 - (ii) *give a copy of the CEO’s report to the council;*
- (d) *to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under –*
 - (i) *regulation 17(1); and*
 - (ii) *the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);*
- (e) *to support the auditor of the local government to conduct an audit and carry out the auditor’s other duties under the Act in respect of the local government;*
- (f) *to oversee the implementation of any action that the local government –*
 - (i) *is required to take by section 7.12A(3); and*
 - (ii) *has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a); and*
 - (iii) *has accepted should be taken following receipt of a report of a review conducted under regulation 17(1); and*
 - (iv) *has accepted should be taken following receipt of a report of a review conducted under the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);*
- (g) *to perform any other function conferred on the audit committee by these regulations or another written law.”*

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; Governance Calendar |
| Action (Treatment) | Document Governance Framework |
| Risk Rating (after treatment) | Adequate |

Financial Implications

Nil

Voting Requirements



Simple Majority




Absolute Majority

Officer's Recommendation - 7.1

That:

1. In accordance with Section 5.16 of the *Local Government Act 1995*, the Audit and Risk Committee notes the delegated authority provided in Delegation 1.1 - Audit and Risk Committee, as presented in Attachment 7.1A; and
2. In accordance with Regulation 16 of the *Local Government (Audit) Regulations 1996*, the Audit and Risk Committee receives the reviewed Terms of Reference, as presented in Attachment 7.1B, and recommends to Council that the Terms of Reference be adopted.

7.2 Interim Audit Results for the Year Ending 30 June 2020

| | | |
|---|---|--|
| <h2>Corporate & Community Services</h2> | |  SHIRE OF DOWERIN TIN DOG TERRITORY |
| Date: | 13 July 2020 | |
| Location: | Not applicable | |
| Responsible Officer: | Cherie Delmage, Manager Corporate & Community Services | |
| Author: | Vanessa Green, 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 | |

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 2020 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 4 to Wednesday 6 May 2020. As a result of the COVID-19 pandemic, the audit was not conducted onsite, rather it was conducted virtually.

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 four areas which are considered deficient, being:

1. Code of Conduct;
2. Purchasing and Payments Procedures;
3. Debtor Invoice and Credit Note Request Forms; and
4. Review of Long Term Financial Plan and Asset Management Plan.

The rating given to the Code of Conduct deficiency is Minor, meaning that the finding is not of a primary concern but still warrants action being taken.

The rating given to the other three 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 were 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 |
|------------------------------------|---|---|
| Code of Conduct | The Code of Conduct be reviewed on a periodic basis to ensure it continues to satisfy the requirements of the Shire and its representatives. | <p>The review of the Code of Conduct was due in 2019 however as part of the Local Government Act Review process a mandatory Code is proposed to be introduced with sector consultation on the proposed Code concluding in December 2019.</p> <p>Following advice from WALGA and the Department of Local Government (DLGSC), the Administration postponed the full review of its Code of Conduct until the Act Review process and the introduction of a mandatory Code had been completed.</p> <p>It is acknowledged that this timeframe had been exacerbated due to COVID-19 and as a result of the Audit finding the Administration has conducted an interim review which is presented to the Audit & Risk Committee (Refer Item 7.3) and Council's July 2020 meetings.</p> <p>It is still the Administration's intent to conduct a full review of the Code of Conduct once the mandatory Code has been introduced, noting that the DLGSC are currently unable to provide a timeframe on when that may be.</p> |
| Purchasing and Payments Procedures | <ol style="list-style-type: none"> 1. The Purchase Order Request form used should be consistent with the policy. 2. Purchase orders should be raised for all transactions prior to the expenditure being incurred by the Shire and be authorised by an officer with delegated authority. 3. Quotes should be obtained in accordance with the Shire's purchasing policy. 4. All creditor EFT batch listings should be signed by the required two authorities as evidence of independent review and approval, and retained for accountability purposes. | <p>The Shire has purchased the SynergySoft ALTUS Procurement module which will be 'live' in this new financial year.</p> <p>This will result in a fully managed purchasing system that is set up to follow procedures before progressing to the next stage.</p> <p>All parameters of the Shire's policies and procedures will inform the module. Training and set up has already commenced.</p> |

| | | |
|--|--|---|
| Debtor Invoice and Credit Note Request Forms | <ol style="list-style-type: none"> 1. The Shire uses the Debtors Invoice Request form for all sundry debtors raised with the form authorised in accordance with applicable delegations. 2. A Credit Note Request form be completed and independently approved for all credit notes raised. | Noted. Debtor controls are still being embedded as there have been several staff changes and a lack of consistency in processes & procedures along with standardisation of forms. This is now being addressed & will be a priority following budget adoption. |
| Review of Long Term Financial Plan and Asset Management Plan | The Long Term Financial Plan and Asset Management Plan be updated annually to include management's estimate of ten years of planned and required capital renewal expenditure which will enable the asset renewal funding ratio to be calculated based on the verifiable data and assumptions. | <p>The LTFP will be reviewed and updated accordingly once the Shire of Dowerin has completed its 2020/21 Budget & 2019/20 Annual Financial Statements. It is anticipated that once updated, an annual review will be implemented.</p> <p>The Manager Works & Assets finished working for the Shire of Dowerin on 22 May 2020 and his replacement does not start until 20 July 2020. It is expected that it will be at least a three month settling in period before the new Manager will be able to fully review the AMP.</p> |

Staff may provide additional comment on the Findings at the meeting.

Consultation

OAG / Auditors

Rebecca McCall, Chief Executive Officer

Cherie Delmage, Manager Corporate & Community Services

Policy Implications

Nil

Strategic Implications

Strategic Community Plan

Community Priority: Our Leaders

Objective: A thriving and progressive rural community enabled by innovation in leadership, a focus on continuous improvement and adaptability to evolving community needs

Outcome: 2 & 3

Reference: L3, L4 & L5

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 AMD Chartered Accountants for the 2019/20 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 AMD Chartered Accountants for the 2019/20 Interim Audit.

7.3 Code of Conduct Review

Governance & Compliance



| | |
|-------------------------|--|
| Date: | 6 July 2020 |
| Location: | Not Applicable |
| Responsible Officer: | Rebecca McCall, Chief Executive Officer |
| Author: | Vanessa Green, Executive & Governance Officer |
| Legislation: | <i>Local Government Act 1995; Local Government (Rules of Conduct) Regulations 1996; Local Government (Administration) Regulations 1996</i> |
| Sharepoint Reference: | Organisation/Governance/Council Policies/Code of Conduct |
| Disclosure of Interest: | Nil |
| Attachments: | Attachment 7.3A - Code of Conduct |

Purpose of Report

Executive Decision

Legislative Requirement

Summary

This Item presents the reviewed Code of Conduct to the Audit & Risk Committee for consideration and, if satisfactory, recommendation to Council for adoption.

Background

Amendments to the *Local Government Act 1995* (Act) that came into effect on 21 October 2019 change the requirements that apply to Councillors and CEOs in relation to the disclosure of gifts and contributions to travel. As a result of these amendments, the Code of Conduct requires review to ensure it reflects the new legislative provisions in relation to gifts.

As a result of legislative amendments, the obligations of Councillors and CEOs to disclose gifts are now prescribed in the Act. Effectively, Councillors and CEOs are required to disclose any gifts they receive in their capacity as a Councillor or CEO that are worth more than \$300. Importantly, the definition of a gift now includes a contribution to travel.

Gift disclosure obligations that apply to staff other than the CEO are required to be detailed in a Code of Conduct.

To reflect new legislation provisions in relation to gifts, amendments have been made to the Shire's Code of Conduct.

The Shire's Code of Conduct was due for review in 2019 however staff have held off on that review due to the Local Government Act Review process, which includes a proposal to introduce a mandatory Code of Conduct. Sector consultation on the proposed mandatory Code closed in December 2019, however the COVID-19 pandemic has stalled the progression of mandatory Code's introduction and/or further review. When that mandatory Code is introduced Council will be required to adopt that Code of Conduct.

During the Shire's Interim Audit, the Auditors made a finding that the Code of Conduct had not been reviewed (Refer [Item 7.2](#)). While the reasons above were provided to the Auditors, staff have conducted a review to include the regulatory changes mentioned above, and some additional amendments.

Comment

The additional amendments expand on the current content of the Code of Conduct or change wording to be more easily readable, as well as clarifying the expected standards of behaviour to be observed. A new section has also been added which details the implications of breaching the Code of Conduct and of misconduct.

While it is acknowledged that the Code of Conduct will require another review on the introduction of the mandatory Code, this review brings the Code of Conduct into line with the current regulatory framework and addresses the finding from the Interim Audit.

Consultation

Darrelle Merritt, Principal Strategy Officer – Strategic Initiatives, Planning and Service Delivery, Department of Local Government, Sport and Cultural Industries

Lyn Fogg, Governance Advisor, Sector Support & Advice, WALGA

Senior Management Team

Policy Implications

The Code of Conduct will be updated accordingly, should Council resolve to adopt the amendments.

Strategic Implications

Strategic Community Plan

Community Priority: Our Leaders

Objective: A thriving and progressive rural community enabled by innovation in leadership, a focus on continuous improvement and adaptability to evolving community needs

Outcome: 3

Reference: L5

Asset Management Plan

Nil

Long Term Financial Plan

Nil

Statutory Implications

Sections 5.103 & 5.104 of the *Local Government Act 1995* states all local governments are to adopt a Code of Conduct and details Regulations which are applicable to Codes of Conduct:

“5.103. Codes of conduct

(1) Every local government is to prepare or adopt a code of conduct to be observed by council members, committee members and employees.

[(2) deleted]

(3) Regulations may prescribe codes of conduct or the content of, and matters in relation to, codes of conduct and any code of conduct or provision of a code of conduct applying to a local government under subsection (1) is of effect only to the extent to which it is not inconsistent with regulations.

5.104. Other regulations about conduct of council members

(1) Regulations may prescribe rules, to be known as the rules of conduct for council members, that council members are required to observe.

(2) The rules of conduct for council members apply, to the extent stated in the regulations, to a council member when acting as a committee member.

- (3) *The rules of conduct may contain provisions dealing with any aspect of the conduct of council members whether or not it is otherwise dealt with in this Act.*
- (4) *Regulations cannot prescribe a rule of conduct if contravention of the rule would, in addition to being a minor breach under section 5.105(1)(a), also be a serious breach under section 5.105(3).*
- (5) *Regulations cannot specify that contravention of a local law under this Act is a minor breach if contravention of the local law would, in addition to being a minor breach under section 5.105(1)(b), also be a serious breach under section 5.105(3).*
- (6) *The rules of conduct do not limit what a code of conduct under section 5.103 may contain.*
- (7) *The regulations may, in addition to rules of conduct, prescribe general principles to guide the behaviour of council members."*

The *Local Government (Rules of Conduct) Regulations 1996* stipulate the general principles to guide the behaviour of Councillors being to:

1. Act with reasonable care and diligence;
2. Act with honesty and integrity;
3. Act lawfully;
4. Avoid damage to the reputation of the local government;
5. Be open and accountable to the public;
6. Base decisions on relevant and factually correct information;
7. Treat others with respect and fairness;
8. Not be impaired by mind affecting substances,

and specifically in relation to:

1. Use of information (Regulation 6);
2. Securing personal advantage or disadvantaging others (Regulation 7);
3. Misuse of local government resources (Regulation 8);
4. Prohibition against involvement in the Administration (Regulation 9);
5. Relations with employees (Regulation 10); and
6. Disclosure of Interests (Regulation 11).

Regulations 34B & 34C as Part 9 of the *Local Government (Administration) Regulations 1996* specify the requirements for Codes of Conduct applicable to employees, specifically in relation to gifts and the disclosure of impartiality interests.

| Risk Implications | |
|-------------------------------|--|
| Risk Profiling Theme | Misconduct |
| 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) | Code of Conduct |
| Action (Treatment) | Review Code of Conduct |
| Risk Rating (after treatment) | Adequate |

Financial Implications

Nil

Voting Requirements



Simple Majority



Absolute Majority

Officer's Recommendation - 7.3

That, in accordance with Sections 5.103 and 5.104 of the *Local Government Act 1995*, the *Local Government (Rules of Conduct) Regulations 1996*, and Regulations 34B and 34C of the *Local Government (Administration) Regulations 1996*, the Audit and Risk Committee:

1. Notes the review of the Code of Conduct, as presented in Attachment 7.3A; and
2. Recommends to Council that it adopts the Code of Conduct.

7.4 Risk Dashboard Quarterly Report - June 2020

Governance & Compliance



| | |
|-------------------------|---|
| Date: | 14 July 2020 |
| 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 7.4A - Risk Dashboard Quarterly Report - June 2020 |

Purpose of Report

Executive Decision

Legislative Requirement

Summary

This Item presents the Risk Dashboard Quarterly Report 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 the Audit & Risk Committee's perusal and comment.

Recommendations provided through the independent audit of the financial management systems and supporting report to the Regulation 17 report is included in the profile themes outlining actions and due dates.

As a result of staff responding to the State of Emergency and COVID-19 pandemic, many of the actions within the Risk Dashboard have been deferred. New due dates are detailed where necessary.

Management propose to introduce a new Risk Theme covering Financial Management as with the introduction of the Risk Implications Table (which is directly linked to the Risk Management Framework and the Risk Dashboard) to the agenda templates, it has been identified that some items are not appropriately addressed in the existing Risk Themes. Suitable options will be researched and reported back to the Committee at its next meeting.

Consultation

Michael Sparks, Senior Risk Consultant - Risk and Governance Services, LGIS

Rebecca McCall, Chief Executive Officer

Cherie Delmage, Manager Corporate & Community Services

Vanessa Green, Executive & Governance Officer

Policy Implications

Policy 2.2 – Risk Management Policy is applicable.

Strategic Implications

Strategic Community Plan

Community Priority: Our Leaders

Objective: A thriving and progressive rural community enabled by innovation in leadership, a focus on continuous improvement and adaptability to evolving community needs

Outcome: 3

Reference: L5

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

| | |
|----------------------|--|
| 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; Governance Calendar |
| Action (Treatment) | Document Governance Framework |
| Risk Rating (after treatment) | Adequate |

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 - 7.4

That, in accordance with Regulations 16 and 17 of the *Local Government (Audit) Regulations 1996*, the Audit and Risk Committee:

1. Receives the Risk Dashboard Quarterly Report - June 2020, as presented in Attachment 7.4A, on the progress of actions to identify risks and track treatments to manage risks at the Shire of Dowerin; and
2. Recommends to Council that it adopts the Risk Dashboard Quarterly Report - June 2020.

7.5 Policy Manual Review – Policy 4.11 – Purchasing Policy and Purchasing Procedure

| | | |
|--------------------------------------|---|--|
| <h2>Governance & Compliance</h2> | |  SHIRE OF DOWERIN TIN DOG TERRITORY |
| Date: | 14 July 2020 | |
| Location: | Not Applicable | |
| Responsible Officer: | Rebecca McCall, Chief Executive Officer | |
| Author: | Vanessa Green, Executive & Governance Officer | |
| Legislation: | <i>Local Government Act 1995</i> | |
| Sharepoint Reference: | Organisation/Governance/Council Policies Organisation/Financial Management/Controlled Documents/ Procedures | |
| Disclosure of Interest: | Nil | |
| Attachments: | Attachment 7.5A – Policy 4.11 – Purchasing Policy Attachment 7.5B – Purchasing Procedure | |

Purpose of Report

Executive Decision

Legislative Requirement

Summary

This Item presents a review of Policy 4.11 – Purchasing Policy the Audit & Risk Committee for consideration and, if satisfactory, recommendation to Council for adoption.

Background

Following a lengthy recruitment process the Shire of Dowerin was eventually able to appoint a Manager Works & Assets (MWA) with Council endorsing the appointment of Mr Les Vidovich at its June 2020 Meeting (CMRef 0220).

As part of the Shire’s Risk Management Framework it was identified during the recruitment process that appointing Mr Vidovich to the position of MWA would create a situation whereby the MWA and Manager Corporate & Community Services (MCCS) would be closely related persons. This relationship would have implications for the Administration in terms of purchasing and payment approval protocols and other areas for a potential conflict of interest and/or collusion to arise.

In order to address these matters, and to ensure that appropriate internal controls were in place, a review of policies and procedures associated with purchasing and the procurement of goods and services, and the authorisation of invoices and payments, was undertaken.

To maintain an appropriate level of segregation of duties it is necessary to authorise an additional Officer with the ability to approve purchase orders and therefore incur a liability on behalf of the Shire. To enable this, an amendment to Policy 4.11 – Purchasing Policy is recommended.

A tracked-changes copy of the reviewed policy is included as an Attachment.

Comment

To reduce and avoid any potential collusion, or the perception of any potential collusion, between the MWA and MCCS it is necessary for an Officer who does not directly report to either of those

Managers to be able to authorise purchases. This ensures that staff who are authorising the purchase are not then the same officers who will be acknowledging the receipt of goods/services and are approving the invoice for payment, which ultimately will be authorised by the CEO, creating a multi layered approach to any procurement and payment process.

It is proposed that the following Officer be granted general authorisation to approve purchases:

| Position | Amount |
|--------------------------------|---------|
| Executive & Governance Officer | \$5,000 |

This should enable the most basic day-to-day purchases to be undertaken. However, in situations where it is necessary to appoint an internal Acting CEO, which would normally be either the MWA or MCCS, to ensure the appropriate segregation of duties it is proposed that the authorisation amount threshold be increased to enable some larger purchases normally approved by the MWA or MCCS (who each have a threshold limit of \$50,000) to be undertaken by the same following Officer:

| Position | Amount |
|--------------------------------|----------|
| Executive & Governance Officer | \$10,000 |

An alternative arrangement would be to appoint an external Acting CEO, however where the appointment would only be for a few days or up to one week (ie during unplanned personal leave), this may not be a plausible or achievable option. This matter will be discussed with Council in future Workshops.

While it is an internal, administrative process, the procedure for generating purchase orders and processing and authorising invoices for payment has also been reviewed. During the review extensive consultation occurred with WALGA to ensure that the procedure was flexible enough to cater for various 'real life' scenarios but that it contained the necessary segregation to comply with audit and legislative requirements. For the sake of transparency and accountability to the Audit & Risk Committee, Council and the community it is also included as an Attachment. Being an administrative document and process, the Audit & Risk Committee and Council are not required to resolve on the procedure. It is however noted that the procedure will again require review upon the introduction of the SynergySoft Procurement Module which is expected to "go live" during August 2020.

While the proposed policy and subsequent procedure changes will result in an additional administrative burden for staff, it is necessary to ensure that all purchases and approvals are undertaken with the appropriate level of segregation, probity and compliance with audit and legislative requirements.

Consultation

Lyn Fogg, Governance Advisor, Sector Support & Advice, WALGA
 Liang Wong, Assistant Director, Financial Audit, Office of the Auditor General
 Senior Management Team
 Vanessa Green, Executive & Governance Officer
 Audit & Committee Meeting 21 July 2020

Policy Implications

Policy 4.11 - Purchasing Policy and the Policy Manual will be updated accordingly, should Council resolve to adopt the policy.

Statutory Implications

Section 2.27(2)(b) of the *Local Government Act 1995* is applicable and states:

"2.7. Role of council

(1) The council –

- (a) governs the local government's affairs; and*
- (b) is responsible for the performance of the local government's functions.*

(2) Without limiting subsection (1), the council is to –

- (a) oversee the allocation of the local government's finances and resources; and
- (b) determine the local government's policies.”

