

AGENDA FOR THE AUDIT COMMITTEE

Tuesday, 22 November 2016

Council Chambers
6177 Great Northern Highway
Bindoon

Commencement: 4.30pm



Disclaimer

The purpose of this Council meeting is to discuss and, where possible, make resolutions about items appearing on the agenda.

Whilst Council has the power to resolve such items and may in fact, appear to have done so at the meeting, no person should rely on or act on the basis of such decision or on any advice or information provided by a member or officer, or on the content of any discussion occurring, during the course of the meeting.

Persons should be aware that the provisions of the *Local Government Act 1995* (section 5.25 (e)) establish procedures for revocation or rescission of a Council decision. No person should rely on the decisions made by Council until formal advice of the Council decision is received by that person.

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

Procedure for Public Question Time

The Council extends a warm welcome to you in attending any meeting of the Council. Council is committed to involving the public in its decision making processes whenever possible, and the ability to ask questions during 'Public Question Time' is of critical importance in pursuing this public participation objective.

Council (as required by the *Local Government Act 1995*) sets aside a period of 'Public Question Time' to enable a member of the public to put up to two (2) questions to Council. Questions should only relate to the business of Council and should not be a statement or personal opinion. Upon receipt of a question from a member of the public, the Shire President may either answer the question or direct it to a Councillor or an Officer to answer, or it will be taken on notice.

Having regard for the requirements and principles of Council, the following procedures will be applied in accordance with the *Shire of Chittering Local Government (Council Meetings) Local Law 2014*:

1. Public Questions Time will be limited to fifteen (15) minutes.
2. Public Question Time will be conducted at an Ordinary Meeting of Council immediately following "Responses to Previous Public Questions Taken on Notice".
3. Each member of the public asking a question will be limited to two (2) minutes to ask their question(s).
4. Questions will be limited to two (2) per person.
5. Please state your name and address, and then ask your question.
6. Questions should be submitted to the Chief Executive Officer in writing by **5pm on the day before the meeting and be signed by the author**. This allows for an informed response to be given at the meeting.
7. Questions that have not been submitted in writing by 5pm on the day before the meeting will be responded to if they are straightforward.
8. If any question requires further research prior to an answer being given, the Presiding Member will indicate that the "question will be taken on notice" and a response will be forwarded to the member of the public following the necessary research being undertaken.
9. Where a member of the public provided written questions then the Presiding Member may elect for the questions to be responded to as normal business correspondence.
10. A summary of the question and the answer will be recorded in the minutes of the Council meeting at which the question was asked.

During the meeting, no member of the public may interrupt the meetings proceedings or enter into conversation.

Members of the public shall ensure that their mobile telephone and/or audible pager is not switched on or used during any meeting of the Council.

Members of the public are hereby advised that use of any electronic, visual or audio recording device or instrument to record proceedings of the Council is not permitted without the permission of the Presiding Member.

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* indicates separate attachments

Notice is hereby given that the next meeting of the **Audit Committee** will be held on **Tuesday, 22 November 2016** in the Council Chambers, Bindoon commencing at **4.30pm**.



ALAN SHERIDAN
Chief Executive Officer

1. DECLARATION OF OPENING OF MEETING / ANNOUNCEMENTS OF VISITORS

The Presiding Member to declare the meeting open.

2. RECORD OF ATTENDANCE / APOLOGIES / APPROVED LEAVE OF ABSENCE

2.1 Attendance

2.2 Apologies

Ms Jean Sutherland Executive Manager Corporate Services

2.3 Approved leave of absence

Council has previously approved leave of absence for Cr Peter Osborn for the period inclusive of Thursday, 17 November 2016 to Sunday, 27 November 2016 (Resolution 031016).

3. DISCLOSURE OF INTEREST

4. PUBLIC QUESTION TIME

4.1 Public question time

5. CONFIRMATION OF MINUTES – Wednesday, 17 February 2016

5.1 OFFICER RECOMMENDATION

That the minutes of the Audit Committee meeting held on Wednesday, 17 February 2016 be confirmed as a true and correct record of proceedings.

6. PURPOSE OF MEETING

6.1 Review of Risk Management, Internal Controls and Legislative Compliance*

Report date	22 November 2016
Applicant	Shire of Chittering
File ref	27/01/2
Prepared by	Alan Sheridan, Chief Executive Officer
Supervised by	Alan Sheridan, Chief Executive Officer
Voting requirements	Simple Majority
Documents tabled	Nil
Attachments	1. Risk Management Governance Framework 2. Risk Profile Assessment Sheets

Executive Summary

The Audit Committee is requested to consider the following report relating to Council's systems and procedures for risk management, internal controls and legislative compliance.

Background

Audit Regulation No. 17 of the *Local Government (Audit) Regulations 1996* was introduced on 8 February 2013. The Regulation requires that the Chief Executive Officer 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.

A review of this kind is to be undertaken at least once every two years. The first such review was submitted to the Audit Committee and Council in December 2014. As such, a review, in accordance with Audit Regulation No. 17 is required by December 2016.

Consultation

For the 2014 Review, LGIS Risk Management assisted Council staff with the preparation of Risk Management Governance Framework (refer Attachment 1). At the time, Council's Executive Team met on a number of occasions to develop the Risk Profile Assessments.

Council's Executive Team met again on 13 October 2016 to review the Risk Profile Assessments and to update / amend the assessment sheets (refer Attachment 2).

Statutory Environment

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

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 at least once every 2 calendar years.*
- (3) *The CEO is to report to the audit committee the results of that review.*

Policy Implications

Local: Policy 1.16 Risk Management Policy

Financial Implications

There are no financial implications in considering this item.

Strategic Implications

There are no strategic implications in considering this item.

Site Inspection

Not applicable

Triple Bottom Line Assessment

Economic implications

There are no known significant economic implications associated with this proposal.

Social implications

There are no known significant social implications associated with this proposal.

Environmental implications

There are no known significant environmental implications associated with this proposal.

Comment

In 2014 LGIS Risk Management were engaged to develop a "Risk Management Governance Framework", which consists of the Risk Management Policy and Risk Management Producers. At the same time, the Chief Executive Officer used the independent Financial Management Review conducted by UHY Haines Norton dated March 2013, which was endorsed by Council in May 2013.

In accordance with the *Local Government (Financial Management) Regulations 1996*, an Independent Financial Management Review is required to be conducted every four years. The next review is scheduled for early 2017.

Appendix 3 of *Operational Guideline Number 09 – Audit in Local Government* (issued by the Department of Local Government and Communities) lists issues that should be considered for inclusion in the Chief Executive Officer’s Review of Risk Management, Internal Control and Legislative Compliance, as follows:

a) Risk Management

Number	Details	Comment
1	<i>Does the local government have an effective risk management system?</i>	<p>A suitable risk management framework has been adopted which aims to balance a documented, structured and systematic process with the current size and complexity of the Shire along with existing time, resource and workload pressures.</p> <p>Council <i>Policy 1.16 Risk Management</i> (adopted in 2014) establishes the framework for effective risk management within the Council. The aim of the policy is to achieve best practice risk management in accordance with AS/NZS ISO 31000:2009 Risk Management.</p> <p>In 2014, LGIS Risk Management was engaged to assist Council with the development of a Risk Management Governance Framework and Risk Management Procedures. At the time, Risk Profile Sheets were developed for identified risks. These were reviewed and updated in October 2016 (refer Attachment 2).</p>



Number	Details	Comment
2	<p><i>Are material operating risks to the local government being appropriately considered?</i></p>	<p>The adopted Risk Management Framework is based on a “Three Lines of Defence” model for the management of risk. This model ensures roles, responsibilities and accountabilities for decision making are structured to demonstrate effective governance and assurance.</p> <p>In summary, operational areas of the Shire are considered the 1st Line of Defence - managers are responsible for ensuring that risks are identified, assessed, managed, monitored and reported. The Executive Manager Corporate Services acts as the primary 2nd Line of Defence - the position owns and manages the framework for risk management. Internal and External Audit are the 3rd Line of Defence – providing independent verification on the effectiveness of processes and systems.</p> <p>By operating within the framework risks are managed effectively to support the delivery of the Strategic, Corporate and Operational Plans.</p> <p>The Risk Management Framework has been subject to review by the Executive Management Team (October 2016). As a result, 15 major risk themes were identified for assessment, being:</p> <ol style="list-style-type: none"> (1) Misconduct (2) External theft and fraud (inc. Cyber Crime) (3) Business & community disruption (4) Errors, omissions, delays (5) Failure of IT &/or Communications Systems and Infrastructure (6) Failure to fulfil statutory, regulatory or compliance requirements (7) Providing inaccurate advice / information (8) Inadequate Document Management Processes (9) Inadequate safety and security practices (10) Inadequate engagement practices (11) Inadequate asset sustainability practices (12) Inadequate Supplier / Contract Management (13) Ineffective employment practices (14) Ineffective management of facilities / venues / events (15) Inadequate environmental management. <p>Updated / reviewed Risk Profile Assessment Sheets can be found in Attachment 2.</p>
3	<p><i>Does the local government have a current and effective business continuity plan (including disaster recovery) which is tested from time to time?</i></p>	<p>The Shire’s first Business Continuity Plan was finalised in April 2013. LGIS Risk Management was engaged to assist with the preparation of the plan.</p> <p>The plan was tested, in part, as part of the LEMC Exercise conducted on 11 October 2016.</p> <p>The Continuity Plan requires updating to reflect the current structure / staffing arrangements and to review the general layout and content of the plan.</p> <p>Further testing of the updated plan is required to ensure systems / communications can operate effectively during time of activation.</p> <p>Update of the plan will be undertaken prior to the end of 2016 with testing to occur in 2017.</p>



