



**Shire of Wyalkatchem Audit and Risk Committee**  
**Notice of Meeting and Agenda**  
**to be held on Thursday 17 December 2020,**  
**commencing at 3.00pm in the Council Chambers,**  
**Honour Avenue, Wyalkatchem**

*Regulation 16 of the Local Government (Audit) Regulations 1996 states that:*

*"An audit committee —*

- a) is to provide guidance and assistance to the local government —
  - i. as to the carrying out of its functions in relation to audits carried out under Part 7 of the Act; and*
  - ii. as to the development of a process to be used to select and appoint a person to be an auditor; and**
  
- b) may provide guidance and assistance to the local government as to —
  - i. matters to be audited; and*
  - ii. the scope of audits; and*
  - iii. its functions under Part 6 of the Act; and*
  - iv. the carrying out of its functions relating to other audits and other matters related to financial management; and**
  
- c) is to review a report given to it by the CEO under regulation 17(3) (the CEO's report) and is to —
  - i. report to the council the results of that review; and*
  - ii. give a copy of the CEO's report to the council."**

**TABLE OF CONTENTS**

<b>1. DECLARATION OF OPENING.....</b>	<b>3</b>
<b>2. PUBLIC QUESTION TIME .....</b>	<b>3</b>
<b>3. ATTENDANCE /APOLOGIES/LEAVE OF ABSENCE .....</b>	<b>3</b>
<b>4. PETITIONS, DEPUTATIONS, PRESENTATIONS .....</b>	<b>3</b>
<b>5. DECLARATIONS OF INTEREST .....</b>	<b>3</b>
<b>6. CONFIRMATION AND RECEIPT OF MINUTES.....</b>	<b>3</b>
6.1.    AUDIT AND RISK COMMITTEE MEETING – 15 October 2020 2020.....	3
<b>7. MATTERS ARISING FROM THE MINUTES .....</b>	<b>3</b>
<b>8. ANNOUCEMENT BY THE PRESIDING PERSON WITHOUT DISCUSSIONS .....</b>	<b>3</b>
<b>9. MATTERS FOR WHICH THE MEETING MAY BE CLOSED.....</b>	<b>3</b>
<b>10. MATTERS REQUIRING A COMMITTEE DECISION .....</b>	<b>4</b>
10.1.    CORPORATE SERVICES REPORTS .....	4
10.1.1.    AUDIT AND RISK COMMITTEE STATUS REPORT .....	4
10.2.    RISK MANAGEMENT .....	6
10.2.1.    COMPLIANCE STATUS REPORTS.....	6
10.2.2.    RISK MANAGEMENT POLICY .....	10
10.2.3.    RISK MANAGEMENT FRAMEWORK.....	12
<b>11. MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN.....</b>	<b>15</b>
<b>12. QUESTIONS BY MEMBER OF WHICH DUE NOTICE HAS BEEN GIVEN .....</b>	<b>15</b>
<b>13. URGENT BUSINESS APPROVED BY THE PRESON PRESIDING OR BY DECISION.....</b>	<b>15</b>
<b>14. MATTERS BEHIND CLOSED DOORS.....</b>	<b>15</b>
<b>15. CLOSURE OF THE MEETING.....</b>	<b>15</b>

- 1. DECLARATION OF OPENING**
- 2. PUBLIC QUESTION TIME**
- 3. ATTENDANCE /APOLOGIES/LEAVE OF ABSENCE**
- 4. PETITIONS, DEPUTATIONS, PRESENTATIONS**
- 5. DECLARATIONS OF INTEREST**
- 6. CONFIRMATION AND RECEIPT OF MINUTES**
  - 6.1. AUDIT AND RISK COMMITTEE MEETING – 15 October 2020**

Minutes of the Shire of Wyalkatchem’s Audit and Risk Committee Meeting held on the 15 October 2020 ([Attachment 6.1](#))

**OFFICERS RECOMMENDATION**

*That the minutes of the Wyalkatchem Audit and Risk Committee Meeting held on the 15 October 2020 (Attachment 6.1); be confirmed as a true and correct record.*
- 7. MATTERS ARISING FROM THE MINUTES**
- 8. ANNOUNCEMENT BY THE PRESIDING PERSON WITHOUT DISCUSSIONS**
- 9. MATTERS FOR WHICH THE MEETING MAY BE CLOSED**

## 10. MATTERS REQUIRING A COMMITTEE DECISION

### 10.1. CORPORATE SERVICES REPORTS

#### 10.1.1. AUDIT AND RISK COMMITTEE STATUS REPORT

Applicant:	Shire of Wyalkatchem
Location:	Shire of Wyalkatchem
Date:	10 December 2020
Reporting Officer:	Ally Bryant, Manager of Corporate services
Disclosure of Interest:	No interests to disclose
File Number:	12.02.02
Attachment Reference:	<a href="#">Attachment 10.1.1 - Status Report</a>

#### SUMMARY

The purpose of this report is to provide the Audit and Risk Committee with a status update of outcomes from previous meeting.

#### BACKGROUND

In the past the Audit and Risk Committee has met when required with no status report being presented. The committee now meets every quarter to fulfil its functions and objectives as outlined in its term of reference.

#### COMMENT

A new status report has been developed being effective from the February 2019 Audit and Risk Management meeting and will provide the committee with a progress status and actions performed to date. Actions and status updates since the last status report will be indicated in bold. Items that have been reported as completed will be removed in future reports.

#### STATUTORY ENVIRONMENT

*Local Government (Financial Management) Regulations 1996 s.5 (2)(c)*  
*Local Government (Audit) Regulations 1996 s.17*  
*Local Government Act 1995*

#### POLICY IMPLICATIONS

There are no direct policy implications in relation to this item.

#### FINANCIAL IMPLICATIONS

There are no direct financial implications in relation to this item.

#### COMMUNITY & STRATEGIC OBJECTIVES

The matter before Council generally accords with the following Shire desired outcome as expressed in the revised Shire of Wyalkatchem Strategic Community Plan

**GOAL: 10**

<b>Outcome No.</b>	<b>Outcome</b>
Transparent, accountable and effective governance	Ensuring a well-informed Council makes good decisions for the community Ensuring sound financial management and plans for the Shire's long term financial sustainability High quality corporate governance, accountability and compliance Maintaining Integrated Strategic and Operational plans

**VOTING REQUIREMENT**

Simple Majority

**OFFICER'S RECOMMENDATION**

*That the Audit and Risk Committee receives the Audit and Risk Committee Status Report, as per attachment 10.1.1.*

## 10.2. RISK MANAGEMENT

### 10.2.1. COMPLIANCE STATUS REPORTS

Applicant:	Shire of Wyalkatchem
Location:	Shire of Wyalkatchem
Date:	10 December 2020
Reporting Officer:	Ally Bryant, Manager of Corporate Services
Disclosure of Interest:	No interests to disclose
File Number:	12.02.02, 13.11, 12.19.01
Attachment Reference:	<a href="#">Attachment 10.2.1.1 – Audit Regulation 17 and Financial Management Review Action Plan Status Report</a> <a href="#">Attachment 10.2.1.2 – Compliance Calendar Status Report</a> <a href="#">Attachment 10.2.1.3 – Compliance Audit Return Management Action Plan Status Report</a>

### SUMMARY

The purpose of this report is to provide the Audit and Risk Committee with a progress status reports on the appropriateness and effectiveness of the Shire's Systems and procedures in relation to the following:

- Audit Regulation 17
- Financial Management Review
- Statutory Compliance Calendar
- Compliance Audit Return
- Audit Findings Report

### BACKGROUND

#### Audit Regulation 17

The Regulation 17 Review audit was conducted by AMD Chartered Accountants and produced a comprehensive list of recommendations sanctioned into the following main compliance areas

- Risk Management
- Legislative Compliance
- Internal Controls

AMD Chartered Accountants provided a number of recommendations to ensure that compliance and best practices are being followed. These recommendations were noted and an action plan was developed. A cumulative total of 16 framework components and actions were identified to increase procedural and system effectiveness in accordance with legislative requirements. These have been incorporated into an action plan

#### Financial Management Review

The Financial Management Review audit was conducted by AMD Chartered Accountants. The objective of the review is to assist the Chief Executive Officer discharge responsibilities in respect to Regulation 5(2)(c) of the *Local Government (Financial Management) Regulations*

1996 and provide a review of the appropriateness and effectiveness of the Shire of Wyalkatchem's financial management systems and procedures.

AMD Chartered Accountants provided a number of recommendations to ensure that compliance and best practices are being followed. These recommendations were noted and an action plan was developed. A cumulative total of 18 framework components and actions were identified to increase procedural and system effectiveness in accordance with legislative requirements. These have been incorporated into an action plan.

#### Statutory Compliance Calendar

The Statutory Compliance Calendar has been developed utilising a Statutory Compliance Calendar template provided by Western Australia Local Government Association (WALGA) being a tool that helps the Council to indent the yearly compliance actives throughout the calendar year. The objective is to assist responsible officers in being aware of monthly activities that require compliance and accountability across a various legislative components.

#### Compliance Audit Return

The Compliance Audit Return (CAR) assists the Shire to monitor legislative compliance by examining a range of prescribed requirements. The Shire's Compliance Audit Return 2018 was completed in January 2019 with items of non-compliance being reviewed and where applicable incorporated into a Management Action Plan.

#### **COMMENT**

The action plan status reports provide the organisation with a comprehensive overview of practices and continuous improvement activities that work towards increasing best practice standards across the Shire.

#### Regulation 17 and Financial Management Review Action Plan Status Report

The action plan provides the organisation with a comprehensive list of actions that will ensure continuous improvement methodologies that work towards increasing best practice standards across the shire.

There are a number of actions that have completed, partially completed or in progress. Full details are in contained within attachment 10.2.1.1.

#### Statutory Compliance Calendar

The Statutory Compliance Calendar incorporates all compliance requirements over the course of a year, including the next due date where an item is not carried out at least once per year.

Staff are provided with daily reminders to "take action", providing them with their upcoming requirements. The calendar's actions have been recorded and report from responsible officer, populating the relevant details as outlined in attachment 10.2.1.2.

#### Compliance Audit Return

The majority of the items included in the Management Action Plan have already been identified and included in the Regulation 17 and/or Financial Management Review action

plans. With that being said, it is important that the Audit committee are provided with updated progress of the actions as identified within the CAR Management Action plan to ensure that the required items are being actioned / addressed. Full details are contained within attachment 10.2.1.3.

### **Outstanding items**

There are a number of items that are pending completion. The majority of items are outstanding only due to the suggested timing and have not resulted in any compliance breach. Council has a number of tasks that are required in order to meet compliance and best practice. Significant delays have occurred due to the reduction of staff resources.

### **STATUTORY ENVIRONMENT**

*Local Government (Financial Management) Regulations 1996 s.5 (2)(c)*

*Local Government (Audit) Regulations 1996 s.17*

*Local Government Act 1995*

### **POLICY IMPLICATIONS**

There are no direct policy implications in relation to this item.

### **FINANCIAL IMPLICATIONS**

There are no direct financial implications in relation to this item.

### **COMMUNITY & STRATEGIC OBJECTIVES**

The matter before Council generally accords with the following Shire desired outcome as expressed in the revised Shire of Wyalkatchem Strategic Community Plan

### **GOAL 10**

<b>Outcome No.</b>	<b>Outcome</b>
Transparent, accountable and effective governance	<ul style="list-style-type: none"><li>• Ensuring a well-informed Council makes good decisions for the community</li><li>• Ensuring sound financial management and plans for the Shire's long term financial sustainability</li><li>• High quality corporate governance, accountability and compliance</li></ul> Maintaining Integrated Strategic and Operational plans

### **VOTING REQUIREMENT**

Simple Majority



**OFFICER'S RECOMMENDATION**

*That the Audit and Risk Committee;*

- 1. Receives the Audit Regulation 17 and Financial Management Review Action Plan Status Report (Attachment 10.2.1.1).*
- 2. Receives the Statutory Compliance Calendar Status Report (Attachment 10.2.1.2).*
- 3. Receives the Compliance Audit Return Management Action Plan Status Report (Attachment 10.2.1.3).*

### 10.2.2. RISK MANAGEMENT POLICY

Applicant:	Shire of Wyalkatchem
Location:	Shire of Wyalkatchem
Date:	17 February 2020
Reporting Officer:	Ally Bryant, Manager of Corporate Services
Disclosure of Interest:	No interests to disclose
File Number:	4.14.01
Attachment Reference:	<a href="#">Attachment 10.2.2 – Risk Management Policy</a>

#### SUMMARY

This Item presents the Risk Management policy for consideration and, if satisfactory, a recommendation for Council's

#### BACKGROUND

The Shire of Wyalkatchem's Risk Management Policy and Framework sets out the Shire's approach to the identification, assessment, management, reporting and monitoring of risks. The Risk Management Policy was initially adopted in August 2014 and was reviewed in April 2018, and again in December 2020. A copy of the amended policy is attached.

#### COMMENT

The 2020 review has expanded the policy to include a Monitor and Review process. Other changes are considered minor, mainly to make the wording more reader-friendly and understandable, while not affecting the intent of the Policy.

#### STATUTORY ENVIRONMENT

*Section 2.7 of the Local Government Act 1995 stipulates that the role of Council is to determine policies.*

#### POLICY IMPLICATIONS

If adopted, the Policy Manual will be updated with the reviewed policy

#### FINANCIAL IMPLICATIONS

There are no direct financial implications in relation to this item.

#### COMMUNITY & STRATEGIC OBJECTIVES

The matter before Council generally accords with the following Shire desired goal as expressed in the revised Shire of Wyalkatchem Strategic Community Plan

#### Goal: Transparent, accountable and effective governance

Goal No.	Strategies		Actions
10	Transparent, accountable and effective governance	10.3	High quality corporate governance, accountability and compliance

*Agenda for the Audit Committee Meeting to be held in the Shire of Wyalkatchem Council Chambers on the 17 December 2020*

**VOTING REQUIREMENT**

Simple Majority

**OFFICER'S RECOMMENDATION**

*That the Audit and Risk Management Committee in accordance with Regulation 16 and 17 of the Local Government (Audit) Regulations 1996, receives the Risk Management Policy, as presented in Attachment 10.2.2, and recommends to Council that it adopts the Risk Management Policy.*

### 10.2.3. RISK MANAGEMENT FRAMEWORK

Applicant:	Shire of Wyalkatchem
Location:	Shire of Wyalkatchem
Date:	17 February 2020
Reporting Officer:	Ally Bryant, Manager of Corporate Services
Disclosure of Interest:	No interests to disclose
File Number:	27.11
Attachment Reference:	<a href="#">Attachment 10.2.3 – Risk Management Framework</a>

#### SUMMARY

This item presents the Risk Management Framework for consideration and, if satisfactory, recommendation to Council for adoption.

#### BACKGROUND

The Shire of Wyalkatchem's Risk Management Policy and Framework sets out the Shire's approach to the identification, assessment, management, reporting and monitoring of risks. All components of the Risk Management Framework are based on AS/NZS ISO 31000:2018 Risk Management - Guidelines.

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

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

The Risk Management 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.

Appropriate governance of risk management within the shire provides:

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

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

#### COMMENT

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 and Operational Plans.

All work areas of the Shire are required to assess and manage their risks on an ongoing basis. Each Manager, in conjunction with the CEO, are accountable for ensuring that identified risks are:

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

This process is supported using key data inputs, workshops and ongoing business engagement.

The risk management process is standardised across all areas of the Shire. It is essential to monitor and review the management of risks as changing circumstances may result in some risks increasing or decreasing in significance.

