



Shire of Northam
Heritage, Commerce and Lifestyle

Shire of Northam

Minutes

Audit Committee Meeting

9 October 2019

UNCONFIRMED

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1. DECLARATION OF OPENING

The Shire President, Cr C R Antonio declared the meeting open at 4:00pm.

2. ATTENDANCE

Committee:

Shire President
Councillors

Cr C R Antonio
Cr A J Mencshelyi

Staff:

A/Chief Executive Officer
Executive Manager Corporate Services
Executive Assistant – CEO
Coordinator Governance / Administration

C Kleynhans
C Young
A McCall
C Greenough

2.1 APOLOGIES

Councillor

Cr J Proud

2.2 APPROVED LEAVE OF ABSENCE

Nil.

3. DISCLOSURE OF INTERESTS

Nil.

4. CONFIRMATION OF MINUTES

4.1 COMMITTEE MEETING HELD 7 MARCH 2019

RECOMMENDATION / COMMITTEE DECISION

Minute No: AU.122

Moved: Cr Antonio

Seconded: Cr Mencshelyi

That the minutes of the Audit Committee meeting held on Thursday, 7 March 2019 be confirmed as a true and correct record of that meeting.

CARRIED 2/0

5. COMMITTEE REPORTS

5.1 PROGRESS TOWARD BETTER PRACTICE REVIEW REPORT

Address:	N/A
Owner:	Shire of Northam
Applicant:	
File Reference:	1.6.1.6
Reporting Officer:	Jason Whiteaker, Chief Executive Officer
Responsible Officer:	Jason Whiteaker, Chief Executive Officer
Officer Declaration of Interest:	Nil
Voting Requirement:	Simple majority
Press release to be issued:	No

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.

A. 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).

B. CONSIDERATIONS

B.1 Strategic Community / Corporate Business Plan

Theme 6: Governance and Leadership

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

Objective: Ensure robust financial management.

B.2 Financial / Resource Implications

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

B.3 Legislative Compliance

Local Government Act 1995 and relevant subsidiary legislation.

B.4 Policy Implications

N/A

B.5 Stakeholder Engagement / Consultation

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

B.6 Risk Implications

Risk Category	Description	Rating (consequence x likelihood)	Mitigation Action
Financial	Nil		
Health & Safety	Nil		
Reputation	Nil		
Service Interruption	Nil		
Compliance	Nil		
Property	Nil		
Environment	Nil		

C. 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.123

Moved: Cr Antonio

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 2/0

The Executive Manager Corporate Services provided an overview of the outstanding actions.

Clarification was sought in relation to whether the item will continue to be presented to the Committee once all actions are completed. The Executive Manager Corporate Services advised that it will no longer be presented.

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	Final Local Laws are now ready to be adopted by Council prior to Gazettal
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 6/7/17. Next review 6/7/19
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.

Area for Further Development	Recommendation / Action	Timeframe	Responsibility	Progress Report
Information Technology (IT) and Information and Communications Technology Framework (ICT)	8. Review the current arrangements with the Shire's IT provider to ensure appropriate support is provided.	May 2016	EMCS	Audit Carried out that resulted in the calling for quotes and a new IT provider appointed November 2018. Updated 28/02/2019.
	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, strategies are currently being developed.
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	Draft Heritage List presented to Council in mid-2019- final list to be presented to Council October/November 2019.

Area for Further Development	Recommendation / Action	Timeframe	Responsibility	Progress Report
Plan for the Future				
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. More detailed 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	Asset disposal policy was adopted at OMC on April 2019
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	Plan being reviewed annually with adjustments carried out if necessary, updated 28/02/2019

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	Workforce Plan draft finalised will be presented to Council November 2019.

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	The focus of the marketing plan has adjusted to become more a 'place / brand awareness' campaign which is under way with the READY.SET.GO
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. The draft of the First stage "REFLECT" RAP is with Reconciliation Australia for review.



5.2 PROGRESS TOWARDS CUSTOMER SERVICE AUDIT

Address:	N/A
Owner:	Shire of Northam
Applicant:	N/A
File Reference:	1.6.1.6
Reporting Officer:	Cheryl Greenough Coordinator Governance / Administration
Responsible Officer:	Colin Young Executive Manager Corporate Services
Officer Declaration of Interest:	Nil.
Voting Requirement:	Simple majority
Press release to be issued:	No

BRIEF

This report provides Council with an update on the progress made towards the Customer Service Audit in order to ensure continuous improvement occurs within the organisation.

ATTACHMENTS

Attachment 1: Customer Service Audit Plan.

A. 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 the ICS' were not closed out prior to action being taken and ensuring that the customer is kept up to date on the actions taken by staff.

B. CONSIDERATIONS

B.1 Strategic Community / Corporate Business Plan

Theme Area 6 Governance and Leadership

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

Objective: Ensure robust financial management.

B.2 Financial / Resource Implications

Nil.

B.3 Legislative Compliance

Local Government Act 1995 and relevant subsidiary legislation.

B.4 Policy Implications

N/A.

B.5 Stakeholder Engagement / Consultation

Nil.

B.6 Risk Implications

Risk Category	Description	Rating (consequence x likelihood)	Mitigation Action
Financial	N/A	N/A	N/A
Health & Safety			
Reputation	Ratepayers and / or customers not satisfied with Council service	Moderate (9)	Implement recommendations of this report
Service Interruption	N/A	N/A	N/A
Compliance	N/A	N/A	N/A
Property	N/A	N/A	N/A
Environment	N/A	N/A	N/A

C. OFFICER'S COMMENT

The Customer Service Charter is a document which may have ongoing changes as the needs of the Shire grow and change. The Customer Service Charter is included as a controlled document.

A whistle-blower policy was discussed with Executive Managers who considered the matter was covered by the Public Interest Disclosure legislation and the Freedom of Information legislation which provides for confidentiality for anyone including staff who may have information of a sensitive nature they wish to report.

The Customer Service Charter has been made accessible at the front Administrative area and also on the television screen where there is a rolling information session which includes the customer service charter.

The process has been reviewed and changed on Promapp to ensure customers are aware of the steps taken in their ICS including the close out stage.

As all the areas of concern have been acted upon with some continually ongoing, it is recommended that this Audit be finalised.

Key to table

Completed

No Action

Underway

RECOMMENDATION / COMMITTEE DECISION

Minute No: AU.124

Moved: Cr Antonio

Seconded: Cr Mencshelyi

That Council;

1. Receive the Customer Service Audit update as provided in Attachment 1 acknowledging that all action items have been completed;
2. Not require the customer service audit progress report to be provided in the future.

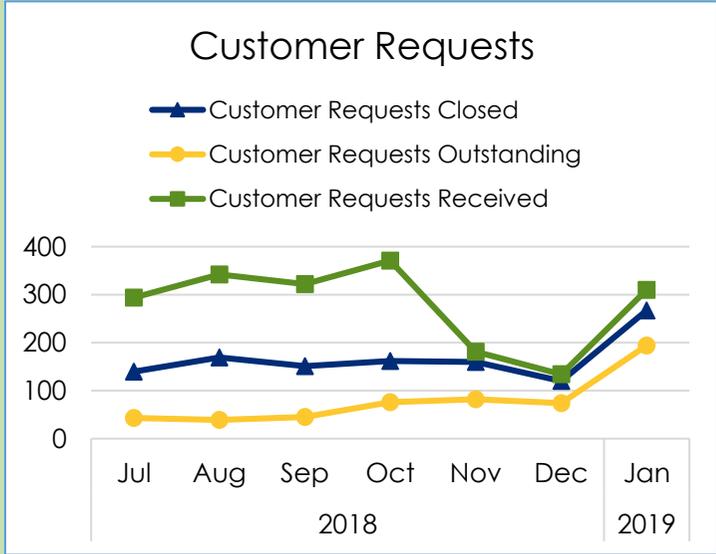
CARRIED 2/0

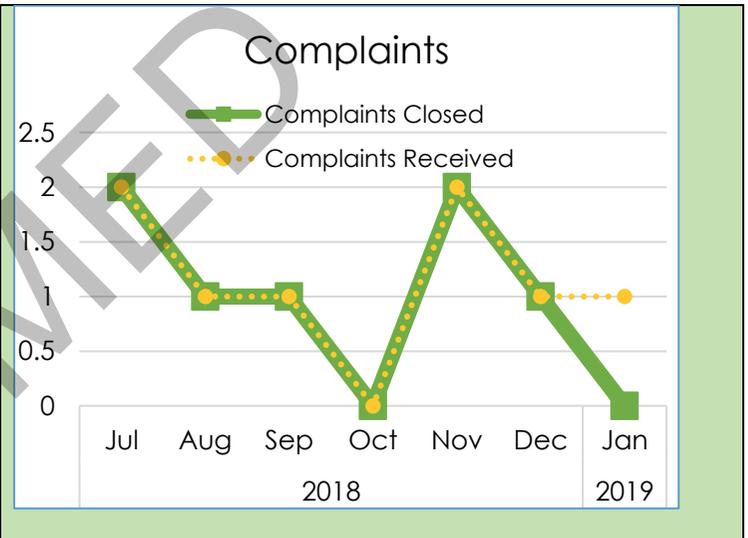
Attachment 1

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	Completed. A TV with rolling information in the Admin area has been installed.
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.</p> <p>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>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	2	There are no document control records for the process to indicate community consultation in the development.	GOV Officer	Completed. The process has been placed in Promapp

	procedures? (ISO10001 6.3)				
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 of 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	Completed. A rolling TV selection is being considered. Copies of the document are also available in the Admin area.
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>KPI's have been established in the ICS Process on Promapp.</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. <p>KPI's are listed within the ICS process as follows:</p> <ul style="list-style-type: none"> • ICS Closure - 90% of ICS's closed within 20 working days. • ICS Acknowledgement - 100% of ICS's are acknowledged within 72 hours from receiving the ICS.
3.10	Is customer service included in the business plan? (WSM) If so, what elements of customer service do	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	Gov Officer	<p>Completed</p> <p>The Corporate Business Plan outlines the following actions:</p>

	you regularly monitor? (WSM)		that 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	Completed
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>Ongoing.</p> <p>A report is provided to Councillors on a monthly basis providing the following information:</p> <ul style="list-style-type: none"> • How many received • How many have been closed • The number outstanding <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. <p>KPI's are listed within the ICS process as follows:</p> <ul style="list-style-type: none"> • ICS Closure - 90% of ICS's closed within 20 working days. • ICS Acknowledgement - 100% of ICS's are acknowledged within 72 hours from receiving the ICS.

					Community Satisfaction Survey was delivered on 1/7/19																																
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. 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. 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. This reporting is ongoing and the total number of ICS's/complaints received is being monitored, see below chart used to track ICS's and complaints:</p> <div data-bbox="1400 746 2116 1300" data-label="Figure">  <table border="1"> <caption>Customer Requests Data (Estimated)</caption> <thead> <tr> <th>Month</th> <th>Customer Requests Closed</th> <th>Customer Requests Outstanding</th> <th>Customer Requests Received</th> </tr> </thead> <tbody> <tr> <td>Jul 2018</td> <td>140</td> <td>50</td> <td>300</td> </tr> <tr> <td>Aug 2018</td> <td>170</td> <td>45</td> <td>350</td> </tr> <tr> <td>Sep 2018</td> <td>150</td> <td>50</td> <td>330</td> </tr> <tr> <td>Oct 2018</td> <td>160</td> <td>80</td> <td>380</td> </tr> <tr> <td>Nov 2018</td> <td>150</td> <td>85</td> <td>180</td> </tr> <tr> <td>Dec 2018</td> <td>120</td> <td>70</td> <td>130</td> </tr> <tr> <td>Jan 2019</td> <td>280</td> <td>200</td> <td>320</td> </tr> </tbody> </table> </div>	Month	Customer Requests Closed	Customer Requests Outstanding	Customer Requests Received	Jul 2018	140	50	300	Aug 2018	170	45	350	Sep 2018	150	50	330	Oct 2018	160	80	380	Nov 2018	150	85	180	Dec 2018	120	70	130	Jan 2019	280	200	320
Month	Customer Requests Closed	Customer Requests Outstanding	Customer Requests Received																																		
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Jan 2019	1	1																											
4.19	<p>Is complaints information, including the identity of complainants, treated confidentially wherever possible or necessary? (ISO10002 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 and details that all elements of the complaint are to be treated with confidentiality (including the identity of the complainant).</p> <p>A Whistleblower policy was discussed with Executive Management who considered the matter was covered in the PID process and FOI process.</p>																								

4.23	Are details of reviews and actions taken to improve services published to staff and the public? (ISO10002 8.6.3)	2	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.	Executive Managers	Process mapping system is available to all staff to ensure they are following the process for managing ICS's and complaints. Weekly reporting is now occurring to monitor the requests and complaints received. Suggested changes are to be implemented into quarterly reporting (i.e. differentiate between complaints and requests)
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.

5.3 PROGRESS TOWARD PROCUREMENT PROCESS REVIEW REPORT

Address:	N/A
Owner:	Shire of Northam
Applicant:	N/A
File Reference:	1.6.1.6
Reporting Officer:	Colin Young Executive Manager Corporate Services
Responsible Officer:	Colin Young Executive Manager Corporate Services
Officer Declaration of Interest:	NIL
Voting Requirement:	Simple majority
Press release to be issued:	No

BRIEF

To provide Council with an update on 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.

A. 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 policy particularly 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.

B. CONSIDERATIONS

B.1 Strategic Community / Corporate Business Plan

Theme Area 6 Governance and Leadership

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

Objective: Ensure robust financial management.

B.2 Financial / Resource Implications

No current implications as this is an update.

B.3 Legislative Compliance

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

B.4 Policy Implications

N/A.

B.5 Stakeholder Engagement / Consultation

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

B.6 Risk Implications

Risk Category	Description	Rating (consequence x likelihood)	Mitigation Action
Financial	Council does not utilise rate payer funds effectively	Moderate (9)	Implement recommendations of this report
Health & Safety	N/A	N/A	N/A
Reputation	N/A	N/A	N/A
Service Interruption	N/A	N/A	N/A
Compliance	LG Act and Associated regulations are not complied with	High (12)	Implement recommendations of this report
Property	N/A	N/A	N/A
Environment	N/A	N/A	N/A

C. 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.

Based on

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.125

Moved: Cr Antonio

Seconded: Cr Mencshelyi

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

CARRIED 2/0

The Executive Manager Corporate Services provided an update in relation to the Vendor Panel software which has a \$10,000 budget allocation. It was noted that this would be purchased in the next couple of months, once this is in place this audit can be closed off.

Clarification was sought in relation to whether there were any other plumbers and electricians interested. The Acting Chief Executive Officer advised that all trades persons that staff are aware of had been approached. It was also advised that with significant purchases, information is provided to the Chamber of Commerce and circulated accordingly.

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>New Local Price Preference Policy Adopted, updated 28/02/2019</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 staff investigating No changes – Have budgeted for vendor panel software, 3/10/2019.</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>Spend Analysis now being performed as part of EOFY procedures, updated 28/02/2019</p>

5.4 PROGRESS TOWARDS THE SAFETY & RISK MANAGEMENT PLAN

Address:	N/A
Owner:	Shire of Northam
Applicant:	
File Reference:	1.1.9.1
Reporting Officer:	Jason Whiteaker Chief Executive Officer
Responsible Officer:	Jason Whiteaker Chief Executive Officer
Officer Declaration of Interest:	NIL
Voting Requirement:	Simple majority
Press release to be issued:	No

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.

A. 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 Plans demonstrates the commitment of the Executive team together with the Occupational Safety & Health Committee to the achievement of a safe working environment.

B. CONSIDERATIONS

B.1 Strategic Community / Corporate Business Plan

Theme Area 6 Governance and Leadership

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

Objective: Ensure robust financial management.

B.2 Financial / Resource Implications

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

B.3 Legislative Compliance

Local Government Act 1995 and relevant subsidiary legislation.

Occupation Safety & Health Act 1984 and relevant subsidiary legislation.

B.4 Policy Implications

N/A

B.5 Stakeholder Engagement / Consultation

Nil

B.6 Risk Implications

Risk Category	Description	Rating (consequence x likelihood)	Mitigation Action
Financial	Nil		
Health & Safety	Inadequate safety management systems in place due to non-completion of identified actions.	Low (1)	Monitoring the progress towards the actions which are regularly reported to the Audit Committee.
Reputation	Nil		
Service Interruption	Nil		
Compliance	Nil		
Property	Nil		
Environment	Nil		

C. 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.126

Moved: Cr Antonio

Seconded: Cr Mencshelyi

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 2/0

The Executive Manager of Corporate Services advised that the action regarding contractors and safety practices was still open. Left open until appropriate action has been completed. Significant tenders already have safety practices considered, plus all local contractors have been inducted.

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 <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 <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	<p>Objectives and Targets</p>	Ensure that targets align with all Shire Business	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>	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	Completed and registered in Promapp

Action Item	Element Number	Sub-element Number	Score	Requirements Extracted From Criteria	Actions to be Taken	Responsibility	Due Date
				<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
					Implement a Supplier/Contractor selection criteria and listing based on safety practices	EXECUTIVE MANGER CORPORATE SERVICE	Limited progress
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
14	4.4.6	4.4.6.3	3	Hazard/Risk Assessment	Develop a Job Safety Analysis template that is	HR	30.11.16 COMPLETED

Action Item	Element Number	Sub-element Number	Score	Requirements Extracted From Criteria	Actions to be Taken	Responsibility	Due Date
				<i>All risks shall be assessed and have control priorities assigned, based on the established level of risk.</i>	consistent throughout the Shire departments ensuring that the template includes an initial risk rating and residual risk rating boxes. It is recommended that the document called "Task Steps" be re-named "Safe Work Method Statement" to align with the OHS legislation.		
15	4.4.6	4.4.6.5	2	Evaluation <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>	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	General continued <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> <i>Records of this process shall be retained according to the organisation's procedures.</i>	Conduct a risk assessment to determine health surveillance requirements. This includes reviewing MSDS' and work processes. Chiara will assist with this process. When it is determined whether health surveillance is required a	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
				<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"> a) <i>performance, effectiveness of operational controls and conformance with the organisation's objectives and targets; and</i> b) <i>compliance with relevant OHS legislation.</i> 	<p>procedure should be developed.</p>		
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. 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>	<p>EXECUTIVE MANAGER CORPORATE SERVICES</p>	<p>Completed and registered in Promapp. A secure area has been arranged for OHS records in the Records Office</p>
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"> a) <i>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> ii) <i>has been properly implemented and maintained;</i> iii) <i>is effective in meeting the organisation's policy as well as objectives and targets for continual improvement; and</i> 	<p>Develop a procedure for audits.</p> <p>Develop an Audit Program based on previous audit findings and areas of concern.</p>	<p>HR</p>	<p>30.6.17</p> <p>Completed</p>

Action Item	Element Number	Sub-element Number	Score	Requirements Extracted From Criteria	Actions to be Taken	Responsibility	Due Date
				<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	<p>Executive Have standing agenda item in fortnightly meeting to discuss progress of OHS, the OHS system is constantly under review. Currently assessing a change in OHS software</p>

5.5 PROGRESS TOWARDS THE REGULATION 17 REVIEW ACTION PLAN

Address:	N/A
Owner:	Shire of Northam
Applicant:	N/A
File Reference:	8.2.7.1
Reporting Officer:	Jason Whiteaker, Chief Executive Officer
Responsible Officer:	Jason Whiteaker, Chief Executive Officer
Officer Declaration of Interest:	Nil
Voting Requirement:	Simple majority
Press release to be issued:	No

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. Appendix A, B, & C

A. 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.

B. CONSIDERATIONS

B.1 Strategic Community / Corporate Business Plan Theme Area 6 Governance and Leadership

Outcome 6.3 The Shire of Northam council is a sustainable, responsive, innovative and transparent organisation.
Objective: Ensure robust financial management.

B.2 Financial / Resource Implications

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

B.3 Legislative Compliance

Local Government Act 1995 and relevant subsidiary legislation.

B.4 Policy Implications

N/A

B.5 Stakeholder Engagement / Consultation

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

B.6 Risk Implications

Risk Category	Description	Rating (consequence x likelihood)	Mitigation Action
Financial	Nil		
Health & Safety	Nil		
Reputation	Nil		
Service Interruption	Nil		
Compliance	Inadequate compliance measures in place due to non-completion of identified actions.	Low (1)	Monitoring the progress towards the actions which are regularly reported to the Audit Committee.
Property	Nil		
Environment	Nil		

C. 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.127

Moved: Cr Antonio

Seconded: Cr Mencshelyi

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

CARRIED 2/0

Clarification was sought in relation to the reference to 2016 in the Background/Detail of the report. The Executive Manager Corporate Services confirmed this is correct and advised that it is due again this calendar year. It is a statutory requirement for this to be completed every 3 calendar years.

It was noted that the Risk Policy has now been adopted by Council.

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,</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,</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	Detailed risk register has been completed and is populated within Promapps

No.	Finding	Finding Rating	Implication	Recommendation	Management Comment	Responsible Officer	Progress to Date
							D – Completed for road related assets, finalising parks & buildings currently E – Completed
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 random checks are done several times a year to ensure compliance.</p>	Governance Officer	Completed

No.	Finding	Finding Rating	Implication	Recommendation	Management Comment	Responsible Officer	Progress to Date
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	<p>Risk that a Councillor/staff have a perceived/actual conflict of interest which is not recorded and managed appropriately by the Council.</p>	<p>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.</p>	<p>Noted, management will investigate the establishment of a central register</p>	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). 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 is 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	Completed August 2018
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) Completed 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	<p>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.</p> <p>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.</p>	Medium	<p>Risk of significant delays and business interruption in the event of unforeseen circumstances in respect to Council organisational business.</p>	<p>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.</p>	<p>Staff are currently looking to develop an IT disaster recovery plan.</p>	<p>Exec Manager Corporate Services</p>	<p>Processes have been put in place they are, onsite and offsite backups, active monitoring for potential cyber attacks etc, new ups for protection against power surges. Documentation of the steps is still pending, expected to be carried out 2nd or 3rd Qtr 2019. Updated 28/02/2019</p>
2	<p>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.</p>	Medium	<p>Risk of non-compliance with stated policies, procedures including relevant health and safety requirements.</p>	<p>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.</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>CEO HR Coordinator</p>	<p>Induction process, documentation and checklist in Promapp for the attention and action of all departments.</p>

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.</p> <p>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	An internal audit has been carried out, framework is now being developed, progress to date, IT provider changed, service levels put in place, new service agreement in place, updated 28/02/2019

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 Engineering Services	<p>Contract expired on 30 June 2017. Extension granted until RFQ has been prepared and advertised.</p> <p>For the monitoring and servicing we have some monitoring agreements for individual buildings as they were upgraded to 4g monitoring however we don't have an overall contract for monitoring and servicing.</p> <p>Staff are further investigating.</p>
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	Low	Risk of someone else using the computer to access information that	We recommend that the Shire of Northam implements a policy where all Shire owned computers are automatically	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
	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>		they do not currently have authority to view and/or amend details in order to receive some benefit etc.	logged out after five minutes of being dormant (or as considered appropriate time limit).			
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	Exec Manager Corporate Services	Completed

No.	Finding	Finding Rating	Implication	Recommendation	Management Comment	Responsible Officer	Progress to Date
					to indicate the review has been completed. This has been corrected. It is also noted that all credit card payments are itemised and presented to 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 2019 following the completion of an independent Fleet Management Practice Review	Exec Manager Engineering Services	The Policy will be presented to Council October 2019
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	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
	post the issuance of the report.						
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 	Noted.	CEO	Compliance calendar/checklist has been developed.

No.	Finding	Finding Rating	Implication	Recommendation	Management Comment	Responsible Officer	Progress to Date
				<p>of the compliance manual 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	Medium	Risk that internal controls are not being adhered to.	We recommend that Council consider conducting relevant internal audits in the years	Currently developing a framework for internal audits.	CEO	Completed July 2018

No.	Finding	Finding Rating	Implication	Recommendation	Management Comment	Responsible Officer	Progress to Date
	the current Internal Audit Framework incorporates the: (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).			between Financial 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

5.6 IT AUDIT SERVICE REPORT

Address:	N/A
Owner:	Shire of Northam
Applicant:	N/A
File Reference:	1.6.1.6
Reporting Officer:	Colin Young, Executive Manager Corporate Services
Responsible Officer:	Colin Young, Executive Manager Corporate Services
Officer Declaration of Interest:	Nil
Voting Requirement:	Simple Majority
Press release to be issued:	No

BRIEF

This report is to update Council on the progress of the IT Audit Service Report provided by Focus Networks in September 2018.

ATTACHMENTS

Attachment 1: IT Audit Review

A. BACKGROUND / DETAILS

In June 2018 via the audit committee, Council adopted that an internal audit was to be carried out on the resourcing requirements of Council's Information Technology Resourcing. Focus Networks was contracted to carry out a review of Council's IT Infrastructure. There were four objectives noted as requiring attention;

1. Review the Current IT Environment
 - a. Physically inspect certain core IT areas
 - b. Electronically inspect certain core IT areas
 - c. Document current configurations
2. Compare to Industry Best Standards
 - a. Generate a Technology Scorecard
 - b. Generate a priority Timeframes
 - c. Highlight the differences
3. Make Recommendations for the Future
 - a. Rate core IT areas based on risk
 - b. Document areas of concern

- c. Suggest the implications
- 4. Suggest Budget Estimates
 - a. Propose alternative solutions
 - b. High and medium IT areas
 - c. Include hardware/software/labour

The core areas audited and documented where:

- 1. Plans Procedures & Designs
- 2. Environment & Communications
- 3. Computers & Network Hardware

Furthermore, Council's network was hit by a crypto virus on 18 August 2018, this attack highlighted the need for an urgent review of Council's network.

B. CONSIDERATIONS

B.1 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.

Objective: Provide outstanding customer service.
 Maintain a high standard of corporate governance.

B.2 Financial / Resource Implications

N/A

B.3 Legislative Compliance

There is no legislative requirement to hold an IT Service Review, however it is best practice.

B.4 Policy Implications

Nil.

B.5 Stakeholder Engagement / Consultation

Nil.

B.6 Risk Implications

Risk Category	Description	Rating (consequence x likelihood)	Mitigation Action
Financial	The cost of cyber-attacks can be extremely high	Minor (2)	Put processes in place to mitigate attack

Health & Safety	N/A	N/A	N/A
Reputation	Any disruption to Councils IT infrastructure impacts members of the community and may give them a poor reflection of dealing with Council.	Minor (2)	Put processes in place to mitigate attack
Service Interruption	Disruption to the service provided by Council	Medium (3)	Put processes in place to mitigate attack
Compliance	N/A	N/A	N/A
Property	N/A	N/A	N/A
Environment	N/A	N/A	N/A

C. OFFICER'S COMMENT

Since the last Cyber-attack in 2018, an agreement has been signed between the Shire and JH Computer Services to provide two levels of support.

Level 1 Monitoring and Maintenance

Examples include but are not limited to:

- Monitoring Server Uptime;
- Being made aware if Server goes offline;
- Monitoring and maintain Backups;
- Monitoring and managing Hard Disk Utilisation;
- Monitoring, notifying and instigating repair of Hardware faults; and
- Checking Windows updates that are required.

Level 2 Support Packs

Such as auditing and review services which include:

- Backup and Disaster Recovery Assessment;
- Network Performance Assessments;
- Virus and Security Assessments;
- Network Hardware Review; and
- Communications Review (ie. ADSL connections)

In the attached table it describes the actions taken by the Shire to address the IT issues raised by Focus Networks.

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.128

Moved: Cr Antonio

Seconded: Cr Mencshelyi

That Council receive the update as provided in Attachment 1 in relation to the progress made towards the IT Audit Review.

CARRIED 2/0

The Executive Manager Corporate Services advised that everything high risk has been dealt with and many of the outstanding items have measures in place however these are not documented. Officers are confident that these are under control and the risk is managed.

Clarification was sought in relation to whether there is off site backups? The Executive Manager Corporate Services confirmed that this is occurring in addition to on site backups. There are procedures in place for IT recovery. It was noted that Council has changed IT providers which are providing a better service than the previous providers.

Attachment 1

No.	Priority Areas	Finding Rating	Current	Recommendation	Responsible Officer	Progress to Date
1	Backups	<u>HIGH</u> Score 1.5	<p>Two backup technologies are used</p> <p>The backup runs daily Monday to Friday and are stored on a share on the NSC-HYPERV physical server. A retention period for NSC-DATABASE could not be documented.</p> <p>A backup exists on the NSC-FILE virtual server and NSC-TS physical server. This backup runs daily Monday to Sunday at 9PM. A retention period of 7 days exists for NSC-TS and 28 days for NSC-DATABASE. These are stored onsite in a fire proof safe right next to the server room. Once a week the hard drives are taken offsite by staff. Notifications are emailed to the ICT shared mailbox.</p> <p>Focus Networks could not confirm failures for the past month.</p>	<p>An onsite and offsite backup and recovery solution should be kept as simple as possible and include the following.</p> <ul style="list-style-type: none"> • Onsite and offsite retention of backups • Minimum hourly snapshots • Hourly dailey, weekly, monthly and annual retention periods • Regular recovery testing • Daly backup notifications <p>It is important to do regular scheduled Disaster recovery testing to ensure all is working as intended.</p>	Executive Manager Corporate Services	Now utilising Acronis, taking multiple daily snapshots as well as offsite backups.
2	Internet Gateway	<u>HIGH</u> Score 1.5	<p>Current firewall offers protection for less than 1% of these vulnerabilities.</p> <p>A Juniper device managed by Telstra is a basic router that offers no security services for Website Content Filtering, Gateway Anti-Virus or Gateway Anti-Spyware (also referred to as Deep Packet Inspection). These security services are supposed to be the first line of defence for incoming Internet traffic.</p>	<p>It is imperative that a deep packet scanning corporate firewall be utilised at all sites for both unencrypted and encrypted traffic providing protection from Internet attacks and misbehaving users. As of today, known virus, intrusion and spyware vulnerabilities are numbered at over 31,000.</p>	Executive Manager Corporate Services	Hardware based deep packet scanning corporate firewall has been implemented via a Fortigate router. This has also allowed us to better manage and monitor our network and circumvent the complications and delays brought about by

No.	Priority Areas	Finding Rating	Current	Recommendation	Responsible Officer	Progress to Date
						the Telstra MPLS side of things.
3	Anti-Virus	<u>HIGH</u> Score 1	The cloud based solution is used this makes remote agent monitoring and management a little easier. It is confirmed there is a license count of 80 with 75 in use. 17 agents were outdated and ransomware protection was disabled. No scheduled scans have been created for the servers or desktops and no scheduled reporting was enabled. Notifications were set to email ithelp@northam.wa.gov.au	Corporate grade anti-virus and anti-spam protection is a priority and proactive monitoring is required. Weekly scanning and reporting is imperative. A centrally located management console must be used to push out and update all machines at all sites	Executive Manager Corporate Services	Have upgraded to the latest Trend, WFBS is implemented on servers, all workstations are also using Trend as an anti-spam solution for emails.
4	IT Support	<u>HIGH</u> Score 1	IT support is delivered using a mix of internal resources and an external contractor being PCS. Neither have full visibility of all components and no sharing mechanisms. This can lead to confusion and inevitably a finger pointing exercise. The Telstra MPLS network is fully managed generally locking out the client to making network/security modifications unless a ticket is generated. The response times from Telstra on these tickets can take days/weeks. The Library was following a different strategy and appeared to run under an independent IT model.	A proactive support mechanism implemented with a helpdesk solution should aim at keeping all parties up to date at all times. Helpdesk calls should be updated when a system change is required or when a request is completed. Regular helpdesk reporting can help identify underlying issues and a searching ability should allow engineers to track and troubleshoot problems. Documentation and communication build a strong relationship.	Executive Manager Corporate Services	We now have a ticketing system using Fresh desk as our online ticketing system. Goes to all on the IT team including our external support. The system gives IT staff the ability to monitor and review work history for trends. We also have a support agreement in place with JHCS, whom monitor Councils servers, backups etc remotely.