Regulation 11A of the *Local Government (Functions & General) Regulations 1996* is applicable and states:

“11A. *Purchasing policies for local governments*

- (1) *A local government is to prepare or adopt, and is to implement, a purchasing policy in relation to contracts for other persons to supply goods or services where the consideration under the contract is, or is expected to be, \$250 000 or less or worth \$250 000 or less.*
- (2) *A purchasing policy is to make provision for and in respect of the policy to be followed by the local government for, and in respect of, entering into contracts referred to in subregulation (1).*
- (3) *A purchasing policy must make provision in respect of –*
 - (a) *the form of quotations acceptable; and*
 - (ba) *the minimum number of oral quotations and written quotations that must be obtained; and*
 - (b) *the recording and retention of written information, or documents, in respect of –*
 - (i) *all quotations received; and*
 - (ii) *all purchases made.”*

Regulation 5 of the *Local Government (Financial Management) Regulations 1996* is applicable and states:

“5. *CEO's duties as to financial management*

- (1) *Efficient systems and procedures are to be established by the CEO of a local government –*
 - (a) *for the proper collection of all money owing to the local government; and*
 - (b) *for the safe custody and security of all money collected or held by the local government; and*
 - (c) *for the proper maintenance and security of the financial records of the local government (whether maintained in written form or by electronic or other means or process); and*
 - (d) *to ensure proper accounting for municipal or trust –*
 - (i) *revenue received or receivable; and*
 - (ii) *expenses paid or payable; and*
 - (iii) *assets and liabilities;*

and

 - (e) *to ensure proper authorisation for the incurring of liabilities and the making of payments; and*
 - (f) *for the maintenance of payroll, stock control and costing records; and*
 - (g) *to assist in the preparation of budgets, budget reviews, accounts and reports required by the Act or these regulations.*
- (2) *The CEO is to –*
 - (a) *ensure that the resources of the local government are effectively and efficiently managed; and*
 - (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.”*

Strategic Implications

Strategic Community Plan

Community Priority: Our Leaders

Objective: A thriving progressive rural community enabled by innovation in leadership, a focus on continuous improvement and adaptability to evolving community needs.

Outcome: 3

Reference: L5

Asset Management Plan

Nil

Long Term Financial Plan

Nil

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 | Unlikely (2) |
| Risk Matrix Rating | Low (2) |
| Key Controls (in place) | Governance Management Framework |
| Action (Treatment) | Document Governance Framework |
| Risk Rating (after treatment) | Adequate |

Financial Implications

Nil

Voting Requirements



Simple Majority



Absolute Majority

Officer's Recommendation - 7.5

That, in accordance with Section 2.27(2)(b) of the *Local Government Act 1995*, Regulation 11A of the *Local Government (Functions & General) Regulations 1996* and Regulation 5 of the *Local Government (Financial Management) Regulations 1996*, the Audit and Risk Committee:

1. Receives the review of Policy 4.11 - Purchasing Policy, as presented in Attachment 7.5A; and
2. Recommends to Council that it adopts Policy 4.11 - Purchasing Policy.

| | |
|-----|--|
| 8. | Questions from Members |
| 9. | Urgent Business Approved by the Person Presiding or by Decision |
| 10. | Date of the Next Meeting September 2020 on a date and at a time yet to be determined. |
| 11. | Closure |



SHIRE OF
DOWERIN
TIN DOG TERRITORY

MINUTES

Audit & Risk Committee Meeting

Held in Council Chambers
13 Cottrell Street, Dowerin WA 6461
Thursday 19 December 2019



Table of Contents



| | |
|-----|---|
| 1. | Official Opening |
| 2. | Record of Attendance / Apologies / Leave of Absence |
| 3. | Public Question Time |
| 4. | Disclosure of Interest |
| 5. | Confirmation of Minutes of the Previous Meetings |
| 5.1 | Minutes of the Audit & Risk Committee Meeting held on 22 October 2019 |
| 6.0 | Presentations |
| 7. | Officer's Reports |
| 7.1 | Adoption of the 2018/19 Audited Financial Report |
| 7.2 | CEO's Review of Risk Management, Internal Control and Legislative Compliance and Risk Management Governance Framework - Regulation 17 |
| 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
Thursday 19 December 2019



1. Official Opening

The Chair welcomed those in attendance and declared the meeting open at 9.30am.

2. Record of Attendance / Apologies / Leave of Absence

Councillors:

| | |
|-----------------|--------------------------|
| Cr DP Hudson | President |
| Cr AJ Metcalf | Proxy - Deputy President |
| Cr BA Ward | |
| Cr JC Chatfield | Observer |
| Cr LG Hagboom | Observer |
| Cr LH Holberton | Observer |

Staff

| | |
|--------------|--|
| Ms R McCall | Chief Executive Officer |
| Ms C Delmage | Manager Corporate & Community Services |
| Ms V Green | Executive & Governance Officer |

Office of the Auditor General Mr L Wong (via teleconference until 9.46am)

AMD Chartered Accountants Ms M Cavallo (via teleconference until 9.46am)

Members of the Public: Nil

Apologies: Mr JB Whiteaker

Approved Leave of Absence: Cr RI Trepp (CMRef 0104)

Voting Requirements



Simple Majority



Absolute Majority

Committee's Recommendation/Resolution

Moved: Cr Metcalf

Seconded: Cr Ward

0119 That, pursuant to Clause 3.2(1) of the Shire of Dowerin Standing Orders Local Law, Item 7.1 - Adoption of the 2018/19 Audited Financial Report be bought forward to enable discussion of the audited financials with the Office of the Auditor General and AMD Chartered Accountants as part of the Exit Interview.

CARRIED 3/0

Although Item 7.1 was bought forward it has been recorded in the numerical order of the Agenda. Refer to [Page 7](#) for the resolution of this item.

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 22 October 2019

[Attachment 5.1A](#)

Voting Requirements



Simple Majority



Absolute Majority

Officer's Recommendation/Resolution

Moved: Cr Ward

Seconded: Cr Metcalf

0120 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 22 October 2019, as presented in Attachment 5.1A, be confirmed as a true and correct record of proceedings.

CARRIED 3/0

6. PRESENTATIONS

The Exit Interview to discuss the Audited Financial Report, Management Report and any other relevant matters with representatives from the Office of the Auditor General and AMD Chartered Accountants, was conducted via teleconference (Refer [Item 7.1](#)) at the commencement of the meeting.

7. OFFICER'S REPORTS

7.1 Adoption of the 2018/19 Audited Financial Report

| | | |
|---|---|--|
| <h1>Corporate & Community Services</h1> | |  SHIRE OF DOWERIN TIN DOG TERRITORY |
| Date: | 16 December 2019 | |
| Location: | Not Applicable | |
| Responsible Officer: | Cherie Delmage, Manager Corporate & Community Services | |
| Author: | Vanessa Green, Executive & Governance Officer | |
| Legislation: | <i>Local Government Act 1995</i> | |
| Sharepoint Reference: | Organisation/Corporate Management/Reporting/2018-19 Audited Financial Report | |
| Disclosure of Interest: | Nil | |
| Attachments: | Attachment 7.1A - 2018/19 Audited Financial Report (including Management Letters) | |

Purpose of Report

Executive Decision

Legislative Requirement

Summary

This Item presents the 2018/19 Audited Financial Report to the Audit & Risk Committee for consideration and, if satisfactory, recommendation to Council for adoption.

Background

The annual financial statements for the year ended 30 June 2019 have been audited by the Auditors under the Office of the Auditor General (OAG).

The 2018/19 Audited Financial Report and Management Report are included as an Attachment.

Comment

Pursuant to its Terms of Reference, it is relevant that the Audit & Risk Committee considers the 2018/19 Annual Financial Statement, Auditors Report and Management Letter and where appropriate, makes recommendation(s) in respect of these reports.

In accordance with Section 7.9 of the *Local Government Act 1995*, an Auditor is required to examine the accounts and annual financial report submitted by a local government for audit. The Auditor is also required, by 31 December following the financial year to which the accounts and report relate, to prepare a report thereon and forward a copy of that report to:

1. the Mayor or President;
2. the Chief Executive Officer; and
3. the Minister for Local Government.

Furthermore, in accordance with Regulation 10(4) of the *Local Government (Audit) Regulations 1996*, where it is considered appropriate to do so, the Auditor may prepare a Management Report

to accompany the Auditor's Report, which is also to be forwarded to the persons specified in Section 7.9 of the *Local Government Act 1995*.

The Management Report provides an overview of the audit process and outcomes, whilst also identifying any matters that, whilst generally not material in relation to the overall audit of the financial report, are nonetheless considered relevant to the day to day operations of Council.

2018/19 Annual Report

Due to the timing of receiving the audited financial report it has not been possible to finalise the full 2018/19 Annual Report.

Local governments are required to adopt the annual report within 30 days of receiving the audited financial report and conduct an annual electors meeting (AEM) not more than 56 days after adopting the report.

Considering the above legislative timeline, as the 2018/19 Audited Financial Report was received on Monday 16 December 2019, along with the Annual Report, it must be adopted by Council no later than Wednesday 15 January 2020. With the Ordinary Meeting of Council scheduled for Wednesday 29 January 2020 it will therefore be necessary to conduct a Special Meeting of Council for this purpose.

Due to the Christmas/New Year period the Administration Office will be closed from Friday 20 December 2019 and reopen on Monday 6 January 2020. In addition, the Despatch will not be produced between 13 December 2019 and February 2020. This will limit the usual method available to the Shire in providing local public notice of the Special Council Meeting. However, Regulation 12(4) of the *Local Government (Administration) Regulations 1996* enables the CEO the discretion to determine the most practicable way in which to provide public notice, this can be via the Shire's website and social media channels, along with flyers on appropriate notice boards.

The date of the Special Council Meeting will affect the date(s) on which the AEM can be held. It is suggested that these dates be discussed with Council during its December 2019 Workshop.

Discussion with the OAG and Auditors

Representatives from the OAG and AMD Chartered Accountants will discuss the Management Report, and any other relevant matters, with the Audit & Risk Committee.

Consultation

OAG / Auditors

Rebecca McCall, Chief Executive Officer

Cherie Delmage, Manager Corporate & Community Services

Policy Implications

Nil

Strategic Implications

Strategic Community Plan

Community Priority: Our Leaders

Objective: A thriving and progressive rural community enabled by innovation in leadership, a focus on continuous improvement and adaptability to evolving community needs

Outcome: 2 & 3

Reference: L3, L4 & L5

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.

Sections 5.53 & 5.54 of the *Local Government Act 1995* specifies local governments are to receive the Annual Report.

Sections 5.4 & 5.5 of the *Local Government Act 1995* specifies local governments are to convene Council Meetings.

Regulation 12 of the *Local Government (Administration) Regulations 1996* stipulates the methods of public notice of Council Meetings.

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 external audit provides assurance for the accuracy of the end of year financial report.

It covers a robust area of risk assessment and compliance with auditing in compliance with Australian Accounting Standards.

Financial Implications

Nil

Voting Requirements

Simple Majority

Absolute Majority

Officer's Recommendation/Resolution

Moved: Cr Metcalf

Seconded: Cr Ward

0121 That, in accordance with *Local Government (Audit) Regulations 1996*, the Audit & Risk Committee:

1. adopts the 2018/19 Audited Financial Report, and receive the Auditor's Report and Management Report, as presented in Attachment 7.1A, from AMD Chartered Accountants for the 2018/19 financial year; and
2. recommends to Council that it adopts the 2018/19 Audited Financial Report, and receives the Auditor's Report and Management Report, as presented in Attachment 7.1A, from AMD Chartered Accountants for the 2018/19 financial year.

CARRIED 3/0

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

Governance & Compliance



| | |
|-------------------------|---|
| Date: | |
| Location: | Not Applicable |
| Responsible Officer: | Rebecca McCall, Chief Executive Officer |
| Author: | Vanessa Green, 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 7.2A - 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 CEO to review the appropriateness and effectiveness of a local government's systems and procedures in relation to risk management, internal control and legislative compliance. The review may relate to any or all of the matters referred to the sub-regulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review at least once every 3 calendar years.

The CEO is to report to the Audit & Risk Committee the results of that review.

To assist in developing the report, the CEO sought quotes from 3 external consultants to undertake an initial review of the Shire's systems and procedures, with the quote from Mr Gary Martin considered the best value for money. Therefore, Mr Martin was appointed to undertake the review. Mr Martin conducted the review onsite at the Shire Administration Office during the week commencing Monday 2 September 2019. Mr Martin's report was considered by the Audit & Risk Committee at its October 2019 meeting (CMRef 0055).

The 2019 review has identified that the Shire has made significant positive improvements relating to risk management since 2017 despite the changeover of CEOs, and these changes are continuing.

However, the current CEO reported to the Audit & Risk Committee in March 2019 that with the loss of key personnel during 2018, quarterly monitoring and reporting of the risk profiling tool did not take place. Also, that upon the commencement of the current CEO in late August 2018, there was an immediate need to concentrate on operational priorities. Although quarterly monitoring

or reporting did not occur, there has been an emphasis on reviewing identified policies and procedures to ensure the necessary controls are in place.

The CEO acknowledges the delay in further implementing the risk management process and is now actively pursuing that objective. This includes developing an internal Governance Calendar and implementing the Risk Dashboard (refer Item 7.4). The Dashboard will be reviewed quarterly in February, May, August and November of each calendar year and reported to the Audit & Risk Committee every six months (suggested as June and December).

A Risk Management standing item is also to be included for review in Senior Management action lists for discussion at Senior Staff meetings.

It is the intent of management to develop an action list, to include priorities to address the recommendations identified in Mr Martin's review report, which will be presented to the Audit & Risk Committee and Council in December 2019 with the full report on the CEO's Review of Risk Management, Internal Control and Legislative Compliance and Risk Management Governance Framework.

It is then anticipated that the report on the CEO's Review of Risk Management, Internal Control and Legislative Compliance and Risk Management Governance Framework will be reviewed and presented to the Audit & Risk Committee and Council on an annual basis (in December each calendar year).

Comment

The full report is included as an Attachment and provides commentary on a number of topics.

Consultation

Mr Gary Martin, Local Government Consultant
Rebecca McCall, Chief Executive Officer
Senior Management Group

Policy Implications

Policy 2.2 – Risk Management Policy applies.

Strategic Implications

Strategic Community Plan

Community Priority: Our Leaders

Objective: A thriving and progressive rural community enabled by innovation in leadership, a focus on continuous improvement and adaptability to evolving community needs

Outcome: 3

Reference: L5

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 subregulation (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

Moved: Cr Ward

Seconded: Cr Metcalf

0122 That, 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 7.2A;
2. receives the Chief Executive Officer’s review the Shire of Dowerin Risk Dashboard Report as presented in Attachment 7.2B; and
3. 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

| | |
|-----|---|
| 8. | Questions from Members |
| | Nil |
| 9. | Urgent Business Approved by the Person Presiding or by Decision |
| | Nil |
| 10. | Date of Next Meeting |
| | February/March 2020 on a date and at a time yet to be determined. |
| 11. | Closure |

There being no further business the Chair thanked those in attendance and declared the meeting closed at 9.53am.

1 Council to Committees of Council

1.1 Audit & Risk Committee

| | |
|--|---|
| Delegator: | Local Government |
| Express Power to Delegate: | <i>Local Government Act 1995:</i> s.5.16 Delegation of some powers and duties to certain committees s.7.1B Delegation of some powers and duties to audit committees |
| Express Power or Duty Delegated: | <i>Local Government Act 1995:</i> s.7.12A(2), (3) & (4) Duties of Local Government with respect to audits |
| Delegate: | Audit and Risk Committee |
| Function: <i>This is a precis only. Delegates must act with full understanding of the legislation and conditions relevant to this delegation.</i> | <ol style="list-style-type: none"> 1. Authority to meet with the Shire’s Auditor at least once every year on behalf of the Council [s.7.12A(2)]. 2. Authority to: <ol style="list-style-type: none"> a. examine the report of the Auditor and determine matters that require action to be taken by the Shire of Dowerin; and b. ii. ensure that appropriate action is taken in respect of those matters [s.7.12A(3)]. 3. Authority to review and endorse the Shire of Dowerin’s report on any actions taken in response to an Auditor’s report, prior to it being forwarded to the Minister [s.7.12A(4)]. |
| Council Conditions on this Delegation: | This delegation is not to be used where a Management Letter or Audit Report raises significant issues. In that instance the Local Government’s meeting with the Auditor must be conducted with Council. |
| Express Power to Sub-Delegate: | Nil. Sub-delegation is prohibited by s.7.1B. |
| Compliance Links: | Local Government (Audit) Regulations 1996 Department of Local Government, Sport and Cultural Industries Operational Guideline No. 09 - The appointment, function and responsibilities of Audit Committees Audit and Risk Committee Terms of Reference |
| Record Keeping: | Audit and Risk Committee Minutes shall record and identify each decision made under this delegation in accordance with the requirements of Administration Regulation 19. Each instance of this delegation being exercised is to be recorded in the Sharepoint Delegations Register (available Here) in accordance with r.19 of the <i>Local Government (Administration) Regulations 1996</i> . |
| Reporting Requirements: | The Delegations Register is to be reported to Council monthly as an attachment to the Information Report. |



AUDIT & RISK COMMITTEE
Terms of Reference
Reviewed 2020



Purpose

Section 7.1A of the *Local Government Act 1995* (the Act) requires that all local governments establish an Audit & Risk Committee (“the Committee”). The Committee plays a key role in assisting a local government to fulfil its governance and oversight responsibilities in relation to financial reporting, internal control structure, risk management systems, legislative compliance, ethical accountability and the internal and external audit functions.

This Terms of Reference (“TOR”) sets out the objectives, authority, membership, role, responsibilities and operation of the Committee.

Objectives

The objectives of the Committee are to oversee:

1. the credibility and objectivity of financial reporting;
2. the effective management of financial and other risks and the protection of Council assets;
3. compliance with laws and regulations as well as use of best practice guidelines relative to audit, risk management, internal control and legislative compliance;
4. the scope of work, objectivity, performance and independence of the external and internal auditors;
5. the process and systems which protect against fraud and improper activities; and
6. the provision of an effective means of communication between the external auditor, internal auditor, the CEO and Council.

Authority Role & Responsibilities

The Committee is a formally appointed committee of Council and is responsible to that body. The Committee does not have executive powers or authority to implement actions in areas over which the CEO has legislative responsibility ~~and does not have any delegated authority~~. The Committee does not have any management functions and cannot involve itself in management processes or procedures.

The Committee has the ~~authority~~ responsibility to:

1. Review the internal and external auditor’s annual audit plans and the outcomes/results of all audits undertaken;
2. Request the CEO to seek information or advice in relation to matters considered by the Committee;
3. Formally meet with internal and external auditors as necessary;
4. Seek resolution on any disagreements between management and the external auditors on financial reporting; and
5. Make recommendations to Council with regards to matters within its scope of responsibility.

Delegated Authority

[The Committee has delegated authority in accordance with DL1.1 – Audit & Risk Committee \(as amended from time to time\).](#)

Membership

Section 7.1A of the *Local Government Act 1995* states the members of the Committee are to be appointed* by the local government and at least 3 of the members, and where the Committee consists of more than 3 members then the majority of those members, are to be Councillors.

**Absolute Majority required*

Audit & Risk Committee Terms of Reference

The CEO is not to be a member of the Committee and may not nominate a person to be a member of the Committee, or have a person represent the CEO as a member of the Committee. Similarly, an employee is not to be a member of the Committee.

As a minimum, the Shire's Committee will consist of 4 members, being 3 Councillors and 1 external representative. The terms of the appointment should be arranged to ensure an orderly rotation and continuity of membership despite changes to Council's elected members.