By regularly reviewing the effectiveness and efficiency of controls and the appropriateness of treatment / action options selected, it can be determined if the organisation's resources are being put to the best use possible.

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

#### **STATUTORY ENVIRONMENT**

*Local Government Act 1995 and regulation 17 of the Local Government (Audit) Regulations is applicable.*

#### **POLICY IMPLICATIONS**

Councils Risk Management Policy is applicable.

#### **FINANCIAL IMPLICATIONS**

There are no direct financial implications in relation to this item.

#### **COMMUNITY & STRATEGIC OBJECTIVES**

The matter before Council generally accords with the following Shire desired goal as expressed in the revised Shire of Wyalkatchem Strategic Community Plan

#### **Goal: Transparent, accountable and effective governance**

<b>Goal No.</b>	<b>Strategies</b>		<b>Actions</b>
10	Transparent, accountable and effective governance	10.3	High quality corporate governance, accountability and compliance

#### **VOTING REQUIREMENT**

Simple Majority

**OFFICER'S RECOMMENDATION**

*That the Audit and Risk Management Committee in accordance with Regulation 16 and 17 of the Local Government (Audit) Regulations 1996, receives the Risk Management Framework, as presented in Attachment 10.2.3, and recommends to Council that it adopts the Risk Management Framework*

*Agenda for the Audit Committee Meeting to be held in the Shire of Wyalkatchem Council Chambers on the 17 December 2020*

**11. MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN**

**12. QUESTIONS BY MEMBER OF WHICH DUE NOTICE HAS BEEN GIVEN**

**13. URGENT BUSINESS APPROVED BY THE PERSON PRESIDING OR BY DECISION**

**14. MATTERS BEHIND CLOSED DOORS**

**15. CLOSURE OF THE MEETING**



**SHIRE OF WYALKATCHEM**

**Happy  
Holidays!**



**December 2020**

**Audit and Risk  
Committee**

**ATTACHMENTS**



# **LIST OF ATTACHMENTS**

- 6.1            Audit and Risk Management Meeting Minutes - December 2020**
- 10.1.1        Audit and Risk Management Status Report**
- 10.2.1.1     Audit Regulation 17 and Financial Management Review Status Report**
- 10.2.1.3     Compliance Calendar Status Report Status Report**
- 10.2.1.3     Compliance Audit Return Management Action Plan Status Report**
- 10.2.2        Risk management Policy**
- 10.2.3        Risk Management framework**



**Shire of Wyalkatchem Audit and Risk Committee Meeting**  
**held on Thursday 15 October 2020**  
**commencing at 3.00pm in the Council Chambers,**  
**Honour Avenue, Wyalkatchem**

*Regulation 16 of the Local Government (Audit) Regulations 1996 states that:*

*“An audit committee —*

- a)** is to provide guidance and assistance to the local government —
  - i.** as to the carrying out of its functions in relation to audits carried out under Part 7 of the Act; and*
  - ii.** as to the development of a process to be used to select and appoint a person to be an auditor; and**
  
- b)** may provide guidance and assistance to the local government as to —
  - i.** matters to be audited; and*
  - ii.** the scope of audits; and*
  - iii.** its functions under Part 6 of the Act; and*
  - iv.** the carrying out of its functions relating to other audits and other matters related to financial management; and**
  
- c)** is to review a report given to it by the CEO under regulation 17(3) (the CEO’s report) and is to —
  - i.** report to the council the results of that review; and*
  - ii.** give a copy of the CEO’s report to the council.”**

**Preface**

When the Chief Executive Officer approved these Minutes for distribution they are in essence “Unconfirmed” until the following Audit and Risk Committee Meeting, where the minutes will be confirmed subject to any amendments.

The “Confirmed” Minutes are then signed off by the Chairperson.

**Unconfirmed Minutes**

These minutes were approved for distribution on 15 October 2020

Stephen Tindale  
**Acting Chief Executive Officer**  
**Shire of Wyalkatchem**

**Disclaimer**

No responsibility whatsoever is implied or accepted by the Shire of Wyalkatchem for any act, omission or statement or intimation occurring during this meeting. It is strongly advised that persons do not act on what is heard at this meeting and should only rely on written confirmation of Committee’s decisions, which will be provided within ten days of this meeting.

**TABLE OF CONTENTS**

<b>1. DECLARATION OF OPENING.....</b>	<b>4</b>
<b>2. PUBLIC QUESTION TIME .....</b>	<b>4</b>
<b>3. ATTENDANCE /APOLOGIES/LEAVE OF ABSENCE .....</b>	<b>4</b>
<b>3.1. Attendance.....</b>	<b>4</b>
<b>3.2. Apologies.....</b>	<b>4</b>
<b>3.3. Approved Leave of Absence .....</b>	<b>4</b>
<b>3.4. Applications for Leave of Absence .....</b>	<b>4</b>
<b>4. PETITIONS, DEPUTATIONS, PRESENTATIONS .....</b>	<b>4</b>
<b>5. DECLARATIONS OF INTEREST .....</b>	<b>4</b>
<b>6. CONFIRMATION AND RECEIPT OF MINUTES.....</b>	<b>4</b>
6.1. AUDIT AND RISK COMMITTEE MEETING – 21 May 2020 .....	4
<b>7. MATTERS ARISING FROM THE MINUTES .....</b>	<b>5</b>
<b>8. ANNOUCEMENT BY THE PRESIDING PERSON WITHOUT DISCUSSIONS .....</b>	<b>5</b>
<b>9. MATTERS FOR WHICH THE MEETING MAY BE CLOSED.....</b>	<b>5</b>
<b>10. MATTERS REQUIRING A COMMITTEE DECISION .....</b>	<b>6</b>
10.1. CORPORATE SERVICES REPORTS .....	6
10.1.1. AUDIT AND RISK COMMITTEE STATUS REPORT.....	6
10.2. RISK MANAGEMENT .....	8
10.2.1. COMPLIANCE STATUS REPORTS.....	8
10.2.2. INTERIM AUDIT MANAGEMENT LETTER.....	12
<b>11. MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN.....</b>	<b>15</b>
<b>12. QUESTIONS BY MEMBER OF WHICH DUE NOTICE HAS BEEN GIVEN .....</b>	<b>15</b>
<b>13. URGENT BUSINESS APPROVED BY THE PERSON PRESIDING OR BY DECISION.....</b>	<b>15</b>
<b>14. MATTERS BEHIND CLOSED DOORS.....</b>	<b>15</b>
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**1. DECLARATION OF OPENING**

The Chairperson declared the meeting open at: 3:06pm

**2. PUBLIC QUESTION TIME**

Public Question time opened at 3:06pm

There were no members of the public.

**3. ATTENDANCE /APOLOGIES/LEAVE OF ABSENCE**

**3.1. Attendance**

Members:	Cr. Owen Garner	(Presiding Member)
	Cr. Quentin Davies	
	Cr. Mischa Stratford	
	Cr. Emma Holdsworth	(Deputy)
	Cr. Stephen Gamble.	

Staff:	Stephen Tindale	Acting Chief Executive Officer
	Ally Bryant	Manager of Corporate services
	Stephanie Elvidge	Governance Executive Officer
	Keith Mills	Manager of Works

**3.2. Apologies**

Cr. Rachel Nightingale

**3.3. Approved Leave of Absence**

Nil

**3.4. Applications for Leave of Absence**

Nil

**4. PETITIONS, DEPUTATIONS, PRESENTATIONS**

Nil

**5. DECLARATIONS OF INTEREST**

Nil

**6. CONFIRMATION AND RECEIPT OF MINUTES**

**6.1. AUDIT AND RISK COMMITTEE MEETING – 21 May 2020**

Minutes of the Shire of Wyalkatchem's Audit and Risk Committee Meeting held on the 21 May 2020 (Attachment 6.1)

**OFFICERS RECOMMENDATION**

*That the minutes of the Wyalkatchem Audit and Risk Committee Meeting held on the 21 May 2020 (Attachment 6.1); be confirmed as a true and correct record.*

**COUNCIL RESOLUTION**

**(10/2020) Moved: Cr Holdsworth**

**Seconded: Cr Stratford**

***That the minutes of the Wyalkatchem Audit and Risk Committee Meeting held on  
the 20 February 2020 (Attachment 6.1); be confirmed as a true and correct record.***

***CARRIED 5/0***

**7. MATTERS ARISING FROM THE MINUTES**

Nil

**8. ANNOUNCEMENT BY THE PRESIDING PERSON WITHOUT DISCUSSIONS**

Nil

**9. MATTERS FOR WHICH THE MEETING MAY BE CLOSED**

Nil

## 10. MATTERS REQUIRING A COMMITTEE DECISION

### 10.1. CORPORATE SERVICES REPORTS

#### 10.1.1. AUDIT AND RISK COMMITTEE STATUS REPORT

Applicant:	Shire of Wyalkatchem
Location:	Shire of Wyalkatchem
Date:	8 October 2020
Reporting Officer:	Ally Bryant, Manager of Corporate services
Disclosure of Interest:	No interests to disclose
File Number:	12.02.02
Attachment Reference:	Attachment 10.1.1 - Status Report

#### SUMMARY

The purpose of this report is to provide the Audit and Risk Committee with a status update of outcomes from previous meeting.

#### BACKGROUND

In the past the Audit and Risk Committee has met when required with no status report being presented. The committee now meets every quarter to fulfil its functions and objectives as outlined in its term of reference.

#### COMMENT

A new status report has been developed being effective from the February 2019 Audit and Risk Management meeting and will provide the committee with a progress status and actions performed to date. Actions and status updates since the last status report will be indicated in bold. Items that have been reported as completed will be removed in future reports.

#### STATUTORY ENVIRONMENT

*Local Government (Financial Management) Regulations 1996 s.5 (2)(c)*

*Local Government (Audit) Regulations 1996 s.17*

*Local Government Act 1995*

#### POLICY IMPLICATIONS

There are no direct policy implications in relation to this item.

#### FINANCIAL IMPLICATIONS

There are no direct financial implications in relation to this item.

#### COMMUNITY & STRATEGIC OBJECTIVES

The matter before Council generally accords with the following Shire desired outcome as expressed in the revised Shire of Wyalkatchem Strategic Community Plan

**GOAL: 10**

Outcome No.	Outcome
Transparent, accountable and effective governance	Ensuring a well-informed Council makes good decisions for the community Ensuring sound financial management and plans for the Shire's long term financial sustainability High quality corporate governance, accountability and compliance Maintaining Integrated Strategic and Operational plans

**VOTING REQUIREMENT**

Simple Majority

**OFFICER'S RECOMMENDATION**

*That the Audit and Risk Committee receives the Audit and Risk Committee Status Report, as per attachment 10.1.1, and recommends that council;*

*Receives the Audit and Risk Committee Status Report as per attachment 10.1.1.*

**COMMITTEE RESOLUTION:**

***(11/2020) Moved: Cr Gamble                      Seconded: Cr Holdsworth***

***That the Audit and Risk Management Committee:***

*That the Audit and Risk Committee receives the Audit and Risk Committee Status Report, as per attachment 10.1.1, and*

*And recommends that council;*

*Receives the Audit and Risk Committee Status Report as per attachment 10.1.1.*

**CARRIED 5/0**



## 10.2. RISK MANAGEMENT

### 10.2.1. COMPLIANCE STATUS REPORTS

Applicant:	Shire of Wyalkatchem
Location:	Shire of Wyalkatchem
Date:	8 October 2020
Reporting Officer:	Ally Bryant, Manager of Corporate Services
Disclosure of Interest:	No interests to disclose
File Number:	12.02.02, 13.11, 12.19.01
Attachment Reference:	Attachment 10.2.1.1 – Audit Regulation 17 and Financial Management Review Action Plan Status Report Attachment 10.2.1.2 – Compliance Calendar Status Report Attachment 10.2.1.3 – Compliance Audit Return Management Action Plan Status Report

### SUMMARY

The purpose of this report is to provide the Audit and Risk Committee with a progress status reports on the appropriateness and effectiveness of the Shire's Systems and procedures in relation to the following:

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- Compliance Audit Return
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### BACKGROUND

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- Legislative Compliance
- Internal Controls

AMD Chartered Accountants provided a number of recommendations to ensure that compliance and best practices are being followed. These recommendations were noted and an action plan was developed. A cumulative total of 16 framework components and actions were identified to increase procedural and system effectiveness in accordance with legislative requirements. These have been incorporated into an action plan

#### Financial Management Review

The Financial Management Review audit was conducted by AMD Chartered Accountants. The objective of the review is to assist the Chief Executive Officer discharge responsibilities in respect to Regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996* and provide a review of the appropriateness and effectiveness of the Shire of Wyalkatchem's financial management systems and procedures.

AMD Chartered Accountants provided a number of recommendations to ensure that compliance and best practices are being followed. These recommendations were noted and an action plan was developed. A cumulative total of 18 framework components and actions were identified to increase

*Minutes for the Audit Committee Meeting to be held in the Shire of Wyalkatchem Council Chambers on the 15 October 2020*

procedural and system effectiveness in accordance with legislative requirements. These have been incorporated into an action plan.

Statutory Compliance Calendar

The Statutory Compliance Calendar has been developed utilising a Statutory Compliance Calendar template provided by Western Australia Local Government Association (WALGA) being a tool that helps the Council to indent the yearly compliance actives throughout the calendar year. The objective is to assist responsible officers in being aware of monthly activities that require compliance and accountability across a various legislative components.

Compliance Audit Return

The Compliance Audit Return (CAR) assists the Shire to monitor legislative compliance by examining a range of prescribed requirements. The Shire's Compliance Audit Return 2018 was completed in January 2019 with items of non-compliance being reviewed and where applicable incorporated into a Management Action Plan.

Audit Findings Report

As part of the Council's annual audit, Council's auditor is to provide a Management Report, which contains an Audit Findings Report. For the period ending 30 June 2018 one matter was raised in their report in relation to journal entries having a significant rating. This matter was also identified in the Financial Management Review and has been included in this action plan. As only one matter was raised a status report on the Auditors Audit Findings report is not required. For an update on the progress of this action – please refer to item Reg – 3.2.2 on the Financial Management Review / Regulation 17 Action Plan Status report.

**COMMENT**

The action plan status reports provide the organisation with a comprehensive overview of practices and continuous improvement activities that work towards increasing best practice standards across the Shire.

Regulation 17 and Financial Management Review Action Plan Status Report

The action plan provides the organisation with a comprehensive list of actions that will ensure continuous improvement methodologies that work towards increasing best practice standards across the shire.

There are a number of actions that have completed, partially completed or in progress. Full details are in contained within attachment 10.2.1.1.

Statutory Compliance Calendar

The Statutory Compliance Calendar incorporates all compliance requirements over the course of a year, including the next due date where an item is not carried out at least once per year.

Staff are provided with a monthly "take action" providing them with their upcoming requirements. The calendar's actions have been recorded and report from responsible officer, populating the relevant details as outlined in attachment 10.2.1.2.

Compliance Audit Return

The majority of the items included in the Management Action Plan have already been identified and included in the Regulation 17 and/or Financial Management Review action plans. With that being said, it is important that the Audit committee are provided with updated progress of the actions as

identified within the CAR Management Action plan to ensure that the required items are being actioned / addressed. Full details are contained within attachment 10.2.1.3.

### **Outstanding items**

There are a number of items that are pending completion. The majority of items are outstanding only due to the suggested timing and have not resulted in any compliance breach. Council has a number of tasks that are required in order to meet compliance and best practice. Significant delays have occurred due to the reduction of staff resources.