Number	Details	Comment
4	<p><i>How effective are the internal processes for determining and managing material operating risks in accordance with the local government's identified tolerance for risk, particularly in the following areas:</i></p> <ul style="list-style-type: none"> <i>a. Potential non-compliance with legislation, regulations and standards and the local government's policies;</i> <i>b. Important accounting judgements or estimates that prove to be wrong;</i> <i>c. Litigation and claims;</i> <i>d. Misconduct, fraud and theft; and</i> <i>e. Significant business risks, recognising responsibility for general or specific risk areas, for example, environmental risk, occupational health and safety and how they are managed by the local government.</i> 	<p>Refer to Attachment 2.</p>
5	<p><i>Are regular risk reports, which identify key risks, the status and the effectiveness of the risk management systems, provided to ensure that identified risks are monitored and new risks are identified, mitigated and reported.</i></p>	<p>All new works sites are risk assessed (Take 5 and /or Job Safety Analysis - JSA) and documented by staff and contractors. Risk assessment reports are also produced and appropriate arrangements put in place for public events (e.g. Wear- Ya-Wellies, Taste of Chittering).</p> <p>Training is regularly programmed for specific and high risk activities including first aid, chainsaw, manual handling, workplace behaviours and compilation of JSA's. Load restraint training is programmed for early 2017.</p> <p>Worksafe has provided a regional OSH checklist which identifies high risk areas relating to Regional Local Governments. This information is being used to test competencies and identify any deficiencies (which are in the process of being addressed).</p> <p>Additional emphasis has been placed on OSH at Toolbox Meetings and Managers / Staff are rotated through OSH Meetings (held quarterly) to increase awareness throughout the organisation.</p> <p>All contractors are now required (implemented in 2016) to undertake the LGIS Contractor Induction. As part of this process, contractors are required to provide all insurance and licence documentation.</p>

Number	Details	Comment
6	<p><i>Are the local government's processes to manage insurable risks adequate? How adequate is insurance cover, and if applicable, the level of self-insurance?</i></p>	<p>Council's insurance cover and policy coverage is reviewed annually with Council's Insurance Broker (LGIS) to ensure appropriate insurances and cover amounts are in place.</p> <p><i>Local Government (Financial Management) Regulations 1996, Regulation 17A requires the revaluation of all assets every three years. An insurance revaluation will be undertaken during the 2016/17 budget process to ensure the insurance values remain appropriate.</i></p> <p>Property insurance values were last assessed by Griffin Valuers (licensed valuers) in 2013 and the insurance values register was amended accordingly. Properties are due to be re-valued in 2016/17.</p> <p>During non-revaluation years, insurance values are generally adjusted in accordance with CPI movements.</p> <p><u><i>Auditor's comments for the Financial Management Review (FMR)</i></u> <i>"Discussions with staff and review of policy documents revealed policies are current and the coverage is currently adequate. Evidence also exists to suggest an annual review of insurance risks occurs".</i></p>

Number	Details	Comment
7	<p><i>Has the effectiveness of the local government's internal control system been reviewed with management and the internal and external auditors?</i></p>	<p>Yes. In accordance with the <i>Local Government (Financial Management) Regulations 1996</i> the last internal financial management review was conducted by UHY Haines Norton in March 2013. The review was presented to Council for endorsement 15 May 2013 - no major issues were raised.</p> <p>The last review covered the period 1 July 2012 to 28 February 2013. The following financial systems and procedures of Council were examined by Council's Auditors:</p> <ul style="list-style-type: none"> • Bank Reconciliations and Petty Cash • Costs Allocations • Trust Fund • Administration Allocations • Receipts and Receivables • Minutes and Meetings • Rates • Financial Reports • Fees and Charges • Budget • Purchases, Payments and Payables (Including Purchase Orders) • Plan for the Future • Registers (Including Annual & Primary Return) • Wages and Salaries • Delegations • Fixed Assets (Including acquisition and disposal of property) • Insurance • Audit Committee • Credit Card Procedures • General Compliance issues • Storage of Documents/Record Keeping <p><u>Auditor's comments</u> <i>"Based on our work described in this report, nothing has come to our attention to indicate the Shire of Chittering has not established and maintained appropriate and effective financial management systems and procedures during the period 1 July 2012 to 28 February 2013."</i></p> <p>Note: The Chief Executive Officer is required to undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 4 financial years) and report to the local government the results of those reviews. The next review is due the first part of 2017.</p>



Number	Details	Comment
8	<p><i>Does management have controls in place for unusual types of transactions and/or any potential transactions that might carry more than an acceptable degree of risk?</i></p>	<p>....unusual types of transactions....</p> <p>In relation to unusual transactions that are once off, credit cards are used. Each staff member allocated a credit has an assigned credit limit. Guidelines for the use of credit cards are documented in Council Policy 2.11.</p> <p><u><i>Auditor’s comments for the Financial Management Review (FMR) in relation to credit card transactions</i></u></p> <p><i>“A review of Council’s credit card procedures was performed to determine if adequate controls were in place ... Overall testing was completed satisfactorily. Controls and procedures are considered to be operating effectively and are appropriate for Council’s current scope of operations”.</i></p> <p>With the recent restructure, the Manager Human Resources position has been replaced by a Payroll / HR Officer. As a result, the number of credit cards has been reduced from 6 to 5.</p> <p>...more than an acceptable degree of risk....</p> <p>Council has an “Investment of Funds” Policy 2.2 which details the types of allowable investments:</p> <p>Approved Investments <i>Investments may only be made with authorised institutions.</i> <i>Definition of an “authorised institution” is as follows:</i> <i>An authorised deposit-taking institution as defined in the Banking Act 1959 (Commonwealth) section 5; or</i> <i>The Western Australian Treasury Corporation established by the Western Australian Treasury Corporation Act 1986.</i></p> <p>Prohibited Investments <i>Investments which are not allowed are as follows:</i></p> <ul style="list-style-type: none"> • <i>Deposits with an institution except an authorised institution;</i> • <i>Deposits for a fixed term of more than 12 months;</i> • <i>Bonds that are not guaranteed by the Commonwealth Government, or a State or Territory Government;</i> • <i>Bonds with a term to maturity of more than 3 years;</i> • <i>Foreign currency.</i> <p>Additionally no transfer of funds can be transacted without the Chief Executive Officer co-signing the transfer request.</p>



Number	Details	Comment
9	<p><i>How effective and robust is the local government's procurement framework, with a focus on the probity and transparency of policies and procedures/processes? Are these procedure/processes being applied?</i></p>	<p>Council's purchasing is undertaken in accordance with its adopted Purchasing Policy 2.12 in accordance with the <i>Local Government (Functions and General) Regulations 1996</i>.</p> <p>A review of the policy is undertaken on a regular basis to ensure its relevance. The last review was undertaken 2015 and was presented to the Council OCM on 28 Oct 2015.</p> <p>The broad objectives of Council's purchasing policy is to:</p> <ul style="list-style-type: none"> • ensure conformity to processes that are designed to achieve best value for money; • improve accountability; • encourage commercial competition on the basis that all tenders will be assessed against the same criteria; • ensure consideration of environmental impact and whole of life costs; and • preserve public and tenderer confidence in local government processes; and <p>These objectives are underpinned by five essential principles as follows:</p> <ul style="list-style-type: none"> • open competition, • transparency of process, • value for money, • accountability, and • monitoring and evaluating performance.
10	<p><i>Should the need arise, does the Audit Committee meet periodically with key management, internal and external auditors and compliance staff to understand and discuss any changes in the local government's control environment?</i></p>	<p>Each member of Council is a member of the Audit committee. The Council meets with its Auditor every year to discuss the results of the annual audit and otherwise meets as required.</p>
11	<p><i>Have fraud and misconduct risks been identified, analysed and evaluated? Has an appropriate treatment plan been implemented, communicated and monitored? Is there regular reporting and ongoing management of fraud and misconduct risks?</i></p>	<p>Yes - refer to the Shire of Chittering risk theme "External Theft and Fraud" in Attachment 2.</p> <p>There have been no reported cases of fraud.</p>

b) Internal Control

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

Comment

The following controls have been reviewed:

Number	Control	Comment
1	<i>Separation of roles and functions processing and authorisation</i>	All financial roles have appropriate levels of separation, which have been confirmed by Council's Auditors, i.e. Creditors payments cannot be approved by the staff member processing the accounts.
2	<i>Control of approval of documents, letters and financial records</i>	<p>Council has a number of internal policies that deal with these issues, including for example:</p> <ul style="list-style-type: none"> - Council Policy 1.5 Execution of Documents - Council Policy 2.2 Investment of Finds - Council Policy 2.7 Significant Accounting Policies - Council Policy 2.10 Cheque Signatory / EFT Requirement - Council Policy 2.11 Credit Cards - Council Policy 2.12 Purchasing <p>All correspondence if not signed by the Chief Executive Officer is signed by the respective Executive Manager.</p> <p>All transactions and changes to any internal record on Council's software package is traceable, via the internal audit function.</p> <p>Document control pages have been applied to all major internal documents, so that any changes are recorded and tracked appropriately.</p> <p>In accordance with <i>Local Government (Financial Management) Regulation 34(1)</i>, the Executive Manager Corporate Services prepares, each month, a statement of financial activity reporting on revenue and expenditure for the month in question.</p> <p>An audited financial statement is included as part of the Annual Report. The Independent Auditors Report for 2015/16 noted that:</p> <ul style="list-style-type: none"> • There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire. • No matter indicating non-compliance with Part 6 of the <i>Local Government Act 1995</i> (as amended), the <i>Local Government (Financial Management) Regulations 1996</i> (as amended) or applicable financial controls of any other written law were noted during the course of the audit. <p>All financial records/reconciliations are generally approved by the Executive Manager Corporate Services.</p>



Number	Control	Comment
3	<i>Limit of direct physical access to assets and records</i>	<p>All building and vehicle keys are stored in various key cabinets, restricting general access by staff.</p> <p>Fuel is accessed via an electronic key tag and each staff member with access has a personal pin number allocated so that all use can be tracked.</p> <p>Fuel vouchers / receipts for fuel which is purchased at service stations are collected and reconciled on a monthly basis.</p> <p>New recording and reporting arrangements being implemented as part of the Fleet Review will provide enhanced reporting and fuel consumption data.</p> <p>Record access is controlled via the Synergy operating software that allows restricted access to each staff member subject to their level of clearance.</p> <p>Any changes to any documents or documented records are recorded via the internal audit software (Audit trail function).</p> <p>Most general records are stored in a locked room and can only be accessed when accompanied by the Records Officer.</p> <p>All Council's high priority records (Council minutes, legal agreements etc) are stored in the strongroom, which is also locked.</p> <p>Personnel Records are kept in locked cabinets, and only two officers have keys (Executive Manager Corporate Services and the Payroll / Human Resources Officer).</p>
4	<i>Control of computer applications and information system standards</i>	<p>An external provider (PCS) is engaged to manage the data files and system.</p> <p>During the review of IT services in 2014, it was identified that Council did not have a service level agreement in place to manage this arrangement. This has since been rectified.</p> <p>Staff receive a daily report from the provider to confirm that all electronic files/data has been backed-up safely and stored.</p> <p>Restrictions have been placed on the level of access each staff member can have, generally only to allow them to perform their specific functions. For example some staff only have the ability to view records only and have no ability to enter any data/information into the system.</p>
5	<i>Limit access to make changes in data files and systems</i>	<p>Council's software (Synergy) allows for certain levels of access to be applied to each staff member.</p>
6	<i>Regular maintenance and review of financial control accounts and trial balances</i>	<p>All subsidiary ledgers (rates, creditor, debtors, payroll, trust a/c) are balanced monthly by the relevant officer and are checked by the Executive Manager Corporate Services.</p>