No.	Priority Areas	Finding Rating	Current	Recommendation	Responsible Officer	Progress to Date
			<p>Calls for help are not documented in a helpdesk ticketing system. No utilisation statistics can be documented.</p> <p>PCS provide Level 2 and Level 3 remote IT support on an adhoc basis which can total up to 3 hours per week.</p> <p>No remote monitoring or infrastructure maintenance is delivered but after hours support is offered via mobile phone. There are no Service Level Agreements (SLA's) or minimum response times provided and no management reports.</p>			
5	ISP Links	<u>MEDIUM</u> Score 1.5	<p>The Telstra MPLS NBN link uses FTTN. This services uploads and downloads speeds are different. The Telstra MPLS NBN link was running at a speed of 43Mbps down and 2Mbps up.</p> <p>The secondary link is a Telstra ADSL link that uses copper. This service is an asynchronous service which means the upload and download speeds are different.</p> <p>The Head office lacks a fast redundant ISP link but this would be due to the design of the MPLS network as the hop off point for the Internet would be in the Telstra MPLS cloud. The NBN FTTN disconnection for copper services would affect ADSL services.</p>	<p>Business grade Internet services will offer better contention ratios. Redundant links using different Internet technologies on a corporate firewall can increase uptime and will improve Internet browsing, site to site connectivity or cloud connections.</p>	Executive Manager Corporate Services	<p>MPLS given 30 days notice. We are going with TPG to give us a link to the building. They will replace what Telstra couldn't deliver.</p> <p>We are also in process of linking remote offices with Administration building via own airfibre / wireless links which replace our dependence on NBN and ADSL services.</p>

No.	Priority Areas	Finding Rating	Current	Recommendation	Responsible Officer	Progress to Date
6	IT DR Plan	<u>MEDIUM</u> Score 0	<p>There is no current IT DR plan. A very basic document called "Information & Communication Technology Strategy 2018-2022" did contain one page on disaster recovery but the content was extremely poor. It was also noted that a document from LGIS called "Crisis Management & Business Continuity response Plan" did exist and referenced the IT DR Plan on page 25 but no current IT DR plan exists.</p> <p>As no plan exists, the organisation is relying on the current backup regime to restore data in the event of a disaster. Unfortunately as recent events have shown, the backup regime was proved to be inefficient.</p>	<p>An IT Disaster Recovery Plan is a key element of business continuity management. It should be clear and concise, focus on the key activities required to recover the critical IT services, be tested reviewed and updated on a regular basis, have an owner and enable the recovery objectives to be met. As part of this exercise a Critical Systems Analysis document is to be completed to document business functions which are delivered using internal and external technologies.</p>	Executive Manager Corporate Services	<p>Our IT DR plan is still more adhoc than formalised but has been formally identified for actioning at a recent IT forward planning meeting with JHCS, our main ICT support vendor. A form of DR testing has been carried out by way of migration of servers / data to new servers. We are also in the process of repurposing our old servers and NAS devices for DR / service continuity.</p>
7	Strategic IT Plan	<u>MEDIUM</u> Score 0	<p>There is no current Strategic IT Plan. The "Information & Communication Technology Strategy 2018-2022" did contain four pages on strategy but the content was extremely poor.</p> <p>No standard purchasing policy is defined for replacing computers based on time, age or life cycle. No other structured plans are set for larger IT related projects as no particular direction for strategy is defined. Very little detailed technical documentation exists.</p>	<p>There needs to be an overall approach for the selection, use and support of technology that aligns with the client's resources, business needs and processes. A Strategic IT Plan provides direction for addressing both short-term needs and long-term requirements for cost-effective, practical technological solutions.</p>	Executive Manager Corporate Services	<p>The "strategic IT plan" for the last year has been more about recovery and rebuilding the essentials while retaining service delivery but we are now finally in a far better position to develop a broader IT strategy. Identification of priorities has been determined and JHCS, our main ICT support</p>

No.	Priority Areas	Finding Rating	Current	Recommendation	Responsible Officer	Progress to Date
						vendor, engaged to assist in what needs to be achieved.
8	Windows Updates	<u>MEDIUM</u> Score 1	<p>The two physical servers were last updated on the 19th of August. As this is a Sunday we assume IT completed the updates.</p> <p>The single virtual server NSC-FILE was last updated on the 21st of August which places the network at significant risk.</p> <p>All desktops are configured to receive updates through group policy, forcing all machines to update from Microsoft servers. No central WSUS server is present, which places more load on the internet links, and prevents reporting on the current state of patching. All desktops audited had less than 10 important updates pending.</p> <p>No test groups or pilot groups for desktops were evident for updates. This means that all updates are simply</p>	<p>Microsoft Windows Server Update Services (WSUS) or alternative 3rd party management tools, enable administrators to deploy the latest Microsoft product updates to computers running the Windows operating system. By using WSUS or these tools, administrators can fully manage the distribution of updates that are released through Microsoft Update to computers in their network.</p>	Executive Manager Corporate Services	Equipment has been identified and reserved for the creation of a suitable test environment that will occur once higher priority issues are resolved. Better control of windows desktop updates is planned and updates of windows servers are monitored.

No.	Priority Areas	Finding Rating	Current	Recommendation	Responsible Officer	Progress to Date
			installed without testing, which is not recommended.			
9	Printing	<u>MEDIUM</u> Score 1	<p>Centralised printing is via at least ten printers setup as direct IP printing on Server 2008 R2. The IP addresses used for the network were not all in sequential order.</p> <p>Canon, HP and Brother printers were confirmed onsite no standard purchasing policy exists.</p> <p>No secure print functionality was witnessed on the larger multi function printers.</p>	<p>Centralised printing should be implemented to reduce ongoing consumable costs. Highly sensitive printing for the payroll or HR department should be implemented with a private/local printer. Network sharing should always be chosen over direct printing and the secure or distributed option of printing should be investigated.</p> <p>Locations of printers from an OHS point of view should be addressed for ventilation and noise requirements.</p>	Executive Manager Corporate Services	We are currently investigating options.

No.	Priority Areas	Finding Rating	Current	Recommendation	Responsible Officer	Progress to Date
10	Servers	<u>LOW</u> Score 0.5	<p>Three white box physical servers reside in the server cabinet. They are all configured with redundant power supplies running from a single Eaton UPS. The second Eaton UPS in the rack is faulty and not in use.</p> <p>There is no remote management port options available on these servers. The white box physical servers are not covered under a warranty.</p> <p>Connectivity to the network is 1Gb via a single CAT5 Ethernet cable. Redundant network interfaces are not utilised on all servers</p>	<p>A tier 1 server platform utilising the N+1 architecture delivers an increased uptime by offering redundant power supplies, redundant network connections, onboard remote management and extended warranties.</p>	Executive Manager Corporate Services	<p>Servers have been upgraded and storage increased and connectivity to the network is via managed switches configured to deliver 4Gb (bonded 4 x 1Gb) links. Servers are remotely monitored by JHCS our main ICT support vendor.</p>
11	Local Area Network	<u>LOW</u> Score 1	<p>Three switches are rack mounted in the comms cupboard. Unfortunately all devices are powered by mains power only.</p> <p>A Netgear FS524 24 port 10/100 switch has no ports free.</p> <p>A Netgear Prosafe GS748T 48 port gigabit switch has approximately 8 ports free.</p> <p>A HP J3188A 16 port 10Base-T hub has approximately 10 ports free.</p> <p>One switch is rack mounted in the server rack in the printing room. A Netgear Prosafe JGS524 24 port gigabit switch has 18 ports free.</p>	<p>Managed switches should be backed by a lifetime product warranty. Power over Ethernet (PoE) functionality should be investigated if a VOIP phone system is utilised. Management capabilities (HTTP and SNMP) will also aid in network fault finding and usage reporting. Non managed switches can decrease intelligence and performance. Wi-Fi access points can be configured on different frequency ranges. Each range is divided into channels. Fine tuning can increase performance gains. Wireless network access can also be configured using SSIDs and VLANs for internal use and/or public use.</p>	Executive Manager Corporate Services	<p>Most gear mentioned in this section of the audit has since been replaced and all of it is now on a UPS. We are now running smart / managed PoE switches and a Fortigate router configured to handle multiple sources of network connectivity, deep packet scanning, VPNs, VLANs, and Wifi hotspots, etc.</p>

No.	Priority Areas	Finding Rating	Current	Recommendation	Responsible Officer	Progress to Date
			<p>There is no evidence of separated networks (referred to as VLANs).</p>			
12	Uninterrupted Power Supply (UPS)	<u>LOW</u> Score 1	<p>Two Eaton UPS reside in the server rack in the printing room. We are confident that the Eaton 9125 RM UPS is end of life and faulty.</p> <p>No SNMP card or EMP probe for monitoring were witnessed therefore no Eaton shutdown software was loaded to gracefully restart the powered servers in the event of a temperature or humidity rise.</p>	<p>A UPS filters supplied power Load segments can be defined to shutdown non-critical equipment first. The SNMP protocol is used to record and monitor incoming and outgoing voltages. Most importantly, UPS shutdown software should be installed and configured to shut down the servers gracefully during an extended power outage and power them back on after clean power has been restored.</p>	Executive Manager Corporate Services	<p>The main server and NAS storage and switch is on a managed UPS configured to shutdown the server in the event of an extended outage and its effectiveness was tested (including power down / back on) during a power outage earlier this year. One of the two older Eaton UPS devices has been repurposed to provide protected power to the managed switches and other gear in a separate comms cabinet. The audit assessment of the Eaton 9125 UPS was correct and</p>

No.	Priority Areas	Finding Rating	Current	Recommendation	Responsible Officer	Progress to Date
						it has since been decommissioned.

UNCONFIRMED



5.7 RISK REGISTER

Address:	N/A
Owner:	Shire of Northam
Applicant:	
File Reference:	8.2.7.1
Reporting Officer:	Jason Whiteaker Chief Executive Officer
Responsible Officer:	Jason Whiteaker Chief Executive Officer
Officer Declaration of Interest:	NIL
Voting Requirement:	Simple majority
Press release to be issued:	No

BRIEF

To provide Council with information pertaining to the organisational risk register

ATTACHMENTS

Attachment 1: Overdue Non-compliant Risks.
Attachment 2: Risk Register.

A. BACKGROUND / DETAILS

The Shire of Northam have an organisational wide risk register which has been developed over a period of time. Council has been advised previously that the management of risk is an area which has been under developed within the Shire of Northam and an area which was receiving a focus to ensure the Elected Council was aware of the identified risks and treatments strategies in place.

To assist in the effective management of risk the Shire of Northam are using the Promapp system, which allows for recording of organisational risks and the tracking of the associated treatment actions.

B. CONSIDERATIONS

B.1 Strategic Community / Corporate Business Plan

Theme Area6: Governance & Leadership.

Outcome 6.4: The Elected Members of the Shire of Northam provide accountable, strong and effective community leadership.

Objective: Develop clear policy settings to guide our organisation and community.

B.2 Financial / Resource Implications

Council allocates \$27,000 per annum for the Promapp system. Promapp is used for process mapping, risk management and OHS management.

B.3 Legislative Compliance

AS/NZS ISO 31000:2009

B.4 Policy Implications

Council has recently endorsed policy G1.11 – Risk Management

B.5 Stakeholder Engagement / Consultation

Council was involved in the development of the risk management policy and the past endorsement of the risk management plan

B.6 Risk Implications

Risk Category	Description	Rating (consequence x likelihood)	Mitigation Action
Financial	Nil.	N/A	N/A
Health & Safety	Nil.	N/A	N/A
Reputation	Negative community perception due to lack of adequate risk management practices within the Shire of Northam	Moderate Minor/Possible 6	Per recommendation within this report
Service Interruption	Nil.	N/A	N/A
Compliance	Non-compliance of Australian Standards and legislation due to lack of risk management practices.	Moderate Minor/Possible 6	Per recommendation within this report
Property	Nil.	N/A	N/A
Environment	Nil.	N/A	N/A

C. OFFICER'S COMMENT

As part of the risk management policy Council has established two main performance indicators being;

1. % of high or extreme risks without mitigation / treatment strategies in place;
Currently all high or extreme risks have mitigation/treatment strategies
2. % of risk mitigation / treatment strategies over due
Currently have 82 risk mitigation/treatment strategies, of which 4 are overdue (which equates to 4.8%)

2.1 TREATMENT MC00042

Implement recommendations from OHS Audit & Report to Audit & Risk Committee

Progress

Audit has been completed, waiting for final report and recommended actions.

2.2 TREATMENT MC00046

OHS Policy Framework in place and reviewed

Progress

Currently finalising formal framework

2.3 TREATMENT MC00068

Aquatic facility Project Superintendent (Donovan Payne) reports to be provided monthly

Progress

Project report not provided at time of writing report. Will be received in coming weeks.

2.4 TREATMENT MC00005

Review Human Resource Plan to ensure it is reflective of strategic community plan

Progress

Review completed, waiting to present plan to new Council

As this represents the first meeting where the risk register has been discussed by the Committee, a list of the risk register (identifying the top ten risk areas (based on scores)) including the mitigation/treatment strategies has been appended for the information and discussion of the Committee.

RECOMMENDATION / COMMITTEE DECISION

Minute No: AU.129

Moved: Cr Antonio

Seconded: Cr Mencshelyi

That Council receive September 2019 Shire of Northam Risk Register update.

CARRIED 2/0

An overview was provided of the Promapp software / the Council's risk register.

Clarification was sought in relation to how additional risks are added. Officers advised that the recently adopted Risk Policy provides guidance in relation to this.

Overdue / Non-Compliant Risks

Attachment 1



Filter: Overdue / Non-compliant

RESIDUAL
 4.8
 MODERATE

INHERENT
 16.0

R00022

CHIEF EXECUTIVES OFFICE, HEALTH & SAFETY - OCCUPATIONAL

Inadequate safety and security practices

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

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

OWNER Jason Whiteaker

CREATED 01/07/2019 06:46:30

LIKELIHOOD Likely
 SEVERITY Major
 CONTROL EFFECTIVENESS Strong

TREATMENT MC00041

Undertake OHS Audit

SIGNOFF(S): Bev Jones

DUE DATE: 01 Sep 2021

FREQUENCY: The first Day of every 24 months

TREATMENT MC00042

Implement recommendations from OHS Audit & Report to Audit & Risk Committee

NON-COMPLIANT

SIGNOFF(S): Bev Jones

DUE DATE: 30 Sep 2019

FREQUENCY: The last Day of every 4 months

TREATMENT MC00043

OHS Committee Meeting Regularly

SIGNOFF(S): Bev Jones

DUE DATE: 31 Dec 2019

FREQUENCY: The last Day of every 3 months

TREATMENT MC00044

Toolbox meetings occurring and discussing safety (attach minutes/notes to sign off)

SIGNOFF(S): Clinton Kleynhans

DUE DATE: 31 Oct 2019

FREQUENCY: The last Day of every month

TREATMENT MC00045

Senior Management Meeting (where the OSH system is reviewed and KPI's are measured as an agenda item)

SIGNOFF(S): Jason Whiteaker

DUE DATE: 30 Sep 2019

FREQUENCY: The last Day of every 6 months

TREATMENT MC00046

OHS Policy Framework in place and reviewed

NON-COMPLIANT

SIGNOFF(S): Bev Jones

DUE DATE: 30 Aug 2019

FREQUENCY: The last Day of every 12 months

TREATMENT MC00053

Project management framework in place, providing parameters for staff to operate within

SIGNOFF(S): Jason Whiteaker

DUE DATE: 31 Jul 2020

FREQUENCY: The last Day of every 12 months

RESIDUAL
3.6
 LOW

INHERENT
12.0

R00027

MAJOR PROJECT - AQUATIC FACILITY, FINANCIAL - OPERATIONAL, HEALTH & SAFETY, PROPERTY - LIABILITY, REPUTATION - COMMUNITY, STRATEGIC - COMMUNITY

Ineffective Project Management
 Project not managed effectively

OWNER Jason Whiteaker
 CREATED 01/07/2019 08:29:57
 LIKELIHOOD Possible
 SEVERITY Major
 CONTROL EFFECTIVENESS Strong

TREATMENT MC00054

Major Project status reporting to Council (through monthly elected member report)

SIGNOFF(S): Alysha McCall
 DUE DATE: 07 Oct 2019
 FREQUENCY: 7th day of every month

TREATMENT MC00064

Independent Project Superintendent appointed with requisite skills to acknowledge scale and complexity of this project

SIGNOFF(S): Jason Whiteaker
 DUE DATE:
 FREQUENCY: Once

TREATMENT MC00067

Construction project progress reports to be provided

SIGNOFF(S): Jason Whiteaker
 DUE DATE: 05 Oct 2019
 FREQUENCY: 5th day of every month

TREATMENT MC00068

Project Superintendent (Donovan Payne) reports to be provided monthly

OVERDUE
 SIGNOFF(S): Jason Whiteaker
 DUE DATE: 19 Sep 2019
 FREQUENCY: 19th day of every month

TREATMENT MC00069

Financial variations to be signed off by Project Manager

SIGNOFF(S): Jason Whiteaker
 DUE DATE: 05 Oct 2019
 FREQUENCY: 5th day of every month

TREATMENT MC00070

All request for information and clarification to be signed off / cited by Council Project Manager

SIGNOFF(S): Jason Whiteaker
 DUE DATE: 05 Oct 2019
 FREQUENCY: 5th day of every month

TREATMENT MC00071

Project assessment / evaluation to be undertaken at completion and reported to audit committee

SIGNOFF(S): Jason Whiteaker
 DUE DATE: 16 Feb 2020
 FREQUENCY: Once

TREATMENT MC00074

Project time delays to be signed off in accordance with contract

SIGNOFF(S): Jason Whiteaker
 DUE DATE: 05 Oct 2019
 FREQUENCY: 5th day of every month

RESIDUAL
3.6
 LOW

INHERENT
12.0

R00002

CHIEF EXECUTIVES OFFICE, STRATEGIC - ORGANISATIONAL

Inappropriate Organisational Structure

Unable to achieve organisational objectives as the Organisation is not structured appropriately

OWNER Jason Whiteaker

CREATED 09/04/2019 03:32:51

LIKELIHOOD Likely

SEVERITY Medium

CONTROL EFFECTIVENESS Strong

TREATMENT MC00003

Review Strategic Community Plan every two years (desktop) and four years (major). Reviews to coincide with new Council being elected

SIGNOFF(S): Jason Whiteaker

DUE DATE: 18 Dec 2019

FREQUENCY: The last Day of every 24 months

TREATMENT MC00004

Review Corporate Business Plan annually to ensure reflects strategic community plan

SIGNOFF(S): Jason Whiteaker

DUE DATE: 30 Jun 2020

FREQUENCY: The last Day of every 12 months

TREATMENT MC00005

Review Human Resource Plan to ensure it is reflective of strategic community plan

NON-COMPLIANT

SIGNOFF(S): Bev Jones

DUE DATE: 15 May 2019

FREQUENCY: The last Day of every 12 months

TREATMENT MC00006

Corporate Business Plan clearly articulates how organisational objectives will be achieved

SIGNOFF(S): Jason Whiteaker

DUE DATE: 30 Jun 2020

FREQUENCY: The last Day of every 12 months

UNCONFIRMED

Top 10 Risk Scores

Attachment 2



Filter: Top 10 Risk Scores

RESIDUAL 9.6 HIGH	CORPORATE SERVICES, SERVICE INTERRUPTION Failure of IT &/or Communications Systems and Infrastructure Instability, degradation of performance, or other failure of IT Systems, Infrastructure, Communication or Utility causing the inability to continue business activities and provide services to the community. This may or may not result in IT Disaster Recovery Plans being invoked. Examples include failures or disruptions caused by: <ul style="list-style-type: none"> • Hardware &/or Software • IT Network • Failures of IT Vendors This also includes where poor governance results in the breakdown of IT maintenance such as; <ul style="list-style-type: none"> • Configuration management • Performance Monitoring • IT Incident, Problem Management & Disaster Recovery Processes This does not include new system implementations - refer "Inadequate Project / Change Management".	TREATMENT MC00047 Data Back-up Systems in place and documented	SIGNOFF(S): Colin Young DUE DATE: 30 Sep 2019 FREQUENCY: The last Day of every 12 months
	INHERENT 12.0	OWNER Colin Young CREATED 01/07/2019 06:58:09 LIKELIHOOD Possible SEVERITY Major CONTROL EFFECTIVENESS Adequate	TREATMENT MC00048 Disaster Recovery Plan in place

RESIDUAL
9.6
 HIGH

INHERENT
12.0

R00040

AMP - BUILDINGS, SERVICE INTERRUPTION

AM Service Levels not met

Asset Management Plan identifies need to establish and monitor a range of service levels to ensure Council and community expectations are met

OWNER Shane Moorhead
 CREATED 16/07/2019 03:24:02

LIKELIHOOD Likely
 SEVERITY Medium
 CONTROL EFFECTIVENESS Adequate

TREATMENT MC00019

Up to date and accurate building asset management plan in place

SIGNOFF(S): Clinton Kleynhans
 Colin Young

DUE DATE: 01 Jun 2021

FREQUENCY: The first Day of every 24 months

RESIDUAL
7.5
 MODERATE

INHERENT
25.0

R00004

CORPORATE SERVICES, STRATEGIC - ORGANISATIONAL

Inadequate Insurance

Organisation is exposed to financial loss due to failure to renew public indemnity insurance or renew it with adequate cover

OWNER Colin Young
 CREATED 06/05/2019 05:42:09

LIKELIHOOD Almost Certain
 SEVERITY Extreme
 CONTROL EFFECTIVENESS Strong

TREATMENT MC00061

Insurance coverage reviewed internally prior to presenting to Chief Executive Officer for sign off

SIGNOFF(S): Colin Young

DUE DATE: 01 Jul 2020

FREQUENCY: The first Day of every 12 months

TREATMENT MC00062

Insurance coverage assessed independently for adequacy

SIGNOFF(S): Colin Young

DUE DATE: 31 May 2020

FREQUENCY: The first Day of every 48 months

UNCONFIRMED

RESIDUAL
7.5
 MODERATE

INHERENT
25.0

R00011

CORPORATE SERVICES, COMPLIANCE - LEGISLATIVE, FINANCIAL - OPERATIONAL

Inadequate procurement / tender process
 Council fails to meet legislative obligations, Council policy and Council delegations relating to procurement resulting in departmental investigation, potential disciplinary action, poor financial outcomes and reputation damage.

OWNER Executive Manager Corporate Services (Portfolio Manager)
 CREATED 07/05/2019 02:29:20

LIKELIHOOD Almost Certain
 SEVERITY Extreme
 CONTROL EFFECTIVENESS Strong

TREATMENT MC00008

Manage Purchasing - Request approval
 Establish and comply with a purchasing policy.

SIGNOFF(S): Colin Young
 Kristy Hopkins
 DUE DATE: 01 May 2021
 FREQUENCY: The first Day of every 24 months

TREATMENT MC00009

Monthly random internal audit of five (5) purchases to be performed to ensure compliance with purchasing requirements.

SIGNOFF(S): Cheryl Greenough
 DUE DATE: 14 Oct 2019
 FREQUENCY: 14th day of every month

TREATMENT MC00010

Ensure the delegated authority register is up to date for tenders and purchases through E-Quotes.

SIGNOFF(S): Cheryl Greenough
 DUE DATE: 14 Oct 2019
 FREQUENCY: 14th day of every month

RESIDUAL
7.2
 MODERATE

INHERENT
9.0

R00015

CORPORATE SERVICES, COMPLIANCE - LEGISLATIVE, SERVICE INTERRUPTION

Records Management
 Important information unable to be found and legislative requirements not met as a result of inadequate records management plans and practices

OWNER Colin Young
 CREATED 24/05/2019 06:58:42

LIKELIHOOD Possible
 SEVERITY Medium
 CONTROL EFFECTIVENESS Adequate

TREATMENT MC00023

Manage Records - File record Process which explains how to register all records incoming and outgoing

SIGNOFF(S): Colin Young
 Kristy Hopkins
 DUE DATE:
 FREQUENCY: Once

TREATMENT MC00024

Current Records Management Plan in place

SIGNOFF(S): Marlene Plews
 Colin Young
 DUE DATE: 21 May 2020
 FREQUENCY: The first Day of every 48 months

TREATMENT MC00025

Manage Document Control - Identify Document Need
 Have an effective document control system in place

SIGNOFF(S): Colin Young
 Kristy Hopkins
 DUE DATE: 29 May 2020
 FREQUENCY: The first Day of every 12 months

RESIDUAL
7.2
 MODERATE

INHERENT
9.0

R00018

CHIEF EXECUTIVES OFFICE, REPUTATION - COMMUNITY

Inadequate engagement with Community / Stakeholders / Elected Members

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

OWNER Jason Whiteaker

CREATED 19/06/2019 01:07:22

LIKELIHOOD Possible

SEVERITY Medium

CONTROL EFFECTIVENESS Adequate

TREATMENT MC00032

Current Community Engagement Plan in Place

SIGNOFF(S): Jason Whiteaker

DUE DATE: 30 Sep 2019

FREQUENCY: The first Day of every 112 months

TREATMENT MC00033

Biennial Customer Satisfaction & Community Needs Survey

SIGNOFF(S): Jason Whiteaker

DUE DATE: 01 Sep 2021

FREQUENCY: The first Day of every 24 months

RESIDUAL
7.2
 MODERATE

INHERENT
9.0

R00019

DEVELOPMENT SERVICES, ENVIRONMENTAL - NATURAL

Inadequate environmental management

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

- Contaminated sites. / Coastal issues
- Waste facilities (landfill / transfer stations). / Groundwater
- Weed control. / Water Quality
- Illegal dumping.
- Illegal clearing / land use.

OWNER Carmen Sadleir

CREATED 01/07/2019 06:28:54

LIKELIHOOD Possible

SEVERITY Medium

CONTROL EFFECTIVENESS Adequate

TREATMENT MC00081

Up to Date and endorsed Strategic Waster Management Plan

SIGNOFF(S): Carmen Sadleir

DUE DATE: 31 Aug 2020

FREQUENCY: The last Day of every 12 months

TREATMENT MC00082

Have climate change policy in place

SIGNOFF(S): Jenny Abbott

Chadd Hunt

DUE DATE: 31 Mar 2020

FREQUENCY: The first Day of every 24 months

RESIDUAL
6.0
 MODERATE

INHERENT
20.0

R00021

CORPORATE SERVICES, FINANCIAL - OPERATIONAL, FINANCIAL - STRATEGIC

Inadequate Financial, Accounting or Business Acumen

Inadequate identification or quantification of financial exposure or risk associated with decisions to invest in land transactions, financial derivatives or investments or poor long term forecasting / assumptions. Examples include;

- Poor credit management (short or long term borrowing restricting capacity or flexibility).
- Ineffective market analysis (over or under estimating).
- Ineffective Business Planning (poor scope / competition analysis).
- Ineffective financial modelling, forecasting and projection techniques / processes.

OWNER Colin Young

CREATED 01/07/2019 06:34:50

LIKELIHOOD Likely

SEVERITY Extreme

CONTROL EFFECTIVENESS Strong

TREATMENT MC00034

Long Term Financial Plan in Place

SIGNOFF(S): Colin Young

DUE DATE: 01 Jul 2020

FREQUENCY: The first Day of every 12 months

TREATMENT MC00035

Annual Budget adopted and aligned with long term financial plan

SIGNOFF(S): Colin Young

DUE DATE: 31 Jul 2020

FREQUENCY: The last Day of every 12 months

TREATMENT MC00036

Investment strategy / policy in place

SIGNOFF(S): Colin Young

DUE DATE: 01 Jul 2020

FREQUENCY: The first Day of every 12 months

TREATMENT MC00037

Manage Debtors - Identify Debtor Process to manage general debtors

SIGNOFF(S): Colin Young
 Kristy Hopkins

DUE DATE: 01 Jul 2020

FREQUENCY: The first Day of every 12 months

TREATMENT MC00038

Arrange payment plans for Rates - Setup payment arrangement with Rate payer Process which ensures rate debts are collected / managed effectively

SIGNOFF(S): Codey Redmond
 Vicki Schwidden
 Colin Young

DUE DATE:

FREQUENCY: Once

TREATMENT MC00039

Develop Annual Budgets - Send Email Ensure budget process is managed effectively

SIGNOFF(S): Colin Young
 Kristy Hopkins

DUE DATE: 31 Jul 2020

FREQUENCY: The last Day of every 12 months

TREATMENT MC00040

Manage Rate Recovery - Confirm rates outstanding Manage recovery of rated

SIGNOFF(S): Codey Redmond
 Vicki Schwidden

DUE DATE: 01 Jul 2020

FREQUENCY: The first Day of every 12 months

UNCONFIRMED

RESIDUAL
6.0
 MODERATE

INHERENT
20.0

R00001

CORPORATE SERVICES, COMPLIANCE - LEGISLATIVE

Failure to fulfil statutory, regulatory or compliance requirements

Council is exposed to reputation damage and serious breaches due to a failure to comply with legislative and compliance requirements

OWNER Colin Young

CREATED 08/04/2019 06:46:49

LIKELIHOOD Almost Certain

SEVERITY Major

CONTROL EFFECTIVENESS Strong

TREATMENT MC00002

Local Government is responsible for complying with a wide range of legislative requirements, to mitigate this risk a compliance calendar has been developed and will be audited monthly by the Governance officer. Failure to comply with legislative requirements could result in a range of outcomes including a Department of Local Government Inquiry

TREATMENT MC00007

Manage Inductions - Conduct New Employee Induction
 All new employees are provided with adequate inductions

TREATMENT MC00009

Monthly random internal audit of five (5) purchases to be performed to ensure compliance with purchasing requirements.