### **STATUTORY ENVIRONMENT**

*Local Government (Financial Management) Regulations 1996 s.5 (2)(c)*

*Local Government (Audit) Regulations 1996 s.17*

*Local Government Act 1995*

### **POLICY IMPLICATIONS**

There are no direct policy implications in relation to this item.

### **FINANCIAL IMPLICATIONS**

There are no direct financial implications in relation to this item.

### **COMMUNITY & STRATEGIC OBJECTIVES**

The matter before Council generally accords with the following Shire desired outcome as expressed in the revised Shire of Wyalkatchem Strategic Community Plan

### **GOAL 10**

<b>Outcome No.</b>	<b>Outcome</b>
Transparent, accountable and effective governance	<ul style="list-style-type: none"><li>• Ensuring a well-informed Council makes good decisions for the community</li><li>• Ensuring sound financial management and plans for the Shire's long term financial sustainability</li><li>• High quality corporate governance, accountability and compliance</li></ul> Maintaining Integrated Strategic and Operational plans

### **VOTING REQUIREMENT**

Simple Majority

### **OFFICER'S RECOMMENDATION**

*That the Audit and Risk Committee;*

- 1. Receives the Audit Regulation 17 and Financial Management Review Action Plan Status Report (Attachment 10.2.1.1).*
- 2. Receives the Statutory Compliance Calendar Status Report (Attachment 10.2.1.2).*
- 3. Receives the Compliance Audit Return Management Action Plan Status Report (Attachment 10.2.1.3).*

*That the Audit Committee recommends that Council;*

- 1. Receives the Audit Regulation 17 and Financial Management Review Action Plan Status Report (Attachment 10.2.1.1).*
- 2. Receives the Statutory Compliance Calendar Status Report (Attachment 10.2.1.2).*
- 3. Receives the Compliance Audit Return Management Action Plan Status Report (Attachment 10.2.1.3).*

**COMMITTEE RESOLUTION:**

***(12/2020) Moved: Cr Davies    Seconded: Cr Stratford***

***That the Audit and Risk Management Committee;***

- 1. Receives the Audit Regulation 17 and Financial Management Review Action Plan Status Report (Attachment 10.2.1.1).***
- 2. Receives the Statutory Compliance Calendar Status Report (Attachment 10.2.1.2).***
- 3. Receives the Compliance Audit Return Management Action Plan Status Report (Attachment 10.2.1.3).***

***That the Audit Committee recommends that Council;***

- 1. Receives the Audit Regulation 17 and Financial Management Review Action Plan Status Report (Attachment 10.2.1.1).***
- 2. Receives the Statutory Compliance Calendar Status Report (Attachment 10.2.1.2).***
- 3. Receives the Compliance Audit Return Management Action Plan Status Report (Attachment 10.2.1.3).***

***CARRIED 5/0***

### 10.2.2. INTERIM AUDIT MANAGEMENT LETTER

Applicant:	Shire of Wyalkatchem
Location:	Shire of Wyalkatchem
Date:	15 October 2020
Reporting Officer:	Ally Bryant, Manager of Corporate Services
Disclosure of Interest:	No interests to disclose
File Number:	12.02.01
Attachment Reference:	Attachment 10.2.2.1 – Office of Auditor General – Management Letter Attachment 10.2.2.2 – Assessment of New Accounting Standards

#### SUMMARY

Council is required to accept the Management Letter prepared by the Office of the Auditor General.

#### BACKGROUND

Council is required to have an Interim Audit which is undertaken by an Auditor approved by the OAG. For the FY 19/20 the interim audit was not completed due to limited staff capacity and was postponed until the September 2020 audit.

During the audit planning stage it was identified that Council had not performed a detailed assessment of the new account standards.

#### COMMENT

The Officer of Auditor General Management Letter has identified one significant management control issue.

#### Item 1 – Assessment of new accounting standards

The Risk Management Plan was drafted in September 2014 and is more than 5 years old.

#### Rating: Significant

#### Implication

Non-compliance with AASB 15 and 1058. As a result the Shires revenue may be overstated for the financial year and leasing commitments not accurately disclosed in the Statement of Financial Position.

#### Recommendation

It is recommended that the Shire complete detailed revenue recognition assessment of all revenue streams in order to conclude if a particular revenue stream or transaction arises from an enforceable contract with a customer and has sufficiently specific performance obligations. The assessment will trigger the revenue recognition requirements under AASB 15, or if it falls outside this scope, under AASB 1058.

#### Management Comment

Noted.

Management agreed with the recommendation and have provided the auditors with an Assessment of the New accounting Standards Attached 10.2.2.2.

#### STATUTORY ENVIRONMENT

*Local Government Act 1995 section 7.12A – Duties of local government with respect to audits.*

**POLICY IMPLICATIONS**

There are no direct policy implications in relation to this item.

**FINANCIAL IMPLICATIONS**

There are no direct financial implications in relation to this item.

**COMMUNITY & STRATEGIC OBJECTIVES**

The matter before Council generally accords with the following Shire desired outcome as expressed in the revised Shire of Wyalkatchem Strategic Community Plan

**Goal: Transparent, accountable and effective governance.**

Goal No.	Strategies		Actions
Goal 10	Transparent, accountable and effective governance	10.1	<ul style="list-style-type: none"> <li>Ensuring a well-informed Council makes good decisions for the community</li> </ul>
		10.2	<ul style="list-style-type: none"> <li>Ensuring sound financial management and plans for the Shire’s long term financial sustainability</li> </ul>
		10.3	<ul style="list-style-type: none"> <li>High quality corporate governance, accountability and compliance</li> </ul>
		10.4	<ul style="list-style-type: none"> <li>Maintaining Integrated Strategic and Operational plans</li> </ul>

**VOTING REQUIREMENT**

Simple Majority

**OFFICER’S RECOMMENDATION**

*That the Audit and Risk Management Committee:*

- A. *Accepts the 2019/2020 Management Letter prepared by Office of Auditor General (Attachment 12.1.2.1) and accepts management comments and actions in relation to the audit outcomes.*

*That the Audit Committee recommends that Council;*

- B. *Accepts the 2019/2020 Management Letter prepared by Office of Auditor General (Attachment 12.1.2.1) and accepts management comments and actions in relation to the audit outcomes.*

**COMMITTEE RESOLUTION:**

***(13/2020) Moved: Cr Gamble    Seconded: Cr Stratford  
That the Audit and Risk Management Committee;***

***That the Audit and Risk Management Committee:***

- A. Accepts the 2019/2020 Management Letter prepared by Office of Auditor General (Attachment 12.1.2.1) and accepts management comments and actions in relation to the audit outcomes.***

***That the Audit Committee recommends that Council;***

- B. Accepts the 2019/2020 Management Letter prepared by Office of Auditor General (Attachment 12.1.2.1) and accepts management comments and actions in relation to the audit outcomes.***

***CARRIED 5/0***

**11. MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN**

Nil

**12. QUESTIONS BY MEMBER OF WHICH DUE NOTICE HAS BEEN GIVEN**

Nil

**13. URGENT BUSINESS APPROVED BY THE PERSON PRESIDING OR BY DECISION**

Nil

**14. MATTERS BEHIND CLOSED DOORS**

Nil

**15. CLOSURE OF THE MEETING**

There being no further business to discuss, the Chairperson thanked everyone for their attendance and closed the meeting at 3:34PM.







## Audit and Risk Committee Status Report

In accordance with the *Local Government Act 1995 5.41(c)* the function of the CEO is to; Cause council decisions to be implemented.

The purpose of the Shire of Wyalkatchem Audit and Risk Committee Meeting Status report is to provide a progress status and actions performed to date, as well as anticipated completion dates. The presentation of the status report is effective from the May 2019 Audit and Risk Committee Meeting. Actions and status updates since the last status report are indicated in bold. Items that have been reported as completed will be removed in future reports.

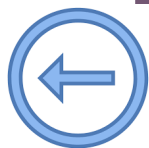
### SHIRE OF WYALKATCHEM AUDIT AND RISK COMMITTEE MEETING STATUS REPORT AS AT DEC 2020

MINUTE REFERENCE	DETAIL	REPOSIBLE OFFICER	STATUS / COMMENTS	STATUS / ANTICIPATED COMPLETION
02/2019  10.2.3	2. That the Audit Committee;  Request that the Chief Executive Officer conducts a review of the Shire's Risk Management Plan and present the plan to the Audit Committee for endorsement.	2. CEO	2. Risk Management Procedure being presented at Dec 2020 Audit Committee Meeting	2. In Progress

MINUTE REFERENCE	DETAIL	REPOSIBLE OFFICER	STATUS / COMMENTS	STATUS / ANTICIPATED COMPLETION
<p><b>10/2020</b></p> <p><b>10.2.2</b></p>	<p>That the Audit and Risk Management Committee:</p> <p>A. Accepts the 2019/2020 Management Letter prepared by Office of Auditor General (Attachment 12.1.2.1) and accepts management comments and actions in relation to the audit outcomes.</p> <p>That the Audit Committee recommends that Council;</p> <p>B. Accepts the 2019/2020 Management Letter prepared by Office of Auditor General (Attachment 12.1.2.1) and accepts management comments and actions in relation to the audit outcomes.</p>	<p>CEO</p> <p>CEO</p>	<p><b>COMPLETE</b></p> <p><b>COMPLETE</b></p>	<p>19/11/2020</p> <p>19/11/2020</p>



# Regulation 17 & FMR Action Plan Status Report



AREA	Risk Rating	Management Action	Primary Responsible Officer	Current Status	Deadline Date	Comments
FMR- 1.2.1 Sundry Debtors	Minor	Develop and implement an "Authority to Raise Debtor Invoice" form	Finance & Administration Officer	Finalised	28-Feb-19	Debtor Request form has been created
FMR- 1.2.1 Sundry Debtors	Minor	Raising of invoices procedure to be developed and communicated to staff.	Finance & Administration Officer	in progress	28-Feb-19	Currently under development
FMR-2.2.1 Pool Receipting Procedures	Minor	Develop Pool income receipting and end of day procedures.	Manager Corporate Services	Pending	28-Feb-20	<b>St Johns ambulance to be contacted to provide a donation tin which they can collect at the end of session.</b>
FMR-3.2.1 Key Security & Register	Moderate	Procedure regarding security of plant to be developed and communicated to staff	Manager of Works	In Progress	30-Apr-19	Security upgraded and communicated. Estimate to be completed by 30 June 2019. Electronic Gate System on hold pending new Depot. New Depot plans deferred to next financial year. Gates to remain manually locked.
FMR-3.2.1 Key Security & Register	Moderate	Depot / plant key register to be developed	Manager of Works	Pending	30-Apr-19	To follow office key sign in and out procedure and communicate to staff by 31/5/2019. New MOW in place Dec 2019
FMR-3.2.1 Key Security & Register	Moderate	Management will investigate an electronic key booking system, which tracks the issue and return of key	Finance Officer	Pending	31-Mar-19	Currently being investigated
FMR-4.2.1 End of Month Reconciliations	Significant	End of month procedures to be developed and included in the Register of Procedures	Manager Corporate Services	Pending	31-Mar-19	<b>Number of templates have been developed and linked to the checklist, to be incorporated into procedures</b>
FMR-4.2.2 - FBT & BAS independent Review	Moderate	FBT procedure to be developed and included in the Register of Procedures	Manager Corporate Services	Pending	31-Mar-19	<b>MCS Aware and procedure to be developed by 31/03/2021</b>
FMR-4.2.2 - FBT & BAS independent Review	Moderate	FBT calculations to be independently reviewed and authorised	Manager Corporate Services	Pending	30-Apr-19	<b>This needs adding to FBT procedure</b>
FMR-5.2.1-Credit Card	Significant	Credit Card Agenda item, including credit card summary, credit card statements and independent review to be presented to Council each month.	Manager Corporate Services	In Progress	11-Feb-19	Practice in place, formal procedures to be developed
FMR-5.2.1-Credit Card	Significant	Review and/or develop Credit Card Holder agreement	Manager Corporate Services	Pending	15-Mar-19	Will be completed in conjunction with development of form procedures as per item 5.2.1.1
FMR-5.2.1-Credit Card	Significant	Credit Card independent review / authorisation procedure to be developed and included in the Register of Procedures	Manager Corporate Services	In Progress	31-Mar-19	Credit Card Statement is being independently reviewed. Review, including disclosure presented to Council each month.
FMR-5.2.2-Changes to Creditor Master File	Significant	'Change to Creditors Masterfile' procedure to be developed and included in the Register of Procedures	Manager Corporate Services	Pending	30-Apr-19	<b>MCS Aware and procedure to be developed by 01/03/2021</b>
FMR-5.2.2-Changes to Creditor Master File	Significant	'Change to Payroll Masterfile' procedure to be developed and included in the Register of Procedures	Manager Corporate Services	Pending	30-Apr-19	<b>MCS Aware and procedure to be developed by 01/03/2021</b>
FMR-5.2.2-Changes to Creditor Master File	Significant	'Change to Creditors Masterfile' authorisation coversheet to be developed	Manager Corporate Services	Pending	30-Apr-19	<b>MCS Aware coversheet to be made in conjunction with procedure 01/03/2021</b>
FMR-5.2.2-Changes to Creditor Master File	Significant	'Change to Payroll Masterfile' authorisation coversheet to be developed	Manager Corporate Services	Pending	30-Apr-19	<b>MCS Aware coversheet to be made in conjunction with procedure 01/03/2021</b>
FMR-5.2.2-Changes to Creditor Master File	Significant	REMOVED	Manager Corporate Services	In Progress	30-Apr-19	No Comment available at this time
FMR-5.2.2-Changes to Creditor Master File	Significant	Random Audit of bank accounts listed on payments to be audited for each payment	Manager Corporate Services	Pending	30-Apr-19	No Comment available at this time