Number	Control	Comment
7	<i>Comparison and analysis of financial results with budgeted amounts</i>	Each month an assessment of the budget variances is undertaken by the Executive Manager Corporate Services and reported to Council in accordance with Regulation 34 of the <i>Local Government (Financial Management) Regulations 1996</i> .
8	<i>The arithmetical accuracy and content of records</i>	<p>All accounts are double checked by an independent person prior to being authorised for payment.</p> <p><u><i>Auditor's comments for the Financial Management Review (FMR)</i></u></p> <p><i>"Detailed testing of ten receipts, randomly selected, was performed. This included tracing to individual receipt detail, bank deposits and the general ledger to ensure allocation/posting was correctly performed.</i></p> <p><i>The receivables system including raising of invoices was also reviewed with limited testing in respect to allocation/posting.</i></p> <p><i>Overall testing was completed satisfactorily. Controls and procedures are considered to be operating effectively and are appropriate for Council's current scope of operations..."</i></p>

Number	Control	Comment
9	<i>Report, review and approval of financial payments and reconciliations</i>	<p>When an account is received the creditor number is allocated, purchase order attached, GL Account allocated the goods must be signed off as received by the receiving officer, the computations are checked and signed off by the creditors officer, and lastly the account is checked and authorised by the Executive Manager Corporate Services or other Executive Manager/Chief Executive Officer.</p> <p>A payment reconciliation statement is prepared and checked by a staff member independently from the officer who prepared the payment report.</p> <p>A random selection of payments are checked by another independent staff member to ensure the banking details are correct, and that they match Council's hard copy records.</p> <p>The actual payment of the creditor requires one electronic token and two separate passwords (two staff), which is generally undertaken by the Executive Manager Corporate Services and either the CEO or one of the Executive Managers.</p> <p><u><i>Auditor's comments for the Financial Management Review (FMR)</i></u> <i>"A sample of forty payment transactions were randomly selected and testing performed to determine whether purchases were authorised/ budgeted and payments were supported, certified, authorised and correctly allocated. Council's purchases, payments and payables system was also examined to determine if adequate controls in place in ensuring liabilities are properly recorded and payments are properly controlled.</i></p> <p><i>Our testing and observations lead us to conclude the system is operating effectively".</i></p> <p>A bank reconciliation is prepared by the relevant officer monthly and checked by the EMCS.</p>
10	<i>Comparison of the result of physical cash and inventory counts with accounting records</i>	<p>Generally, very little stock is kept on-hand, as it is only ordered when required.</p> <p><u><i>Auditor's comments for the Financial Management Review (FMR)</i></u> <i>"An examination of bank reconciliations and procedures noted they are up to date as well as being prepared regularly and promptly for all bank accounts.</i></p> <p><i>We also examined the petty cash system and procedures and concluded these were being properly controlled and maintained.</i></p> <p><i>Trust funds held by Council were examined to determine proper accountability in the Shire's financial management system and compliance with regulatory requirements.</i></p> <p><i>Our observation and testing confirmed that trust funds are adequately controlled and all statutory requirements were satisfactorily met".</i></p>

c) Legislative Compliance

Number	Details	Comment
1	<i>Monitor compliance with legislation and regulations</i>	<p>This is undertaken each year when the Compliance Audit return is completed.</p> <p>Additionally, Council's operations are subject to an external Audit process each year.</p> <p>Also to assist with this process an internal "Corporate Calendar" has been developed to ensure critical dates are not missed throughout the year, i.e. Annual Returns, review of delegation register...etc</p>
2	<i>Review the annual Compliance Audit Return and reporting to Council of the results of that review</i>	Each year when the Compliance Audit Return is completed it is presented to the Audit Committee and Council for their endorsement within the required timeframe.
3	<i>Review whether the local government has procedures to receive, retain and treat complaints, including confidential and anonymous employee complaints</i>	<p>Council has adequate policies and procedures that deal with such matters:</p> <ul style="list-style-type: none"> • Shire of Chittering – HR Policy 3.0 – Managing Issues and Grievances • Shire of Chittering - Council Policy 1.4, Complaints Handling • <i>Public Interest Disclosure Act 2003</i>
4	<i>Obtain assurance that adverse trends are identified and review management's plans to deal with these</i>	Any adverse trends are identified through the use of monthly management financial reports, these reports are tailored specific for each Executive Manager.
5	<i>Review whether the internal and/or external auditors have regard to compliance and ethics risks in the development of their audit plan and in the conduct of audit projects, and report compliance and ethics issues to the audit committee</i>	<p>Council has adopted the standard template recommended by the Department of Local Government for setting the audit scope.</p> <p>Council currently only uses external auditors.</p> <p>This is an area that has been identified for improvement in relation to documenting internal audit processes.</p>

The Review has confirmed that the Shire has adequate and effective systems and procedures in place for areas covered by the Review. The Review also highlighted those areas where improvements to strengthen the Shire's position are required, and these will be attended as indicated above.

Other areas identified for improvement has been included in the actions sections of the Risk Assessment sheets (refer Attachment 2).

6.1 COMMITTEE RECOMMENDATION

That the Audit Committee recommends that Council receives the Chief Executive Officer's review of the appropriateness and effectiveness of the Shire's systems and procedures in relation to risk management, internal controls and legislative compliance as detailed in this report.



7. CLOSURE

The Presiding Member to declare the meeting closed.



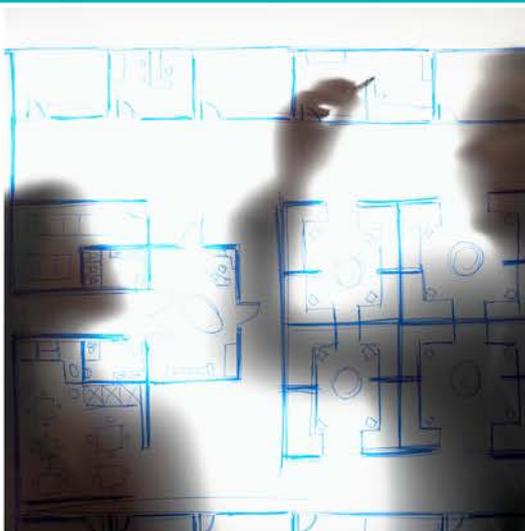
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Office hours: Monday to Friday
8.30am - 4.30pm



Audit Committee Attachments
Tuesday, 22 November 2016

REPORT NUMBER	REPORT TITLE AND ATTACHMENT DESCRIPTION	PAGE NUMBER(S)
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Risk Management Governance Framework

➤ Risk Management Procedures

Last Updated: May 2014

Version: 0.1

Shire of Chittering

Prepared by: LGIS Risk Management

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Introduction

The Shire's Risk Management Policy 1.6 and these Procedures form the Risk Management Framework for the Shire of Chittering ("the Shire"). It sets out the Shire's approach to the identification, assessment, management, reporting and monitoring of risks. All components of this document are based on AS/NZS ISO 31000:2009 Risk Management.

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

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

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

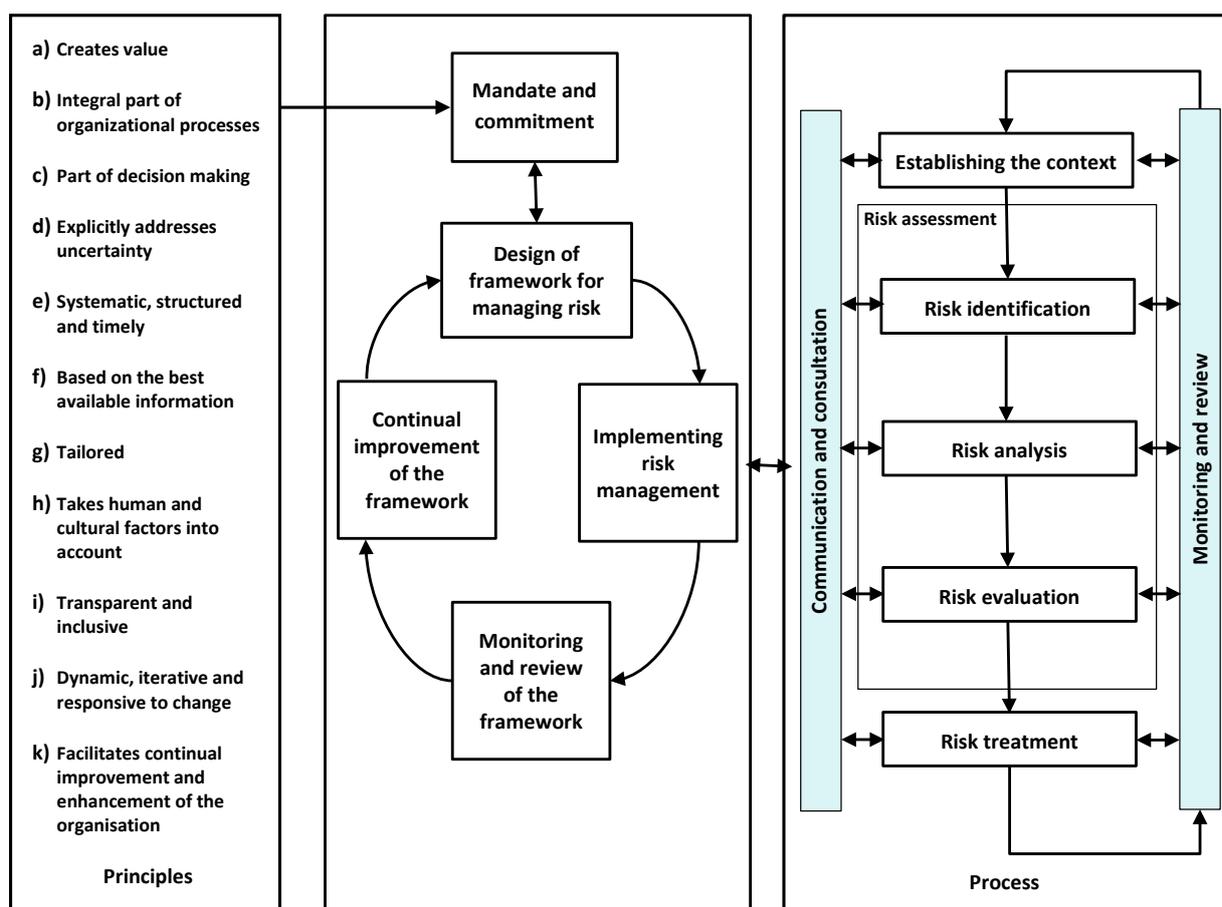


Figure 1: Risk Management Process (Source: AS/NZS 31000:2009)

Risk Management Procedures

Governance

Appropriate governance of risk management within the Shire of Chittering (the “Shire”) provides:

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

Framework Review

The Risk Management Framework is to be reviewed for appropriateness and effectiveness at least every two years.

