



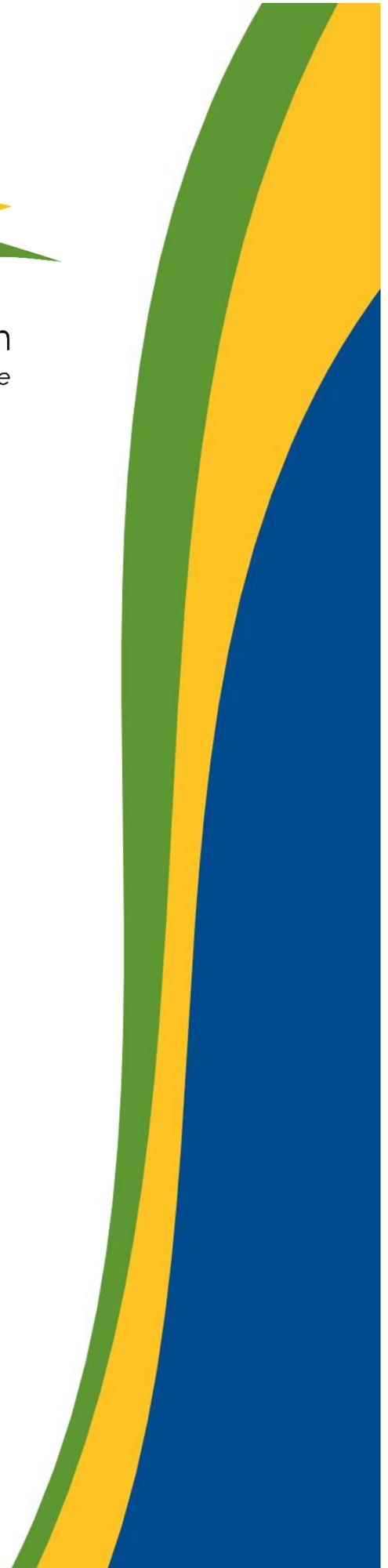
Shire of Northam
Heritage, Commerce and Lifestyle

Shire of Northam

Minutes

Audit Committee Meeting

7 September 2018



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1. DECLARATION OF OPENING

The Shire President, Cr C R Antonio declared the meeting open at 3:11 pm.

2. ATTENDANCE

Committee:

Shire President
Councillors

Cr C R Antonio
Cr A J Mencshelyi
Cr J Proud

Staff:

Chief Executive Officer
Executive Manager Corporate Services
Executive Assistant – CEO

J B Whiteaker
C Young
A C Maxwell

2.1 APOLOGIES

Councillor

C L Davidson

2.2 APPROVED LEAVE OF ABSENCE

Nil.

3. DISCLOSURE OF INTERESTS

Nil.

4. CONFIRMATION OF MINUTES

4.1 COMMITTEE MEETING HELD 1ST JUNE 2018

RECOMMENDATION / COMMITTEE DECISION

Minute No: AU.104

Moved: Cr Proud

Seconded: Cr Mencshelyi

That the minutes of the Audit Committee meeting held on Friday, 1st June 2018 be confirmed as a true and correct record of that meeting.

CARRIED 3/0

5. COMMITTEE REPORTS

5.1 PROGRESS TOWARD PROCUREMENT PROCESS REVIEW REPORT

| | |
|-----------------------------|-----------------------------------------------------|
| Address: | N/A |
| Owner: | N/A |
| File Reference: | 1.6.1.6 |
| Reporting Officer: | Colin Young Executive Manager Corporate Services |
| Responsible Officer: | Colin Young Executive Manager Corporate Services |
| Voting Requirement | Simple Majority |

BRIEF

To provide Council with an update of the progress made towards the Procurement Review Report in order to ensure that continuous improvement occurs within the organisation.

ATTACHMENTS

Attachment 1: Outcomes from the Procurement Process Review Report.

BACKGROUND / DETAILS

In July 2017 under the direction of the CEO, staff called for quotes from qualified business to conduct a Procurement Process Review on the Shire of Northam's purchasing focusing on, Tenders, Records Management, Probity and Credit Card Usage.

The Audit was designed to provide both the CEO and the Council with an additional element of accountability through a check on current procurement processes, ensuring these are being adhered to by staff.

CONSIDERATIONS

Strategic Community / Corporate Business Plan

Theme Area 6: Governance & Leadership

Outcome 6.3: The Shire of Northam council is a sustainable, responsive, innovative and transparent organisation.

Financial / Resource Implications

\$9,937 plus GST for the report.

Legislative Compliance

There is no legislative requirement to hold an Internal Procurement Review, however it is best practice.

Policy Implications

N/A.

Stakeholder Engagement / Consultation

All senior staff were asked to review the document and make any comments.

Risk Implications

It is best practice to undertake this review as it will assist in identifying areas for improvements which may result in reducing any risk associated with this matter.

OFFICER'S COMMENT

On Monday 22 January 2018 Moore Stephens conducted an Audit on the Shire of Northam's Procurement processes, after the site visit follow up interviews were conducted with the Executive Management Team and the Procurement Officer.

A final report was received on 7 May 2018 that included the following contents:

1. Engagement Overview;
2. Executive Summary;
3. Summary Controls Table;
4. Review Findings and Recommendations;
5. Improvement Opportunities;
6. Procurement Processes – Tenders and Contracts Management;
7. Other Matters;

The major areas identified for improvement works are detailed in Attachment 1:

Key to table

Completed

No Action

Underway

RECOMMENDATION / COMMITTEE DECISION

Minute No: AU.105

Moved: Cr Mencshelyi

Seconded: Cr Proud

That Council receives the update toward the Procurement Process review as provided in Attachment 1.

CARRIED 3/0

Discussion was held around the Local Price Preference Policy which was recently advertised. It was advised that no submissions were received and the policy is now adopted.

Attachment 1

| REVIEW FINDINGS & RECOMMENDATIONS | | | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|-----------------|-------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Observation | Potential Risks | Rating | Recommendation | Management Comment | Progress |
| <p>Per the Local Gov't (Functions and General) Regulations 1996, Part 4A, Section 24D (Discounts permitted for regional price preferences), there are three scenarios where the bid from the tenderer can be considered for a price reduction.</p> <p>The legislation allows for:</p> <ul style="list-style-type: none"> • up to 10% reduction for goods or services up to a maximum of \$50,000; • up to 5% reduction for construction (building) services up to maximum of \$50,000; or • up to 10% where the contract is for construction (building) services up to a maximum price reduction of \$500,000. <p>The Shire's Local Price Preference Policy (F 4.4), Section 3 - Local Price Preference Value, allows for a maximum price reduction of \$100,000 (excluding GST) for goods and services from within the Shire. The amount per the Shire policy does not fully align with the requirements outlined above under Section 24D.</p> | <p>Non-alignment to Gov't Regulations.</p> | <p>Moderate</p> | <p>The Shire Local Price Preference Policy should be updated to align with the thresholds in the Regulations.</p> | <p>Local Price Preference Policy has been reviewed and will be presented to Council for consideration.</p> | <p>Local Price Preference policy currently being advertised with submissions closing on 31st August 2018. To date, no submissions have been received.</p> |

IMPROVEMENT OPPORTUNITIES

ESTABLISHMENT OF PRE-QUALIFIED PANEL OF SUPPLIERS

| Observation | Potential Risks | Recommendation | Management Comment | Progress |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------|
| <p>It was noted during the audit that the Shire currently does not operate any formal panels of pre-qualified suppliers. Rather, through the years, it has maintained an informal list of suppliers which it has consistently used for recurring needs such as electrical services, painting, etc. Use of an informal list may present the following limitations:</p> <ul style="list-style-type: none"> • precludes consideration of other suitable service providers which are new market entrants; • rates quoted by known suppliers are often not market tested; and • pre-qualified panel provides greater transparency in the selection process and if implemented follows a prescribed set of rules governing how the panel will operate to manage risks and to ensure a more efficient procurement process. | <p>The following contractors were used multiple times for the period 1 July 2017 to 31 January 2018. Examples:</p> <p><u>Plumbing Services</u></p> <ul style="list-style-type: none"> • Andy's Plumbing [43 POs; spend @ \$14,000] • Blackwell Plumbing [17 POs; spend @ \$15,500] <p><u>Electrical Services</u></p> <ul style="list-style-type: none"> • Grafton Electrics [46 POs; \$22,000] • Verlindens Electrical [4 POs; \$11,600] | <p>It is recommended that goods and services which are:</p> <ul style="list-style-type: none"> • recurring, • purchased frequently throughout the year; and • deemed to be low or medium procurement risk, be considered for establishment as a pre-qualified panel under Division 3 of Regulations. <p>Determination of these services could be based on spend data by service category for the past 2 or 3 years. Any services which are likely to reach \$150,000 however, must undergo a public tender process as per Section 11.</p> | <p>Staff will investigate and establish pre-qualified panels where appropriate.</p> | <p>Limited Progress</p> |

| SPEND ANALYSIS | | | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|
| Observation | Potential Risks | Recommendation | Management Comment | Progress |
| <p>Spend analysis will provide insight into current procurement arrangements and identify opportunities for strategic procurement by spend category such as assessment of sole source arrangements and the use of pre-qualified panels (refer to point 1.0 Establishment of Pre-qualified panels).</p> <p>A regular review will also contribute to the understanding of historical spend patterns and whether anticipated value for money outcomes were achieved, thus providing input into subsequent tender planning processes.</p> <p>Spend analysis will also enable the Shire to benchmark suppliers which provide similar services for the purposes of "value for money" assessment for future reference.</p> | <p>The following examples illustrate the information that was obtained through a quick analysis of spend data from 1 July 2017 to 31 January 2018:</p> <ul style="list-style-type: none"> • Glenn Stuart Beveridge @ 9 months is \$91,000; this supplier could reach the \$150,000 threshold if not monitored. • Several contractors provide ongoing technical services which require specialist environmental, health and safety knowledge. However, there is no contract or service agreement in place i.e. Avon Valley Contractors, Central Mobile Mechanical Repairs. • Avon Valley Contractors; POs for \$8,800 for 3 months has been sole source supplier for hire of graders. | <p>It is recommended that at least annually, a review is performed by a person independent of the Procurement function of spend by supplier, by service type and other relevant criteria to ensure that overall procurement for goods and services is a strategic activity.</p> <p>Procurement planning may also alleviate the reliance on sole source suppliers if request for goods and services on short notice is minimised.</p> | <p>Procedures will be put in place ensuring suppliers that have recurring purchases that may reach the \$150,000 tender threshold are reviewed annually.</p> | <p>Limited, being carried out as part of the EOFY procedures</p> |

5.2 PROGRESS TOWARDS BETTER PRACTICE REVIEW ACTION PLAN

| | |
|-----------------------------|--------------------------------------------|
| Address: | N/A |
| Owner: | N/A |
| File Reference: | 1.6.1.6 |
| Reporting Officer: | Jason Whiteaker Chief Executive Officer |
| Responsible Officer: | Jason Whiteaker Chief Executive Officer |
| Voting Requirement | Simple Majority |

BRIEF

To provide Council with an update of the progress made towards the Better Practice Review (BPR) Action Plan.