AREA	Risk Rating	Management Action	Primary Responsible Officer	Current Status	Deadline Date	Comments
FMR-5.2.3 - Quotation Form	Significant	A Request for Quotation form to be reviewed and implemented.	Chief Executive Officer	In Progress	30-Apr-19	Currently in draft, to be workshopped with MOW
FMR-5.2.3 - Quotation Form	Significant	Procedures to be developed in line with Council's purchasing policy and included in the Register of Procedures	Chief Executive Officer	Pending	30-Apr-19	Procedures to be developed on finalisation of Request for Quotation
FMR-5.2.4 - Purchase Orders	Moderate	Develop CEO's authorisation to incur liabilities procedure and included in the Register of Procedures	Chief Executive Officer	In Progress	30-Mar-19	Draft procedures are being updated to reflect change in processes due to new financial system, to be finalised and added to the register
FMR-6.2.1 - Depot Visits	Moderate	Review After-hours access for depots	Manager of Works	In Progress	30-May-19	Procedure to be developed
FMR-6.2.1 - Depot Visits	Moderate	Identify cost effective security measures and implement	Manager of Works	In Progress	30-May-19	Needs to be formalised
FMR-6.2.1 - Depot Visits	Moderate	Develop a depot master plan ensuring adequate security measures	Manager of Works	In Progress	30-Apr-19	Being included in Depot master plan
FMR-6.2.1 - Depot Visits	Moderate	Develop Fuel usage policy	Chief Executive Officer	Pending	21-Mar-19	
FMR-6.2.1 - Depot Visits	Moderate	Develop fuel usage for all bowers (including mobile bowers) procedures and included in the Register of Procedures	Manager of Works	Pending	31-Mar-19	will address once Policy revised
FMR-6.2.2 - Payroll / HR	Moderate	Review and/or Develop Human Resource framework and included in the Register of Procedures	Chief Executive Officer	Pending	30-Nov-19	
FMR-6.2.3 Fuel Card / Usage Policy	Minor	Develop a Fuel stock usage policy	Chief Executive Officer	Pending	21-Mar-19	
FMR-6.2.4 - Loss on Private Works	Minor	Review current private works arrangements	Manager Corporate Services	Pending	31-May-19	New Quoting form has been developed. Review on loss currently pending - Will defer until the end of 2018-2019
FMR-7.2.1 - Complaints Officer	Significant	Appoint Manager or works as the complaints officer in the event of a complaint against the CEO	Chief Executive Officer	Complete - no further action	31-Mar-19	Policy adopted including MOW as complaints officer - CEO to write to MOW formalising appointment.
FMR-7.2.1 - Complaints Officer	Significant	Develop a Complaints procedure and include in the Register of Procedures	Chief Executive Officer	Pending	30-Apr-19	
FMR - 7.2.3 - Primary & Annual Returns Register	Moderate	Develop procedures for the management of Primary & Annual Return Registers including increase in record keeping practices ensuring compliance is met	Governance Executive Officer	Complete - no further action	30-Apr-19	
FMR - 7.2.4 - Interim Rates	Moderate	0	Manager Corporate Services	Pending	0-Jan-00	No Comment available at this time
Reg 17-2.2.1 Risk Management Plan & Register	Significant	Review Risk Management Plan	Chief Executive Officer	In Progress	30-Apr-19	Procedures presented at Dec 2020 Audit Committee
Reg 17-2.2.1 Risk Management Plan & Register	Significant	Review Risk Register.	Chief Executive Officer	In Progress	30-Apr-19	Workshopping to Commence Jan 2021 for Risk Register.
Reg 17-2.2.1 Risk Management Plan & Register	Significant	Review and/or develop Risk Management Framework policies.	Chief Executive Officer	Pending	30-May-19	To be completed once plan has been finalised, if required
Reg 17-2.2.1 Risk Management Plan & Register	Significant	Review and/or develop Risk Framework procedures	Chief Executive Officer	Pending	30-Jun-19	To be completed once plan has been finalised, if required
Reg 17-2.2.1 Risk Management Plan & Register	Significant	Status on Risk Register to be presented to Shire's Audit Committee on a regular basis	Chief Executive Officer	Pending	16-May-19	to commence once plan has been finalised
Reg 17 - 2.2.2 Contract Management	Moderate	A contract management framework to be developed in line with Council's reviewed policies and procedures.	Chief Executive Officer	Pending	30-Jul-19	
Reg 17 - 2.2.2 Contract Management	Moderate	A register of contracts to be reviewed and/or developed in line with ADM recommendations	Chief Executive Officer	In Progress	30-May-19	Currently under development

AREA	Risk Rating	Management Action	Primary Responsible Officer	Current Status	Deadline Date	Comments
Reg 17 - 2.2.2 Contract Management	Moderate	Staff Training. Staff who are required to oversee the appointments of contacts, including risk assessment, valuation, compliance etc. to attend Contract Management training by WALGA.	Chief Executive Officer	Pending	10-Apr-19	Past training has conflicted with other commitments, CEO and MOW to be enrolled in the next training
Reg 17 - 2.2.2 Contract Management	Moderate	Contract management resources, including WALGA processes and templates to be incorporated into Shire contract management processes	Chief Executive Officer	Pending	30-Jul-19	Delayed, due to delay in attending training
Reg 17 - 2.2.2 Contract Management	Moderate	Contract Administration to be reviewed and processes to be developed to meet compliance and best practices.	Chief Executive Officer	Pending	30-May-19	Delayed, due to delay in attending training
Reg 17 - 2.2.2 Contract Management	Moderate	Roll Out Velpic online induction Platform	Governance Executive Officer	Being Reviewed	30-May-19	Now in place and current practice
Reg 17 - 2.2.3 - Lease Management	Moderate	Review / Develop a Lease Register	Finance & Administration Officer	Complete - no further action	31-Mar-19	Being reviewed in conjunction with contracts register, some progressed made.
Reg 17 - 2.2.3 - Lease Management	Moderate	Lease Register to be regularly reviewed and actioned	Finance & Administration Officer	in progress	31-Mar-19	Currently under development
Reg 17 - 2.2.4 - Risk Management Policies & Procedures	Moderate	Develop a complete register of procedures	All Staff	In Progress	30-Dec-19	Register of procedures format developed, new procedures being included on development. - This will be an ongoing development
Reg 17 - 2.2.5 - Councillor Inductions	Minor	Council induction to be incorporated into Council Election checklists	Chief Executive Officer	Pending	1-Jul-19	Incorporated into the Shire's compliance calendar
Reg 17 - 2.2.6 - Attendance at Local Government Training and Conferences	Minor	Develop a training matrix based on position descriptions	Governance Executive Officer	in progress	30-May-19	Currently under development with LGIS <b>DRAFT in place to be reviewed on 4/12/2020</b>
Reg 17 - 2.2.6 - Attendance at Local Government Training and Conferences	Minor	Identify gaps and training requirements	Finance & Administration Officer	Pending	14-Jun-19	Will commence after development of training matrix
Reg 17 - 2.2.6 - Attendance at Local Government Training and Conferences	Minor	Develop a Staff training program and budget.	Finance & Administration Officer	Pending	14-Jun-19	Will commence after development of training matrix
Reg 17 - 2.2.6 - Attendance at Local Government Training and Conferences	Minor	Identify LG specific training, seminars and conferences that meet the needs of the organisation and staff development.	Finance & Administration Officer	Pending	14-Jun-19	Will commence after development of training matrix
Reg 17 - 3.2.1 - Tendering	Significant	Identified Staff to attend WALGA Procurement training	Chief Executive Officer	Pending	30-Apr-19	Training dates have been in conflict with other commitments, CEO and MOW to attend next scheduled training
Reg 17 - 3.2.1 - Tendering	Significant	Tendering Framework and procedures to be developed, including checklists, risk assessments, templates etc. and incorporating items included in the AMD recommendations.	Chief Executive Officer	Pending	30-Jun-19	To be commenced on completion of training
Reg 17 - 3.2.3. Masterfile Accuracy and Validity	Significant	Master Details procedure to be developed and included in the Register of Procedures	Manager Corporate Services	Pending	31-Mar-19	No Comment available at this time
Reg 17 - 3.2.4. Business Continuity Plan, Backup Procedures and Security of the Server	Moderate	Business Continuity Plan to be developed	Chief Executive Officer	In Progress	30-Jun-19	Contact has been made with LGIS to assist in the development of the plan
Reg 17 - 3.2.4. Business Continuity Plan, Backup Procedures and Security of the Server	Moderate	IT Disaster Recovery Plan to be developed	Chief Executive Officer	Pending	30-Jun-19	Will be considered as part of the Business Continuity plan
Reg 17 - 3.2.4. Business Continuity Plan, Backup Procedures and Security of the Server	Moderate	IT Disaster Recovery Plan to be tested biannually	Manager Corporate Services	Pending	30-Jun-19	<b>MCS to discuss with PCS as they would test this. PCS confirmed this is their remit.</b>
Reg 17 - 3.2.5. Information Technology	Moderate	Develop an IT Strategic Plan and IT replacement schedule.	Manager Corporate Services	Pending	30-May-19	Basic It replacement schedule prepared as part of the budget processed, will need to be expanded
Reg 17 - 3.2.5. Information Technology	Moderate	Develop use of external USB devices policy	Chief Executive Officer	Pending	21-Mar-19	No Comment available at this time

AREA	Risk Rating	Management Action	Primary Responsible Officer	Current Status	Deadline Date	Comments
Reg 17 - 3.2.5. Information Technology	Moderate	Develop use of external USB devices procedures and include in Register of Procedures.	Manager Corporate Services	Pending	30-May-19	No Comment available at this time
Reg 17 - 3.2.5. Information Technology	Moderate	Computer profiles to be set up to automatically lock after a few minutes of inactivity.	Manager Corporate Services	Pending	31-Jan-19	<b>PCS have ben requested to perform these changes.</b>
Reg 17 - 3.2.5. Information Technology	Moderate	Review Data#3 IT infrastructure report and recommendations. Include in IT Strategic Plan.	Manager Corporate Services	Pending	30-May-19	No Comment available at this time
Reg 17 - 3.2.6. Grant Funding Register	Moderate	Grant Register to be reviewed.	Finance & Administration Officer	In progress	30-Apr-19	Register currently being developed
Reg 17 - 3.2.6. Grant Funding Register	Moderate	Grant Register reconciliation / status updates to be included in End of Month Financial Checklists / Compliance Calendar	Finance & Administration Officer	Pending	30-Apr-19	To be completed once Register is finalised
Reg 17 - 4.3.2. Integrated Strategic Planning	Moderate	Develop Asset Management Plan.	Chief Executive Officer	Pending	30-Dec-19	Will be completed after the SCP and CBP have been adopted
Reg 17 - 4.3.2. Integrated Strategic Planning	Moderate	Develop Long Term Financial Plan.	Chief Executive Officer	Pending	30-Dec-19	Will be completed after the SCP and CBP have been adopted
Reg 17 - 4.3.2. Integrated Strategic Planning	Moderate	Develop Corporate Business Plan	Chief Executive Officer	Pending	30-Jun-19	<b>Corporate Business Plan actions have been developed based on draft SCP and workshopped with Councillors. Plan to be completed</b>
Reg 17 - 4.3.2. Integrated Strategic Planning	Moderate	Review and/or develop other informing strategies, i.e. Workforce plan.	Chief Executive Officer	Pending	31-Jul-19	Will be completed after the SCP and CBP have been adopted. <b>LTFP has been commenced based on draft SCP and CBP</b>
Reg 17 - 4.3.2. Integrated Strategic Planning	Moderate	Review and/or develop Strategic Asset Management Policy	Chief Executive Officer	Pending	21-Mar-19	Will be completed after the SCP and CBP have been adopted
Reg 17 - 4.3.3. Compliance Manual	Moderate	Develop Compliance Calendar Procedures	Governance Executive Officer	<b>Complete - no further action</b>	31-Jan-19	CEO has reviewed Procedures and requested changes. Changes made. CEO reviewed. Changes made. ACEO to review. <b>COMPLETE</b>





**Wyalkatchem Compliance Calendar**  
**STATUS REPORT**  
**17 Sept to 10 Dec 2020**

Endorsement  
Required by

	Compliance Action	Compliance Frequency	Audit Committee	Council	Due Date	Position Title Officer Responsible for Action Compliance	Status	Compliance Met	Date Completed	Comments. If Action not completed, report on plan to rectify non-compliance
	<b>Prior reports outstanding items</b>									
Mar-19	<b>Community Engagement</b> Develop a community engagement policy / strategy			✓	15/03/2019	Chief Executive Officer	<b>Not Commenced</b>	✓	N/A	Pending development in conjunction with the review of the CSP - deferment in timing only. Date only a suggested timing only. Not a compliance breach.
Mar-19	<b>Customer Complaints Handling - Review</b> <ul style="list-style-type: none"> <li>Review the complaint handling policy, procedures and Elected Member and Employee training</li> <li>Analyse complaints data to identify opportunities to improve service provision</li> <li>Provide periodic reports to Council on complaints data analysis</li> </ul> Last completed: <b>dd/mm/yyyy</b> <b>Next Due: dd/mm/yyyy</b>	Annual		✓	15/03/2019	Chief Executive Officer	<b>not commenced</b>	✓	N/A	Policy reviewed and adopted 18/04/2019. Handling procedure review can now commence. Completion date was a suggestion timing only. Not a compliance breach and considered low priority at this time
Mar-19	<b>Authorisations to Incur Liabilities - Review</b> Review list of persons authorised under the CEO's procedures for FM.Reg.5 to incur a liability. Check \$value limitations and authorised persons to ensure efficient operations and appropriate internal controls	Annual			31/03/2019	Chief Executive officer	In Progress	✓	N/A	Timing suggestion only. Staff have been briefed on changes and requirements, Formal documentation required in order to complete task. No compliance breach. Officers have been reviewed. Process to be reviewed to incorporate new financial system and reflect improved processes
Apr-19	<b>Review and Reconcile Grant Register.</b> Status Updates required for each monthly Financial Checklist.	Monthly			30/04/2019	Finance and Administration Officer	In Progress	✓	N/A	Grant Register template to be re-developed using new financial system capabilities. <b>SFO position currently vacant- no further progress</b>
Apr-19	<b>Publish Complaints Policy and Procedure on Council's website</b>				30/04/2019	Finance and Administration Officer	In Progress	✓	N/A	New Policy Adopted, procedures to be prepared inline with policy. <b>Procedure to be developed.</b> To be published on the Shire's website once completed. <b>Register of Policies published on website.</b>
Apr-19	<b>Review Risk Management Plan</b>	Annual			30/04/2019	Chief Executive Officer	<b>not commenced</b>	✓	N/A	To be completed in 2019-20. Timing suggestion only. No compliance breach. LGIS has been approached to assist with review
Apr-19	<b>Review Risk Register and record Status updates</b>	Quarterly			30/04/2019	Chief Executive Officer	<b>not commenced</b>	✓	N/A	To be completed in 2019-20. Timing suggestion only. No compliance breach. LGIS has been approached to assist with review





Endorsement  
Required by

	Compliance Action	Compliance Frequency	Audit Committee	Council	Due Date	Position Title Officer Responsible for Action Compliance	Status	Compliance Met	Date Completed	Comments. If Action not completed, report on plan to rectify non-compliance
Oct-19	Review Risk Register and record Status updates	Quarterly			31/10/2019	chief Executive officer	Not commenced	✗	N/A	Pending Review of Risk Management Plan
<b>November - Take Action</b>										
Nov-19	Payroll/ Staff/ HR Policies- to be reviewed/ amd or Developed.	Annual		✓	21/11/2019	Chief Executive Officer	Timing -rescheduled	✗	N/A	Review scheduled for March 2020, Being 12 months since previous review
Nov-19	Elected Member Protocols for Access to the Administration - Review Reminder advice to Elected Members and employees regarding the CEO approved protocols for Elected Members requests for information and contact with employees	Annual			30/11/2019	Chief Executive Officer	Not commenced	✗	N/A	
<b>December - Take Action</b>										
Dec-19	Long Term Financial Plan - Review Update the Local Term Financial Plan to include outcomes of Corporate Business Plan Review and report with recommendations to Council	Annual		✓	19/12/2019	Chief Executive officer	In Progress	✗	N/A	Pending completion of other IPR documents and plans. CSP & CBP outcomes and actions are being costed and the development of the LTFP is currently underway
Dec-19	Elections - Destruction of Election Papers - parcels which are more than 4 years old may be destroyed, supervised by CEO and witnessed by at least 2 employees OR to secure paper destruction company	Biennial			31/12/2019	Chief Executive Officer	Pending	✗	N/A	To be completed as part of records archiving process - <b>currently pending</b>
Dec-19	Master Compliance Calendar - Review Review the Master Compliance Calendar content and consult with the LGs CEO, Executive and key employees to identify any additional Compliance Actions for inclusion in the next year's Master Compliance Calendar.	Annual			31/12/2019	Governance Executive Officer	In Progress	✓	N/A	Items have been transferred to SynergySoft Compliance Calendar, Experienced some set up issues, which caused delays, Process and procedures to be developed. Process and procedure pending CEO review. FMR and REG 17 actions removed August 2020. <b>Currently under review for 2021. Action dates reset. Issue with reporting to be followed up by IT Vision</b>
<b>January - Take Action</b>										
<b>March - Take Action</b>										
Mar-20	Policy Manual - Review Undertake a review of all Council Policies and provide report / reports to Council to, as necessary; amend policies or delete redundant policies	Annual		✓	15/03/2020	Chief Executive Officer	In Progress	✗	N/A	Review scheduled for March, Being 12 months since previous review. <b>Purchasing Policy reviewed and presented at 20 August OMC.</b>
Mar-20	Elected Member Training / Professional Development Policy - Review Review Council Policy to ensure Elected Member protocols for applying for and accessing professional development are in place and that budgets are sufficient	Annual		✓	15/03/2020	Chief Executive Officer	Pending	✗		To be completed in conjunction with annual policy manual review