All members will have full voting rights. In the event of a tie the Chairperson will have the casting vote.

The appointment of external members shall be based on the following criteria:

1. A suitably experienced professional who can demonstrate a high level of expertise and knowledge in financial management, risk management, governance and audit (internal and external);
2. Have an understanding of the duties and responsibilities of the position, ideally with respect to local government financial reporting and auditing requirements;
3. Have strong communication skills;
4. Have relevant skills and experience in providing independent audit advice; and
5. Be a person with no operating responsibilities with the Shire nor provide paid services to the Shire either directly or indirectly.

The appointment and re-appointment of external members shall be made by Council by way of invitation and be for a period of up to 4 years. External members will not be appointed for more than three consecutive terms.

External members will be required to confirm they will operate in accordance with the Shire's Code of Conduct and will be required to follow Council's policies pertaining to the Committee operations.

Council may, by resolution, terminate the appointment of any external member prior to the expiry of their term if:

1. The Committee, by majority decision, determines the member is not making a positive contribution to the Committee; or
2. The member is found to be in breach of the Shire's Code of Conduct or a serious contravention of the *Local Government Act 1995*; or
3. A member's conduct, action or comments brings the Shire into disrepute.

The Chairperson of the Committee is to be appointed by majority vote of the Committee. The Chairperson can be a Councillor or an external member.

The members, taken collectively, will have a broad range of skills and experience relevant to the operations of the Shire. At least 1 member of the Committee will have accounting or related financial and/or risk management experience.

Reimbursement of approved expenses may be paid to an external member in accordance with Section 5.100 of the *Local Government Act 1995*.

The CEO, Manager Corporate & Community Services and/or their nominee is to attend meetings to provide advice and guidance to the Committee.

The Shire shall provide secretarial and administrative support to the Committee.

A quorum will be a majority of members.

New members will receive relevant information and briefings on their appointment to assist them meet their Committee responsibilities.

Meetings

The Committee will meet at least quarterly, with additional meetings convened as required at the discretion of the Chairperson or at the request of the CEO.

The Committee meetings shall be "Closed" and therefore not open to the public.

Elected members of the Shire may attend each Committee meeting.

Committee members are expected, where possible, to attend each meeting in person. Where attendance in person is not possible, in accordance with Regulation 14A of the *Local Government*

(Administration) Regulations 1996, the Committee may, by resolution*, allow a member to attend the meeting via telephone or other means of instantaneous communication.

*Absolute Majority required

Notice of Meeting and Agenda

The CEO or their delegate will administratively coordinate the convening of meetings of the Committee and invite members of management, internal and external auditors or others to attend meetings as observers and to provide relevant information as necessary.

Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed shall be provided to each member of the Committee no later than 72 hours prior to the meeting. Associated meeting papers are to be provided at the same time.

Minutes of Meetings

The Executive & Governance Officer will facilitate the administrative support for the meeting, including as a minute taker for the meeting.

Minutes will be taken at each meeting and be presented to the subsequent meeting for confirmation. Minutes will include the proceedings and resolutions of the meeting including the names of those in attendance.

The Chairperson shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly. Conflicts of Interest will be managed in accordance with the Shire's policies and the *Local Government Act 1995*.

Minutes of Committee meetings shall be circulated promptly to all members of the Committee.

Minutes of Committee meetings shall be presented to the next Ordinary Council Meeting, with any recommendations from the Committee to be considered by Council by way of a separate agenda item.

Other than confidential papers and attachments, agendas and minutes of the Committee will be made publicly available on the Shire's website in accordance with Section 5.96A of the *Local Government Act 1995*.

Role and Responsibilities Functions

Regulation 16 of the *Local Government (Audit) Regulations 1996* defines the functions of an Audit Committee as:

- “(a) to guide and assist the local government in carrying out —
 - (i) its functions under Part 6 of the Act; and
 - (ii) its functions relating to other audits and other matters related to financial management;
- (b) to guide and assist the local government in carrying out the local government's functions in relation to audits conducted under Part 7 of the Act;
- (c) to review a report given to it by the CEO under regulation 17(3) (the CEO's report) and is to —
 - (i) report to the council the results of that review; and
 - (ii) give a copy of the CEO's report to the council;
- (d) to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under —
 - (i) regulation 17(1); and
 - (ii) the *Local Government (Financial Management) Regulations 1996* regulation 5(2)(c);

Audit & Risk Committee Terms of Reference

- (e) *to support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government;*
- (f) *to oversee the implementation of any action that the local government –*
 - (i) *is required to take by section 7.12A(3); and*
 - (ii) *has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a); and*
 - (iii) *has accepted should be taken following receipt of a report of a review conducted under regulation 17(1); and*
 - (iv) *has accepted should be taken following receipt of a report of a review conducted under the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);*
- (g) *to perform any other function conferred on the audit committee by these regulations or another written law.”*

In addition to the above ~~functions, the Role and Responsibilities of the Committee's other functions~~ include:

External Audits

1. Provide guidance and assistance to Council as to the carrying out of the functions of the Shire in relation to external audits.
2. Provide an opportunity for the Committee to meet with the external auditors to discuss any matters that the Committee or the external auditors believe should be discussed.
3. Meet with the auditor annually to receive the audit report and make a recommendation to Council with respect to that report.
4. Examine the reports of the auditor after receiving a report from the CEO on the matters to:
 - a. Determine if any matters raised require action to be taken by the Shire; and
 - b. Ensure that appropriate action is taken in respect of those matters.
5. Consider and recommend adoption of the Annual Report to Council. Review any significant changes that may arise subsequent to any such recommendation but before the Annual Report is signed.
6. Address issues brought to the attention of the Committee, including responding to requests from Council for advice that is within the parameters of the Committee's TOR.

Note: The Office of the Auditor General will be responsible for conducting external audits.

Internal Audits

1. Provide guidance and assistance to Council as to the carrying out of the functions of the local government in relation to internal audits.
2. Review and recommend the annual internal audit plan for endorsement by the Council and all major changes to the plan. Monitor that the internal auditor's annual plan is linked with and covers the material business strategic risks and themes.
3. Monitor processes and practices to ensure that the independence of the internal audit function is maintained.
4. Annually review the performance of internal audits including the level of satisfaction with the internal audit function.
5. Review all internal audit reports and provide advice to Council on significant issues (i.e. high and extreme) identified in audit reports and the action to be taken on issues raised, including identification and dissemination of good practice.
6. Monitor management's implementation of internal audit recommendations.
7. Receive the findings of special internal audit assignments undertaken at the request of Council or CEO.
8. Review the annual Compliance Audit Return and report to Council the results of that review in accordance with Section 7.13(1)(i) of the *Local Government Act 1995*.
9. Consider the CEO's Biennial Reviews of the appropriateness and effectiveness of the Shire's systems and procedures in regard to risk management, internal control and legislative compliance, required to be provided to the Committee, and report to Council the results of those reviews in accordance with Regulation 17 of the *Local Government (Audit) Regulations 1996*.

10. Oversee the process of developing and implementing the Shire's fraud control arrangements to assist Council in ensuring it has appropriate processes and systems in place to detect, capture and effectively respond to fraud and improper activities.
11. Consider the financial management systems and procedures in accordance with Regulation 5(2) of the *Local Government (Financial Management) Regulations 1996* within the statutory timeframes.

Risk Management

1. Ensure that management has in place a current and comprehensive enterprise Risk Management Framework and associated procedures for effective identification and management of Shire's business and financial risks.
2. Determine whether a sound and effective approach has been followed in managing the Shire's major risks including those associated with individual projects, program implementation, and activities.
3. Ensure the Shire identifies, reviews and regularly updates the strategic and operational risk profiles.
4. Understand and endorse the Shire's risk appetite.
5. Oversee the periodic review of the Risk Management Framework.

Business Continuity

1. Ensure a sound and effective approach has been followed in establishing the Shire's business continuity planning arrangements, including whether business continuity and disaster recovery plans have been periodically updated and tested.
2. Oversee the periodic review of the Business Continuity Framework.

Financial Reporting

1. Review significant accounting and reporting issues, recent accounting, professional and regulatory pronouncements and legislative changes, and understand their effect on the financial report.
2. Review with management and the external auditors the results of the audit, including any difficulties encountered.
3. Review the Annual Financial Statements forming part of the Shire's Annual Report and consider whether it is complete, consistent with information known to Committee members, and reflects appropriate accounting principles.
4. Review with management and the external auditors all matters required to be communicated to the Committee under the Australian Auditing Standards.
5. Recommend the adoption of the Annual Financial Statements forming part of the Annual Report to Council.

Internal Control

1. Ensure management's approach to maintaining an effective Internal Control Framework is sound and effective.
2. Ensure management has in place relevant policies and procedures, including CEO's Instructions or their equivalent, and that these are periodically reviewed and updated.
3. Ensure appropriate processes are in place to assess, at least once a year, whether key policies and procedures are complied with.
4. Ensure appropriate policies and supporting procedures are in place for the management and exercise of delegations.
5. Review how management identifies any required changes to the design or implementation of key internal controls.

Fraud & Corruption Prevention

Audit & Risk Committee Terms of Reference

1. Oversee the process of developing and implementing the Shire's fraud control arrangements to assist Council in ensuring it has appropriate processes and systems in place to detect, capture and effectively respond to fraud and improper activities.
2. Receive and consider information and advice presented by the CEO on the strategies and controls to manage fraud and corruption risks at the Shire.
3. Provide oversight over the Shire's exposure and issues raised in relation to fraud and corruption.

Legislative Compliance

1. Oversee the effectiveness of the systems for monitoring compliance with relevant laws, regulations and associated government policies.

Other Responsibilities

1. Monitor the progress of the implementation of external audit recommendations made by the auditor, which have been accepted by the Shire.
2. Receive recommendations arising from reviews of local government systems and procedures.
3. At least once every two years review and assess the adequacy of the Committee's TOR, request Council approval for proposed changes, and ensure appropriate disclosure as required by legislation or regulation.



Our Ref: 8298

Mr Darrel Hudson
President
Shire of Dowerin
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Dear President

**ANNUAL FINANCIAL REPORT
INTERIM AUDIT RESULTS FOR THE YEAR ENDING 30 JUNE 2020**

We have completed the interim audit for the year ending 30 June 2020. 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

I 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 Shire 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 faithfully

LIANG WONG
ASSISTANT DIRECTOR
FINANCIAL AUDIT
2 July 2020

Attach

SHIRE OF DOWERIN

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2020

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

| INDEX OF FINDINGS | RATING | | |
|---|-------------|----------|-------|
| | Significant | Moderate | Minor |
| Current Year Issue | | | |
| 1. Code of Conduct | | | ✓ |
| Prior Year Issues | | | |
| 2. Purchasing and Payments Procedures | | ✓ | |
| 3. Debtor Invoice and Credit Note Request Forms | | ✓ | |
| 4. Review of Long Term Financial Plan and Asset Management Plan | | ✓ | |

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.
- 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 ENDED 30 JUNE 2020
FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

Current Year Issue

1. Code of Conduct

Finding

The Shire of Dowerin's Code of Conduct (adopted on 26 April 2017) does not state the next scheduled review date.

Rating: Minor

Implication

Risk of the Code of Conduct may not meet the requirements of the Shire.

Recommendation

We recommend the Code of Conduct be reviewed on a periodic basis to ensure it continues to satisfy the requirements of the Shire and its representatives.

Management Comment

The review of the Code of Conduct was due in 2019 however as part of the Local Government Act Review process a mandatory Code is proposed to be introduced with sector consultation on the proposed Code commencing around mid-2019. Following advice from WALGA and the Department of Local Government (DLGSC), the Administration postponed the full review of its Code of Conduct until the Act Review process associated with the introduction of a mandatory Code had been completed.

It is acknowledged that this timeframe had been exacerbated due to COVID-19 hence a desktop review of the Code of Conduct was undertaken at the end of May 2020 using WALGA's current Model Code of Conduct as a basis. The Shire's Code is a word for word replica of the WALGA Model, though it is noted the advice provided by the DLGSC on 26 May 2020 advising that the provisions about gifts will not be included in the mandatory Code (once it is introduced) as they are dealt with in the Act, including the relevant breaches, whereas gift provisions are detailed in both the WALGA Model and the Shire's Code.

The Administration will conduct an interim review and present it to Council's July 2020 meeting, however, it is still the Administration's intention to conduct a full review of the Code of Conduct once the mandatory Code has been introduced, noting however that the DLGSC are currently unable to provide a timeframe on when that may be.

Responsible Officer: Rebecca McCall, CEO
Completion Date: 21 July 2020

SHIRE OF DOWERIN
PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2020
FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

Prior Year issues

2. Purchasing and Payment Procedures

Finding

2020

During our procurement and payments testing on a sample basis, we noted the following exceptions:

- The Purchase Order Request form is still inconsistent with the Shire's documented purchasing policy. The Purchase Order Request form states that if a purchase exceeds \$5,000, details of 1 verbal or written quote is required to be noted and if a purchase exceeds \$50,000, 3 written quotes and approval from management is required whereas the policy states that for purchase orders up to \$5,000, one verbal or written quote is required and between \$5,000 and up to \$50,000, at least 3 written quotes are required.
- One instance whereby the required number of quotes to be obtained in accordance with the Shire's purchasing policy were not obtained or noted;
- One purchase order out of a sample of 21 was dated after the invoice date;
- Purchase orders had not been attached to support 2 invoices out of a sample of 21; and
- One creditor EFT payment batch listing out of a sample of 22 was only signed by one authority instead of the required two authorities

2019

During our procurement and payments testing on a sample basis, we noted the following exceptions:

- The Purchase Order Request form is inconsistent with the Shire's documented purchasing policy. The Purchase Order Request form states that if a purchase exceeds \$5,000, details of 1 verbal or written quote is required to be noted and if a purchase exceeds \$50,000, 3 written quotes and approval from management is required whereas the policy states that for purchase orders up to \$5,000, one verbal or written quote is required and between \$5,000 and up to \$50,000, at least 3 written quotes are required.
- One purchase order out of a sample of 100 had not been authorized by an officer.
- Purchase orders had not been attached to support 3 invoices out of a sample of 100 (invoice number 2385 dated 28 June 2018, invoice number 371208 dated 13 November 2018 and invoice number 181 dated 3 February 2019).
- One creditor EFT payment batch listing out of a sample of 22 could not be located.
- One creditor EFT payment batch listing out of a sample of 22 was only signed by one authority instead of the required two authorities.
- Documents to support the petty cash recoup for October 2018 could not be provided.

Rating: Moderate

Implication

Inconsistent or lack of documentation to support compliance with the Shire's Purchasing Policy increases the risk of unauthorized or inappropriate purchases.

Recommendation

- The Purchase Order Request form used should be consistent with the policy.
- Purchase orders should be raised for all transactions prior to the expenditure being incurred by the Shire and they should be attached to invoices to support the approval of purchases.

SHIRE OF DOWERIN

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2020

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

- Quotes should be obtained in accordance with the Shire's purchasing policy; and
- All creditor EFT batch listings should be signed by the required two authorities as evidence of independent review and approval, and retained for accountability purpose.

Management Comment

The Shire of Dowerin has purchased the SynergySoft ALTUS Procurement Module which will be 'live' in the new financial year. This will result in a fully managed purchasing system that is set up to follow procedures before progressing to the next stage.

All parameters of the Shire's policies & procedures will inform the module. Training & set up has already commenced.

Responsible Officer: Cherie Delmage; Manager Corporate & Community Services
Completion Date: Anticipate 'Go Live' date of 31 August 2020

SHIRE OF DOWERIN
PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2020
FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

3. Debtor Invoice and Credit Note Request Forms

Finding
2020

We identified 5 sundry debtor invoices out of a sample of 10 whereby an approved Debtors Invoice Request Form was not completed.

In addition, we noted a Credit Note Request Form is not used to support credit notes raised.

2019

The Shire is currently using a Debtors Invoice Request form for approving invoicing of an ad-hoc nature, but is not using the form when raising invoices relating to the Shire's standard fees and charges.

In addition, we noted the Shire does not use a Credit Note Request form to approve the raising of credit notes.

Rating: Moderate
Implication

The use of a Debtors Invoice Request Form reduces the risk of error or omission when applying standard fees and charges.

The use of a Credit Note Request Form mitigates the risk of invalid or fraudulent credit notes being raised.

Recommendation

We recommend:

- i. the Shire uses the Debtors Invoice Request Form for all sundry debtors raised with the form authorised in accordance with applicable delegations.
- ii. a Credit Note Request Form be completed and independently approved for all credit notes raised.

Management Comment

Noted. Debtor controls are still being embedded as we have had several staff changes and a lack of consistency in processes & procedures along with standardisation of forms.

This is now being addressed & will become a priority after budget adoption.

Responsible Officer: Cherie Delmage; Manager Corporate & Community Services
Completion Date: 31 August 2020

SHIRE OF DOWERIN**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2020****FINDINGS IDENTIFIED DURING THE INTERIM AUDIT****4. Review of Long Term Financial Plan and Asset Management Plan****Finding****2020**

The Shire's Long Term Financial Plan and Asset Management Plan have not been updated since May 2018 and do not include planned and required capital renewal expenditure for the year 2028-2030.

2019

The Shire's Long-Term Financial Plan has not been updated since May 2018 and does not include planned capital renewal expenditure for the year 2028-2029.

As a result, the asset renewal funding ratio reported in Note 30 of the annual financial report for 2018-2019 only includes nine years of data with regard to capital renewal expenditure, rather than the required ten. Data for the tenth year has been based on the average of the preceding nine years.

Rating: Moderate**Implication**

Risk that Long Term Financial Plan and Asset Management Plan are outdated and risk of non-compliance with section 50(1)(c) of the Local Government (Financial Management) Regulations 1996.

Recommendation

We recommend the Long Term Financial Plan and Asset Management Plan be updated annually to include management's estimate of ten years of planned and required capital renewal expenditure which will enable the asset renewal funding ratio to be calculated based on the verifiable data and assumptions.

Management Comment

The LTFP will be reviewed and updated accordingly once the Shire of Dowerin has completed its 2020/2021 Annual Budget & 2019/2020 Annual Financial Statements. It is anticipated that once updated, an annual review will be implemented.

The Manager Works & Assets finished working for the Shire of Dowerin on 22 May 2020 and his replacement does not start until 20 July 2020. It is expected that it will be at least a three month settling in period before the new Manager will be able to fully review the AMP.