This report aims to establish a level of accountability in respect to completing the actions identified through the Better Practice Review Program to ensure that continuous improvement occurs within the organisation.

ATTACHMENTS

Attachment 1: BPR Action Plan.

BACKGROUND / DETAILS

The Local Government BPR Program is an initiative undertaken in October 2015, with the Final Report received by Council in March 2016, by the Department of Local Government and Communities to recognise and promote good practice in Western Australian country local government. The BPR Program involved a team reviewing key areas of the Shire of Northam's activities and operations. The BPR Program objectives are to:

- Generate momentum for a culture of continuous improvement and greater compliance across the local government sector;
- Promote good governance and ethical regulation;
- Identify and share innovation and best practice in the local government sector; and
- Act as a 'health check' by providing departmental advice and support to local governments that may be experiencing operational problems.

The key findings from the review are summarised in the areas of Governance, Planning and Regulatory function, Plan for the Future (strategic and corporate planning), assets and finance, workforce planning / Human Resource (HR) management and community and consultation. The report aims to highlight

areas where the local government is demonstrating better practice as well as providing constructive feedback on addressing any areas for further development. The areas requiring further development are provided to the local government with suggested recommendations that the local government can aim to address through a documented action plan (Attachment 1).

CONSIDERATIONS

Strategic Community / Corporate Business Plan

Theme Area 6: Governance & Leadership

Outcome 6.3: The Shire of Northam council is a sustainable, responsive, innovative and transparent organisation.

Financial / Resource Implications

Staffing resources are required in order to action the recommendations detailed within the BPR Action Plan.

Legislative Compliance

Local Government Act 1995 and relevant subsidiary legislation.

Policy Implications

Nil.

Stake Holder Engagement / Consultation

Nil.

Risk Implications

Should the recommendations and relevant actions identified not be undertaken or addressed, Council may be at risk of not generating continuous improvement, better practice, good governance and legislative compliance.

OFFICER'S COMMENT

This review found that overall the Shire is an organisation that functions well. Areas of further development identified related to enabling planning, building and health staff to work more cohesively to deliver consistent information to the community, the improvement of asset management, financial reporting practices, meeting/briefing procedures and standing orders. Areas for further development and recommendations have been detailed in Attachment 1 with comments in respect to the progress made towards each of these.

Key to table

Completed

No Action

Underway

Officers are working towards addressing the areas for further development whilst continuing the improvements already underway in order to achieve good practice, governance and legislative compliance into the future. The action plan for the review has been provided in Attachment 1 with an update of the progress made towards the recommendations.

RECOMMENDATION / COMMITTEE DECISION

Minute No: AU.106

Moved: Cr Proud

Seconded: Cr Mencshelyi

That Council receive the update as provided in the Attachment 1 in relation to the progress made towards the Better Practice Review Action Plan.

CARRIED 3/0

Discussion was held around the ratios and the significant improvement over the past years. It was advised that this information would be updated in the respective sections of the attachment.

Attachment 1

| Area for Further Development | Recommendation / Action | Timeframe | Responsibility | Progress Report |
|------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Governance | | | | |
| Business Continuity Plan | 1. Continue to work towards developing a business continuity plan to complement any risk management documentation. | June 2016 | CEOPA | Finalised June 2016. |
| Council forum meetings | 2. Review the council forum procedures and formalise these to minimise duplication with Ordinary Council Meetings. | May 2016 | CEO | Review completed. Notes of forums now taken and presented to council meetings for acceptance. Process has been improved eliminating duplication of agenda preparation. |
| Local Laws | 3. Review (and update or repeal, where required) local laws, including the Standing Orders in line with the requirements of the <i>Local Government Act 1995</i> | 2016/17 | Gov Officer | Reviews underway. Continuing reviews and replacement of old local laws. |
| Information Statement | 4. Review and update the Shire's Information Statement and ensure that it reflects the current council. | July 2016 | Gov Officer | Review Completed 19/7/16. Next review completed 6/7/17. |
| Legislative compliance | 5. Develop a legislative compliance checklist/calendar to promote accountability and legislative awareness amongst all staff. | June 2016 | CEO | In place. |
| Communication devices | 6. Develop a communication device usage agreement for Elected Members | October 2016 | CEOPA | Presented to Council 20/12/2017 and was not endorsed. |
| Business statement ethics | 7. Consider developing a statement or policy to guide contractors and suppliers on expected standards and conduct when acting on the Shire's behalf. | August 2016 | Purchasing Officer | Complete. Statement of Purchasing Ethics is incorporated into the Shire's documented purchasing process. |
| | 8. Review the current arrangements with the Shire's IT provider to ensure appropriate support is provided. | May 2016 | EMCS | Under development by I/T Officer |

| Area for Further Development | Recommendation / Action | Timeframe | Responsibility | Progress Report |
|-------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|--------------------------------------|------------------------------------------------------------------------------------------------------|
| Information Technology (IT) and Information and Communications Technology Framework (ICT) | 9. Consider the adoption of an ICT Strategic Framework as a resource to use to plan for, manage and review the Shire's information and technology assets. | November 2016 | EMCS | Have realigned staff to accommodate I/T Officer to coordinate. |
| Governance Relationship | 10. Review the Shire's Code of Conducts and/or develop policies to formalise and document the Shire's practices in regards to elected member and staff interactions and requests for information. | January 2017 | CEO | Complete. Policy adopted. |
| Emergency management | 11. Continue the process of reviewing and documenting emergency management processes and procedures, ensuring plans are current and relevant. | November 2016 | Community Emergency Services Manager | Completion of Local Emergency Management Arrangements adopted by Council 16/11/16. |
| Planning and Regulatory | | | | |
| Documentation on Development Application Process | 12. Review the current information and content on the Shire's website relating to Planning to ensure it is accurate and helpful. | October 2016 | Manager Services Planning | Ongoing. Being reviewed from time to time to ensure info and forms remain current. |
| | 13. Further develop additional information that will assist applicants to understand the Development Applications process and ensure its availability on the Shire's website. | October 2016 | Manager Services Planning | Complete April 2017. |
| Heritage | 14. Continue working towards developing a heritage list and revising and amending the Municipal inventory. | February 2017 | Manager Services Planning | In the process of appointing a consultant to run the statutory process for creating a Heritage List. |
| Plan for the Future | | | | |

| Area for Further Development | Recommendation / Action | Timeframe | Responsibility | Progress Report |
|------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|----------------|-------------------------------------------------------------------------------------|
| Corporate Business Plan | 15. Ensure the annual review of the Corporate Business Plan results in the development of an evolving and rolling four-year plan, with the current financial year as the base year, which is linked to the annual budget. | May 2016 | CEO | Completed. |
| | 16. Review and provide clearer descriptions of the two categories of 'priority projects' in the Corporate Business Plan and ensure the financial allocation for the priority projects in the Corporate Business Plan aligns with the annual budget. | May 2016 | CEO | Completed. |
| Asset and Finance | | | | |
| Asset management | 17. Continue the process of drafting individual asset plans for each of the major asset classes ensuring integration with other IPR plans. | June 2016 | EMES | Infrastructure Asset Plan finalised. Parks & Building Asset Plans under development |
| | 18. As part of the Shire's asset management review, both an asset management policy and strategy should be developed. | June 2016 | EMES | Completed. |
| | 19. Consider developing an asset disposal policy. | November 2016 | EMCS | No progress |
| Long Term Financial Plan | 20. Continue the process of revising the Long Term Financial Plan. | June 2016 | EMCS | Completed. |
| | 21. Once the update of the Long Term Financial Plan is complete, consider undertaking annual reviews of the plan and its projections to ensure data remains current and up-to-date, resulting in a rolling and evolving 10-year plan. | April 2017 | EMCS | In progress, ongoing annual review. |

| Area for Further Development | Recommendation / Action | Timeframe | Responsibility | Progress Report |
|---------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Statutory Ratios | 22. Monitor the Operating Surplus Ratio and the Shire's expenditures to avoid any further deterioration of the continuing trend of decline of this ratio. | Ongoing | CEO | Ongoing, staff are currently focusing on these indicators and looking at developing strategies to improve performance as part of the development of the LTFFP. In 2014 the Operating Surplus Ratio was 0.12, in 2017 this increased to 0.16. The target for this ratio is greater than 0.15. |
| | 23. Consider reviewing the Shire's long term capital investment program to ensure asset renewal is maintained at an appropriate level with sufficient funding support. | Ongoing | CEO | Ongoing, staff are currently focusing on these indicators and looking at developing strategies to improve performance as part of the development of the LTFFP. In 2014 the Asset Sustainability Ratio was 0.68, in 2017 this increased to 1.10. The target for this ratio is greater than 1.10. |
| | 24. Consider reviewing the Shire's depreciation calculations to ensure depreciation expenses are accurate. | July 2016 | EMCS | Completed, resulted in significant movements in depreciation to better reflect Council position. |
| Workforce Planning and HR Management | | | | |
| Workforce Plan | 25. Future revisions of the Workforce Plan should align with the rest of the Shire's Plan for the Future documentation, to ensure the most current Plan for the Future vision, mission statement, themes and objectives are captured. | December 2016 | HRC | Update: 31.8.18: Workforce Plan currently being developed and is well underway. |

| Area for Further Development | Recommendation / Action | Timeframe | Responsibility | Progress Report |
|-----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|---------------|----------------|----------------------------------------------------------------------------------------------------------------------|
| Employee surveys | 26. Investigate the appropriateness of conducting an employee survey and including results from the survey in the revised Workforce Plan. | October 2016 | HRC | Staff Survey completed. |
| Community and Consultation | | | | |
| Tourism Plan | 27. Continue the development of a local tourism plan/marketing strategy. | November 2016 | EMCMS | Development of plan underway – currently finalising |
| Reconciliation Action Plan (RAP) | 28. Work with Reconciliation Australia to develop and adopt a Reconciliation Action Plan. | December 2016 | EMCMS | Council has appointed a Reconciliation Action Plan Working Group to develop the RAP along Reconciliation Guidelines. |