TREATMENT MC00058

Organisational Compliance Calendar in place and reviewed by Executive Management Group

TREATMENT MC00059

Induction & Training provided to elected members

TREATMENT MC00060

Complete Annual Compliance Return (Dept Local Government)

SIGNOFF(S): Cheryl Greenough

DUE DATE: 14 Oct 2019

FREQUENCY: 14th day of every month

CHANGE(S) PENDING

SIGNOFF(S): Bev Jones
 Helen Zahra

DUE DATE:

FREQUENCY: Fri every week

SIGNOFF(S): Cheryl Greenough

DUE DATE: 14 Oct 2019

FREQUENCY: 14th day of every month

SIGNOFF(S): Cheryl Greenough

DUE DATE: 31 Mar 2020

FREQUENCY: The first Day of every 12 months

SIGNOFF(S): Alysha McCall

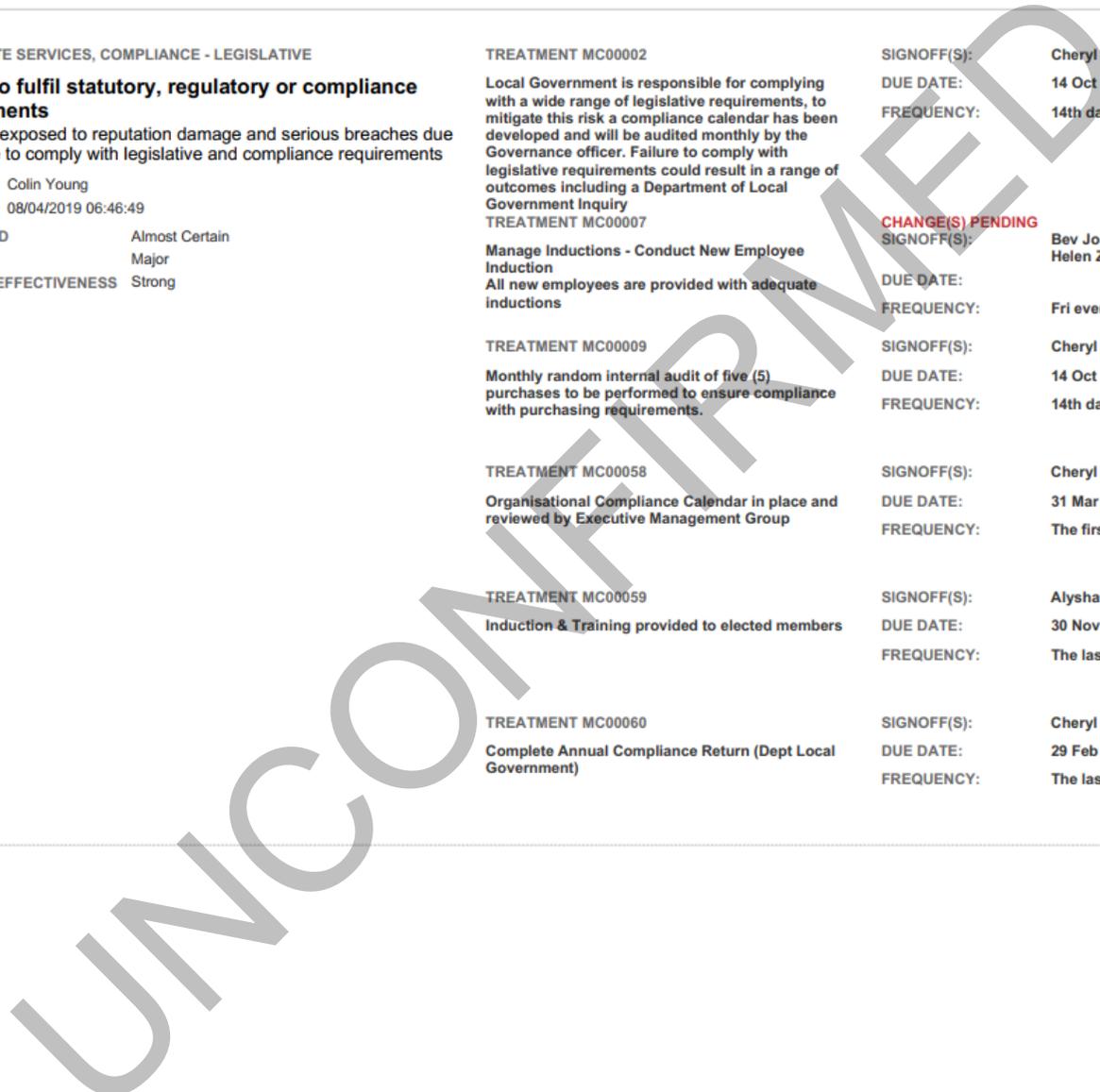
DUE DATE: 30 Nov 2019

FREQUENCY: The last Day of every 24 months

SIGNOFF(S): Cheryl Greenough

DUE DATE: 29 Feb 2020

FREQUENCY: The last Day of every 12 months



RESIDUAL
6.0
 MODERATE

INHERENT
20.0

R00032

DEVELOPMENT SERVICES, HEALTH & SAFETY

Inadequate Organisation and Community Emergency Management

Failure to adequately conduct Prevention, Preparation, Response and Recovery (PPRR) in the organisation structure and community elements, inclusive of the management of all emergencies. This includes;

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

(References: AS 3745; AS 1851; AIMS 4 Management Principles)

OWNER Chadd Hunt

CREATED 02/07/2019 05:42:30

LIKELIHOOD Likely

SEVERITY Extreme

CONTROL EFFECTIVENESS Strong

TREATMENT MC00077

Functioning Local Emergency Management Committee, which meets quarterly

SIGNOFF(S): Brendon Rutter
 Chadd Hunt

DUE DATE: 31 Oct 2019

FREQUENCY: The last Day of every 3 months

TREATMENT MC00078

Conduct at least 1 Emergency Management training exercise per year

SIGNOFF(S): Brendon Rutter
 Chadd Hunt

DUE DATE: 30 Sep 2019

FREQUENCY: The last Day of every 12 months

TREATMENT MC00079

Conduct Inductions for Bush Fire Brigade Volunteer Members Annually

SIGNOFF(S): Brendon Rutter
 Chadd Hunt

DUE DATE: 01 Oct 2019

FREQUENCY: The first Day of every 11 months

TREATMENT MC00080

Review Risk to Resources Document

SIGNOFF(S): Brendon Rutter
 Chadd Hunt

DUE DATE: 30 Sep 2019

FREQUENCY: The last Day of every 24 months

RESIDUAL
4.8
 MODERATE

INHERENT
16.0

R00036

AMP - TRANSPORT, HEALTH & SAFETY

Transport Assets not routinely inspected

No formal safety & maintenance inspection procedures exist

OWNER Paul Kher

CREATED 15/07/2019 08:35:25

LIKELIHOOD Likely

SEVERITY Major

CONTROL EFFECTIVENESS Strong

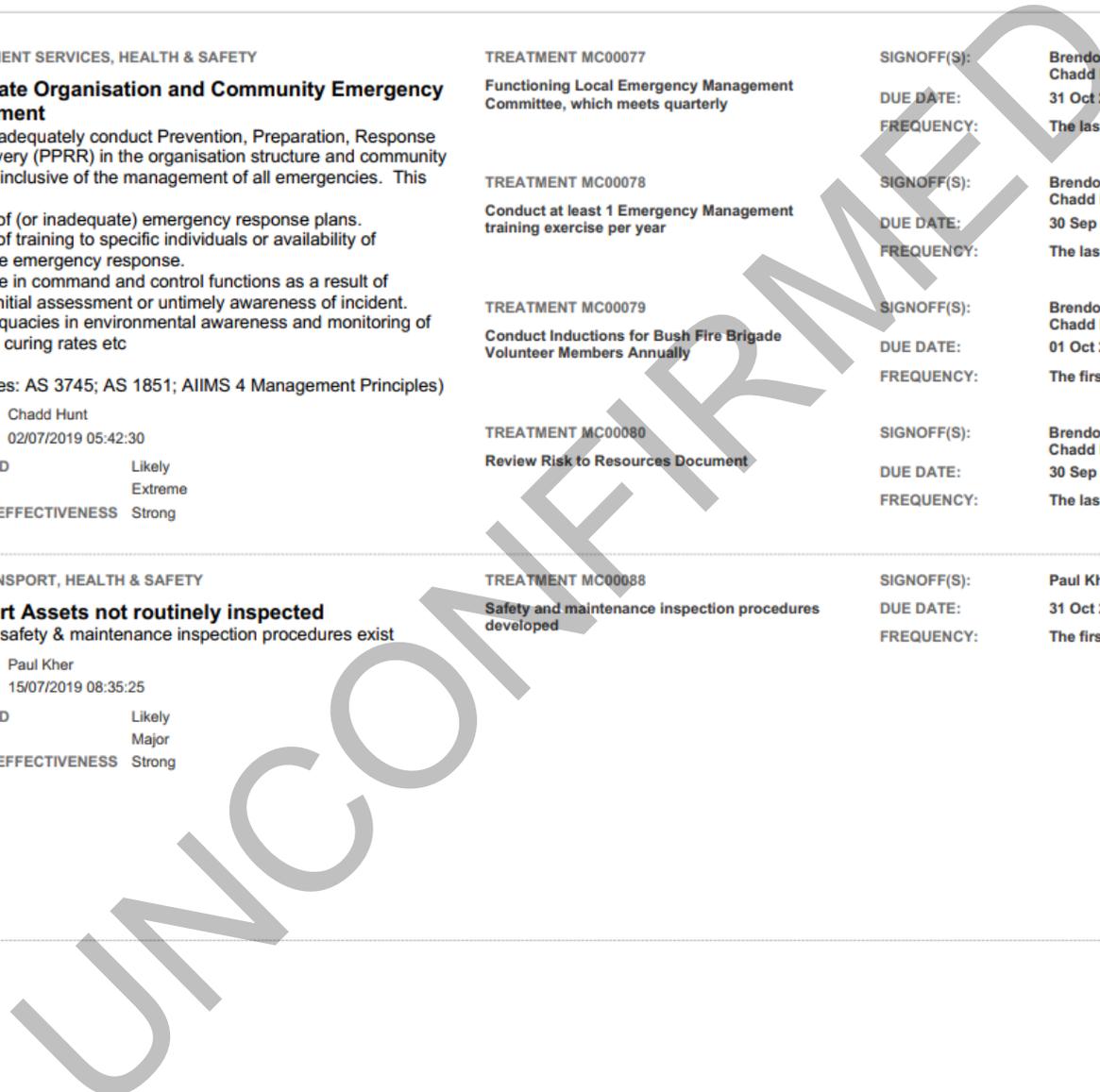
TREATMENT MC00088

Safety and maintenance inspection procedures developed

SIGNOFF(S): Paul Kher

DUE DATE: 31 Oct 2019

FREQUENCY: The first Day of every 112 months



RESIDUAL
4.8
 MODERATE

INHERENT
16.0

R00039

AMP - TRANSPORT, ENVIRONMENTAL - BUILT

Lack of capital project evaluation procedure
 Shire does not have a capital project evaluation procedure aligned to the Community Strategic Plan

OWNER Jason Whiteaker
 CREATED 15/07/2019 08:54:13

LIKELIHOOD Likely
 SEVERITY Major
 CONTROL EFFECTIVENESS Strong

TREATMENT MC00089

Project evaluation procedure in place and utilised

SIGNOFF(S): Jason Whiteaker

DUE DATE: 29 Nov 2019

FREQUENCY: The first Day of every 24 months

RESIDUAL
4.8
 MODERATE

INHERENT
16.0

R00043

AMP - BUILDINGS, FINANCIAL - STRATEGIC

Capital projects can not be prioritised against the strategic community plan
 Council is unable to assess projects and make determinations around priorities, based on any framework or decision criteria.

OWNER Jason Whiteaker
 CREATED 16/07/2019 03:33:15

LIKELIHOOD Likely
 SEVERITY Major
 CONTROL EFFECTIVENESS Strong

TREATMENT MC00089

Project evaluation procedure in place and utilised

SIGNOFF(S): Jason Whiteaker

DUE DATE: 29 Nov 2019

FREQUENCY: The first Day of every 24 months

UNCONFIRMED

RESIDUAL
4.8
MODERATE

INHERENT
16.0

R00008

CHIEF EXECUTIVES OFFICE, REPUTATION - COMMUNITY

Not meeting community expectations

Community service expectations are not as a result of a failure to provide expected levels of service, events and benefit to the community. This includes where precedents have set Community perceptions or where services are generally expected.

OWNER Jason Whiteaker

CREATED 06/05/2019 05:56:25

LIKELIHOOD Likely

SEVERITY Major

CONTROL EFFECTIVENESS Strong

TREATMENT MC00004

Review Corporate Business Plan annually to ensure reflects strategic community plan

SIGNOFF(S): Jason Whiteaker

DUE DATE: 30 Jun 2020

FREQUENCY: The last Day of every 12 months

TREATMENT MC00012

Undertake community surveying every two years focusing on community perception of service delivery

SIGNOFF(S): Jason Whiteaker

DUE DATE: 31 Aug 2021

FREQUENCY: The last Day of every 24 months

TREATMENT MC00013

Manage Customer Requests - Receive Request Ensuring that the organisation captures and responds appropriately to community and internal requests for works or services

SIGNOFF(S): Jason Whiteaker
Alysha McCall

DUE DATE: Once

FREQUENCY: Once

RESIDUAL
4.8
MODERATE

INHERENT
16.0

R00013

CORPORATE SERVICES, ENGINEERING SERVICES, ENVIRONMENTAL - BUILT, FINANCIAL - STRATEGIC, SERVICE INTERRUPTION

Inadequate Asset Management Practices

Failure or reduction in service of infrastructure assets, plant, equipment or machinery. These include fleet assets in addition to community use based assets including playgrounds, boat ramps and other maintenance based assets. Areas included in the scope are;

- Inadequate design (not fit for purpose).
- Ineffective usage (down time)
- Outputs not meeting expectations
- Inadequate maintenance activities.
- Inadequate or unsafe modifications.

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

OWNER Clinton Kleynhans

CREATED 24/05/2019 06:29:02

LIKELIHOOD Likely

SEVERITY Major

CONTROL EFFECTIVENESS Strong

TREATMENT MC00018

Up to date and accurate transport management plan in place

SIGNOFF(S): Clinton Kleynhans
Colin Young

DUE DATE: 16 Feb 2021

FREQUENCY: The first Day of every 24 months

TREATMENT MC00019

Up to date and accurate building asset management plan in place

SIGNOFF(S): Clinton Kleynhans
Colin Young

DUE DATE: 01 Jun 2021

FREQUENCY: The first Day of every 24 months

TREATMENT MC00020

Up to date and accurate parks & reserves asset management plan in place

SIGNOFF(S): Clinton Kleynhans
Colin Young

DUE DATE: 01 Sep 2021

FREQUENCY: The first Day of every 24 months

TREATMENT MC00021

Long Term Financial Plan aligned to asset management plans

SIGNOFF(S): Colin Young

DUE DATE: 26 Dec 2019

FREQUENCY: The first Day of every 12 months

RESIDUAL
4.8
 MODERATE

INHERENT
16.0

R00022

CHIEF EXECUTIVES OFFICE, HEALTH & SAFETY - OCCUPATIONAL

Inadequate safety and security practices

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

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

OWNER Jason Whiteaker
 CREATED 01/07/2019 06:46:30

LIKELIHOOD Likely
 SEVERITY Major
 CONTROL EFFECTIVENESS Strong

TREATMENT MC00041
 Undertake OHS Audit

SIGNOFF(S): Bev Jones
 DUE DATE: 01 Sep 2021
 FREQUENCY: The first Day of every 24 months

TREATMENT MC00042
 Implement recommendations from OHS Audit & Report to Audit & Risk Committee

NON-COMPLIANT
 SIGNOFF(S): Bev Jones
 DUE DATE: 30 Sep 2019
 FREQUENCY: The last Day of every 4 months

TREATMENT MC00043
 OHS Committee Meeting Regularly

SIGNOFF(S): Bev Jones
 DUE DATE: 31 Dec 2019
 FREQUENCY: The last Day of every 3 months

TREATMENT MC00044
 Toolbox meetings occurring and discussing safety (attach minutes/notes to sign off)

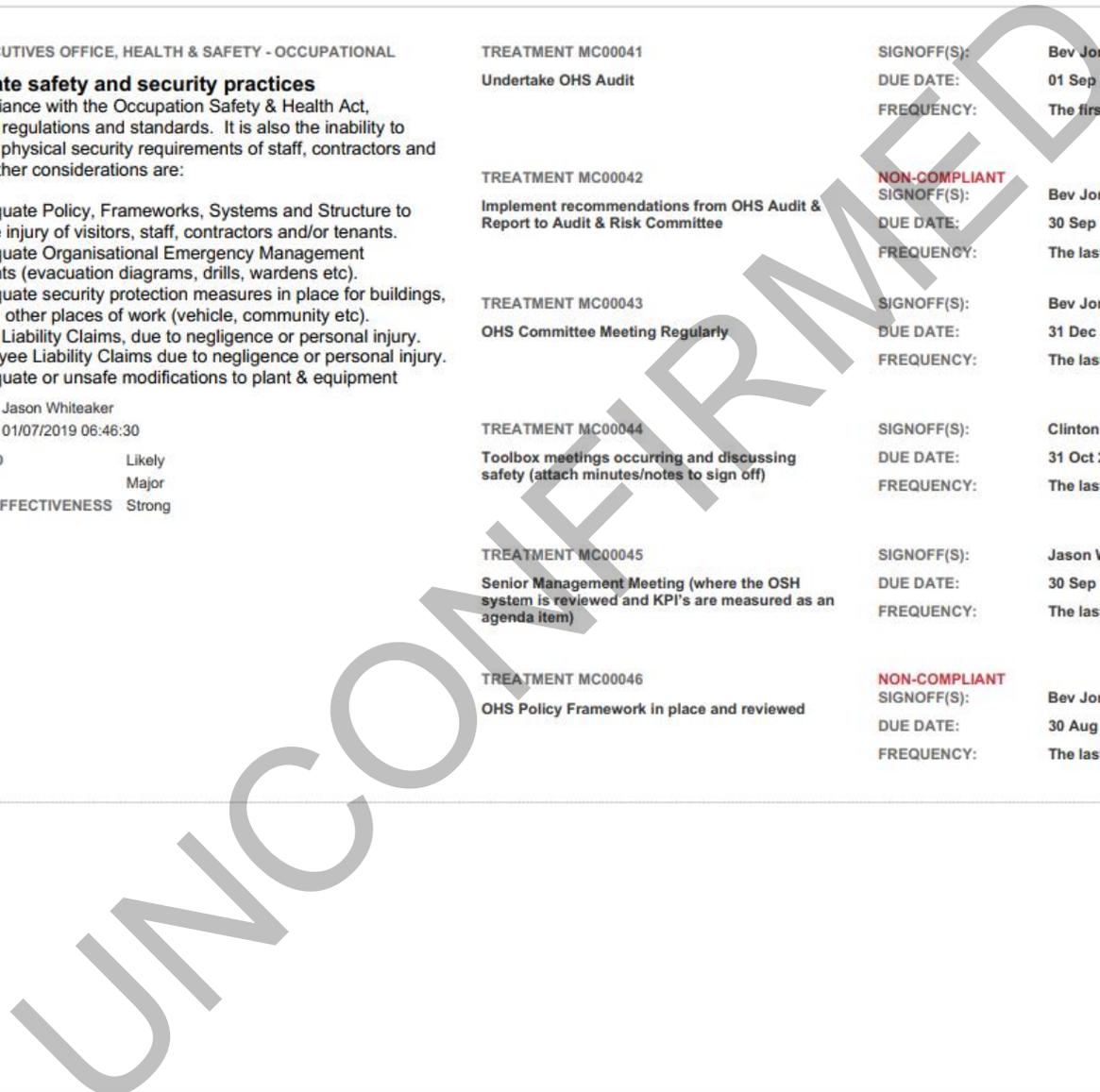
SIGNOFF(S): Clinton Kleynhans
 DUE DATE: 31 Oct 2019
 FREQUENCY: The last Day of every month

TREATMENT MC00045
 Senior Management Meeting (where the OSH system is reviewed and KPI's are measured as an agenda item)

SIGNOFF(S): Jason Whiteaker
 DUE DATE: 30 Sep 2019
 FREQUENCY: The last Day of every 6 months

TREATMENT MC00046
 OHS Policy Framework in place and reviewed

NON-COMPLIANT
 SIGNOFF(S): Bev Jones
 DUE DATE: 30 Aug 2019
 FREQUENCY: The last Day of every 12 months



RESIDUAL
4.8
 MODERATE

INHERENT
16.0

CORPORATE SERVICES, FINANCIAL - OPERATIONAL, FINANCIAL - STRATEGIC

External Theft & Fraud (inc. Cyber Crime)

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

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

OWNER Colin Young

CREATED 01/07/2019 06:32:52

LIKELIHOOD Likely

SEVERITY Major

CONTROL EFFECTIVENESS Strong

R00020

RESIDUAL
4.5
 MODERATE

INHERENT
15.0

DEVELOPMENT SERVICES, HEALTH & SAFETY - PUBLIC

Inadequate Organisation and Community Emergency Management

Failure to adequately conduct Prevention, Preparation, Response and Recovery (PPRR) in the organisation structure and community elements, inclusive of the management of all emergencies. This includes;

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

(References: AS 3745; AS 1851; AIIMS 4 Management Principles)

OWNER Chadd Hunt

CREATED 19/06/2019 00:51:12

LIKELIHOOD Possible

SEVERITY Extreme

CONTROL EFFECTIVENESS Strong

R00017

TREATMENT MC00027

Establishment of a 'functional' Local Emergency Management Committee, which meets six monthly

SIGNOFF(S): Brendon Rutter

DUE DATE: 30 Sep 2019

FREQUENCY: The last Day of every 6 months

TREATMENT MC00028

Current Local Emergency Management Arrangements & Recovery Plan

SIGNOFF(S): Brendon Rutter
Chadd Hunt

DUE DATE: 30 Nov 2020

FREQUENCY: The first Day of every 24 months

TREATMENT MC00029

Run annual emergency management exercise

SIGNOFF(S): Brendon Rutter
Chadd Hunt

DUE DATE: 29 Nov 2019

FREQUENCY: The first Day of every 12 months

TREATMENT MC00030

Bush fire Risk Management Plan in Place

SIGNOFF(S): Brendon Rutter
Chadd Hunt

DUE DATE: 30 Sep 2019

FREQUENCY: The first Day of every 12 months

TREATMENT MC00031

Fuel Loads risk register in place

SIGNOFF(S): Brendon Rutter
Chadd Hunt

DUE DATE: 30 Sep 2019

FREQUENCY: The last Day of every 12 months

RESIDUAL
3.6
LOW

INHERENT
12.0

R00002

CHIEF EXECUTIVES OFFICE, STRATEGIC - ORGANISATIONAL

Inappropriate Organisational Structure

Unable to achieve organisational objectives as the Organisation is not structured appropriately

OWNER Jason Whiteaker
CREATED 09/04/2019 03:32:51

LIKELIHOOD Likely
SEVERITY Medium
CONTROL EFFECTIVENESS Strong

TREATMENT MC00003

Review Strategic Community Plan every two years (desktop) and four years (major). Reviews to coincide with new Council being elected

SIGNOFF(S): Jason Whiteaker
DUE DATE: 18 Dec 2019
FREQUENCY: The last Day of every 24 months

TREATMENT MC00004

Review Corporate Business Plan annually to ensure reflects strategic community plan

SIGNOFF(S): Jason Whiteaker
DUE DATE: 30 Jun 2020
FREQUENCY: The last Day of every 12 months

TREATMENT MC00005

Review Human Resource Plan to ensure it is reflective of strategic community plan

NON-COMPLIANT
SIGNOFF(S): Bev Jones
DUE DATE: 15 May 2019
FREQUENCY: The last Day of every 12 months

TREATMENT MC00006

Corporate Business Plan clearly articulates how organisational objectives will be achieved

SIGNOFF(S): Jason Whiteaker
DUE DATE: 30 Jun 2020
FREQUENCY: The last Day of every 12 months

RESIDUAL
3.6
LOW

INHERENT
12.0

R00027

MAJOR PROJECT - AQUATIC FACILITY, FINANCIAL - OPERATIONAL, HEALTH & SAFETY, PROPERTY - LIABILITY, REPUTATION - COMMUNITY, STRATEGIC - COMMUNITY

Ineffective Project Management

Project not managed effectively

OWNER Jason Whiteaker
CREATED 01/07/2019 08:29:57

LIKELIHOOD Possible
SEVERITY Major
CONTROL EFFECTIVENESS Strong

TREATMENT MC00053

Project management framework in place, providing parameters for staff to operate within

SIGNOFF(S): Jason Whiteaker
DUE DATE: 31 Jul 2020
FREQUENCY: The last Day of every 12 months

TREATMENT MC00054

Major Project status reporting to Council (through monthly elected member report)

SIGNOFF(S): Alysha McCall
DUE DATE: 07 Oct 2019
FREQUENCY: 7th day of every month

TREATMENT MC00064

Independent Project Superintendent appointed with requisite skills to acknowledge scale and complexity of this project

SIGNOFF(S): Jason Whiteaker
DUE DATE:
FREQUENCY: Once

TREATMENT MC00067

Construction project progress reports to be provided

SIGNOFF(S): Jason Whiteaker
DUE DATE: 05 Oct 2019
FREQUENCY: 5th day of every month

TREATMENT MC00068
 Project Superintendent (Donovan Payne) reports to be provided monthly
OVERDUE
 SIGNOFF(S): Jason Whiteaker
 DUE DATE: 19 Sep 2019
 FREQUENCY: 19th day of every month

TREATMENT MC00069
 Financial variations to be signed off by Project Manager
 SIGNOFF(S): Jason Whiteaker
 DUE DATE: 05 Oct 2019
 FREQUENCY: 5th day of every month

TREATMENT MC00070
 All request for information and clarification to be signed off / cited by Council Project Manager
 SIGNOFF(S): Jason Whiteaker
 DUE DATE: 05 Oct 2019
 FREQUENCY: 5th day of every month

TREATMENT MC00071
 Project assessment / evaluation to be undertaken at completion and reported to audit committee
 SIGNOFF(S): Jason Whiteaker
 DUE DATE: 16 Feb 2020
 FREQUENCY: Once

TREATMENT MC00074
 Project time delays to be signed off in accordance with contract
 SIGNOFF(S): Jason Whiteaker
 DUE DATE: 05 Oct 2019
 FREQUENCY: 5th day of every month

RESIDUAL
3.6
 LOW

INHERENT
12.0

R00028

MAJOR PROJECT - AQUATIC FACILITY, HEALTH & SAFETY - OCCUPATIONAL
Insufficient OHS in place for project
 Contractor has insufficient systems, processes and practices in place to manage site OHS effectively

OWNER Jason Whiteaker
 CREATED 01/07/2019 08:33:46

LIKELIHOOD Possible
 SEVERITY Major
 CONTROL EFFECTIVENESS Strong

TREATMENT MC00065
 OHS report required from contractor, including details of site their own OHS site inspections
 SIGNOFF(S): Jason Whiteaker
 DUE DATE: 05 Oct 2019
 FREQUENCY: 5th day of every month

RESIDUAL
3.6
 LOW

INHERENT
12.0

R00029

MAJOR PROJECT - AQUATIC FACILITY, COMPLIANCE - LEGISLATIVE

Inadequate Construction Contract

Construction contract not adequate which exposes Council to contract risk through the construction phase

OWNER Jason Whiteaker
 CREATED 01/07/2019 08:37:46

LIKELIHOOD Possible
 SEVERITY Major
 CONTROL EFFECTIVENESS Strong

TREATMENT MC00066

Contract in place, signed and vetted by Legal Firm

SIGNOFF(S): Jason Whiteaker

DUE DATE:

FREQUENCY: Once

RESIDUAL
3.6
 LOW

INHERENT
12.0

R00030

MAJOR PROJECT - AQUATIC FACILITY, FINANCIAL - OPERATIONAL

Grant partners milestones not met

Funding organisations require regular reporting, failure to do so may result in withdrawal of funds

OWNER Jason Whiteaker
 CREATED 01/07/2019 08:46:18

LIKELIHOOD Possible
 SEVERITY Major
 CONTROL EFFECTIVENESS Strong

TREATMENT MC00072

Department of Sport & Recreation milestone reports provided

SIGNOFF(S): Jason Whiteaker

DUE DATE: 31 Dec 2019

FREQUENCY: The last Day of every 5 months

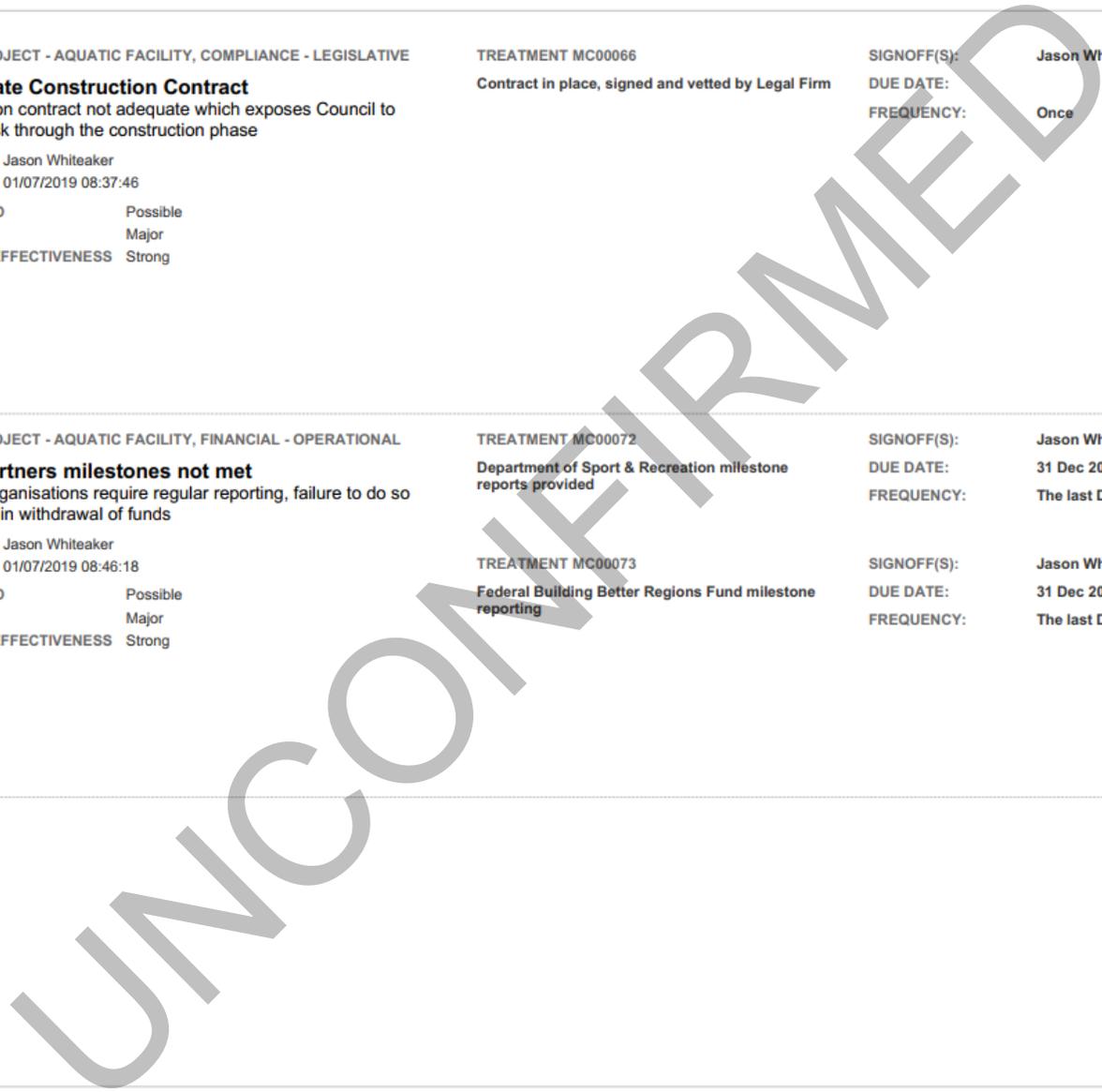
TREATMENT MC00073

Federal Building Better Regions Fund milestone reporting

SIGNOFF(S): Jason Whiteaker

DUE DATE: 31 Dec 2019

FREQUENCY: The last Day of every 5 months



RESIDUAL
3.6
 LOW

INHERENT
12.0

R00031

GENERAL, REPUTATION - COMMUNITY

Providing inaccurate advice / information to stakeholders

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

Examples include;

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

OWNER Jason Whiteaker
 CREATED 02/07/2019 05:27:54

LIKELIHOOD Likely
 SEVERITY Medium
 CONTROL EFFECTIVENESS Strong

TREATMENT MC00007

Manage Inductions - Conduct New Employee Induction
 All new employees are provided with adequate inductions

CHANGE(S) PENDING

SIGNOFF(S): Bev Jones
 Helen Zahra

DUE DATE:
 FREQUENCY: Fri every week

TREATMENT MC00013

Manage Customer Requests - Receive Request
 Ensuring that the organisation captures and responds appropriately to community and internal requests for works or services

SIGNOFF(S): Jason Whiteaker
 Alysha McCall

DUE DATE:
 FREQUENCY: Once

TREATMENT MC00051

Manage Staff Training - Identify Training Needs
 Ensure staff training needs are identified and met

CHANGE(S) PENDING

SIGNOFF(S): Bev Jones

DUE DATE: 31 Oct 2019
 FREQUENCY: The last Day of every 12 months

RESIDUAL
3.6
 LOW

INHERENT
12.0

R00044

AMP - BUILDINGS, FINANCIAL - OPERATIONAL

Maintenance not planned

Planned Maintenance & operation schedules, with budgets, do not exist, resulting in long term financial costs and asset deterioration

OWNER Shane Moorhead
 CREATED 16/07/2019 03:36:36

LIKELIHOOD Possible
 SEVERITY Major
 CONTROL EFFECTIVENESS Strong

TREATMENT MC00019

Up to date and accurate building asset management plan in place

SIGNOFF(S): Clinton Kleynhans
 Colin Young

DUE DATE: 01 Jun 2021
 FREQUENCY: The first Day of every 24 months

TREATMENT MC00035

Annual Budget adopted and aligned with long term financial plan

SIGNOFF(S): Colin Young

DUE DATE: 31 Jul 2020
 FREQUENCY: The last Day of every 12 months

RESIDUAL
3.6
 LOW

INHERENT
12.0

R00045

AMP - BUILDINGS, FINANCIAL - STRATEGIC

Financial performance indicators not met
 The asset class does not meet the established financial performance parameters, resulting in an indication of asset sustainability