Responsible Officer: Cherie Delmage; Manager Corporate & Community Services
Completion Date: 31 October 2020



Code of Conduct

July 2020

TABLE OF CONTENTS

| | |
|---|----|
| PREAMBLE..... | 4 |
| STATUTORY ENVIRONMENT | 4 |
| ROLES..... | 4 |
| Role of Council | 4 |
| Role of Councillor | 4 |
| Role of Employees..... | 5 |
| Principles affecting the Employment of Employees by the Shire | 6 |
| Relationships between Councillors and Employees | 6 |
| CONFLICT AND DISCLOSURE OF INTEREST | 7 |
| Conflict of Interest..... | 7 |
| Financial Interest | 8 |
| Impartiality Interest..... | 8 |
| PERSONAL BENEFIT | 10 |
| Use of Information..... | 10 |
| Intellectual Property | 10 |
| Improper or Undue Influence | 11 |
| Gifts and Benefits | 11 |
| CONDUCT REQUIRED..... | 13 |
| Personal Behaviour | 13 |
| Councillor and Committee Member Obligations | 14 |
| Honesty and Integrity | 14 |
| Performance of Duties..... | 15 |
| Compliance with Lawful Orders | 15 |
| Administrative and Management Practices | 15 |
| Corporate Obligations..... | 15 |
| Appointments to Committees | 16 |
| DEALING WITH COUNCIL PROPERTY | 16 |
| Use of Local Government Resources | 16 |
| Travel and Sustenance Expenses | 17 |
| Access to Information..... | 17 |
| BREACHES AND MISCONDUCT..... | 17 |
| Councillors and Committee Members..... | 17 |
| Employees..... | 17 |
| Misconduct..... | 17 |
| Public Interest Disclosure | 18 |
| PREAMBLE..... | 3 |
| STATUTORY ENVIRONMENT | 3 |
| RULES OF CONDUCT..... | 3 |
| ROLES..... | 3 |

| | |
|--|----|
| Role of Council..... | 3 |
| Role of Councillor..... | 4 |
| Role of Employees..... | 4 |
| Principles affecting the Employment of Employees by the Shire..... | 5 |
| Relationships between Councillors and Employees..... | 5 |
| CONFLICT AND DISCLOSURE OF INTEREST..... | 5 |
| Conflict of Interest..... | 5 |
| Financial Interest..... | 6 |
| Disclosure of Interest..... | 6 |
| PERSONAL BENEFIT..... | 7 |
| Use of Confidential Information..... | 7 |
| Intellectual Property..... | 7 |
| Improper or Undue Influence..... | 8 |
| Gifts and Benefits..... | 8 |
| CONDUCT REQUIRED..... | 9 |
| Personal Behaviour..... | 9 |
| Honesty and Integrity..... | 10 |
| Performance of Duties..... | 10 |
| Compliance with Lawful Orders..... | 10 |
| Administrative and Management Practices..... | 10 |
| Corporate Obligations..... | 10 |
| Appointments to Committees..... | 11 |
| DEALING WITH COUNCIL PROPERTY..... | 11 |
| Use of Local Government Resources..... | 11 |
| Travel and Sustenance Expenses..... | 11 |
| Access to Information..... | 12 |

PREAMBLE

The Code of Conduct provides Councillors, Committee Members and Employees with consistent guidelines for an acceptable standard of professional conduct. The Code addresses in a concise manner the broader issue of ethical responsibility and encourages greater transparency and accountability in individual local governments.

The Code is complementary to the principles adopted in the *Local Government Act 1995* and Regulations which incorporates four fundamental aims to result in:

1. *“better decision-making by local governments;*
2. *greater community participation in the decisions and affairs of local governments;*
3. *greater accountability of local governments to their communities; and*
4. *more efficient and effective local government.”*

The Code provides a guide and a basis of expectations for Councillors, Committee Members and Employees. It encourages a commitment to ethical and professional behaviour and outlines principles in which individual and collective local government responsibilities may be based.

STATUTORY ENVIRONMENT

The Code of Conduct observes the statutory requirements of the *Local Government Act 1995* (Section 5.103 – Codes of Conduct) and *Local Government (Administration) Regulations 1996* (Regulations 34B and 34C).

Councillors acknowledge their activities, behaviour and statutory compliance obligations may be scrutinised in accordance with prescribed rules of conduct as described in the *Local Government Act 1995* and *Local Government (Rules of Conduct) Regulations 2007*.

ROLES

Role of Council

The Role of the Council is in accordance with Section 2.7 of the *Local Government Act 1995* which states:

“(1) The council –

- (a) governs the local government’s affairs; and*
- (b) is responsible for the performance of the local government’s functions.*

(2) Without limiting subsection (1), the council is to –

- (a) oversee the allocation of the local government’s finances and resources;*
and
- (b) determine the local government’s policies.”*

Role of Councillor

The primary role of a Councillor is to represent the community, and the effective translation of the community's needs and aspirations into a direction and future for the local government will be the focus of a Councillor's public life.

The Role of Councillors as set out in Section 2.10 of the *Local Government Act 1995* follows:

"A Councillor —

- (a) Represents the interests of electors, ratepayers and residents of the district;*
- (b) provides leadership and guidance to the community in the district;*
- (c) facilitates communication between the community and the council;*
- (d) participates in the local government's decision-making processes at council and committee meetings; and*
- (e) performs such other functions as are given to a Councillor by this Act or any other written law."*

A Councillor is part of the team in which the community has placed its trust to make decisions on its behalf and the community is therefore entitled to expect high standards of conduct from its elected representatives. In fulfilling the various roles, Councillors' activities will focus on:

1. achieving a balance in the diversity of community views to develop an overall strategy for the future of the community;
2. ensuring that the wider goals and priority outcomes of the broader community are the focus of decisions, despite any impact on personal circumstances;
3. achieving sound financial management and accountability in relation to the local government's finances;
4. ensuring that appropriate mechanisms are in place to deal with the prompt handling of residents' concerns;
5. working with other governments and organisations to achieve benefits for the community at both a local and regional level; and
6. having an awareness of the statutory obligations imposed on Councillors and on local governments.

In carrying out its functions a local government is to use its best endeavours to meet the needs of current and future generations through an integration of environmental protection, social advancement and economic prosperity.

Role of Employees

The role of Employees is determined by the functions of the Chief Executive Officer as set out in Section 5.41 of the *Local Government Act 1995* which states:

"The Chief Executive Officer's functions are to —

- (a) advise the council in relation to the functions of a local government under this Act and other written laws;*
- (b) ensure that advice and information is available to the council so that informed decisions can be made;*
- (c) cause council decisions to be implemented;*
- (d) manage the day to day operations of the local government;*
- (e) liaise with the mayor or president on the local government's affairs and the performance of the local government's functions;*
- (f) speak on behalf of the local government if the mayor or president agrees;*

- (g) *be responsible for the employment, management supervision, direction and dismissal of other employees (subject to Section 5.37(2) in relation to senior employees);*
- (h) *ensure that records and documents of the local government are properly kept for the purposes of this Act and any other written law; and*
- (i) *perform any other function specified or delegated by the local government or imposed under this Act or any other written law as a function to be performed by the Chief Executive Officer."*

Principles affecting the Employment of Employees by the Shire

The following principles, set out in Section 5.40 of the *Local Government Act 1995*, apply to the Shire's Employees:

- "(a) employees are to be selected and promoted in accordance with the principles of merit and equity; and*
- (b) no power with regard to matters affecting employees is to be exercised on the basis of nepotism or patronage; and*
- (c) employees are to be treated fairly and consistently; and*
- (d) there is to be no unlawful discrimination against employees or persons seeking employment by a local government on a ground referred to in the Equal Opportunity Act 1984 or on any other ground; and*
- (e) employees are to be provided with safe and healthy working conditions in accordance with the Occupational Safety and Health Act 1984; and*
- (f) such other principles, not inconsistent with this Division, as may be prescribed."*

Relationships between Councillors and Employees

~~An effective Councillor will work as part of the Council team with the Chief Executive Officer and other members of staff. That teamwork will only occur if Councillors and Employees have mutual respect and co-operate with each other to achieve the Council's corporate goals and implement the Council's strategies. To achieve that position, Councillors need to observe their statutory obligations which include, but are not limited to, the following:~~

- ~~1. accept that their role is a leadership role, not a management or administrative one;~~
- ~~2. acknowledge that they have no capacity to individually direct members of staff to carry out particular functions; and~~
- ~~3. refrain from publicly criticising Employees in a way that casts aspersions on their professional competence and credibility.~~

~~As mentioned above, the roles of Councillors and Employees are prescribed in the *Local Government Act 1995*. In summary:~~

- ~~1. Councillors, through their membership of Council, are responsible for the strategic leadership of the Shire; and~~
- ~~2. the Chief Executive Officer is responsible for implementing the decisions of Council and managing Employees.~~

~~Consequently, Councillors and Committee Members shall not direct or instruct employees and are specifically prohibited from involvement in the Shire Administration by the *Local Government (Rules of Conduct) Regulations 2007*, unless authorised by the Council or the Chief Executive Officer.~~

Councillors and Committee Members shall undertake their day-to-day communications with the Shire Administration directly through the Chief Executive Officer or relevant Managers, unless the Chief Executive Officer has established a protocol for communications on particular matters to occur directly with specified Employees.

Employees may only undertake direct communications with Councillors where they are acting within the functions and responsibilities of their position or are acting under the direction of the Chief Executive Officer or Manager.

Councillors, Committee Members and Employees will ensure that in their dealings with each other, they:

1. work together as part of the Shire's corporate team;
2. maintain an environment of mutual respect and cooperation; and
3. are respectful, frank and honest in their communications.

The President and the Chief Executive Officer will ensure that, in their dealings with each other, they:

1. maintain open and frank communications;
2. maintain regular contact;
3. exchange information in a timely manner;
4. have regard for their individual leadership responsibilities; and
5. understand each other's views and opinions.

Councillors, Committee Members and Employees will endeavour to fairly and quickly resolve any serious conflict that arises between themselves and either another Councillor, Committee Member or Employee, promptly and directly with that party in the first instance.

CONFLICT AND DISCLOSURE OF INTEREST

Conflict of Interest

Councillors, Committee Members and Employees will ensure that there is no actual (or perceived) conflict of interest between their personal interests and the impartial fulfilment of their professional duties.

Employees will not engage in private work with or for any person or body with an interest in a proposed or current contract with the local government, without first making disclosure to the Chief Executive Officer. In this respect, it does not matter whether advantage is in fact obtained, as any appearance that private dealings could conflict with performance of duties must be scrupulously avoided.

~~Councillors, Committee Members and Employees will lodge written notice with the Chief Executive Officer within one month of entering into a land transaction within the local government district or which may otherwise be in conflict with the Council's functions (other than purchasing the principal place of residence) between the period of annual returns.~~

Councillors, Committee Members and Employees shall notify the Chief Executive Officer (or the President in the case of the Chief Executive Officer) in writing, prior to either themselves or a closely associated person (as defined within the *Local Government Act*

1995) undertaking a dealing in land within the Shire (other than purchasing the principal place of residence).

Councillors, Committee Members and Employees who exercise a regulatory, recruitment, management or other discretionary function will make disclosure to the Chief Executive Officer (or in the case of the Chief Executive Officer, to the President) before dealing with relatives or close friends and wherever possible will disqualify themselves from dealing with those persons.

Employees will refrain from partisan political activities which could cast doubt on their neutrality and impartiality in acting in their ability to act in a professional capacity. An individual's rights to maintain their own political convictions are not impinged upon by this clause. It is recognised that such convictions cannot be a basis for discrimination and this is supported by anti-discriminatory legislation.

Financial Interest

Councillors, Committee Members and Employees will adopt the principles of adhere to the disclosure of financial interest requirements as contained prescribed within Division 6 of the *Local Government Act 1995*.

Disclosure of Impartiality Interest

Councillors & Committee Members

Regulation 11 of the Local Government (Rules of Conduct) Regulations 2007 prescribe the provisions relating to Councillors and Committee Members disclosing impartiality interests.

Employees

An Employee who has an impartiality interest (as defined in the Local Government (Administration) Regulations 1996) in any matter to be discussed at a Council or Committee Meeting attended by that person must disclose the nature of the impartiality interest:

1. in a written notice given to the Chief Executive Officer before the meeting; or
2. at the meeting immediately before the matter is discussed.

In addition, an Employee who has given, or will give, advice in respect of any matter to be discussed at a Council or Committee Meeting not attended by the Employee must disclose the nature of any impartiality interest he or she has in the matter:

1. in a written notice given to the Chief Executive Officer before the meeting; or
2. at the time the advice is given.

However, an interest referred to in Section 5.60 of the Local Government Act 1995 is excluded from the above impartiality interest disclosure requirements.

An Employee is also excused from the requirement to disclose an impartiality interest if the failure to disclose occurs because the person:

1. did not know he or she had an impartiality interest in the matter; or
2. did not know the matter in which he or she had an impartiality interest would be discussed at the meeting and the person discloses the nature of the impartiality interest as soon as possible after becoming aware of the discussion of that matter.

Where an impartiality interest is disclosed in a written notice given to the Chief Executive Officer before a meeting, then:

1. before the meeting the Chief Executive Officer is to ensure that the notice is given to the person presiding at the meeting; and
2. at the meeting, the person presiding is to bring the notice and its contents to the attention of the persons present immediately before the matter to which the disclosure relates is discussed.

Where an impartiality interest is disclosed or brought to the attention of the persons present at a meeting, the nature of the impartiality interest must be recorded in the minutes of the meeting.

Definition:

~~In this clause, and in accordance with Regulation 34C of the Local Government (Administration) Regulations 1996 – “interest” means an interest that could, or could reasonably be perceived to, adversely affect the impartiality of the person having the interest and includes an interest arising from kinship, friendship or membership of an association.~~

~~(a) A person who is an employee and who has an interest in any matter to be discussed at a Council or Committee meeting attended by the person is required to disclose the nature of the interest:~~

- ~~(i) — in a written notice given to the Chief Executive Officer before the meeting;~~
~~or~~
~~(ii) — at the meeting immediately before the matter is discussed.~~

~~(b) A person who is an employee and who has given, or will give, advice in respect of any matter to be discussed at a Council or Committee meeting not attended by the person is required to disclose the nature of any interest the person has in the matter:~~

- ~~(i) — in a written notice given to the Chief Executive Officer before the meeting;~~
~~or~~
~~(ii) — at the time the advice is given.~~

~~(c) A requirement described under items (a) and (b) exclude an interest referred to in Section 5.60 of the Local Government Act 1995.~~

~~(d) A person is excused from a requirement made under items (a) or (b) to disclose the nature of an interest if:~~

- ~~(i) — the person's failure to disclose occurs because the person did not know he or she had an interest in the matter; or~~
~~(ii) — the person's failure to disclose occurs because the person did not know the matter in which he or she had an interest would be discussed at the meeting and the person discloses the nature of the interest as soon as possible after becoming aware of the discussion of a matter of that kind.~~

~~(e) If a person who is an employee makes a disclosure in a written notice given to the Chief Executive Officer before a meeting to comply with requirements of items (a) or (b), then:~~

- ~~(i) — before the meeting the Chief Executive Officer is to cause the notice to be given to the person who is to preside at the meeting; and~~
~~(ii) — immediately before a matter to which the disclosure relates is discussed at the meeting the person presiding is to bring the notice and its contents to the attention of the persons present.~~

~~(a) If—~~

- ~~(i) to comply with a requirement made under item (a), the nature of a person's interest in a matter is disclosed at a meeting; or~~
- ~~(ii) a disclosure is made as described in item (d)(ii) at a meeting; or~~
- ~~(iii) to comply with a requirement made under item (e)(ii), a notice disclosing the nature of a person's interest in a matter is brought to the attention of the persons present at a meeting, the nature of the interest is to be recorded in the minutes of the meeting.~~

PERSONAL BENEFIT

Use of Confidential Information

Councillors, Committee Members and Employees shall not use ~~confidential~~ information, whether assigned confidential status or not:

1. to gain improper advantage for themselves or ~~another for any other~~ person or body;
2. in ways which are inconsistent with ~~their obligation~~the requirement to treat others with respect and fairness and the obligation to act impartially and in good faith; and
3. ~~or~~ to avoid improperly causing harm, detriment or impairment to any person, ~~organisation~~body, or the ~~Council~~Shire.

Due discretion shall be exercised by all those who have access to confidential or sensitive information. Every matter dealt with by, or brought before, a meeting sitting behind closed doors, shall be treated as strictly confidential, and shall not without the authority of the Council be disclosed to any person other than the Councillors and/or Employees of the Shire (and in the case of Employees only so far as may be necessary for the performance of their duties) prior to the discussion of the matter at a meeting of the Council held with open doors.

Nothing in this section prevents a Councillor or Employee from disclosing confidential information:

1. to a legal practitioner for the purpose of obtaining legal advice; or
2. if the disclosure is permitted by law.

Intellectual Property

'Intellectual Property' is defined as all present and future rights to each of the following used by or on behalf of the Shire, or developed in connection with the business or operations of the Shire, before, during or after the employment:

1. know-how;
2. trade marks, whether registered or unregistered;
3. inventions and improvements;
4. domain or business names;
5. confidential information;
6. concepts, ideas and information;
7. processes, data and formula;
8. copyright, moral rights, inventions, patents, patent applications, designs; and

9. any other intellectual property.

The title to Intellectual Property in all official duties relating to contracts of employment will be assigned to the local government Shire upon its creation unless otherwise agreed by separate contract. Councillors, Committee Members and Employees shall not make unauthorised use of information and other intellectual property, produced or registered by Employees or other external contractors for the Shire.

Improper or Undue Influence

Councillors, Committee Members and Employees will not take advantage of their position to improperly influence other Councillors, Committee Members or Employees in the performance of their duties or functions, in order to gain undue or improper (direct or indirect) advantage or gain for themselves or for any other person or body.

Councillors, Committee Members and Employees shall not take advantage of their position to improperly influence any other person in order to gain undue or improper (direct or indirect) advantage or gain, pecuniary or otherwise, for themselves or for any other person or body.

Similarly, Councillors, Committee Members and Employees shall not take advantage of their positions to improperly disadvantage or cause detriment to the local government or any other person.

Gifts and Benefits

Councillors, Committee Members and Employees must be mindful of the legislative requirements to disclose gifts and contributions to travel and comply with these. This includes completing the relevant forms prepared by the Shire.

The Chief Executive Officer is to maintain a register of gift notifications in accordance with the legislative requirements, and to publish an up-to-date version of the register on the Shire's website.

Councillors, Committee Members and the Chief Executive Officer

The obligation of Councillors, Committee Members and the Chief Executive Officer to disclose gifts is prescribed in Sections 5.87A and 5.87B of the *Local Government Act 1995*.

Employees

An Employee is to refrain from accepting a prohibited gift (as defined in the *Local Government (Administration) Regulations 1996*) from a person who:

1. is undertaking or seeking to undertake an activity involving a local government discretion; or
2. it is reasonable to believe is intending to undertake an activity involving a local government discretion.

An Employee who accepts a notifiable gift (as defined in the *Local Government (Administration) Regulations 1996*) from a person who is undertaking or seeking to undertake an activity involving a local government discretion, or it is reasonable to believe is intending to undertake an activity involving a local government discretion, is to notify the Chief Executive Officer within 10 days of accepting the gift, of the acceptance.

The notification of the acceptance of a notifiable gift must be in writing and include:

1. the name of the person who gave the gift;
2. the date on which the gift was accepted;
3. a description and the estimated value of the gift;
4. the nature of the relationship between the Employee and the person who gave the gift; and
5. if the gift is a notifiable gift under paragraph (b) of the definition of “notifiable gift” (whether or not it is also a notifiable gift under paragraph (a) of that definition) a description, the estimated value and the date of acceptance of each other gift accepted within the 6 month period.

Gifts and benefits with a value of less than \$50 received from a person or business undertaking, or who may, in the future, seek to undertake an activity which involves a local government discretion are not required to be declared by law. However, Employees are encouraged to submit a gift declaration form voluntarily in these circumstances.

In addition, Employees must:

1. refuse all offers of money, gift vouchers or items easily converted to money, such as shares, which are made as a result of their position with the Shire; and
2. refuse bribes and report bribery attempts to the Chief Executive Officer and to the West Australian Police and/or the Corruption and Crime Commission.