5.3 PROGRESS TOWARDS THE REGULATION 17 REVIEW ACTION PLAN

| | |
|-----------------------------|--------------------------------------------|
| Address: | N/A |
| Owner: | N/A |
| File Reference: | 8.2.7.1 |
| Reporting Officer: | Jason Whiteaker Chief Executive Officer |
| Responsible Officer: | Jason Whiteaker Chief Executive Officer |
| Voting Requirement | Simple Majority |

BRIEF

To provide Council with an update of the progress made towards the Regulation 17 Review Action Plan.

This report aims to establish a level of accountability in respect to completing the actions identified through the Regulation 17 Review to ensure that Council's risk management, internal controls and legislative compliance is appropriate and effective.

ATTACHMENTS

Attachment 1: Regulation 17 Review Action Plan.

BACKGROUND / DETAILS

The Shire of Northam procured AMD Chartered Accountants to undertake the Shire of Northam's Regulation 17 Review in accordance with Local Government (Audit) Regulations 1996, Regulation 17 for the period ending 31 December 2016. This Regulation 17 Review includes a review of the appropriateness and effectiveness of the risk management, internal controls and legislative compliance of the Shire of Northam. A report has then been prepared identifying the findings from the review along with recommendations (if applicable). These findings and recommendation have been developed into an action plan and provided in Attachment 1.

CONSIDERATIONS

Strategic Community / Corporate Business Plan

Theme Area 6: Governance & Leadership

Outcome 6.3: The Shire of Northam council is a sustainable, responsive, innovative and transparent organisation.

Financial / Resource Implications

Staffing resources are required in order to action the recommendations detailed within the BPR Action Plan.

Legislative Compliance

Local Government Act 1995 and relevant subsidiary legislation.

Policy Implications

Nil.

Stake Holder Engagement / Consultation

Nil.

Risk Implications

Should the recommendations and relevant actions identified not be undertaken or addressed, Council may be at risk of not generating continuous improvement, better practice, good governance and legislative compliance.

OFFICER'S COMMENT

This review indicated that the Shire of Northam is proactive in managing risk, internal controls and legislative compliance as well as taking the necessary steps to ensure appropriate risk management, internal controls and legislative compliance policies and practices are in place. Areas for improvement and recommendations have been detailed in Attachment 2 with comments in respect to the progress made towards each of these.

Officers are working towards addressing the recommendations from the review whilst continuing the improvements already underway in order to achieve an optimum levels of risk management, internal controls and legislative compliance into the future. The Action Plan for Review has been provided in Attachment 1 with an update of the progress made towards the recommendations.

Key to table

Completed

No Action

Underway

RECOMMENDATION / COMMITTEE DECISION

Minute No: AU.107

Moved: Cr Proud

Seconded: Cr Mencshelyi

That Council receive the update as provided in Attachment 1 in relation to the progress made towards the Regulation 17 Action Plan.

CARRIED 3/0

Discussion was held around the items which have not yet been actioned which were mostly related to I/T. It was advised that Council has granted additional resources in this area which will assist in actioning these items. In addition an audit has been undertaken this week which will also assist in identifying areas for improvement and an action plan to address these.

Attachment 1
APPENDIX A
SHIRE OF NORTHAM
RISK MANAGEMENT

| No. | Finding | Finding Rating | Implication | Recommendation | Management Comment | Responsible Officer | Progress to Date |
|-----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|----------------------------------------------------------------------|
| 1 | <p>Shire of Northam have not developed an organisational-wide risk register which identifies risks, assesses the impact of the risk and identifies controls to mitigate risk.</p> <p>We would expect the organisational risk register to encompass each business unit incorporating the following categories for each business unit:</p> <ul style="list-style-type: none"> • Operational; • Strategic; • Finance; • Technological; and • Compliance risks (also refer Appendix C) <p>While we acknowledge Shire of Northam has developed a Risk Management Framework, Risk Dashboard and many individual policies and operational procedures, the risk identification process</p> | Medium | Lack of documentation in place to evidence risks have been identified. | <p>We recommend the Shire of Northam develop an organisational risk register. This should include conducting a comprehensive risk identification process to identify potential Shire of Northam risks within each business unit and incorporating the following categories:</p> <ul style="list-style-type: none"> (a) Operational; (b) Strategic; (c) Finance; (d) Technological; and (e) Compliance risks. <p>The risk register should identify the risk, analyse the risk by determining the likelihood, consequence and current controls in respect to each identified risk; evaluate the risk by deciding whether the risk is to be treated/controlled, reassessed or accepted and</p> | <p>A current register exists even though it is not as extensive as that suggested, the risk register will be updated in the future as recommended.</p> <p>Agree, the three identified policies will be developed.</p> | Chief Executive Officer | A risk register has been developed, not to the extent as identified. |

| No. | Finding | Finding Rating | Implication | Recommendation | Management Comment | Responsible Officer | Progress to Date |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-----------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | | | | | <p>Administration, BFAC Terms.</p> <p>D – Completed for road related assets, finalising parks & buildings currently</p> <p>E – Completed</p> |
| 3 | <p>We noted that the following from the sample of lease agreements tested:</p> <p>(a) Lease agreement for Northam Aero Club Management is not signed and the details on the lease register are out of the date;</p> <p>(b) Lease register not updated to reflect the lease agreement terms for Northam Airport – Hanger 13; and</p> <p>(c) The commencement date in the lease register for Blackberry Close Bakers Hill differs to that reflected in the lease agreement.</p> | Medium | Risk the Shire is exposed to risks due to lessee non-compliance with lease terms. | We recommend a sample lessee compliance check be completed to ensure lessees are complying with stated lease terms, including obtaining documentation to support adequate insurance is maintained by the lessee. This could be completed on a rolling basis over several years to ensure all lessees are contacted at least once within the lease term. | <p>(a) As discussed with the Auditor, the lease agreement for Northam Aero Club is not yet signed because it is with them (Aero Club) for their approval and signing.</p> <p>(b) Register for Hangar 13 has been updated.</p> <p>(c) The reason is that the original lease commenced in 2004 and went for 5 years, a new lease was initiated 1/7/2009 for two years with 4x2year options to renew. The lease register is currently being updated so this will be rectified.</p> <p>The Governance officer is the designated officer with the responsibility for ensuring compliance and</p> | Governance Officer | <p>Complete - The register is updated on a regular basis and random checks are conducted including Property Condition Reports.</p> |

| No. | Finding | Finding Rating | Implication | Recommendation | Management Comment | Responsible Officer | Progress to Date |
|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|---------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | | | random checks are done several times a year to ensure compliance. | | |
| 4 | <p>While the “Declaration of Interest” step was added to the Purchasing Process in Promapp post the Projects and Contracts Administration Officer and Procurement Officer attending the WALGA procurement training in August 2016, there is no centrally maintained register that records any disclosed Councillor and staff conflicts of interests.</p> <p>We acknowledge the Shire of Northam records those interests disclosed at the Council and Committee meetings in the Register of Financial Interest. However this register does not currently record any conflicts (whether perceived or actual) disclosed outside these meetings.</p> | Medium | Risk that a Councillor/staff have a perceived/actual conflict of interest which is not recorded and managed appropriately by the Council. | We recommend that the Shire of Northam design and implement a conflict of interest register. This register should be monitored to ensure that all conflicts (whether perceived/actual) are disclosed. All conflicts of interest should be managed accordingly by the Shire. | Noted, management will investigate the establishment of a central register | CEO | <p>Executive Assistant – CEO (EA – CEO) has posted an improvement idea/request onto the ‘Manage Purchasing’ process for an additional task outlining that a disclosure of interest form is to be completed (if applicable) and forwarded the EA – CEO. This will then be added to the existing Register for Interest Disclosures. This improvement idea/request is currently pending approval of the process owner (Executive Manager Corporate Services).</p> <p>The EA – CEO has also amended the register to add an additional field for the person/party/location which the disclosure relates to allow for a quick search to be undertaken when reviewing whether interests should be declared.</p> |

| No. | Finding | Finding Rating | Implication | Recommendation | Management Comment | Responsible Officer | Progress to Date |
|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|---------------------------------|--------------------------------------------------------------------------------------------------------------|
| 5 | Our inquiries of the Human Resources Officer identified that the Shire of Northam does not maintain a central Contractor/Sub-contractor Insurance Register and that the responsibility for checking insurances currently rests with the Responsible Officer who has arranged the Contract. | Medium | Risk that the Contractors/Sub-contractors insurances expire whilst providing the service to the Shire and that this is not identified in a timely manner. | We recommend that the Shire designs and implements a central Contractor/Sub-contractor Insurance Register which is maintained by one or two individual to ensure that all insurances are up to date. | Noted and will implement. | Human Resource Officer | Central contractor/sub contractor insurance register created and will be maintained by Engineering Services. |
| 6 | Our inquiries indicated Shire of Northam has no documented policy or procedure in respect to personally owned IT devices including laptops, smartphones, tablets, thumb drives etc. | Medium | Risk that existing procedures and practices in respect to personally owned devices are not formally documented. | In accordance with the Department of Local Government IT Framework (best practice guidelines), we recommend policies and procedures outlining the terms and conditions in respect to the use of personally owned devices and access be documented, approved, implemented and monitored on an ongoing basis. | Noted, a policy will be developed and implemented. | Exec Manager Corporate Services | Limited, policy to be developed as part of overall IT Strategy. |

| No. | Finding | Finding Rating | Implication | Recommendation | Management Comment | Responsible Officer | Progress to Date |
|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-----------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|----------------------------------------------------|
| 7 | While our inquiries indicate that the Shire of Northam's prior period Audit Regulation 17 Risk Report (being the risk dashboard) was presented to the Audit Committee, an updated risk report is not provided to the Audit Committee / Council on a regular basis. | Low | Lack of communication with those charged with governance. | Once the development of the organisation risk register (as noted at number 1 above) is completed, we recommend this register and / or risk dashboard is tabled at Audit Committee and subsequent Council meetings on a periodic basis. | Notes, currently in the process of reviewing the functions for the Audit committee. | CEO | Completed, per this report to the Audit Committee. |
| 8 | We note Shire of Northam does not currently hold Cybercrime insurance. | Low | Risk of being uninsured against cybercrime. | We recommend Council investigate obtaining cybercrime insurance. | Insurance coverage is reviewed annually in consultation with the council Insurance Company (LGIS), in the past this has not been identified as a 'high' risk area, will investigate as part of the annual insurance review. | Exec Manager Corporate Services | Complete – The Shire now has cover for Cybercrime. |

| No. | Finding | Finding Rating | Implication | Recommendation | Management Comment | Responsible Officer | Progress to Date |
|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|---------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 9 | We noted the Shire of Northam Insurance Register does not currently record the date insurance claims are submitted to the Shire of Northam, to ensure insurance claims are subsequently lodged and followed up in a timely manner after an incident. | Low | Untimely recovery of costs associated with insurance events. | We recommend insurance claims be lodged on a timely basis after incidents occur (we suggest no longer than one month) and the date the claim is submitted to the Shire be recorded in the insurance claims register. | Noted. | Governance Officer | Complete - The register is updated and now reflects the date the event happened, when it was given to the Governance Officer and when it was provided to LGIS. If there is a gap in the dates, the reason for the gap has been entered. Updated regularly. |
| 10 | Our review identified that the: (a) Community Engagement Plan was last endorsed on 12 October 2011; and (b) Management of Council Property Leases was last reviewed on 16 October 2013. | Low | Risk that outdated documents are being referenced by Council staff. | We recommend all Council plans, policies and procedures are reviewed and updated regularly. We also recommend that reviews of policies and procedures include ensuring all references to legislation / guidelines are current and if legislation / guidelines have changed, the policy is updated to reflect those changes. | Plans and policies are monitored and reviewed (as required) internally on a regular basis. | Various CEO Governance | a) Not yet reviewed. No change since previous update. b) Reviewed. Endorsed by Council in August 2018. |

| No. | Finding | Finding Rating | Implication | Recommendation | Management Comment | Responsible Officer | Progress to Date |
|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|---------------------------------|----------------------|
| 11 | Our inquiries of the Executive Manager, Corporate Services indicated that there is currently no Council signature specimen list in place. | Low | Risk that someone without the appropriate delegated authority signs a document approving a Contract, transaction etc. which could be enforceable by another party. | We recommend that the Shire of Northam develops a signature specimen list for all those with delegated authority. | A signature register is currently being developed. | Exec Manager Corporate Services | Completed. |
| 12 | Our inquiries of the Projects and Contracts Administration Officer identified that Council has not developed any probity plan(s) or Statement of Purchasing Ethics requiring acknowledgement by third parties. | Low | Risk of the third party not acting in accordance with the Shire's policies and procedures. | We recommend that the Shire develops and implements a Statement of Purchasing Ethics which sets out the way the third party conducts business with the Shire. Terms and conditions included within supplier contracts would require suppliers to comply with Council's Statement of Purchasing Ethics. | Will investigate the implementation. | Exec Manager Corporate Services | Completed March 2018 |

| No. | Finding | Finding Rating | Implication | Recommendation | Management Comment | Responsible Officer | Progress to Date |
|-----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|--------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|-----------------------|
| 13 | We noted that there is currently no process documented in Promapp which covers the following: <ul style="list-style-type: none"> • Receiving of goods/services; • Matching of purchase order to invoice; • Invoice verification; and • Invoice authorisation ready for payment. | Low | Lack of a formalised documented processes. | We recommend that the Shire designs and implements in Promapp an all-encompassing purchasing process which includes the following (in addition to the current Purchasing Process documented in Promapp): <ul style="list-style-type: none"> • Receiving of goods/services; • Matching of purchase order to invoice; • Invoice verification and authorisation | Staff are currently in the process of developing a procedure with the Promapp system for creditor payments this will cover the identified areas. | Exec Manager Corporate Services | Completed November 17 |

**APPENDIX B
 SHIRE OF NORTHAM
 INTERNAL CONTROLS**

| No. | Finding | Finding Rating | Implication | Recommendation | Management Comment | Responsible Officer | Progress to Date |
|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|------------------------------------------------------------------------------------------------------------|
| 1 | Our inquiries of the Executive Manager, Corporate Services identified that the Shire of Northam does not currently have a formal documented IT Disaster Recovery Plan in place. We acknowledge that IT Disaster Recovery is briefly commented on in the Business Continuity Plan and that by coincidence the Shire put to test the recovery of the Shire's back-up due to an incident that occurred on 22 September 2016. | Medium | Risk of significant delays and business interruption in the event of unforeseen circumstances in respect to Council organisational business. | We recommend the IT Disaster Recovery Plan be developed and implemented by the Shire of Northam. Once the plan has been completed, we recommend it is endorsed and communicated to all staff, implemented and monitored on a regular basis including testing the plan to ensure that in the event of a disaster, appropriate actions can be taken. | Staff are currently looking to develop an IT disaster recovery plan. | Exec Manager Corporate Services | Limited. |
| 2 | We noted there is a Contractor Induction process in place. However, testing identified no evidence that the contractor had attended/completed the Contractor Induction process. | Medium | Risk of non-compliance with stated policies, procedures including relevant health and safety requirements. | We recommend contractors be required to complete some level of induction (the level of induction completed should be determined based on the risks associated with the service or product provided) and the induction process be formally documented as evidence of attendance. | A current register exists even though it is not as extensive as that suggested, the risk register will be updated in the future as recommended. | CEO HR Coordinator | Induction process, documentation and checklist in Promapp for the attention and action of all departments. |

| No. | Finding | Finding Rating | Implication | Recommendation | Management Comment | Responsible Officer | Progress to Date |
|-----|---------------------------------------------------------------------------------------------------------------------------------------------------|----------------|---------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|---------------------------------|--------------------------------------------------------------------------------------|
| 3 | Our inquiries of the Executive Manager, Corporate Services indicated that the Shire of Northam does not currently have an ICT Framework in place. | Medium | Risk that existing procedures and practices in respect to information and communication technology are not formally documented. | <p>We recommend the ICT Framework be developed to ensure procedures and practices in respect to information and communication technology is documented and presented to Council for review and adoption. The framework should be monitored on a pre-determined basis to ensure compliance with stated policies and procedures. As part of the development of the ICT framework, we suggest consideration be given to:</p> <ul style="list-style-type: none"> •A formal cost v benefit analysis or feasibility study be completed prior to major ITC projects, including post implementation reviews; •KPI's are set for the IT process and regular monitoring against KPI be performed, including user satisfaction reviews; •Confidentiality clause be included in key service level agreements with external supplies; and •Review of external service level agreements be completed against targets included within those agreements. | Currently investigating available options. | Exec Manager Corporate Services | Looking to have an internal audit of the ICT infrastructure during the coming months |

| No. | Finding | Finding Rating | Implication | Recommendation | Management Comment | Responsible Officer | Progress to Date |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-------------------------------------------------------------------------------------------------|
| 4 | Our inquiries of Council's Building Supervisor indicated the Shire of Northam does not currently have a signed contract in place with the external security companies used for monitoring and call-outs. | Medium | Risk of the Shire of Northam locations not being protected from break-ins, vandalism etc. | We recommend that contracts are in place with all third parties engaged to provide said security services. | Staff will develop an agreement. | Exec Manager Development Services | Contract expired on 30 June 2017. Extension granted until RFQ has been prepared and advertised. |
| 5 | Our inquiries of the Executive Manager, Corporate Services indicated there is no ongoing security awareness program in respect to IT. | Low | Risk of security breaches due to changing security environment. | We recommend an ongoing security awareness program be developed to ensure security needs of the Shire is updated as required (for example due to IT infrastructure or application changes) and to prevent any security breaches from occurring. This could be incorporated as part of Shire of Northam's overall Risk Management Framework. | Staff to investigate. While there is no formal program the Council IT Officer regularly sends notifications in regards to 'cyber alerts' and other potential IT related issues. | Exec Manager Corporate Services | Alerts being sent as they come to light |
| 6 | Our inquiries of the Executive Manager, Corporate Services identified that the Shire of Northam computers do not currently automatically log out when left dormant for a period of time. <i>We acknowledge that the licensing computers at the front counter does automatically log out when left dormant.</i> | Low | Risk of someone else using the computer to access information that they do not currently have authority to view and/or amend details in order to receive some benefit etc. | We recommend that the Shire of Northam implements a policy where all Shire owned computers are automatically logged out after five minutes of being dormant (or as considered appropriate time limit). | Staff to investigate and implement. | Exec Manager Corporate Services | Completed June 2017 |

| No. | Finding | Finding Rating | Implication | Recommendation | Management Comment | Responsible Officer | Progress to Date |
|-----|-------------------------------------------------------------------------------------------------------------------------------|----------------|----------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|--------------------------------------------------------------------------------------------------------------------|
| 7 | Our inquiries of the Governance Officer identified that there is currently no cash handling policies and procedures in place. | Low | Risk that cash is not being handled appropriately by staff. | We recommend that cash handling policies and procedures are developed and implemented. Once developed, these policies and procedures should be reviewed and approved by Council and then communicated to all staff that handles the Shire's cash. | Staff are verbally informed of the procedures, these however are not written, and staff will look at developing a written procedure. | Exec Manager Corporate Services | Complete - There is a 'Guide to Reception Duties' document at Reception which is maintained and used for training. |
| 8 | We note that there is currently no independent review of the general journal adjustments posted to Synergy Soft. | Low | Risk that errors will not be identified in a timely manner. | We recommend that all general journal adjustment journals are independently reviewed and physically signed off by the reviewed as evidence of this review. | The measure will be implemented. | Exec Manager Corporate Services | Implemented. |
| 9 | We note that that credit card statements were not signed off to evidence review as required by policy HR 2.7 Credit Card Use. | Low | Risk that fraud or errors will not be identified in a timely manner. | We recommend that all credit card statements are signed off by the reviewer as evidence of this review, as per stated policy. | Credit Cards are independently reviewed by Finance Officer, Accountant, Exec Manager of Corporate Services and finally the Credit Card Holder. It is noted however that the reviewing persons do not sign to indicate the review has been completed. This has been corrected. It is also noted that that all credit card payments are itemised and presented to | Exec Manager Corporate Services | Completed |

| No. | Finding | Finding Rating | Implication | Recommendation | Management Comment | Responsible Officer | Progress to Date |
|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|-----------------------------------|-------------------------------------------------------------------------------------|
| | | | | | Council monthly for review. | | |
| 10 | We note that the Vehicle Management Policy was currently under review at the time of our on-site visit. | Low | Risk of inappropriate usage of the Shire's fuel cards. | We recommend that the Vehicle Management Policy is finalised and approved by Council. This policy should detail limits and permissible usage. Once endorsed, the policy should be communicated to all staff, implemented and monitored on a regular basis including testing fuel card usage is in accordance with the policy. | Policy expected to be adopted early 2017. | Exec Manager Engineering Services | No progress since last update. In process of finalising, pending consultant advice. |
| 11 | Our testing identified instances where the purchase order was raised post receiving the invoice. This finding was raised previously when the Financial Management System Review was performed (report issued in June 2016) and we acknowledge that there have been no unexplainable instances of this occurring post the issuance of the report. | Low | Risk of non-compliance with policies and procedures. Risk of fraud or error not being identified in a timely manner. | We recommend purchase orders are raised and approved prior to the goods/services being incurred by the Shire. | Noted. | Various | Process in place and random audits undertaken by purchasing staff |

| No. | Finding | Finding Rating | Implication | Recommendation | Management Comment | Responsible Officer | Progress to Date |
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| 12 | While best practice methods are used in respect to procurement practices, our testing identified one instance where a Purchasing Procedures Checklist was not attached to the payment documentation for All-ways Foods (invoice number 20368). | Low | Risk of non-compliance with policies and procedures. | We recommend that the Purchasing Procedures Checklist is completed, signed off and attached to all payment documentation in accordance with stated policy. | Noted. | Various | Implemented and audited by purchasing staff |
| 13 | While best practice methods are used in respect to tendering processes, our testing identified that Tender Checklist form was not signed off by the senior checking officer for tender 1 of 2016. | Low | Risk of non-compliance with policies and procedures. | We recommend that the Tender Checklist is reviewed and signed off by the senior checking officer once the tender process has been completed, in accordance with stated policy. | All staff involved have been reminded of the importance of following procedures. | Exec Managers | Completed. A process is currently being developed for 'Managing Tenders'. This will include tasks outlining the requirements for updating and signing off tenders. |

**APPENDIX C
SHIRE OF NORTHAM
LEGISLATIVE COMPLIANCE**

| No. | Finding | Finding Rating | Implication | Recommendation | Management Comment | Responsible Officer | Progress to Date |
|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-----------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|---------------------|---------------------------------------------------|
| 1 | <p>Our inquiries indicated Shire of Northam does not have a documented legislative compliance manual which is linked to each business unit risk management assessment.</p> <p>While we understand the Chief Executive Officer and Executive Managers Annual Delivery Plan sets out key compliance milestones, however there does not appear to be an overall compliance manual which identifies the legislation (as the first step) and follows the process from this initial point, to risk management.</p> | Medium | Risk of non-compliance with all legislative requirements. | <p>We recommend a compliance manual linked to each business unit risk management assessment be completed and implemented.</p> <p>We would expect the manual to be divided into each business unit section (as identified within the organisation structure) and to:</p> <ul style="list-style-type: none"> • Identify relevant legislation to that business unit (for example the Health Act 1911 or the Planning and Development Act 2005 or the Dog Act 1976); • Identify key relevant sections within each legislation and note within the compliance manual; • Who is responsible for ensuring controls in place to ensure compliance with each identified legislation section; • The mechanism in place to ensure compliance, for example a policy or procedure (this component of the compliance manual | Noted. | CEO | Compliance calendar/checklist has been developed. |

| No. | Finding | Finding Rating | Implication | Recommendation | Management Comment | Responsible Officer | Progress to Date |
|-----|----------------------------------------------------------------------------------------------------------------|----------------|------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|---------------------|---------------------|
| | | | | <p>would link each relevant section of legislation to a policy, procedure, person or other control).</p> <ul style="list-style-type: none"> • Regular testing of compliance, for example if the mechanism for compliance is a policy, regular review and spot checking (internal audit) of that policy; any • Key milestone / reporting dates applicable to that legislative section and how compliance is met. <p>Once the compliance manual is implemented, we recommend a standing agenda item be added to the Audit Committee meeting agenda to assess the effectiveness of compliance through the review and assessment of the compliance manual.</p> | | | |
| 2 | We noted two Audit and Risk Management Committee meetings were held during the year. | Medium | Risk of governance and oversight responsibilities not being met. | Local Government Operational Guideline Number 09 – Audit in Local Government outlines it is best practice for the Audit Committee to meet on at least a quarterly basis. | Noted and agreed that the committee should be meeting on more regular basis. | CEO | Completed |
| 3 | Our inquiries of the Chief Executive Officer identified the current Internal Audit Framework incorporates the: | Medium | Risk that internal controls are not being adhered to. | We recommend that Council consider conducting relevant internal audits in the years between Financial | Currently developing a framework for internal audits. | CEO | Completed July 2018 |

Audit Committee Meeting Minutes
7 September 2018



| No. | Finding | Finding Rating | Implication | Recommendation | Management Comment | Responsible Officer | Progress to Date |
|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|-----------------------------------------------|---------------------|------------------|
| | (a) Financial Management System Review (conducted every four years, last conducted for the period 1 July 2015 to 30 April 2016); (b) Regulation 17 Review (conducted every two years, the current review for the period 1 July 2015 to 30 October 2016); and (c) DLGC Better Practice Review (conducted every four years, last conducted the end of 2015). | | | Management System reviews and Regulation 17 reviews. | | | |
| 4 | We note that the Audit Committee meeting minutes have not been signed by the Presiding Officer for the meeting held on 19 November 2014, 16 March 2015, 25 November 2015 and 8 March 2016. | Medium | Risk of non-compliance with clause 5.22(3) of the Local Government Act 1995. | We recommend that the Presiding Officer signs off the Audit Committee meeting minutes certifying confirmation. | Will ensure this is adhered to in the future. | CEO | Completed |

5.4 PROGRESS TOWARDS SAFETY & RISK MANAGEMENT PLAN

| | |
|-----------------------------|--------------------------------------------|
| Address: | N/A |
| Owner: | N/A |
| File Reference: | 1.1.9.1 |
| Reporting Officer: | Jason Whiteaker Chief Executive Officer |
| Responsible Officer: | Jason Whiteaker Chief Executive Officer |
| Voting Requirement | Simple Majority |

BRIEF

To provide Council with an update of the progress made towards the Safety & Risk Management Plan.

This report aims to establish a level of accountability in respect to completing the actions identified through the audit undertaken by LGIS in 2014 and 2016 in order to ensure that continuous improvement occurs within the organisation.

ATTACHMENTS

Attachment 1: Safety & Risk Management Plan.

BACKGROUND / DETAILS

The AS/NZS 4801:2001 Audit Report undertaken by LGIS in August 2016 has highlighted significant improvements pertaining to all aspects of Occupational Safety and Health at the Shire of Northam. The total 'average' score for the Shire of Northam was 67% which is significantly higher than the previous audit result of 28% which was achieved in 2014.

As a consequence and to ensure that any shortfalls identified during the audit are addressed, the Safety & Risk Management Plan has been developed to ensure that required improvements are made in a timely manner. This Plan demonstrates the commitment of the Executive team together with the Occupational Safety & Health Committee to the achievement of a safe working environment.

CONSIDERATIONS

Strategic Community / Corporate Business Plan

Theme Area 6: Governance & Leadership

Outcome 6.3: The Shire of Northam council is a sustainable, responsive, innovative and transparent organisation.

Financial / Resource Implications

Staffing resources are required in order to action the recommendations detailed within

Legislative Compliance

Local Government Act 1995 and relevant subsidiary legislation.
Occupation Safety & Health Act 1984 and relevant subsidiary legislation.

Policy Implications

Nil.

Stake Holder Engagement / Consultation

Nil.

Risk Implications

Should the actions identified not be undertaken or addressed, the Council may not meet its responsibilities in respect to legislative compliance and providing a safe working environment for its employees and contractors.

OFFICER'S COMMENT

The Shire, as an employer, must ensure that all employees and contractors across the entire scope of operations are considered and included in the application of occupational health and safety management systems.

As with all system based programs there is opportunity for continuous improvement aligned with AS/NZS 4801 guidance specifications. The implementation of the recommendations contained in audit report have assisted the Shire of Northam to improve its current occupational health and safety performance.

Officers are working towards addressing the areas requiring attention whilst continuing the improvements already underway in order meet its occupational health and safety responsibilities into the future. The Safety & Risk Management Plan has been provided as Attachment 1 with an update of the progress made towards the actions.

Key to table

Completed

No Action

Underway

RECOMMENDATION / COMMITTEE DECISION

Minute No: AU.108

Moved: Cr Mencshelyi

Seconded: Cr Proud

That Council receive the update as provided in the Attachment 1 in relation to the progress made towards the following Safety & Risk Management Plan.

CARRIED 3/0

Discussion was held around the significant improvements over the past few years. The Shire's compliance was approximately 25% in 2013 and this is now around 80%, with all of the action identified in this plan it is expected that the Shire would be close to 100% compliance.

Discussion was held around some of the items which have not been actioned. Officer's confirmed that these are not deemed as critical.

It was also raised that Council has provided additional resource to this area to employ an OSH staff member. It was advised that this employee will spend time out of the office undertaking checks to ensure OSH practices are being implemented.

Attachment 1

| Action Item | Element Number | Sub-element Number | Score | Requirements Extracted From Criteria | Actions to be Taken | Responsibility | Due Date |
|-------------|----------------|--------------------|-------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|----------------|-------------------------------------------------------|
| 1 | OSH Audit 2014 | N/A | N/A | | Close out actions from OHS Audit 2014 HR to note item as superseded by 2016 Audit | HR | 31.3.17 ACTIONED |
| 2 | 4.3 | 4.3.1 | 3 | <p>Planning Identification of Hazards, Hazard/Risk Assessment and Control of Hazards/Risks</p> <p><i>The organisation shall establish, implement and maintain documented procedures for hazard identification, hazard/risk assessment and control of hazards/risks of activities, products and services over which an organisation has control or influence, including activities, products or services of contractors and suppliers.</i></p> <p><i>The organisation shall develop its methodology for hazard identification, hazard/risk assessment and control of hazards/risks, based on its operational experience and its commitment to eliminate workplace illness and injury. The methodology shall be kept up to date.</i></p> | Contractor management procedure to be developed and implemented to include hazard identification for contracts less than \$100K. | HR | Completed, currently being reviewed by Executive team |
| 3 | 4.3 | 4.3.2 | 2 | <p>Legal and Other Requirements</p> <p><i>The organisation shall establish, implement and maintain procedures to identify and have access to all legal and other requirements that are directly applicable to the OSH issues related to its activities, products or services, including relevant relationships with contractors and suppliers. The organisation shall keep this information up-to-date. It shall communicate relevant information on legal and other requirements to its employees.</i></p> | Develop a procedure for accessing legislative documentation e.g. Act, Regulations, Codes of Practice, Australian Standards etc. | HR | 31.3.17 COMPLETED |
| 4 | 4.3 | 4.3.3 | 3 | Objectives and Targets | | HR | ONGOING |

| Action Item | Element Number | Sub-element Number | Score | Requirements Extracted From Criteria | Actions to be Taken | Responsibility | Due Date |
|-------------|----------------|--------------------|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|----------------|-------------------------------------------------|
| | | | | <i>The organisation shall establish, implement and maintain documented OHS objectives and targets, at each relevant function and level within the organisation. When establishing and reviewing its objectives, an organisation shall consider its legal and other requirements, its hazards and risks, its technological options, its operational and business requirements and the views of interested parties. The objectives and targets shall be consistent with the OSH policy, including the commitment to measuring and improving OSH performance.</i> | Ensure that targets align with all Shire Business Plans and documents e.g. LTIFR targets | | |
| 5 | 4.3 | 4.3.4 | 2 | <p>OHS Management Plans</p> <p><i>The organisation shall establish and maintain management plans for achieving objectives and targets. They shall include:</i></p> <p><i>a) Designation of responsibility for achievement of objectives and targets at relevant functions and levels of the organisation;</i></p> <p><i>b) Outlining the means and timeframes by which objectives and targets are to be achieved.</i></p> <p><i>Procedures shall be established to ensure that current plans are reviewed and if necessary amended to address such changes at regular and planned intervals, whenever there are changes to the activities, products or services of the organisation or significant changes in operating conditions.</i></p> | Ensure any OHS Management Plans (Safety and Risk Management Plans) are regularly reviewed and updated. | OSH COMMITTEE | ONGOING TO BECOME A REGULAR ITEM ON AGENDA |
| 6 | 4.4 | 4.4.1.2 | 2 | <p>Responsibility and Accountability</p> <p><i>The organisation shall define, document and communicate the areas of accountability and responsibility (including those imposed by OHS legislation). Where contractors are involved, those areas of accountability and responsibility shall be clarified with respect to those contractors.</i></p> | Performance evaluations need to include OHS. Position descriptions should include a sign-off of OHS responsibilities. Any amendments made to | EXECUTIVE TEAM | All PD's and performance appraisals include OSH |

| Action Item | Element Number | Sub-element Number | Score | Requirements Extracted From Criteria | Actions to be Taken | Responsibility | Due Date |
|-------------|----------------|--------------------|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|--------------------------------|----------------------------------------------------------------------------------------------------|
| | | | | <p>a) <i>The organisation's top management shall appoint a specific management representative(s) who, irrespective of other responsibilities, shall have defined roles, responsibilities and authority for:</i></p> <p>a) <i>ensuring that OHSMS requirements are established, implemented and maintained in accordance with AS/NZS 4801; and</i></p> <p>b) <i>reporting on the performance of the OHSMS to top management for review and as a basis for improvement of the OHSMS.</i></p> | <p>performance evaluations and/or Position Descriptions need to be communicated to relevant personnel.</p> | | |
| 7 | 4.4 | 4.4.2 | 3 | <p>Training and Competency</p> <p><i>The organisation in consultation with employees shall identify training needs in relation to performing work activities competently, including OHS training. Procedures shall be in place to ensure that OHS competencies are developed and maintained. Personnel shall be assessed as competent on the basis of skills achieved through education, training or experience, to perform assigned tasks taking into account the OHS obligations, hazards and risks associated with the work activities.</i></p> | <p>Training requirements should be clearly stated in Position Descriptions.</p> | <p>EXECUTIVE TEAM & HR</p> | <p>Exercise ongoing, updating Position descriptions based on information received at appraisal</p> |
| 8 | 4.4 | 4.4.2 | 2 | <p>Training and Competency Continued</p> <p><i>Procedures shall be developed for providing OHS training. These procedures shall take into account:</i></p> <p>a) <i>the characteristics and composition of the workforce which impact on occupational health and safety management; and</i></p> <p>b) <i>responsibilities, hazards and risks.</i></p> <p><i>The organisation shall ensure that all personnel, including contractors and visitors, have undertaken training appropriate to the identified needs.</i></p> <p><i>Training shall</i></p> | <p>Develop a procedure that outlines the specific training requirements for OHS including Contractors.</p> | <p>HR</p> | <p>Training Plan created through CRTAFE.</p> |

| Action Item | Element Number | Sub-element Number | Score | Requirements Extracted From Criteria | Actions to be Taken | Responsibility | Due Date |
|-------------|----------------|--------------------|-------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|--------------------------------------|------------------------------------------------------------------|
| | | | | <i>be carried out by persons with appropriate knowledge, skills and experience in OHS and training.</i> | | | |
| 9 | 4.4.3 | 4.4.3.2 | 3 | <p>Communication</p> <p><i>The organisation shall have procedures for ensuring that pertinent OHS information is communicated to and from employees and other interested parties.</i></p> | All staff meetings and toolbox meetings must be documented and OHS items raised must be minuted. | DEPARTMENT MANAGERS | 31.3.17 & ONGOING |
| 10 | 4.4.3 | 4.4.3.3 | 3 | <p>Reporting</p> <p><i>a) Appropriate procedures for relevant and timely reporting of information shall be established to ensure the OHSMS is monitored and performance improved. Reporting procedures shall be established to cover the following:</i></p> <p><i>a) OHS performance reporting (including results of OHS audits and reviews)</i></p> <p><i>b) Reporting on incidents and systems failures</i></p> <p><i>c) Reporting on hazard identifications</i></p> <p><i>d) Reporting on hazard/risk assessment</i></p> <p><i>e) Reporting on preventive and corrective action</i></p> <p><i>f) Statutory reporting requirements</i></p> | Include reporting notification timeframes in the OHS induction (for employees and contractors). | HR | 31.3.17 COMPLETED |
| 11 | 4.4 | 4.4.5 | 2 | <p>Document and Data Control</p> <p><i>The organisation shall establish, implement and maintain procedures for controlling all relevant documents and data required by AS/NZS 4801 to ensure that:</i></p> <p><i>a) They can be readily located;</i></p> <p><i>b) They are periodically reviewed, revised as necessary and approved for adequacy by competent and responsible personnel;</i></p> <p><i>c) Current versions of relevant documents and data are available at all locations where</i></p> | Finalise Document Control and Records Management Procedure (see previous OHS Audit 2014 actions). | EXECUTIVE MANAGER CORPORATE SERVICES | Draft Completed, currently being reviewed by Executive Managers. |

| Action Item | Element Number | Sub-element Number | Score | Requirements Extracted From Criteria | Actions to be Taken | Responsibility | Due Date |
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| | | | | <p><i>operations essential to the effective functioning of the OHSMS are performed;</i></p> <p><i>d) Obsolete documents are promptly removed from all points of issue or otherwise assured against unintended use; and</i></p> <p><i>e) Archival documents and data retained for legal or knowledge preservation purposes or both, are suitably identified.</i></p> <p><i>Documentation and data shall be legible, dated (with dates of revision) and readily identifiable and be maintained in an orderly manner for a specified period. Procedures and responsibilities shall be established and maintained concerning the creation and modification of various types of documentation and data. The organisation shall preclude the use of obsolete documents.</i></p> | | | |
| 12 | 4.4.6 | 4.4.6.1 | 2 | <p>General</p> <p><i>The organisation shall establish, implement and maintain documented procedures to ensure that the following are conducted:</i></p> <p><i>hazard identification;</i></p> <p><i>hazard/risk assessment;</i></p> <p><i>of hazards/risks; and then evaluation of steps a) to c).</i></p> | <p>Evaluate current Hazard Management Procedure for effectiveness and continual improvement.</p> <p>(Chiara will develop evaluation methodology and a template for reporting on this).</p> <p>Develop and implement a purchasing procedure & Hire/Lease procedure/Agreement that details hazard identification, risk assessment and risk control of new products</p> | <p>HR</p> <p>EXECUTIVE MANGER CORPORATE SERVICES</p> | <p>Ongoing evaluation at OSH Committee meetings</p> <p>Statement of Purchasing Ethics Completed</p> |

| Action Item | Element Number | Sub-element Number | Score | Requirements Extracted From Criteria | Actions to be Taken | Responsibility | Due Date |
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| | | | | | Implement a Supplier/Contractor selection criteria and listing based on safety practices | EXECUTIVE MANGER CORPORATE SERVICE | 31.3.17 |
| 13 | 4.4.6 | 4.4.6.2 | 2 | <p>Hazard Identification</p> <p>a) <i>The identification of hazards in the workplace shall take into account:</i></p> <p>a) <i>the situation or events or combination of circumstances that has the potential to give rise to injury or illness;</i></p> <p>b) <i>the nature of the potential relevant injury or illness.</i></p> <p>i. <i>The identification process shall also include consideration of:</i></p> <p><i>the way that work is organised, managed, carried out and any changes that occur in this;</i></p> <p>ii. <i>the design of workplaces, work processes, materials, plant and equipment;</i></p> <p>iii. <i>the fabrication, installation and commissioning and handling and disposal (of materials, workplaces, plant and equipment);</i></p> <p>iv. <i>the purchasing of goods and services;</i></p> <p>v. <i>the contracting and subcontracting of plant, equipment, services and labour including contract specification and responsibilities to and by contractors;</i></p> <p>vi. <i>vi) the inspection, maintenance, testing, repair and replacement (of plant and equipment) to the activity, product or service; and</i></p> <p>c) <i>past injuries, incidents and illnesses.</i></p> | <p>Conduct a review of injury, hazard and incident data.</p> <p>Analyse and consider findings in data for planning future work.</p> <p>Chiara will develop a methodology and template for reporting on this.</p> | OSH COMMITTEE | ONGOING |

| Action Item | Element Number | Sub-element Number | Score | Requirements Extracted From Criteria | Actions to be Taken | Responsibility | Due Date |
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| 14 | 4.4.6 | 4.4.6.3 | 3 | <p>Hazard/Risk Assessment</p> <p><i>All risks shall be assessed and have control priorities assigned, based on the established level of risk.</i></p> | <p>Develop a Job Safety Analysis template that is consistent throughout the Shire departments ensuring that the template includes an initial risk rating and residual risk rating boxes.</p> <p>It is recommended that the document called "Task Steps" be re-named "Safe Work Method Statement" to align with the OHS legislation.</p> | HR | 30.11.16 COMPLETED |
| 15 | 4.4.6 | 4.4.6.5 | 2 | <p>Evaluation</p> <p><i>The process of hazard identification, hazard/risk assessment and control of hazards/risks shall be subject to a documented evaluation of effectiveness and modified as necessary.</i></p> | As above for 4.4.6.1. | HR | 31.1.18 Evaluated on a regular basis at OSH Committee meetings |
| 16 | 4.5.1 | 4.5.1.2 | 2 | <p>General continued</p> <p><i>The organisation shall establish, implement and maintain documented procedures to monitor and measure on a regular basis the key characteristics of its operations and activities that can cause illness and injury. The effectiveness of these measures shall be evaluated. Appropriate equipment for monitoring and measurement related to health and safety risks shall be identified, calibrated, maintained and stored as necessary.</i></p> | <p>Conduct a risk assessment to determine health surveillance requirements. This includes reviewing MSDS' and work processes.</p> <p>Chiara will assist with this process.</p> | HR | 31.1.18 Evaluated on a regular basis at OSH Committee meetings |

| Action Item | Element Number | Sub-element Number | Score | Requirements Extracted From Criteria | Actions to be Taken | Responsibility | Due Date |
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| | | | | <p><i>Records of this process shall be retained according to the organisation's procedures.</i></p> <p><i>With regards to the OHSMS, the organisation shall establish, implement and maintain procedures to monitor:</i></p> <ul style="list-style-type: none"> <i>a) performance, effectiveness of operational controls and conformance with the organisation's objectives and targets; and</i> <i>b) compliance with relevant OHS legislation.</i> | When it is determined whether health surveillance is required a procedure should be developed. | | |
| 17 | 4.5 | 4.5.3 | 2 | <p>Records and Records Management</p> <p><i>The organisation shall establish, implement and maintain procedures for the identification, maintenance and disposition of OHS records, as well as the results of audits and reviews. OHS records shall be legible, identifiable and traceable to the activity, product or service involved. OHS records shall be stored and maintained in such a way that they are readily retrievable and protected against damage, deterioration or loss. Their retention times shall be established and maintained.</i></p> <p><i>Records shall be maintained as appropriate to the system and to the organisation, to demonstrate conformance to the requirements of AS/NZS 4801.</i></p> | <p>As above for 4.4.5.</p> <p>Review current staff access, security arrangements and storage of records.</p> | EXECUTIVE MANAGER CORPORATE SERVICES | Procedure drafted, currently under review by Executive Managers |
| 18 | 4.5 | 4.5.4 | 1 | <p>OHSMS Audit</p> <p><i>The organisation shall establish, implement and maintain an audit program and procedures for periodic audits to be carried out by a competent person, in order to:</i></p> <ul style="list-style-type: none"> <i>a) determine whether the OHSMS:</i> <ul style="list-style-type: none"> <i>i) conforms to planned arrangements for OHS management including the requirements of AS/NZS 4801;</i> <i>ii) has been properly implemented and maintained;</i> <i>iii) is effective in meeting the organisation's policy</i> | <p>Develop a procedure for audits.</p> <p>Develop an Audit Program based on previous audit findings and areas of concern.</p> | HR | 30.6.17 Completed |

| Action Item | Element Number | Sub-element Number | Score | Requirements Extracted From Criteria | Actions to be Taken | Responsibility | Due Date |
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| | | | | <p><i>as well as objectives and targets for continual improvement; and</i></p> <p><i>iii) provide information on the results of audits to management and employees.</i></p> <p><i>The audit program, including any schedule, shall be based on the OHS importance of the activity concerned, and the results of previous audits. The audit procedures shall cover scope, frequency, methodologies and competencies, as well as the responsibilities and requirements for conducting audits and reporting results.</i></p> | | | |
| 19 | 4.6 | 4.6 | 2 | <p>Management Review</p> <p><i>The organisation's top management shall ensure, at intervals that it determines, review the OHSMS, to ensure its continuing suitability, adequacy and effectiveness. The management review process shall ensure that the necessary information is collected to allow management to carry out this evaluation. This review shall be documented. Management shall review the continued relevance of, and change where appropriate, policy, objectives, responsibilities and other elements of the OHSMS, in light of OHSMS audit results, changing circumstances and the commitment to continual improvement.</i></p> | <p>Senior management to conduct a review of the OHS system.</p> <p>Develop an agenda for items and determine timeframes/intervals for the review.</p> | EXECUTIVE TEAM | 30.9.17 |

5.5 PROGRESS TOWARDS CUSTOMER SERVICE AUDIT

| | |
|-----------------------------|-------------------------------------------------------------|
| Address: | N/A |
| Owner: | N/A |
| File Reference: | 1.6.1.6 |
| Reporting Officer: | Cheryl Greenough Coordinator Governance / Administration |
| Responsible Officer: | Colin Young Executive Manager Corporate Services |
| Voting Requirement | Simple Majority |

BRIEF

To provide Council with an update of the progress made towards the Customer Service Audit in order to ensure that continuous improvement occurs within the organisation.

ATTACHMENTS

Attachment 1: Customer Service Audit Plan.

BACKGROUND / DETAILS

The Shire of Northam procured Aveling to conduct a Customer Service Management System Audit at the end of 2017 which included a review of the effectiveness of our ICS system and our Customer Service Charter. The report included an internal survey as well as an external customer survey.

Key findings of the review related to areas of recommended improvement for both ICS and the Customer Service Charter. Suggested improvements relating to the Customer Service Charter included document control and ensuring the document is easily accessible by customers.

For ICS' the recommended improvement areas included closing out of the documents and ensuring that the customer is kept up to date on the actions taken by staff.

CONSIDERATIONS

Strategic Community / Corporate Business Plan

Theme Area 6: Governance & Leadership

Outcome 6.3: The Shire of Northam council is a sustainable, responsive, innovative and transparent organisation.

Financial / Resource Implications

Staffing resources are required to action the recommendations

Legislative Compliance

Local Government Act 1995 and relevant subsidiary legislation.

Policy Implications

Nil.

Stakeholder Engagement / Consultation

Nil.

Risk Implications

Should the recommendations and relevant actions identified not be undertaken or addressed, Council may be at risk of not generating continuous improvement, better practice, good governance and legislative compliance.

OFFICER'S COMMENT

Progress is being made toward improving the Customer Service Charter to include being a controlled document.

Work has also commenced on a whistle-blower policy to allow confidentiality for anyone including staff who may have information of a sensitive nature they wish to report.

The Customer Service Charter will be made more accessible and information provided on making a complaint as well as compliment and requests within the next six months.

All staff are working toward the progression of action the in the ICS' and to advise customers of the steps taken including the close out stage.

Key to table

Completed

No Action

Underway

RECOMMENDATION / COMMITTEE DECISION

Minute No: AU.109

Moved: Cr Proud

Seconded: Cr Mencshelyi

That Council receive the update as provided in Attachment 1 in relation to the progress made towards the Customer Service Audit Plan.

CARRIED 3/0

Discussion was held around the customer service / ICS process. The Chief Executive Officer advised that the process is subject to regular reviews to identify improvements.

Attachment 1

| Commitment | | 2.5 | 17/6 | Responsible Officer | Comments |
|------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3.1 | Does the organisation have a customer service Code of Conduct? (WSM) | 2 | Customer Service Charter supplied is an uncontrolled word document. This is written as addressing the community but there is no indication of how it is communicated to them. | GOV Officer | Currently being dealt with. Discussions are underway relating to having a TV with rolling information in the Admin area. |
| 3.2 | Have you determined the external and internal issues that are relevant to your organisation's purpose and the achievement of customer satisfaction in the organisation's strategic direction? (ISO10001 6.2) | 2 | Charter identifies major stakeholders and attempts to provide them with workable solutions. The main areas missing are stakeholder closeout and reporting to elected members. The elected member monthly report for October 2017 appears to be flawed closeout numbers. It shows approximately 30% of year to date requests are still not closed, but does not seem to trigger any alarm. It is also suspected that significant numbers of complaints have been closed out on the ICS system, without being actually closed. Examples of this include where a letter has been sent by Shire staff requesting action and then closed on the system, but no follow up visit to ensure that the action has been completed. | Executive Managers | <p>Weekly reporting is occurring for complaints and ICS's received. Complaints outstanding and completed over the period are monitored to ensure that complaints are not closed without actioning.</p> <p>Changes have been made to the Customer Requests process so that these are only allocated to one officer to ensure ownership of the complaint/ICS.</p> <p>Efforts have been made to action the number of outstanding request over the past 6 months with outstanding ICS's reducing by 153 since December 2017. This reporting is ongoing and the total number of ICS's/complaints received will be monitored.</p> |
| 3.4 | Has input been gained to identify and assess the needs of customers in the development of the Code and procedures? (ISO10001 6.3) | 2 | There are no document control records for the process to indicate community consultation in the development. | GOV Officer | Under development. The document is being reviewed and updated with document control data. |

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| 3.5 | Is the Code clear, concise and written in simple language? (ISO10001 6.4) | 3.5 | The customer service charter is well written and copies have been made available in the main reception area (at times), however the majority or customer responses indicated that it has not been publicized as well as it could have been. It is recommended that a shortened version be produced and displayed in a similar manner to the City of Cockburn example shown in section 11. | GOV Officer | A rolling TV selection is being considered. Not convinced a board out the front would do anything. |
| Capacity | 2 | | 8/4 | | |
| 3.8 | Have the objectives been established at relevant departmental and individual levels with the business? | 1.5 | No Key Performance Indicators (KPI's) have been set to monitor the number of requests/complaints or their close out times. This should be completed as a priority after the next round of staff training. | Executive Managers | <p>No KPI's have been established to date for employees.</p> <p>Officers are liaising with Executive Managers to identify timeframes to be implemented within Council's documented process for customer requests.</p> <p>KPI's are listed within the complaints process as follows:</p> <ul style="list-style-type: none"> • Complaint Resolution - 90% of Complaints closed and determination provided within 20 working days; • Complaint Acknowledgement - 100% of Complaints acknowledged within 5 working days. |
| 3.10 | Is customer service included in the business plan? (WSM) If so, what elements of customer service do you regularly monitor? (WSM) | 2 | While there is a customer service charter and reports are compiled for elected members and as part of the quarterly report card, there was no evidence available to suggest that | Gov Officer | <p>KPI's will be put in place by 30 September 2018.</p> <p>The Corporate Business Plan outlines the following actions:</p> |

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| | | | customer service forms part of a formal business plan. Customer service requests and closeouts are reported monthly and quarterly, but no KPI appears to exist on this data. | | <ul style="list-style-type: none"> • Manage customer services through use and maintenance of appropriate systems and processes. • Implement Shire of Northam Customer Services Charter. • Implement an organisational wide process for dealing with/responding to customer requests/complaints. |
| Visibility | 2 | | 7/3 | | |
| 3.13 | Is it relevant and responsive to customer needs? (ISO10001 4.6) | 2 | These issues are difficult to assess given that over 90% of customer survey respondents claimed that they had not seen it. | Gov Officer | Once the document has been reviewed, it will be replaced on line, at the front counter and if need be can go out with rates reminders. |
| Monitoring | 2 | | 8/4 | | |
| 3.25 | Are KPI results and/or other statistical measures used to review the performance of the organisation's customer service? (ISO10001 6.5 & 8.2) | 2.5 | An elected member monthly report and quarterly report card are produced which both include basic ICS statistics. These do not however offer any insight into long term open items or provide a performance target. As discussed previously, it was considered that a number of requests had been closed out without verification and that the statistics may not therefore show the true picture. | Executive Managers | <p>In progress.</p> <p>Officers are liaising with Executive Managers to identify timeframes to be implemented within Council's documented process for customer requests.</p> <p>Since the previous update the reporting graph for ICS's has changed from only showing how many are outstanding and received to also include how many ICS's have been actioned/closed out for the corresponding month. The ICS process has recently been subject to a review and there has been a significant decrease in the number of outstanding ICS's.</p> <p>KPI's are listed within the complaints process as follows:</p> |

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| | | | | | <ul style="list-style-type: none"> Complaint Resolution - 90% of Complaints closed and determination provided within 20 working days; Complaint Acknowledgement - 100% of Complaints acknowledged within 5 working days. <p>Community Satisfaction Survey is scheduled for 2018/19 period.</p> |
| Procedures | 2.5 | | 32/12 | | |
| 4.14 | Are complaints closed out and recorded once agreed actions are complete? (ISO10002 7.9) | 2.5 | As previously noted, at least some complaints appear to be closed out prematurely and without verification of work orders being completed. | Executive Managers | <p>Ongoing.</p> <p>Weekly reporting is occurring for complaints and ICS's received. Complaints outstanding and completed over the period are monitored to ensure that complaints are not closed without actioning.</p> <p>Changes have been made to the Customer Requests process so that these are only allocated to one officer to ensure ownership of the complaint/ICS.</p> <p>Efforts have been made to action the number of outstanding request over the past 6 months with outstanding ICS's reducing by 153 since December 2017. This reporting is ongoing and the total number of ICS's/complaints received will be monitored.</p> <p>At</p> |

| | | | | | |
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| 4.19 | <p>Is complaints information, including the identity of complainants, treated confidentially wherever possible or necessary? (ISO 10002 4.7)</p> <p>Are procedures in place to manage whistle-blower complaints in accordance with the Public Interest Disclosure Act?</p> | 2 | <p>There was no information available to suggest that confidentiality has been considered in terms of complaints and this should be included in future updates of the process.</p> <p>No information on whistleblower complaints is included in the Shire complaints process.</p> | Executive Managers | <p>Confidentiality is always maintained in relation to customer complaints and requests. The complaints process includes details in relation to the actions to take to maintain confidentiality if the complaint is of a confidential nature, however does not detail that the complainants details are to remain confidential (although is practice with all complaints and ICS's). It is proposed that the process be improved by detailing that all elements of the complaint are to be treated with confidentiality (including the identity of the complainant).</p> <p>Whistleblower policy is currently being prepared by HR Coordinator. It is proposed that this will be presented to Council in the coming months.</p> |
| 4.23 | <p>Are details of reviews and actions taken to improve services published to staff and the public? (ISO 10002 8.6.3)</p> | 2 | <p>The quarterly report card is circulated widely and includes ICS statistics for customer service requests (including complaints), but does not look at individual cases or outcomes. Further it does not differentiate between complaints and work requests.</p> | Executive Managers | <p>Process mapping system is available to all staff to ensure they are following the process for managing ICS's and complaints.</p> <p>Weekly reporting is now occurring to monitor the requests and complaints received.</p> <p>Suggested changes are to be implemented into quarterly reporting (i.e. differentiate between complaints and requests)</p> |

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| 4.26 | Does the complaints manager or coordinator compile reports for senior management based on the analysis of the data, which include recommendations for: <ul style="list-style-type: none"> • complaint reduction strategies, or • improvements to business processes | 2.5 | Reports are compiled monthly (for elected members) and quarterly (for the report card), however these are both basis numerical reports and do not provide any level of detail that would support continuous improvement in this area. | Executive Manager Corporate Services Executive Assistant – CEO is now generating weekly reports for ICS's and complaints. Process improvements for managing complaints and ICS's are managed through Council's process mapping system which allows all staff to suggest improvements in relation to the process for managing ICS's and complaints. |
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6. URGENT BUSINESS APPROVED BY PERSON PRESIDING OR BY DECISION

Nil.

7. DATE OF NEXT MEETING

The next Audit Committee meeting is proposed to be held on 28th November 2018 unless otherwise advised.

8. DECLARATION OF CLOSURE

There being no further business the Presiding Member, Cr C R Antonio declared the meeting closed at 3:46pm.

"I certify that the Minutes of the Audit Committee meeting held on Friday, 7th September 2018 have been confirmed as a true and correct record."

_____ Presiding Member

_____ Date