Endorsement  
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	Compliance Action	Compliance Frequency	Endorsement Required by		Due Date	Position Title Officer Responsible for Action Compliance	Status	Compliance Met	Date Completed	Comments. If Action not completed, report on plan to rectify non-compliance
			Audit Committee	Council						
Mar-20	<b>Communication devices policy</b> Review the current policies relating to the use of communication devices and develop a policy/policies which sets out the accepted and approved usage of communication devices by staff and elected members, including iPads, email and mobile telephones.	Annual		✓	15/03/2020	Chief Executive Officer	Pending	✘		To be completed in conjunction with annual policy manual review
Mar-20	<b>Social Media Policy</b> Consider developing a policy on the use of social media by staff and elected members	Annual		✓	15/03/2020	Chief Executive Officer	Pending	✘		To be completed in conjunction with annual policy manual review
Mar-20	<b>Policy Review - Payments to Employees Additional to Contract or Award</b> Includes benefits and payments additional to EBA or Contract conditions i.e. gym memberships, gifts in recognition of length of service or gifts on retirement or resignation. Does not include payments for redundancy or termination which are legislated or subject to contractual arrangements.	Biennial		✓	15/03/2020	Chief Executive Officer	Pending	✘	N/A	To be completed in conjunction with annual policy manual review
Mar-20	<b>Policy Review - Code of Conduct</b> Following each Election - provide Council report to enable the 'new' Council to review and adopt the Code of Conduct.	Biennial		✓	15/03/2020	Chief Executive Officer	Pending	✘	N/A	To be completed in conjunction with annual policy manual review
Mar-20	<b>Designated Employees - Review</b> status of employees who have been nominated as Designated Employees but who are not delegated authority and are not members of a Council Committee.	Annual			31/03/2020	Chief Executive Officer	Pending	✘	N/A	
<b>April - Take Action</b>										
Apr-20	<b>Review and Reconcile Grant Register.</b> Status Updates required for each monthly Financial Checklist.	Monthly			30/04/2020	Finance and Administration Officer	In Progress	✘		
Apr-20	<b>Elections - Enrolment Eligibility Claims (Owners and Occupiers) Register</b> - Prepare for Elections - Review register and take action re expired Eligibility Claims (no longer property owner / claim based on occupation or nominee expired)	Biannual (Apr & Nov)			30/04/2020	Chief Executive Officer	Complete	✓	N/A	no elections 2020
Apr-20	<b>Review Risk Register and record Status updates</b>	Quarterly			30/04/2020	Chief Executive Officer	Pending	✘	N/A	
<b>May - Take Action</b>										
May-20	<b>Rate Exempted Properties - Review</b> In preparation for next financial year, review previously approved rate exempt properties to determine if the basis of exemption remains unchanged. Advise owners where status is changed or approval has expired.	Annual		✓	31/05/2020	Manager of Corporate Services	Pending	✓	N/A	Review has been conducted. 3 Properties identified in 2019. Previous application documentation has yet to be located.

Endorsement  
Required by

	Compliance Action	Compliance Frequency	Endorsement Required by		Due Date	Position Title Officer Responsible for Action Compliance	Status	Compliance Met	Date Completed	Comments. If Action not completed, report on plan to rectify non-compliance
			Audit Committee	Council						
May-20	<b>Authorised Persons - Review</b> Review the LG's authorised persons to ensure authorisations are accurate, valid and the correct certificates of authorisation and / or identity cards have been issued.	Annual			#N/A	Chief Executive Officer	Pending	X	N/A	
<b>June - Take Action</b>										
Jun-20	<b>Corporate Business Plan - Review (Council Workshop)</b> Schedule a workshop with Council Members and Executive staff to review options and priorities (including the Capital Works Plan) and to finalise the Corporate Business Plan for recommendation to Council.	Annual			6/06/2020	Chief Executive officer	Timing -rescheduled	X	N/A	Pending finalisation of CSP
Jun-20	<b>Business Continuity Plan - Review</b> Review the Business Continuity Plan to ensure it remains functional and is tested against current operational requirements.	Biennial	✓	✓	30/06/2020	Chief Executive Officer	In Progress	X	N/A	To be developed, in conjunction with Risk management plan. Suggested timing only. No Compliance breach. <b>LGIS has been approached to assist with development of the plan</b>
Jun-20	<b>Corporate Business Plan - Review (Council Adoption)</b> Council to adopt by absolute majority. Amended Corporate Business Plan informs the preparation of the budget.	Annual		✓	30/06/2020	Chief Executive Officer	Pending	X	N/A	Pending finalisation of CSP
Jun-20	<b>Decision Objection and Review Rights - Internal Audit</b> Review the LG's template permits, licences, notices and approval letters issued under the Act and Local Laws to ensure they include advice to the recipient of their objection and review rights.	Annual			30/06/2020	Chief Executive officer	Not commenced	✓	N/A	Pending. Suggested timing only. No compliance breach. <b>No evidence that this been required in the past, therefore, therefore considered low priority</b>
Jun-20	<b>Tender Register - Internal Audit</b> Review Register for compliance with F&G.Reg.17 and ensure the Register accurately and completely records all tenders. This is to include checklists, risk assessments, templates etc. and incorporate the items included in the AMD recommendations.	Annual			30/06/2020	Chief Executive Officer	Complete	✓	10/11/2020	<b>Complete</b>
Jul-20	<b>Organisational Structure - Review</b> Following each major review of the Community Strategic Plan and the consequential review of the Corporate Business and Workforce Plans, undertake a review of the Organisational Structure to ensure alignment for achieving Council's objectives <b>Due 18/07/2019</b>	4-yearly		✓	18/07/2020	Chief Executive Officer	Timing -rescheduled	X	N/A	To be completed once SCP, CBP has been completed. Suggested timing only. No Compliance breach
Jul-20	<b>Workforce Plan - Review</b> Update the Workforce Plan to include outcomes of Corporate Business Plan Review and report, with recommendations to Council	Annual		✓	31/07/2020	Chief Executive officer	Timing -rescheduled	X	N/A	To be completed once SCP, CBP has been completed. Suggested timing only. No Compliance breach
<b>August - Take Action</b>										
<b>September - Take Action</b>										

Endorsement Required by

	Compliance Action	Compliance Frequency	Audit Committee	Council	Due Date	Position Title Officer Responsible for Action Compliance	Status	Compliance Met	Date Completed	Comments. If Action not completed, report on plan to rectify non-compliance
Sep-20	<b>Annual Financial Report</b> - Prepare and submit to the Auditor. Content of Annual Report to comply with FM.Reg.36(2). Due: <b>30 September 2020</b>	Annual			30/09/2020	Manager of Corporate Services	In Progress	✓		Annual Financial Report was submitted to Auditors on 15/09/2020
<b>October - Take Action</b>										
Oct-20	<b>Monthly Financial Report</b> LG is to prepare each month a statement of financial activity reporting on the revenue and expenditure as set out in the annual budget under FM.Reg.22(1)(d). Presented at an Ordinary Council meeting within 2-months after the end of the month to which the statement relates.	Monthly		✓	15/10/2020	Manager of Corporate Services	Complete	✓	15/10/2020	Complete
Oct-20	<b>Appoint Bush Fire Control Officers</b> - Review appointments and update if necessary	Annual		✓	30/10/2020	Chief Executive Officer	Not commenced	✓		Brigads yet to review and appoint. Not in breach as the current appointments do not expire.
Oct-20	<b>Electoral Gift Register - Internal Audit</b> CEO to establish and maintain • Record disclosures by candidates and donors • Remove disclosures relating to unsuccessful candidates and retain separately for at least 2 years. • Register is to be publicly available at LG Office.	Annual			31/10/2020	Governance Executive Officer	Complete	✓	15/10/2020	Complete
Oct-20	<b>Annual Report - Commence</b> preparation of Annual Report Due: <b>31/10/2020</b>	Annual-			31/10/2020	Governance Executive Officer	In progress	✓	17/12/2020	Draft in place- awaits presidents Speech, MOW report and Financials
Oct-20	<b>Primary Returns</b> - Request new Elected Members - required to be lodged with CEO within <b>3 months</b> of making Declarations of Office <b>31/10/2020</b>	Biennial			31/10/2020	Governance Executive Officer	Complete	✓	N/A	No new Elected members
Oct-20	<b>Financial Interests Register - Review</b> • Review register to remove Primary and Annual Returns (not other interest disclosures) from the Financial Interest Register that relate to persons who are no longer Designated Employees (resigned or changed roles). • Returns that are removed are to be kept by the CEO as LG Record for at least 5 years after the person ceased to be a Designated Employee.	Biennial			15/10/2020	Governance Executive Officer	Complete	✓	15/10/2020	Complete
Oct-20	<b>Review Risk Register and record Status updates</b>	Quarterly			31/10/2020	chief Executive officer	In progress	✓		LGIS supporting 4/12/20
Oct-20	<b>Elections - Report to Minister</b> (by 14th day after election) Due by: <b>02/11/2021</b>	Biennial			2/11/2021	Chief Executive Officer	Not commenced	✓	N/A	N/A
	Compliance Action	Compliance Frequency	Audit Committee	Council	Due Date	Position Title Officer Responsible for Action Compliance	Status	Compliance Met	Date Completed	Comments. If Action not completed, report on plan to rectify non-compliance

Endorsement  
Required by

	Compliance Action	Compliance Frequency	Audit Committee	Council	Due Date	Position Title Officer Responsible for Action Compliance	Status	Compliance Met	Date Completed	Comments. If Action not completed, report on plan to rectify non-compliance
	<b>November - Take Action</b>									
Nov-20	<b>Policy Manual - Review</b> Undertake a review of all Council Policies and provide report / reports to Council to, as necessary; amend policies or delete redundant policies	Annual		✓	21/11/2020	Chief Executive Officer	In progress	✗		
Nov-20	<b>Payroll/ Staff/ HR Policies-</b> to be reviewed/ amd or Developed.	Annual		✓	21/11/2020	Chief Executive Officer	In progress	✗		
Nov-20	<b>Compliance Calendar - Internal Audit</b> Review level of compliance achieved in response to Compliance Calendar Actions. Option: Report Audit Outcomes / Actions to Audit Committee	Quarterly	✓		21/11/2020	Governance Executive Officer	Complete	✓	17/12/2020	pending endorsement and ARC/ OMC 17/12/2020
Nov-20	<b>Monthly Financial Report</b> LG is to prepare each month a statement of financial activity reporting on the revenue and expenditure as set out in the annual budget under FM.Reg.22(1)(d). Presented at an Ordinary Council meeting within 2-months after the end of the month to which the statement relates.	Monthly		✓	19/11/2020	Manager of Corporate Services	Complete	✓	20/11/2020	
Nov-20	<b>Quarterly Audit Meeting-</b> present status on Risk Management and Compliance Calendar	Quarterly			17/12/2020	Chief Executive Officer	Complete	✗	17/12/2020	pending endorsement and ARC/ OMC 17/12/2020
Nov-20	<b>Elected Member Protocols for Access to the Administration - Review</b> Reminder advice to Elected Members and employees regarding the CEO approved protocols for Elected Members requests for information and contact with employees	Annual			30/11/2020	Chief Executive Officer	Not commenced	✗		
Nov-20	<b>Information Statement</b> LG must publish an up-to-date <i>Information Statement</i> , reviewed within every 12-months Last completed: 9.6.2016 <b>Due by: 10/08/2021</b>	Annual			10/08/2021	Governance Executive Officer	Complete	✓	10/08/2021	NEW statement 10/08/2020 in place
Nov-20	<b>Information Statement &amp; Internal Manuals - Publicly Available</b> LG must cause copies of the most up-to-date Information Statement and internal manuals to be made available for public inspection (deleting any exempt matter from those copies).	Annual			10/08/2021	Governance Executive Officer	Complete	✓	10/08/2021	NEW statement 10/08/2020 in place
Nov-20	<b>Annual Report - Disability Access and Inclusion Plan</b> - LG must include in its Annual Report about the implementation of the DAIP.	Annual			17/12/2020	Governance Executive Officer	complete	✓		Complete - Annual Report still in draft pending sign off

Endorsement  
Required by

	Compliance Action	Compliance Frequency	Endorsement Required by		Due Date	Position Title Officer Responsible for Action Compliance	Status	Compliance Met	Date Completed	Comments. If Action not completed, report on plan to rectify non-compliance
			Audit Commit tee	Council						
Nov-20	<b>Primary Returns</b> - Request Primary Return from any new employee who is a Designated Employee. Return must be received by CEO within 3 months of the person's start day	Bi-monthly			30/11/2020	Governance Executive Officer	Complete	✓	30/11/2020	Complete
Nov-20	<b>Financial Interests Register - Review</b> <ul style="list-style-type: none"> <li>Review register to remove Primary and Annual Returns (not other interest disclosures) from the Financial Interest Register that relate to persons who are no longer Designated Employees (resigned or changed roles).or for Elected Members who have resigned.</li> <li>Returns that are removed are to be kept by the CEO as LG Record for at least 5 years after the person ceased to be a Designated Employee.</li> </ul>	Bi-monthly			30/11/2020	Governance Executive Officer	Complete	✓	30/11/2020	Complete
Nov-20	<b>Elected Members</b> - Review Meeting Attendance Register - check EMs have not been absent for 3 consecutive meetings without Leave of Absence being granted	Quarterly			30/11/2020	Governance Executive Officer	Complete	✓	30/11/2020	Complete
Nov-20	<b>Elections - Enrolment Eligibility Claims (Owners and Occupiers) Register</b> - Review register and take action re expired Eligibility Claims (no longer property owner / claim based on occupation or nominee expired)	Annual (Apr & Nov)			30/11/2020	Chief Executive Officer	Not commenced	✗		
Nov-20	<b>Annual Report - Record Keeping Statement</b> The Annual report is to include a section addressing - efficiency and effectiveness of record keeping systems, record keeping training program, efficiency and effectiveness of training, employee induction for record keeping	Annual			17/12/2020	Governance Executive Officer	Complete	✓	30/11/2020	Complete
<b>December - Take Action</b>										
Dec-20	<b>Annual Report - Auditor Report CEO Certified</b> After the annual financial statements have been audited, the CEO is to sign and append to the auditors report a declaration (Form 1).	Annual			10/12/2020	Manager of Corporate Services	Not commenced	✗		report delayed due to Auditors delay.
Dec-20	<b>Asset Management Plan - Review</b> Update the Asset Management Plan to include outcomes of the Corporate Business Plan Review and report with recommendations to Council	Annual			19/12/2020	Manager of Corporate Services	In Progress	✗		underway
Dec-20	<b>Long Term Financial Plan - Review</b> Update the Local Term Financial Plan to include outcomes of Corporate Business Plan Review and report with recommendations to Council	Annual		✓	19/12/2020	Chief Executive officer	Not commenced	✗		Pending Corporate Buisness Plan