Definitions:

~~In this clause, and in accordance with Regulation 34B of the Local Government (Administration) Regulations 1996-~~

~~“activity involving a local government discretion” means an activity-~~

~~(a) that cannot be undertaken without an authorisation from the local government;~~

~~or~~

~~(b) by way of a commercial dealing with the local government;~~

~~“gift” has the meaning given to that term in S 5.82(4) except that it does not include-~~

~~(a) a gift from a relative as defined in S 5.74(1); or~~

~~(b) a gift that must be disclosed under Regulation 30B of the Local Government (Elections) Regulations 1997; or~~

~~(c) a gift from a statutory authority, government instrumentality or non-profit association for professional training;~~

~~“notifiable gift”, in relation to a person who is an employee, means-~~

~~(a) a gift worth between \$50 and \$300; or~~

~~(b) a gift that is one of 2 or more gifts given to the employee by the same person~~

~~within~~

~~a period of 6 months that are in total worth between \$50 and \$300;~~

~~“prohibited gift”, in relation to a person who is an employee, means-~~

~~(a) a gift worth \$300 or more; or~~

~~(b) a gift that is one of 2 or more gifts given to the employee by the same person~~

~~within~~

~~a period of 6 months that are in total worth \$300 or more.~~

~~(a) A person who is an employee is to refrain from accepting a prohibited gift from a person who-~~

~~(i) is undertaking or seeking to undertake an activity involving a local government discretion; or~~

~~(ii) it is reasonable to believe is intending to undertake an activity involving a local government discretion.~~

~~(b) A person who is an employee and who accepts a notifiable gift from a person who-~~

- ~~(i) is undertaking or seeking to undertake an activity involving a local government discretion; or~~
- ~~(ii) it is reasonable to believe is intending to undertake an activity involving a local government discretion;~~

~~is to notify the Chief Executive Officer, in accordance with item (c) and within 10 days of accepting the gift, of the acceptance.~~

- ~~(c) The notification of the acceptance of a notifiable gift must be in writing and include –~~
- ~~(i) the name of the person who gave the gift; and~~
 - ~~(ii) the date on which the gift was accepted; and~~
 - ~~(iii) a description, and the estimated value, of the gift; and~~
 - ~~(iv) the nature of the relationship between the person who is an employee and the person who gave the gift; and~~
 - ~~(v) if the gift is a notifiable gift under paragraph (b) of the definition of “notifiable gift” (whether or not it is also a notifiable gift under paragraph (a) of that definition)~~

- ~~–~~
 - ~~(1) a description; and~~
 - ~~(2) the estimated value; and~~
 - ~~(3) the date of acceptance,~~
- ~~of each other gift accepted within the 6 month period.~~

~~(d) The Chief Executive Officer is to maintain a register of notifiable gifts and record in it details of notifications given to comply with a requirement made under item (c).~~

~~(e) This clause does not apply to gifts received from a relative (as defined in S 5.74(1) of the *Local Government Act 1995*) or an electoral gift (to which other disclosure provisions apply).~~

~~(f) This clause does not prevent the acceptance of a gift on behalf of the local government in the course of performing professional or ceremonial duties in circumstances where the gift is presented in whole to the Chief Executive Officer, entered into the Register of Notifiable Gifts and used or retained exclusively for the benefit of the local government.~~

CONDUCT REQUIRED

Personal Behaviour

The following behaviours are to be adopted by Councillors, Committee Members and Employees:

1. act with reasonable care and diligence;
2. act with honesty and integrity;
3. act lawfully and in accordance with this Code, Council policies and any applicable delegation;
4. act in the interests of the Shire and the community;
5. avoid damage to the reputation of the local government;
6. be open and accountable to the public;
7. base decisions on relevant and factually correct information and avoid bias;
8. be polite and treat others with respect and fairness avoiding behaviour which may harass or intimidate;
9. not be impaired by mind affecting substances while conducting Shire business;
10. make no allegations which are improper or derogatory;
11. avoid causing any reasonable person unwarranted offence or embarrassment;
12. respect decisions made;

13. refrain from publicly criticising either a Councillor, Committee Member or an Employee in a way that casts aspersions on competence or credibility;
14. be mindful of their behaviour in public, particularly where it is easy to ascertain the person is associated with the Shire of Dowerin;
15. maintain the confidentiality of documents and information assigned with this status;
16. report any suspected misconduct or breaches of this Code in accordance with the requirements in Section 8 of the *Local Government Act 1995*;
17. be innovative and take risks where the consequences of those risks are understood and accepted at an appropriate level; and
18. challenge the status quo and traditional approaches in a considerate and respectful manner.

These principles mirror, and expand on, those contained in the *Local Government (Rules of Conduct) Regulations 1996* which apply to Councillors.

Councillors, Committee Members and Employees will:

- ~~1. act, and be seen to act, properly and in accordance with the requirements of the law and the terms of this Code;~~
- ~~2. perform their duties impartially and in the best interests of the local government uninfluenced by fear or favour;~~
- ~~3. act in good faith (i.e. honestly, for the proper purpose, and without exceeding their powers) in the interests of the local government and the community;~~
- ~~4. make no allegations which are improper or derogatory (unless true and in the public interest) and refrain from any form of conduct, in the performance of their official or professional duties, which may cause any reasonable person unwarranted offence or embarrassment; and~~
- ~~5.1. always act in accordance with their obligation of fidelity to the local government.~~

~~Councillors will represent and promote the interests of the local government, while recognising their special duty to their own constituents.~~

Councillor and Committee Member Obligations

Legislation obligates Councillors and Committee Members to act in certain ways. Key legislative obligations include, but are not limited to the following:

1. representing the interests of the community as a whole and not just special interest groups;
2. participating in local government decision making and voting; and
3. acting in a quasi-judicial manner when considering planning applications and other requests for approvals and licences.

To ensure Councillors and Committee Members are acting in the interests of the Shire, and basing decisions on relevant and factually correct information, they must:

1. read agendas and associated meeting papers to be adequately informed;
2. treat matters on their individual merits; and
3. act impartially.

Honesty and Integrity

Councillors, Committee Members and Employees will:

1. observe the highest standards of honesty and integrity and avoid conduct which might suggest any departure from these standards;
2. bring to the notice of the President any dishonesty or possible dishonesty on the part of any other Councillor, and in the case of an Employee to the Chief Executive Officer; and
3. be frank and honest in their official dealings with each other.

Performance of Duties

While on duty, Employees will give their ~~whole~~ time and attention to the local government's business and ensure that their work is carried out efficiently, economically and effectively in accordance with Council policies, and that their standard of work reflects favourably ~~both~~ on both themselves and ~~on the local government~~ Shire.

Employees will deal with customers courteously, objectively and impartially.

Councillors and Committee Members will at all times exercise reasonable care and diligence in the performance of their duties, being consistent in their decision making but treating all matters on individual merits. Councillors and Committee Members will be as informed as possible about the functions of the Council and treat all members of the community honestly and fairly.

Compliance with Lawful Orders

Councillors, Committee Members and Employees will comply with any lawful order given by any person having authority to make or give such an order, with any doubts as to the propriety of any such order being taken up with the superior of the person who gave the order and, if a resolution cannot be achieved, with the Chief Executive Officer.

Councillors, Committee Members and Employees will give effect to the lawful decisions and policies of the local government, whether they agree with and/or approve of them, or not.

When a decision has been effected by a majority decision of Council, all Councillors, whether they supported the decision or not, must respect the decision of Council.

Administrative and Management Practices

Councillors, Committee Members and Employees will ensure compliance with proper and reasonable administrative practices and conduct, and professional and responsible management practices.

Corporate Obligations

Standard of Dress

Councillors, Committee Members and Employees are expected to comply with neat and responsible dress standards at all times. Accordingly:

1. Councillors and Committee Members will dress in a manner appropriate to their position, in particular when attending meetings or representing the local government in an official capacity; and

2. Management reserves the right to adopt policies relating to corporate dress and to raise the issue of dress with individual Employees.

Communication and Public Relations

All aspects of communication by Employees (including verbal, written or personal), involving the local government's activities should reflect the status and objectives of the local government. Communications should be accurate, polite and professional.

As a representative of the community, Councillors need to be not only responsive to community views, but also adequately communicate the attitudes and decisions of the Council. In doing so Councillors should acknowledge that:

1. as a member of the Council there is respect for the decision making processes of the Council which are based on a decision of the majority of the Council;
2. information of a confidential nature ought not be communicated until it is no longer treated as confidential;
3. information relating to decisions of the Council on approvals, permits and so on ought only be communicated in an official capacity by a designated officer of the Council; and
4. information concerning adopted policies, procedures and decisions of the Council is conveyed accurately.

Committee Members accept and acknowledge it is their responsibility to observe any direction the local government may adopt in terms of advancing and promoting the objectives of the Committee to which they have been appointed.

Record Keeping Responsibilities

Councillors, Committee Members and Employees shall comply with the *State Records Act 2000*, the Shire's Record Keeping Plan and any other policies on Information and Record Management to ensure adequate records are kept to evidence the performance of their duties.

Appointments to Committees

As part of their representative role Councillors are often asked to represent the Council on external organisations. In doing so it is important that Councillors:

1. clearly understand the basis of their appointment; and
2. provide regular reports on the activities of the organisation.

DEALING WITH COUNCIL PROPERTY

Use of Local Government Resources

Councillors and Employees will:

1. be scrupulously honest in their use of the local government's resources and shall not misuse them or permit their misuse (or the appearance of misuse) by any other person or body;
2. use the local government resources entrusted to them effectively, ~~and~~ economically and lawfully in the course of their duties; and

3. not use the local government's resources (including the services of Employees during normal working hours) for private purposes (other than when supplied as part of a contract of employment), unless properly authorised to do so, and appropriate payments are made (as determined by the Chief Executive Officer).

Travel and Sustenance Expenses

Councillors, Committee Members and Employees will only claim or accept travelling and sustenance expenses arising out of travel-related matters which have a direct bearing on the services, policies or business of the local government Shire in accordance with local government Council policy, relevant industrial awards and the provisions of the *Local Government Act 1995*.

Access to Information

Employees will ensure that all Councillors are given equal access to all information necessary for them to properly perform their functions and comply with their responsibilities.

Councillors will ensure that information provided will be used properly and to assist in the process of making reasonable and informed decisions on matters before the Council.

BREACHES AND MISCONDUCT

Breaches of this Code will be treated seriously.

Councillors and Committee Members

Complaints will be managed in accordance with the *Local Government (Rules of Conduct) Regulations 2007* if they relate to a breach of a Rule of Conduct. A Councillor or Committee Member who is suspected of breaching the Rules of Conduct may be reported to the Shire's Complaints Officer. Investigations will be conducted in accordance with Part 5, Division 9 of the *Local Government Act 1995*.

Complaints will be managed in accordance with natural justice and procedural fairness if the complaint relates to a breach of this Code but the breach is not, at the same time, a breach of the Rules of Conduct (note: as this Code is not a law, no penalty can apply in such circumstances).

Employees

A complaint alleging that an Employee has breached this Code shall be made in writing. Complaints regarding:

1. an Employee will be made to the Employee's relevant Manager;
2. a Manager will be made to the Chief Executive Officer; or
3. the Chief Executive Officer will be made to the President.

The complaint will be investigated in a manner that is in accordance with the *Shire's Complaint Handling Procedure, Disciplinary Policy, Public Interest Disclosure Procedures* and the principles of procedural fairness and natural justice.

Misconduct

For the purposes of this Code, misconduct is defined in accordance with Section 4 of the *Corruption, Crime and Misconduct Act 2003*.

The Chief Executive Officer has a statutory obligation to report reasonable suspicion of serious misconduct to the Corruption and Crime Commission and reasonable suspicion of minor misconduct to the Public Sector Commission.

As public officers, Councillors, Committee Members and Employees are required to immediately report to the Chief Executive Officer any instance where there is a reasonable suspicion that misconduct has occurred.

Public Interest Disclosure

The Shire has a Public Interest Disclosure Guideline, available on the Shire's website, that provides confidential mechanisms for reporting and investigating misconduct allegations or improper conduct in accordance with the *Public Interest Disclosure Act 2003*.

Shire of Dowerin Risk Dashboard Report - June 2020

| 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 | Completed | MWA | | |
| Update RAMM with Revaluation Data | Completed | MWA | | |
| Link Building Maintenance Schedule to AMP | Dec-20 | MWA / MCCS | | |
| Review Asset Management Plan | Dec-20 | SMT | | |
| Develop Inspection Schedule for Asset Classes | Completed | MWA / TWC | | |
| Review LTFP and Link to AMP | Feb-21 | MCCS / MWA / CEO | | |
| Review Fuel Stock Control System | Feb-21 | MCCS / MWA / CEO | | |
| Implement New Fuel Stock Control System | Nov-20 | MWA / MCCS | | |

| Business & Community 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 | Apr 20 | CEO | | |
| Review Business Continuity Plan | Feb 21 | CEO | | |
| Business Continuity Plan Drill to be Undertaken Annually | Jul 20 | CEO / MCCS | | |
| Develop IT Disaster Recovery Plan | Dec 20 | MCCS | | |
| Fire Breaks Inspected and Enforced Annually | Nov 20 | MCCS | | |
| Fire Fighting Equipment Maintained and Serviced Annually | TBC | MWA | | |
| Wardens (Internal) - Training of New Wardens | Jun 20 | SMT | | |
| Admin Generator Maintained and Serviced | TBC | MWA | | |
| Develop Facility Risk Management Plan | Dec 21 | CEO / MCCS | | |

| Failure to fulfil Compliance Requirements (Statutory and Regulatory) | | | 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 | Jun-20 | CEO / EGO | | |
| Continue Implementation of Training Program for Councillors and Staff | Ongoing | SMT / EGO | | |
| Review Councillor Induction Manual - Every 2 Years | Nov-19 | EGO | | |
| Review Human Resource Management System | Ongoing | CEO / MCCS | | |
| Review Information Management System | Dec-20 | MCCS | | |
| Interim Audit Finding 30 June 2020 - Code of Conduct (Minor) - Review | Sep-20 | CEO | | |
| Payment Procedures (Moderate) - Address Non-Compliance | Sep-20 | CEO / MCCS | | |
| Interim Audit Finding 30 June 2020 - Debtor & Credit Note Request Forms (Moderate) | Sep-20 | MCCS | | |
| Interim Audit Finding 30 June 2020 - Review of LTFM & AMP (Moderate) | Dec-20 | MCCS / MWA | | |

| 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 | MCCS | | |
| Refurbishment of Archive Room to Improve Compliance | Dec-20 | MWA | | |
| Review Sharepoint System | Jun-21 | CEO | | |
| Document Information Management Framework | Jun-20 | CDO | | |
| Information Management Staff Training | Ongoing | MCCS | | |
| Review Record Keeping Plan | Jun-21 | MCCS | | |

| 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 | Jun-20 | SMT | | |
| Implement Strategies Identified in the Workforce Plan | Ongoing | SMT | | |
| Document Human Resource Management Framework | Jun-20 | SMT | | |
| Training Needs Analysis and Training Register | May-20 | CEO / CSRO | | |
| Review Staff Induction Process | Completed | MCCS | | |
| Conduct Annual Drivers License Checks | Annually in Feb | MCCS | | |
| Conduct Annual Performance Reviews | Apr-20 | SMT | | |

| 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 and Document Complaints Handling Process | Jun-20 | CEO / MCCS | | |
| Develop a Community Engagement Policy Framework | Jun-20 | SMT / CDO | | |
| Conduct Community Satisfaction Survey | Jun-20 | CEO / CDO | | |
| Develop Process For Customer Response Requests (Snap, Send, Solve) | Completed | MCCS | | |
| Review Customer Service Charter Annually | Jun-20 | MCCS | | |
| Review Customer Service Charter Annually | Apr-20 | EGO | | |
| Develop Complaint Register | Jun-20 | MCCS | | |

| Environment Management | | | Risk | Control |
|--|-----------|----------------|-----------------|-----------------|
| | | | Moderate | Adequate |
| Inadequate prevention, identification, enforcement and management of environmental issues. | | | | |
| Actions | Due Date | Responsibility | | |
| Review Waste Water Management Program | Dec-20 | MWA | | |
| Develop Waste Management Plan | Jun-21 | MWA | | |
| Complete Audit of Sewage System | Completed | MWA | | |
| Address Compliance of Waste Management | Ongoing | MWA | | |
| Address Compliance of Waste Water Re-Use | Jun-21 | MWA | | |
| Develop Sewage Asset Management Plan | Jun-21 | MWA | | |

| 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 Code of Conduct | Jun-20 | CEO / EGO | | |
| Review and Document Organisations Controls and Systems | Ongoing | CEO / MCCS | | |
| Centralise Checklists, Controls and Procedures | Dec-20 | CEO / MCCS | | |
| Review Customer Service Request Process to include Snap Send Solve | Completed | MCCS | | |

| 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 | Jun-20 | SMT | | |
| Photographic Record of Assets | Jun-20 | MWA / TWC | | |
| Implement Quarterly Schedule For Changing Passwords | Ongoing | MCCS | | |
| Review Security and Storage of Records | Dec-21 | MCCS | | |
| Document Financial Management System | Ongoing | MCCS | | |

Shire of Dowerin Risk Dashboard Report - June 2020

| Management of Facilities / Venues / Events | | | Risk | Control |
|--|----------|----------------|------|----------|
| | | | Low | Adequate |
| Failure to effectively manage the day to day operations of facilities, venues and / or events. | | | | |
| Actions | Due Date | Responsibility | | |
| Develop Event Management Framework | Jun-20 | CDO | | |
| Develop Recreational Reserves Management System | Dec-20 | MCCS / MWA | | |
| Create Inspection and Maintenance Schedules for Event Equipment | Jun-20 | CDO | | |
| Undertake Community Facilities Review | Jun-20 | CEO / CDO | | |
| Public Buildings Inspected Annually for Compliance | Dec-20 | MWA | | |
| | | | | |
| | | | | |
| | | | | |

| 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. | | | | |
| Actions | Due Date | Responsibility | | |
| Develop IT Disaster Recovery Plan | Dec-20 | MCCS | | |
| Review IT Management Service Level Agreement | Jun-20 | MCCS | | |
| Document IT Infrastructure Replacement Program | Dec-20 | MCCS | | |
| Install Advanced Email Protection | Jul-20 | MCCS | | |
| Develop Secure Password Policy | Jun-20 | MCCS | | |
| Develop Acceptable Internet Use Policy | Jun-20 | MCCS | | |
| | | | | |
| | | | | |
| | | | | |

| 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. | | | | |
| Actions | Due Date | Responsibility | | |
| Review and Document Organisations Controls and Systems | Dec-20 | CEO / MCCS | | |
| Centralise Checklists, Controls and Procedures | Dec-20 | CEO / MCCS | | |
| Review Fuel Stock Control and Process | May-20 | MCCS / MWA | | |
| Present Regulation 17 Review to Audit & Risk Committee | Annually - Dec | CEO | | |
| Review Purchasing Policy & Procurement Process | May-20 | MCCS | | |
| Review Social Media Policy 3.11 | Mar-20 | EGO | | |
| Review Code of Conduct | Jun-20 | CEO / EGO | | |
| Conduct Drivers Licence Check Annually | Annually - Feb | MCCS/MWA | | |

| 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-20 | MCCS | | |
| Develop Communication and Engagement Framework | Jun-20 | 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 | Jun-20 | MWA / TWC | | |
| Complete Staff Training Register | Jun-20 | SMT | | |
| Conduct Quarterly Workplace Inspections | May-20 | MWA / TWC | | |
| Finalise Safe Work Method Statements (SWMS) Library | Dec-20 | MWA / TWC | | |
| Assess Shire Building and Facility Safety and Security | Dec-20 | MWA / TWC | | |
| Develop Isolated Worker Management Protocol | Dec-20 | MWA / TWC | | |
| Re-Establish OSH Committee | May-20 | MWA / TWC | | |
| Develop Emergency in Facilities Management Plan | Jun-21 | CEO | | |
| Conduct Annual BCP and LEMC Drills | Jun-20 | CEO | | |
| Review Contractor Inductions and Register | Jun-20 | MWA / TWC | | |

| 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 | May-20 | MCCS | | |
| Develop Standardised Contracts | Ongoing | CEO / MCCS | | |
| Document Financial Controls | Ongoing | MCCS | | |
| Develop Appropriate Financial Reporting Tools | Ongoing | MCCS | | |
| Develop Centralised Contract Management System | Ongoing | CEO / MCCS | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

Asset Management Practices

Jun-20

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.