Operating Model

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

First Line of Defence

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

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

Second Line of Defence

The Executive Manager Corporate Services acts as the primary ‘2nd Line’. This position owns and manages the framework for risk management. They draft and implement the governance procedures and provide the necessary tools and training to support the 1st line process.

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

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

Third Line of Defence

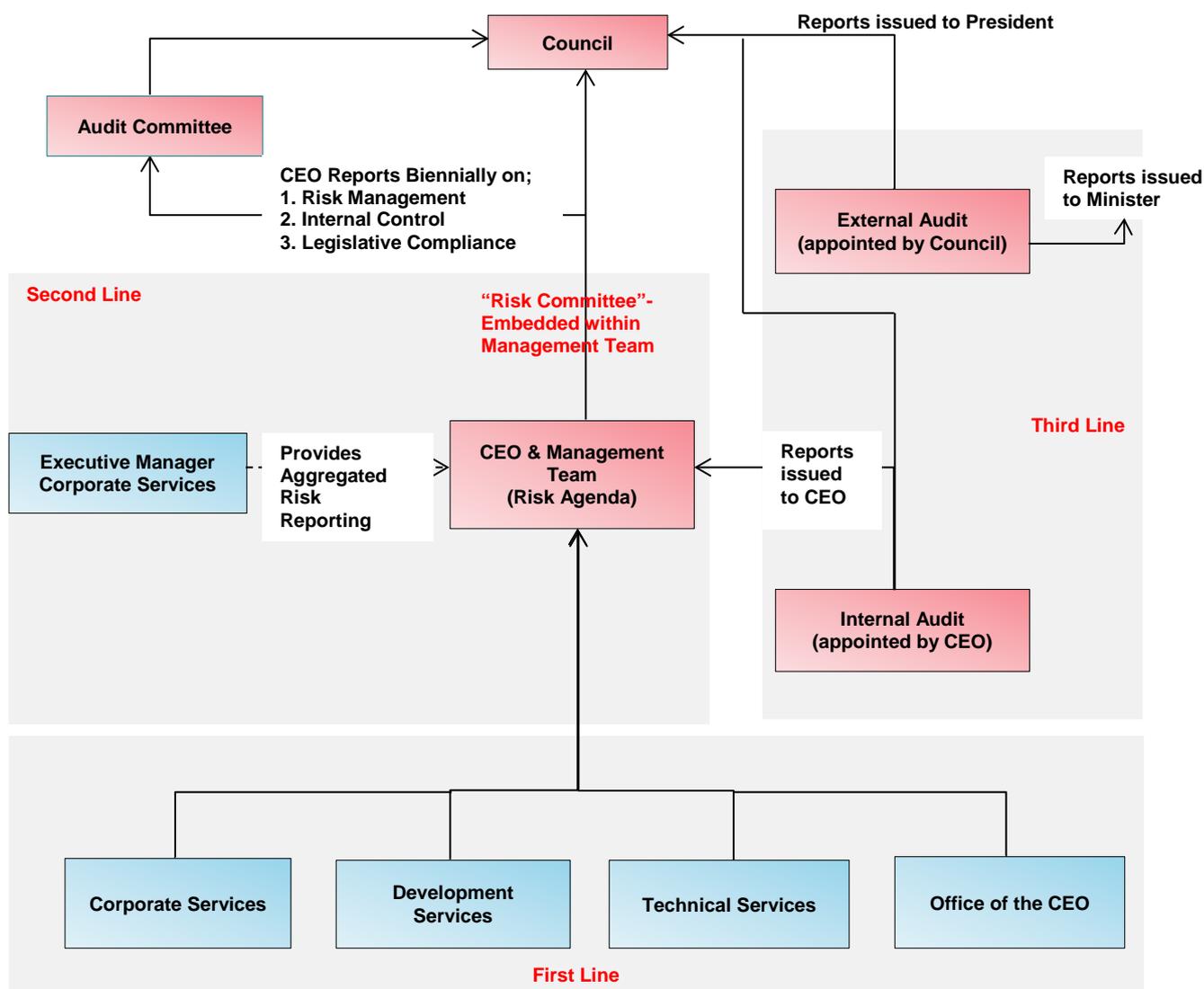
Internal & External Audit are the third line of defence, providing independent assurance to the Council, Audit Committee and Shire Management on the effectiveness of business operations and oversight frameworks (1st & 2nd Line).

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

External Audit – Appointed by the Council on the recommendation of the Audit Committee to report independently to the President and CEO on the annual financial statements only.

Governance Structure

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



Roles & Responsibilities

Council

- Review and approve the Shire's Risk Management Policy and Risk Assessment & Acceptance Criteria.
- Appoint / Engage External Auditors to report on financial statements annually.
- Establish and maintain an Audit Committee in terms of the Local Government Act.

Audit Committee

- Support Council to provide effective corporate governance.
- Oversight of all matters that relate to the conduct of External Audits.
- Must be independent, objective and autonomous in deliberations.
- Make recommendations to Council on External Auditor appointments.

CEO / Management Team

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

Executive Manager Corporate Services

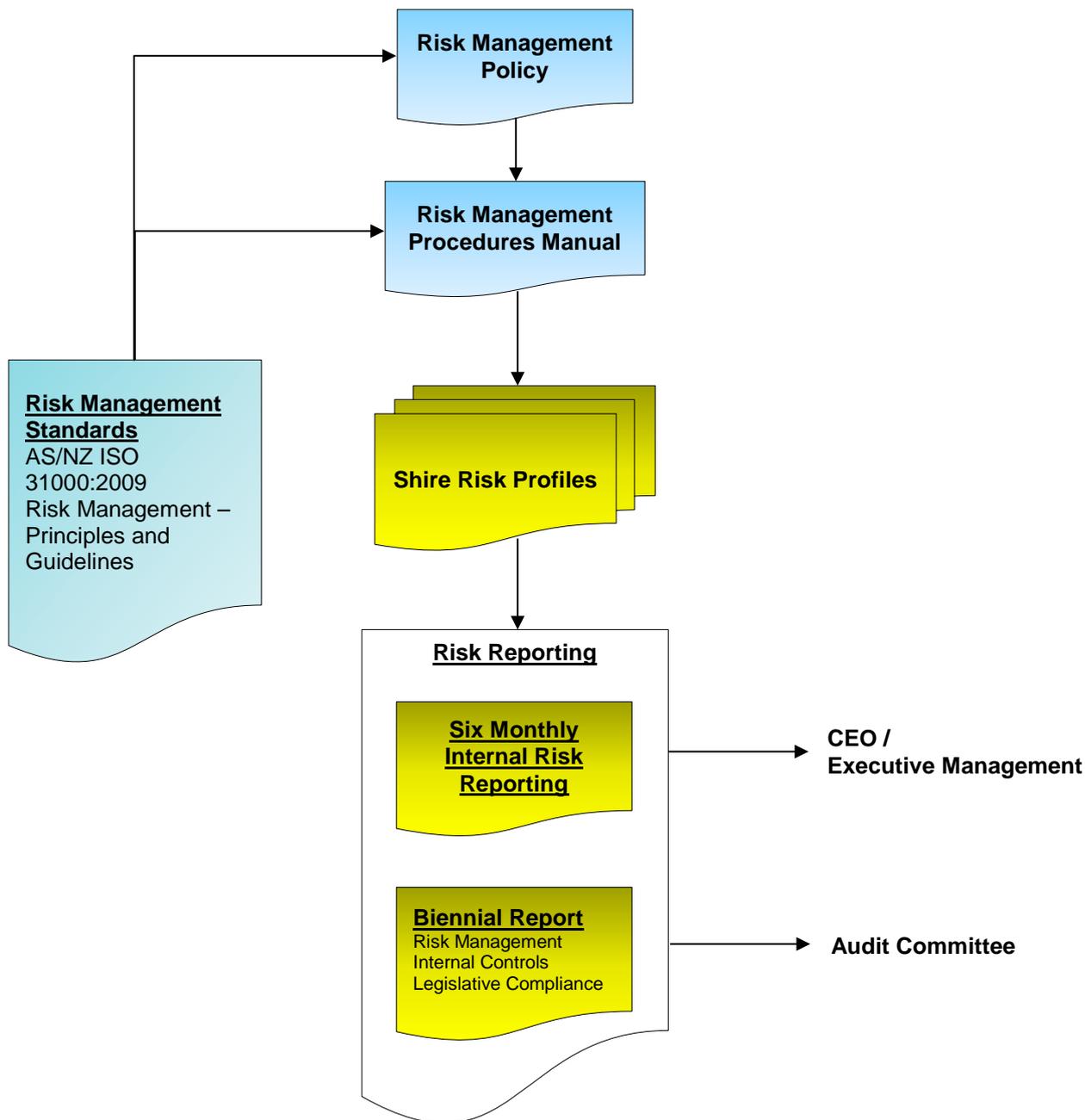
- Oversee and facilitate the Risk Management Framework.
- Support reporting requirements for Risk matters.