OWNER Clinton Kleynhans
 CREATED 16/07/2019 03:38:59
 LIKELIHOOD Likely
 SEVERITY Medium
 CONTROL EFFECTIVENESS Strong

TREATMENT MC00019

Up to date and accurate building asset management plan in place

SIGNOFF(S): Clinton Kleynhans
 Colin Young
 DUE DATE: 01 Jun 2021
 FREQUENCY: The first Day of every 24 months

TREATMENT MC00021

Long Term Financial Plan aligned to asset management plans

SIGNOFF(S): Colin Young
 DUE DATE: 26 Dec 2019
 FREQUENCY: The first Day of every 12 months

TREATMENT MC00090

Revaluations of Council Building Assets (Fair Value)

SIGNOFF(S): Colin Young
 DUE DATE: 04 Oct 2021
 FREQUENCY: The first Day of every 60 months

TREATMENT MC00091

Revaluations of Council Transport Infrastructure Assets (Fair Value)

SIGNOFF(S): Colin Young
 DUE DATE: 03 Oct 2022
 FREQUENCY: The first Day of every 60 months

RESIDUAL
3.6
 LOW

INHERENT
12.0

R00046

MAJOR PROJECT - SALE OF 239 YILGARN AVENUE, COMPLIANCE - LEGISLATIVE, FINANCIAL - STRATEGIC

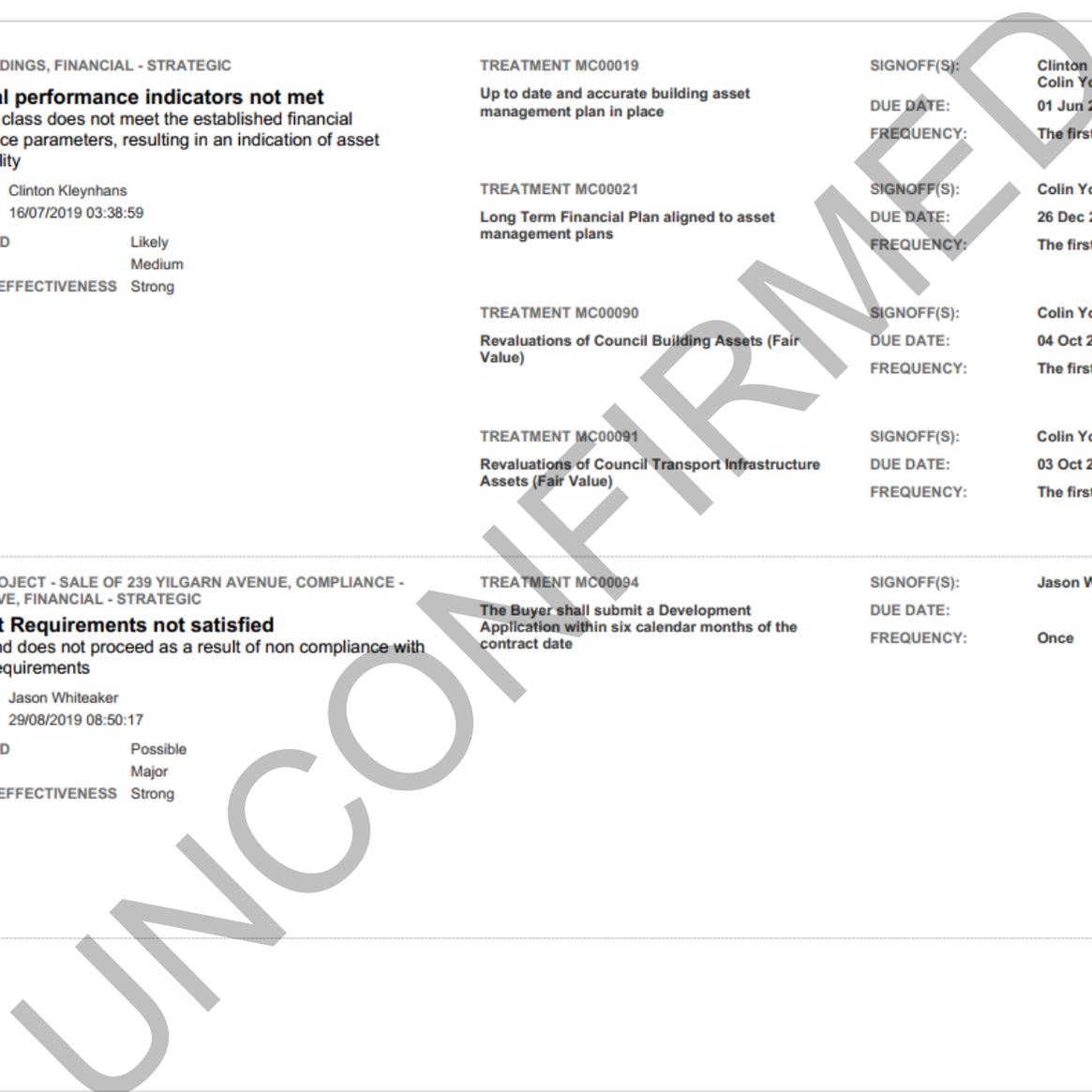
Contract Requirements not satisfied
 Sale of land does not proceed as a result of non compliance with contract requirements

OWNER Jason Whiteaker
 CREATED 29/08/2019 08:50:17
 LIKELIHOOD Possible
 SEVERITY Major
 CONTROL EFFECTIVENESS Strong

TREATMENT MC00094

The Buyer shall submit a Development Application within six calendar months of the contract date

SIGNOFF(S): Jason Whiteaker
 DUE DATE:
 FREQUENCY: Once



RESIDUAL
3.6
 LOW

INHERENT
12.0

R00041

AMP - BUILDINGS, ENVIRONMENTAL - BUILT, HEALTH & SAFETY

Condition of buildings is unknown
 Council is unclear as to the condition of its building assets and therefore unable to make informed decisions, resulting in poor building condition and building safety concerns

OWNER Shane Moorhead
 CREATED 16/07/2019 03:26:43
 LIKELIHOOD Possible
 SEVERITY Major
 CONTROL EFFECTIVENESS Strong

TREATMENT MC00019
 Up to date and accurate building asset management plan in place

SIGNOFF(S): Clinton Kleynhans
 Colin Young
 DUE DATE: 01 Jun 2021
 FREQUENCY: The first Day of every 24 months

TREATMENT MC00090
 Revaluations of Council Building Assets (Fair Value)

SIGNOFF(S): Colin Young
 DUE DATE: 04 Oct 2021
 FREQUENCY: The first Day of every 60 months

TREATMENT MC00093
 Develop and maintain medium term building maintenance program to ensure future costs are understood

SIGNOFF(S): Shane Moorhead
 DUE DATE: 22 Nov 2019
 FREQUENCY: The first Day of every 12 months

RESIDUAL
3.6
 LOW

INHERENT
12.0

R00042

AMP - BUILDINGS, FINANCIAL - OPERATIONAL

Future financial requirements for buildings unknown
 Council fails to understand and plan for future building maintenance / expansion requirements

OWNER Clinton Kleynhans
 CREATED 16/07/2019 03:28:36
 LIKELIHOOD Possible
 SEVERITY Major
 CONTROL EFFECTIVENESS Strong

TREATMENT MC00019
 Up to date and accurate building asset management plan in place

SIGNOFF(S): Clinton Kleynhans
 Colin Young
 DUE DATE: 01 Jun 2021
 FREQUENCY: The first Day of every 24 months

TREATMENT MC00021
 Long Term Financial Plan aligned to asset management plans

SIGNOFF(S): Colin Young
 DUE DATE: 26 Dec 2019
 FREQUENCY: The first Day of every 12 months

TREATMENT MC00034
 Long Term Financial Plan in Place

SIGNOFF(S): Colin Young
 DUE DATE: 01 Jul 2020
 FREQUENCY: The first Day of every 12 months

TREATMENT MC00035
 Annual Budget adopted and aligned with long term financial plan

SIGNOFF(S): Colin Young
 DUE DATE: 31 Jul 2020
 FREQUENCY: The last Day of every 12 months

RESIDUAL
3.6
 LOW

INHERENT
12.0

R00037

AMP - TRANSPORT, ENVIRONMENTAL - BUILT

Asset Inventories inaccurate

Asset inventories are not up to date and therefore inaccurate resulting in poor decision making

OWNER Paul Kher
 CREATED 15/07/2019 08:40:29
 LIKELIHOOD Likely
 SEVERITY Medium
 CONTROL EFFECTIVENESS Strong

TREATMENT MC00018

Up to date and accurate transport management plan in place

SIGNOFF(S): Clinton Kleynhans
 Colin Young
 DUE DATE: 16 Feb 2021
 FREQUENCY: The first Day of every 24 months

TREATMENT MC00019

Up to date and accurate building asset management plan in place

SIGNOFF(S): Clinton Kleynhans
 Colin Young
 DUE DATE: 01 Jun 2021
 FREQUENCY: The first Day of every 24 months

TREATMENT MC00020

Up to date and accurate parks & reserves asset management plan in place

SIGNOFF(S): Clinton Kleynhans
 Colin Young
 DUE DATE: 01 Sep 2021
 FREQUENCY: The first Day of every 24 months

RESIDUAL
3.6
 LOW

INHERENT
12.0

R00038

AMP - TRANSPORT, ENVIRONMENTAL - BUILT

Inaccurate Asset Valuations

Valuations are carried out, however inaccurate resulting in impact on Council decision making and financial ratios

OWNER Colin Young
 CREATED 15/07/2019 08:47:14
 LIKELIHOOD Possible
 SEVERITY Major
 CONTROL EFFECTIVENESS Strong

TREATMENT MC00090

Revaluations of Council Building Assets (Fair Value)

SIGNOFF(S): Colin Young
 DUE DATE: 04 Oct 2021
 FREQUENCY: The first Day of every 60 months

TREATMENT MC00091

Revaluations of Council Transport Infrastructure Assets (Fair Value)

SIGNOFF(S): Colin Young
 DUE DATE: 03 Oct 2022
 FREQUENCY: The first Day of every 60 months

TREATMENT MC00092

Revaluation of Council Plant & Equipment

SIGNOFF(S): Colin Young
 DUE DATE: 05 Oct 2020
 FREQUENCY: The first Day of every 60 months

RESIDUAL
3.6
 LOW

INHERENT
12.0

R00033

GENERAL, REPUTATION - COMMUNITY

Errors, Omissions & Delays

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

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

This may result in incomplete or inaccurate information.

Consequences include;

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

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

OWNER Jason Whiteaker
 CREATED 02/07/2019 05:58:01

LIKELIHOOD Likely
 SEVERITY Medium
 CONTROL EFFECTIVENESS Strong

TREATMENT MC00002

Local Government is responsible for complying with a wide range of legislative requirements, to mitigate this risk a compliance calendar has been developed and will be audited monthly by the Governance officer. Failure to comply with legislative requirements could result in a range of outcomes including a Department of Local Government Inquiry

SIGNOFF(S): Cheryl Greenough
 DUE DATE: 14 Oct 2019
 FREQUENCY: 14th day of every month

TREATMENT MC00007

Manage Inductions - Conduct New Employee Induction
 All new employees are provided with adequate inductions

CHANGE(S) PENDING
 SIGNOFF(S): Bev Jones
 Helen Zahra

DUE DATE:
 FREQUENCY: Fri every week

TREATMENT MC00009

Monthly random internal audit of five (5) purchases to be performed to ensure compliance with purchasing requirements.

SIGNOFF(S): Cheryl Greenough
 DUE DATE: 14 Oct 2019
 FREQUENCY: 14th day of every month

TREATMENT MC00083

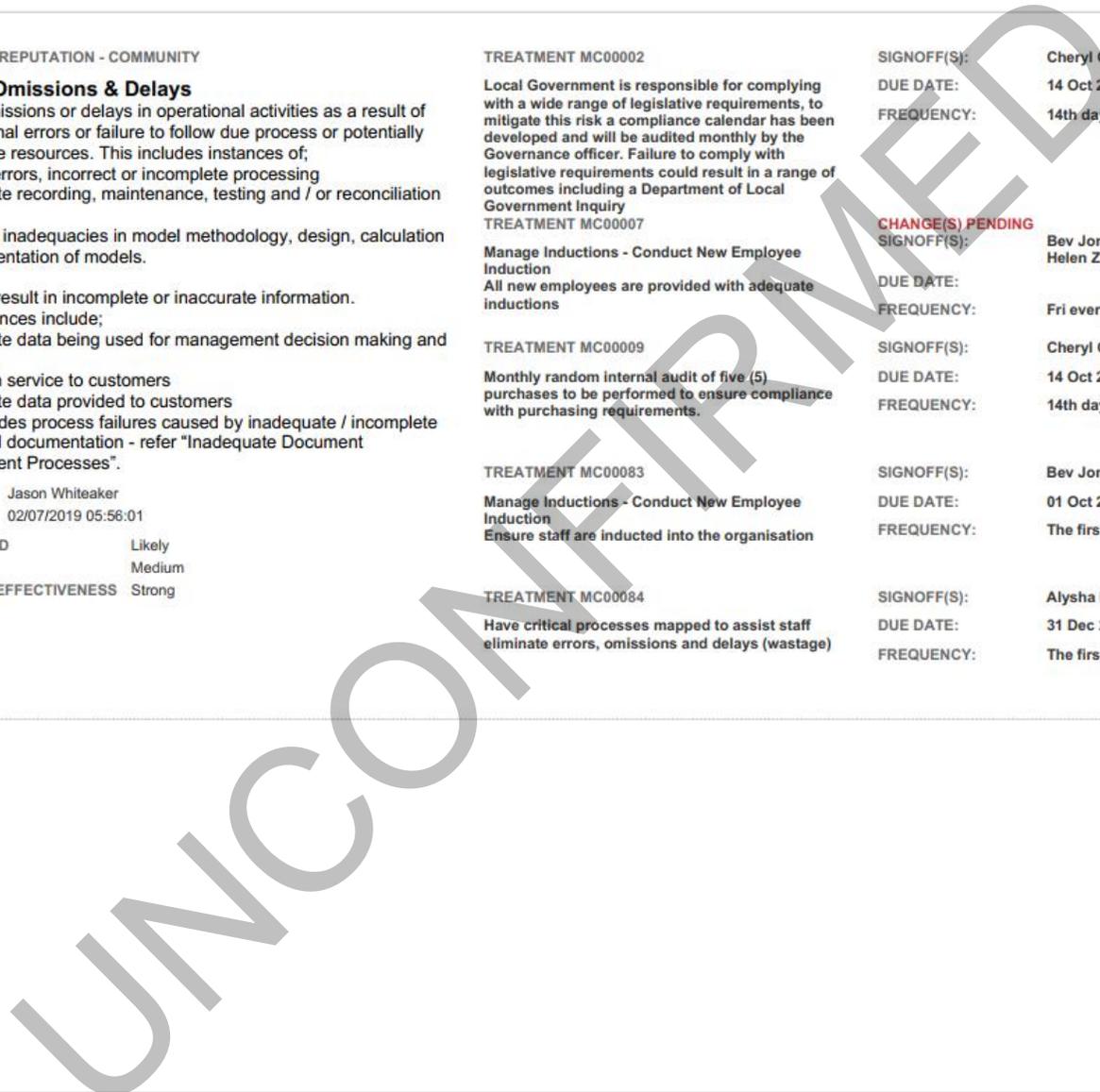
Manage Inductions - Conduct New Employee Induction
 Ensure staff are inducted into the organisation

SIGNOFF(S): Bev Jones
 DUE DATE: 01 Oct 2020
 FREQUENCY: The first Day of every 12 months

TREATMENT MC00084

Have critical processes mapped to assist staff eliminate errors, omissions and delays (wastage)

SIGNOFF(S): Alysha McCall
 DUE DATE: 31 Dec 2019
 FREQUENCY: The first Day of every 12 months



RESIDUAL
3.6
LOW

INHERENT
12.0

R00034

COMMUNITY SERVICES, COMPLIANCE - POLICY, REPUTATION - COMMUNITY

Ineffective Management of Facilities / Venues / Events

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

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

OWNER Ross Rayson

CREATED 02/07/2019 06:05:05

LIKELIHOOD Likely

SEVERITY Medium

CONTROL EFFECTIVENESS Strong

TREATMENT MC00085

Manage Facilities & Bookings - Receive enquiry and determine which Department is responsible for administering the booking.
Process for managing bookings to ensure no duplication

SIGNOFF(S): Jack Little

DUE DATE: 30 Sep 2019

FREQUENCY: The first Day of every 12 months

RESIDUAL
3.6
LOW

INHERENT
12.0

R00035

CHIEF EXECUTIVES OFFICE, COMPLIANCE - LEGISLATIVE, REPUTATION - COMMUNITY, REPUTATION - INDUSTRY

Misconduct

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

- Relevant authorisations not obtained.
 - Distributing confidential information.
 - Accessing systems and / or applications without correct authority to do so.
 - Misrepresenting data in reports.
 - Theft by an employee
 - Collusion between Internal & External parties
- This does not include instances where it was not an intentional breach - refer Errors, Omissions or delays in transaction processing, or Inaccurate Advice.

OWNER Jason Whiteaker

CREATED 02/07/2019 06:09:25

LIKELIHOOD Possible

SEVERITY Major

CONTROL EFFECTIVENESS Strong

TREATMENT MC00007

Manage Inductions - Conduct New Employee Induction
All new employees are provided with adequate inductions

CHANGE(S) PENDING

SIGNOFF(S): Bev Jones
Helen Zahra

DUE DATE:

FREQUENCY: Fri every week

TREATMENT MC00059

Induction & Training provided to elected members

SIGNOFF(S): Alysha McCall

DUE DATE: 30 Nov 2019

FREQUENCY: The last Day of every 24 months

TREATMENT MC00086

Manage Inductions - Conduct New Employee Induction
Induction of new employees into the organisation assists in creating an expectation in terms of what is required

SIGNOFF(S): Bev Jones

DUE DATE: 01 Sep 2020

FREQUENCY: The first Day of every 12 months

TREATMENT MC00087

Manage Purchasing - Request approval
Process minimises opportunity for misconduct

SIGNOFF(S): Colin Young
Kristy Hopkins

DUE DATE: 31 Oct 2019

FREQUENCY: The first Day of every 12 months

RESIDUAL
2.7
 LOW

INHERENT
9.0

R00024

CHIEF EXECUTIVES OFFICE, COMPLIANCE - POLICY, FINANCIAL - OPERATIONAL, HEALTH & SAFETY - OCCUPATIONAL

Inadequate Project Management

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

- Inadequate Change Management Framework to manage and monitor change activities.
- Inadequate understanding of the impact of project change on the business.
- Failures in the transition of projects into standard operations.

OWNER Jason Whiteaker

CREATED 01/07/2019 07:20:45

LIKELIHOOD Possible

SEVERITY Medium

CONTROL EFFECTIVENESS Strong

TREATMENT MC00053

Project management framework in place, providing parameters for staff to operate within

SIGNOFF(S): Jason Whiteaker
 DUE DATE: 31 Jul 2020
 FREQUENCY: The last Day of every 12 months

TREATMENT MC00054

Major Project status reporting to Council (through monthly elected member report)

SIGNOFF(S): Alysha McCall
 DUE DATE: 07 Oct 2019
 FREQUENCY: 7th day of every month

TREATMENT MC00055

Internal audit of project and major project (as defined by corporate business plan) management framework compliance.

SIGNOFF(S): Jason Whiteaker
 DUE DATE: 31 May 2020
 FREQUENCY: The last Day of every 12 months

TREATMENT MC00056

Identification of project classification in accordance with corporate business plan. Each Executive Manager to review their budget and identify which submit list of projects and their classification (not required for anything identified as works in accordance with corporate business plan)

SIGNOFF(S): Jason Whiteaker
 Chadd Hunt
 Colin Young
 Ross Rayson
 Clinton Kleynhans
 DUE DATE: 31 Aug 2020
 FREQUENCY: The last Day of every 12 months

TREATMENT MC00057

Manage Major Projects - Project Implementation Provides process for managing projects

SIGNOFF(S): Clinton Kleynhans
 Sue Connell
 DUE DATE: 30 Sep 2020
 FREQUENCY: The last Day of every 12 months

UNCONFIRMED

RESIDUAL
2.7
LOW

INHERENT
9.0

R00025

CHIEF EXECUTIVES OFFICE, COMMUNITY SERVICES, CORPORATE SERVICES, DEVELOPMENT SERVICES, ENGINEERING SERVICES, FINANCIAL - OPERATIONAL, HEALTH & SAFETY - OCCUPATIONAL, SERVICE INTERRUPTION

Inadequate Supplier / Contract Management

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

- Concentration issues
- Vendor sustainability

It does not include failures in the tender process; refer "Inadequate Procurement, Disposal or Tender Practices".

OWNER Sue Connell
CREATED 01/07/2019 07:54:58

LIKELIHOOD Possible
SEVERITY Medium
CONTROL EFFECTIVENESS Strong

UNCONFIRMED

RESIDUAL
2.7
LOW

INHERENT
9.0

R00003

CHIEF EXECUTIVES OFFICE, STRATEGIC - ORGANISATIONAL

Ineffective People Management / Employment Practices

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

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

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

OWNER Jason Whiteaker
CREATED 06/05/2019 05:23:01

LIKELIHOOD Possible
SEVERITY Medium
CONTROL EFFECTIVENESS Strong

TREATMENT MC00007

Manage Inductions - Conduct New Employee Induction
All new employees are provided with adequate inductions

CHANGE(S) PENDING

SIGNOFF(S): Bev Jones
Helen Zahra

DUE DATE:

FREQUENCY: Fri every week

TREATMENT MC00049

100% of annual performance reviews undertaken

SIGNOFF(S): Bev Jones

DUE DATE: 31 Dec 2019

FREQUENCY: The last Day of every 12 months

TREATMENT MC00050

Manage Employee Termination - Receive notification
Ensuring that employee terminations are managed appropriately and equitably to minimise risk of further action

SIGNOFF(S): Bev Jones

DUE DATE: 01 Jan 2020

FREQUENCY: The first Day of every 3 months

TREATMENT MC00051

Manage Staff Training - Identify Training Needs
Ensure staff training needs are identified and met

CHANGE(S) PENDING

SIGNOFF(S): Bev Jones

DUE DATE: 31 Oct 2019

FREQUENCY: The last Day of every 12 months

TREATMENT MC00052

Managing Staff Misconduct and Discipline - Identify Misconduct or Breach of Discipline
Ensure any / all staff misconduct in managed effectively and consistently

SIGNOFF(S): Bev Jones

DUE DATE: 31 Jan 2020

FREQUENCY: The first Day of every 3 months

RESIDUAL
2.4
LOW

INHERENT
8.0

R00014

GENERAL, SERVICE INTERRUPTION

Business Interruption

A local physical event causing the inability to continue business activities and provide services to the community. This may or may not result in Business Continuity Plans to be invoked.

This does not include disruptions due to:

- IT Systems or infrastructure related failures should be captured under "Failure of IT Systems and Infrastructure".
- Contractor / Supplier issues should be captured under "Inadequate Supplier / Contract Management".
- People issues should be captured under "Inappropriate People Management".

OWNER Jason Whiteaker (Portfolio Manager)

CREATED 24/05/2019 06:43:56

LIKELIHOOD Unlikely

SEVERITY Major

CONTROL EFFECTIVENESS Strong

TREATMENT MC00022

Business Continuity Plan in place and up to date

SIGNOFF(S):

Alysha McCall
Jason Whiteaker

DUE DATE:

30 Nov 2020

FREQUENCY:

The first Day of every 48 months

UNCONFIRMED

5.8 COMPLIANCE REPORT

Address:	N/A
Owner:	Shire of Northam
Applicant:	N/A
File Reference:	1.6.1.6
Reporting Officer:	Cheryl Greenough, Governance/Administration Coordinator
Responsible Officer:	Jason Whiteaker, Chief Executive Officer
Officer Declaration of Interest:	Nil
Voting Requirement:	Simple Majority
Press release to be issued:	No

BRIEF

This report is to provide Council with an overview of the Shire's monthly compliance activities.

ATTACHMENTS

Attachment 1: August Compliance Calendar.
Attachment 2: Creditors Checklist.

A. BACKGROUND / DETAILS

Under the Local Government (Audit) Regulations 1996, a Local Government is required to carry out a Compliance Audit for the period 1 January to 31 December of each year. The Shire of Northam considered ways of ensuring this compliance was met on a monthly basis and to fulfil this role, commenced a monthly Compliance Calendar.

B. CONSIDERATIONS

B.1 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.

Objective: Provide outstanding customer service.
Maintain a high standard of corporate governance.

B.2 Financial / Resource Implications

N/A.

B.3 Legislative Compliance

There is no legislative requirement to maintain a Compliance Calendar, however it is considered best practice and covers the following Regulations:

- Local Government (Functions and General) Regulations 1996;
- Local Government (Administration) Regulations 1996;
- Local Government (Elections) Regulations 1997;
- Local Government (Audit) Regulations 1996;
- Local Government (Rules of Conduct) Regulations 2007.

B.4 Policy Implications

Nil.

B.5 Stakeholder Engagement / Consultation

Nil.

B.6 Risk Implications

Risk Category	Description	Rating (consequence x likelihood)	Mitigation Action
Financial	Potential disruption to purchases	Moderate (6)	Ensure Calendar is followed
Health & Safety	Possible disruption to safety	Low (2)	Ensure any areas related to safety are followed
Reputation	The potential exists for legal ramifications	High (10)	Ensure legislation is followed
Service Interruption	If the calendar is not followed there is potential for certain services not to be provided on time.	Low (3)	Ensure Calendar is maintained
Compliance	The Legislative requirements of Council can be missed in error.	High (10)	A compliance Calendar provides the mechanism to ensure Legislation is adhered to
Property	N/A		
Environment	N/A		

C. OFFICER'S COMMENT

The monthly Compliance Calendar is an effective tool which will be used to assist in populating the Annual Compliance Audit Return (CAR) and will ensure

the Shire is able to identify and manage any issue which may arise during the year in a timely manner.

March 2019 –

- There was one instance under Delegated Authority where a crossover was not placed on the register as is required by legislation.
- The random Creditors checks revealed two transactions where invoices had not been provided in the paperwork.

April 2019 - there were 2 areas of non-compliance. One related to road closures where the Flying 50's had not yet been placed on the register. The other related to one checklist not being correctly filled out for a purchase order.

May 2019 - there were 4 areas of non-compliance with the Gift Register not up to date on the website due to a changeover of website. This has now been rectified and updated on the new website. The other three items relate to purchase orders not being written prior to the date of invoice.

June 2019 - For this month the compliance calendar was compliant, the only non-compliance related to 4 purchase orders which were written after the date on the invoice.

July 2019 - Again the calendar was 100% and the random Creditor checks were also 100% compliant.

August 2019 - Revealed the Financial Interest Register was not up to date on the website, however the hard copy was. During the random Creditor checks there were 2 checklists not completed correctly and 1 purchase order written after the date of invoice.

Below is a table providing the level of compliance for each month. It is apparent that the least compliance occurs with purchase orders and that may be because at times invoices are lost and reprinted or items are purchased quickly and the invoice is dated on the day the officer rang to order.

Month	Item	% compliance	Non Compliance
March	Crossover approvals	97%	Register not completed
	Random Creditor check	80%	2 items not compliant, no invoice attached

April	Temporary closure of roads	97%	flying 50's was not on register
	Random Creditor check	90%	1 item not compliant, P/O not attached
May	Gift Register	98%	Gift register not up to date on website
	Random Creditor check	70%	3 purchase orders written after the invoice date
June	Calendar	100%	
	Random Creditor checks	60%	4 purchase orders written after the invoice date
July	Calendar	100%	Compliant
	Random Creditor checks	100%	Compliant
August	Financial interest register	97.5%	Not up to date on website
	Random Creditor check	70%	3 not compliant – 2 checklist not completed correctly; 1 P/O written after invoice.

RECOMMENDATION / COMMITTEE DECISION

Minute No: AU.130

Moved: Cr Antonio

Seconded: Cr Mencshelyi

That Council receive the update as provided in the monthly Compliance Calendar Report.

CARRIED 2/0

Clarification was sought in relation to how we can improve with respect to the compliance items identified? The Executive Manager Corporate Services advised that matters are raised with individual staff as required and they are referred back to the process.

Attachment 1

AUGUST COMPLIANCE CALENDAR							
SOURCE	Section	PROCESS OWNER	ACTIVITY DESCRIPTION	COMPLIANCE ACCOUNTABILITY	SCHEDULE	COMMENTS	Sign
Local Government Act 1995	S3.59 - Commercial Enterprises	CEO	Have SoN entered into any major trading undertakings, if so has section 3.59 been complied with		Monthly	Not for the month of August	CP
Local Government Act 1995	S5.16	CEO	Is the delegations register current (ie not more than 12 months old)		Annually - June	Current for the month of August	CP
Local Government Act 1995	S5.67	CEO	Where an elected member disclosed a financial interest, did they leave the meeting and not participate in discussion or decision making on the item		Monthly	No Financial Interest Disclosures were made	CP
Local Government Act 1995	S5.65 & s5.73	CEO	Were all known elected member and staff disclosures of impartiality made at the Council meeting		Monthly	To the best of our knowledge	CP
Local Government Act 1995	S5.73 & S103	CEO	Were ALL disclosures recorded in the minutes		Monthly	Yes all impartialities declared were recorded in the Minutes	CP
Local Government Act 1995	S5.75	CEO	Have primary returns been lodged within 3 months of elected member 'start		Bi annually	N/A	CP
Local Government Act 1995	S5.76	CEO	Have all new 'designated' employees completed their primary returns within 3		Monthly	No new designated employees	CP
Local Government Act 1995	S5.76 & S5.77	CEO	Have all Elected Member Annual Returns been lodged and acknowledged in writing		Annually - August	Yes all have been provided as per the Act	CP
Local Government Act 1995	S5.76 & S5.77	CEO	Have all Designated Staff Annual Returns been lodged and acknowledged in writing		Annually - August	Yes all have been acknowledged in accordance with the Act	CP
Local Government Act 1995	S5.88	CEO	Is the register of financial interests up to date		Monthly	The hard copy is up to date but not up to date on the website	CP
Local Government Act 1995	S5.89	CEO	Have all resigned members and staff returns been removed from the financial		Monthly	yes they have	CP
Local Government Act 1995	S103	CEO	Is the gift register up to date on the Council website		Monthly	There are no new entries for August	CP
Local Government Act 1995	S3.58 - Disposal of Property	CEO	Did the Council dispose of any property in the month, and if so was s3.58 complied with		Monthly	Yes lots 470 and 471 Gt Eastern Highway in accordance with the Act. Advertised 14/8/19	CP
Local Government Act 1995	s6.16	EMCS	Has a report to Council been done for a review of fees and charges		Annually	Yes, initially adopted in May the went up with the Budget 21 August 2019	CP
Local Government Act 1995	S5.121	EMCS	Has the complaints officer maintained the complaints register and is the online register up to date		Monthly	No complaints for August	CP
Local Government Act 1995	S3.57 & F/G Reg 11	EMCS	Have tenders been called for all goods or services in excess of \$150k		Monthly	No tenders for August 1x RFQ for fire trucks	CP
Local Government Act 1995	S3.57 & F/G Reg 14	EMCS	Was state wide public notice given for all tenders		Monthly	N/A	CP
Local Government Act 1995	F/G Reg 16	EMCS	Receiving and opening Tenders completed by two persons, details of tenders to be immediately recorded		Monthly	No tenders were opened in August	CP
Local Government Act 1995	F/G Reg 18	EMCS	Rejecting and accepting Tenders		Monthly	N/A	CP
Local Government Act 1995	F/G Reg 18 (1)	EMCS	Tender to be submitted before close of Tender and submitted to the Shire office		Monthly	N/A	CP
Local Government Act 1995	F/G Reg 18 (4)	EMCS	Written evaluation of each Tenderer's criteria		Monthly	N/A	CP
Local Government Act 1995	F/G Reg 17	EMCS	Tender Register to be maintained and available for inspection		Monthly	Done	CP
Local Government Act 1995	F/G Reg 19	EMCS	Tenderers to be notified of outcome		Monthly	N/A	CP
Local Government Act 1995	F/G Reg 24AD (2)	EMCS	Statewide Public Notice of the invitation to apply to join a pre-qualified panel		Monthly	N/A	CP
Local Government Act 1995	F/G Reg 24AD (4)	EMCS	Notice to include brief description of goods and services to be supplied by pre-qualified panel		Monthly	N/A	CP
Local Government Act 1995	LG (Elections) Regulations 1997	Governance	Declare if the election is to be postal		Bi-annually	Completed by 31/7/19	CP
Local Government Act 1995	LG (Elections) Regulations 1997	Governance	Give Local Public notice of close of enrolments		Bi-annually	Completed 10/8/19	CP
Local Government Act 1995	LG (Elections) Regulations 1997	Governance	Prepare Owner Occupier Roll		Bi-annually	Completed by 20/8/19	CP
Local Government Act 1995	LG (Elections) Regulations 1997	Governance	Roll closes 30/8/19		Bi-annually	Closed Roll 30/8/19	CP
	Delegation - B02	EMDS	Buildings - Grant or Refuse Demolition Permit - register completed?		Monthly	N/A	
	Delegation - E01	EMES	Temporary Closure of Thoroughfares to vehicles		Monthly	Road Closure for the Avon Descent was advertised in 31 July edition of the Avon Valley Advocate. Gordon Place road closures were advertised 7/8/19 in Advocate	CP
	Delegation - E04	EMES	Crossover Approvals		Monthly		CP
	Delegation - F02	EMCS	Disposal of Council property		Monthly	Lot 470 and 471 Great Eastern Highway	CP

	Delegation - F05	EMCS	Inviting Tenders	Monthly	N/A	JA
		EMCS	Interim Audit	Annually	Completed April this year	JA
		EMCS	Accounts presented to Council	Monthly	June Accounts were presented at the 10 July 19 meeting	JA
		EMCS	Financial Report to Council	Monthly	June report was presented at the 10 July 19 meeting	JA
Reporting	Building Services (Complaint Resolution and Administration) Regulations 2011	Building	Building Services Levy - Payment due by 14th day after the end of the month	Monthly	Yes and given for payment	JA
Reporting	Building and Construction Industry Training Fund and Levy Collection Regulations 1991	Building	Building Construction Training Fund Levy - Payment due by 10th day after the end of the month	Monthly	Yes and given for payment	JA -

UNCONFIRMED



Attachement 2 August Creditors

EFT #	Creditor	Order #	Invoice Amount	Order Amount	Purchase Order Written	Signing Officer Name	Supporting Invoice Attached	Purchasing Procedure Checklist attached and completed correctly	Date of order prior to date of invoice
34031	Applied Industrial Technologies	54979	152	150	19/07/2019	Parks & Gardens	yes	yes	same
34037	Avon Valley Contractors	55316	330	413	16/08/2019	works manager	yes	yes	yes
34151	Ampac Debt Recovery	Payment Request	19,930	19,930	31/08/2019	EMCS	yes		
34160	Avon Demolition & Earthmoving	54968	1,568	26,268	18/07/2019	EMDS	yes	yes	yes
34169	CDA Air & Solar	55216	925	990	7/08/2019	Building Manager	yes	yes	yes
34178	Executive Media	55311	1,995	1,995	15/08/2019	Tourism	yes	No	No
34184	IW Projects	541881	7,499	8,602	10/07/2019	EMDS	yes	yes	yes
33919	Access Protocol	54994	792	792	22/07/2019	Killara manager	yes	No	yes
33932	Avon Paper Shred	54817	65	60	3/07/2019	EMCS	yes	No	yes
33946	Commercial Systems Australia	54439	10414.8	10414.8	29/05/2019	EMES	yes	yes	yes

5.9 PARKS AND GARDENS AUDIT

Address:	N/A
Owner:	Shire of Northam
Applicant:	N/A
File Reference:	1.3.6.9
Reporting Officer:	Cheryl Greenough, Coordinator Governance / Administration
Responsible Officer:	Clinton Kleynhans, Executive Manager Engineering Services
Officer Declaration of Interest:	Nil
Voting Requirement:	Simple Majority
Press release to be issued:	No

BRIEF

For Council to receive the report from XYST who conducted the Open Space Review and Business Improvement Plan (Parks and Gardens Audit) for the Shire of Northam.

ATTACHMENTS

Attachment 1: Northam Parks and Gardens Service Review.

A. BACKGROUND / DETAILS

Under the direction of the CEO, staff called for quotes from suitably qualified consultants to conduct an audit of our service provision in the parks and gardens area.

In November 2018 the Executive Manager Engineering Services and the Governance Officer met with Mr Brian Milne from XYST Australia P/L to discuss an audit of the Shire's playgrounds and parks and current service levels. The Audit was designed to provide both Senior Staff and Council with an additional element of reassurance by means of a performance review versus the expenditure.

XYST were engaged to perform the following scope of works:

- Review existing documentation relating to parks asset management, open space planning and service delivery;
- Undertake individual office and site-based meetings with each of the Parks and Gardens management team to identify strengths and weakness and opportunities for improvement (Day 1);

- Run a full day workshop with Parks and Gardens Management and team to identify a comprehensive business improvement program (Day 2)
- Identify training with discussion to develop initial framework for operational levels of service in focus areas;
- Identify possible solutions, priorities and required resources;
- Document a recommended improvement program and action plan;

/

B. CONSIDERATIONS

B.1 Strategic Community / Corporate Business Plan

Theme Area 2: Community Wellbeing

Outcome 2.2: There are a variety of recreation and leisure activities available for all ages, across the Shire of Northam.

Objectives:

- Maintain a range of sporting facilities in Northam, as expected of a Regional Centre;
- Maintain local facilities in other local communities in the Shire of Northam;
- Facilitate the provision of varied cultural and artistic activities;
- Provide a range of quality activities for specific demographics, including seniors and youth;
- A range of outdoor leisure activities available throughout the Shire;
- To have well maintained reserves within the Shire of Northam.

B.2 Financial / Resource Implications

Nil.

B.3 Legislative Compliance

Local Government Act 1995 and relevant subsidiary legislation.

B.4 Policy Implications

N/A

B.5 Stakeholder Engagement / Consultation

XYST Australia who conducted the Audit

B.6 Risk Implications

Risk Category	Description	Rating (consequence x likelihood)	Mitigation Action
Financial	Under \$20,000	Low (2)	Asset management planning
Health & Safety	Potential medical injuries	Medium (3)	Put non slip surfaces in place, regular maintenance

Reputation	Low impact, low news items	Minor (2)	
Service Interruption	N/A	N/A	N/A
Compliance	No noticeable regulatory compliance issues	Insignificant (1)	Quality Control
Property	N/A	N/A	N/A
Environment	N/A	N/A	N/A

C. OFFICER'S COMMENT

A performance quality assessment was undertaken of operations and maintenance standards across 15 parks. A typical performance target is 85% and Northam is performing above this level at 90%.

There are some areas of improvement required such as garden maintenance and some general maintenance. At 70% we provide a higher number of playgrounds but less youth facilities than some other councils who would be considered our peers.

The Shire's total expenditure budget per capita is consistent with our peer groups at \$132,905. The Best Practice scores indicate room for improvement in some areas whilst other areas are equal to or better than average.

The audit findings will be used to develop further the pending Parks and Gardens Asset Management Plan and associated service levels. This will be presented to Council for adoption at a later date.

RECOMMENDATION / COMMITTEE DECISION

Minute No: AU.131

Moved: Cr Antonio

Seconded: Cr Mencshelyi

That Council receive the Open Space Review and Business Improvement audit report as presented.

CARRIED 2/0

The Coordinator Governance / Administration left the meeting at 4:34pm and returned at 4:36pm.

The Acting Chief Executive Officer advised that there were no surprises in the audit report. It was outlined that the garden maintenance is not where should be. Officers sought clarification on how this was determined and it was advised

that they randomly selected parks. Some of those which were selected were programmed/scheduled in the following days of the audit. Another item also raised was recording the square metres of garden which Council does not currently measure.

UNCONFIRMED



Attachment 1



Shire of Northam Parks and Gardens Service Review



FINAL: AUGUST 2019

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Executive summary

A service review of the City of Northam Parks and Gardens section was undertaken by Xyst Australia from May to June 2019.

This review identified the following key points:

- Current maintenance standards being achieved are reasonably good, other than garden maintenance in Northam
 - Provision of actively maintained open space is relatively low compared to average industry provision
 - Operation and maintenance costs are relatively high, both for per hectare (efficiency) and per resident (level of service) metrics. A low level of park land and small population will typically contribute to these costs being comparatively higher
 - A relatively high number of playgrounds and youth facilities are provided
 - Provision of park furniture per hectare is largely consistent with, but slightly higher than industry comparison for all furniture types
 - A major challenge is the difficulty of recruiting staff with suitable skills and aptitude
 - There is scope for improving the organisation of work practices and improving team management, and culture.
- **Key Recommendations**
 - Identify area of natural open space land, to achieve more complete/accurate picture of total open space provision
 - Review level of playground provision to assess whether rationalisation is desirable (consider preparation of a playground strategy)
 - Implement a staff trainee/apprentice and development program
 - Engage management/ support to assist with implementing the staff trainee and development program and provide management mentoring.
 - Reorganise some aspects of the service delivery approach to move from a focus on cyclic park maintenance to a more prioritised approach with completion of key tasks and targeted combining of staff resources.

1.0 Introduction

Xyst were commissioned to undertake a service review of the Parks and Gardens section in May 2019.

The methodology included:

- Participation in the IPWEA Yardstick benchmarking program
- Performance assessment of quality of maintenance and operation standards on a range of parks across the municipality
- Review of existing documents relating the management and planning for parks
- Workshop meetings and individual interviews with parks and gardens staff
- Preparation of operating service standards
- Preparation of development service standards
- Preparation of summary report

2.0 Current performance

2.1 Operation and maintenance

A performance quality assessment was undertaken of operations and maintenance standards across 15 parks, in May 2019. These were selected to provide a sample of different parks categories together with a geographic spread across the shire.

The overall result was an average score of 90%.

A typical performance target is 85%, therefore overall, Northam is performing above this level. However, nearly half of the parks were below the 85% target, which indicates some room for improvement.

The main area for improvement relates to garden maintenance, plus some general maintenance issues. Grass maintenance was consistently meeting a high standard at all sites visited.

Assessing performance based on one sample provides a snapshot view only, plus maintenance standards are somewhat easier to achieve during the low growth drier autumn months compared to spring periods. To achieve a more comprehensive analysis of performance would require the multiple assessment of the parks over a full year period.

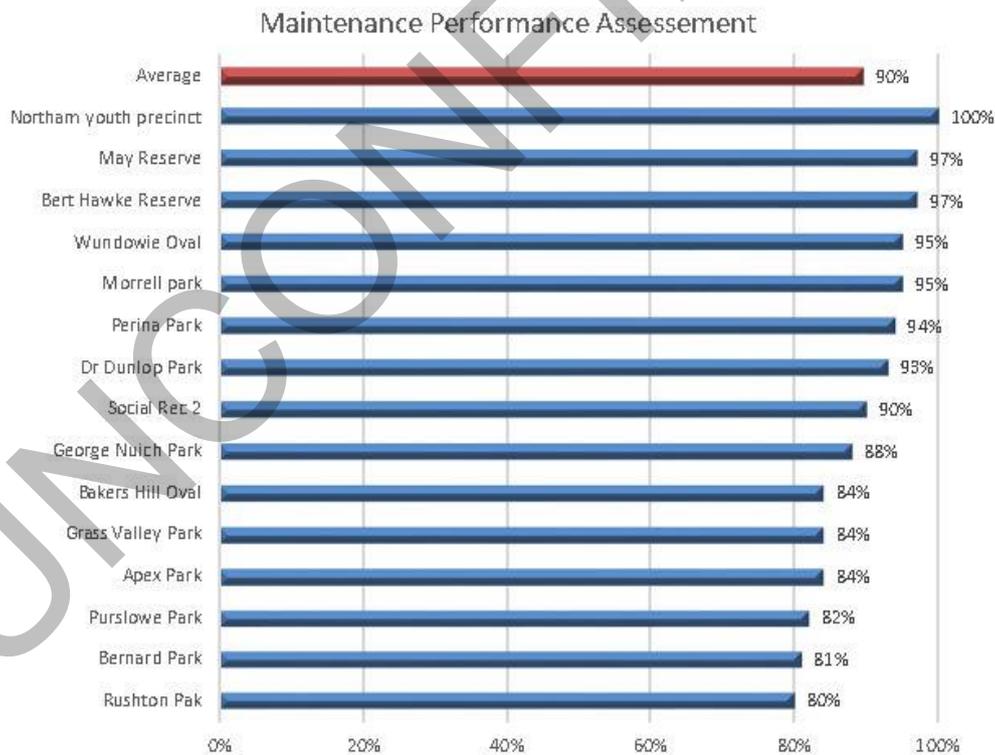


Figure 1.1 Maintenance standards performance assessment results

The methodology involved assessing each park, across a range of common park maintenance activities, compared with typical industry best practice for the park category/service standard. Each task/outcome was scored on a 5-step scale from very good to very poor. An overall percentage score is then calculated based on the total possible score for each park. Refer to Appendix One for an example of an individual park report and the items assessed.

Note: Performance assessment is normally undertaken against set operation and maintenance service specifications and performance targets. As Northam did not have in place detailed service specifications or performance targets, scoring was based on typical industry best practice approach (which generally, does not vary significantly from place to place).

2.2 Asset provision

2.2.1 Introduction

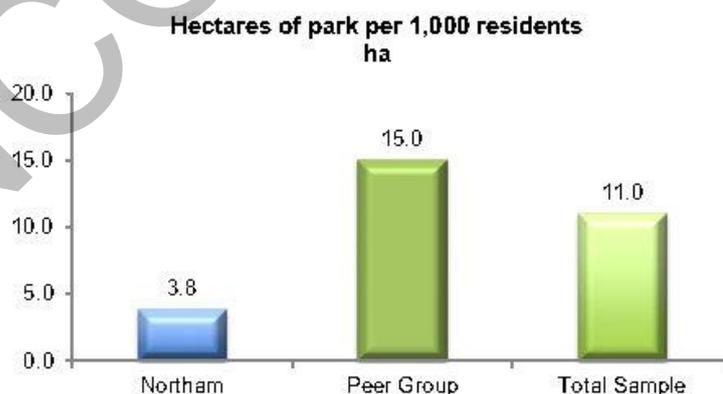
As part of the service review, Northam participated in the IPWEA Yardstick Benchmark program. This program annually collects a range of information from participating organisations relating to parks land and asset provision, financial information and management practices to produce a wide range of performance metrics to assess relative levels of service performance and efficiency.

A sample of relevant results are provided below to provide an indication of Northam's current level of service in relation to the industry. The peer group is a selection of 5 other councils that are similar in population size and/or locality. The organisations selected for Northam's peer group are listed in table 2.1 below.

Organisation	Population
Shire of Northam (WA)	11,230
Town of Port Hedland (WA)	14,469
Port Pirie Regional Council (SA)	17,718
Whyalla City Council (SA)	21,828
City of Karratha (WA)	22,195
Richmond Valley Council (NSW)	23,317
Singleton Council (NSW)	23,482

Table 2.1 Yardstick Peer Group

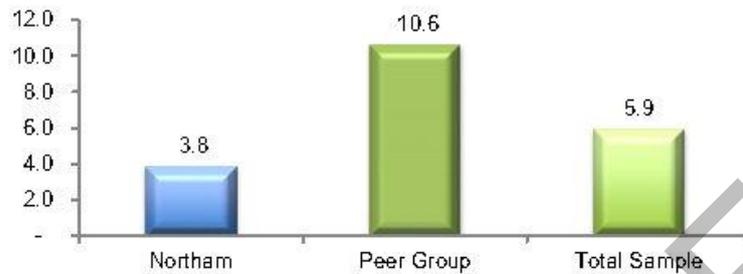
2.2.2 Total park land



The provision of parkland includes both actively maintained and natural parks. Overall provision is significantly lower than both the peer group and total sample, indicating a relatively low level of park provision overall. (However, no Natural park land has been included in Northam's response, see 2.2.3)

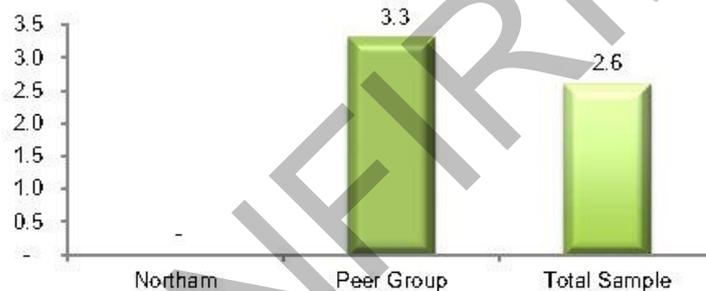
2.2.3 Actively maintained and natural areas

Hectares of actively maintained park per 1,000 residents



Maintained parkland per 1,000 residents is lower than both the peer and total sample median.

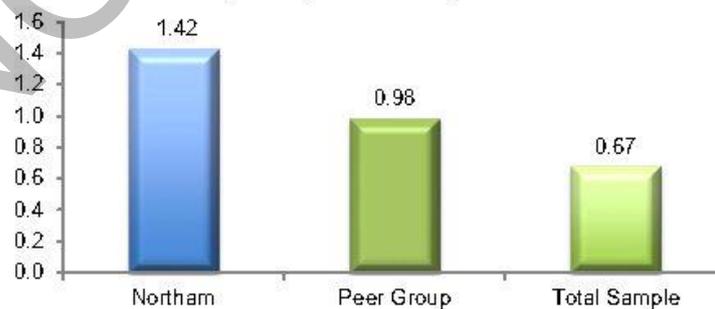
Hectares of natural parkland per 1,000 residents



No Natural parkland area was identified in the Northam response. While there is minimal maintenance activity undertaken on natural areas, it is likely that Northam does have some natural open space land that has not been accurately identified and therefore not included in the Yardstick. This also contributes to the low level of park provision in comparison to industry results.

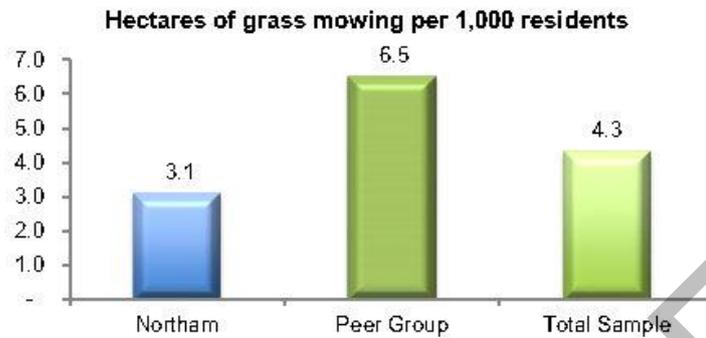
2.2.4 Grass sports fields

Hectares of grass sports fields per 1,000 residents



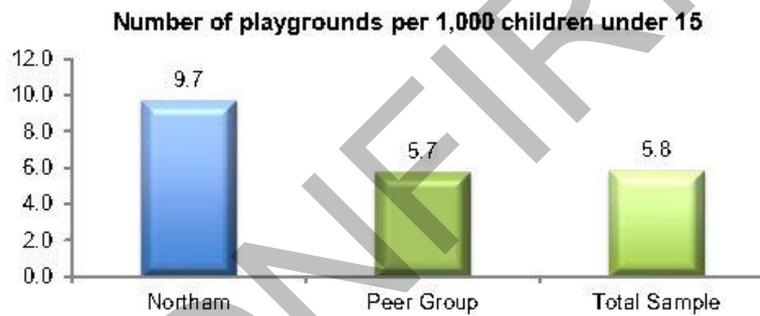
Provision of sports parks is higher than both the peer group and total sample medians.

2.2.5 Grass mowing area (parks and verges)



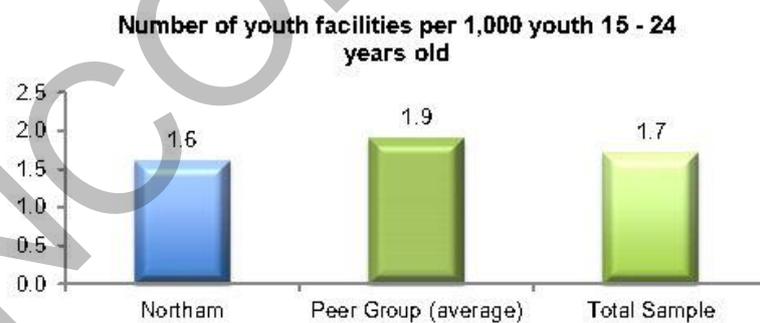
Grass mowing area is somewhat lower than both the peer group and total sample medians.

2.2.6 Playgrounds and Youth Facilities



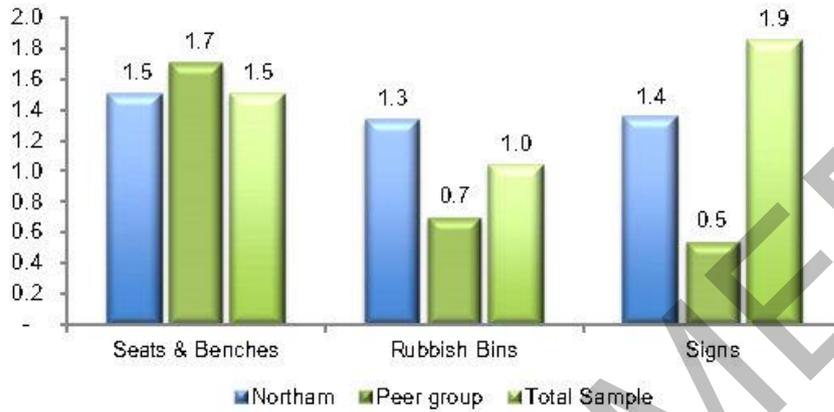
Provision of playgrounds is 70% higher than both the peer group and total sample (and is the highest in Australia).

Provision of youth facilities is slightly lower but consistent with both the peer group and total sample.

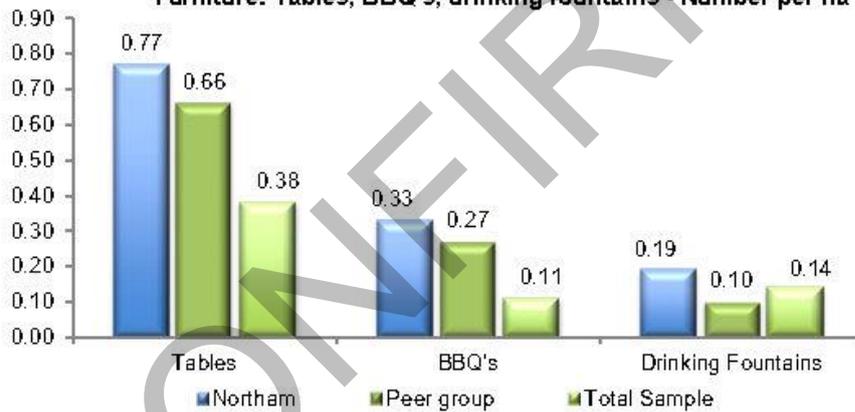


2.2.7 Park furniture

Furniture: Seats, rubbish bins, signs - Number per ha



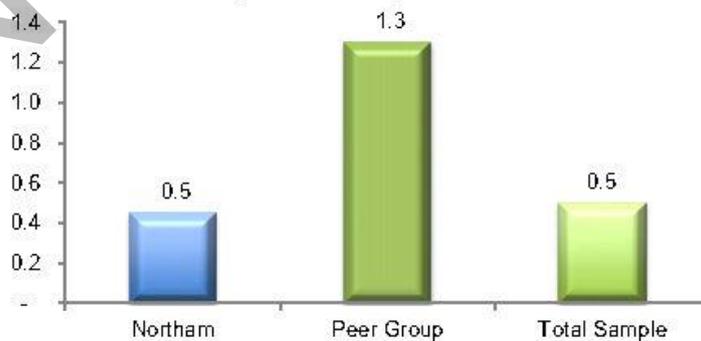
Furniture: Tables, BBQ's, drinking fountains - Number per ha



Provision of parks furniture is largely consistent with, but slightly higher than industry comparison for all furniture types

2.2.8 Public toilets

Number of public toilets per 1,000 residents



Provision of public toilets is consistent with the total sample but lower than the peer group

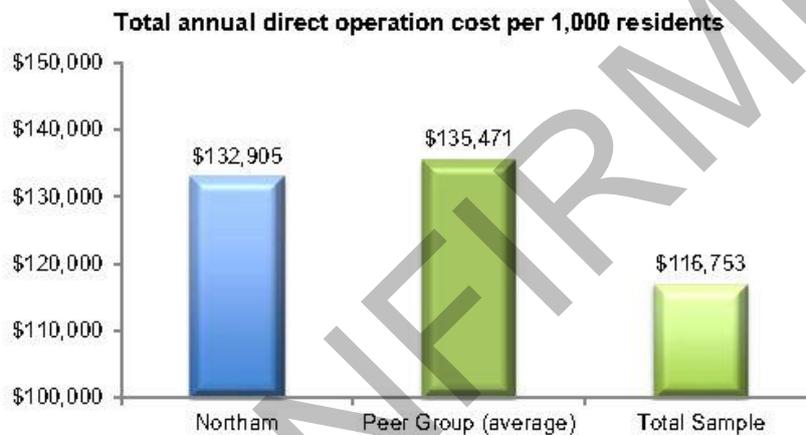
2.2.9 Unreported

The following activities were not able to be assessed due to lack of asset quantity data:

- Total sports parks area
- Trails and paths
- Street trees
- Gardens

2.3 Financial performance – operations and maintenance

2.3.1 Total operation and maintenance cost



Total expenditure budget per capita is consistent with the peer group but above the total sample by 14%.

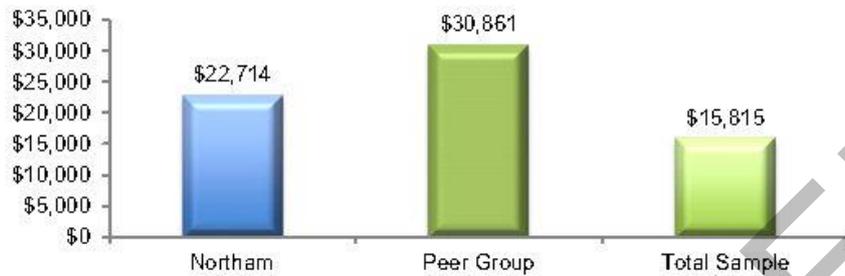
2.3.2 Actively maintained park operation and maintenance cost



Expenditure budget per capita for actively maintained park land is higher than both the peer group (by 45%) and the total sample (by 34%).

2.3.3 Sports parks

Grass sportsfields maintenance expenditure per 1,000 residents



Expenditure for grass sport fields per capita is sitting approximately midway between the peer group and total sample.

Grass sportsfields maintenance expenditure budget per ha

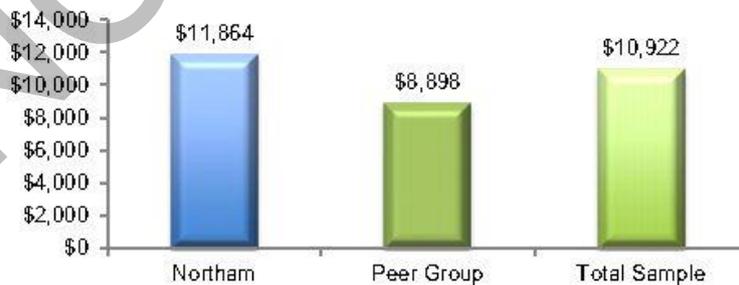


Expenditure on grass sportsfields maintenance per hectare is lower than both the peer group and the total sample (average of 45%).

Note: the peer group results are highly variable, ranging from 3 very high to 2 very low results.

2.3.4 Trees

Street tree maintenance expenditure budget per 1000 residents



Street tree maintenance expenditure per capita is higher than both the peer group and total sample by an average of 21%.

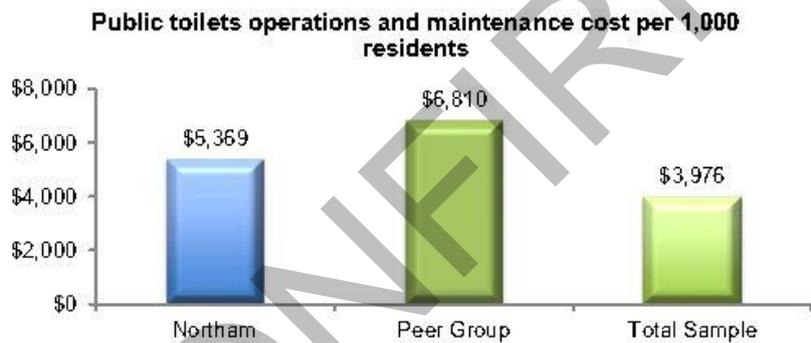
2.3.5 Youth facilities



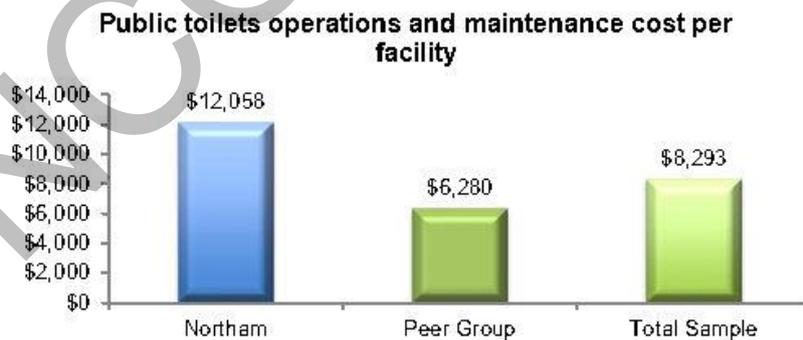
Youth facility expenditure is somewhat higher than the total sample both on per capita and per facility analysis, however this should be seen as a positive, reflecting of good level of service.

Note: Peer group analysis not provided due to lack of sufficient data

2.3.6 Public Toilets



Expenditure on public toilets on a per capita comparison is 21% lower than the peer group but 35% above the total sample.



Expenditure per facility is significantly above the peer group (92%) and the total sample (45%).

2.3.7 Unreported

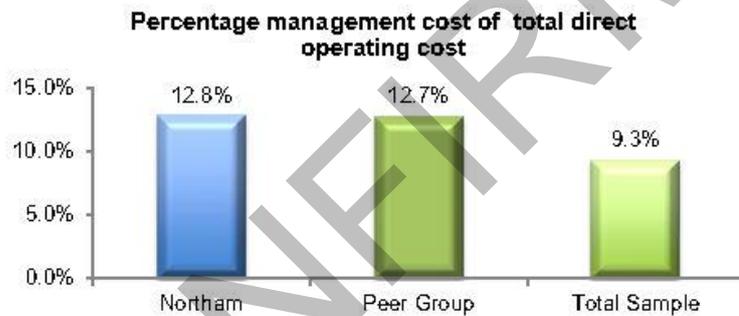
The cost for the following activities were not able to be calculated due to lack of financial data being separately captured at the activity level:

- Grass mowing
- Gardens
- Playgrounds
- Paths and trails
- Refuse and Graffiti

The first three items are significant activities where the identification of operation and maintenance cost is highly desirable to assess relative levels of service and efficiency.

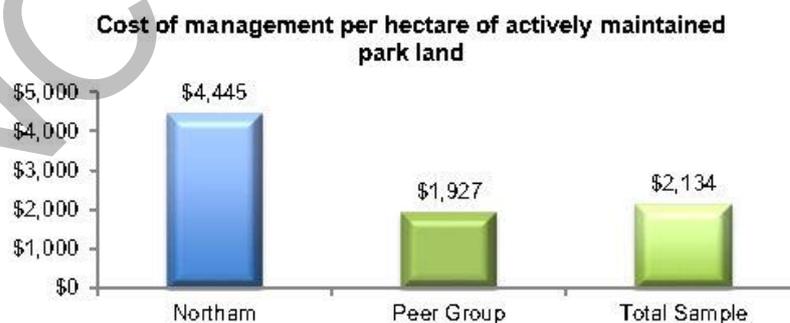
2.4 Management

2.4.1 Financial comparison



Expenditure on staff management (office-based management and supervisory staff) is consistent with the peer group but 38% higher than the total sample.

However, the cost per hectare comparison is relatively high at \$4,445 per hectare which is an average of 119% above the peer group and total sample.



2.4.2 Best practice comparison

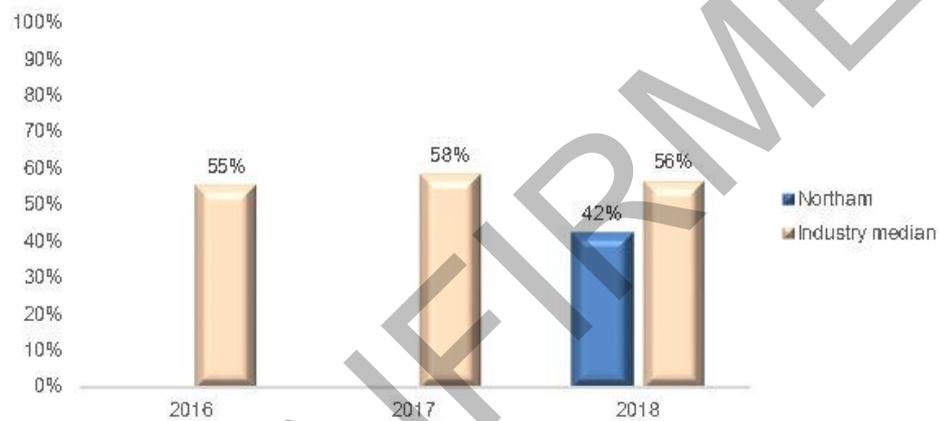
The Yardstick Best Practice scores identify management performance based on a selected range of management tasks that are considered "key" to the management and delivery of parks services.

The best practice scores provide an indicator of opportunities for improvement in operational and management performance. They can be used in the preparation of a parks management improvement plan, and to track your progress over time.

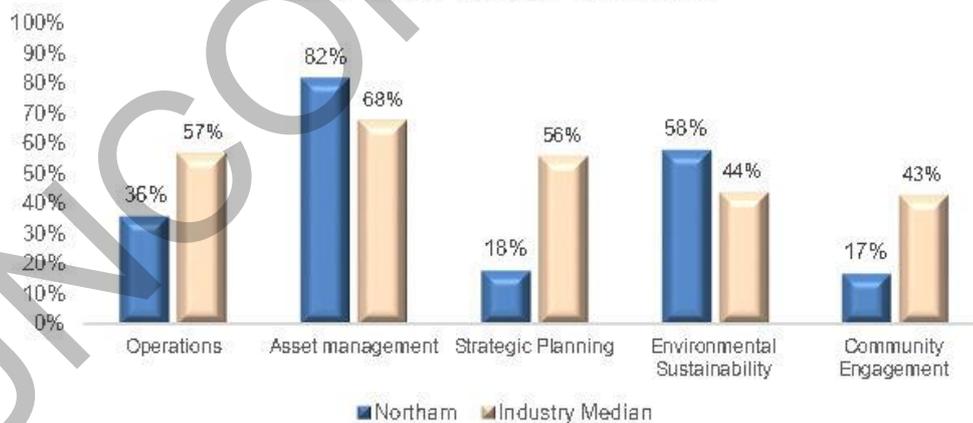
They are scored as part of the Yardstick process by experienced and independent auditors based on the responses provided to a range of management questions.

A copy of the individual results are included in Appendix 1.

Best Practice - Overall score 2016-2018



Best Practice - Category Scores 2018



An overall best practice score of 42% indicates there is significant room for improvement in management practices.

At an individual category level, the major weakness is in the strategic planning and community engagement area, with operational management practices also relatively weak. The strongest area is in asset management.

3.0 Structure and resources

3.1 Structure

The existing staff structure is relatively simple with the Parks, Gardens and Reserves Operations Manager and three leading hands being responsible for day to day operations and maintenance and service planning.

This is supported by the Executive Manager, Engineering Services providing overall management responsibility.

This structure appears adequate and effective for the scale of Northam's operation.

There is some overlap in the management of services, with the separate Recreation Services Department being responsible for sports parks booking, which while not ideal, compared to a fully aligned service approach, is relatively typical for most council management structures.

3.3.2 Operations Resourcing and Approach

At an operational level, there are a total of 14 staff, organised as follows:

- Wundowie- 2 staff
- Parks and POS – 4 staff
- Verges and Gardens – 8 staff

A detailed staff sizing analysis has not been undertaken, however there were no reported issues of lack of staff resources and the number of staff appears appropriate for the scale of operation.

The major reported issue with staffing, is the quality and retention of staff. Due to Northam's small population size and relative isolation from other residential centers', the ability to attract and retain technically skilled, good quality staff is limited. This also potentially results in the need to retain some staff who are underperforming, due to the difficulty of replacing the staff.

There is some imbalance with size of each of the teams and also the work and responsibilities may not be organised in the way that the staff structure indicates. For example the parks and POS leading hand operates largely independently, with the staff in this section likely directly supervised by the Operations Manager.

There is some disharmony and frustration amongst the parks and gardens management team and the organisation and management of personalities and staff resources may be contributing to this. There is a level of resentment apparent, that may be a consequence of the imbalance of work load and resources and a fairly divided (isolated) approach to the organisation of the work.

For example the Wundowie team operates independently and physically isolated from the rest of the staff in Northam. Even though the team is small it appears to cope comfortably with its workload, and consequently is possibly over servicing some areas/activities. By comparison the Verges and Gardens team seem to be struggling to meet demand (a view supported by the poor garden maintenance scores in the performance assessment, primarily in the Northam area).

The approach to work programming (in the Verges and Gardens team particularly) appears to be based on moving through the sites on relatively fixed schedule, with a set amount of time allocated to each site, with an approach of getting done what can be done in the time available, this inevitably results in some tasks e.g. garden weeding only being partially completed at any site, and lower priority or less desirable tasks rarely being attended to. This is also a result of the crews having multiple task responsibilities such as general site tidying/cleaning as well as garden maintenance. This approach isn't inherently wrong, but to work, an adequate amount of time/resource must be allocated to fully finish all the required tasks on a site.

From the level of service workshops, there was also a view that many sites needed a high frequency of visits/servicing, which as well as being unnecessary from a LoS point of view, was evidently not being achieved, was leading to greater level of stress and feeding a sense of continually rushing around (trying very hard) but ultimately doing nothing really well.

There was an attempt in the past to combine staff resources better, by requiring the Wundowie staff to operate out of the Northam depot. This apparently did not work particularly effectively, resulting in a return to the status quo.



Figure 3.1 Parks and Gardens staff structure

3.3.3 Options for improvement

Staff development

Due the limited ability to attract quality staff with appropriate skills from the local population, an alternative may be to embark on an internal staff development program. This would involve taking on 1-2 new trainees every year, targeting school leavers, or other suitable people with potential. The trainee will be supported/developed with a strong personal development program via online training programs and on the job training, undertaking a variety of roles.

While taking on 1-2 trainees every year may seem like a significant investment, there is a need to factor in the natural staff turnover where the trainees may leave for a variety of reasons. It is also an unfortunate outcome of this approach, that you are likely to lose some quality staff once trained, to other organisations.

This approach will also support community and economic development objectives of the Shire.

To ensure the success and commitment to this approach it may be desirable to engage ongoing external management mentoring to assist and support management staff in the delivery of this program.

Management staff development

To assist in improving communication, organisation and staff development skills, it is recommended that additional personal development be undertaken for the parks and gardens management team.

Additional and ongoing management mentoring, (possibly combined with the support for staff trainee development program) is also likely to be beneficial to assist in addressing this skills gap.

Change organisational approach

There are two suggestions for improving the organisational approach to the operations and maintenance work

1. Move away from the time limited, rotational scheduling of work, to focus on activities and completing that activity fully at each park.

For example, for cleaning/tidying activities, aim to complete these on a regular cyclic basis for L1 parks, but do not extend this visit into attempting to undertake other activities. For major tasks such as gardening, undertake this as a dedicated task, and fully complete each park before moving to the next. This may result in slightly less visits (for gardening work) to each park but will result in the service standard being fully achieved for that site.

2. Combine resources to complete major tasks. When undertaking major tasks e.g. garden cleanup at Bernard Park, mulching etc., combine all the staff with necessary skills to this site/task, and continue until the work required is completed. This should include staff from Wundowie and be programed for times of the year where labour and other resources are available.

It would be desirable for the Wundowie crew to work more closely with the Northam crews to create a better sense of teamwork and shared responsibility. However, rather than a permanent relocation or change of structure, a more targeted approach to combine resources for specific tasks is likely to be more effective. This would result in the Wundowie crew potentially spending a few days each month working at Northam sites. This approach should also be reciprocal, with Northam staff assisting at some Wundowie sites from time to time.

3. Make effective use of the operating levels of service. One of the objectives of developing the operating levels of service is to better understand the priority of service levels between parks and all the various tasks being undertaken – and the desired objective/outcome for each of the tasks. This will lead to more effective prioritization of sites and tasks and move away from the sense of trying to do "everything, everywhere, all the time".

3.4 Other issues

3.3.1 Tools and equipment

An issue raised by several members of the management team, was problems with management and care of tools and equipment at the Northam depot. Suggestions included dedicated locked tool cages and /or the use of a store person to manage tool and equipment allocation and undertake minor maintenance to ensure equipment is provided in good working order.

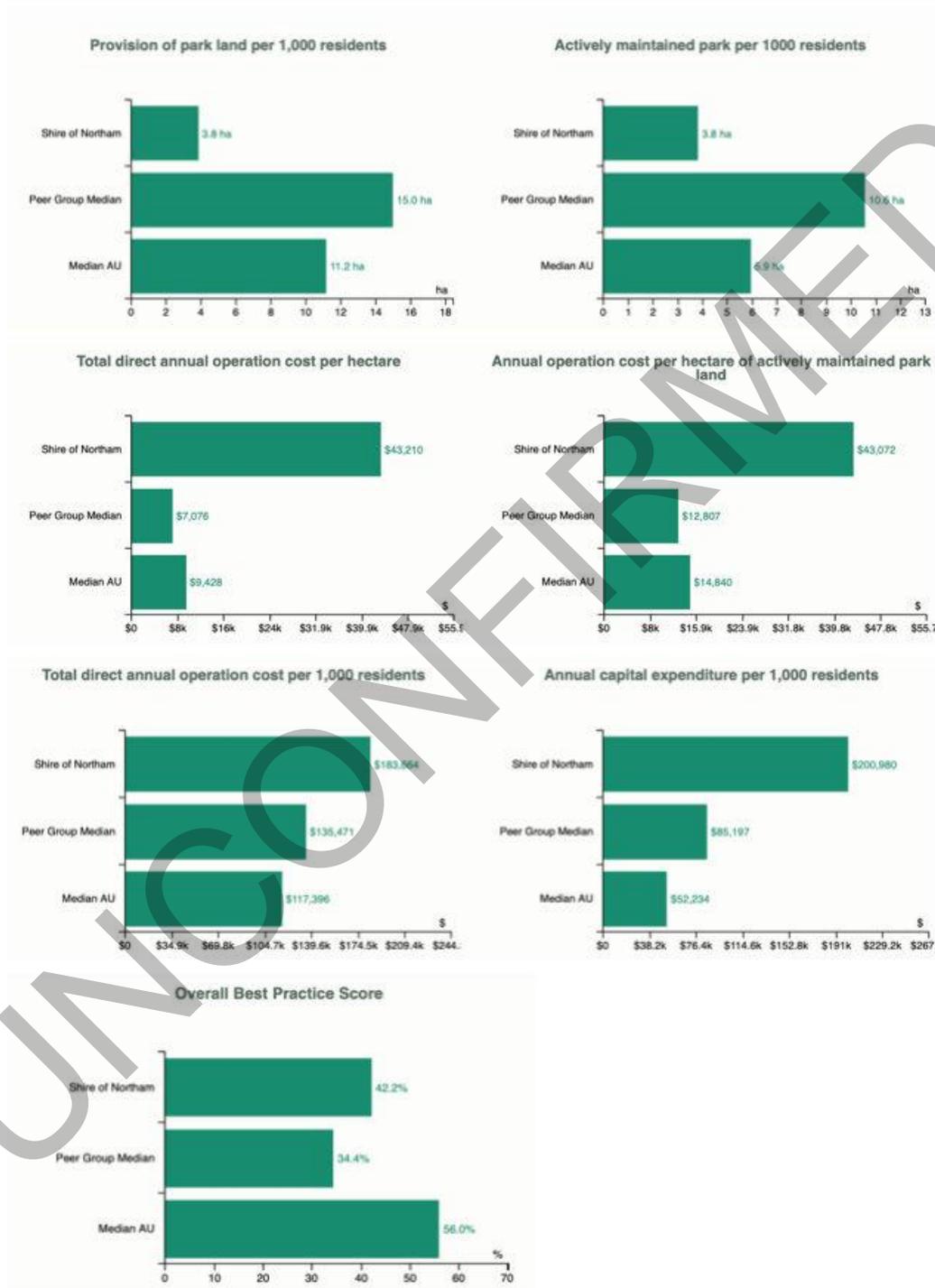
3.3.2 Succession planning

For any organisation it is desirable to have a staff succession so that when management staff leave (or are absent for normal leave periods) there are staff in place to step in, to ensure transition is as seamless as possible, and most importantly that staff knowledge is passed on and retained within the organisation. This is a particular challenge for small organisations; however, it appears to be a significant past and current issue at Northam. An improved staff development and mentoring program should assist in addressing this issue.

APPENDICES

UNCONFIRMED

Appendix One – Yardstick individual summary report



Shire of Northam - Parks and Gardens Service Review
 August 2019

Best Practice Standards		
✔ Meets best practice ● Improving ✘ Not achieved — Not applicable		
Search: <input type="text"/>		
Achieved	Score	Standard
Operational Excellence		36.11% ⓘ
●	1.0	Market Testing of Parks Services Systems in place for reporting costs for all activities, and use of a mixture of outsourcing and benchmarking to market test internal service delivery operation.
●	1.5	Documented Service Standards Documented service standards in place for all parks maintenance activities to a detailed level, using a mix of prescriptive and performance terminology to describe the required inputs and outputs.
●	1.0	Service Delivery Quality Control – Sports Fields A formal system for monitoring and documenting the standard of service delivered and maintenance of sports fields, for both outsourced and internal service delivery. Should be based on documented service standards, use a weighted scoring system, and be undertaken in a repeatable, regular and systematic way.
✘	0.0	Service Delivery Quality Control Method – Planted Beds A formal system for monitoring and documenting the standard of service delivered and maintenance of garden beds, for both outsourced and internal service delivery. Should be based on documented service standards, use a weighted scoring system, and be undertaken in a repeatable, regular and systematic way.
✔	3.0	Service Delivery Quality Control Method – Toilets A formal system for monitoring and documenting the standard of service delivered and maintenance of toilets, for both outsourced and internal service delivery. Should be based on documented service standards, use a weighted scoring system, and be undertaken in a repeatable, systematic way.
✔	2.0	Street Tree Maintenance Programming A planned, regular and systematic approach to cyclical street tree maintenance, usually over a 5-10 year period. Trees are classified into categories, usually based on a street tree inventory and assessment of location/risk. High profile/risk trees are maintained more regularly than low profile/risk trees.
✘	0.0	Service Delivery Quality Control – Grass maintenance A formal system for monitoring and documenting the standard of service delivered and maintenance of grass, for both outsourced and internal service delivery. Should be based on documented service standards, be compliant with national/international standards, use a weighted scoring system, and be undertaken in a repeatable, regular and systematic way.
✘	0.0	Ability to cost level of service Costs for maintenance and service delivery are recorded and reported at a level of detail that matches the asset hierarchy and key operational activities, so that operational costs can be accurately and reliably identified at the activity level. This information can then be used to cost current levels of service, as well as modelling changing levels of service costs.

Infrastructure Management		82.29%
●	2.0	Infrastructure Asset Management Plan Documented plan completed to the International Infrastructure Management Manual standard, including a 10+ year long term financial plan, and updated regularly (at least 3 yearly). Basic components will include an inventory summary, asset condition information, levels of service, up to date valuation figures, an asset renewal plan, and an improvement plan.
●	2.5	Asset Inventory Completion Documented condition information collection and maintenance methodology. Complete collection of parks asset condition data to component level, including estimates of remaining useful life. Information will be updated regularly (at least 3 yearly).
✓	3.0	Asset Condition Information Documented data collection and maintenance methodology. Complete collection of parks asset condition data to component level, including estimates of remaining useful life. Information will be updated regularly (at least 3 yearly).
✓	3.0	Asset Valuation Documented asset useful lives and replacement values, and undertake a valuation of all parks assets to component level. Information will be updated regularly (annually for growth areas and at least 3 yearly for other areas).
✓	3.0	Asset Renewal Plan in Place Use asset condition information and replacement values to determine a 10-year capital renewal program for most parks assets.
●	1.0	Development Levels of Service Documented statements for each park category, which define the level of provision and quality of different assets provided. This should be at sufficient detail to assist with documenting development guidelines for developers, for arriving at a standard cost per hectare for development and maintenance of park land (for each park category), and for determining asset renewal, new asset development, or asset decommissioning programmes.
✓	3.0	Use of Full Life Cycle Costing At the time of project approval all costs associated with a project are reported, including establishment, construction/installation, annual maintenance, whole of life maintenance, renewal and decommissioning costs. Approval of increased ongoing maintenance budget is linked to approval of capital project budget.

Strategic Planning		17.54%
✘	0.0	<p>Parks Strategy</p> <p>Categorised parks network, establish provision and development levels of service for each park category, assess current and future provision requirements, and document in a 10 year strategic plan for parks, including a disposal/acquisition implementation plan.</p>
✘	0.0	<p>Use of Provision Levels of Service Measure</p> <p>An overall park land provision target will be identified for parks, as well as individual park land provision targets for each park category. This may be further broken down into catchment areas. Targets will be expressed as area per capita, and will be referenced to reliable statistical information such as provided by Yardstick.</p>
✘	0.0	<p>Use of Distribution Levels of Service Measure</p> <p>Each park category will have measures relating to distribution, based on lineal or walking distance from residential properties, or similar. Quality statements will further define distribution, such as referencing required topography, location, and site characteristics.</p>
✘	0.0	<p>Playground Strategy</p> <p>Categorise playgrounds and identify suitable catchments, establish provision and development levels of service for each playground category, assess current and future provision requirements, and document in a 10-year strategic plan for all playgrounds, including a costed, prioritised capital implementation plan.</p>
✘	0.0	<p>Public Toilet Strategy</p> <p>Categorise toilets and identify suitable catchments, establish provision and development levels of service for each toilet category, assess current and future provision requirements, and document in a 10 year strategic plan for all toilets, including a costed, prioritised capital implementation plan.</p>
✘	0.0	<p>Cemetery Strategy</p> <p>Categorise cemetery network and identify suitable catchments, establish provision and development levels of service for each cemetery category, assess current and future provision requirements taking into account birth, migration and mortality statistics, and the presence of any crematoria. Document in a 10-year+ strategic plan for all cemeteries. Include operating policies and procedures, and criteria for future cemetery land assessment.</p>
✘	0.0	<p>Recreation Strategy</p> <p>Identify all recreation user groups, recreation and demographic trends, and establish a recreation classification based on user experience/motivation. Undertake comprehensive customer/user research to identify needs. Assess current provision of facilities and services against recreation/demographic trends, and results of customer research. Document in a 10-year strategic plan for all activities, including a costed, prioritised capital implementation plan.</p>
✔	2.5	<p>Street Tree Strategy</p> <p>Identify and document catchment areas and street tree categories based on location and/or risk, and establish provision, development and operating levels of service for each catchment/category, including suitable species. Document policies and procedures to manage tree requests, complaints, and removal requests.</p>
✔	2.5	<p>Trails/Walkway Strategy</p> <p>Identify trails and assess attributes, classify against walking and cycling standards and suitability for user groups. Established use monitoring plan. Identify gaps in provision and opportunities to improve connections (linked to parks strategy). Maintenance and structural inspections aligned to visitor group and usage. Costed 10 year development plan.</p>
—		<p>Natural Areas Strategy</p> <p>Identify natural areas and classify into different use or other category. Implement attribute/health assessment system. Establish biodiversity monitoring and management objectives and strategies. Identify threats and challenges. Establish pest and risk management strategies. Costed 10 year Improvement Plan.</p>

.1

Environmental Sustainability		58.33%
✓	3.0	Implementation of biodiversity actions A range of biodiversity actions are being implemented including: Endangered or threatened species identified and monitored; Measures/actions in place to protect environments of endangered/threatened species; Planting of green spaces using locally eco-sourced plants to restore or enhance biodiversity values; Public education programmes to improve knowledge on the value of protecting/enhancing biodiversity.
●	2.0	Water Management Plan Review water asset inventory, assess current water use and requirements, identify water targets and water conservation measures, document and monitor in water management plan.
✗	0.0	Chemical usage management A policy or documented operations procedures to limit, reduce or mitigate any potential public health and environmental harm from the use of pesticides, herbicides and fertilisers.
Social Outcomes		16.67%
✗	0.0	Use of Park User Surveys Undertake intercept surveys of actual park users on at least a 3 yearly basis, or more frequently if affordable, to determine satisfaction and service level gaps with a range of services and features provided, and the demographic and use profile of the park user community. Ideally the customer research should be benchmarked against other organisations.
✗	0.0	Activity Programmes Run on Parks Ongoing resourcing and delivering a range of activity programmes on parks with the intent of increasing community participation and park usage throughout the year.
✗	0.0	Parks Volunteer Programmes An identified resource is provided focused on co-ordinating and supporting volunteer programs in parks, with an appropriate budget to support the activity. Includes maintaining a register of volunteer participants.
✓	2.5	Monitoring of Sports Field Usage Implement booking systems that are capable of reporting participant numbers and hours of use for each sports fields. Analyse data on a seasonal basis to monitor over/under use of sports fields and to assist with determining future field allocation and maintenance regimes.

Appendix Two – Maintenance quality performance questionnaire report example

Parks Maintenance Assessment

Conducted for Shire of Northam

Completed on

09 May 2019 02:29 PM

Park Name

Bernard Park

Category

Social Rec 1

Conducted on

09 May 2019 02:03 PM

Prepared by

Brian Milne

Location

Bernard Park
Northam WA 6401

Score

36/44 - 81%

Operations and Maintenance - 36/44 - 81%

Question	Response	Details
Does the quality and standard of maintenance of amenity grass areas and edges contribute to the attractiveness and appeal of the site?	2 Good	
 <p>Appendix 1 Appendix 2 Appendix 3 Appendix 4</p>		
Does the quality and standard of maintenance of garden areas contribute to the attractiveness and appeal of the site?	4 Poor	
 <p>Appendix 5 Appendix 6 Appendix 7 Appendix 8 Appendix 9 Appendix 10</p>		
Are playgrounds/ fitness equipment and under surfacing functional, safe and well maintained (eg paint surfaces intact)	2 Good	
 <p>Appendix 11</p>		
Is the area free of loose litter and bins not overflowing?	1 Very Good	
Does the standard of maintenance of furniture and structures contribute to	2 Good	

Score (36/44) - 81%
 Bernard Park / Shire of Northam

the attractiveness and appeal of the site?	
  <p>Appendix 12 Appendix 13</p>	
Is the furniture and structures free of graffiti?	1 Very Good
Are the trees maintained appropriately with minimal dead wood, good structure and clearance	2 Good
Is the park free of fallen branches?	1 Very Good
Are paths trails and hard surface areas well maintained - even and level, free of pot holes, weeds, subsidence and trip hazards	1 Very Good
Are irrigation systems operating effectively, with even coverage result in healthy uniform(green) growth	1 Very Good
Does the park appear generally well cared for?	2 Good
Photos	
  <p>Appendix 14 Appendix 15</p>	

Score (36/44) - 81%
 Bernard Park / Shire of Northam

Media



Appendix 1



Appendix 2



Appendix 3



Appendix 4

Score (36/44) - 81%
Bernard Park / Shire of Northam



Appendix 5



Appendix 6



Appendix 7



Appendix 8

Score (36/44) - 81%
Bernard Park / Shire of Northam



Appendix 9



Appendix 10



Appendix 11



Appendix 12



Appendix 13



Appendix 14

Score (36/44) - 81%
Bernard Park / Shire of Northam

5.10 AUSTRALASIAN LG PERFORMANCE EXCELLENCE PROGRAM FY18

Address:	N/A
Owner:	N/A
Applicant:	N/A
File Reference:	2.1.2.1
Reporting Officer:	Colin Young Executive Manger corporate Services
Responsible Officer:	Jason Whiteaker Chief Executive Officer
Officer Declaration of Interest:	Nil
Voting Requirement:	Simple Majority
Press release to be issued:	No

BRIEF

In 2016 the Shire of Northam joined the Australasian LG Performance Excellence Program. The program is in essence an opportunity to compare the Shire of Northam across a range of areas with other Local Governments in Western Australia, Australia and New Zealand.

The areas of focus are:

- Workforce;
- Finance;
- Operations;
- Service Delivery;
- Risk management;
- Corporate Leadership; and
- Asset Management.

ATTACHMENTS

Attachment 1: Report - The Australasian LG Performance Excellence Program FY18 (provided as a separate confidential attachment to this report).

A. BACKGROUND / DETAILS

In 2016 the Shire of Northam joined the Australasian LG Performance Excellence Program. The program is in essence an opportunity to compare the Shire of Northam across a range of areas with other Local Governments in Western Australia, Australia and New Zealand.

The areas of focus are:

- Workforce;
- Finance;
- Operations;
- Service Delivery;
- Risk management;
- Corporate Leadership; and
- Asset Management.

The process for populating the Council data occurred over a period from August 2018 – December 2018, with the information relating to the 2017/18 Financial Year.

Councils Audit Committee recommended the following on the 1 June 2018 based on the Australian LG Performance Excellence Report for the FY 17:

MOTION / COMMITTEE DECISION

Minute No: AU.103

Moved: Cr Proud

Seconded: Cr Mencshelyi

That Council:

- 1. Receives the Australasian LG Performance Excellence Program FY17; and**
- 2. Includes in the draft 18/19 budget the following areas to be assessed in more detail as part of the internal audit function and reported back to a future Audit Committee Meeting in 2018:**
 - a. Information Technology resourcing; and**
 - b. Parks, Gardens & Sporting Grounds resourcing.**
- 3. Request the Chief Executive Officer to prepare a brief and obtain quotes to undertake an internal audit on outstanding rates and present this to the next scheduled Audit Committee meeting.**

CARRIED 3/0

B. CONSIDERATIONS

B1 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.

B2 Financial / Resource Implications

There has been staff time committed to populating the database associated with the survey and in analysing the results. It is expected that

further staff resource will be provided to undertake a more detailed assessment of some specific areas.

B3 Legislative Compliance

N/A.

B4 Policy Implications

N/A.

B.5 Stakeholder Engagement / Consultation

N/A.

B.6 Risk Implications

Risk Category	Description	Rating (consequence x likelihood)	Mitigation Action
Financial	Nil	N/A	N/A
Health & Safety	Nil	N/A	N/A
Reputation	Nil	N/A	N/A
Service Interruption	Nil	N/A	N/A
Compliance	Nil	N/A	N/A
Property	Nil	N/A	N/A
Environment	Nil	N/A	N/A

C. OFFICER'S COMMENT

Staff have reviewed the outcomes of the Program and make the following comments:

1. Workforce

FTE per 1,000 residents. Show the Council at 9, compared with 6.5 in the overall WA survey population. However, if you filter the survey population to WA Rural Council's the average is at 7.8, which is comparable with Council's FTE count (noting this is a very small sample size), as per the graph presented below. In essence this highlights that the larger City local governments skew the number of employees per 1,000 employees to the lower result of 6.5. Please note that the FTE is based on the headcount as of the 30 June 2018.

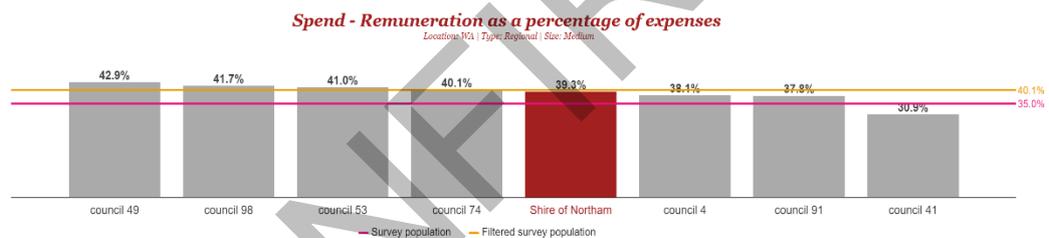


The other relevant factor associated with these numbers is the Council playing a role in the Killara Respite Centre, BKB, Licensing and Visitor Centres. These three areas are not 'usual' local government functions and may further skew the Shire of Northam figures. To put this into context Killara employs 1.4 employees per 1,000, whilst the combined Licensing, BKB and Visitor Centre represents 0.6 (approx.) employees per 1,000 residents.

In addition the Shire of Northam, as 'hang over' from the amalgamation has two swimming pools and libraries, which would be unusual for a rural or regional local government.

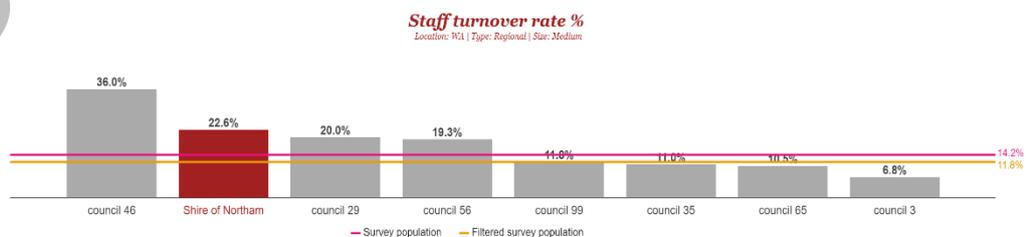
a. Remuneration as a % of operating expenses

All the comments above remain relevant, although when filtering the results by Rural Local Governments across Australia our percentage of remuneration to operating expenses is slightly lower, being 39% compared with an average of 40% for the WA Survey Population.



b. Staff Turnover

The turnover rate is higher than that the WA Survey population, with Northam being at 22.6%. It is noteworthy to highlight that the turnover numbers are based on number of actual employees employed at 1 July 2017, not number of positions, so having positions vacant at that time will skew the results. It also does not take into account turnover instigated by the Council. Consequently the turnover rates reported to Council regularly are considered more accurate and highlight our performance 12%.



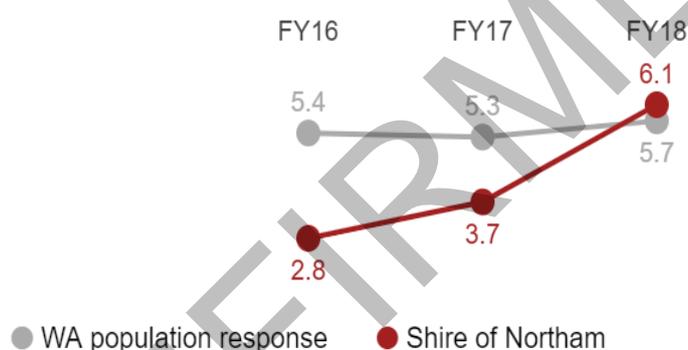
The turnover of employees in the first year of service represents an area to watch to ensure are employment processes are sound,

however as a general comment the employees that left gave reasons beyond Councils control.

c. Median sick leave days

At 6.1 the shire has seen an increase over the 2016/17 year where the result was 3.7, the current years figures are comparable with the WA Survey population showing 5.7, as this position is substantially weaker than the 16/17 staff have assessed for reasons to the increase and it can be attributed to several long term employees requiring substantial time off due to ongoing illness or recovery from operations.

Leave - Sick leave days taken (median)



d. Lost Time Injuries

Councils LTI's decreased from 174 to 52 days which is slightly lower than the WA population which is 62, the predominant reason was a notable decrease in incidents which resulted in extended period of absence for individuals during their recovery that occurred in the 2016/17 year.

2. Finance

a. Cost of finance as a % of revenue

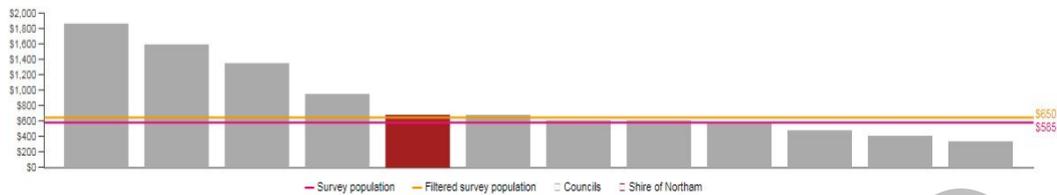
This is an area staff are currently investigating, however filtering the data to compare with other WA Regional and Rural Communities indicates that our finance function is only slightly higher than the average, with Northam being 4.3% of revenue whilst the average is 2.2%. It is however noted that Councils finance department includes the position of a Purchasing Officer which is rare within Local Government and supports the whole of the organisation in Procurement.

b. Capital Expenditure Per Resident

Councils current focus on capital expenditure is noticeable here with FY 18 expenditure increasing from the FY 17, (\$690 to \$930), it

compares favourably to the WA survey population average expenditure of \$660, and \$760 for WA Small to medium Councils.

Capital expenditure (\$) per resident



3. Operations

a. Corporate Services staff per 100 employees

At 15.9, this is slightly higher than the entire population survey results of WA at 13.9 and the Rural WA cohort has an average of 13.4. Consideration does need to be given to the structure of our Corporate Services area with licensing being included, a function not undertaken by many local governments, this function equates to approximately 2.45 employees, 2 fulltime plus coverage for leave and lunch breaks.

b. Customer Service staff per 100 employees

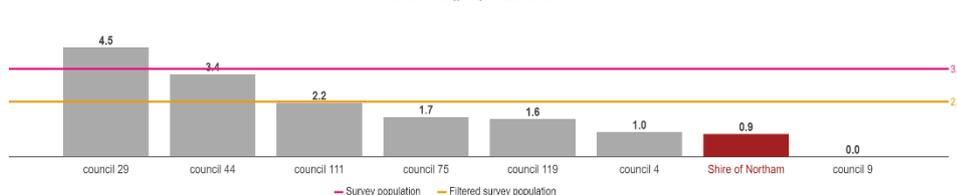
Per above comment Councils level is 6.5 compared with the WA average of 3.7 and the Rural WA cohort of 3.5.

c. I/T staff per 100 employees

0.9 I/T staff per 100 employees at the Shire of Northam compares with 3.3 for the WA Average for the entire population and 2.3 for rural and regional WA Councils.

This area Has had an additional 0.6 FTE position added to it in the 2018/19 financial year, the Shire also relies on external support for major works plus backups and are on call through a service agreement when needed. We believe that support in this area is now adequate however it is an area that is constantly being reviewed to ensure it continues to meet the Shires demands.

IT staff per 100 employees
Location: WA | Type: Regional | Stat: Median

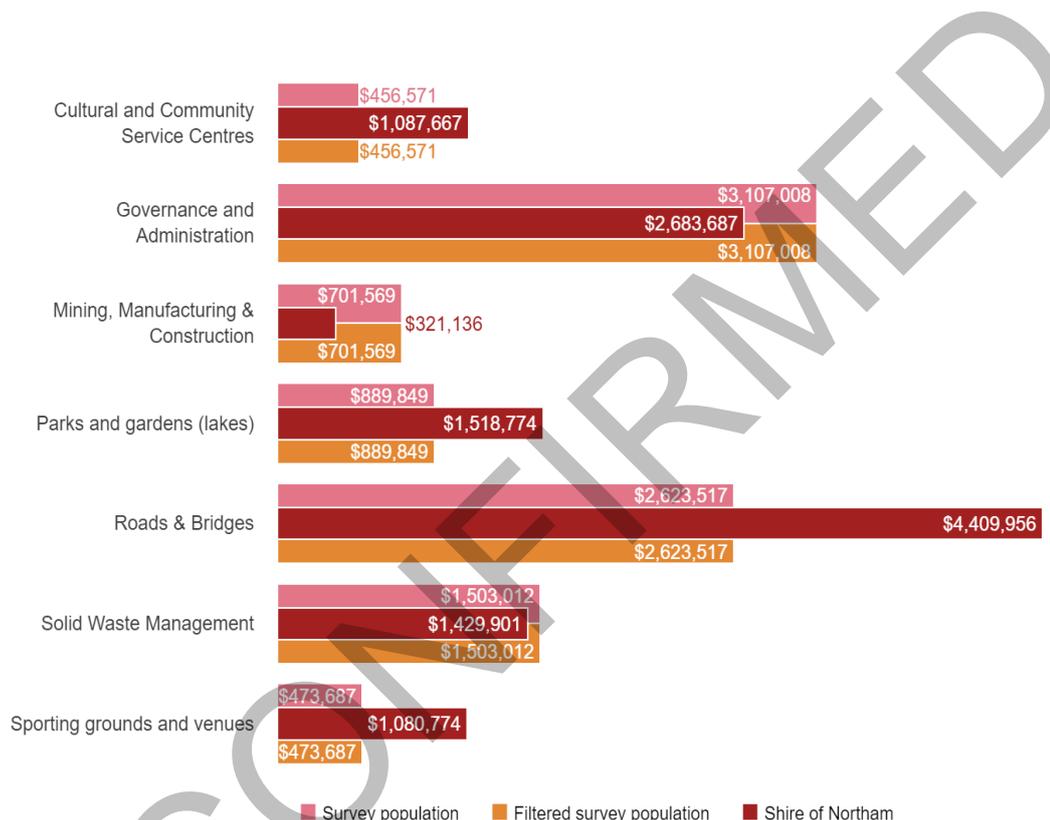


4. Service Delivery

a. Service delivery operating costs and FTE breakdown

The provision of this comparison raises some areas of potential interest, however it also raised a number of queries regarding expenditure per service area with the only area spending less being Governance and Waste Management. This has been further analysed with WA Regional and Rural Communities which is much more consistent with Councils expenditure.

Operating costs per 10,000 residents



b. Organisational design by span of control

This highlights the relatively flat structure of the Shire of Northam, which is a positive. Our organisation performs well when compared with others in the context of the number of employees per supervisor/manager.

c. Solid Waste Management

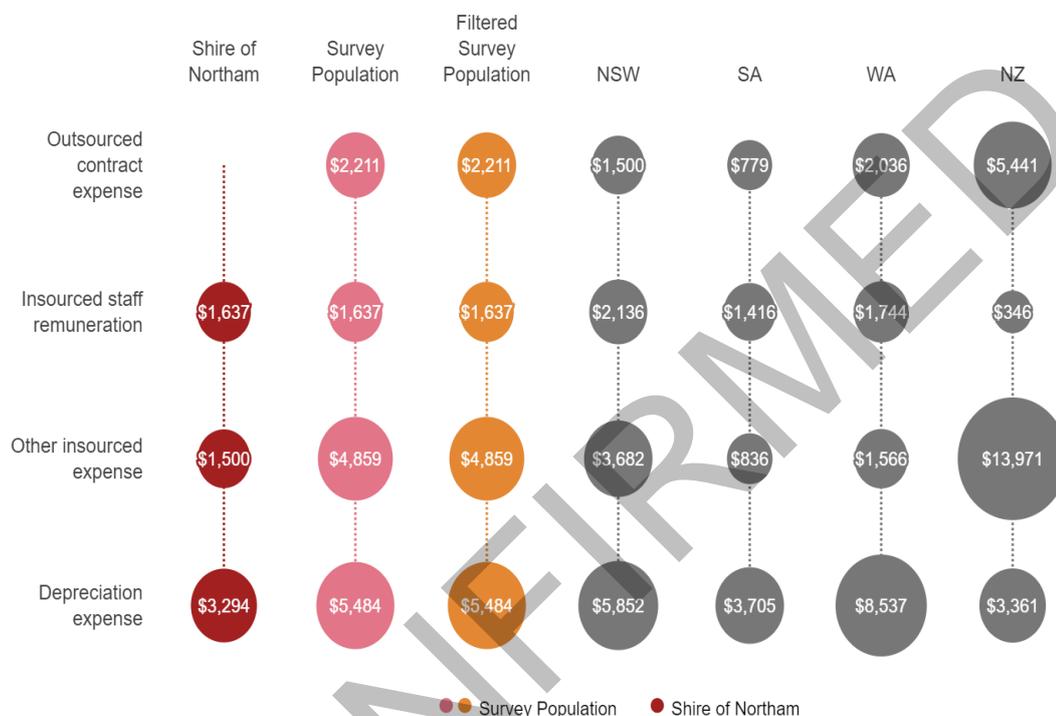
Council cost of \$137 per resident slightly higher than the average \$136 with the W.A population, indicating our current contract is around market rate.

d. Roads & Bridges

A breakdown of our roads & bridges cost per kilometre of road indicates Council is either very efficient, or underspending. This more detailed assessment needs to be undertaken in the context of the Council's endorsed asset management plan, which would indicate that our current spend is sufficient to maintain existing service standards. However a more detailed analysis may be advisable. It may

very well be the case that Council is capitalizing more than its peers. The following table compares the Shire of Northam with WA regional rural peers, in this case the average spend is similar excluding depreciation expense.

Roads and Bridges - Breakdown of annual operating costs per kilometre



When interpreting the report it should be noted that the network condition assessment and road categorisation process (Excellent to Very Poor) can vary between Local Governments. For example, some LGA's will have their road network surveyed using Automated Road Analysers (ARAN) with the data managed using software systems (i.e. RAMM in the case of Shire of Northam) Where as other LGA's may perform visual survey assessments, which leaves condition rating open to interpretation.

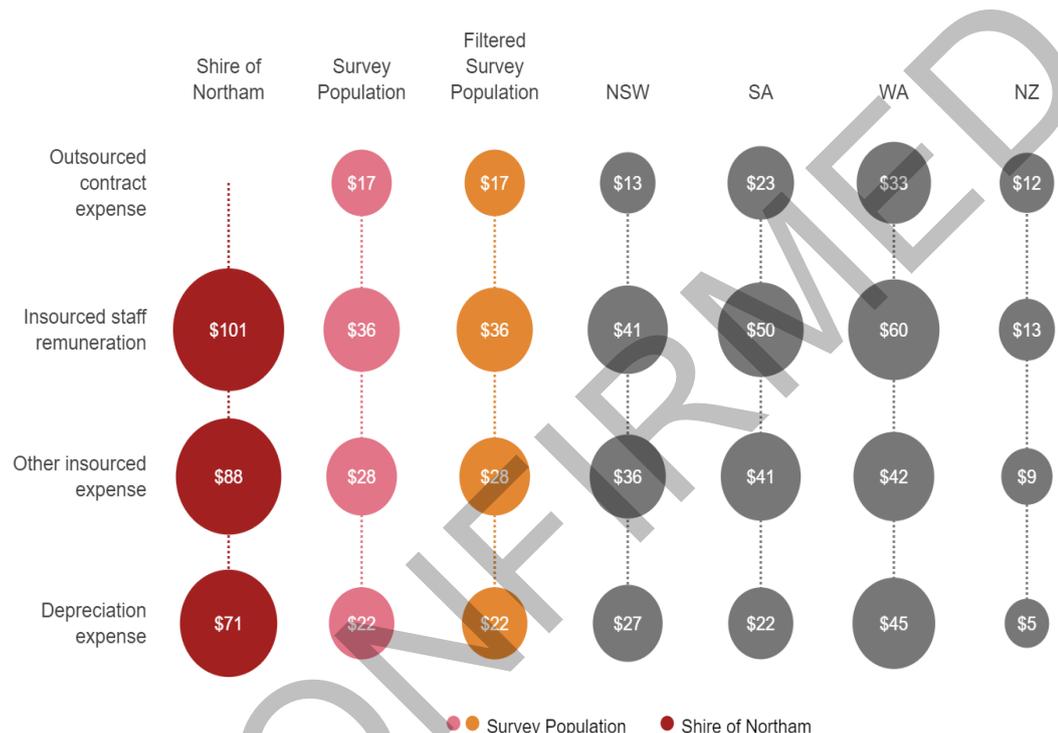
In addition when generating works programs from RAMM, variable weightings can be assigned to "Triggers" which will determine condition, severity and proposed treatments.

In recent years the Shire of Northam has assigned higher weightings to cracking which will trigger reseals. This is for the purpose of preventing deterioration of the road to a point where rehabilitation or re-construction of the road is required, which aligns with the Shire's Asset Management Strategy.

- e. Parks, Gardens and Sporting Grounds

This area was highlighted in the FY 17 for further investigation, figure 4.29 shows that are spend per resident is still high compared to the total survey population, \$260 per person with WA Regional and Rural Communities that is \$103 per person. Council has had a review of the current parks and gardens expenditure carried out; this has been presented to this audit committee meeting.

Parks and sporting grounds - Breakdown of annual operating costs per resident



5. Risk Management

a. Internal Audit

An internal audit function is in place and during the year two audits were performed being an ICT Audit and a Service levels Audit of the Shires Parks and Gardens.

b. Risk Management

At the time of reporting Council did not have a risk policy in place, however a risk policy was recently endorsed by Council to guide staff and report the risks to council.

6. Corporate Leadership

No specific areas requiring comment or focus

7. Asset Management

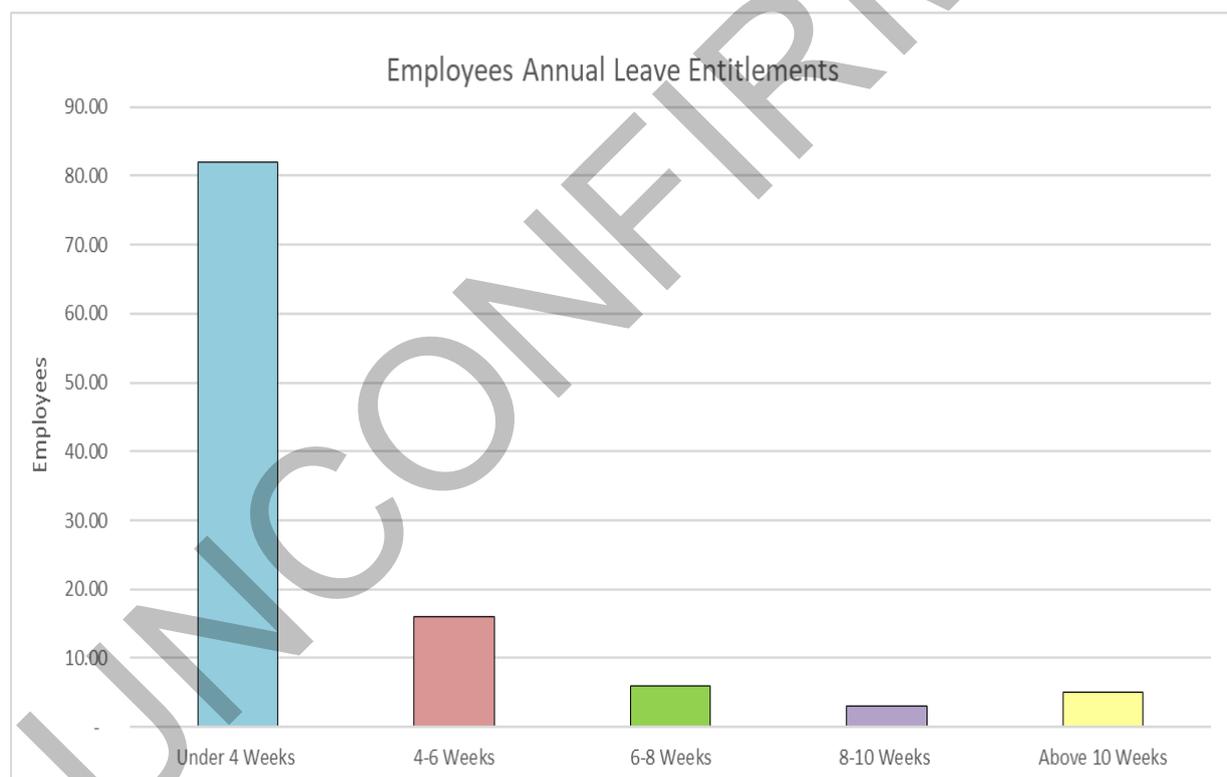
No specific areas requiring comment or focus

Council recommended on the 1 June 2018 that more detailed assessments would be carried out on the following areas of which both were carried out during 2018/19;

1. Information Technology and Reporting
2. Parks, Gardens & Sporting Grounds Resourcing

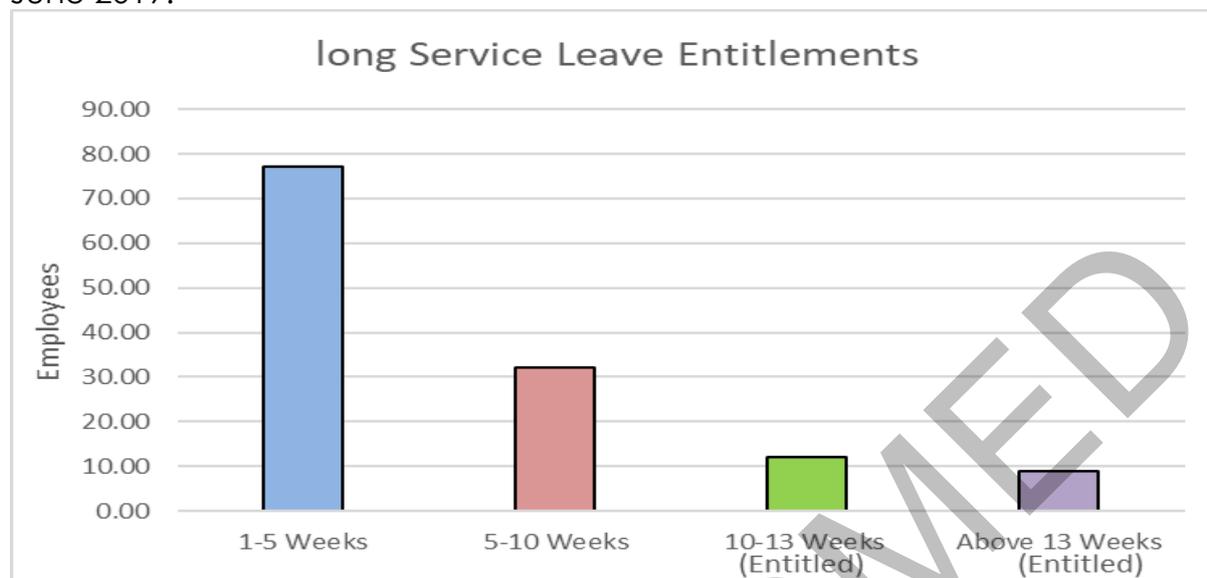
In addition council requested the CEO obtain quotes for an internal audit on rates outstanding, staff have had internal discussions relating to the outstanding debt, based around putting strategies in place or incentives to encourage payment, as such staff are now recommending that Council discuss strategies at a workshop or through a number of workshops.

It was requested by the Shire President that a detailed analyse be carried out on total outstanding leave. The following table details total outstanding annual leave as per the 30 June 2019.



Total Outstanding leave is \$605K, with the majority of Council staff having under 4 weeks, staff with greater than 8 weeks due are currently encouraged to use their leave.

The following table is for outstanding long Service Leave liability as of the 30 June 2019.



Total outstanding Long Service Leave (LSL) is \$837K, which is further broke up into Current \$615K and non-current \$222K. Three staff members with due LSL (above 13 weeks) have indicated that it will be taken during the 2019/20 financial year.

RECOMMENDATION / COMMITTEE DECISION

Minute No: AU.132

Moved: Cr Antonio

Seconded: Cr Mencshelyi

That Council:

1. Receives the Australasian LG Performance Excellence Program FY18; and
2. Requests that the CEO arrange a workshop to discuss the outstanding rate debt.
3. Request the CEO to present a policy to Council to manage employee annual and long service leave.

CARRIED 2/0

Discussion was held around employee leave. The Executive Manager Corporate Services advised that there is still a large monetary value outstanding which is increasing annually, this is something that is being monitored by staff. It was advised that staff are encouraged to use their leave. Clarification was sought in relation to whether this can be cashed, the

Executive Manager Corporate Services advised that this is permitted however they must enter into a Deed of Compromise.

Discussion was held around developing a policy to manage leave and including some timeframes around this. This was incorporated into the recommendation/committee decision.

It was noted that this should be documented as a risk on the Shire's Risk Register.

Discussion was held around the outstanding rates audit. The Executive Manager Corporate Services outlined that a workshop is proposed to discuss a few ideas to manage this.

Discussion was held participating in the program in future years. The Executive Manager Corporate Services outlined that there is nothing new highlighted and therefore it is not recommended to participate in the program in future years.

5.11 FINANCIAL MANAGEMENT REVIEW

Address:	N/A
Owner:	Internal report Shire of Northam
Applicant:	As Above
File Reference:	8.2.7.1
Reporting Officer:	Colin Young Executive Manager Corporate Services
Responsible Officer:	Colin Young Executive Manager Corporate Services
Officer Declaration of Interest:	Nil
Voting Requirement:	Simple Majority
Press release to be issued:	Nil

BRIEF

For the Audit Committee to receive the Financial Management System Review report that was conducted by AMD Chartered Accounts on the 10-13 June 2019.

ATTACHMENTS

Attachment: 2019 FMSR Report Shire of Northam.

A. BACKGROUND / DETAILS

Council's Financial Management Systems Review was undertaken on 10-13 June 2019 by AMD Chartered Accountants. In accordance with Regulation 5(2)(c) of the *Local Government Financial Management Regulations 1996* Council is required to have a review of its financial system to ensure its appropriateness and effectiveness at least once every three years.

This report is to provide Council the information and suggested action that is contained within the Financial Management Review.

B. CONSIDERATIONS

B.1 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.

Objective:

- Ensure robust financial management.
- Implement systems and processes which deliver outcomes for our community.

- Maintain a high standard of corporate governance.

B.2 Financial / Resource Implications

Nil

B.3 Legislative Compliance

Local Government Act (1995) Section 7.12A & Local Government Financial Management Regulations 1996 Regulation 5(2)(c)

B.4 Policy Implications

N/A.

B.5 Stakeholder Engagement / Consultation

Nil.

B.6 Risk Implications

Risk Category	Description	Rating (consequence x likelihood)	Mitigation Action
Financial	Nil	N/A	N/A
Health & Safety	Nil	N/A	N/A
Reputation	Nil	N/A	N/A
Service Interruption	Nil	N/A	N/A
Compliance	Non-Compliance with Act if FMSR not carried out.	Moderate(5)	Compliance calendar in place.
Property	Nil	N/A	N/A
Environment	Nil	N/A	N/A

C. OFFICER'S COMMENT

The Auditor raised a number of findings within the Financial Management Systems Review that need to be addressed to ensure that best practices are being followed by Council. The following comprises the issues raised, the auditors recommendations on the best way to resolve them and managements comments. The level of risk for eight of the issues were considered moderate and five raised were low.

1. Collection of money

The daily banking sheet is not signed by the preparer, nor is there evidence of independent review.

Recommendation

Daily banking reconciliations should be consistently prepared, signed by the preparer and adequately reviewed on a daily basis by an independent senior management staff member. The daily banking reconciliation should be signed as evidence the independent review has occurred.

Management comment

The daily banking is prepared by an Administration Officer. The amounts are checked during the Bank Reconciliation process daily. The Bank reconciliation process is undertaken by the Senior Finance Officer or Rates Officer the following day to ensure the amounts match the bank statement in a timely manner. We will ensure the signing by Officers is incorporated into the process.

2. Custody and security of money

Physical security of cash

Suggestions for enhancements to improve security of cash takings across various Shire controlled sites

Recommendation

- Processes with respect to cash handling and physical storage at Shire managed locations be reviewed with an objective of enhancing controls over Council monies.
- Council consider engaging a cash-in-transit security service provider or alternatively set a pre-determined maximum cash-in-transit daily banking amount to reduce the risk.
- Banking for Shire managed locations be completed at least weekly.
- A receipt or acknowledgement of cash provided for banking be received by Shire managed locations.

Management comment

The Shire will consider installing small safes at Killara, the Northam Library and BKB Centre

- The procedure for high volume cash periods, is generally only around four days a year on the final day of rates instalments falling due. Moving cash from tills in the front counter is recorded and counted and signed for by two staff members, then placed in a locked safe. During these times two staff take the cash to the bank.
- Reminders and regular checks and follow ups will be made to ensure banking is done at least weekly
- Where banking is brought to the Administration Building for receipting, the staff member bringing the money is to sign the paperwork that accompanies the money and the staff member counting it will also sign and date it.

Petty cash reconciliations

Minor variances were identified when completing petty cash counts at cash collection sites operated by the Shire

Recommendation

Petty cash is reconciled on a regular basis and any variances identified be investigated and rectified in a timely manner.

Management comment

Staff will be notified and will sign the end of year reconciliation forms that will be amended to require a minimum of quarterly submissions be made for reimbursements and that the petty cash be counted at the end of every month

3. Maintenance and security of financial records

4. Business Continuity Plan

The Shire does not have a Business Continuity Plan.

Recommendation

The existing Business Continuity Plan was developed in February 2016 and requires updating. It is recommended that the Plan be reviewed, approved and subsequently implemented by the Shire. In addition, the DRP should subsequently be tested on a periodic basis to ensure that in the event of a disaster, appropriate action(s) can be taken.

Management comment

The Formal documentation of Disaster Recovery Actions will be undertaken.

Interim rates

Interim Rate notices are not issued throughout the year on a timely basis by the Shire when Landgate updates the property valuations

Recommendation

Interim rate notices be issued in a timely manner upon receipt of updated property valuations from Landgate.

Management comment

Noted, procedures will be put in place to ensure interim rates are processed in a more timely manner.

Terminated employee access

There is no formal procedure in place to ensure network access is disabled for terminated employees.

Recommendation

A termination checklist be completed for all terminated employees, including ensuring network access is disabled.

Management comment

Synergy Access uses a process of replacement of a terminating officer with a replacement officer, so it is not possible for access remotely or to the financial system.

A checklist for new starters and terminations, that incorporates Council property and its condition of use to be developed. Boxes to include IT accesses and permissions and signed by the Manager.

5. Authorisation for incurring liabilities and making payments

Tenders, purchases and payments

Testing found exceptions where tender and payment procedures had not been complied with.

Recommendation

- The Tender Register be updated throughout the tendering process.
- A tender checklist be completed for all tenders.
- All creditor and EFT payment batch listings be consistently signed as evidence of independent review and approval.

Management comment

Noted, procedures will be reviewed.

Store and fuel cards

Inquiries indicated there is no documented "Terms of Use Agreement" in place with Shire employees who have been allocated store and / or fuel cards.

Recommendation

All store and / or fuel card holders sign an agreement with the Shire outlining their acknowledgment of acceptable use of the store / fuel card in accordance with statement policy. This agreement should also outline procedures relating to when a cardholder is on extended leave or absent from the Shire.

Management comment

To be covered in the induction and termination document as detailed above

Credit card usage agreement

Credit card holders are not required to sign a 'user agreement' or

'policy acknowledgement' document'.

Recommendation:

An agreement should be signed by credit card holders and the Shire setting out the card holders' responsibilities in terms of the Shire's policy and Local Government guidelines.

Management comment

To be covered in the new starter induction and termination document as detailed above

6. Maintenance of payroll, stock control and costing

Fuel usage analysis

Observation of Dunnings fuel statements identified that although these are reviewed on an individual report basis, the Shire is currently not holistically analysing fuel usage by asset for inappropriate use i.e. there is no analysis to review fuel usage on an overall basis for each asset, on a periodic or sample basis.

Recommendation

The Shire investigate an appropriate method to analyse the use of fuel holistically. This spreadsheet should capture each Shire motor vehicle and detail every transaction in a chronological order. Once established, the fuel usage per asset could be analysed to determine whether the employee is fuelling up several times a day, over the weekend, late at night or if excessive fuel purchased against the expected route the employee is travelling etc.

Management comment

Noted, will review current procedures.

Payroll exceptions

During the payroll testing, it was noted there were exceptions pertaining to the audit sample of reports and employee deductions.

Recommendation

- All payroll reports be independently reviewed and evidence of this review is documented in the form of a physical sign-off;
- Termination checklists be completed for all terminated employees, reviewed and approved by the management; and
- All deductions from employee wages are supported by an authorised deduction form.

Management comment

- All payroll reports are now signed. The checks and balances are all

done. However previously not signed.

- All terminations are signed as checked by the Accountant. Termination Form to be developed
- The process for deductions has been changed to file all amendments in personnel files as per the recommendation.

Excessive leave balances

Review of annual leave accrual as at 30 April 2019 indicated instances where seven employees had annual leave accrued balances in excess of 300 hours each.

Recommendation

Employees take regular leave through ongoing management of leave scheduling and leave liabilities.

Management comment

Noted, leave balances will continue to be monitored

7. Preparation of budgets, budget reviews, accounts and reports required by the Act or the Regulations

The scope and approach to the Budget preparation, review and reports was examined to ensure compliance and efficiency. It noted the Shire's Risk Management Policy was due for review in 2017 and still references the former AS/NZS 31000:2009 standard as opposed to the updated version AS/ISO 31000:2018.

Recommendation

The Shire review and update the Risk Management Policy accordingly.

Management comment

Policy will be updated.

Guidance on Risk Assessment was provided as per Guidelines Standard AS ISO 31000-2018 and noted.

RECOMMENDATION / COMMITTEE DECISION

Minute No: AU.133

Moved: Cr Antonio

Seconded: Cr Mencshelyi

That Council receive the Financial Management Systems Review report for 2018/19 and require the progress of the recommended actions to be reported to the audit committee until all items are complete

CARRIED 2/0

The Executive Manager Corporate Services advised that the items identified are believed to be minor and staff have already put measures in place for these. In relation to a safe at the BKB, it was advised that staff are comfortable with this being in a locked draw as they are only taking \$40 per day on average. Given it is not a large amount of cash, it is not believed to be worthwhile installing a safe. Discussion was held around using Armor Guard for Council's facilities however it is not believed to be necessary given large amounts of cash are not taken.



2019 Financial Management System Review

Shire of Northam

June 2019





28 June 2019

Mr J Whittaker
Chief Executive Officer
Shire of Northam
PO Box 613
NORTHAM WA 6401

Dear Jason

2019 FINANCIAL MANAGEMENT SYSTEMS REVIEW

We are pleased to present the findings and recommendations resulting from the Shire of Northam (the "Shire") Local Government (Financial Management) Regulation 1996, Financial Management System Review.

This report relates only to procedures and items specified within the 2019 Financial Management System Review Services Proposal and does not extend to any financial report of the Shire.

We would like to thank Colin, Zoe and the finance team for their co-operation and assistance whilst conducting our review.

Should there be matters outlined in our report requiring clarification or any other matters relating to our review, please do not hesitate to contact Deon Marcus or myself.

Yours sincerely
AMD Chartered Accountants



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Director

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Inherent limitations

Due to the inherent limitations of any internal control structure, it is possible that fraud, error or non-compliance with laws and regulations may occur and not be detected. Further, the internal control structure, within which the control procedures that have been subject to review, has not been reviewed in its entirety and, therefore, no opinion or view is expressed as to its effectiveness of the greater internal control structure. This review is not designed to detect all weaknesses in control procedures as it is not performed continuously throughout the period and the tests performed on the control procedures are on a sample basis. Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate. We believe that the statements made in this report are accurate, but no warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by, Shire of Northam management and personnel. We have indicated within this report the sources of the information provided. We have not sought to independently verify those sources unless otherwise noted with the report. We are under no obligation in any circumstance to update this report, in either oral or written form, for events occurring after the report has been issued in final form unless specifically agreed with the Shire of Northam. The review findings expressed in this report have been formed on the above basis.

Third party reliance

This report was prepared solely for the purpose set out in this report and for the internal use of the management of the Shire of Northam. This report is solely for the purpose set out in the 'Scope and Approach' of this report and for the Shire of Northam's information, and is not to be used for any other purpose or distributed to any other party without AMD's prior written consent. This review report has been prepared at the request of Shire of Northam's Chief Executive Officer or its delegate in connection with our engagement to perform the review as detailed in the 2019 Financial Management System Review Services Proposal. Other than our responsibility to the Council and management of the Shire of Northam, neither AMD nor any member or employee of AMD undertakes responsibility arising in any way from reliance placed by a third party, including but not limited to the Shire of Northam external auditor, on this review report. Any reliance placed is that party's sole responsibility.

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1. Executive Summary

1.1. Background and Objectives

The primary objective of our Financial Management System Review (FMSR) was to assess the adequacy and effectiveness of systems and controls in place within the Shire focusing on accounts payable, accounts receivable, human resources and payroll procedures; in accordance with the 2019 Financial Management System Review Services Proposal (the "Review").

The responsibility of determining the adequacy of the procedures undertaken by us is that of the Chief Executive Officer (CEO). The procedures were performed solely to assist the CEO in satisfying his duty under Section 6.10 of the Local Government Act 1995 and Regulation 5(1) of the Local Government (Financial Management) Regulations 1996.

Our findings included within this report are based on the site work completed by us on the 10 June to 13 June 2019. Findings are based on information provided and available to us during and subsequent this site visit.

1.2. Summary of Findings

The procedures performed and our findings on each of the focus areas are detailed in the following sections of the report:

- Section 2 - Collection of money;
- Section 3 - Custody and security of money;
- Section 4 - Maintenance and security of the financial records;
- Section 5 - Accounting for municipal or trust transactions;
- Section 6 - Authorisation for incurring liabilities and making payments;
- Section 7 - Maintenance of payroll, stock control and costing records; and
- Section 8 - Preparation of budgets, budget reviews, accounts and reports required by the Act or the regulations.

Following the completion of our review and subject to the recommendations outlined within sections 2 to 8, we are pleased to report that in context of the Shire's overall internal control environment, policies, procedures and processes in place are appropriate, and have been operating effectively at the time of the review.

Findings reported by us are on an exceptions basis, and do not take into account the many focus areas tested during our review where policies, procedures and processes were deemed to be appropriate and in accordance with better practice.

The following tables provide a summary of the findings raised in this report:

	Extreme Risk	High Risk	Moderate Risk	Low Risk
Number of new issues reported	0	0	8	5

For details on the review rating criteria, please refer to Section 9.





Ref	Issue	Risk Rating
2. Collection of money		
Daily banking reconciliations and cash handling/receipting		
2.2.1	The daily banking sheet prepared each morning as part of the banking process is not signed by the preparer nor is there evidence of independent review.	Moderate
3. Custody and security of money		
Physical Security of Cash		
3.2.1	Suggestions for enhancements to improve security of cash takings across various Shire controlled sites.	Moderate
Petty Cash Reconciliation		
3.2.2	Minor variances identified when completing petty cash counts at cash collection sites operated by the Shire.	Low
4. Maintenance and security of financial records		
Business Continuity Plan		
4.2.1	The Shire does not currently have a Business Continuity Plan.	Moderate
Interim Rates		
4.2.2	Interim rate notices not issued throughout the year on a timely basis by the Shire when Landgate updates the property valuation.	Low
Terminated Employees Network Access		
4.2.3	There is no formal procedure in place to ensure network access is disabled for terminated employees.	Low
5. Accounting for municipal or trust transactions		
We have no findings to raise in respect to accounting for municipal or trust transactions.		
6. Authorisation for incurring liabilities and making payments		
Tenders, Purchases and Payments		
6.2.1	Our testing identified exceptions where tender and payment procedures had not been complied with.	Moderate
Store and Fuel Cards		
6.2.2	There is no documented "Terms of Use Agreement" in place with Shire employee's allocated store and / or fuel cards.	Moderate
Credit Card Usage Agreement		
6.2.3	Credit card holders are not required to sign a 'user agreement' or 'policy acknowledgement' document.	Moderate
7. Maintenance of payroll, stock control and costing records		
Fuel Usage Analysis		
7.2.1	Further enhancement of the Shire's fuel usage analysis is recommended.	Moderate
Payroll Exceptions		
7.2.2	Our testing identified exceptions where payroll procedures had not been complied with.	Moderate
Excessive Leave Balances		
7.2.3	Review of annual leave accrual indicated instances where employees had excessive leave balances.	Low
8. Preparation of budgets, budget reviews, accounts and reports required by the Act or the Regulations		
Risk Management Policy		
8.2.1	Review of current Risk Management Policy to ensure compliance with current risk standard.	Low





2. Collection of money

2.1. Scope and approach

For the following locations operated by the Shire including:

- Northam Administration Office;
- Northam Recreation Centre;
- Northam Public Library;
- Northam Visitor Centre;
- Killara Adult Day Care and Respite Centre;
- Bilya Koort Boodja Centre;
- Old Quarry Waste Facility; and

We:

- Documented internal controls, procedures and reconciliations in relation to all sources of income;
- Counted petty cash and float on hand ensuring materially correct;
- Reviewed fees and charges schedule and ensure adequate internal controls in place over receipting;
- Tested collection, receipting, invoicing and posting procedures over cash receipts on a sample basis; and
- Reviewed credit control procedures in respect to sundry debtors and rate debtors.

2.2. Detailed findings and recommendations

2.2.1. Daily banking reconciliations and cash handling/receipting

Finding Rating: Moderate

Finding

Section 7.3 of the Western Australian Local Government Accounting Manual Edition 3 issued by the Department Local Government in September 2012 outlines the minimum level of monitoring and control activities for key risk areas. Paragraph 4(h) states "Reconciliation of daily deposit total to receivable posting and cash sales is prepared and reviewed."

During our daily banking testing, we identified the daily banking sheet prepared each morning as part of the banking process is not signed by the preparer nor is there evidence of independent review.

Implication / Risks

If the daily banking reconciliation is not independently reviewed, there is an increased risk of errors and omissions remaining undetected, which in turn could lead to misstatements in the Shire's financial reporting.

Recommendation

Daily banking reconciliations should be consistently prepared, signed by the preparer and adequately reviewed on a daily basis by an independent senior management staff member. The daily banking reconciliation should be signed as evidence the independent review has occurred.

Management Comment

The daily banking is prepared by an Administration Officer. The amounts are checked during the Bank Reconciliation process daily. The Bank reconciliation process is undertaken by the Senior Finance Officer or Rates Officer the following day to ensure the amounts match the Bank statement in a timely manner. We will ensure the signing by Officers is incorporated into the process.

Responsible Officer: Senior Finance Officer

Completion Date: 31.07.2019



3. Custody and security of money

3.1. Scope and approach

- Conducted site visits of cash collection points to review the controls and procedures over the collection, receipting, recording and banking of cash collected offsite; and
- Reviewed the security of cash and banking procedures to ensure the appropriate controls and procedures are in place.

3.2. Detailed findings and recommendations

3.2.1. Physical Security of Cash

Finding Rating: Moderate

We noted the following in respect to security of cash takings and / or petty cash:

- The Killara Adult Day Care Centre and Respite Centre, the Northam Public Library and the Bilya Koort Boodja Centre; cash on hand including till floats and petty cash where applicable is maintained in locked filing cabinet drawers when not in use, rather than locked in a safe.
- Review of a sample of daily banking indicated a significant amount of physical cash is handled, in particular in rate payment period (at times in excess of \$17,500). The handling of a significant amount of cash in transit by Shire staff is a security risk and potentially affects the safety of Shire employees.
- The Killara Adult Day Care and Respite Centre still held cash received on the 12 April 2019 at the time of our 11 June 2019 site visit resulting in funds not being banked or received in the general ledger.
- The Northam Public Library, Northam Visitor Centre and Bilya Koort Boodja Centre do not receive a receipt or acknowledgement at the time banking is provided to the Northam Administration Office.

Implications / Risks

- Lack of appropriate internal controls over the security of cash collected and Council funds resulting in an increased risk of theft.
- Risk that error or fraud may not be detected on a timely basis.

Recommendation

We recommend:

- Processes with respect to cash handling and physical storage at Shire managed locations be reviewed with an objective of enhancing controls over Council monies.
- Council consider engaging a cash-in-transit security service provider or alternatively set a pre-determined maximum cash-in-transit daily banking amount to reduce the risk.
- Banking for Shire managed locations be completed at least weekly.
- A receipt or acknowledgement of cash provided for banking be received by Shire managed locations.

Management Comment

- The Shire will consider installing small safes at Killara, the Northam Library and BKB Centre
- The procedure for high volume cash periods, is generally only around four days a year on the final day of rates instalments falling due. Moving cash from tills in the front counter is recorded and counted and signed for by two staff members, then placed in a locked safe. During these times two staff take the cash to the bank.
- Reminders and regular checks and follow ups will be made to ensure banking is done at least weekly.



- Where banking is brought to the Administration Building for receipting, the staff member bringing the money is to sign the paperwork that accompanies the money and the staff member counting it will also sign and date it.

Responsible Officer: Senior Finance Officer

Completion Date: 31.07.2019

3.2.2. Petty Cash Reconciliation

Finding Rating: Low

We completed a count of cash on hand and petty cash at each location we visited and noted the following variances:

Location	Cash Counted (\$)	Purchase (\$)	Total (\$)	Petty Cash Float (\$)	Variance (\$)
Northam Visitor Centre	128.65	67.80	196.45	200	3.55 under
Bilya Koort Boodja Centre	61.40	91.10	152.50	150	2.50 over
Northam Recreation Centre	132.40	90.20	202.60	200	2.60 over

Implications / Risks

Risk of misstatement or omission.

Recommendation

We recommend petty cash is reconciled on a regular basis and any variances identified be investigated and rectified in a timely manner.

Management Comment

Staff will be notified and will sign the end of year reconciliation forms that will be amended to require a minimum of quarterly submissions be made for reimbursements and that the petty cash be counted at the end of every month

Responsible Officer: Accountant

Completion Date: 07.07.2019



4. Maintenance and security of the financial records

4.1. Scope and approach

- Reviewed information technology systems to assess physical security, access security, data backups, contingency plans, compliance and systems development; and
- Reviewed registers maintained (including key register, tender register, gifts and travel registers etc.) and Council minutes.

Please note, our inquiries indicated no major IT projects have been completed at the time of our site visit; therefore our assessment of IT projects undertaken by the Shire of Northam from the planning to contractor selection to inception phase was limited.

4.2. Detailed findings and recommendations

4.2.1. IT Disaster Recovery Plan

Finding Rating: Moderate

The Shire does not currently have a formalised documented IT disaster recovery plan (DRP) in place.

Implications / Risks

If the Shire does not have a formalised documented DRP in place, which is subsequently tested on a periodic basis, there is a risk of significant delays and business interruption in the event of unforeseen circumstances in respect to the Shire's business.

Recommendation

We recommend a DRP be developed, approved and subsequently implemented by the Shire. In addition, the DRP should subsequently be tested on a periodic basis to ensure that in the event of a disaster, appropriate action(s) can be taken.

Management Comment

The Formal documentation of Disaster Recovery Actions will be undertaken.

Responsible Officer: EMCS

Completion Date: 30.11.2019



4.2.2. Interim Rates

Finding Rating: Low

While conducting rates testing, we identified instances where interim rate notices were not issued throughout the year by the Shire on a timely basis when Landgate updates the property valuation. For example, review of the interim rates notice register indicated interim rate notice G2019/2 had been processed before interim rates notices G2018/6 and G2018/7.

Implication / Risk

Where interim rates are not issued on a timely basis there is risk of either not recording/collecting all revenue during the financial period or potentially overcharging the rate payer which could impact on the Shire reputation amongst the community.

Recommendation

We recommend interim rate notices be issued in a timely manner upon receipt of updated property valuations from Landgate.

Management Comment

Noted, procedures will be put in place to ensure interim rates are processed in a more timely manner.

Responsible Officer: Rates Officer **Completion Date:** 30.06.2019

4.2.3. Terminated Employees Network Access

Finding Rating: Low

Our inquiries identified there is no formal procedure in place to ensure network access is disabled for terminated employees.

Implication / Risk

Risk of unauthorised access to the Shire's network.

Recommendation

We recommend a termination checklist be completed for all terminated employees, including ensuring network access is disabled.

Management Comment

Synergy Access uses a process of replacement of a terminating officer with a replacement officer, so it is not possible for access remotely or to the financial system.

A checklist for new starters and terminations, that incorporates Council property and its condition of use to be developed. Boxes to include IT accesses and permissions and signed by the Manager.

Responsible Officer: Human Resources Manager **Completion Date:** 31.07.2019



5. Accounting for municipal or trust transactions

5.1. Scope and approach

- Reviewed all monthly reconciliations including bank, sundry debtors, sundry creditors, fixed assets, rates debtors and rateable value reconciliations ensuring correctly reconciled and reviewed;
- Reviewed and tested in detail most recent municipal and trust bank reconciliations prepared;
- Reviewed processes in respect to BAS, FBT Return and other statutory returns preparation;
- Reviewed use of reserve funds and determined whether changes in reserve purposes have been budgeted or public notice was provided;
- Reviewed self-supporting loan transactions ensuring debtor invoices raised in accordance with payment schedule;
- Reviewed trust ledger balances; and
- Reviewed policies and procedures in respect to insurance, recording claims and insuring newly acquired assets.

5.2. Detailed findings and recommendations

Our review indicated key underlying policies and processes in relation to accounting for municipal or trust transactions are appropriate, in line with best practice and operating effectively.

Accordingly, we have no recommendations to raise in respect to accounting for municipal or trust transactions.



6. Authorisation for incurring liabilities and making payments

6.1. Scope and approach

- Reviewed controls and procedures over the authorisation of purchase orders and making of payments;
- Tested sample of payments to ensure compliance with stated procedures;
- Reviewed credit card processes and procedures, and testing transactions on a sample basis;
- Reviewed petty cash processes and procedures, and testing transactions on a sample basis;
- Completed sample testing of asset additions and asset disposals;
- Reviewed asset capitalisation and depreciation policy and ensure compliance with stated policies; and
- Reviewed new loans received ensuring budgeted for or public notice provided.

6.2. Detailed findings and recommendations

6.2.1. Tenders, Purchases and Payments

Finding Rating: Moderate

Our testing of a sample of purchases and tenders identified the following:

Tender 5 of 2018

- The Shire's tender checklist had not been completed;
- The tender register did not indicate the date of the Council decision;
- The tender register did not indicate the names of unsuccessful tenders; and
- The tender register did not indicate the details of the successful tenderer.

EFT payments batch 10 May 2019

- The Synergy report 'Creditors to be Paid' had been reviewed, however there was no signature evidence to indicate the independent review had occurred;
- The Bankwest 'Payment File Upload' report did not indicate any evidence of independence review or approval by payment authorities; and
- The Bankwest 'Payment Receipt' report had not been signed by the second payment authority.

Implications / Risks

- Risk of non-compliance with the Shire's Purchasing Policy.
- Risk the Shire is unable to demonstrate compliance with the Local Government Regulations.

Recommendation

We recommend:

- The Tender Register be updated throughout the tendering process.
- A tender checklist be completed for all tenders.
- All creditor and EFT payment batch listings be consistently signed as evidence of independent review and approval.

Management Comment

Noted, procedures will be reviewed

Responsible Officer: Accountant

Completion Date: 31.07.2019



6.2.2. Store and Fuel Cards

Finding Rating: Moderate

Our inquiries indicated there is no documented "Terms of Use Agreement" in place with Shire employees who have been allocated store and / or fuel cards.

Implications / Risks

Increased risk that Terms of Use have not been understood and complied with.

Recommendation

We recommend all store and / or fuel card holders sign an agreement with the Shire outlining their acknowledgment of acceptable use of the store / fuel card in accordance with statement policy. This agreement should also outline procedures relating to when a cardholder is on extended leave or absent from the Shire.

Management Comment

To be covered in the induction and termination document as detailed above 4.2.3

Responsible Officer: Human Resources Manager **Completion Date:** 31.07.2019

6.2.3. Credit Card Usage Agreement

Rating: Moderate

Finding:

Credit card holders are not required to sign a 'user agreement' or 'policy acknowledgement' document'.

Implication:

Increased risk of fraud and non-compliance with Council policy HR 2.7 Credit Card Use and Local Government Operational Guideline Number 11 – Use of Corporate Credit Cards.

Recommendation:

An agreement should be signed by credit card holders and the Shire setting out the card holders' responsibilities in terms of the Shire's policy and Local Government guidelines.

Management Comment:

To be covered in the new starter induction and termination document as detailed above 4.2.3

Responsible Person: Human Resources Manager **Completion Date:** 31.07.2019



7. Maintenance of payroll, stock control and costing

7.1. Scope and approach

- Completed site visit to the Northam depot to review security over stocks held and allocation / costings of stocks used (including fuel and inventory stocks);
- Reviewed of the allocation of public works overheads, plant operating costs and administration overheads completed;
- Reviewed payroll controls and procedures to ensure effective controls are in place, and complete tests on a sample basis to ensure these controls were operating effectively;
- Reviewed procedures and policies in place in respect of human resource management legislative and compliance requirements, recruitment, performance appraisal, disciplinary and termination procedures and leave entitlements;
- Reviewed listing of leave taken by employees ensuring authorised leave forms completed; and
- Reviewed annual leave balances and identify employees with more than eight weeks annual leave.

7.2. Detailed findings and recommendations

7.2.1. Fuel Usage Analysis

Finding Rating: Moderate

Observation of Dunnings fuel statements identified that although these are reviewed on an individual report basis, the Shire is currently not holistically analysing fuel usage by asset for inappropriate use i.e. there is no analysis to review fuel usage on an overall basis for each asset, on a periodic or sample basis.

Implications / Risks

Risk of fuel misappropriation.

Recommendation

We recommend the following:

- The Shire investigate an appropriate method to analyse the use of fuel holistically. This spreadsheet should capture each Shire motor vehicle and detail every transaction in a chronological order. Once established, the fuel usage per asset could be analysed to determine whether the employee is fuelling up several times a day, over the weekend, late at night or if excessive fuel purchased against the expected route the employee is travelling etc

Management Comment

Noted, will review current procedures.

Responsible Officer: Accountant

Completion Date: 30.11.2019



7.2.2. Payroll Exceptions

Finding Rating: Moderate

During our payroll testing, we noted the following exceptions pertaining to our audit sample:

- The Synergy Variance Reports 'Compare Gross Pays to Last Time Paid' for 21 August 2018, 11 December 2018 and 5 March 2019 were annotated, however there was no sign of evidence review;
- The 'Payslip Reports' for 21 August 2018, 11 December 2018 and 5 March indicated evidence of checks being completed, however the reviewer had not signed the reports;
- The BankWest 'Payroll File Upload' listing payments made to each employee had not been retained for 21 August 2018, 11 December 2018 and 5 March 2019;
- There was no termination checklist completed for employee 2453; and
- We were unable to verify deductions from the following employee wages:
 - Employee number 2089 – social club deduction;
 - Employee number 1176 – rates deduction;
 - Employee number 2227 – WA super salary sacrifice deduction; and
 - Employee number 2003 – ASU and social club deduction.

Implications / Risks

- The absence of review and approval of payroll reports could result in invalid transactions and incorrect amounts being paid to employees.
- There is an increased risk of loss to the Shire if all termination procedures are not carried out prior to an employee ceasing.
- The Shire is deducting amounts from the employee wages that has not been appropriately authorised by the employee.

Recommendation

We recommend the following:

- All payroll reports be independently reviewed and evidence of this review is documented in the form of a physical sign-off;
- Termination checklists be completed for all terminated employees, reviewed and approved by the management; and
- All deductions from employee wages are supported by an authorised deduction form.

Management Comment

- All payroll reports are now signed. The checks and balances are all done. However previously not signed.
- All terminations are signed as checked by the Accountant. Termination Form to be developed
- The process for deductions has been changed to file all amendments in personnel files as per the recommendation.

Responsible Officer: Accountant

Completion Date: 26.06.2019



7.2.3. Excessive Leave Balances

Finding Rating: Minor

Review of annual leave accrual as at 30 April 2019 indicated instances where seven employees had annual leave accrued balances in excess of 300 hours each.

Implication

The cost to Shire of Northam is greater if annual leave is not paid out on a regular basis due to:

- The cumulative effect of salary increases over a period of time;
- Recreational leave enhances employee performance; and
- It is a fundamental principle of good internal control that all employees take regular leave.

Recommendation

We recommend employees take regular leave through ongoing management of leave scheduling and leave liabilities.

Management Comment

Noted, leave balances will continue to be monitored

Responsible Officer: EMCS

Completion Date: 26.06.2019

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8. Preparation of budgets, budget reviews, accounts and reports required by the Act or the Regulations

8.1. Scope and approach

- Reviewed policy and procedure manual;
- Reviewed the procedures for preparation of the monthly financial statements, annual financial statements and annual Budget, including assessment of accounting policy, notes and applicable reporting requirements and efficiency of the process;
- Reviewed monthly financial statements ensuring presented to Council within two months and information contained within monthly financial statements in accordance with Regulation 34 of Local Government (Financial Management) Regulations 1996;
- Reviewed the mid-year budget review to ensure compliance with Regulation 33A of the Local Government (Financial Management) Regulations 1996 and assessment of budgetary expenditure controls in place;
- Ensured prior year audit report and management letter have been presented to audit committee and Council; and
- Reviewed compliance with Part 6 of the Local Government Act 1995 and Local Government (Financial Management) Regulations 1996.

8.2. Detailed findings and recommendations

8.2.1 Risk Management Policy

Finding Rating: Low

We noted the Shire's Risk Management Policy was due for review in 2017 and still references the former AS/NZS 31000:2009 standard as opposed to the updated version AS/ISO 31000:2018.

Implications / Risks

Risk that the Shire's Risk Management Policy is out of date.

Recommendation

We recommend that Shire review and update the Risk Management Policy accordingly.

Management Comment

Policy will be updated

Responsible Officer: CEO

Completion Date: 30.11.2019



9. Guidance on Risk Assessment

Risk is uncertainty about an outcome. It is the threat that an event, action or non-action could affect an organisation's ability to achieve its business objectives and execute its strategies successfully. Risk is an inherent component of all service activities and includes positive as well as negative impacts. As a result not pursuing an opportunity can also be risky. Risk types take many forms – business, economic, regulatory, investment, market, and social, just to name a few.

Risk management involves the identification, assessment, treatment and ongoing monitoring of the risks and controls impacting the organisation. The purpose of risk management is not to avoid or eliminate all risks. It is about making informed decisions regarding risks and having processes in place to effectively manage and respond to risks in pursuit of an organisation's objectives by maximising opportunities and minimising adverse effects.

The risk guidelines stated within Risk Management – Guidelines Standard AS ISO 31000-2018.

Our guidance to risk classification in completing our review is as follows:

Measure of Likelihood of Risk

Likelihood is the chance that the event may occur given knowledge of the organisation and its environment. The following table provides broad descriptions to support the likelihood rating:

Rating	Description	Frequency	Probability
Almost Certain	The event is expected to occur in most circumstances.	More than once per year.	>90% chance of occurring.
Likely	The event will probably occur in most circumstances.	At least once per year.	60% - 90% chance of occurring.
Possible	The event should occur at some time.	At least once in 3 years.	40% - 60% chance of occurring.
Unlikely	The event should occur at some time.	At least once in 10 years.	10% - 40% chance of occurring.
Rare	The event may only occur in exceptional circumstances.	Less than once in 15 years.	<10% chance of occurring.

*Above Extracted from the Shire's Risk Management Framework.

Measure of Consequence of Risk

Consequence is the severity of the impact that would result if the event were to occur. The following table provides broad descriptions to support the consequence rating:





Rating (Level)	Health	Financial Impact	Service Interruption	Compliance	Reputational	Property	Environment
Insignificant (1)	Negligible injuries	Less than \$2,000	No material service interruption	No noticeable regulatory or statutory impact	Unsubstantiated low impact, low profile or 'no news' item	Inconsequential or no damage	Contained, reversible impact managed by on site response
Minor (2)	First aid injuries	\$2,001 - \$20,000	Short term temporary interruption – backlog cleared < 1 day	Some temporary non compliances	Substantiated, low impact, local news item	Localised damage rectified by routine internal procedures	Contained, reversible impact managed by internal response
Moderate (3)	Medical type injuries	\$20,001 - \$200,000	Medium term temporary interruption backlog cleared by additional resources <1 week	Short term non-compliance but with significant regulatory requirements imposed	Substantiated public embarrassment, moderate impact, moderate news profile	Localised damage requiring external resources to rectify	Contained, reversible impact managed by external agencies
Major (4)	Lost time injury	\$200,001 - \$2,000,000	Prolonged interruption of services – additional resources, performance affected < 1 month	Non-compliance results in termination of services or imposed penalties	Substantiated public embarrassment, high impact, high news profile, third party actions	Significant damage requiring internal & external resources to rectify	Uncontained, reversible impact managed by a coordinated response from external agencies
Catastrophic (5)	Fatality, permanent disability	More than \$2,000,000	Indeterminate prolonged interruption of services – non-performance > 1 month	Non-compliance results in litigation, criminal charges or significant damages or penalties	Substantiated public embarrassment, very high multiple impacts, high widespread multiple news profile, third party actions	Extensive damage requiring prolonged period of restitution Complete loss of plant, equipment & building	Uncontained, irreversible impact

*Above Extracted from the Shire's Risk Management Framework.





Risk Analysis Matrix – Level of Risk

Finding Rating for each audit issue was based on the following table:

		CONSEQUENCE				
		Insignificant	Minor	Moderate	Major	Catastrophic
LIKELIHOOD	Almost Certain	Moderate	High	High	Extreme	Extreme
	Likely	Low	Moderate	High	High	Extreme
	Possible	Low	Moderate	Moderate	High	High
	Unlikely	Low	Low	Moderate	Moderate	High
	Rate	Low	Low	Low	Low	Moderate

*Above Extracted from the Shire’s Risk Management Framework.

Finding / Risk Acceptance Rating

The table below sets out the definition of the Shire’s finding / risk acceptance rating:

Finding / Risk Rank	Definition
Low	<ul style="list-style-type: none"> Attention required in medium term, preferably within 12 months. Isolated cases of procedural non-compliance. Small transactional errors with nil to small financial loss or exposure to the Shire. Isolated administrative matters.
Moderate	<ul style="list-style-type: none"> Attention required in medium term, preferably within 6 months. Absence or breakdowns in controls or procedures that lead to moderate exposures to the Shire. Isolated breaches of legal requirements and/or regulations with no further action likely to be taken by a regulator. Moderate individual transactional errors or several smaller transactional errors. Administrative matters, which due to their frequency may indicate procedural or training problems.
High	<ul style="list-style-type: none"> Attention required in short term, preferably within 3 months. Absence or breakdowns in controls or procedures that lead to high exposures. A breach of legal requirements and/or regulations resulting in material compensation and/or financial payouts, however no further action is likely to be taken by a regulator. Large individual transactional errors or a larger number of smaller transactional errors. Administrative matters, which due to their frequency may indicate procedural or training problems. Issues arising from inadequate training.
Extreme	<ul style="list-style-type: none"> Urgent and immediate action required. Cases of actual or potential fraud. Absence or breakdowns in critical controls or procedures that lead to very significant exposures to the Shire (i.e. financial loss impacting capital or significant disruption to business services, loss of life, severe reputation risk). Serious breach of legal requirements and/or regulations resulting in material compensation and/or financial payouts and action likely to be undertaken by regulators. Multiple large transactional errors that could lead to serious legal impact and/or severe adverse effect on the Shire’s reputation. Issues arising from no or severely inadequate training.



5.12 INTERIM AUDIT REPORT

Address:	N/A
Owner:	N/A
Applicant:	Shire of Northam
File Reference:	1.6.1.6
Reporting Officer:	Colin Young Executive Manager Corporate Services
Responsible Officer:	Colin Young Executive Manager Corporate Services
Officer Declaration of Interest:	Nil
Voting Requirement:	Simple Majority
Press release to be issued:	No

BRIEF

For the Audit Committee to receive an update on the Interim Audit that was conducted by the Shire's auditor, Moore Stephen's on the 29 April 2019.

ATTACHMENTS

Attachment 1: Interim Audit Report (provided as a separate confidential attachment).

A. BACKGROUND / DETAILS

The Interim Audit was carried out on the 29 April 2019, Moore Stephen's conducted the interim audit on behalf of the Office of the Auditor General. It concentrated largely on the overall control environment, but not for the purpose of expressing an opinion on the effectiveness of internal, and to obtain an understanding of the key business processes, risks and internal controls relevant to the audit of the Annual Financial Report.

B. CONSIDERATIONS

B.1 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.

Objective:

- Ensure robust financial management.
- Implement systems and processes which deliver outcomes for our community.

- Maintain a high standard of corporate governance.

B.2 Financial / Resource Implications

Nil

B.3 Legislative Compliance

Local Government Act (1995) Section 7.12A.

B.4 Policy Implications

N/A

B.5 Stakeholder Engagement / Consultation

Nil

B.6 Risk Implications

Risk Category	Description	Rating (consequence x likelihood)	Mitigation Action
Financial	Possible misstatement in the financial Statements	Low (2)	Ensure reporting is accurate and complete
Health & Safety	N/A	N/A	N/A
Reputation	Low impact news item or potential dispute with employee	Low (2)	Ensure reporting is accurate and complete. Ensure notification of annual increase is given to employees
Service Interruption	N/A	N/A	N/A
Compliance	If report not done Council would not be aware.	Low (2)	Ensure the Act is adhered to
Property	N/A	N/A	N/A
Environment	N/A	N/A	N/A

C. OFFICER'S COMMENT

The Auditor has raised three issues as presented below, two items are considered to have moderate implications, one item was considered minor in nature. These were received on 30 May 2019

1. IT Disaster Recovery Plan.

It was identified that the Shire does not have an IT disaster recovery plan. It highlighted an increased risk the Shire will not possess the required information to enable effective restoration of key IT systems following a major incident or disruption.

Management Comment: Back-up procedures and testing of data recovery has been carried out to the satisfaction of Staff, a formal disaster recovery plan will be documented

2. Fixed Assets below \$5,000

From 1 July 2018, Regulation 17A (5) of the Local Government (Financial Management) Regulations 1996 requires assets with a fair value at the date of acquisition under \$5,000 to be excluded from the assets of the Local Government entity.

It was noted that the assessment had not been conducted to remove assets acquired for a value of less than \$5,000.

Management Comment: A review will be carried out to assert any assets that had an original purchase price of less than \$5,000, these will be written off from the asset register

3. Employment Pay Rate Letters

We noted 10 instances where employees had received an increase in pay or pay level, with no correspondence to the employee confirming the change evidenced in the employee's personnel file.

Management Comment: notification will be given to employees annually on the first pay period of the annual CPI based increase

RECOMMENDATION / COMMITTEE DECISION

Minute No: AU.134

Moved: Cr Antonio

Seconded: Cr Mencshelyi

That Council receive the 2018/19 Interim Audit finding.

CARRIED 2/0

The Executive Manager Corporate Services provided an overview of the findings.

6. URGENT BUSINESS APPROVED BY DECISION

Nil.

7. DATE OF NEXT MEETING

The next Audit Committee meeting is proposed to be held in November/December 2019, date to be confirmed.

8. DECLARATION OF CLOSURE

There being no further business the Presiding Member, Cr C R Antonio declared the meeting closed at 4:55pm.

"I certify that the Minutes of the Ordinary Meeting of Council held on Wednesday, 9 October 2019 have been confirmed as a true and correct record."

_____ President

_____ Date