Potential causes include;

| | |
|---|--|
| Skill level & behaviour of operators | Unavailability of parts |
| Lack of trained staff | Lack of formal or appropriate scheduling (maintenance / inspections) |
| Outdated equipment | Unexpected breakdowns |
| Insufficient budget to maintain or replace assets | |

| Key Controls | Type | Last Reviewed | Rating |
|---|--------------|---------------|-------------------|
| Roads Maintenance Program | Preventative | Jun-20 | Adequate |
| Road Asset Management Program (RAMM) | Preventative | Apr-20 | Adequate |
| Fleet and Plant Maintenance Program | Preventative | Jun-20 | Adequate |
| Building Maintenance Program | Preventative | Jun-20 | Adequate |
| Recreation Facilities Maintenance Program | Preventative | | Not Rated |
| Asset Management Plan | Preventative | Jun-18 | Inadequate |
| Plant Replacement Program | Preventative | Jun-20 | Adequate |
| Sewerage Maintenance Program | Preventative | Oct-19 | Adequate |
| Stock Control Systems (Fuel) | Preventative | May-20 | Inadequate |
| Overall Control Ratings: | | | Adequate |

| Actions (Treatments) | Due Date | Responsibility |
|---|-----------|------------------|
| Revaluation of Road Assets | Completed | MWA |
| Update RAMM with Revaluation Data | Completed | MWA |
| Link Building Maintenance Schedule to AMP | Dec-20 | MWA / MCCA |
| Review Asset Management Plan | Dec-20 | SMT |
| Develop Inspection Schedule for Asset Classes | Completed | MWA / TWC |
| Review LTFP and Link to AMP | Feb-21 | MCCA / MWA / CEO |
| Review Fuel Stock Control System | May-20 | MWA / MCCA |
| Implement New Fuel Stock Control System | Nov-20 | MWA |

| Status of Actions | Comments |
|--|--|
| | |
| Not progressed | Scheduled to complete by Dec 20 |
| Not commenced | Scheduled to complete by Dec 20 |
| | |
| Not commenced | Scheduled to complete by Feb 21 |
| Completed | Review identified control deficiencies |
| Allocation in 2020/2021 Budget to install a new system | |

Residual Risk Rating

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

| Indicators | Type | Target |
|---------------------------------------|---------|----------------------|
| Asset Renewal Funding Ratio | Lagging | Between 95% and 105% |
| Asset Consumption Ratio | Lagging | Between 60% and 75% |
| Asset Sustainability Ratio | Lagging | Between 90% and 110% |
| Loss of Time Due to Resource Factors | Lagging | No Target Identified |
| Accidents and / or Damage to Property | Lagging | No Target Identified |

| Result | Trend since last review? | Comments |
|-----------------------|--------------------------|---------------------------|
| Not rated this review | | Introduce rating Sept 20 |
| Not rated this review | | Introduce rating Sept 20 |
| Not rated this review | | Introduce rating Sept 20 |
| | | Identify target by Dec 20 |
| | | Identify target by Dec 20 |

Comments

Reviewed by Management Team - June 2020

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

Business & Community Disruption

Jun 2020

| 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 | Mar 20 | Adequate |
| Bushfire Risk Management Framework | Preventative | Jun 19 | Effective |
| Facility Risk Management Plan - to be developed | Preventative | | Not Rated |
| Overall Control Ratings: | | | Adequate |

| Actions (Treatments) | Due Date | Responsibility |
|--|----------|----------------|
| Annual LEM Exercise Undertaken | Apr 20 | CEO |
| Review Business Continuity Plan | Feb 21 | CEO |
| Business Continuity Plan Drill to be Undertaken Annually | Jul 20 | CEO / MCCS |
| Develop IT Disaster Recovery Plan | Dec 20 | MCCS |
| Fire Breaks Inspected and Enforced Annually | Nov 20 | MCCS |
| Fire Fighting Equipment Maintained and Serviced Annually | TBC | MWA |
| Wardens (Internal) - Training of New Wardens | Jun 20 | SMT |
| Admin Generator Maintained and Serviced | TBC | MWA |
| Develop Facility Risk Management Plan | Dec 21 | CEO / MCCS |

| Residual Risk Rating | | | | | | | | | | |
|--|------------------------------|-----------------|--------|-----------------------------------|--------------|--------------|-------------|--------------|------------------------------|-----------------|
| <table border="1"> <thead> <tr> <th>Consequence Category</th> <th>Risk Ratings</th> <th>Rating</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Service Interruption / Reputation</td> <td>Consequence:</td> <td>Moderate (3)</td> </tr> <tr> <td>Likelihood:</td> <td>Possible (3)</td> </tr> <tr> <td>Overall Risk Ratings:</td> <td>Moderate</td> </tr> </tbody> </table> | Consequence Category | Risk Ratings | Rating | Service Interruption / Reputation | Consequence: | Moderate (3) | Likelihood: | Possible (3) | Overall Risk Ratings: | Moderate |
| Consequence Category | Risk Ratings | Rating | | | | | | | | |
| Service Interruption / Reputation | Consequence: | Moderate (3) | | | | | | | | |
| | Likelihood: | Possible (3) | | | | | | | | |
| | Overall Risk Ratings: | Moderate | | | | | | | | |

| Indicators | Type | Target |
|--|---------|-----------------------|
| Missed LEMC Committee Meetings | Leading | Nil meetings missed |
| Number of Firebreak Infringements Issued | Lagging | Less than 5 per annum |
| LEM Annual Exerise Undertaken | Leading | 1 per annum |
| BCP Annual Exerise Undertaken | Leading | 1 per annum |
| Comments | | |
| Reviewed by Management Team - June 2020 Frameworks - the overarching structure to include adopted policies, documented controls, plans and strategies | | |

| Status of Actions | Comments |
|--|--|
| Scheduled drill deferred due to COVID-19 | Drill rescheduled for 13 October 2020 |
| Adopted March 20 | BCP activated March 20 in response to COVI19 |
| Deferred due to responding to COVID-19 | |
| | |
| Last inspected November 2019 | |
| Inspection completed | Confirm annual inspection date |
| Unable to completed due to COVID-19 | Defer due date to Dec 20 |
| Inspection completed | Confirm annual inspection date |
| | |

| Result | Trend since last review? | Comments |
|--------|--------------------------|-------------------------------------|
| Nil | Constant | |
| 5 | Worsening | 2 infrigements in 2018 |
| Nil | Constant | Unable to undertake due to COVID-19 |
| Nil | Constant | Unable to undertake due to COVID-19 |
| | | |

Failure to fulfil Compliance Requirements and Regulatory (Statutory Jun-20)

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").

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 |
| Advised Monitoring (WALGA Subscriptions, Gazettes) | Preventative | Jun-20 | Adequate |
| Governance Calendar | Preventative | Ongoing | Adequate |
| Council & Staff Inductions | Preventative | Feb-20 | Adequate |
| Overall Control Ratings: | | | Adequate |

| Actions (Treatments) | Due Date | Responsibility |
|--|----------|----------------|
| Document Governance Framework | Jun-20 | CEO / EGO |
| Continue Implementation of Training Program for Councillors and Staff | Ongoing | SMT / EGO |
| Review Councillor Induction Manual - Every 2 Years | Nov-19 | EGO |
| Review Human Resource Management System | Ongoing | CEO / MCCS |
| Review Information Management System | Dec-20 | MCCS |
| Interim Audit Finding 30 June 2020 - Code of Conduct (Minor) - Review | Sep-20 | CEO |
| Interim Audit Finding 30 June 2020 - Purchasing & Payment Procedures (Moderate) - Address Non-Compliance | Sep-20 | CEO / MCCS |
| Interim Audit Finding 30 June 2020 - Debtor & Credit Note Request Forms (Moderate) | Sep-20 | MCCS |
| Interim Audit Finding 30 June 2020 - Review of LTFM & AMP (Moderate) | Dec-20 | MCCS / MWA |

Residual Risk Rating

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

| Indicators | Type | Target |
|--|---------|---|
| Financial and Performance Audit Qualifications | Lagging | Qualified Audit |
| Compliance Audit Return | Lagging | Completed As Per Statutory Requirements |
| Financial Management System Review (Every 3 Years) | Lagging | Completed As Per Statutory Requirements |
| CEO Regulation 17 Review | Lagging | Completed As Per Statutory Requirements |

Comments

Reviewed by Management Team - June 2020

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

| Status of Actions | Comments |
|--|--|
| Progress stalled due to responding to COVID-19 | Deferred due date Dec 20 |
| Program stalled due to responding to COVID-19 | Currently reviewing program |
| | Next review due Aug 21 |
| Progress stalled due to responding to COVID-19 | Anticipate completion in Feb 21 |
| Progress stalled due to responding to COVID-19 | Anticipate completion in Feb 21 |
| Review C of C and state next review date | C of C reviewed to be presented to A & R Committee Jul 20 |
| Review procedures to ensure compliant | Reviewed procedures to be presented to A & R Committee Jul 20 - procedures to be closely monitored by Management |
| Templates & procedures modified and actioned | Procedures to be closely monitored by Management |
| | Scheduled for Dec 20 |

| Result | Trend since last review? | Comments |
|---|--------------------------|----------------------------|
| Qualified Audit Year Ended 30 June 2019 | Improving | EoY audit scheduled Oct 21 |
| Completed as per statutory requirements | Improving | Next due Mar 21 |
| Completed as per statutory requirements | Improving | Next due Sept 22 |
| Completed as per statutory requirements | Improving | Next due Dec 20 |

Document Management Processes

Jun-20

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 | Mar-19 | Adequate |
| | | | |
| Overall Control Ratings: | | | Adequate |

| Actions (Treatments) | Due Date | Responsibility |
|--|-----------|----------------|
| Investigate Upgrades Required to Archive Room to Improve Compliance With SRO | Completed | MCCS |
| Refurbishment of Archive Room to Improve Compliance | Dec-20 | MWA |
| Review Sharepoint System | Jun-21 | CEO |
| Document Information Management Framework | Jun-20 | CDO |
| Information Management Staff Training | Ongoing | MCCS |
| Review Record Keeping Plan | Jun-21 | MCCS |
| | | |

Residual Risk Rating

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

| Indicators | Type | Target |
|----------------------------------|---------|---------------------------------------|
| Information Management Framework | Leading | Developed and Implemented |
| Archive Room Compliance | Leading | Investigated and Costed |
| Archives | Leading | Recorded & Destroyed (as appropriate) |
| Record Keeping Plan Completed | Leading | Compliant RKP |
| | | |

Comments

Reviewed by Management Team - June 2020

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

| Status of Actions | Comments |
|--|---------------------------------|
| | |
| Allocation in 2020/21 Budget | Works to be completed by Dec 20 |
| Identified potential providers | Commence review Jan 21 |
| Program stalled due to staff changes | |
| Progress stalled due to responding to COVID-19 | |
| Yet to commence | Commence review in Oct 21 |
| | |

| Result | Trend since last review? | Comments |
|-----------------------|--------------------------|----------------------|
| Not rated this review | | |
| Not rated this review | | |
| Not rated this review | | Scheduled for Jul 20 |
| Not rated this review | | |
| | | |

Employment Practices

Jun-20

| 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 | Jun-20 | SMT |
| Implement Strategies Identified in the Workforce Plan | Ongoing | SMT |
| Document Human Resource Management Framework | Jun-20 | SMT |
| Training Needs Analysis and Training Register | May-20 | CEO / CSRO |
| Review Staff Induction Process | Completed | MCCS |
| Conduct Annual Drivers License Checks | Annually in Feb | MCCS |
| Conduct Annual Performance Reviews | Apr-20 | SMT |

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

| Indicators | Type | Target |
|--|---------|-------------------------------------|
| Training Program (% Completed) | Leading | 90% Per Annum |
| Absenteeism (% of Personal and Unpaid Leave) | Lagging | Target Not Identified |
| Employee Turnover (% Turnover Rate) | Lagging | Equal to or Below Industry Standard |
| Performance Reviews (% Completed) | Leading | 100% Per Annum |
| Workers Compensation Claims | Lagging | Target Not Identified |

| Comments |
|--|
| Reviewed by Management Team - June 2020 |
| Frameworks - the overarching structure to include adopted policies, documented controls, plans and strategies. |

| Status of Actions | Comments |
|--|----------------------------|
| Program not in place - No budget allocation | CEO to follow up with LGIS |
| | WP review due Apr 21 |
| Progress stalled due to responding to COVID-19 | |
| Progress stalled due to responding to COVID-19 | Defer due date Sept 20 |
| Creating separate induction for outside staff | Due to complete Sept 20 |
| Completed Feb 20 | Next due Feb 21 |
| 3 reviews outstanding | To be finalised by Aug 20 |

| Result | Trend since last review? | Comments |
|-----------------------|--------------------------|---------------------------------------|
| Not rated this review | | Introduce rating Dec 20 |
| Not rated this review | | Introduce rating Dec 20 |
| Not rated this review | | Introduce rating Dec 20 |
| 83% approximately | Improving | Last 3 reviews to be completed Aug 20 |
| 1 | Worsening | Not finalised |

Engagement Practices

Jun-20

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.

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 | | Not Rated |
| Communication & Engagement Policy | Preventative | | Adequate |
| Complaint Handling Process | Preventative | Unknown | Adequate |
| Community Satisfaction Survey | Detective | | Not Rated |
| Customer Service Charter | Preventative | Sep-19 | Adequate |

Overall Control Ratings: **Adequate**

| Actions (Treatments) | Due Date | Responsibility |
|--|-----------|----------------|
| Review and Document Complaints Handling Process | Jun-20 | CEO / M CCS |
| Develop a Community Engagement Policy Framework | Jun-20 | SMT / CDO |
| Conduct Community Satisfaction Survey | Jun-20 | CEO / CDO |
| Develop Process For Customer Response Requests (Snap, Send, Solve) | Completed | M CCS |
| Review Customer Service Charter Annually | Apr-20 | EGO |
| Develop Complaint Register | Jun-20 | M CCS |

| Status of Actions | Comments |
|--|------------------------|
| Progress stalled due to responding to COVID-19 | |
| Progress stalled due to staff changeovers | Deferred to Oct 20 |
| Progress stalled due to responding to COVID-19 | Deferred to Oct 20 |
| | Next review due Mar 21 |
| Progress stalled due to responding to COVID-19 | Deferred to Oct 20 |
| Progress stalled due to responding to COVID-19 | Deferred to Jan 20 |

Residual Risk Rating

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

| Indicators | Type | Target |
|--|------|-----------------------|
| Number of Complaints From the Community Not Responded To | | Target Not Identified |
| Community Satisfaction Survey - Overall Scorecard Result | | 65% Satisfaction |
| Meeting Requirements of Customer Service Charter | | Target Not Identified |
| | | |

Comments

Reviewed by Management Team - June 2020

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

| Result | Trend since last review? | Comments |
|-----------------------|--------------------------|--------------------------------------|
| Not rated this review | | Identify target by Dec 20 |
| | | Results to be included in Dec review |
| Not rated this review | | Identify target by Dec 20 |
| | | |

Environment Management

Jun-20

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.

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 Policy | Preventative | | Adequate |
| Sewerage Management Plan | Preventative | Oct-18 | Not Rated |
| Waste Water Management Program | Preventative | | Adequate |
| Contaminated Sites Register | Preventative | Nov-19 | Adequate |
| Waste Management Plan | Preventative | Dec-20 | Not Rated |
| Overall Control Ratings: | | | Adequate |

| Actions (Treatments) | Due Date | Responsibility |
|--|-----------|----------------|
| Review Waste Water Management Program | Dec-20 | MWA |
| Develop Waste Management Plan | Jun-21 | MWA |
| Complete Audit of Sewage System | Completed | MWA |
| Address Compliance of Waste Management | Ongoing | MWA |
| Address Compliance of Waste Water Re-Use | Jun-21 | MWA |
| Develop Sewage Asset Management Plan | Jun-21 | MWA |

Residual Risk Rating

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

| Indicators | Type | Target |
|--|---------|--------|
| Compliant Waste Return | Lagging | 100% |
| Satisfactory Water Sampling For Water Re-Use | Lagging | 100% |
| | | |

Comments

Reviewed by Management Team - June 2020

| Status of Actions | Comments |
|--|--|
| Not yet commenced | New MWA not likely to achieve by Dec 20; recommend deferring to Dec 21 |
| Not yet commenced | |
| | |
| | New MWA to determine gaps, if any |
| 2020/21 Budget allocation to upgrade irrigation system | Upgrade subject to external funding |
| | |

| Result | Trend since last review? | Comments |
|-----------------------|--------------------------|-------------------------|
| Not rated this review | | Introduce rating Dec 20 |
| Not rated this review | | Introduce rating Dec 20 |
| | | |

Errors, Omissions & Delays

Jun-20

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".