Endorsement  
Required by

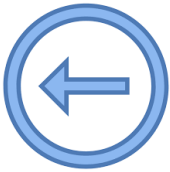
	Compliance Action	Compliance Frequency	Endorsement Required by		Due Date	Position Title Officer Responsible for Action Compliance	Status	Compliance Met	Date Completed	Comments. If Action not completed, report on plan to rectify non-compliance
			Audit Committee	Council						
Dec-20	<b>Monthly Financial Report</b> LG is to prepare each month a statement of financial activity reporting on the revenue and expenditure as set out in the annual budget under FM.Reg.22(1)(d). Presented at an Ordinary Council meeting within 2-months after the end of the month to which the statement relates.	Monthly		✓	17/12/2020	Manager of Corporate Services	Complete	✓	11/12/2020	OMC 17/12/2020
Dec-20	<b>Council / Committee Meeting Schedule</b> - At least once per year, determine meeting schedule for next 12 months (see January - and give Local Public Notice)	Annual or as required		✓	17/12/2020	Governance Executive Officer	Complete	✓	11/12/2020	December 2020 Agenda item
Dec-20	<b>Annual Report - Accepted</b> , by Absolute Majority, by no later than <b>31st December</b>	Annual	✓	✓	17/12/2020	Manager of Corporate Services	In Progress	✗		Report Pending for ARC Feb 21
Dec-20	<b>Annual Financial Report - Auditor Report</b> Auditor's Report is to be presented to the Council, via the Audit Committee, to determine actions required in response to any matters raised	Annual	✓	✓	17/12/2020	Manager of Corporate Services	Not commenced	✗		Report Pending for ARC Feb 21
Dec-20	<b>Audit - Auditor's Report to Council via Audit Committee</b> Prepare report, presenting the Auditor's report that: • determines any matters raised by the audit report; and • stating what action is taken in respect of those matters	Annual or as required	✓	✓	17/12/2020	Chief Executive Officer	Not commenced	✗		Report Pending for ARC Feb 21
Dec-20	<b>Annual Financial Report - Audit by 31 December</b> An auditor is required to examine the accounts and annual financial report and provide a report by 31 December	Annual			31/12/2020	Manager of Corporate Services	In Progress	✗	N/A	N/A
Dec-20	<b>Annual Report - Auditor Report to Department Executive Director</b> Copy of the Annual Financial Report is to be submitted to the DLGSCI Executive Director within 30 days of the receipt by the CEO of the Auditors Report.	Annual			tbc	Manager of Corporate Services	Not commenced	✗	N/A	N/A
Dec-20	<b>Annual Report - Auditor Report to Minister</b> LG must give a copy of the Auditor's Report and the Council Report / Minutes dealing with the Auditor's Report to the Minister for Local Government within <b>3 months</b> after it has been received by the LG.	Annual			tbc	Manager Corporate Services	Not commenced	✗	N/A	N/A
Dec-20	<b>Annual Report - Auditor Report on Website</b> The Auditor Report must be published on the LG's official website within <b>14 days</b> after the Report has been provided to the Minister.	Annual			tbc	Finance and Administration Officer	Not commenced	✗	N/A	N/A

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	Compliance Action	Compliance Frequency	Endorsement Required by		Due Date	Position Title Officer Responsible for Action Compliance	Status	Compliance Met	Date Completed	Comments. If Action not completed, report on plan to rectify non-compliance
			Audit Commit tee	Council						
Dec-20	<b>Annual Report - Local Public Notice</b> of the availability of the Annual Report to be given as soon as practicable after the report has been accepted by Council	Annual			tbc	Manager Corporate Services	Not commenced	X	N/A	N/A
Dec-20	<b>Annual Report - on Website</b> - CEO is to publish the annual report on the LG's website within <b>14 days</b> after the report has been accepted by Council.	Annual			tbc	Finance and Administration Officer	Not commenced	X	N/A	N/A
Dec-20	<b>Audit - Auditor's Report Copies provided</b> Copy of the Audit report to be provided to the President / Mayor, CEO and the Minister within 30 days of completing the audit.	Annual			tbc	Auditor	Not commenced	X	N/A	N/A
Dec-20	<b>Audit - Council Minutes re Auditor's Report</b> Provide a copy of the Council report / minutes, detailing Council's consideration and resolutions regarding the Auditor's Report to the Minister within 3 months after the audit report is received by the Council.	Annual			tbc	Manager Corporate Services	Not commenced	X	N/A	N/A
Dec-20	<b>Audit - Audit Report Published on Website</b> CEO must publish on the LGs website, a copy of the Council's report and resolutions made in regard to the Auditor's Report, within 14 days of giving the report to the Minister. Note - this requirement is separate and in addition to the publication of the report on the website as part of the official Council minutes.	Annual			tbc	Finance and Administration Officer	Not commenced	X	N/A	N/A
Dec-20	<b>IT Disaster Recovery Plan testing.</b>	Biennial			24/12/2021	Manager Corporate Services	Complete	✓	30/11/2020	not required- this is a PCS obligation. To be removed form C/C







## Compliance Audit Return Management Action Plan

Status Report – as at Dec 2020.

Question	Response	Comments	Comments / Action Plan	Status / Comments
<b>Disposal of Property</b>				
Was Local Public Notice given prior to disposal for any property not disposed by public auction or tender (except where excluded by Section 3.58(5))	No	Disposal of Grader (value \$118k) was not disposed of by tender or auction and no local public notice of disposal completed	Tendering Framework was raised in the Shire's Regulation 17 review. Management Actions to address the Shire's Tendering Frameworks are; <ul style="list-style-type: none"><li>• Staff Training</li></ul> Tendering Framework and procedures to be developed, including checklists, risk assessments, templates etc, incorporating items included in the AMD recommendations	Pending Staff Training was scheduled for April. Unable to attend due to other commitments. Staff to attend upcoming training, obtaining information for the development of framework and procedures to meet best practice.

Question	Response	Comments	Comments / Action Plan	Status / Comments
Where the local government disposed of property under section 3.58(3), did it provide details, as prescribed by section 3.58(4), in the required local public notice for each disposal of property.	No	Disposal of Grader (value \$118k) was not disposed of by tender or auction and no local public notice of disposal completed	As above	<b>Complete</b>
<b>Integrated Planning and Reporting</b>				
Has the local government adopted a Corporate Business Plan. If Yes, please provide adoption date of the most recent Plan in Comments. This question is optional, answer N/A if you choose not to respond	Yes	Last Corporate Business Plan was adopted in Sept 2015. Review of the Shire's Corporate Business Plan to be conducted by June 2019	Review of Corporate Business Plan has been identified. Review anticipated to be conducted by June 2019	In Progress Consultant has been appointed. Community Engagement maybe deferred to after seeding to ensure maximum participation. As a result, the CBP development will occur later than anticipated CBP action has been developed based on Draft SCP. To be finalised

				<b>New CEO is currently working on the new Corporate Business Plan and is anticipated to have it completed by May 2021</b>
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Question	Response	Comments	Comments / Action Plan	Status / Comments
<p>Has the local government adopted a modification to the most recent Corporate Business Plan. If Yes, please provide adoption date in Comments. This question is optional, answer N/A if you choose not to respond.</p>	<p>No</p>	<p>Last Corporate Business Plan was adopted in Sept 2015. Review of the Shire's Corporate Business Plan to be conducted by June 2019</p>	<p>Review of Corporate Business Plan has been identified. Review anticipated to be conducted by June 2019</p>	<p>As Above</p>

Question	Response	Comments	Comments / Action Plan	Status / Comments
<p>Has the local government adopted an Asset Management Plan. If Yes, in Comments please provide date of the most recent Plan, plus if adopted or endorsed by Council the date of adoption or endorsement. This question is optional, answer N/A if you choose not to respond.</p>	<p>No</p>	<p>Development of an Asset Management Plan to be conducted in the next 12 months</p>	<p>Development of an Asset Management Plan to be conducted in the next 12 months</p>	<p>Not Commenced. Anticipated for development in 2019/20 on completion of SCP &amp; CBP. LG Professionals designing template. ZOOM meeting planned for November 2020 to discuss further</p>

Question	Response	Comments	Comments / Action Plan	Status / Comments
<p>Has the local government adopted a Long Term Financial Plan. If Yes, in Comments please provide date of the most recent Plan, plus if adopted or endorsed by Council the date of adoption or endorsement. This question is optional, answer N/A if you choose not to respond.</p>	<p>No</p>	<p>Development of a Long Term Financial Plan to be conducted in the next 12 months</p>	<p>Development of a Long Term Financial Plan to be conducted in the next 12 months</p>	<p>Development of LTFP has commenced, based on DRAFT SCP and CBP actions. To be presented to Council to workshop.</p> <p>LTF Plan will be developed pending the provision of LG Professionals template</p> <p><b>LG Professionals zoom workshop was held in December 2020 expect to have LTFP completed by March 2021</b></p>

Question	Response	Comments	Comments / Action Plan	Status / Comments
<p>Has the local government adopted a Workforce Plan. If Yes, in Comments please provide date of the most recent Plan plus if adopted or endorsed by Council the date of adoption or endorsement. This question is optional, answer N/A if you choose not to respond.</p>	<p>Yes</p>	<p>Workforce plan adopted in April 2014. Review of the Workforce plan to be conducted in the next 12 months</p>	<p>Review of a Council's Workforce Plan to be conducted in the next 12 months</p>	<p>ZOOM meeting held with LG Professionals 7 October. Pending provision of LG Professionals template.</p>
<p><b>Tendering for Providing Goods and Services</b></p>				
<p>Was each tenderer sent written notice advising particulars of the successful tender or advising that no tender was accepted.</p>	<p>No</p>	<p>unable to locate a written record of such notification</p>	<p>Requirement to be included in the Tendering Framework review</p>	<p>Pending As per item 1</p>





## RISK MANAGEMENT

Responsible Department	Office of the Chief Executive Officer
Former policy Reference	GP41 – Risk Management Policy First adopted 21 August 2014
Resolution Number	OMC 53 /2019
Resolution Date	18 April 2018
Last Amendment Date	18 April 2018 – Major review and re-write
Shire Related Documents	Risk Management <del>procedures</del> *- <b>Framework</b>
Related Legislation	AS/NZS ISO 31000:2009

\*To be developed

## OBJECTIVE

The Shire of Wyalkatchem’s (“the Shire”) Risk Management Policy ~~documents the commitment and objectives regarding~~ **outlines its commitment to** managing uncertainty that may impact the Shire’s Strategies, goals or objectives.

## POLICY

It is the Shire’s Policy to ~~achieve best practice (aligned with AS/NZS ISO 31000:2009 Risk management), in the management of~~ **identify and manage** all risks that may affect the Shire, its customers, people, assets, functions, objectives, operations or members of the public.

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

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

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

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

### Definitions (from AS/NZS ISO 31000:2009)

**Risk:** Effect of uncertainty on objectives

**Note 1:** An effect is a deviation from the expected – positive or negative

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

### Risk Management:

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



### **Risk Management Process:**

Systematic application of management policies, procedures and practices to the activities of communication, consulting, establishing the context, and identifying, analysing, evaluating, treating, monitoring and reviewing risk.

### **Risk Management Objectives:**

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

### **Risk Appetite:**

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

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

### **Monitor & Review:**

The Shire will implement and integrate a monitor and review process to report on the achievement of the risk management objectives, the management of individual risks and the ongoing identification of issues and trends. This policy will be kept under review by the Shire's Management Team and its Employees. It will be formally reviewed every two years.





## Appendix A – Risk Assessment and Acceptance Criteria

Shire of Wyalkatchem Measures of Consequence									
Rating (Level)	Health / People	Financial Impact	Service Interruption	Compliance	Reputational	Property	Environment	Project TIME	Project COST
<b>Insignificant (1)</b>	Near miss. Minor first aid 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 damage.	Contained, reversible impact managed by on site response	Exceeds deadline by 10% of project timeline	Exceeds project budget by 10%
<b>Minor (2)</b>	Medical type 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	Exceeds deadline by 15% of project timeline	Exceeds project budget by 15%
<b>Moderate (3)</b>	Lost time injury <30 days	\$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	Exceeds deadline by 20% of project timeline	Exceeds project budget by 20%
<b>Major (4)</b>	Lost time injury >30 days	\$100,000 - \$1 Mil	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	Exceeds deadline by 25% of project timeline	Exceeds project budget by 25%
<b>Catastrophic (5)</b>	Fatality, permanent disability	More than \$1 Mil	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	Exceeds deadline by 30% of project timeline	Exceeds project budget by 30%

Measures of Likelihood			
Level	Rating	Description	Frequency
5	<b>Almost Certain</b>	The event is expected to occur in most circumstances (>90% chance)	More than once per year
4	<b>Likely</b>	The event will probably occur in most circumstances(>50% chance)	At least once per year
3	<b>Possible</b>	The event should occur at some time(20% chance)	At least once in 3 years
2	<b>Unlikely</b>	The event could occur at some time(<10% chance)	At least once in 10 years
1	<b>Rare</b>	The event may only occur in exceptional circumstances(<5% chance)	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
<b>LOW</b>	Acceptable	Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring	Supervisor / Team Leader
<b>MODERATE</b>	Monitor	Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring	Service Manager
<b>HIGH</b>	Urgent Attention Required	Risk acceptable with effective controls, managed by senior management / executive and subject to monthly monitoring	Executive Leadership Team
<b>EXTREME</b>	Unacceptable	Risk only acceptable with effective 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
<b>Effective</b>	There is <u>little</u> scope for improvement.	Processes (Controls) operating as intended and aligned to Policies / Procedures. Subject to ongoing monitoring. Reviewed and tested regularly.
<b>Adequate</b>	There is <u>some</u> scope for improvement.	Processes (Controls) generally operating as intended, however inadequacies exist. Limited monitoring. Reviewed and tested, but not regularly.
<b>Inadequate</b>	There is a <u>need</u> for improvement or action.	Processes (Controls) not operating as intended. Processes (Controls) do not exist, or are not being complied with. Have not been reviewed or tested for some time.





# Shire of Wyalkatchem

## Risk Management Framework

## Table of Contents

Introduction .....	3
Governance .....	4
Framework Review .....	4
Operating Model .....	4
First Line of Defence .....	4
Second Line of Defence .....	4
Third Line of Defence .....	5
Governance Structure Risk Management Steering Group (RMSG)? .....	5
Roles & Responsibilities .....	6
Council .....	6
Audit Committee .....	6
CEO / Senior Management Team .....	6
Manager Corporate Services .....	<b>Error! Bookmark not defined.</b>
Work Areas .....	6
Document Structure (Framework) .....	7
Risk Management Procedures .....	8
A: Scope, Context, Criteria .....	9
Organisational Criteria .....	9
Scope and Context .....	9
B: Risk Identification .....	10
C: Risk Analysis .....	11
Step 1 - Consider the effectiveness of key controls .....	11
Step 2 – Determine the Residual Risk rating .....	12
D: Risk Evaluation .....	12
E: Risk Treatment .....	12
Risk Acceptance .....	12
F: Communication & Consultation .....	13
G: Monitoring & Review .....	13
H: Recording & Reporting .....	14
Key Indicators .....	15
a. Identification .....	15
b. Validity of Source .....	15
c. Tolerances .....	15
d. Monitor & Review .....	15
Appendix A – Risk Assessment and Acceptance Criteria .....	16

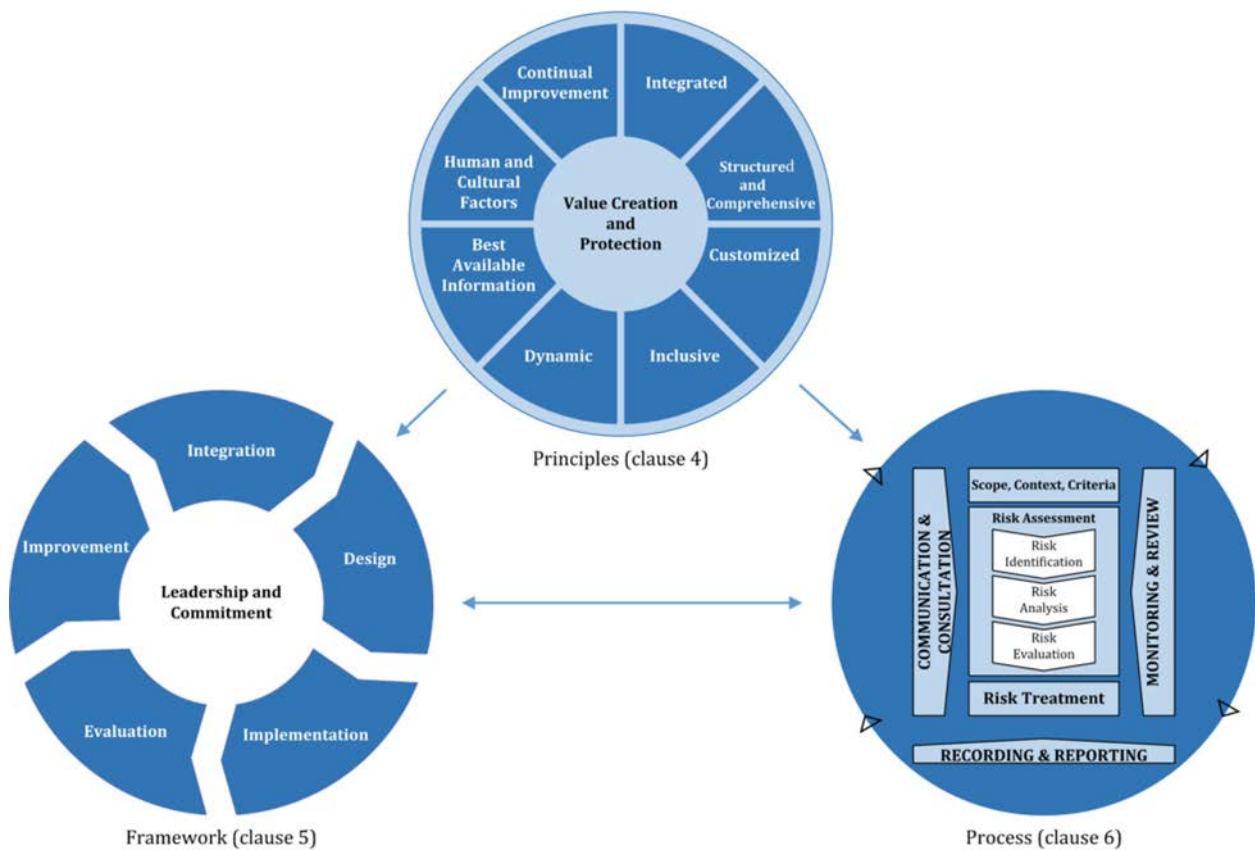
## Introduction

The Shire of Wyalkatchem's ('Shire's') Risk Management Policy in conjunction with the components of this document encompasses the Shire's Risk Management Framework. 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 31000:2018 Risk management - Guidelines.

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

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

This Framework aims to balance a documented, structured and systematic process with the current size and complexity of the Shire.



**Figure 1: Relationship between the risk management principles, framework and process (Source: ISO 31000:2018)**

## Governance

Appropriate governance of risk management within 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 three 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 delivery of the Shire’s Strategic, Corporate & Operational Plans.

### First Line of Defence

All operational areas of the Shire are considered ‘1<sup>st</sup> 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 risk decision-making process.
- Prepare risk acceptance proposals where necessary, based on the level of residual risk.
- Retain primary accountability for the ongoing management of their risk and control environment.

### Second Line of Defence

The Manager Corporate Services acts as the primary ‘2<sup>nd</sup> 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 1<sup>st</sup> line process.

Maintaining oversight on the application of the framework provides a transparent view and level of assurance to the 1<sup>st</sup> & 3<sup>rd</sup> lines on the risk and control environment. Support can be provided by additional oversight functions completed by other 1<sup>st</sup> 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 & Senior 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 (1<sup>st</sup> & 2<sup>nd</sup> 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 Council on the recommendation of the Audit Committee to report independently to the CEO on the annual financial statements only.

### Governance Structure

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

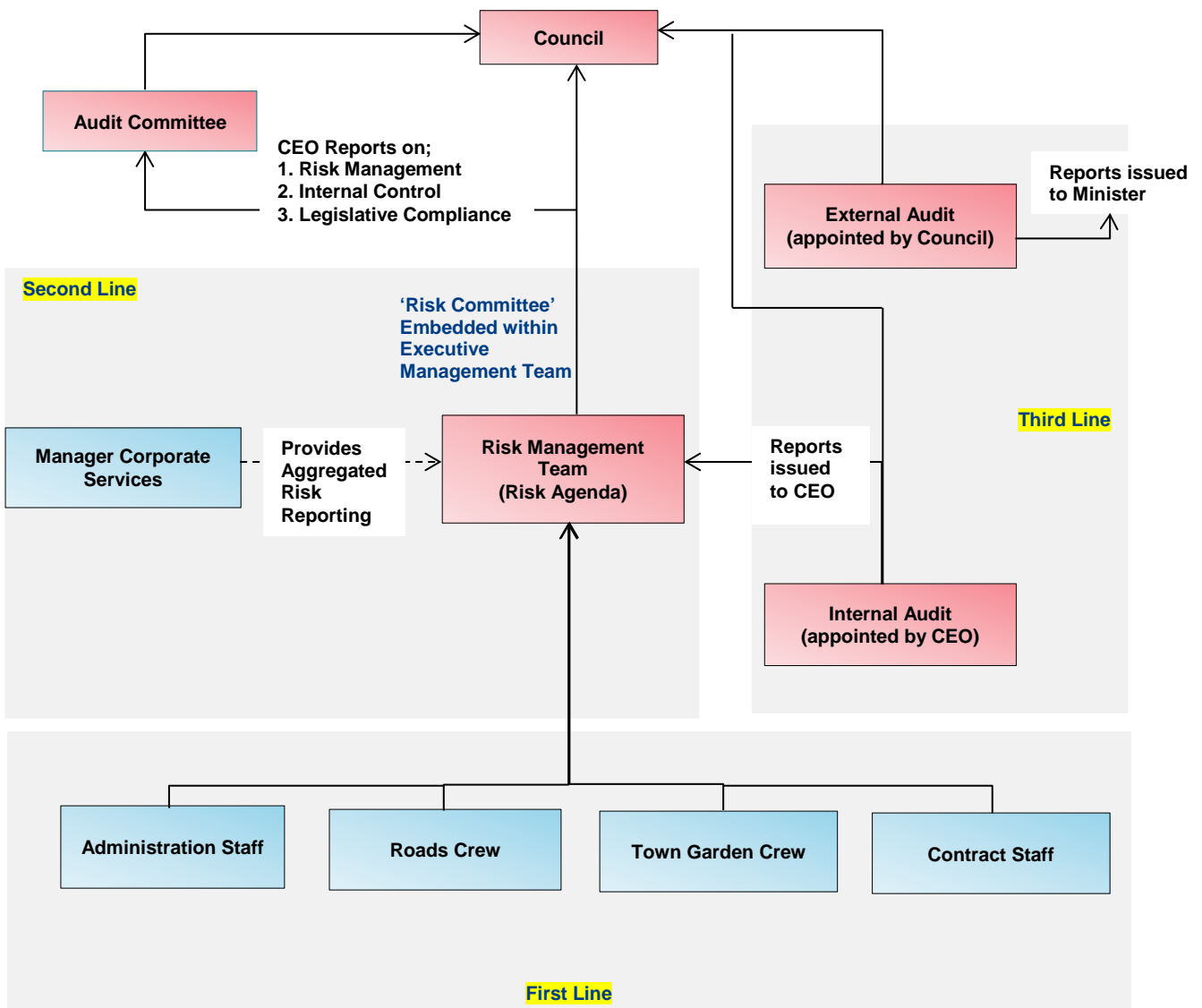


Figure 2: Operating Model

## 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

- Regular review of the appropriateness and effectiveness of the Framework.
- Support Council to provide effective corporate governance.
- Oversight of all matters that relate to the conduct of External Audits.
- Independent, objective and autonomous in deliberations.

### CEO / Senior 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-related matters.
- Own and manage the Risk Framework.

### Manager Corporate Services

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

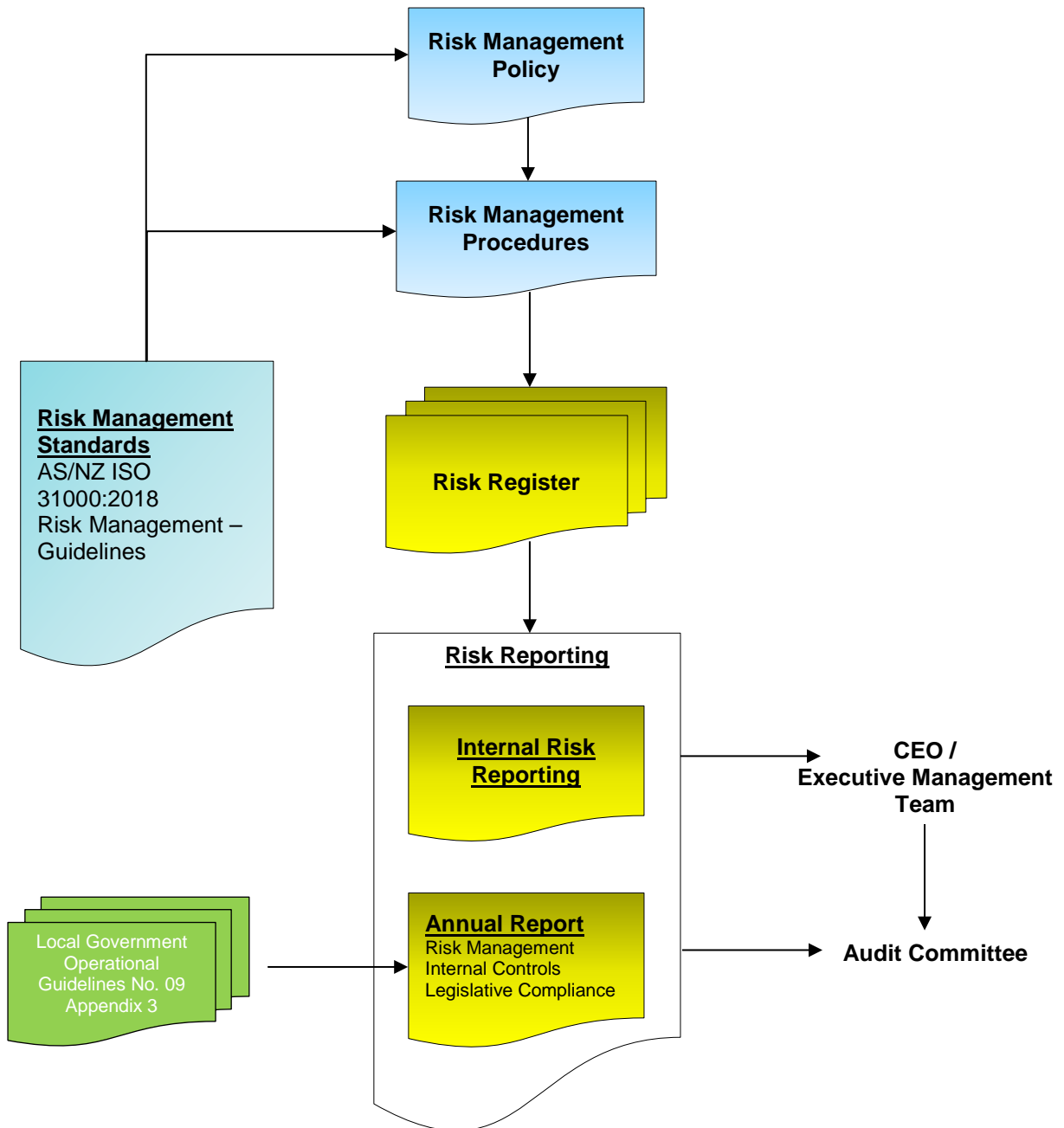


Figure 3: Document Structure

## Risk Management Procedures

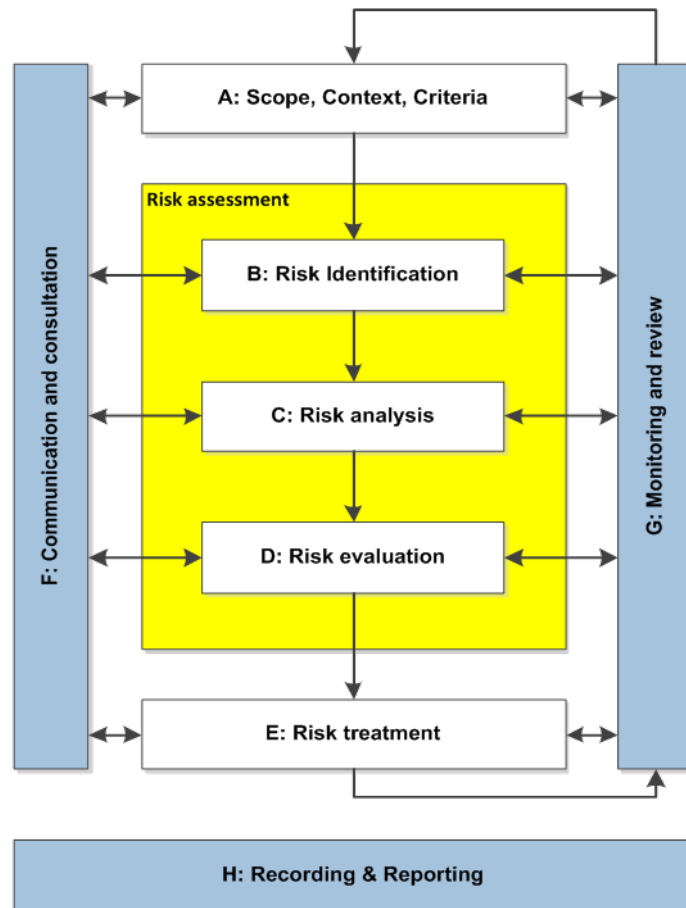
All work areas of the Shire are required to assess and manage risk on an ongoing basis.

Each manager, in conjunction with the Manager Corporate Services is accountable for ensuring that risk is:

- Reflective of the material risk landscape of the Shire.
- Reviewed on at least a **12-month** cycle, or sooner if 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.

The risk management process is standardised across all areas of the Shire. The following diagram outlines that process with the following commentary providing broad descriptions of each step.



*Figure 4: Risk Management Process ISO 31000:2018*

## A: Scope, Context, Criteria

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

### Organisational Criteria

Refer to the Risk Assessment and Acceptance Criteria (Appendix A) and any other tolerance tables as developed.

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

### Scope and Context

Risks are to be identified within 3 contexts:

#### Strategic Context

These risks are associated with achieving the organisation's long-term objectives and may include;

- Organisational Values / Vision
- Stakeholder Analysis
- Environment Scan / SWOT Analysis
- Strategies / Objectives / Goals (Integrated Planning & Reporting)

#### Operational Context

The Shire's day to day activities, functions, infrastructure and services.

These risks are expected to change over time. In order to ensure consistency, the Executive Management Group must approve any amendments.

#### Project Context

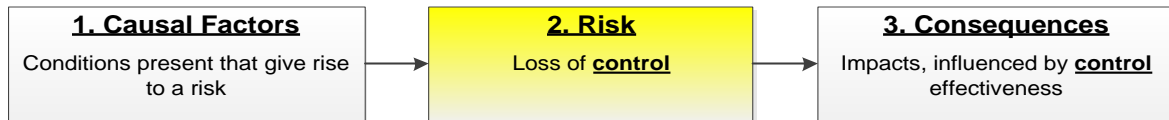
Project Risk has two main components:

- Direct context refers to the risks that may arise because of project activity (i.e. impacting on process, resources or IT systems), which may prevent the Shire from meeting its objectives.
- Indirect refers to the risks that 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.

## B: Risk Identification

This is the process of finding, recognising and describing risks where control has been lost. An event sequence is shown below:



**Figure 5: Event (risk) sequence**

Using the specific risk assessment context as the foundation and in conjunction with relevant stakeholders, raise the questions listed below and then capture and review the information within each defined risk. The objective is to identify potential risks that could stop the Shire from achieving its goals. This step is also where opportunities for enhancement or gain across the organisation can be found.

These questions / considerations should be used only as a guide, as unidentified risks can cause major losses through missed opportunities or adverse events occurring. Additional analysis may be required.

Risks can also be identified through other business operations including policy and procedure development, internal and external audits, customer complaints, incidents and systems analysis.

'Brainstorming' will always produce a broad range of ideas and all things should be considered as potential risks. Relevant stakeholders are considered to be the subject experts when considering potential risks to the objectives of the work environment and should be included in all risk assessments being undertaken. Key risks can then be identified and captured within risk categories.

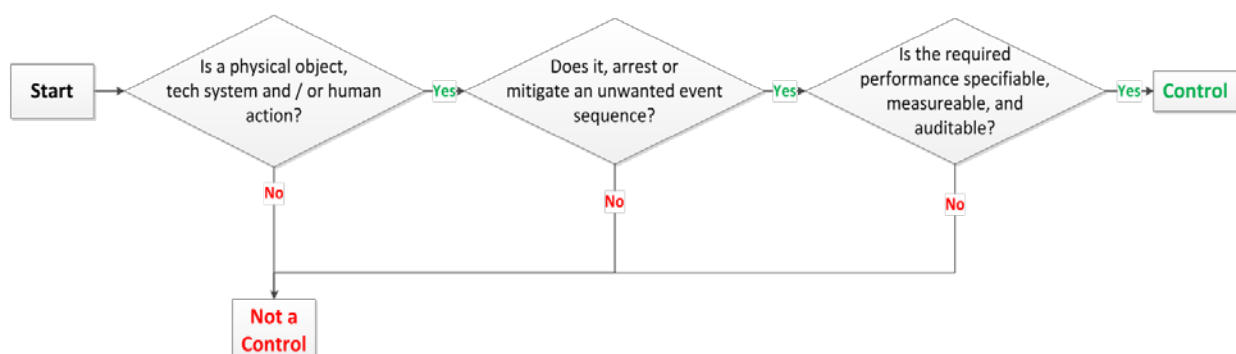
- What can go wrong? / What are areas of uncertainty? (**Risk Description**)
- How may this risk eventuate? (**Potential Causes**)
- What are the current measurable activities that mitigate this risk from eventuating? (**Controls**)
- What are the potential consequential outcomes of the risk eventuating?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

**Risk Description** – describe what the risk is and specifically where control may be lost. They can also be described as an event. They are not to be confused with outcomes following an event, or the consequences of an event.

**Potential Causes** – are the conditions that may present or the failures that may lead to the event, or point in time when control is lost (risk).

**Controls** – are measures that modify risk. At this point in the process, only existing controls should be considered. They must meet the following three tests to be considered controls:

1. Is it an object, technological system and / or human action?
2. Does it, by itself, arrest or mitigate an unwanted sequence?
3. Is the required performance specifiable, measurable and auditable?



**Consequences** – need to be impacts to the Shire. These can be staff, visitor or contractor injuries; financial; interruption to services; non-compliance; damage to reputation or assets or the environment. There is no need to determine the level of impact at this stage.

## C: Risk Analysis

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

### Step 1 - Consider the effectiveness of key controls

Controls need to be considered from three perspectives:

1. The design effectiveness of each individual key control.
2. The operating effectiveness of each individual key control.
3. The overall or combined effectiveness of all identified key controls.

#### Design Effectiveness

This process reviews the 'design' of the controls to understand their potential for mitigating the risk without any operating influences. Controls that have inadequate designs will never be effective, even if performed perfectly every time.

There are four components to be considered in reviewing existing controls or developing new ones:

1. **Completeness** – The ability to ensure the process is completed once. How does the control ensure that the process is not lost or forgotten, or potentially completed multiple times?
2. **Accuracy** – The ability to ensure the process is completed accurately, that no errors are made or components of the process missed.
3. **Timeliness** – The ability to ensure that the process is completed within statutory timeframes or internal service level requirements.
4. **Theft or Fraud** – The ability to protect against internal misconduct or external theft / fraudulent activities.

It is very difficult to have a single control that meets all the above requirements when viewed against a risk category. It is imperative that all controls are considered so that the above components can be met across a number of controls.

#### Operating Effectiveness

This process reviews how well the control design is being applied. Similar to above, the best-designed control will have no impact if it is not applied correctly.

As this generally relates to the human element of control application, four main approaches can be employed by management or the risk function to assist in determining the operating effectiveness and / or performance management.

- **Re-perform** – this is only applicable for those short timeframe processes where they can be re-performed. The objective is to re-perform the same task, following the design to ensure that the same outcome is achieved.
- **Inspect** – review the outcome of the task or process to provide assurance that the desired outcome was achieved.
- **Observe** – physically watch the task or process being performed.
- **Inquire** – through discussions with individuals / groups determine the relevant understanding of the process and how all components are required to mitigate any associated risk.

### Overall Effectiveness

This is the value of the combined controls in mitigating the risk. All factors as detailed above are taken into account so that a considered qualitative value can be applied to the 'control' component of risk analysis.

The criterion for applying a value to the overall control is the same as for individual controls and can be found in Appendix A under 'Existing Control Ratings'.

### Step 2 – Determine the Residual Risk rating

There are three components to this step:

1. Determine relevant consequence categories and rate the 'probable worst consequence' if the risk eventuated with existing controls in place. This is not the worst-case scenario but rather a qualitative judgement of the worst scenario that is probable or foreseeable. (Consequence)
2. Determine how likely it is that the 'probable worst consequence' will eventuate with existing controls in place. (Likelihood)
3. Using the Shire's Risk Matrix, combine the measures of consequence and likelihood to determine the risk rating. (Risk Rating)

## D: Risk Evaluation

Risk evaluation takes the residual risk rating and applies it to the Shire's Risk Acceptance Criteria (Appendix A) to determine whether the risk is within acceptable levels to the Shire.

The outcome of this evaluation will determine whether the risk is low; moderate; high or extreme.

It will also determine using the Risk Acceptance Criteria, what (if any) high-level actions or treatments need to be implemented.

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

## E: Risk Treatment

There are generally two requirements following the evaluation of risks.

1. In all cases, regardless of the residual risk rating, controls rated 'Inadequate' must have a treatment plan (action) to improve the control effectiveness to at least 'Adequate'.
2. If the residual risk rating is high or extreme, treatment plans must be implemented to either:
  - a. Reduce the consequence of the risk materialising.
  - b. Reduce the likelihood of occurrence.

(Note: these should have the desired effect of reducing the risk rating to at least moderate)

- c. Improve the effectiveness of the overall controls to 'Effective' and obtain approval to accept the risk as per the Risk Acceptance Criteria.

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

## 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, risks that fall within Shire's risk appetite (refer Appendix A – Risk Assessment & Acceptance Criteria).

For those identified risks that remain outside of appetite, the following process must be followed;



The 'Risk Acceptance' must be in writing, signed by the relevant Manager, copied to the CEO, and include:

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

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

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

## **F: Communication & Consultation**

Effective communication and consultation are essential to ensure that those responsible for managing risk, and those with a vested interest, understand the basis on which decisions are made and why particular treatment / action options are selected or the reasons to accept risks have changed.

As risk is defined as the effect of uncertainty on objectives, consulting with relevant stakeholders assists in the reduction of components of uncertainty. Communicating these risks and the information surrounding the event sequence ensures decisions are based on the best available knowledge.

## **G: Monitoring & Review**

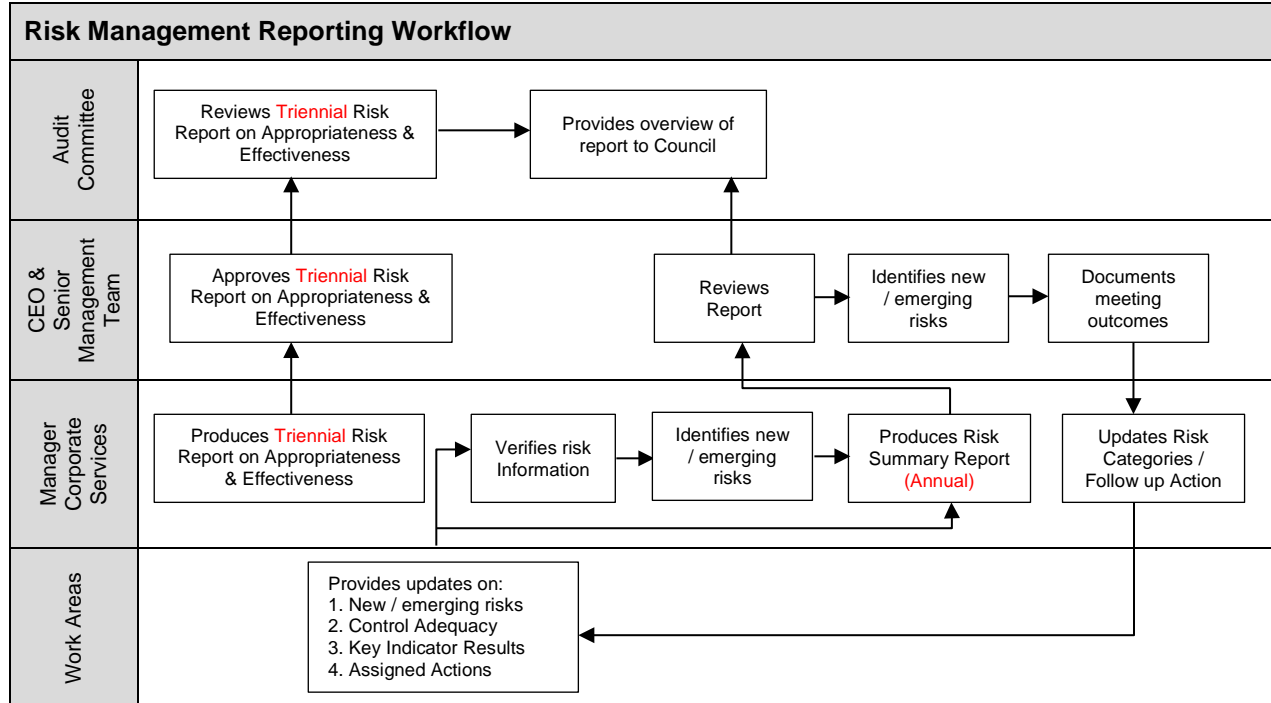
It is essential to monitor and review the management of risks, as changing circumstances may result in some risks increasing or decreasing in significance.

By regularly reviewing the effectiveness and efficiency of controls and the appropriateness of treatment / action options selected, we can determine if the organisation's resources are being put to the best use possible.

During the reporting process, management are required to review any risks within their area and follow up on controls, treatments, and actions mitigating those risks. Monitoring and the reviewing of risks, controls and treatments also apply to any actions / treatments to originate from an internal audit. The audit report will provide recommendations that effectively are treatments for risks that have been tested during an internal review.

## H: Recording & Reporting

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 Manager Corporate Services.
- Work through assigned actions and provide relevant updates to the Manager Corporate Services.
- Risks / Issues reported to the CEO & Senior Management Team are reflective of the current risk and control environment.

The Manager Corporate Services is responsible for:

- Ensuring Shire risk categories are formally reviewed and updated, at least on a 12-month cycle or earlier when there has been a material restructure, change in risk ownership or change in the external environment.
- Annual risk reporting for the CEO & Senior Management Team is an overview of the risk summary for the Shire.
- Annual Compliance Audit Return completion and lodgement.

## Key Indicators

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

- a. Identification
- b. Validity of Source
- c. Tolerances
- d. Monitor & Review

### a. Identification

The following represent the minimum standards when identifying appropriate Key Indicators:

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

### b. Validity of Source

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

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

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

### c. Tolerances

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

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

### d. Monitor & Review

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

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

## Appendix A – Risk Assessment and Acceptance Criteria

Shire of Wyalkatchem Measures of Consequence									
Rating (Level)	Health / People	Financial Impact	Service Interruption	Compliance	Reputational	Property	Environment	Project TIME	Project COST
<b>Insignificant (1)</b>	Near miss. Minor first aid 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 damage.	Contained, reversible impact managed by on site response	Exceeds deadline by 10% of project timeline	Exceeds project budget by 10%
<b>Minor (2)</b>	Medical type 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	Exceeds deadline by 15% of project timeline	Exceeds project budget by 15%
<b>Moderate (3)</b>	Lost time injury <30 days	\$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	Exceeds deadline by 20% of project timeline	Exceeds project budget by 20%
<b>Major (4)</b>	Lost time injury >30 days	\$100,000 - \$1 Mil	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	Exceeds deadline by 25% of project timeline	Exceeds project budget by 25%
<b>Catastrophic (5)</b>	Fatality, permanent disability	More than \$1 Mil	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	Exceeds deadline by 30% of project timeline	Exceeds project budget by 30%

Measures of Likelihood			
Level	Rating	Description	Frequency
5	<b>Almost Certain</b>	The event is expected to occur in most circumstances (>90% chance)	More than once per year
4	<b>Likely</b>	The event will probably occur in most circumstances(>50% chance)	At least once per year
3	<b>Possible</b>	The event should occur at some time(20% chance)	At least once in 3 years
2	<b>Unlikely</b>	The event could occur at some time(<10% chance)	At least once in 10 years
1	<b>Rare</b>	The event may only occur in exceptional circumstances(<5% chance)	Less than once in 15 years

Risk Matrix						
Consequence		Insignificant	Minor	Moderate	Major	Catastrophic
		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
<b>LOW</b>	Acceptable	Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring	Supervisor / Team Leader
<b>MODERATE</b>	Monitor	Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring	Service Manager
<b>HIGH</b>	Urgent Attention Required	Risk acceptable with effective controls, managed by senior management / executive and subject to monthly monitoring	Executive Leadership Team
<b>EXTREME</b>	Unacceptable	Risk only acceptable with effective 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
<b>Effective</b>	There is <u>little</u> scope for improvement.	Processes (Controls) operating as intended and aligned to Policies / Procedures. Subject to ongoing monitoring. Reviewed and tested regularly.
<b>Adequate</b>	There is <u>some</u> scope for improvement.	Processes (Controls) generally operating as intended, however inadequacies exist. Limited monitoring. Reviewed and tested, but not regularly.
<b>Inadequate</b>	There is a <u>need</u> for improvement or action.	Processes (Controls) not operating as intended. Processes (Controls) do not exist, or are not being complied with. Have not been reviewed or tested for some time.