Work Areas

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

Document Structure (Framework)

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



Risk & Control Management

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

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

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

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

Risk & Control Assessment

To ensure alignment with ISO 31000:2009 Risk Management, the following approach is to be adopted from a Risk & Control Assessment perspective.

Establishing the Context

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

Organisational Context

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

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

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

Specific Risk Assessment Context

To direct the identification of risks, the specific risk assessment context is to be determined prior to and used within the risk assessment process. For risk assessment purposes the Shire has been divided into three levels of risk assessment context:

Strategic Context

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

- Organisations Vision / Mission
- Stakeholder Analysis
- Environment Scan / SWOT Analysis
- Existing Strategies / Objectives / Goals

Operational Context

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

Project Context

Project Risk has two main components:

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

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

Risk Identification

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

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

Risk Analysis

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

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

Risk Evaluation

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

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

The risk acceptance decision needs to be documented and those risks that are acceptable are then subject to the monitor and review process.

Note: Individual Risks or Issues may need to be escalated due to its urgency, level of risk or systemic nature.

Risk Treatment

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

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

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

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

Monitoring & Review

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

- changes to context,
- a treatment is implemented,
- an incident occurs or due to audit/regulator findings.

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

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

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

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

Communication & Consultation

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

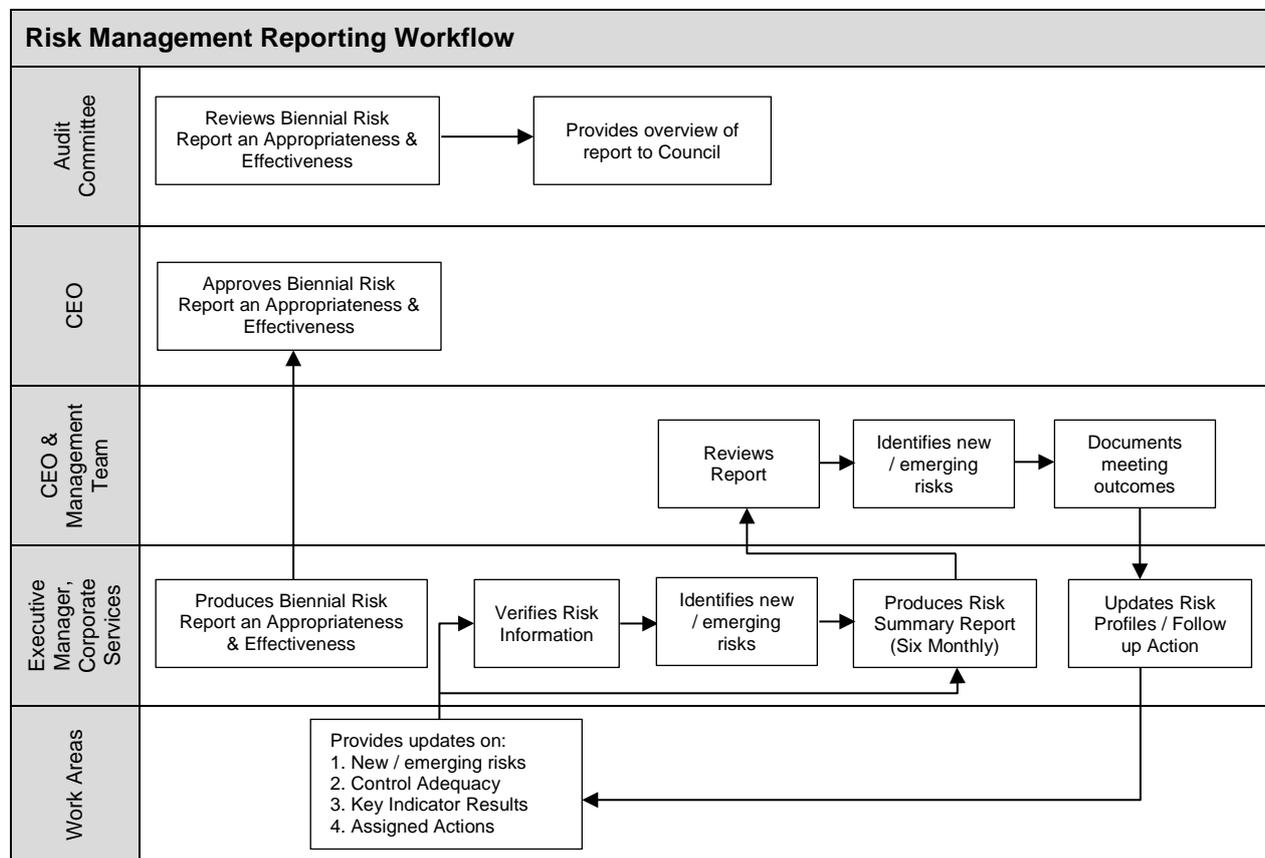
Risk management awareness and training will be provided to all staff.

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

Reporting Requirements

Coverage & Frequency

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



Each Work Area is responsible for ensuring:

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

The Executive Manager Corporate Services is responsible for:

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

Key Indicators

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

- Identification
- Validity of Source
- Tolerances
- Monitor & Review

Identification

The following represent the minimum standards when identifying appropriate KI's key risks and controls:

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

Validity of Source

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

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

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

Tolerances

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

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

Monitor & Review

All active KI's are updated as per their stated frequency of the data source.

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

Risk Acceptance

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

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

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

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

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

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

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

Appendix A – Risk Assessment and Acceptance Criteria

Measures of Consequence							
Rating (Level)	Health	Financial Impact	Service Interruption	Compliance	Reputational	Property	Environment
Insignificant (1)	Negligible injuries	Less than \$1,000	No material service interruption	No noticeable regulatory or statutory impact	Unsubstantiated, low impact, low profile or 'no news' item	Inconsequential or no damage.	Contained, reversible impact managed by on site response
Minor (2)	First aid injuries	\$1,001 - \$10,000	Short term temporary interruption – backlog cleared < 1 day	Some temporary non compliances	Substantiated, low impact, low news item	Localised damage rectified by routine internal procedures	Contained, reversible impact managed by internal response
Moderate (3)	Medical type injuries	\$10,001 - \$100,000	Medium term temporary interruption – backlog cleared by additional resources < 1 week	Short term non-compliance but with significant regulatory requirements imposed	Substantiated, public embarrassment, moderate impact, moderate news profile	Localised damage requiring external resources to rectify	Contained, reversible impact managed by external agencies
Major (4)	Lost time injury	\$100,001 - \$500,000	Prolonged interruption of services – additional resources; performance affected < 1 month	Non-compliance results in termination of services or imposed penalties	Substantiated, public embarrassment, high impact, high news profile, third party actions	Significant damage requiring internal & external resources to rectify	Uncontained, reversible impact managed by a coordinated response from external agencies
Catastrophic (5)	Fatality, permanent disability	More than \$500,000	Indeterminate prolonged interruption of services – non-performance > 1 month	Non-compliance results in litigation, criminal charges or significant damages or penalties	Substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile, third party actions	Extensive damage requiring prolonged period of restitution Complete loss of plant, equipment & building	Uncontained, irreversible impact

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

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

Risk Acceptance Criteria			
Risk Rank	Description	Criteria	Responsibility
LOW	Acceptable	Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring	Operational Manager
MODERATE	Monitor	Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring	Operational Manager
HIGH	Urgent Attention Required	Risk acceptable with excellent controls, managed by senior management / executive and subject to monthly monitoring	Director / CEO
EXTREME	Unacceptable	Risk only acceptable with excellent controls and all treatment plans to be explored and implemented where possible, managed by highest level of authority and subject to continuous monitoring	CEO / Council

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

Appendix B – Risk Profile Template

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

Appendix C – Risk Theme Definitions

1. Misconduct

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

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

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

2. External theft & fraud (inc. Cyber Crime)

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

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

Examples include:

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

3. Business & community disruption

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

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

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

4. Errors, omissions, delays

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

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

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

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

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

5. Failure of IT &/or Communications Systems and Infrastructure

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

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

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

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

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

6. Failure to fulfil statutory, regulatory or compliance requirements

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

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

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

7. Providing inaccurate advice / information

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

8. Inadequate project / change Management

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

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

9. Inadequate Document Management Processes

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

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

10. Inadequate safety and security practices

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

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

11. Inadequate engagement practices

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

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

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

12. Inadequate asset sustainability practices

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

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

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

13. Inadequate Supplier / Contract Management

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

- Concentration issues
- Vendor sustainability

14. Ineffective employment practices

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

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

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

15. Ineffective management of facilities / venues / events

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

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

16. Inadequate environmental management.

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

- Failure to identify and effectively manage contaminated sites (including groundwater usage).
- Waste facilities (landfill / transfer stations).
- Ineffective management of water sources (reclaimed, potable)
- Illegal dumping.

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Misconduct **Oct-16**

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

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

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

Potential causes include:

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

Key Controls	Type	Date	Shire Rating
Delegation Register - Framework	Detective	Oct-16	Effective
Delegation Control - Synergy	Detective	Oct-16	Effective
Segregation of Duties (Financial)	Preventative	Oct-16	Effective
IT Security Access Framework (Profiles & Passwords)	Preventative	Oct-16	Adequate
Induction Process (Code of Conduct)	Preventative	Oct-16	Effective
Procurement Process (Purchase Order Process)	Preventative	Oct-16	Effective
Electronic Fuel Tag System	Preventative	Oct-16	Effective
Financial Interest Return	Recovery	Oct-16	Adequate

Overall Control Ratings: Effective

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

Key Indicators	Tolerance	Date	Overall Shire Result
# Management Items identified in Financial Management Review			

Comments
 As rated by Workshop Attendees - Alan Sheridan (CEO), Jean Sutherland (Executive Manager Corporate Services), Bronwyn Southee (Executive Manager Development Services) and Jim Garrett, (Executive Manager Technical Services)

Notes
 Delegation Framework is rated as effective as this is reviewed on an annual basis
 IT Security Access is rated as effective as all passwords and profiles are confidential
 Procurement Process is rated as effective as on all occasions at least three officers will sight and sign off on invoice
 Electronic Fuel Tag System is rated as effective as fuel from the depot bowser cannot be accessed without the tag
 Financial Interest Return is rated as adequate as this is a compliance issue checked by external Auditors on an annual basis

Current Issues / Actions / Treatments	Due Date	Responsibility

Shire of Chittering Risk Dashboard Report October 2016				
Executive Summary				
Being the review of the Shire's first report under the introduced risk management framework, focus is on embedding and driving continual improvement. Future reports will continue to provide relevant insight and recommendations to assist governance activities for the Executive Management Team. It is supported by the attached documents that were produced workshops conducted in October 2016.				
1. Risk Profiles for the 15 themes discussed. 2. Risk Management Policy amendments and Procedures.				
Recommendations				
<u>Embedding</u> 1. Arrange for the attached Policy amendments and Procedures to be endorsed and adopted.				
<u>Risk Profiles</u> 1. Discuss and review the attached Risk Profiles Review and approve all Risk Profiles (from a Risk & Control perspective). 2. Confirm Current Issues / Actions / Treatments (Responsibility & Due Date)				
Misconduct		Risk Moderate	Control Effective	
Current Issues / Actions / Treatments	Due Date	Responsibility		
Business & community disruption		Risk High	Control Effective	
Current Issues / Actions / Treatments	Due Date	Responsibility		
Inadequate environmental management		Risk Moderate	Control Adequate	
Current Issues / Actions / Treatments	Due Date	Responsibility		
Bindoon Landfill - coming to end of life		Executive Manager Technical Services		
Moolabeenee Landfill rehabilitation of contaminated site		Executive Manager Technical Services		
Errors, omissions & delays		Risk Moderate	Control Adequate	
Current Issues / Actions / Treatments	Due Date	Responsibility		
Old Building Licences to be scanned into Synergy	Jun-17	Executive Manager Development Services		
Review Workflow tracking system for time based activities (eg. Planning based applications)	Dec-17	Executive Manager Development Services		
Workforce Plan needs to be reviewed following completion of SCP, given current and expected growth in the Shire	Jun-17	Chief Executive Officer		
External theft & fraud (Inc. Cyber Crime)		Risk Moderate	Control Adequate	
Current Issues / Actions / Treatments	Due Date	Responsibility		
Lack of security at the Depot during work hours		Executive Manager Technical		
Overnight security of equipment at job sites		Executive Manager Technical		
Failure of IT &/or communication systems and infrastructure		Risk Moderate	Control Adequate	
Current Issues / Actions / Treatments	Due Date	Responsibility		
Confirm offsite back ups are being undertaken	Dec-16	Human Resources Officer		
Confirm back up tape is stored correctly at the Post	Dec-16	Human Resources Officer		
Executive Management Team to be trained to assist during Server breakdowns	Jun-17	Human Resources Officer		
Failure to fulfil statutory, regulatory or compliance requirements		Risk Moderate	Control Adequate	
Current Issues / Actions / Treatments	Due Date	Responsibility		
Inadequate safety and security practices		Risk High	Control Adequate	
Current Issues / Actions / Treatments	Due Date	Responsibility		
Review and develop Staff Training Plans	Annually	Executive Managers		
Review OSH Procedures (work practices)	Jun-17	Executive Manager Technical Services		
Providing inaccurate advice / information		Risk Moderate	Control Adequate	
Current Issues / Actions / Treatments	Due Date	Responsibility		
Checklist for Public to be developed for Health, Building and Planning Applications	Dec-16	Executive Manager Development Services		
Inadequate employment practices		Risk High	Control Adequate	
Current Issues / Actions / Treatments	Due Date	Responsibility		
Review Workforce Plan	May-17	Chief Executive Officer		
More emphasis on job specific training needs as part of annual performance review process	Apr-17	Executive Managers		
Inadequate document management processes		Risk Moderate	Control Adequate	
Current Issues / Actions / Treatments	Due Date	Responsibility		
Staff training on records management	Ongoing	Records Officer		
Inadequate engagement practices		Risk Moderate	Control Effective	
Current Issues / Actions / Treatments	Due Date	Responsibility		
Inadequate supplier / contract management		Risk Moderate	Control Adequate	
Current Issues / Actions / Treatments	Due Date	Responsibility		
Inadequate management of facilities / venues / events		Risk Low	Control Effective	
Current Issues / Actions / Treatments	Due Date	Responsibility		
Inadequate asset sustainability practices		Risk Moderate	Control Adequate	
Current Issues / Actions / Treatments	Due Date	Responsibility		
Develop and implement the Asset Management Plan	TBD	Executive Manager Corporate Services		
Implement Fleet Review	TBD	Chief Executive Officer		

Business & community disruption **Oct-16**

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

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

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

Potential causes include:

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

Key Controls	Type	Date	Shire Rating
Business Continuity Framework (Policy & Procedures)	Preventative	Oct-16	Adequate
Business Continuity Plans	Recovery	Oct-16	Effective
BCP Exercises	Detective	Oct-16	Inadequate
Functional LEMC	Preventative	Oct-16	Effective
Current LEMA & Recovery Plans	Recovery	Oct-16	Effective
Bushfire Risk Management Framework	Preventative	Oct-16	Adequate
LEM Exercises	Detective	Oct-16	Effective
Asset Management (Identifying, managing and reducing risk)	Preventative / Detective	Oct-16	Adequate
Volunteer Management & Training	Preventative	Oct-16	Effective

Overall Control Ratings: Effective

Risk Ratings	Shire Rating
Consequence:	Major
Likelihood:	Possible

Overall Risk Ratings: High

Key Indicators	Tolerance	Date	Overall Shire Result
# Exercises recorded (LEMC)	1 per annum		
Plans out of date by more than 3 months	Zero		

Comments
 As rated by Workshop Attendees - Alan Sheridan (CEO), Jean Sutherland (Executive Manager Corporate Services), Bronwyn Southee (Executive Manager Development Services) and Jim Garrett, (Executive Manager Technical Services)

Notes
 Business Continuity Plan finalised in August 2012. BCP exercise rated as inadequate due to only partially undertaking an exercise to date.
 Bushfire Risk Management Framework now includes hazard mapping, BAL assessments, building requirements, planning requirements and is rated as effective as it is taking a holistic approach to bushfire prevention and asset protection across the Shire.
 The requirement for smaller lot sizes to install firebreaks has been introduced in 2016.
 Bushfire Risk Planning Co-ordinator funded by DFES in 2016 to address hazard mapping and fuel load reduction across the Shire.

Current Issues / Actions / Treatments	Due Date	Responsibility

Inadequate environmental management **Oct-16**

This Risk Theme is defined as:
 Inadequate prevention, identification, enforcement and management of environmental issues. The scope includes;

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

Potential causes include:

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

Key Controls	Type	Date	Shire Rating
Landfill / Waste Management Plans	Detective	Oct-16	Adequate
Supervisory at landfill Sites	Preventative	Oct-16	Adequate
Draft Waste Local Law 2016	Preventative	Oct-16	Inadequate
Local Bio-diversity strategy	Preventative	Oct-16	Adequate
Draft Local Planning Strategy Review	Preventative	Oct-16	Inadequate

Overall Control Ratings: **Adequate**

Risk Ratings	Shire Rating
Consequence:	Major
Likelihood:	Unlikely
Overall Risk Ratings:	Moderate

Key Indicators	Tolerance	Date	Overall Shire Result
# reports received from DER for landfill sites	0		
Reports from Chittering Landcare			

Comments
 As rated by Workshop Attendees - Alan Sheridan (CEO), Jean Sutherland (Executive Manager Corporate Services), Bronwyn Southee (Executive Manager Development Services) and Jim Garrett, (Executive Manager Technical Services)

Notes
 Waste management plan is rated as adequate as this plan is used to guide the operations of the landfill site
 Introduction of kerbside refuse collection and supervision at landfill sites to reduce recyclables going to landfill.
 Draft Waste Local Law developed to effectively manage waste within the shire and is rated inadequate as not formally adopted
 Draft Local Planning Strategy Review is rated inadequate as the review has not been finalised

Current Issues / Actions / Treatments	Due Date	Responsibility
Bindoon Landfill - coming to end of life		Executive Manager Technical Services
Mooliabeenee Landfill rehabilitation of contaminated site		Executive Manager Technical Services

Errors, omissions & delays			Oct-16
<p>This Risk Theme is defined as: Errors, omissions or delays in operational activities as a result of unintentional errors or failure to follow due process. This includes instances of;</p> <ul style="list-style-type: none"> • Human errors, incorrect or incomplete processing • Inaccurate recording, maintenance, testing and / or reconciliation of data. • Errors or inadequacies in model methodology, design, calculation or implementation of models. <p>This may result in incomplete or inaccurate information. Consequences include;</p> <ul style="list-style-type: none"> • Inaccurate data being used for management decision making and reporting. • Delays in service to customers • Inaccurate data provided to customers <p>This excludes process failures caused by inadequate / incomplete procedural documentation - refer "Inadequate Document Management Processes".</p>			
<p>Potential causes include:</p> <ul style="list-style-type: none"> • Human Error • Inadequate procedures or training • Lack of Staff (or trained staff) • Incorrect information • Miscommunication 			
Key Controls	Type	Date	Shire Rating
<i>Documented Procedures / Checklists</i>	<i>Preventative</i>	<i>Oct-16</i>	Adequate
<i>Complaints Register</i>	<i>Preventative</i>	<i>Oct-16</i>	Adequate
<i>Annual staff training plans</i>	<i>Preventative</i>	<i>Oct-16</i>	Adequate
<i>Regular staff meetings to update staff</i>	<i>Preventative</i>	<i>Oct-16</i>	Effective
Overall Control Ratings:			Adequate
Risk Ratings		Shire Rating	
Consequence:		<i>Moderate</i>	
Likelihood:		<i>Possible</i>	
Overall Risk Ratings:			Moderate
Key Indicators	Tolerance	Date	Overall Shire Result
<i># Complaints received</i>			
<i>Policies and Procedures kept up to date</i>			
<p>Comments As rated by Workshop Attendees - Alan Sheridan (CEO), Jean Sutherland (Executive Manager Corporate Services), Bronwyn Southee (Executive Manager Development Services) and Jim Garrett, (Executive Manager Technical Services)</p>			
<p>Notes Documented procedures is rated adequate as all officers have up to date procedure manuals Complaints register is rated as adequate as this provides an efficient way of checking the number received Staff training plans are rated as adequate as these have been implemented for all staff to identify their current training needs Staff meetings are rated as effective as these are held on a regular basis and this ensures that staff are up to date with all current issues</p>			
Current Issues / Actions / Treatments	Due Date	Responsibility	
<i>Old Building Licences to be scanned into Synergy</i>	<i>Jun-17</i>	<i>Executive Manager Development Services</i>	
<i>Review Workflow tracking system for time based activities (eg. Planning based applications)</i>	<i>Dec-17</i>	<i>Executive Manager Development Services</i>	
<i>Workforce Plan needs to be reviewed following completion of SCP, given current and expected growth in the Shire</i>	<i>Jun-17</i>	<i>Chief Executive Officer</i>	

External theft & fraud (inc. Cyber Crime) Oct-16

This Risk Theme is defined as:
 Loss of funds, assets, data or unauthorised access, (whether attempts or successful) by external parties, through any means (including electronic), for the purposes of;
 • Fraud – benefit or gain by deceit
 • Malicious Damage – hacking, deleting, breaking or reducing the integrity or performance of systems
 • Theft – stealing of data, assets or information (no deceit)
 Examples include:
 • Scam Invoices
 • Cash or other valuables from 'Outstations'.

Potential causes include:

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

Key Controls	Type	Date	Shire Rating
Security access - Admin Building	Preventative	Oct-16	Adequate
Security access - Depot	Preventative	Oct-16	Inadequate
Security Monitoring controls	Detective	Oct-16	Adequate
CCTV	Recovery	Oct-16	Adequate
IT Firewall Systems	Preventative	Oct-16	Adequate

Overall Control Ratings: Adequate

Risk Ratings	Shire Rating
Consequence:	Major
Likelihood:	Unlikely
Overall Risk Ratings:	Moderate

Key Indicators	Tolerance	Date	Overall Shire Result
# IT Incidents per year			
# thefts per year			

Comments
 As rated by Workshop Attendees - Alan Sheridan (CEO), Jean Sutherland (Executive Manager Corporate Services), Bronwyn Southee (Executive Manager Development Services) and Jim Garrett, (Executive Manager Technical Services)

Notes
 Security Access - Admin is rated as adequate as a swipe card is required to gain access.
 Security Access - Depot is rated as inadequate as it is directly behind Admin building and is not easily seen from Admin building.

Current Issues / Actions / Treatments	Due Date	Responsibility
Lack of security at the Depot during work hours		Executive Manager Technical Services
Overnight security of equipment at job sites		Executive Manager Technical Services

Failure of IT &/or communication systems and infrastructure **Oct-16**

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

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

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

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

Potential causes include:

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

Key Controls	Type	Date	Shire Rating
Data Back up Systems	Recovery	Oct-16	Adequate
Computer Replacement Program	Preventative	Oct-16	Effective
Vendor Assistance (PCS)	Recovery	Oct-16	Adequate
PABX (Commander)	Preventative	Oct-16	Adequate

Overall Control Ratings: **Adequate**

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

Key Indicators	Tolerance	Date	Overall Shire Result
# Unsuccessful Back Ups as reported by PCS	1 per month		
# Incidents on failure/disruptions	1 per month		

Comments
 As rated by Workshop Attendees - Alan Sheridan (CEO), Jean Sutherland (Executive Manager Corporate Services), Bronwyn Southee (Executive Manager Development Services) and Jim Garrett, (Executive Manager Technical Services)

Notes
 Data back up system rated as adequate as back up is undertaken by PCS externally
 Computer Replacement Program is rated as effective as it is reviewed annually during the budget process

Current Issues / Actions / Treatments	Due Date	Responsibility
Confirm offsite back ups are being undertaken	Dec-16	Human Resources Officer
Confirm back up tape is stored correctly at the Post Office	Dec-16	Human Resources Officer
Executive Management Team to be trained to assist during Server breakdowns	Jun-17	Human Resources Officer

Failure to fulfil statutory, regulatory or compliance requirements **Oct-16**

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

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

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

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

Key Controls	Type	Date	Shire Rating
Compliance Return (DLG)	Detective	May-14	Adequate
Compliance Calendars	Preventative	May-14	Adequate
External Auditor Reviews (Compliance)	Detective	May-14	Adequate
Industry Body Advice - (WALGA subscriptions)	Preventative	May-14	Adequate
Induction Process - Councillors / Staff	Preventative	May-14	Adequate
Staff Network Channels (LGMA, LGPA, IPWEA)	Preventative	May-14	Adequate
Tender Process (eQuotes)	Preventative	May-14	Adequate
Compliance Audit (Planning & Building Approvals)	Detective	1/10/2016	Effective
Overall Control Ratings:			Adequate

Risk Ratings	Shire Rating
Consequence:	Major
Likelihood:	Unlikely
Overall Risk Ratings:	Moderate

Key Indicators	Tolerance	Date	Overall Shire Result
# legal action taken by residents	0		
# complaints received	0		
# incidents of non compliance on CAR	0		
Compliance with Statutory timeframes			

Comments
 As rated by Workshop Attendees - Alan Sheridan (CEO), Jean Sutherland (Executive Manager Corporate Services), Bronwyn Southee (Executive Manager Development Services) and Jim Garrett, (Executive Manager Technical Services)

Notes
 Compliance Return is rated as adequate as this is required to be done annually and highlights any areas of non compliance

Current Issues / Actions / Treatments	Due Date	Responsibility

Inadequate safety and security practices

Oct-16

This Risk Theme is defined as:

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

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

Potential causes include:

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

Key Controls	Type	Date	Shire Rating
Workplace Inspections	Preventative	Oct-16	Adequate
Staff Individual Training Plans	Preventative	Oct-16	Adequate
Hazard Register	Detective	Oct-16	Adequate
OSH Management Framework	Preventative	Oct-16	Effective
Contractor/Staff Site Inductions	Preventative	Oct-16	Effective
Reinforcing JSA compliance	Preventative	Oct-16	Effective
Maintenance/Inspection of Plant & Equipment	Preventative	Oct-16	Adequate

Overall Control Ratings:

Adequate

Risk Ratings

Shire Rating

Consequence:

Major

Likelihood:

Possible

Overall Risk Ratings:

High

Key Indicators	Tolerance	Date	Overall Shire Result
4801 Audit Results (last audit June 2015)			
# Workers Compensation Claims			

Comments

As rated by Workshop Attendees - Alan Sheridan (CEO), Jean Sutherland (Executive Manager Corporate Services), Bronwyn Southee (Executive Manager Development Services) and Jim Garrett, (Executive Manager Technical Services)

Notes

The above key controls are rated as adequate or effective as these practices are currently undertaken

Current Issues / Actions / Treatments	Due Date	Responsibility
Review and develop Staff Training Plans	Annually	Executive Managers
Review OSH Procedures (work practices)	Jun-17	Executive Manager Technical Services

Providing inaccurate advice / information **Oct-16**

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

Examples include;

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

Potential causes include;

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

Key Controls	Type	Date	Shire Rating
<i>Use of Solicitors for legal advice</i>	<i>Preventative</i>	<i>Oct-16</i>	Effective
<i>All statutory (planning,building,health) staff to be qualified</i>	<i>Preventative</i>	<i>Oct-16</i>	Adequate
<i>Use of qualified engineer when required</i>	<i>Preventative</i>	<i>Oct-16</i>	Adequate
<i>Documented CSO procedures</i>	<i>Preventative</i>	<i>Oct-16</i>	Adequate
<i>Regular staff training</i>	<i>Preventative</i>	<i>Oct-16</i>	Adequate
<i>Checklist for all Planning, Building & Health applications</i>	<i>Preventative</i>	<i>Oct-16</i>	Inadequate

Overall Control Ratings: **Adequate**

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

Overall Risk Ratings: **Moderate**

Key Indicators	Tolerance	Date	Overall Shire Result
<i># Complaints / issues regarding inaccurate advice / information</i>			

Comments
 As rated by Workshop Attendees - Alan Sheridan (CEO), Jean Sutherland (Executive Manager Corporate Services), Bronwyn Southee (Executive Manager Development Services) and Jim Garrett, (Executive Manager Technical Services)

Notes
Use of solicitors is classed as effective as this ensures that correct advice is received at all times
All staff to be qualified is rated as adequate as this will ensure that during the HR process only qualified staff are appointed
Checklist for all planning, building & health applications is rated as inadequate as these are not in place. Is listed as an action item.

Current Issues / Actions / Treatments	Due Date	Responsibility
<i>Checklist for Public to be developed for Health, Building and Planning Applications</i>	<i>Dec-16</i>	<i>Executive Manager Development Services</i>

Ineffective employment practices			Oct-16
<p>This Risk Theme is defined as; Failure to effectively manage and lead human resources (full/part time, casuals, temporary and volunteers). This includes not having an effective Human Resources Framework in addition to not having appropriately qualified or experienced people in the right roles or not having sufficient staff numbers to achieve objectives. Other areas in this risk theme to consider are;</p> <ul style="list-style-type: none"> • Breaching employee regulations (excluding OH&S). • Discrimination, Harassment & Bullying in the workplace. • Poor employee wellbeing (causing stress) • Key person dependencies without effective succession planning in place. • Induction issues. • Terminations (including any tribunal issues). • Industrial activity. 			
<p>Potential causes include:</p> <ul style="list-style-type: none"> • Leadership failures • Available staff / volunteers are generally highly transient. • Single Person Dependencies • Poor internal communications / relationships • Ineffective performance management programs or procedures. • Ineffective training programs or procedures. • Inadequate Induction practices. 			
Key Controls	Type	Date	Shire Rating
<i>Policy & Procedures</i>	<i>Preventative</i>	<i>Oct-16</i>	Adequate
<i>Training Needs Analysis & Training Register</i>	<i>Preventative</i>	<i>Oct-16</i>	Adequate
<i>Workforce Plan (Succession Planning Component)</i>	<i>Preventative</i>	<i>Oct-16</i>	Adequate
<i>Staff Inductions (Code of Conduct Component)</i>	<i>Preventative</i>	<i>Oct-16</i>	Effective
<i>Performance Review Process</i>	<i>Detective</i>	<i>Oct-16</i>	Adequate
Overall Control Ratings:			Adequate
Risk Ratings		Shire Rating	
Consequence:		<i>Moderate</i>	
Likelihood:		<i>Likely</i>	
Overall Risk Ratings:			High
Key Indicators	Tolerance	Date	Overall Shire Result
<i>Staff turnover rate</i>	<i>2 per year</i>		
<i># Workers Compensation Claims (Stress Claims)</i>			
<p>Comments As rated by Workshop Attendees - Alan Sheridan (CEO), Jean Sutherland (Executive Manager Corporate Services), Bronwyn Southee (Executive Manager Development Services) and Jim Garrett, (Executive Manager Technical Services)</p>			
<p>Notes <i>Policy & Procedures is rated as adequate as these are reviewed regularly</i> <i>Training needs analysis and training register is rated as adequate as these are reviewed annually during the performance appraisal process</i> <i>Workforce Plan is rated as adequate as this examines the workforce requirements over the coming years</i> <i>Performance review process is rated as adequate as this is done annually and addresses any concerns between employer and employee</i></p>			
Current Issues / Actions / Treatments	Due Date	Responsibility	
<i>Review Workforce Plan</i>	<i>May-17</i>	<i>Chief Executive Officer</i>	
<i>More emphasis on job specific training needs as part of annual performance review process</i>	<i>Apr-17</i>	<i>Executive Managers</i>	

Inadequate document management processes **Oct-16**

This Risk Theme is defined as;
 Failure to adequately capture, store, archive, retrieve, provision and / or disposal of documentation. This includes:
 • Contact lists.
 • Procedural documents.
 • 'Application' proposals/documents.
 • Contracts.
 • Forms, requests or other documents.

Potential causes include;

• Spreadsheet/Database/Document corruption or loss	• Outdated record keeping practices / incompatible systems
• 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	• Incomplete authorisation trails

Key Controls	Type	Date	Shire Rating
<i>Policy & Procedural Review Process</i>	<i>Detective</i>	<i>Oct-16</i>	Adequate
<i>Records Management Process & Policy</i>	<i>Preventative</i>	<i>Oct-16</i>	Adequate
<i>Record Keeping Plan</i>	<i>Preventative</i>	<i>Oct-16</i>	Adequate
<i>Document / Correspondence receipt & action process</i>	<i>Preventative</i>	<i>Oct-16</i>	Adequate
<i>Outstanding correspondence report from Synergy</i>	<i>Detective</i>	<i>Oct-16</i>	Effective

Overall Control Ratings: **Adequate**

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

Overall Risk Ratings: **Moderate**

Key Indicators	Tolerance	Date	Overall Shire Result
<i># outstanding items on Correspondence report greater than 30 days</i>			

Comments
 As rated by Workshop Attendees - Alan Sheridan (CEO), Jean Sutherland (Executive Manager Corporate Services), Bronwyn Southee (Executive Manager Development Services) and Jim Garrett, (Executive Manager Technical Services)

Notes
 Key Controls rated as adequate as policies and procedures and Record keepng plan all reviewed regularly
 Outstanding correspondence report submitted to CEO is rated as effective as this ensures correspondence is dealt with in a timely manner

Current Issues / Actions / Treatments	Due Date	Responsibility
<i>Staff training on records management</i>	<i>Ongoing</i>	<i>Records Officer</i>

Inadequate engagement practices **Oct-16**

This Risk Theme is defined as:
 Failure to maintain effective working relationships with the Community (including Local Media), Stakeholders, Key Private Sector Companies, Government Agencies and / or Elected Members. This invariably includes activities where communication, feedback and / or consultation is required and where it is in the best interests to do so. For example;
 • Following up on any access & inclusion issues.
 • Infrastructure Projects.
 • Regional or District Committee attendance.
 • Local Planning initiatives.
 • Strategic Planning initiatives
 This does not include instances whereby Community expectations have not been met for standard service provisions such as Community Events, Library Services and Local Public Transport Services.

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

Key Controls	Type	Date	Shire Rating
Council Newsletters (inc e-Chat)	Preventative	Oct-16	Effective
Communication Plan & Community Engagement Plan	Preventative	Oct-16	Adequate
Regular Media Releases	Preventative	Oct-16	Effective
Social Media (Facebook)	Preventative	Oct-16	Effective
Website	Preventative	Oct-16	Effective
Letter Drops/Surveys	Preventative	Oct-16	Effective
Integrated Planning Framework	Preventative	Oct-16	Adequate

Overall Control Ratings: Effective

Risk Ratings	Shire Rating
Consequence:	Moderate
Likelihood:	Possible

Overall Risk Ratings: Moderate

Key Indicators	Tolerance	Date	Overall Shire Result
% community feeling they have opportunities to participate in planning			
% community satisfaction with the Shire's advocacy and community representation			

Comments
 As rated by Workshop Attendees - Alan Sheridan (CEO), Jean Sutherland (Executive Manager Corporate Services), Bronwyn Southee (Executive Manager Development Services) and Jim Garrett, (Executive Manager Technical Services)

Notes
 The key controls are rated as effective and adequate as we consistently use social media, media releases, update our web page and use mail drops/surveys for individual matters.

Current Issues / Actions / Treatments	Due Date	Responsibility

Inadequate supplier / contract management **Oct-16**

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

- Concentration issues
- Vendor sustainability

Potential causes include;

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

Key Controls	Type	Date	Shire Rating
<i>Contract Management System</i>	<i>Preventative</i>	<i>Oct-16</i>	Adequate
<i>Review Meetings (Large contractors)</i>	<i>Detective</i>	<i>Oct-16</i>	Adequate
<i>Use of E Quotes</i>	<i>Preventative</i>	<i>Oct-16</i>	Adequate

Overall Control Ratings: **Adequate**

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

Key Indicators	Tolerance	Date	Overall Shire Result
<i># Expired Contracts, not yet renewed/reviewed</i>	<i>0</i>		

Comments
As rated by Workshop Attendees - Alan Sheridan (CEO), Jean Sutherland (Executive Manager Corporate Services), Bronwyn Southee (Executive Manager Development Services) and Jim Garrett, (Executive Manager Technical Services)

Notes
*Contract Management System is rated as adequate as a summary of contracts requiring review/renewal is in place.
 Review meeting with large contractors (eg Avon Waste) is rated as adequate as this ensures that contractor is abiding by conditions*

Current Issues / Actions / Treatments	Due Date	Responsibility

Inadequate asset sustainability practices **Oct-16**

This Risk Theme is defined as;
 Failure or reduction in service of infrastructure assets, plant, equipment or machinery. These include fleet, buildings, roads, playgrounds, boat ramps and all other assets and their associated lifecycle from procurement to maintenance and ultimate disposal. Areas included in the scope are;
 • Inadequate design (not fit for purpose)
 • Ineffective usage (down time)
 • Outputs not meeting expectations
 • Inadequate maintenance activities.
 • Inadequate financial management and planning.

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

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

Key Controls	Type	Date	Shire Rating
<i>Asset Management System (various)</i>	<i>Preventative</i>	<i>Oct-16</i>	Adequate
<i>Asset Management Plans</i>	<i>Preventative</i>	<i>Oct-16</i>	Adequate
<i>Planned Building Maintenance</i>	<i>Detective</i>	<i>Oct-16</i>	Adequate
<i>Plant Replacement Program</i>	<i>Preventative</i>	<i>Oct-16</i>	Adequate
<i>Road Asset Management System (ROMANS)</i>	<i>Preventative</i>	<i>Oct-16</i>	Adequate
<i>Asset valuation process</i>	<i>Preventative</i>	<i>Oct-16</i>	Adequate

Overall Control Ratings: **Adequate**

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

Key Indicators	Tolerance	Date	Overall Shire Result
<i>Asset Sustainability Ratio</i>			
<i>Asset Consumption Ratio</i>			
<i>Asset Renewal Funding Ratio</i>			

Comments
 As rated by Workshop Attendees - Alan Sheridan (CEO), Jean Sutherland (Executive Manager Corporate Services), Bronwyn Southee (Executive Manager Development Services) and Jim Garrett, (Executive Manager Technical Services)

Notes
 All of the key controls are rated as adequate as these systems and plans are all in place and all consistently maintained.
 Asset management plans for major asset classes are under review as part of the IPR Framework. Completed in 2016

Current Issues / Actions / Treatments	Due Date	Responsibility
<i>Develop and implement the Asset Management Plan</i>	<i>TBD</i>	<i>Executive Manager Corporate Services</i>
<i>Implement Fleet Review</i>	<i>TBD</i>	<i>Chief Executive Officer</i>

Ineffective management of facilities / venues / events **Oct-16**

This Risk Theme is defined as:
 Failure to effectively manage the day to day operations of facilities, venues and / or events. This includes;
 • Inadequate procedures in place to manage the quality or availability.
 • Ineffective signage
 • Booking issues
 • Financial interactions with hirers / users
 • Oversight / provision of peripheral services (eg. cleaning / maintenance)

Potential causes include;

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

Key Controls	Type	Date	Shire Rating
<i>Central Booking Register (Information Sheet) Council managed facilities</i>	<i>Preventative</i>	<i>Oct-16</i>	Effective
<i>User Group Meetings</i>	<i>Preventative</i>	<i>Oct-16</i>	Effective
<i>Disability Access & Inclusion Plan</i>	<i>Detective</i>	<i>Oct-16</i>	Adequate
<i>Sign Audit - Emergency Signage</i>	<i>Detective</i>	<i>Oct-16</i>	Adequate
<i>Maintenance of Building Plans</i>	<i>Preventative</i>	<i>Oct-16</i>	Effective
<i>Annual Event Calendar</i>	<i>Preventative</i>	<i>Oct-16</i>	Effective

Overall Control Ratings: **Effective**

Risk Ratings	Shire Rating
Consequence:	<i>Minor</i>
Likelihood:	<i>Rare</i>

Overall Risk Ratings: **Low**

Key Indicators	Tolerance	Date	Overall Shire Result
<i># complaints received regarding facilities/venues/events</i>			

Comments
 As rated by Workshop Attendees - Alan Sheridan (CEO), Jean Sutherland (Executive Manager Corporate Services), Bronwyn Southee (Executive Manager Development Services) and Jim Garrett, (Executive Manager Technical Services)

Notes
 Central booking system is rated as effective as this ensures there is no chance of double bookings and inconvenience to the public
 User Group meetings are rated as effective as the CDO acts as a conduit for communication between Council and the User Groups
 Maintenance of Building Plans is rated as effective as this plan is reviewed annually during the budget process
 Annual event calendar is rated as effective as this is produced annually and ensures that event dates do not clash

Current Issues / Actions / Treatments	Due Date	Responsibility