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 | Inadequate |
| 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 |
| Workforce Plan | Preventative | Nov-19 | Adequate |

Overall Control Ratings: Adequate

| Actions (Treatments) | Due Date | Responsibility |
|--|-----------|----------------|
| Review Code of Conduct | Jun-20 | CEO / EGO |
| Review and Document Organisations Controls and Systems | Ongoing | CEO / M CCS |
| Centralise Checklists, Controls and Procedures | Dec-20 | CEO / M CCS |
| Review Customer Service Request Process to include Snap Send Solve | Completed | M CCS |

| Status of Actions | Comments |
|-----------------------------------|--------------------------------------|
| To be presented to Council Jul 20 | |
| Progressing | Introducing Altus Procurement Module |
| Progressing | |
| | Next review due Mar 21 |

| Residual Risk Rating | | |
|--|------------------------------|-----------------|
| Consequence Category | Risk Ratings | Rating |
| Reputation / Compliance | Consequence: | Moderate (3) |
| | Likelihood: | Possible (3) |
| | Overall Risk Ratings: | Moderate |
| Indicators | Type | Target |
| Legal Claims | Lagging | 0 |
| Number of Complaints Regarding Errors, Omissions or Delays | Lagging | 0 |
| Referral to SAT/Ombudsman/Public Sector Commission | Lagging | 0 |
| Number of Complaints to Local Government Standards Panel | Lagging | 0 |
| External Audit Qualification | Lagging | 95% |
| Staff Training Target Met | Leading | 90% |
| Comments | | |
| Reviewed by Management Team - June 2020 | | |
| Frameworks - the overarching structure to include adopted policies, documented controls, plans and strategies. | | |

| Result | Trend since last review? | Comments |
|-----------------------|--------------------------|---|
| 0 | Constant | |
| 0 | Constant | |
| 0 | Constant | |
| 0 | Constant | |
| | | Review target - unable to measure as a percentage |
| Not rated this review | | Introduce rating Dec 20 |

External Theft & Fraud (Including Cyber)

Jun-20

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 |
| Information Management System | Preventative | Unknown | Adequate |
| Financial Management System | Preventative | Sep-19 | Adequate |

Overall Control Ratings: **Adequate**

| Actions (Treatments) | Due Date | Responsibility |
|---|----------|----------------|
| Review Access Controls to Include Key Register | Jun-20 | SMT |
| Photographic Record of Assets | Jun-20 | MWA / TWC |
| Implement Quarterly Schedule For Changing Passwords | Ongoing | MCCS |
| Review Security and Storage of Records | Dec-21 | MCCS |
| Document Financial Management System | Ongoing | MCCS |

Residual Risk Rating

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

| Indicators | Type | Target |
|--|---------|----------------------|
| Number of Cyber Breaches | Lagging | 0 |
| Number of Incidents of Theft or Fraud | Leading | 0 |
| Passwords Changed Quarterly | Leading | 100% Changed |
| Tracking of Building and Facility Access | Leading | No Target Identified |

Comments

Reviewed by Management Team - June 2020
 Frameworks - the overarching structure to include adopted policies, documented controls, plans and strategies.

| Status of Actions | Comments |
|--|-------------------------------|
| Progress stalled due to responding to COVID-19 | |
| Progress stalled due to responding to COVID-19 | Introducing Altus Procurement |
| Secure password policy in place | Reset passwords every 90 days |
| Progressing | Anticipate completion Jun 21 |

| Result | Trend since last review? | Comments |
|--------|--------------------------|--|
| 0 | Constant | |
| 0 | Constant | |
| 100% | | Not previously rated |
| | | Review indicator - no ability to measure |

Management of Facilities / Venues / Events

Jun-20

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)

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 | Not Rated |
| Building Maintenance Program | Preventative | May-19 | Adequate |
| Facility / Venue Booking System | Preventative | May-19 | Adequate |
| Reserves Management System | Preventative | May-19 | Not Rated |
| Asset Management Plan | Preventative | May-19 | Adequate |
| Statutory Public Building Compliance Program | Preventative | Jun-20 | Not Rated |

Overall Control Ratings: Adequate

| Actions (Treatments) | Due Date | Responsibility |
|---|----------|----------------|
| Develop Event Management Framework | Jun-20 | CDO |
| Develop Recreational Reserves Management System | Dec-20 | MCCS / MWA |
| Create Inspection and Maintenance Schedules for Event Equipment | Jun-20 | CDO |
| Undertake Community Facilities Review | Jun-20 | CEO / CDO |
| Public Buildings Inspected Annually for Compliance | Dec-20 | MWA |

Residual Risk Rating

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

| Indicators | Type | Target |
|--|---------|------------------|
| Number of Injuries / Incidents at Events | Leading | 0 |
| Number of Injuries / Incidents at Facilities | Leading | 0 |
| Customer Satisfaction Survey - Events & Facilities | Lagging | 65% Satisfaction |
| Compliance of Events and Facilities | Leading | 90% |

Comments

Reviewed by Management Team - June 2020

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

| Status of Actions | Comments |
|--|---------------------------------------|
| Progress stalled due to responding to COVID-19 | Defer due date to Mar 21 |
| Progress stalled due to responding to COVID-19 | Defer due date to Dec 20 |
| Progress stalled due to staff changeovers | Defer due date to Jun 21 |
| Progress stalled due to responding to COVID-19 | Defer due date to Feb 21 |
| Progress stalled due to responding to COVID-19 | Develop inspection schedule by Nov 21 |

| Result | Trend since last review? | Comments |
|-----------------------|--------------------------|-------------------------|
| 0 | Constant | |
| 0 | Constant | |
| Not rated this review | | Introduce rating Dec 20 |
| Not rated this review | | Introduce rating Dec 20 |

IT or Communication Systems and Infrastructure

Jun-20

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 | | 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 |

Overall Control Ratings: Adequate

| Actions | Due Date | Responsibility |
|--|----------|----------------|
| Develop IT Disaster Recovery Plan | Dec-20 | MCCS |
| Review IT Management Service Level Agreement | Jun-20 | MCCS |
| Document IT Infrastructure Replacement Program | Dec-20 | MCCS |
| Install Advanced Email Protection | Jul-20 | MCCS |
| Develop Secure Password Policy | Jun-20 | MCCS |
| Develop Acceptable Internet Use Policy | Jun-20 | MCCS |

Residual Risk Rating

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

| Indicators | Type | Target |
|-----------------------------|---------|----------------------|
| Number of Cyber Breaches | Lagging | 0 |
| IT Replacement Program | Leading | On Target |
| Number of System Downtime | Lagging | No Target Identified |
| Management of System Access | Leading | Documented |

Comments

Reviewed by Management Team - June 2020

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

| Status of Actions | Comments |
|--|--------------------------|
| Progress stalled due to responding to COVID-19 | Defer due date to Jun 21 |
| Progress stalled due to responding to COVID-19 | Defer due date to Nov 20 |
| Progress stalled due to responding to COVID-20 | Defer due date to Jun 21 |
| Progress stalled due to responding to COVID-19 | Defer due date to Dec 20 |
| Progress stalled due to responding to COVID-19 | Defer due date to Dec 21 |

| Result | Trend since last review? | Comments |
|-----------------------|--------------------------|-------------------------|
| 0 | Constant | |
| Not rated this review | | Introduce rating Jun 21 |
| | | Identify target Dec 20 |
| Not rated this review | | Introduce rating Dec 20 |

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.

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 | Jun-19 | Adequate |
| Staff Recruitment Process (includes Police Clearance) | Preventative | Feb-19 | Adequate |
| Staff Inductions | Preventative | Feb-19 | Adequate |
| External Audits | Preventative | Dec-19 | Adequate |
| Annual Drivers Licence Checks | Preventative | Nov-19 | Adequate |
| Social Media Policy | Preventative | Dec-17 | Adequate |
| Segregation of Duties (Financial) | Preventative | Ongoing | Adequate |
| General Financial Transactions Policy | Preventative | Jun-18 | Adequate |
| Delegation Control - Synergy | Preventative | Ongoing | Adequate |
| Financial Interests Returns Declarations | Preventative | Ongoing | Adequate |
| Primary and Annual Returns Process | Preventative | Ongoing | Adequate |
| Procurement Delegation Control - Synergy | Preventative | Ongoing | Adequate |
| Cash Handling Policy and Procedures | Preventative | Feb-19 | Adequate |
| Corporate Credit Card Policy | Preventative | May-19 | Adequate |
| Delegated Authority for Procurement | Preventative | Nov-19 | Adequate |
| Elected Member Training Plan | Preventative | Ongoing | Adequate |
| Audit & Risk Committee | Preventative | Nov-19 | Adequate |
| IT Security Access Register (Profiles & Passwords) | Preventative | Monthly | Adequate |
| Purchasing Policy & Procurement Process | Preventative | Jun-18 | Adequate |
| Tender Procurement Process | Preventative | Unknown | Adequate |
| Financial Management Systems Review | Preventative | Sep-19 | Adequate |
| Regulation 17 Review | Preventative | Dec-19 | Adequate |
| Code of Conduct | Preventative | Apr-17 | Adequate |

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

| Actions (Treatments) | Due Date | Responsibility |
|--|----------------|----------------|
| Review and Document Organisations Controls and Systems | Dec-20 | CEO / MCCS |
| Centralise Checklists, Controls and Procedures | Dec-20 | CEO / MCCS |
| Review Fuel Stock Control and Process | May-20 | MCCS / MWA |
| Present Regulation 17 Review to Audit & Risk Committee | Annually - Dec | CEO |
| Review Purchasing Policy & Procurement Process | May-20 | MCCS |
| Review Social Media Policy 3.11 | Mar-20 | EGO |
| Review Code of Conduct | Jun-20 | CEO / EGO |
| Conduct Drivers Licence Check Annually | Annually - Feb | MCCS/MWA |

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

| Indicators | Type | Target |
|--|---------|--------|
| Audit Findings | Lagging | 0 |
| Disregarding or Manipulating Procurement Process | Leading | 0 |
| Breaches of Code of Conduct | Lagging | 0 |
| Internal & External Complaints | Lagging | 0 |
| Adherence to Internal Controls | Leading | 0 |
| Comments | | |
| Reviewed by Management Team - June 2020 | | |
| Frameworks - the overarching structure to include adopted policies, documented controls, plans and strategies. | | |

| Status of Actions | Comments |
|--|---|
| Progressing | Introducing Altus Procurement |
| Progressing | |
| Completed | Allocation in 2020/2021 Budget to install a new system |
| Completed | Defer due date to Dec 21 |
| Presenting to A & R Committee July 20 | |
| Social Media Policy 3.11 reviewed April 20 | Introduced Council Member Communication & Use of Social Media Policy Dec 2019 |
| Presenting to A & R Committee July 20 | |
| Completed | |

| Result | Trend since last review? | Comments |
|-----------------------|--------------------------|-----------------------------------|
| Not rated this review | | Indicator & target to be reviewed |
| Not rated this review | | Indicator & target to be reviewed |
| | | |
| 0 | | |
| Not rated this review | | Indicator & target to be reviewed |

Project / Change Management

Jun-20

| 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 <i>This does not include new plant & equipment purchases. Refer "Inadequate Asset Sustainability Practices"</i> |

| 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 | | Not Rated |
| 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-20 | MCCS |
| Develop Communication and Engagement Framework | Jun-20 | CEO / CDO |
| | | |
| | | |

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

| Indicators | Type | Target |
|---|---------|--------|
| Minimisation of Project Variations | Lagging | 90% |
| Achievement of Project Deadlines / Milestones | Leading | 90% |
| | | |

| Comments |
|--|
| Reviewed by Management Team - June 2020 |
| Frameworks - the overarching structure to include adopted policies, documented controls, plans and strategies. |

| Status of Actions | Comments |
|---|---------------------------------|
| Not yet commenced | Likely to be deferred to Jun 21 |
| Progress stalled due to staff changeovers | Deferred to Oct 20 |
| | |
| | |

| Result | Trend since last review? | Comments |
|-----------------------|--------------------------|-------------------------|
| Not rated this review | | Introduce rating Sep 20 |
| Not rated this review | | Introduce rating Sep 20 |
| | | |
| | | |

Supplier / Contract Management

Jun-20

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:

- 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 | Jul-19 | Adequate |
| Financial Management Framework | Preventative | Mar-17 | Adequate |
| Access to Independent Advice (WALDORF Lawyers) & Peer Review | Preventative | Sep-19 | Adequate |
| | | | |
| | | | |
| Overall Control Ratings: | | | Adequate |

| Actions (Treatments) | Due Date | Responsibility |
|--|----------|----------------|
| Review Purchasing Policy | May-20 | MCCS |
| Develop Standardised Contracts | Ongoing | CEO / MCCS |
| Document Financial Controls | Ongoing | MCCS |
| Develop Appropriate Financial Reporting Tools | Ongoing | MCCS |
| Develop Centralised Contract Management System | Ongoing | CEO / MCCS |

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

| Indicators | Type | Target |
|---|---------|--------|
| Contracts Reviewed And Maintained | Leading | 90% |
| Number of Expired Contracts Not Yet Renewed | Lagging | 90% |
| | | |
| | | |

Comments

Reviewed by Management Team - June 2020

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

| Status of Actions | Comments |
|---|---|
| To be presented to A & R Committee Jul 20 | |
| Standardised MOUs, Service Level Agreements, Tenancy Agreements | |
| Progressing | |
| Progressing | Introducing Altus COA, Procurement followed by Payoll |
| Investigating | |

| Result | Trend since last review? | Comments |
|-----------------------|--------------------------|-------------------------|
| Not rated this review | | Introduce rating Dec 20 |
| Not rated this review | | Introduce rating Dec 20 |
| | | |
| | | |

| | | |
|-----------------------|---|--|
| POLICY NUMBER | - | 4.11 |
| POLICY SUBJECT | - | 4.11 Purchasing Policy |
| DATE ADOPTED | - | 28 March 2017 (Item 10.1.8) |
| RESPONSIBLE OFFICER | - | Manager Corporate & Community Services |
| REVIEWED | - | 26 June 2018 (Item 10.1.8) |
| REVIEWED | - | 21 April 2020 (CMRef 0178) |
| REVIEWED | - | 16 June 2020 (CMRef 0213) |

Objective

The objectives of this Policy are to ensure that all purchasing activities:

1. demonstrate that best value for money is attained for the Shire of Dowerin;
2. are compliant with relevant legislations;
3. are recorded in compliance with the *State Records Act 2000* and associated records management practices and procedures of the Shire of Dowerin;
4. mitigate probity risk, by establishing consistent and demonstrated processes that promotes openness, transparency, fairness and equity to all potential suppliers;
5. ensure that the sustainable benefits, such as environmental, social and local economic factors are considered in the overall value for money assessment; and
6. are conducted in a consistent and efficient manner across the Shire of Dowerin and that ethical decision making is demonstrated.

Policy

This policy applies to all Officers purchasing goods or services on behalf of the Shire and/or using Shire funds. It documents the responsibilities attached to the making purchases on behalf of the Shire.

Ethics & Integrity/Code of Conduct

All employees of the Shire of Dowerin undertaking purchasing activities must have regard for the Code of Conduct requirements and shall observe the highest standards of ethics and integrity. All employees of the Shire of Dowerin must act in an honest and professional manner at all times which supports the standing of the Shire of Dowerin.

Purchasing Principles

The following principles, standards and behaviours must be observed and enforced through all stages of the purchasing process to ensure the fair and equitable treatment of all parties:

1. full accountability shall be taken for all purchasing decisions and the efficient, effective and proper expenditure of public monies based on achieving value for money;
2. all purchasing practices shall comply with relevant legislation, regulations, and requirements consistent with the Shire of Dowerin's policies and Code of Conduct;
3. purchasing is to be undertaken on a competitive basis where all potential suppliers are treated impartially, honestly and consistently;
4. all processes, evaluations and decisions shall be transparent, free from bias and fully documented in accordance with applicable policies, audit requirements and relevant legislation; and

- any actual or perceived conflicts of interest are to be identified, disclosed and appropriately managed; and any information provided to the Shire of Dowerin's by a supplier shall be treated as commercial-in-confidence and should not be released unless authorised by the supplier or relevant legislation.

Value for Money

Value for money is determined when the consideration of price, risk and qualitative factors that are assessed to determine the most advantageous outcome to be achieved for the Shire of Dowerin. As such, purchasing decisions must be made with greater consideration than obtaining lowest price, but also to incorporate qualitative and risk factors into the decision.

Application

An assessment of the best value for money outcome for any purchasing process should consider:

- all relevant Total Costs of Ownership (TCO) and benefits including transaction costs associated with acquisition, delivery, distribution, as well as other costs such as but not limited to holding costs, consumables, deployment, maintenance and disposal;
- the technical merits of the goods or services being offered in terms of compliance with specifications, contractual terms and conditions and any relevant methods of assuring quality, including but not limited to an assessment of levels and currency of compliances, value adds offered, warranties, guarantees, repair and replacement policies, ease of inspection, ease of after sales service, ease of communications etc. financial viability and capacity to supply without risk of default (competency of the prospective suppliers in terms of managerial and technical capabilities and compliance history);
- a strong element of competition in the allocation of orders or the awarding of contracts. This is achieved by obtaining a sufficient number of competitive quotations wherever practicable;
- the safety requirements associated with both the product design and specification offered by suppliers and the evaluation of risk when considering purchasing goods and services from suppliers;
- purchasing of goods and services from suppliers that demonstrate sustainable benefits and good corporate social responsibility; and
- in conjunction with Policy 4.15 – Regional Price Preference Policy.

Authorised Officer Limits

The following Officers are authorised to sign orders on behalf of Council within the limits stated provided such proposed purchases are contained within the Budget and [there is sufficient allocation remaining in the applicable general ledger.](#) ~~are within the Officer's area of activity.~~

| Position | Amount |
|--|-------------------------|
| Chief Executive Officer | Unlimited |
| Manager Works & Assets | \$50,000 |
| Manager Corporate & Community Services | \$50,000 |
| Executive & Governance Officer | \$5,000 |

[In scenarios where an Internal Acting Chief Executive Officer is appointed, to ensure appropriate segregation of duties is achieved, the following authorised limits are applicable:](#)

| Position | Amount |
|--|--------------------------|
| Executive & Governance Officer | \$10,000 |

Purchasing Value Definition

Determining purchasing value is to be based on the following considerations:

1. Exclusive of Goods and Services Tax (GST);
2. The actual or expected value of a contract over the full contract period, including all options to extend;
3. The extent to which it could be reasonably expected that the Shire of Dowerin will continue to purchase a particular category of goods, services or works and what total value is or could be reasonably expected to be purchased;
4. Using best practice consideration if a purchasing threshold is reached within three years for a particular category of goods, services or works, applying the requirement under the relevant threshold (including the tender threshold); and
5. Must incorporate any variation to the scope of the purchase and be limited to a 10% variation and/or tolerance of the original purchasing value.

Purchasing from Existing Contracts

Where the Shire of Dowerin has an existing contract in place, it must ensure that goods and services required are purchased under these contracts to the extent that the scope of the contract allows. When planning the purchase, the Shire of Dowerin must consult its Contracts Register in the first instance before seeking to obtain quotes and tenders on its own accord.

Purchasing Thresholds

| Purchase Value Threshold | Purchasing Requirement |
|---------------------------------|--|
| Up to \$5,000 | Purchase directly from a supplier using a Purchase Order or Corporate Credit Card by obtaining at least one (1) oral or written quotation from a suitable supplier, either from: <ol style="list-style-type: none">1. an existing panel of pre-qualified suppliers administered by the Shire of Dowerin; or2. a pre-qualified supplier on the WALGA Preferred Supply Program or State Government Common Use Arrangement (CUA); or3. from the open market.4. Any oral quote must be supported by a written file note with all details noted. |
| Over \$5,000 and up to \$50,000 | Obtain at least three (3) written quotations from suppliers that follow a brief which outlines the specific requirement, from either: <ol style="list-style-type: none">1. an existing panel of pre-qualified suppliers administered by the Shire of Dowerin; or2. a pre-qualified supplier on the WALGA Preferred Supply Program or State Government CUA; or3. from the open market. |

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| Over \$50,000 and up to \$250,000 | <p>Obtain at least three (3) written quotations from suppliers by formal invitation under a Request for Quotation, containing price and detailed specification of goods and services required. The procurement decision is to be based on pre-determined evaluation criteria that assesses all value for money considerations in accordance with the definition stated within this Policy.</p> <p>Quotations within this threshold may be obtained from:</p> <ol style="list-style-type: none"> 1. an existing panel of pre-qualified suppliers administered by the Shire of Dowerin; or 2. a pre-qualified supplier on the WALGA Preferred Supply Program or State Government CUA; or 3. from the open market. <p>Requests for quotation from a pre-qualified panel of suppliers (whether administered by the Shire of Dowerin through the WALGA preferred supply program or State Government CUA) are not required to be invited using a Request for Quotation form, however at least three written quotes are still required to be obtained.</p> |
| Over \$250,000 | <p>Where the purchasing requirement is not suitable to be met through a panel of pre-qualified suppliers, or any other tender- exempt arrangement as listed in this Policy, it is mandatory to conduct a public Request for Tender process in accordance with Part 4 of the <i>Local Government (Functions and General) Regulations 1996</i>, this policy and the Shire of Dowerin's tender procedures. The procurement decision is to be based on pre-determined evaluation criteria that assesses all value for money considerations in accordance with the definition stated within this Policy.</p> |

Tendering Exemptions

An exemption to publicly invite tenders may apply in the following instances:

1. the supply of goods or services is associated with a state of emergency;
2. where the contract is a renewal or extension of the terms of the original contract in certain circumstances related to a state of emergency;
3. the purchase is obtained from a pre-qualified supplier under the WALGA Preferred Supply Program or State Government Common Use Arrangement;
4. the purchase is from a Regional Local Government or another Local Government;
5. the purchase is from a pre-qualified supplier under a Panel established by the Shire of Dowerin; or
6. any of the other exclusions under Regulation 11 of the Regulations apply.

When making a decision about whether to conduct a public Tender or utilise a Tender exempt arrangement, the Local Government should compare the cost and benefits of both processes. The compliance requirements, time constraints, costs and risks associated with a public Tender should be evaluated against the value delivered by such a process. This should then be compared with the costs and benefits of using a Tender exempt arrangement which include direct access to pre-qualified suppliers, full regulatory compliance, risk mitigation, administrative efficiencies and cost savings.

Inviting Tenders Under the Tender Threshold

Where considered appropriate and beneficial, the Shire of Dowerin may consider publicly advertising Tenders in lieu of undertaking a Request for Quotation for purchases under the tender threshold. This decision should be made after considering the benefits of this approach in comparison with the costs, risks, timeliness and compliance requirements and also whether the purchasing requirement can be met through the WALGA Preferred Supply Program or State Government CUA.

If a decision is made to undertake a public Tender for contracts expected to be \$250,000 or less in value, the Shire of Dowerin's tendering procedures must be followed in full.

Sole Source of Supply

Where the purchasing requirement is over the value of \$5,000 and of a unique nature that can only be supplied from one supplier, the purchase is permitted without undertaking a tender or quotation process. This is only permitted in circumstances where the Shire of Dowerin is satisfied and can evidence that there is only one source of supply for those goods, services or works. The Shire of Dowerin must use its best endeavours to determine if the sole source of supply is genuine by exploring if there are any alternative sources of supply. Once determined, the justification must be endorsed by either the Chief Executive Officer, Manager Corporate & Community Services or Manager Works & Assets, prior to a contract being entered into. From time to time, the Shire of Dowerin may publicly invite an expression of interest to effectively determine that one sole source of supply still genuinely exists.

Anti-Avoidance

The Shire of Dowerin shall not enter into two or more contracts or create multiple purchase order transactions of a similar nature for the purpose of "splitting" the value of the purchase or contract to take the value of the consideration of the purchase below a particular purchasing threshold, particularly in relation to Tenders and to avoid the need to call a public Tender.

Emergency Purchases

An emergency purchase is defined as an unanticipated and unbudgeted purchase which is required in response to an emergency situation as provided for in the *Local Government Act 1995*. In such instances, quotes and tenders are not required to be obtained prior to the purchase being undertaken.

An emergency purchase does not relate to purchases not planned for due to time constraints. Every effort must be made to anticipate purchases required by the Shire of Dowerin in advance and to allow sufficient time to obtain quotes and tenders, whichever may apply.

Records Management

Records of all purchasing activity must be retained in compliance with the *State Records Act 2000* (WA), the Shire of Dowerin's Records Management Policy and associated procurement procedures.

For each procurement activity, such documents may include:

1. The procurement initiation document such as a procurement business case which justifies the need for a contract to be created (where applicable);
2. Procurement planning and approval documentation which describes how the procurement is to be undertaken to create and manage the contract;
3. Request for Quotation/Tender documentation;
4. Copy of public advertisement inviting tenders, or the notice of private invitation (whichever is applicable);
5. Copies of quotes/tenders received;
6. Evaluation documentation, including individual evaluators note and clarifications sought;
7. Negotiation documents such as negotiation plans and negotiation logs;
8. Approval of award documentation;
9. All correspondence to respondents notifying of the outcome to award a contract;
10. Contract Management Plans which describes how the contract will be managed; and
11. Copies of contract(s) with supplier(s) formed from the procurement process.

Occupational Safety and Health

An underlying principle of purchasing, hiring, leasing, or receiving donated goods, is to ensure that hazards are not introduced into the workplace without assessing the risk and implementing controls to mitigate the risk. Items that are purchased must be assessed

for their safety and health risks and other factors such as cleaning, maintenance and training staff in their use. Consultation shall be undertaken with the relevant employee(s) when new plant/equipment/substances are being purchased for the first time and where there is the potential for significant detrimental impact on health and safety of any person. The consultation process shall be documented by file or diary notes and retained as a record.

Prior to purchasing a new item, the authorised officer shall consider occupational safety and health issues as listed in the OSH Purchasing & Risk assessment of New Plant or Equipment Form (Found in the OSH Manual at 2.2.1). All new chemicals (including cleaning products) must include a Safety Data Sheet which will be provided to the Shire of Dowerin OSH Officer.

Buy Local Policy

As much as practicable, the Shire of Dowerin will:

1. where appropriate, consider buying practices, procedures and specifications that do not unfairly disadvantage local businesses;
2. consider indirect benefits that have flow on benefits for local suppliers (i.e. servicing and support);
3. ensure that procurement plans address local business capability and local content;
4. explore the capability of local businesses to meet requirements and ensure that Requests for Quotation and Tenders are designed to accommodate the capabilities of local businesses;
5. avoid bias in the design and specifications for Requests for Quotation and Tenders - all Requests must be structured to encourage local businesses to bid; and
6. provide adequate and consistent information to potential suppliers.

To this extent, a qualitative weighting may be afforded in the evaluation of quotes and tenders where suppliers are located within the boundaries of the Shire of Dowerin, or substantially demonstrate a benefit or contribution to the local economy.

Panels of Pre-Qualified Suppliers

In accordance with Regulation 24AC of the *Local Government (Functions and General) Regulations 1996*, a Panel of Prequalified Suppliers ("Panel") may be created where most of the following factors apply:

1. the Shire of Dowerin determines that a range of similar goods and services are required to be purchased on a continuing and regular basis;
2. there are numerous potential suppliers in the local and regional procurement-related market sector(s) that satisfy the test of 'value for money';
3. the purchasing activity under the intended Panel is assessed as being of a low to medium risk;
4. the Panel will streamline and will improve procurement processes; and
5. the Shire of Dowerin has the capability to establish, manage the risks and achieve the benefits expected of the proposed Panel.

The Shire of Dowerin will endeavour to ensure that Panels will not be created unless most of the above factors are firmly and quantifiably established.

Should the Shire of Dowerin determine that a Panel is beneficial to be created, it must do so in accordance with Part 4, Division 3 the *Local Government (Functions and General) Regulations 1996*.

Panels may be established for one supply requirement, or a number of similar supply requirements under defined categories within the Panel.

Panels may be established for a minimum of two (2) years and for a maximum length of time deemed appropriate by the Shire of Dowerin.

Evaluation criteria must be determined and communicated in the application process by which applications will be assessed and accepted.

Where a Panel is to be established, the Shire of Dowerin will endeavour to appoint at least three (3) suppliers to each category, on the basis that best value for money is demonstrated. Where less than three (3) suppliers are appointed to each category within the Panel, the category is not to be established.

In each invitation to apply to become a pre-qualified supplier (through a procurement process advertised through a state-wide notice), the Shire of Dowerin must state the expected number of suppliers it intends to put on the panel.

Should a Panel member leave the Panel, they may be replaced by the next ranked Panel member determined in the value for money assessment should the supplier agree to do so, with this intention to be disclosed in the detailed information set out under Regulation 24AD(5)(d) and (e) when establishing the Panel.

To satisfy Regulation 24AD(5) of the Regulations, when establishing a Panel of pre-qualified suppliers, the detailed information associated with each invitation to apply to join the Panel must either prescribe whether the Shire of Dowerin intends to:

1. Obtain quotations from each pre-qualified supplier on the Panel with respect to all purchases, in accordance with Clause 11.4; or
2. Purchase goods and services exclusively from any pre-qualified supplier appointed to that Panel, and under what circumstances; or
3. Develop a ranking system for selection to the Panel, with work awarded in accordance with Clause 11.3(b).

In considering the distribution of work among Panel members, the detailed information must also prescribe whether:

1. each Panel member will have the opportunity to bid for each item of work under the Panel, with pre-determined evaluation criteria forming part of the invitation to quote to assess the suitability of the supplier for particular items of work. Contracts under the pre-qualified panel will be awarded on the basis of value for money in every instance; or
2. work will be awarded on a ranked basis, which is to be stipulated in the detailed information set out under Regulation 24AD(5)(f) when establishing the Panel. The Shire of Dowerin is to invite the highest ranked Panel member, who is to give written notice as to whether to accept the offer for the work to be undertaken. Should the offer be declined, an invitation to the next ranked Panel member is to be made and so forth until a Panel member accepts a Contract. Should the list of Panel members invited be exhausted with no Panel member accepting the offer to provide goods/services under the Panel, the Shire of Dowerin may then invite suppliers that are not pre-qualified under the Panel, in accordance with the Purchasing Thresholds stated in section 5.5 of this Policy. When a ranking system is established, the Panel must not operate for a period exceeding 12 months. In every instance, a contract must not be formed with a pre-qualified supplier for an item of work beyond 12 months, which includes options to extend the contract.

The invitation to apply to be considered to join a panel of pre-qualified suppliers must state whether quotations are either to be invited to every member (within each category, if applicable) of the Panel for each purchasing requirement, whether a ranking system is to be established, or otherwise.

Each quotation process, including the invitation to quote, communications with panel members, quotations received, evaluation of quotes and notification of award communications must all be captured on the Shire of Dowerin's electronic records system. A separate file is to be maintained for each quotation process made under each Panel that captures all communications between the Shire of Dowerin and Panel members.

Records of all communications with Panel members, with respect to the quotation process and all subsequent purchases made through the Panel, must be kept. For the creation of a Panel, this includes:

1. The procurement initiation document such as a procurement business case which justifies the need for a Panel to be created;
2. Procurement Planning and approval documentation which describes how the procurement is to be undertaken to create and manage the Panel;
3. Request for Applications documentation;
4. Copy of public advertisement inviting applications;
5. Copies of applications received;
6. Evaluation documentation, including clarifications sought;
7. Negotiation documents such as negotiation plans and negotiation logs;
8. Approval of award documentation;
9. All correspondence to applicants notifying of the establishment and composition of the Panel such as award letters;
10. Contract Management Plans which describes how the contract will be managed; and
11. Copies of framework agreements entered into with pre-qualified suppliers.

The Shire of Dowerin is also to retain itemised records of all requests for quotation, including quotations received from pre-qualified suppliers and contracts awarded to Panel members. A unique reference number shall be applied to all records relating to each quotation process, which is to also be quoted on each purchase order issued under the Contract. Information with regards to the Panel offerings, including details of suppliers appointed to the Panel, must be kept up to date, consistent and made available for access by all officers and employees of the Shire of Dowerin.

In the case of a declared State of Emergency

Where Council, by an absolute majority vote, declare that the community is in a state of emergency the following shall apply, overriding **all** other requirements of this policy.

Value for Money

Value for money is an overarching principle governing purchasing that allows the best possible outcome to be achieved for the Shire. In the case of a declared community emergency a significant weighting will be placed on;

1. Local content - that is the extent to which the awarded work will support firstly the local, and secondly the regional community.
2. Timeliness - the ability of the service provider to undertaken and complete the works in a suitable timeframe.

Purchasing Thresholds

Where the value of procurement (excluding GST) for the value of the contract over the full contract period (including options to extend) is, or is expected to be:

Table 1 Purchasing Thresholds (excluding GST) - Minimum Requirements

| | |
|---|--|
| Less than \$10,000 | No quotation required. Officers are to use professional judgement and discretion to determine if prices or rates are value for money |
| \$10,000 to \$20,000 | Written quotations to be sought from two (2) suppliers where possible |
| \$20,000 to value specified in Regulations requiring Tender | Three (3) written quotations, where possible, or purchase through the WALGA Preferred Supply Program or State Government CUA |
| Above value specified in Regulations requiring Tender | As per Tender Regulations |

Regulatory Compliance

Local Government (Functions and General) Regulations 1996 Part 4 Division 2

Tender Criteria

The Shire shall, before tenders are publicly invited, determine in writing the criteria for deciding which tender should be accepted. Please refer Delegations Register to determine the appropriate selection criteria.

The evaluation panel shall be established prior to the advertising of a tender and include a mix of skills and experience relevant to the nature of the purchase.

Receiving Tenders Electronically

All tenders are to be received via email to tenders@dowerin.wa.gov.au.

Tender Deadline

A tender that is not received in full in the required format by the advertised Tender Deadline shall be rejected.

Opening of Tenders

No tenders are to be opened (read or evaluated) prior to the Tender Deadline.

Tenders are to be opened by a Manager and one other officer.

If the above Officer's are not available the Officers' delegated nominee and at least one other Council Officer may open the Tender. The details of all tenders received and opened shall be recorded in the Tenders Register.

Tenders are to be opened in accordance with the advertised time and place. There is no obligation to disclose or record tendered prices at the tender opening, and price information should be regarded as commercial-in-confidence to the Shire.

No Tenders Received

Where the Shire has invited tenders, however no compliant submissions have been received, direct purchases can be arranged on the basis of the following:

1. a sufficient number of quotations are obtained;
2. the specification for goods and/or services remains unchanged;
3. purchasing is arranged within 6 months of the closing date of the lapsed tender;
4. Council approval must be sought.

Tender Evaluation

Tenders that have not been rejected shall be assessed by the Shire by means of a written evaluation against the pre-determined criteria. The tender evaluation panel shall assess each tender that has not been rejected to determine which tender is most advantageous.

Addendum to Tender

If, after the tender has been publicly advertised, any changes, variations or adjustments to the tender document and/or the conditions of tender are required, the Shire may vary the initial information by taking reasonable steps to give each person who has sought copies of the tender documents notice in writing of the variation.

Minor Variation

If after the tender has been publicly advertised and a successful tenderer has been chosen but before the Shire and tenderer have entered into a Contract, a minor variation may be made by the Shire.

A minor variation will not alter the nature of the goods and/or services procured, nor will it materially alter the specification or structure provided for by the initial tender.

Roles and Responsibilities**Chief Executive Officer**

The Chief Executive Officer is responsible for implementing this policy and for bringing it to Council for review.

Management Team

The Management team is responsible for ensuring their direct reports are aware of, and comply with, this policy.

Staff

Staff have the responsibility of being aware of the policy and adhering to it in respect of all procurement activities.

Related Documentation**Related Legislation/Local Law/Policy/Procedure**

Local Government Act 1995

Local Government (Functions & General) Regulations 1996

Policy 4.15 - Regional Price Preference Policy

Related Delegation

DL4.1 - Expressions of Interest for Goods & Services

DL4.2 - Tenders for Goods & Services

DL4.3 - Panels of Pre-Qualified Suppliers for Goods & Services

DL4.4 - Application of Regional Price Preference Policy

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| PURCHASING PROCEDURE |  <p style="font-size: small; margin: 0;">SHIRE OF DOWERIN TIN DOG TERRITORY</p> |
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**Objective:**

To manage purchases made by the Shire and provide authority to make a purchase. Ensure there is transparency, accountability and budget adherence when making purchases.

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| 1. | <p>Request or receive approval for purchase</p> <ul style="list-style-type: none"> a. Confirm need for purchase (is it in the budget, required for a project, needed for operational requirements etc) b. Determine if there is a Conflict of Interest <i>NOTE: What if there is a conflict of interest?</i> Declare your interest and exclude yourself from the procurement process. If an Interest is declared attached a copy of the Conflict of Interest Form to the purchase order/invoice and provide the original copy to the EGO to record on the Disclosure of Interest Register. c. Confirm with the budget owner/directorate if the purchase is acceptable d. Verify that the required funds are available from the applicable General Ledger account code |
| 2. | <p>Obtain and assess quotes</p> <ul style="list-style-type: none"> a. Obtain quotes from suppliers in accordance with the thresholds in the Purchasing Policy (Policy 4.11) <i>NOTE: Where possible, Council's intent and preference is to buy local and support local businesses</i> b. Decide on the best quote or where to purchase from (consider purchasing principles as mentioned in the Purchasing Policy and the supplier's capacity to deliver the goods/services) c. Is the supplier set up as a Creditor on Synergy? If not, have them complete and submit a New Creditors Application Form |
| 3. | <p>Complete a Purchase Order Request Form</p> <ul style="list-style-type: none"> a. Be sure to provide a full and sufficient description of the goods and/or services so they can be clearly identified b. Provide details of the quote(s) received c. Include the General Ledger code or Job Code (including the Cost Code & Element as applicable) d. Attach supporting paperwork (as generated in the steps above) to the Purchase Order Request Form e. Provide documentation to an Officer with the appropriate Authorisation Limit to sign and approve the purchase order (Refer Purchasing Policy for threshold limits and authorised positions as well as the Scenario listing as detailed at the end of this procedure) |
| 4. | <p>Place completed Purchase Order Request Form in the incoming Purchase Order tray at the back of the finance area</p> |
| 5. | <p>Finance Officer(s) enter the Purchase Order details into Synergy</p> <ul style="list-style-type: none"> a. Purchase Orders b. New c. Enter Creditor Name or Code d. Date Reqd - T e. Order Value - Total Cost f. Auth Officer - Select Finance Officer as position processing the purchase order request g. Line Items Tab h. Account the purchase will be charged to i. Description - Put a summary of the charge account first followed by a description of the goods (eg. PARK - Reticulation supplies or if it is an annual order "ANNUAL ORDER" is first) j. Enter quantity, unit cost and line totals k. If more than one product, select Add Row and follow the same process |

PURCHASING PROCEDURE

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| | <ul style="list-style-type: none">l. Save once completedm. Line Itemsn. Select relevant purchase orderso. Print Selectedp. Process Print (Suppliers copy and Office Copy) |
| 5. | Complete the Finance Use Only section on the bottom of the Purchase Order Request Form and place the relevant Purchase Order to the front of the Request Form and supporting documentation |
| 6. | Sign Purchase Order (ensuring Authorised Approval has been given) and scan/email a copy of the Supplier Copy to the person who requested the Purchase Order |
| 7. | Place the Office Purchase Order Copy in tray to be retained and checked in accordance with the following Scenario listing upon receipt of both goods/services and the tax invoice |

PURCHASING PROCEDURE



| Purchasing Activity Steps | Internal A/CEO Appointed | | | |
|--|--|---|--|--|
| | Scenario 1 Works purchasing activity | Scenario 2 Corp & Comm purchasing activity | Scenario 3 CEO on leave - Works purchasing activity | Scenario 4 CEO on leave - Corp & Comm purchasing activity |
| Initiate requisition and/or purchase order | MWA | MCCS | EGO* | EGO* |
| Review and approve purchase order | Finance Officer 1 or 2 | Finance Officer 1 or 2 | Finance Officer 1 or 2 | Finance Officer 1 or 2 |
| Receives goods (creates record of such) | Any employee other than the MWA (ie WAO) | Any employee other than the MCCS (ie Finance Officer 3) | Any employee other than the EGO (ie WAO) | Any employee other than the EGO (ie Finance Officer 3) |
| Authorises invoice for payment (checks against purchase order and record of goods received) | CDO | EGO (or CDO) | CDO (or Finance Officer 3) | WAO (or CDO) |
| Due diligence verification of supplier (ie not a sham invoice/company), purchase order, goods received record and invoice authorisation, recommends for payment (or not) | Finance Officer 1 or 2 | Finance Officer 1 or 2 | Finance Officer 1 or 2 | Finance Officer 1 or 2 |
| Reviews evidence, makes further enquiries if necessary before approving payment under delegated authority | CEO | CEO | A/CEO | A/CEO |

**Within authorised threshold limits as detailed in Policy 4.11 - Purchasing Policy*

Created: 9 July 2020 - EGO

Reviewed: