



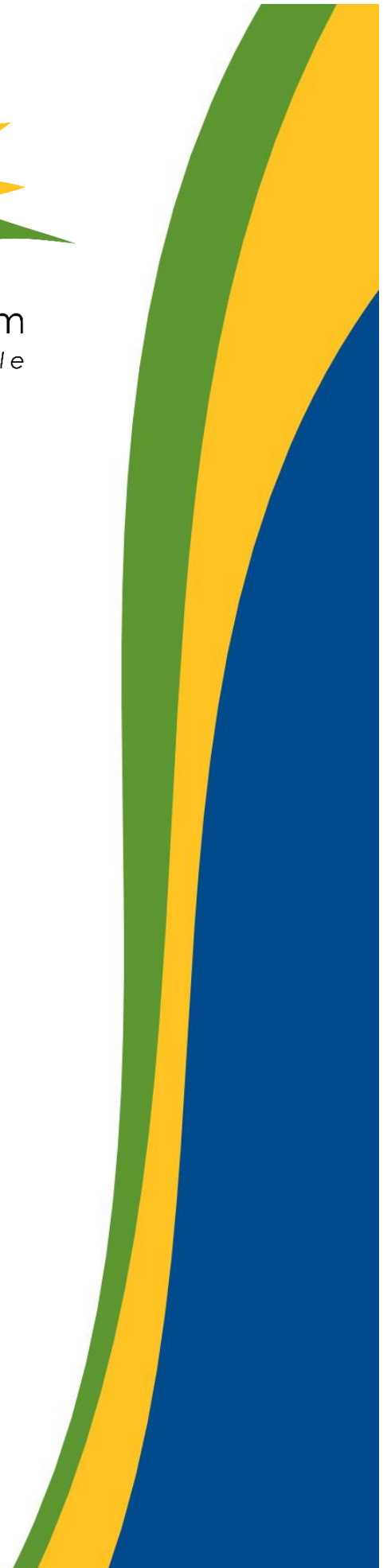
Shire of Northam

Agenda

Audit & Risk Management

Committee Meeting

2 June 2021



NOTICE PAPER

Audit & Risk Management Committee Meeting

2 June 2021

Committee Members

I inform you that an Audit & Risk Management Committee meeting will be held in the Council Chambers, located at 395 Fitzgerald Street, Northam on 2 June 2021 at 1:00pm.

Yours faithfully



Jason Whiteaker
Chief Executive Officer

DISCLAIMER

This agenda has yet to be dealt with by the Council. The Recommendations shown at the foot of each item have yet to be considered by the Council and are not to be interpreted as being the position of the Council. The minutes of the meeting held to discuss this agenda should be read to ascertain the decision of the Council.

In certain circumstances members of the public are not entitled to inspect material, which in the opinion of the Chief Executive Officer is confidential, and relates to a meeting or a part of a meeting that is likely to be closed to members of the public.

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Any person or legal entity who acts or fails to act in reliance upon any statement, act or omission made in a Council or Committee meeting does so at that person's or legal entity's own risk.

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The Shire of Northam advises that anyone who has any application lodged with the Shire of Northam must obtain and should only rely on WRITTEN CONFIRMATION of the outcome of the application and any conditions attaching to the decision made by the Shire of Northam in respect of the application.

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1. DECLARATION OF OPENING

2. ACKNOWLEDGEMENT TO COUNTRY

The Shire of Northam would like to acknowledge the Traditional Owners of the land on which we meet, the Ballardong and Whadjuk people of the Nyoongar nation and pay our respects to Elders, past, present and emerging.

3. ATTENDANCE

Committee:

Shire President
Councillors

Cr C R Antonio
Cr A J Mencshelyi
Cr S B Pollard
Cr M P Ryan

Staff:

Chief Executive Officer
Executive Manager Corporate Services
Executive Assistant – CEO

J B Whiteaker
C Young
A McCall

Guest:

Auditor Butler Settineri
Auditor Office of the Auditor General
(via video link)

Marcia Johnson

Anne Lei

3.1 APOLOGIES

Nil.

3.2 APPROVED LEAVE OF ABSENCE

Nil.

3.3 ABSENT

4. DISCLOSURE OF INTERESTS

Members should fill in Disclosure of Interest forms for items in which they have a financial, proximity or impartiality interest and forward these to the Presiding Member before the meeting commences.

*As defined in section 5.60A of the Local Government Act 1995, a **financial interest** occurs where a Councillor / Committee Member, or a person with whom the Councillor / Committee Member is closely associated, has a direct*

or indirect financial interest in the matter. That is, the person stands to make a financial gain or loss from the decision, either now or at some time in the future.

As defined in section 5.61 of the Local Government Act 1995, an **indirect financial** interest includes a reference to a financial relationship between that person and another person who requires a Local Government decision in relation to the matter.

As defined in section 5.60B of the Local Government Act 1995, a person has a **proximity interest** in a matter if the matter concerns a proposed change to a planning scheme affecting land that adjoins the person's land; or a proposed change to the zoning or use of land that adjoins the person's land; or a proposed development (as defined in section 5.63(5)) of land that adjoins the person's land.

As defined in 34C of the Local Government (Administration) Regulations 1996, an **impartiality interest** means an interest that could, or could reasonably be perceived to, adversely affect the impartiality of the person having the interest and includes an interest arising from kinship, friendship or membership of an association.

Item Name	Item No.	Name	Type of Interest	Nature of Interest

5. CONFIRMATION OF MINUTES

5.1 COMMITTEE MEETING HELD ON 4 MARCH 2021

RECOMMENDATION

That the minutes of the Audit & Risk Management Committee meeting held on 4 March 2021 be confirmed as a true and correct record of that meeting.

6. COMMITTEE REPORTS

6.1 AUDIT ENTRANCE MEETING

File Reference:	8.2.7.5
Reporting Officer:	Colin Young, Executive Manager Corporate Services
Responsible Officer:	Colin Young, Executive Manager Corporate Services
Officer Declaration of Interest:	Nil
Voting Requirement:	N/A
Press release to be issued:	No

BRIEF

For Council to meet with a representative from the Office of Auditor General to discuss the 2020/2021 Audit Scope and Procedures.

ATTACHMENTS

Attachment 1: Planning Summary.
Attachment 2: Audit Timetable 2021.

A. BACKGROUND / DETAILS

As per changes to the Local Government Act 1995 and the Local Government (Audit) Regulations 1996, Council has been audited by the Office of Auditor General since 2018. Butler Settineri was appointed as the nominated auditors for the OAG for the Shire of Northam for a period of three years. As part of the audit procedures an audit entrance meeting is required.

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.

Local Government (Audit) Regulations 1996

B.4 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		
Health & Safety	Nil		
Reputation	Nil		
Service Interruption	Nil		
Compliance	Nil		
Property	Nil		
Environment	Nil		

C. OFFICER'S COMMENT

Anne Lei from the Office of Auditor General will attend via video link along with Marcia Johnson from Butler Settineri who will be carrying out the audit on behalf of the Office of Auditor General.

Anne/ Marcia will brief the Committee on

1. Audit approach
2. Business operations
3. Significant risk and audit focus areas identified
 - Changes in accounting standards
 - Changes to Local Government regulations
 - Related party transactions
 - Revenue recognition and cut off
 - Unauthorised and incomplete expenditure
 - Unrecorded liabilities
 - Joint arrangement
 - Provisions including casual employees
4. Significant Assets acquired and disposed
5. Compliance with Laws and regulations
6. Changes in accounting policies
7. Related parties/ entities
8. Reporting protocols
 - Significant issues identified during the audit
 - Interim management letter

- Final management letter
9. Audit Team
 10. Audit timetable

Committee members & staff will then be giving the opportunity to ask questions to Kellie or Lizl about the upcoming audit procedures.

RECOMMENDATION

For information only.

Attachment 1 – Planning Summary





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THE PLANNING SUMMARY

This Summary of our Audit Plan explains our approach to the audit of the annual financial report.

In particular, this Summary includes:

1. Introduction
2. Our Audit Approach
3. Business Operations
4. Significant Risks and Audit Focus Areas
5. Audit Emphasis and Significant Account Balances
6. Compliance with Laws and Regulations
7. Going Concern and Adverse Financial Trends
8. Accounting Policies
9. Internal Audit
10. Management Representation Letter
11. Related Parties
12. Reporting Protocols
13. Specific Audit Requirements
14. Your Audit Team
15. Proposed Audit Schedule
16. Other Audit Activities

If there are any matters in the Planning Summary that you would like clarified, please do not hesitate to contact us.

There may be areas where you would like us to increase the audit focus. We would be pleased to discuss these to determine the most efficient and effective approach to performing this work.



INTRODUCTION

Auditor General

Following proclamation of the Local Government Amendment (Auditing) Act 2017, the Auditor General is responsible for the annual financial report audit of Western Australian Local Governments.

The Act allows the Auditor General to contract out financial audits and from the year ending 30 June 2021 all Western Australian Local Government audits are now the responsibility of the Auditor General and Office of the Auditor General ("OAG").

Contractor Appointment – Butler Settinieri Audit ("BSA")

BSA has been contracted by the Auditor General to perform the Shire of Northam financial report audit on the Auditor General's behalf for the year ending 30 June 2021.

Our audit procedures will be conducted under the direction of the Auditor General, who will retain responsibility for forming the audit opinion and issuing the audit report to the Shire of Northam.

BSA is required to report any matter to the Auditor General which may affect the Auditor General's responsibilities under the Auditor General Act 2006.

Responsibility of the Council and the CEO

It is important to note that:

1. Under the *Local Government Act 1995* and associated regulations, the Council and the CEO are responsible for keeping proper accounts and records, maintaining effective internal controls, preparing the annual financial report, and complying with the Local Government Act and Regulations, and other legislative requirements.
2. Under the *Local Government Act 1995* and associated regulations, the Council and the CEO have responsibility for maintaining internal controls that prevent or detect fraud or error and to ensure regulatory compliance. The Audit and Risk Committee and the Auditor General should be informed by management of any fraud or material errors. During the audit we will make inquiries with management about their process for identifying and responding to the risks of fraud, including management override. It should be noted that our audit is not designed to detect fraud, however should instances of fraud come to our attention, we will report them to you.
3. The Council and CEO are responsible for ensuring the accuracy and fair presentation of all information in its annual report, and that it is consistent with the audited annual financial statements. We do not provide assurance over your annual report.
4. An audit does not guarantee that every amount and disclosure in the annual financial report is error free. Also, an audit does not examine all evidence and every transaction. However, our audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the annual financial report.

Our audit is conducted in accordance with Australian Auditing Standards. Our aim is to provide reasonable assurance whether the annual financial report is free of material





misstatement, whether due to fraud or error. We perform audit procedures to assess whether, in all material respects, the annual financial report is presented fairly in accordance with the *Local Government Act 1995*, *Local Government (Financial Management) Regulations 1996* and Australian Accounting Standards.

The nature of the audit is influenced by factors such as:

- the use of professional judgement
- selective testing
- the inherent limitations of internal controls
- the availability of persuasive rather than conclusive evidence.

As a result, an audit cannot guarantee that all material misstatements will be detected. We examine, on a test basis, information to provide evidence supporting the amounts and disclosures in the annual financial report, and assess the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by management.

Conflicts of Interest

We confirm we have completed our independence evaluation and are satisfied we do not have any actual or perceived conflicts of interest in completing the annual audit of the Shire of Northam on behalf of the Auditor General.

BSA's approach is designed to:

- Focus on key risks and financial areas; and
- Add value to your business by providing constructive ideas for improving internal controls and on-going business systems

The partner-led assurance service team is committed to meeting specific business needs by:

- Working closely with you to get to know the business whilst maintaining independence;
- Using the latest computerised systems and audit techniques; and
- Conducting an in-depth review of financial records to enable identification of key areas where additional support and attention will improve the business.

The audit will meet the statutory requirements under the *Local Government Act 1995* and *Regulations* and will be carried out in accordance with the Australian Auditing Standards.



We will carry out such work as is necessary to form an opinion as to whether the annual financial report of the Shire:

- i) is based on proper accounts and records; and
- ii) fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2021 and its financial position at the end of the period in accordance with the Local Government Act 1995 (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

We will also include the following matters in the auditor's report:

- a) Any material matters that in the opinion of the auditor indicate significant adverse trends in the financial position or the financial management practices of the Shire;
- b) Any material non-compliance with Part 6 of the Act, the Local Government (Financial Management Regulations 1996 or applicable financial controls in any other written law;
- c) Details of whether information and explanations were obtained by the auditor;
- d) A report on the conduct of the audit; and
- e) The opinion of the auditor as to whether or not the asset consumption ratio and the asset renewal funding ratio included in the annual financial report are supported by verifiable information and reasonable assumptions.

In addition to the standard audit structure, additional audit matters may be performed upon direction from yourself.

The attendance of at least one meeting per year of the Shire's audit and risk committee by a member of our audit team may also be carried out if required. The audit team will visit the Shire's offices during each stage of the audit and the engagement partner will be available for subsequent meetings at the Shire's request.





OUR AUDIT APPROACH

Our audit approach comprises the following steps:

Pre-engagement activities

- Legislative requirements of independence



Risk assessment procedures

- Discussions with the management team and members of the audit and risk committee
- Review of key accounting systems and operations
- Understand and evaluate control environment
- Identify and assess risk
- Identify significant accounts
- Develop procedures to address risk and significant accounts



Audit procedures

- Assess reliance on controls
- Perform tests of control, analytical review procedures and tests of detail at transaction level



Completion and review

- Completion procedures
- Evaluation of audit evidence
- Review format of the financial report
- Verify balances and disclosures in the financial report, including the Notes



Reporting and communication

- Form an opinion and provide opinion to OAG
- Report to management and OAG





Our audit approach involves assessing your overall control environment and understanding key business processes/cycles and internal controls relevant to the audit.

The level of testing will be dependent on our assessment of the risk in each business cycle. We plan to cover the following cycles:

- Revenue
- Expenditure
- Payroll
- Cash and Financing
- Property, Plant, Equipment and Infrastructure

The extent of our reliance on controls, together with the materiality level, determines the nature and extent of our audit procedures to verify individual account balances.

Our audit will be split into two components as follows:

Interim audit

This includes:

1. Understanding your current business practices
2. Understanding the control environment and evaluating the design and implementation of key controls and, where appropriate, whether they are operating effectively
3. Testing transactions to confirm the accuracy and completeness of processing accounting transactions, namely rates and grant revenue, expenditure and payroll
4. Clarifying significant accounting issues before the annual financial report is prepared for audit.

Final audit

This focuses on verifying the annual financial report and associated notes, and includes:

1. Verifying material account balances using a combination of substantive analytical procedures, tests of details, substantiation to subsidiary records and confirmation with external parties
2. Reviewing the annual financial report and notes for compliance with the *Local Government Act 1995*, *Local Government (Financial Management) Regulations 1996* and Australian Accounting Standards.



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BUSINESS OPERATIONS

The Shire provides a wide range of services to the community, including library, aquatics, youth park and maintaining roads to name a few. The Shire employs approximately 135 employees to perform these services.

The Shire is governed by ten elected Councillors. The Chief Executive Officer is Jason Whiteaker, working in the shire for the past 7 years.

Based on the 2020/2021 budget:

- The Shire expects to spend \$9.3M on Infrastructure and \$5.3M on property, plant and equipment which will be funded through non-operating grants \$4.3M, proceeds from sale of assets of \$992k and the balance through the Shire's existing cash reserves and operating activities for the year.
- Operating grants is expected to decrease by \$1.7M which relates to a decrease in Financial Assistance Grants from the prior year.

There were no other significant changes in the budget.

The Shire uses Synergy Soft accounting system. Our primary contacts at the Shire are Colin Young (Executive Manager Corporate Services) and Zoe Macdonald (Accountant).

SIGNIFICANT RISKS AND AUDIT FOCUS AREAS

Through discussions with your staff, we have identified the following issues and key areas of risk affecting the audit:

Details of Risk / Issue	Audit Approach
Audit findings reported in the previous audit.	We will follow-up the issues reported during the 2019-20 audit.
Changes to accounting standards <ul style="list-style-type: none">• AASB 1059 – Service Concession Arrangement: Grantors	We will review management's assessment of the new standards and any effect on the financial report.
Changes to <i>Local Government (Financial Management) Regulations</i> that have been signalled by the Department of Local Government, Sport and Cultural Industries (DLGSCI)	We are not aware of any planned changes. However, should some arise we will assess management's implementation of the changes to regulations and the effect on the financial report.
<i>Long Service Leave Act 1958</i> Long service leave is a paid leave entitlement for employees who have worked continuously in a business for a specified period of time. Full time, part time and casual employees are entitled to long service leave.	We will review whether the Shire has provided for long service leave for casual employees in accordance with the Act.

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Details of Risk / Issue	Audit Approach
<p>We have identified the following areas that we consider require additional focus during our 2020-21 local government audits:</p> <ul style="list-style-type: none"> • Related party disclosures • Revenue recognition • Unauthorised expenditure • Unrecorded liabilities and expenses • Fictitious employees • Joint Venture – Department of Housing and Works 	<p>We will review the accounting treatment and disclosure processes during our interim and final audits.</p>
<p>The following annual financial report items are derived from accounting estimates and hence will receive specific audit attention:</p> <ul style="list-style-type: none"> • Provision for annual and long service leave • Impairment of assets • Provision For Customer Deposits • Provision for rehabilitation of waste disposal sites 	<p>We will review the method and underlying data that management and where applicable third parties use when determining critical accounting estimates. This will include considering the reasonableness of assumptions and corroborating representations in accordance with ASA 540.</p>
<p>Important changes in management or the control environment</p>	<p>We will review any relevant changes to management roles and related delegations, to confirm that no temporary or ongoing control gaps have occurred.</p>

AUDIT EMPHASIS AND SIGNIFICANT ACCOUNT BALANCES

The table below lists those items in the Statement of Financial Position and the Statement of Comprehensive Income that are significant account balances, and our planned audit approach for these balances. When selecting significant account balances, we consider materiality, the nature of the balance, inherent risk and the sensitivity of disclosures.

Significant Account	2020 Audited Balance \$'000	Audit Approach
Statement of Financial Position		
Cash and cash equivalents	\$9,868	<ul style="list-style-type: none"> • Review internal controls and reconciliations • Verify year end balance through bank confirmations • Analytical review
Receivables	\$3,864	<ul style="list-style-type: none"> • Year end cut-off testing • Review subsequent receipts • Review provision for doubtful debts • Analytical review

Significant Account	2020 Audited Balance \$'000	Audit Approach
Financial assets	\$357	<ul style="list-style-type: none"> Verify assets to third party documentation Assess accounting treatment in line with accounting policies Assess assets for impairment
Property, plant, equipment and infrastructure	\$225,372	<ul style="list-style-type: none"> Review key processes/controls Verify asset additions and disposals Assess assets for impairment Test items posted to construction in progress to assess appropriateness of expenses being capitalised Assess whether carrying amounts approximate fair value Where relevant, confirm balances to independent valuation reports
Payables	\$2,829	<ul style="list-style-type: none"> Review of key processes/controls Test for unrecorded liabilities Year end cut off testing
Contract Liabilities	\$713	<ul style="list-style-type: none"> Review of underlying performance obligations within contracts and the recognition of related revenue and liability amounts
Borrowings	\$6,405	<ul style="list-style-type: none"> Verify year end balances to third party statements at year end.
Provisions	\$1,643	<ul style="list-style-type: none"> Review the reasonableness of assumptions and calculations Agree amounts to supporting documentation Analytical review
Statement of Comprehensive Income		
Rates	\$10,160	<ul style="list-style-type: none"> Review of key processes and controls Analytical review Sample testing of transactions
Operating grants, subsidies & contributions;	\$6,651	<ul style="list-style-type: none"> Review of key processes and controls Analytical review Sample testing of transactions
Fees and charges	\$4,024	<ul style="list-style-type: none"> Review of key processes and controls Analytical review Year end cut-off testing
Interest received	\$297	<ul style="list-style-type: none"> Analytical review
Other revenue	\$1,088	<ul style="list-style-type: none"> Analytical review Sample testing of transactions

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Significant Account	2020 Audited Balance \$'000	Audit Approach
Employee related expenses	\$8,793	<ul style="list-style-type: none"> Review of key processes and controls Sample testing of transactions Analytical review
Materials and contracts	\$6,154	<ul style="list-style-type: none"> Review of key processes and controls Sample testing of transactions Analytical review
Utility Charges	\$1,102	<ul style="list-style-type: none"> Review of key processes and controls Sample testing of transactions Analytical review
Depreciation and amortisation	\$4,670	<ul style="list-style-type: none"> Review of management's assessment of the useful lives of assets and assess reasonableness. Analytical review
Interest Expenses	\$225	<ul style="list-style-type: none"> Review of management's assessment of the useful lives of assets and assess reasonableness. Analytical review
Insurance Expenses	\$516	<ul style="list-style-type: none"> Review of management's assessment of the useful lives of assets and assess reasonableness. Analytical review
Other expenses	\$289	<ul style="list-style-type: none"> Review of key processes/controls Sample testing of transactions Analytical review

COMPLIANCE WITH LAWS AND REGULATIONS

Management is to ensure the entity complies with the Local Government Act 1995 (as amended), and the Local Government (Financial Management) Regulations 1996 (as amended).

We are required by the Local Government Act 1995 and Local Government (Audit) Regulations 1996 to test compliance with the Act and Regulation.

GOING CONCERN AND ADVERSE FINANCIAL TRENDS

Auditing Standard ASA 570 *Going Concern* requires that we consider the appropriateness of the going concern assumption at the planning stage.

The Shire, being a form of local government is backed by the State Government; hence going concern assumption is deemed reasonable.



However, the auditor's report, per the Local Government (Audit) Regulations 1996, is still required to disclose if there are any significant adverse trends in the financial position or financial practices.

Based on the 2020/21 Annual Budget, the Shire is expecting a net deficit of \$552k. We further note that as at 30 June 2020, the Shire has a net current asset position of \$8.1M of which \$3.4M relates to restricted cash reserves with further non-current liabilities of \$6.4M.

The Shire's current liabilities are less than its unrestricted cash holdings. Hence it is reasonable to expect that the Shire is able to pay off its liabilities when it becomes due and payable.

Hence the going concern basis of accounting is considered appropriate at planning stage.

ACCOUNTING POLICIES

The Shire appears to be adopting all the recognition and measurement requirements of the applicable Australian Accounting Standards.

One potentially major changes to accounting policies noted during the year.

We anticipate that you consider the impact on your financial report for the adoption of the following accounting standards:

- **AASB 1059 – Service Concession Arrangements: Grantors**
The AASB has issued a new standard for public sector entities (not-for-profit and for-profit) that are grantors of service concession arrangements. This new standard will address the lack of a specific Australian Accounting Standard for the accounting for service concession arrangements from the grantor's perspective. These are arrangements that involve a private sector entity operating a service concession asset to deliver public services on behalf of a public sector entity.

INTERNAL AUDIT

We seek to rely on internal audit work to reduce our own audit work wherever possible. This avoids duplication of audit effort and the associated workload on your operational and administrative staff.

This year, no reliance is planned to be placed on internal audits as no internal audits are conducted.

MANAGEMENT REPRESENTATION LETTER

Our audit procedures assume that management expects to be in a position to sign a management representation letter. The proposed letter for this purpose is attached.

This letter should be reviewed and tailored to meet your Shire's particular circumstances, and be signed and dated by the CEO as close as practicable to the date of the proposed



auditor's report. Ordinarily, this would be no longer than five working days prior to the issue of the auditor's report.

Please bring to the attention of the Chairman that we will also be relying on the signed Statement by CEO in the annual financial report as evidence that they confirm that:

- they have fulfilled their responsibility for the preparation of the annual financial report in accordance with the *Local Government Act 1995*, *Local Government (Financial Management) Regulations 1996* and Australian Accounting Standards
- they have provided us with all relevant information necessary or requested for the purpose of the audit
- all transactions have been recorded and are reflected in the annual financial report.

RELATED PARTIES

Section 7.12AL of the *Local Government Act 1995* applies section 17 of the *Auditor General Act 2006* to a local government. Section 17 requires a local government to advise the Auditor General in writing of details of all related parties and entities that are in existence.

REPORTING PROTOCOLS

Significant issues identified during the course of the audit will be discussed with relevant staff and management as soon as possible after being identified. Draft management letters will be provided to your CEO (or other nominated representative) for coordination of comments from appropriate members of your management. We request that these be returned quickly, preferably within 10 working days.

At the conclusion of the audit, the abovementioned management letter will accompany the auditor's report and the audited annual financial report forwarded to the President, the CEO and the Minister for Local Government. The management letter is intended to communicate issues arising from the audit that may impact on internal control, compliance, and financial reporting.

Where considered appropriate, and to ensure timely reporting of audit findings and action by management, interim management letters may be issued to the CEO. Interim management letters will be forwarded to the President and Minister with the auditor's report.

SPECIFIC AUDIT REQUIREMENTS

We will discuss our requirements with your staff to facilitate a timely, efficient and effective audit. We will formally agree our information requirements and timeframes for the audit with your CEO and by using your staff to have various documents readily available when we perform our audit.

Please note however that in several instances, particularly during our audit sampling at the interim visits, audit staff will need to retrieve some evidence themselves, rather than being given the evidence by your staff. This is essential for an independent audit.



YOUR AUDIT TEAM

	Name	Contact
OAG Representative	Anne Lei	(08) 6557 7601 Anne.Lei@audit.wa.gov.au
Butler Settinieri Director	Marcia Johnson	(08) 6389 5222 mjohnson@butlersettineri.com.au
Butler Settinieri Audit Manager	Lizl Coetzee	(08) 6389 5222 lcoetzee@butlersettineri.com.au
Butler Settinieri Auditor	Daniel Lazarus	(08) 6389 5222 dlazarus@butlersettineri.com.au

Lizl Coetzee will be your primary contact and will communicate progress and any emerging issues to you.

PROPOSED AUDIT SCHEDULE

See attached Audit Timetable.

OTHER AUDIT ACTIVITIES

The OAG has recently completed or is undertaking financial and performance audits relevant to local government. Through these audits, OAG aims to identify good practice and opportunities for improvement. You may therefore wish to review these reports as they may have relevance to your local government. They are available at www.audit.wa.gov.au.

A summary of reports issued from March 2020 are listed below:

- **Audit Result Report – Annual 2018-19 Financial Audits of Local Government Entities (March 2020)** – This report summarises the results of 112 local government entities' annual financial report audits for the year ended 30 June 2019. All but 5 auditor's reports included clear (unqualified) audit opinions on the financial reports. The OAG reported 93 material matters of non-compliance with the Local Government Act 1995, Local Government (Financial Management) Regulations 1996, or other written law in 48 of our auditor's reports. In addition, 823 financial management and control matters of varying significance were also reported to management in the management letters. In accordance with the Local Government (Audit) Regulations 1996, the OAG reported 106 ratios with adverse trends in the financial position of 72 LG's.
- **Controls over Purchasing Cards (March 2020)**
- **Control of Monies Held for Specific Purposes (April 2020)**



- Local Government Contract Extensions and Variations, and Ministerial Notice Not Required (May 2020)
- Western Australian Public Sector Audit Committees – Better Practice Guide (June 2020)
- Regulation of Consumer Food Safety by Local Government Entities (June 2020)
- Information Systems Audit Report 2020 – Local Government Entities (June 2020)
- Waste Management – Service Delivery (August 2020)
- Regulating Minor Pollutants (November 2020)
- Grant Administration (January 2021)
- Application Controls Audits 2021 (March 2021)
- Regulation and Support of the Local Government Sector (April 2021)
- Local Government General Computer Controls (May 2021)



Attachment 2 – Audit Timetable 2021

BUTLER  **SETTINERI**

AUDIT CLIENT:	Shire of Northam		
AUDIT AREA:	Audit timetable		
PREPARED BY:	LC	DATE:	23/04/2021

Our audit timetable for the financial year ended 30 June 2021 is as follows:

Key area	Target date	Person responsible
Audit Planning		
Plan Audit	5 May 2021	BSA
Manager Review of Planning	12 May 2021	BSA
Send list of requirements for planning and interim	5 May 2021	BSA
Accounting Systems & Controls Update	5 May 2021	BSA
Planning document to OAG for review	19 May 2021	BSA
Audit Entrance Meeting	2 June 2021	SON & audit committee chair, BSA, OAG
Interim Audit		
Reconciled financial information ready for audit (up to 30 April 2021) - Trial Balance Outstanding Board Minutes Information requested	17 May 2021	SON
Interim Audit selections to SON	24 May 2021	BSA
Interim Audit	8 - 11 June 2021	BSA & SON
OAG Review	by 19 July 2021	OAG
Issue of Interim Management Letter	by 31 July 2021	OAG
Final Audit		
Bank confirmation letters	1 July 2021	BSA & SON
Final audit list of requirements to SON	1 July 2021	BSA
Reconciled financial information ready for audit - Trial Balance - Outstanding Board Minutes - Balance Sheet Reconciliations	23 August 2021	SON
Draft Financial Report received	30 August 2021	SON
Audit selections to SON	30 August 2021	BSA
Audit fieldwork visit (week of)	8 – 10 September 2021	BSA
Fieldwork & Completion for review	17 September 2021	BSA
Audit Manager Review	30 September 2021	BSA
Meeting with Management	4 October 2021	SON, BSA
Audit Partner review by	15 October 2021	BSA
File presented to OAG for review	26 October 2021	OAG
Financial Report		
Draft Audited Financial Report to SON	31 October 2021	BSA, SON

BUTLER SETTINERI

AUDIT CLIENT:	Shire of Northam		
AUDIT AREA:	Audit timetable		
PREPARED BY:	LC	DATE:	23/04/2021

Key area	Target date	Person responsible
with OAG comments		
Draft Audited Financial Report ready for Internal Agenda - Review	5 November 2021	BSA, SON
Approval by the CEO <ul style="list-style-type: none"> Draft Annual Financial Report Management Representation Letter 	8 November 2021	SON
Final package to OAG for signing	9 November 2021	BSA
Completion and Exit		
Meeting with Audit Committee (Audit Exit Meeting)	8 November 2021	SON, BSA, OAG
Issue of Auditor's Report	15 November 2021	OAG
Council Meeting to adopt AFR	17 November 2021	SON

Key:

SON = Colin Young (Executive Manager Corporate Services) Shire of Northam

BSA = Butler Settineri Audit [Marcia Johnson (Director) and Lizl Coetzee (Manager)]

OAG = Anne Lei (Assistant Director)

6.2 FRAUD AND MISCONDUCT PLAN

File Reference:	2.3.1.1
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 provides Council the opportunity to consider and approve the Fraud and Misconduct Plan.

ATTACHMENTS

Attachment 1: Fraud and Misconduct Plan.

A. BACKGROUND / DETAILS

The prevention of fraud and corruption forms part of the Shire's risk management system. The Shire seeks to identify and limit exposure to fraud and corruption by reducing the potential opportunity for this to occur. As the Shire is committed to a zero tolerance toward fraud and misconduct the Shire intends to formalise protocols for reporting suspected misconduct or fraudulent behaviour.

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: Implement systems and processes which deliver quality outcomes for our community.

B.2 Financial / Resource Implications

Nil

B.3 Legislative Compliance

Local Government Act 1995

Local Government (Financial Management) Regulations 1996

Regulation 5:

- (1) *Efficient systems and procedures are to be established by the CEO of a local government –*
- (a) *for the proper collection of all money owing to the local government; and*
 - (b) *for the safe custody and security of all money collected or held by the local government; and*
 - (c) *for the proper maintenance and security of the financial records of the local government (whether maintained in written form or by electronic or other means or process); and*
 - (d) *to ensure proper accounting for municipal or trust –*
 - (i) *revenue received or receivable; and*
 - (ii) *expenses paid or payable; and*
 - (iii) *assets and liabilities; and*
 - (e) *to ensure proper authorisation for the incurring of liabilities and the making of payments; and*
 - (f) *for the maintenance of payroll, stock control and costing records; and*
 - (g) *to assist in the preparation of budgets, budget reviews, accounts and reports required by the Act or these regulations.*

Local Government (Audit) Regulations 1996

Regulation 17 (1):

- (1) *The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to –*
- (a) *risk management; and*
 - (b) *internal control; and*
 - (c) *legislative compliance.*

B.4 Policy Implications

Nil.

B.5 Stakeholder Engagement / Consultation

Nil.

B.6 Risk Implications

Risk Category	Description	Rating (likelihood x consequence)	Mitigation Action
Financial	The potential risk for fraud and misconduct to occur.	Possible (3) x Major (12) = High (12)	Adopt and implement a Fraud and Misconduct Plan.
Health & Safety	Nil		
Reputation			
Service Interruption	Nil		

Compliance	The potential risk for fraud and misconduct to occur.	Possible (3) x Major (12) = High (12)	Adopt and implement a Fraud and Misconduct Plan.
Property	Nil		
Environment	Nil		

C. OFFICER'S COMMENT

RECOMMENDATION

That Council endorse the Fraud and Misconduct Plan as presented.

Attachment 1 – Fraud and Misconduct Plan



FRAUD AND MISCONDUCT PLAN

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Ref	Version	Date	Description	Approved by
ORG-PL-07	Draft V1	02/03/2021	Draft plan	CEO
ORG-PL-07	Draft V1	08/03/2021	Draft plan	EMCS

1. EXECUTIVE SUMMARY

a. Introduction

The Shire of Northam is committed to the prevention, detection, response and monitoring of fraud and corrupt activities.

Fraud and corruption prevention forms part of the Shire's risk management system. The Shire seeks to identify and limit exposure to fraud and corruption by reducing the potential opportunity for this to occur. The Shire is committed to a zero tolerance toward fraud and misconduct and has set protocols in place for reporting any suspected misconduct or fraudulent behaviour.

b. Definition of fraud

Fraud is defined by Australian Standard AS8001-2008 as: "Dishonest activity causing actual or potential financial loss to any person or entity including theft of moneys or other property by employees or persons external to the entity and where deception is used at the time, immediately before or immediately following the activity".

Fraud includes any practice that involves deceit or other dishonest means by which a benefit is obtained. The benefits may be obtained by:

- Staff Members (known as 'internal' or 'workplace' fraud). Staff Member includes trainees, students, volunteers, participants in work experiences, contractors.

Fraud can take many forms, including (but not limited to):

- Theft or obtaining property, financial advantage or any other benefit by deception,
- False timesheets, sick or annual leave claims,
- Providing false or misleading information, or failing to provide information where there is an obligation to do so,
- Causing a loss, or avoiding or creating a liability by deception,
- Making, using or possessing forged or falsified documents,
- Unlawful use of computer systems, vehicles, telephones and other property or services; and manipulating expenses or salaries.

Fraud is a serious criminal offence, punishable by a term of imprisonment and is defined within section 409 of the Criminal Code of Western Australia.

c. Definition of corruption

Corruption is defined by Australian Standard AS8001-2008 as –

Corruption is dishonest activity in which an employee or contractor of the entity acts contrary to the interests of the entity and abuses their position of trust to achieve some personal gain or advantage for themselves or for another person or organisation. The concept of 'corruption' can also involve corrupt conduct by the entity, or a person purporting to act on behalf of and in the interests of the entity, to secure some form of improper advantage for the entity.

Corrupt conduct tends to show a deliberate intent for an improper purpose and may involve misconduct such as: the deliberate failure to perform the functions of office properly; the exercise of a power or duty for an improper purpose; or dishonesty. Some examples of corrupt or criminal conduct which could be serious misconduct include

- Abuse of public office,
- Blackmail,
- Bribery, including bribery in relation to an election,
- Deliberately releasing confidential information,
- Extortion,
- Obtaining or offering a secret commission,
- Fraud or stealing,
- Forgery,
- Perverting the course of justice,
- An offence relating to an electoral donation; and
- Falsification of records.

d. Statement of Shire of Northam's attitude to fraud and corruption

The Shire of Northam has zero tolerance for corrupt conduct or fraudulent activities. The Shire is committed to preventing, deterring, and detecting fraudulent and corrupt behaviour in the performance of Shire activities. Employees must not engage in practices that may constitute fraud or corruption.

The Shire has developed a structured framework and approach to the implementation and review of fraud and corruption prevention, detection, monitoring and reporting. This Plan is based on the Australian Standards for Fraud and Corruption Control (AS8001-2008) and has been endorsed by the Executive Management Team. The desired outcome of this commitment is to ensure fraud and corruption do not occur, or be associated with, in any element of the Shire of Northam.

The Shire may prosecute people identified as committing fraud or undertaking corrupt behaviour. Employees may also face disciplinary action under the Shire Code of Conduct, and restitution of money or property lost through fraudulent activity will be pursued through legislative means.

Fraudulent and corrupt activities may also be required to be referred to external agencies or may be referred at the discretion of the Council or CEO. These agencies include but are not limited to –

- WA Police,
- Crime and Corruption Commission,
- Public Sector Commission,
- Local Government Standards Panel.

e. Code of Conduct

The Shire of Northam has, and will continue to maintain, a compliant code of conduct for Councillors, Committee Members, Candidates and staff.

In the case of Councillors, Committee Members and Candidates, the code of conduct will form part of their induction processes on appointment to Council or a Committee, whilst all members will be advised of any changes that may occur in the code from time to time.

All Shire of Northam staff will be provided with information pertaining to the code of conduct on their induction, whilst existing employees will be required to undertake an induction refresher every two years.

f. Roles and accountabilities for fraud control

Council

Council has the responsibility to adopt the Fraud and Corruption Prevention Policy and Plan.

Audit and Risk Management Committee

The Audit and Risk Management Committee's responsibilities include:

- Reviewing risk management frameworks and associated procedures for the effective identification and management of fraud risks,
- Overseeing development and implementation of the Fraud and Corruption Prevention Plan, and to provide assurance that the Shire has appropriate processes and systems in place to prevent, detect and effectively respond to fraud-related information; and
- Providing leadership in preventing fraud and corruption.

Chief Executive Officer (CEO)

The CEO applies the Shire's resources to fraud prevention and ensures the implementation of adequate controls for managing fraud and corruption risks within the Shire. The CEO, under the Corruption, Crime and Misconduct Act 2003 must notify the Corruption and Crime Commission or the Public Sector Commission if misconduct is suspected.

Leadership Team (Executive, Managers, Coordinators/Supervisors)

The Leadership team is responsible for implementing the Fraud and Corruption Prevention Plan. In particular, the Leadership Team must:

- Provide leadership, guidance, training, and support to employees in preventing fraud and corruption,
- Identify high fraud risk areas,
- Participate in fraud and corruption risk assessment reviews,
- Monitor the continued operation of controls,

- Report suspected fraud and corruption promptly, maintaining confidentiality; and
- Ensure the protection of complainants who report fraudulent and corrupt activities.

Public Interest Disclosure (PID) Officer

PID Officers investigate disclosures, and act following the completion of investigations under the Public Interest Disclosure Act 2003.

Manager Human Resources

The Manager Human Resources is responsible for managing the grievance and discipline process.

Governance Coordinator

The Governance Coordinator is responsible for:

- Coordinating the fraud and corruption risk assessment process,
- Developing and maintaining this Fraud and Corruption Prevention Plan, in consultation with key stakeholders,
- Communicating the existence and importance of the Fraud and Corruption Prevention Plan; and
- Delivering and/or coordinating fraud and corruption training.

All Employees

All employees have a responsibility to contribute to preventing fraud and corruption by following the Code of Conduct, complying with controls, policies, and processes; resisting opportunities to engage in fraudulent or corrupt behaviour; and reporting suspected fraudulent or corrupt incidents or behaviour.

2. PLANNING AND RESOURCING

a. Program for fraud control planning and review

The Shire of Northam Audit & Risk Management Committee has recommended this plan (Fraud and Corruption Control Plan) be adopted by Council in 2021. A review of the Plan will be undertaken every two years after its adoption. Notwithstanding this requirement to review, in the event there is a corrupt or fraudulent occurrence within the Shire of Northam, this will trigger an automatic review of this plan within two months of the completion of investigation in the fraudulent or corrupt activity.

b. Appointment of a Fraud Control Officer and associated resources

The responsibility for implementation of this Plan is with the Governance Coordinator, who will report directly to the Chief Executive Officer. The Chief Executive Officer will ensure the Governance Coordinator has the appropriate resources to be able to fulfil the requirements of this plan.

c. External assistance to Fraud Control Officer

Where specialised skills are required, such as forensic accounting, computer forensic analysis, data analytics, and/or complete investigations, the assistance of an external party may be enlisted to assist. Costs associated with engaging external service providers are borne by the Department where the work is necessary to be undertaken.

d. Fraud and corruption control & Internal audit activity responsibilities

The Internal function is administered by the Governance Coordinator, under the control and guidance of the Chief Executive Officer.

Specific risks, identified within this plan, which is assessed equal to or greater than a high-risk training must be entered into the Shire of Northam (Promapp) online risk register. Non-compliance with the risk mitigation actions will automatically be reported to appropriate line manager in the first instance, followed by an escalation to the Chief Executive officer if the mitigation action is not satisfied with 5 working days. All end of quarter non-compliant mitigation actions are reported to Shire of Northam Audit and Risk Management Committee.

3. FRAUD AND CORRUPTION PREVENTION

a. Implementing and maintaining an integrity framework

The Codes of Conduct are key enablers in delivering the sound and ethical culture required in the prevention of fraud and corruption throughout the organisation.

b. Senior management commitment to controlling the risk of fraud and corruption

The Chief Executive Officer and Executive Management team will set the example by exercising and demonstrating high levels of integrity in the performance of their roles and functions by regularly reminding employees of the importance of complying with Council's Code of Conduct and the Public Interest Disclosure Information Guidelines.

Fraud control non compliances will be discussed at Executive Manager Meetings

c. Maintaining strong internal control systems and internal control culture

The Shire of Northam is using an online Promapp cloud-based system to manage the Councils organisational risk register.

d. Fraud and corruption risk assessment

The Chief Executive Office, Executive Management Group and various other staff have had input into the identification of potential fraud and corruption risks and proposed mitigation strategies, utilising the Council Risk Management Policy 1.8. These have been reported to and endorsed by the Shire of Northam Audit & Risk Committee in accordance with Shire of Northam risk assessment.

Appendix 1 provides a detailed risk assessment of fraud and corruption. In accordance with Council policy, at a minimum any risk with an inherent rating of high (or greater) has its specific mitigation strategies entered into the Shire's Promapp Risk Register. Recording the risk mitigation actions in the Promapp register results in any non-compliances being automatically reported to the Shire of Northam Audit & Risk Management Committee.

e. Communication and awareness of fraud and corruption

It is important that fraud and corruption is identified and reported at an early stage and that employees have understanding and confidence in the system.

A range of initiatives will be put in place to ensure fraud and corruption definitions, risks and other relevant information is provided on a regular basis, including:

- Induction / onboarding of new employees will contain a section dedicated to defining fraud and corruption as well as how to report suspected fraud or corruption.
- All employees will be re inducted every two years.
- All identified fraud and corruption risks will be published and accessible to all staff via the Shire of Northam Risk Manager cloud based Promapp system.

- Employee guidelines will contain information pertaining to the Fraud and Corruption Plan,
- A dedicated page on fraud and corruption will be provide on the Shire of Northam intranet (once developed).

f. Employment screening (pre-employment and internal promotion)

Prior to appointment the following screening shall be undertaken with the express consent of the individual concerned, irrespective of whether they are internal or external applicants –

- Verification of identity requiring at least two forms of identity (passport, birth certificate, driver's licence, rate certificate, at least one must include photo identification)
- Police criminal history check – existence of a criminal history will not automatically result in disqualification from employment or promotion opportunities. The Chief Executive Officer will take a risk based approach to making decisions on current or prospective employees and the relevance of their criminal records.
- Working with Children check – relevant positions
- Reference checks with two most recent employers
- Consideration of any gaps on employment history and the reasons for the gaps
- Verification of formal qualifications claimed – where relevant or required for position; and
- If necessary, residency or visa status.

(note: internal applicants may not need to provide the above screening documents if they have been provided with the previous 3 years)

g. Taking of leave and job rotation position

Individual Departments will regularly consider job rotation for positions where there are multiple officers undertaking the same or similar functions and the position is deemed a high risk from a fraud or corruption perspective, local law enforcement, parking enforcement, planning officers, contract management, for example.

Excess annual leave is monitored on a quarterly basis to ensure excess leave is managed in accordance with Industrial Awards and relevant Council Policies.

h. Supplier and customer vetting

The Shire of Northam will continue to undertake supplier vetting for new and ongoing suppliers in accordance with existing practices.

To avoid scams and incorrect payments, all suppliers are to have banking details verified upon initial entry of their details to the financial system / database and then periodically.

All new suppliers with prospective business in excess of \$150,000, will be exposed to the following minimum checks ~~will~~ which include –

- Search of Australian Securities & Investment Commission Company Register,
- Australian Business Register ABN verification,
- Currency of insurances.

For new contracts exceeding, or potential to exceed \$500,000, the following additional checks should be considered –

- Corporate scorecard check which looks at Bankruptcy search,
- Assessment of credit rating, search of legal proceedings pending or judgements pending.

4. FRAUD AND CORRUPTION DETECTION

a. Fraud control and corruption detection program

The Shire of Northam's detection program includes the monthly internal audit plan (which focuses primarily on post transactional reviews), audited annual financial statement, annual compliance return, review of risk strategies and various reporting avenues.

In accordance with the Local Government Act (1995) and associated regulations, the CEO is required to –

a) *in accordance with the Local Government (Financial Management) Regulations 1996 r.5 advise Council in relation to –*

- *Efficient systems and procedures*
- *Ensure efficient use of resources*
- *Undertake reviews of appropriateness and effectiveness of systems at least once every three years*

b) *in accordance with the Local Government (Audit) Regulations 1996 r.17, review –*

- *Risk management*
- *Internal controls, and*
- *Legislative compliance.*
- *Each of these matters are to be reviewed at least once every 3 calendar years.*

b. Role of External Auditor defined

Consistent with recent changes to international and Australian auditing standards, the auditor's accountability for the detection of fraud will form part of any audit. These provisions will increase the likelihood of detecting material mis-statements or errors in the Shire's financial statements.

c. Mechanisms for reporting suspected fraud and corruption incidents

The Shire's Public Interest Disclosure Procedures (PID) Information Guidelines provide clear direction regarding employees reporting suspicious or known illegal or unethical conduct. The policy also provides for alternative internal means by which to report matters of concern.

Reports can be made anonymously. Anonymous reports will be examined and investigated on the available evidence. All employees have the right to make a disclosure in accordance with the Public Interest Disclosure Act 2003. This is encouraged where any person wishes to access the protections afforded by the Act.

The following resources are also available to assist staff who may wish to report fraud or corruption

- Manage complaints process – Promapp
- Manage employee discipline / misconduct process – Promapp
- Manage public interest disclosures process – Promapp

d. Whistle-blower protection program

Whistle-blowers, whether internal or external, may be an important component in the detection and exposure of fraud or corrupt behaviour. They will be protected to the extent permitted by law. Protection may include but is not limited to –

- Ensuring the person's safety,
- Protecting their confidentiality,
- Arranging any necessary physical or mental support; and
- Referral to an external agency having greater resources for investigation.

A whistle-blower who has been involved in the reported misconduct may be provided with immunity or due consideration from Shire initiated disciplinary proceedings by agreement, however, the Shire has no power to provide immunity from criminal prosecution. Where victimisation or reprisals are reported, a record of the report and the action taken must be placed on the file relating to the public interest disclosure. Steps taken to prevent acts of victimisation or reprisal should be recorded in a manner that they will be accessible for reference, should legal action be taken against the Shire.

However, vexatious, or malicious complaint will not be tolerated, and an appropriate response may be made against the complainant.

5. RESPONDING to detected fraud and corruption incidents

a. Procedure for the investigation of detected or suspected incidents

The Shire's Public Interest Disclosure Information Guidelines are available on our website and provide for –

- Appropriate measures for the comprehensive investigation of such matters based on the principles of independence, objectivity and fair due process (rules of natural justice),
- Systems for internal reporting of all detected incidents,
- Process for reporting the matters of suspected fraud and corruption to appropriate external enforcement agencies.

While the Guidelines are reviewed regularly to ensure that they continue to meet these objectives, the following is the documented Promapp process at time of publication.



b. Internal reporting and escalation

The relevant Executive Manager is to ensure that all incidents reported and investigated are documented and registered on the appropriate confidential file.

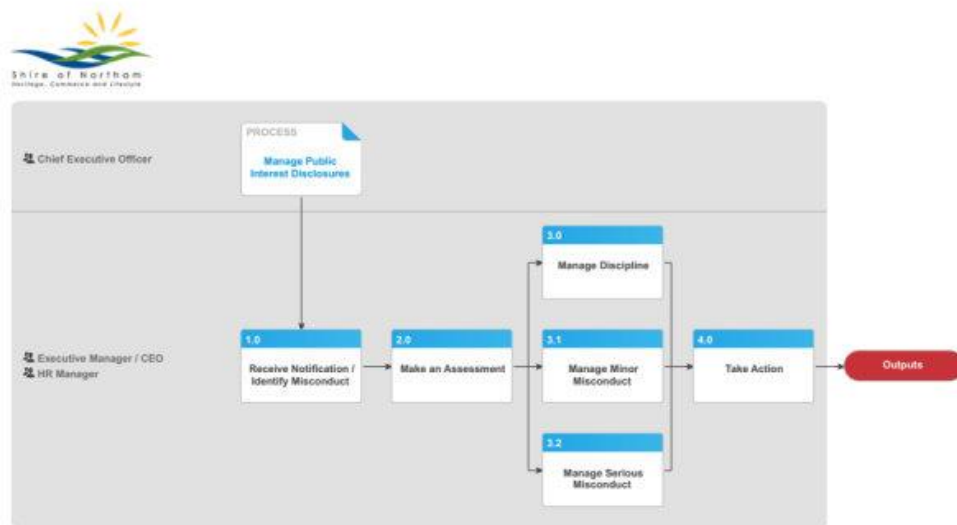
The documentation placed on the file must include the following minimum information –

- Date and time of report,
- Date and time the incident was detected,
- How the incident came to the attention of management,
- The nature of the incident,
- Value of loss (if any) to the entity,
- Action taken following discovery of the incident.

The Chief Executive Officer is to be kept informed of all fraud and corruption investigations and their outcomes.

c. Disciplinary procedures

The Shire of Northam has an extensive discipline and misconduct process detailed in Promapp. At the time of publishing the following process (which is supported by a detailed procedure) applied:



d. External reporting

The Shire's Public Interest Disclosure Information Guidelines provide direction to reporting any suspected fraudulent or corrupt conduct to any external enforcement agencies including.

- Dept of Local Government, Sport and Cultural Industries,
- Public Sector Commission,
- Police; or
- Crime & Corruption Commission.

Individuals may report any reasonable suspicion of minor misconduct involving a public officer to the Public Sector Commission (PSC). These powers come from the Corruption, Crime and Misconduct Act 2003.

It is important individuals consider what behaviours and circumstances constitute minor misconduct and whether the person/s involved is a public officer for the purposes of the legislation. There is a good chance that if the public officer/s involved could be the subject of a disciplinary investigation within the authority, then it might be minor misconduct. If suspected behaviour you have seen or experienced is minor misconduct you can report it to the PSC or the Executive Manager Corporate Services (as the Shire of Northam designated complaints officer).

e. Position on civil proceedings to recover the proceeds of fraud and corruption

The Shire will decide on the facts of individual cases, and as such may seek to recover any losses due to fraud or corruption where there is clear evidence of fraud and corruption and where the likely benefits of such recovery will exceed the funds and resources required to be invested in the recovery action.

f. Internal control review following discovery of fraud

Where fraud or corruption is detected the relevant Executive Manager will be responsible to assess the adequacy of the relevant internal control environment and provide a report to the Chief Executive Officer including any recommended improvements identified. On receipt of such a report the Chief Executive Officer will make a subsequent report to the Shire of Northam Audit and Risk Management Committee for their information.

g. Maintaining and monitoring adequacy of insurance dealing with fraudulent or improper conduct

The Chief Executive Officer will assess each year the adequacy of insurance coverage (including but not limited to fidelity guarantee) as it related to fraud and misconduct. The current details of insurance coverage are outlined below, in the event any change is made to the level of cover this will be reported to the Shire of Northam Audit and Risk Management Committee for information.

The Shire of Northam are currently covered through the Local Government Insurance Scheme (LGIS) for the following

CRIME	\$500,000	Fraud, corrupt conduct, theft
	\$ 75,000	3 rd party fraud - trickery

6. APPENDIX 1 – CORRUPTION AND FRAUD RISK ASSESSMENT

Risk Category	Description	Inherent Rating (likelihood x consequence)	Mitigation Action	Residual Rating (likelihood x consequence)
Financial	Payroll – use of fictitious employees	Possible (3) x Medium (3) = Moderate (9)	• Fortnightly payroll reviewed and signed off by Accountant	Unlikely (2) x Medium (3) = Moderate (6)
	Payroll – delayed terminations	Possible (3) x Medium (3) = Moderate (9)	• All termination pays calculations reviewed and signed off by Accountant	Unlikely (2) x Medium (3) = Moderate (6)
	Payroll – Consistently recording incorrect hours of work on timesheets	Possible (3) x Medium (3) = Moderate (9)	• All timesheets reviewed by line manager and officially approved • Budgets monitored by Executive Manager, Chief Executive Officer and Accountant	Unlikely (2) x Medium (3) = Moderate (6)
	Payment systems – incorrect bank details	Possible (3) x High (4) = High (12)	• 100% of system changes reported on at end of month and signed off by Senior Finance Officer	Unlikely (2) x High (4) = High (8)
	Receipting of money	Possible (3) x Medium (3) = Moderate (9)	• end of day receipting and processing checked by two staff. • Surveillance cameras record receipting process and end of day count	Unlikely (2) x Medium (3) = Moderate (6)
	Receipting of money – remote sites	Possible (3) x Medium (3) = Moderate (9)	• Checked by remote site staff and checked by Admin Staff	Unlikely (2) x Medium (3) = Moderate (6)
	Entertainment expenses – incorrectly claiming	Possible (3) x Minor (2) = Moderate (6)	• Cross check by second staff and co-signed	Unlikely (2) x Minor (2) = Low (4)
	Debt write off – conflict of interest	Possible (3) x Medium (3) = Moderate (9)	• Employees required to declare interest in writing and not be involved in the relevant write-off	Unlikely (2) x Medium (3) = Moderate (6)
	Grant applications & use – conflict of interest	Possible (3) x Medium (3) = Moderate (9)	• Employees required to declare interest in writing and not be involved in the relevant Grant	Unlikely (2) x Medium (3) = Moderate (6)
	Granting of subsidies & waivers – conflict of interest	Possible (3) x Medium (3) = Moderate (9)	• Employees required to declare interest in writing and not be	Unlikely (2) x Medium (3) = Moderate (6)

			involved in granting the relevant subsidies	
	Granting of concessions & other relief – conflict of interest	Possible (3) x Medium (3) = Moderate (9)	<ul style="list-style-type: none"> Employees required to declare interest in writing and not be involved in granting the relevant concessions 	Unlikely (2) x medium (3) = Moderate (6)
	Tendering – conflict of interest	Possible (3) x Major (4) = High (12)	<ul style="list-style-type: none"> Employees required to declare interest in writing and remove themselves from process if possible Documented purchasing process in place Random audit of 3 tendered works/projects at end of financial year checking overall compliance with process 	Unlikely (2) x Major (4) = Moderate (8)
	Purchasing – conflict of interest	Possible (3) x Medium (3) = Moderate (9)	<ul style="list-style-type: none"> Employees required to declare interest in writing Documented purchasing process in place Internal audit of 10 creditor transactions per month 	Unlikely (2) x Medium (3) = Moderate (6)
	Corporate card misuse, such as payment for personal expenses	Possible (3) x Minor (2) = Moderate (6)	<ul style="list-style-type: none"> All credit card statements supported by receipts Monthly credit card statements reviewed by Executive Manager or Chief Executive Officer Monthly credit card statements presented to Full Council Maximum limit of \$5,000, on credit cards 	Unlikely (2) x Minor (2) = Low (4)
	Submitting false travel claims	Possible (3) x Minor (2) = Moderate (6)	<ul style="list-style-type: none"> Travel claims require independent sign off and supporting documentation 	Unlikely (2) x Minor (2) = Low (4)

	Fuel card misuse	Possible (3) x Minor (2) = Moderate (6)	<ul style="list-style-type: none"> • Random checks of fuel card usage • Policy viewed and understood and signed by staff at induction 	Unlikely (2) x Minor (2) = Low (4)
	External providers making claims for services that were not provided	Possible (3) x Minor (2) = Moderate (6)	<ul style="list-style-type: none"> • Checklist of services to be provided • Visual sighting of services provided 	Unlikely (2) x Minor (2) = Low (4)
Health & Safety	Fraudulent workers compensation claims	Possible (3) x Minor (2) = Moderate (6)	<ul style="list-style-type: none"> • 100% of workers compensation claims resulting in lost time injury to be investigated 	Unlikely (2) x Minor (2) = Low (4)
Reputation	No Fraud and Corruption Control Plan in place	Possible (3) x Major (4) = High (12)	<ul style="list-style-type: none"> • Fraud and Corruption Control Plan reviewed by Shire of Northam Audit & Risk Committee and adopted by Council every two years. 	Unlikely (2) x Minor (2) = Low (4)
	Conflicts of Interest Planning approvals	Possible (3) x Minor (2) = Moderate (6)	<ul style="list-style-type: none"> • Employees required to declare interest in writing and recuse themselves from process. If unable to recuse, decision must be counter authorised by Executive Manager 	Unlikely (2) x Minor (2) = Low (4)
	Conflicts of Interest Building approvals	Possible (3) x Minor (2) = Moderate (6)	<ul style="list-style-type: none"> • Employees required to declare interest in writing and recuse themselves from process. If unable to recuse, decision must be counter authorised by Executive Manager 	Unlikely (2) x Minor (2) = Low (4)
	Conflicts of Interest Pool inspections	Possible (3) x Minor (2) = Moderate (6)	<ul style="list-style-type: none"> • Employees required to declare interest in writing and recuse themselves from process. If unable to recuse, decision must be counter authorised by Executive Manager 	Unlikely (2) x Minor (2) = Low (4)
	Conflicts of Interest Health inspections	Possible (3) x Minor (2) = Moderate (6)	<ul style="list-style-type: none"> • Employees required to declare interest in writing and recuse themselves from 	Unlikely (2) x Minor (2) = Low (4)

			process. If unable to recuse, decision must be counter authorised by Executive Manager	
	Conflicts of Interest Inappropriate influence over grants and funding applications	Possible (3) x Minor (2) = Moderate (6)	<ul style="list-style-type: none"> • Employees required to declare interest in writing and recuse themselves from process • All waiving of fines and prosecutions require CEO approval • CEO required to declare any interest and delegate decision to Executive Manager 	Unlikely (2) x Minor (2) = Low (4)
	Issuing and waiving of fines and prosecutions	Possible (3) x Minor (2) = Moderate (6)	<ul style="list-style-type: none"> • Employees required to declare interest in writing and recuse themselves from process • All waiving of fines and prosecutions require CEO approval • CEO required to declare any interest and delegate decision to Executive Manager 	Unlikely (2) x Minor (2) = Low (4)
	Employment - Nepotism	Possible (3) x Minor (2) = Moderate (6)	<ul style="list-style-type: none"> • Employees required to declare interest in writing • All vacancies required to be advertised (either officially internally, or externally) • Multiple staff required to sit on interview panel • Executive Manager sign off and CEO sign off required on all recruitment 	Unlikely (2) x Minor (2) = Low (4)
	Unauthorised use of Shire vehicles	Possible (3) x Minor (2) = Moderate (6)	<ul style="list-style-type: none"> • GPS tracking on 19 Shire vehicles (excluding full private use vehicles) 	Unlikely (2) x Minor (2) = Low (4)

	Theft or unauthorised use of public funds or physical resources, such as office supplies and stationery	Possible (3) x Minor (2) = Moderate (6)	<ul style="list-style-type: none"> Awareness of Code of Conduct to be provided at induction 	Unlikely (2) x Minor (2) = Low (4)
	Purchasing – receipt of gifts	Possible (3) x Minor (2) = Moderate (6)	<ul style="list-style-type: none"> Code of conduct in place and available for all staff Code of conduct forms part of new employee induction 	Unlikely (2) x Minor (2) = Low (4)
Records Management	Changing official Council records without approval (e.g. rating or approval records)	Possible (3) x Minor (2) = Moderate (6)	<ul style="list-style-type: none"> 100% of system changes reported on at end of month and signed off by Senior Finance Officer 	Unlikely (2) x Minor (2) = Low (4)
Service Interruption	Systemic taking of sick leave	Possible (3) x Minor (2) = Moderate (6)	<ul style="list-style-type: none"> Process in place to reiterate that Managers are required to meet with all staff on day following return from sick leave Monthly leave taken reports provided to Chief Executive Officer and Executive Manager Medical certificates or statutory declarations required after two days sick leave in any one calendar year Certificate may be requested for every absence if there are concerns in relation to attendance 	Unlikely (2) x Minor (2) = Low (4)
	Not attending training when required to do so	Possible (3) x Minor (2) = Moderate (6)	<ul style="list-style-type: none"> Ensure staff are aware of the importance of training Code of Conduct – Refusal of duties clause addresses this risk 	Unlikely (2) x Minor (2) = Low (4)
Compliance	Purchasing – invoice or project splitting to avoid tender requirements	Possible (3) x Medium (3) = Moderate (9)	<ul style="list-style-type: none"> Compliance with legislative requirements of the Act and subsidiary legislation 	Unlikely (2) x Medium (3) = Moderate (6)

			<ul style="list-style-type: none"> • Random audit of 3 tendered projects at end of financial year 	
Property	Leasing - Nepotism	Possible (3) x Medium (3) = Moderate (9)	<ul style="list-style-type: none"> • Follow the process in Promapp and in S.3.58 of the LG Act • Employees required to declare interest in writing 	Unlikely (2) x Medium (3) = Moderate (6)
	Sale - Conflict of Interest and inappropriate use of position	Possible (3) x Medium (3) = Moderate (9)	<ul style="list-style-type: none"> • Follow the process in Promapp and in S.3.58 of the LG Act • Employees required to declare interest in writing 	Possible (3) x Medium (3) = Moderate (9)

6.3 MONTHLY COMPLIANCE REPORT

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 provides Council with an overview of the Shire's monthly compliance activities.

ATTACHMENTS

- Attachment 1: April 2021 Compliance Calendar.
Attachment 2: April 2021 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. To ensure compliance is met on a monthly basis, the Shire has implemented a monthly Compliance Calendar where specific activities are audited internally.

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	ability to misuse funds.	Rare (2)x Medium (3) = Low (3)	Compliance calendar assists to ensure compliance
Health Safety	N/A		
Reputation	N/A		
Service Interruption	N/A		
Compliance	Staff not following legislative requirements	Rare (2)x Medium (3) = Low (3)	Compliance calendar assists to ensure compliance
Property	N/A		
Environment	N/A		

C. OFFICER'S COMMENT

The monthly Compliance Calendar is an effective tool to assist populating the Annual Compliance Audit Return (CAR) and enhances the Shire's ability to identify and manage issues which may arise during the year, in a timely manner.

2020 was a difficult year with staff working from home due to COVID-19 restrictions and new processes being instigated including moving from paper to digital and attaching the invoice to the purchase order in G drive. The latter proved inequitable at this time due to the difficulties for staff sign off.

2021 Compliance Calendar

Month	Item	% compliance	Non Compliance
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March	Monthly Check	100%	Compliant.
	Random Creditor check	100%	Compliant.
April	Monthly Check	100%	Compliant.
	Random Creditor check	80%	2/10 non-compliant (purchase order raised after invoice).

RECOMMENDATION

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

APRIL 2021 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	N/A	JP
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	1 disclosed a financial interest and he left the room for item 12.1	JP
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	All known were made	JP
Local Government Act 1995	S5.73 & S103	CEO	Were ALL disclosures recorded in the minutes		Monthly	All recorded in the Minutes	JP
Local Government Act 1995	S5.76	CEO	Have all new 'designated' employees completed their primary returns within 3 months of commencement		Monthly	EMCOMMS completed 16/4	JP
Local Government Act 1995	S5.88	CEO	Is the register of financial interests up to date		Monthly	Yes all interests have been inserted	JP
Local Government Act 1995	S5.89	CEO	Have all resigned members and staff returns been removed from the financial interest register		Monthly	No staff need to be removed in April	JP
Local Government Act 1995	S103	CEO	Is the gift register up to date and on the Council website		Monthly	N/A none registered	JP
Local Government Act 1995	S3.58 - Disposal of Property	CEO	Did Council vote at the Ordinary Council meeting to sell property		Monthly	No	JP
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	N/A	JP
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 registerable complaints made	JP

Audit & Risk Management Committee Meeting Agenda
2 June 2021

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	Yes Tenders 02 of 2021 and 03 of 2021	JP
Local Government Act 1995	S3.57 & F/G Reg 14	EMCS	Was state wide public notice given for all tenders	Monthly	Yes	JP
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	Yes, up to date on website	JP
Local Government Act 1995	F/G Reg 18	EMCS	Rejecting and accepting Tenders	Monthly	All tenderers were accepted	JP
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	All submitted on time	JP
Local Government Act 1995	F/G Reg 18 (4)	EMCS	Written evaluation of each Tenderer's criteria	Monthly	yes	JP
Local Government Act 1995	F/G Reg 17	EMCS	Tender Register to be maintained and available for inspection	Monthly	Available for inspection on website	JP
Local Government Act 1995	F/G Reg 19	EMCS	Tenderers to be notified of outcome	Monthly	Yes all tender applicants have been advised	JP
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	None advertised for April	JP
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	JP
	Black Spot Program	EMES	Confirm registration	Prior to 30th April	N/A	JP
	Delegation - B02	EMDS	Buildings - Grant or Refuse Demolition Permit - register completed?	Monthly	1 for A13200	JP
	Delegation - E01	EMES	Temporary Closure of Thoroughfares to vehicles	Monthly	Advert was placed in West 26/3 for flying 50's- Delegations register not updated since January	JP
	Delegation - E04	EMES	Crossover Approvals	Monthly	Nothing registered since February	JP
	Delegation - F02	EMCS	Disposal of Council property	Monthly	None registered	JP
	Delegation - F04	EMCS	Inviting Tenders	Monthly	RFT 04 of 2021 Beavis Place	JP

Audit & Risk Management Committee Meeting Agenda
2 June 2021

		EMCS	Interim Audit	Annually	N/A	
		EMCS	Accounts presented to Council	Monthly	Yes	
Local Government Act 1995	F / Reg 33A	EMCS	Budget Review to be completed and submitted to DLGC	Annually	N/A	
		EMCS	Financial Report to Council	Monthly	Yes	
Reporting	Building Services (Complaint Resolution and Administration) Regulations 2011	Building	Building Services Levy - Payment due by 14th day after the end of the month - Data is entered into the Building Permit Database website after each building permit is approved	Monthly	Completed	
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	Completed	
	Health Aquatic Regulations 2007	Health	Water Sampling	Monthly	Some has been conducted for April	

10 Random Credit Checks

EFT #	Creditor	Invoice Amount	Date Invoice Written	Order #	Order Amount	Purchase Order Written	Signing Officer Name	Purchasing Procedure Checklist attached and completed correctly	Date of order prior to date of invoice
39581	Moore Australia (WA) P/L	990	10.2.21	#61415	990	31.12.20	Accountant	N/A	yes
39594	St John Ambulance	391.6	18.03.21	#61154	392	2.3.21	Manager Information	N/A	yes
39609	Avon Demolition & Earthmoving	1568	30.3.21	#59219	47,760	21.8.20	EMDS	Yes	Yes
39617	Central Mobile Mechanical Repairs	531.52	10.3.21	#60869	532	5.2.21	Engineering Admin	N/A	Yes
39638	Office of the Auditor General	51700	22.3.21	#61429	51,700	25.3.21	EMCS	N/A	No (NB)
39717	Kleenheat gas	1996.71	24.3.21	#61310	2,000	17.3.21	Manager Recreation	N/A	Yes
39728	Avon valley Design & Drafting	440	15.4.21	#61226	440	10.3.21	Building Supervisor	N/A	Yes
39737	Dallimore Carpets	6699	19.4.21	#61481	6,699	30.3.21	Building Supervisor	N/A	Yes
39757	Regional Physiotherapy & Sports Injury	99	14.4.21	#61623	99	15.4.21	Senior Rec officer	N/A	No (NB)
39809	PBF Australia	5005	21.4.21	#61441	5005	26.3.21	EMCS	N/A	Yes

6.4 RISK REGISTER

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.

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 Area 6: 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	Minor(2) x Possible(3) = Moderate(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.	Minor(2) x Possible(3) = Moderate(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 110 risk mitigation/treatment strategies, of which 5 are overdue (which equates to 4.54%).

2.1 TREATMENT MC00102

Fraud Control Plan in place (refer OAG 2019/20 Report 5 - Fraud Prevention).

2.2 TREATMENT MC00097

Review of past 5 year Insurance performance (comparing premium contributions against claims). May result in assessing a range of factors including current level of cover, excesses and structure of workers compensation premium for example:

- Retention (deductible and excess) Review – assess what amount the Shire is able to retain for each applicable policy (please note LGIS Workers Compensation and Public Liability policies have Nil excess)

- Explore the options of moving from a fixed based Workers Compensation policy to Performance based policy. Whilst this could reduce up-front costs, poor performance does impact overall costs, due to a higher maximum rate.

- Overall Property Asset review – item by item, identify what the Shire would replace and what would not be replaced and amend sums insured accordingly. For example no intention of replacing an asset in the event of a total loss, you can choose to reduce the sum insured to an indemnity basis rather than re-in statement. Partial losses will need to be a consideration in this exercise.

- Policy Limits review against maximum foreseeable losses. (this can be undertaken on the Brokered policies outside of the mutual policies).

2.3 TREATMENT MC00111

Fraud and Corruption Control Plan in place.

2.4 TREATMENT MC00095

Undertake Workplace Safety Inspections - Undertake Inspection. OSH inspections undertaken for each site.

2.5 TREATMENT MC00008

Manage Procurement - Identify need for procurement. Establish and comply with a purchasing policy.

RECOMMENDATION

That Council receives the May 2021 Shire of Northam Risk Register update.

Attachment 1 – Overdue/Non-Compliant Risks

Overdue / Non-Compliant Risks



Filter: Overdue / Non-compliant

RESIDUAL 7.5 MODERATE INHERENT 25.0 R00004	CORPORATE SERVICES, STRATEGIC - ORGANISATIONAL		TREATMENT MC00061	SIGNOFF(S):	Colin Young
	Inadequate Insurance		Insurance coverage reviewed internally prior to presenting to Chief Executive Officer for sign off	DUE DATE:	01 Jul 2021
	Organisation is exposed to financial loss due to failure to renew public indemnity insurance or renew it with adequate cover			FREQUENCY:	The first Day of every 12 months
	OWNER	Colin Young	TREATMENT MC00062	SIGNOFF(S):	Colin Young
	CREATED	06/05/2019 13:42:09	Insurance coverage assessed independently for adequacy	DUE DATE:	01 May 2024
	LIKELIHOOD	Almost Certain		FREQUENCY:	The first Day of every 48 months
	SEVERITY	Extreme			
	CONTROL EFFECTIVENESS	Strong			
			TREATMENT MC00097	OVERDUE	
			Review of past 5 year Insurance performance (comparing premium contributions against claims). May result in assessing a range of factors including current level of cover, excesses and structure of workers compensation premium for example:	SIGNOFF(S):	Colin Young Jason Whiteaker
			-Retention (deductible and excess) Review – assess what amount the Shire is able to retain for each applicable policy (please note LGIS Workers Compensation and Public Liability policies have Nil excess)	DUE DATE:	30 Apr 2021
			-Explore the options of moving from a fixed based Workers Compensation policy to Performance based policy. Whilst this could reduce up-front costs, poor performance does impact overall costs, due to a higher maximum rate.	FREQUENCY:	The last Day of every 12 months
			-Overall Property Asset review – item by item, identify what the Shire would replace and what would not be replaced and amend sums insured accordingly. For example no intention of replacing an asset in the event of a total loss, you can choose to reduce the sum insured to an indemnity basis rather than re-in statement. Partial losses will need to be a consideration in this exercise.		
			-Policy Limits review against maximum fore see able losses. (this can be undertaken on the Brokered policies outside of the mutual policies).		

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 10:29:20

LIKELIHOOD Almost Certain

SEVERITY Extreme

CONTROL EFFECTIVENESS Strong

TREATMENT MC00008

Manage Procurement - Identify need for procurement

Establish and comply with a purchasing policy.

TREATMENT MC00009

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

TREATMENT MC00010

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

OVERDUE, CHANGE(S) PENDING

SIGNOFF(S): Colin Young
Sue Connell

DUE DATE: 01 May 2021

FREQUENCY: The first Day of every 24 months

SIGNOFF(S): Cheryl Greenough

DUE DATE: 14 Jun 2021

FREQUENCY: 14th day of every month

SIGNOFF(S): Cheryl Greenough

DUE DATE: 14 Jun 2021

FREQUENCY: 14th day of every month

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 14:46:30

LIKELIHOOD Likely

SEVERITY Major

CONTROL EFFECTIVENESS Strong

TREATMENT MC00041

Undertake OHS Audit

SIGNOFF(S):

Beverley 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

SIGNOFF(S):

Beverley Jones

DUE DATE:

30 Sep 2021

FREQUENCY:

The last Day of every 4 months

TREATMENT MC00043

OHS Committee Meeting Regularly

SIGNOFF(S):

Beverley Jones

DUE DATE:

30 Jun 2021

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 May 2021

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 2021

FREQUENCY:

The last Day of every 6 months

TREATMENT MC00046

OHS Policy Framework in place and reviewed

SIGNOFF(S):

Beverley Jones

DUE DATE:

31 Aug 2021

FREQUENCY:

The last Day of every 12 months

TREATMENT MC00095

Undertake Workplace Safety Inspections - Undertake Inspection OSH inspections undertaken for each site.

OVERDUE, CHANGE(S) PENDING

SIGNOFF(S):

Colin Young
Clinton Kleynhans
Jason Whiteaker
Jo Metcalf

DUE DATE:

30 Apr 2021

FREQUENCY:

The last Day of every month

<p>RESIDUAL 4.8 MODERATE</p> <p>INHERENT 16.0</p>	<p>CORPORATE SERVICES, FINANCIAL - OPERATIONAL, FINANCIAL - STRATEGIC</p> <p>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;</p> <ul style="list-style-type: none"> • 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) <p>OWNER Colin Young CREATED 01/07/2019 14:32:52</p> <p>LIKELIHOOD Likely SEVERITY Major CONTROL EFFECTIVENESS Strong</p>	<p>TREATMENT MC00111</p> <p>Fraud and Corruption Control Plan in place</p>	<p>OVERDUE SIGNOFF(S): Colin Young DUE DATE: 30 Apr 2021 FREQUENCY: Once</p>
<p>RESIDUAL 3.6 LOW</p> <p>INHERENT 12.0</p>	<p>GENERAL, REPUTATION - COMMUNITY</p> <p>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;</p> <ul style="list-style-type: none"> • Human errors, incorrect or incomplete processing • Inaccurate recording, maintenance, testing and / or reconciliation of data. • Errors or inadequacies in model methodology, design, calculation or implementation of models. <p>This may result in incomplete or inaccurate information. Consequences include;</p> <ul style="list-style-type: none"> • Inaccurate data being used for management decision making and reporting. • Delays in service to customers • Inaccurate data provided to customers <p>This excludes process failures caused by inadequate / incomplete procedural documentation - refer "Inadequate Document Management Processes".</p> <p>OWNER Jason Whiteaker CREATED 02/07/2019 13:56:01</p> <p>LIKELIHOOD Likely SEVERITY Medium CONTROL EFFECTIVENESS Strong</p>	<p>TREATMENT MC00002</p> <p>Audit of monthly compliance calendar</p> <p>TREATMENT MC00007</p> <p>Manage Inductions - Conduct New Employee Induction All new employees are provided with adequate inductions</p> <p>TREATMENT MC00009</p> <p>Monthly random internal audit of five (5) purchases to be performed to ensure compliance with purchasing requirements.</p> <p>TREATMENT MC00083</p> <p>Manage Inductions - Conduct New Employee Induction Ensure staff are inducted into the organisation</p> <p>TREATMENT MC00084</p> <p>Have critical processes mapped to assist staff eliminate errors, omissions and delays (wastage)</p>	<p>SIGNOFF(S): Cheryl Greenough DUE DATE: 14 Jun 2021 FREQUENCY: 14th day of every month</p> <p>CHANGE(S) PENDING SIGNOFF(S): Nadege Vinicombe DUE DATE: 28 May 2021 FREQUENCY: Fri every week</p> <p>SIGNOFF(S): Cheryl Greenough DUE DATE: 14 Jun 2021 FREQUENCY: 14th day of every month</p> <p>CHANGE(S) PENDING SIGNOFF(S): Beverley Jones DUE DATE: 01 Oct 2021 FREQUENCY: The first Day of every 12 months</p> <p>SIGNOFF(S): Alysha McCall DUE DATE: 01 Dec 2021 FREQUENCY: The first Day of every 12 months</p>

RESIDUAL
3.6
LOW

INHERENT
12.0

R00035

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

Misconduct/Fraud

Intentional activities (including fraud) 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 14:09:25

LIKELIHOOD Possible

SEVERITY Major

CONTROL EFFECTIVENESS Strong

TREATMENT MC00007

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

TREATMENT MC00059

Induction & Training provided to elected members

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

TREATMENT MC00087

Manage Procurement - Identify need for procurement
Process minimises opportunity for misconduct

TREATMENT MC00102

Fraud Control Plan in place (refer OAG 2019/20 Report 5 - Fraud Prevention)

CHANGE(S) PENDING

SIGNOFF(S): Nadege Vinicombe

DUE DATE: 28 May 2021

FREQUENCY: Fri every week

SIGNOFF(S): Cheryl Greenough

DUE DATE: 30 Nov 2021

FREQUENCY: The last Day of every 24 months

CHANGE(S) PENDING

SIGNOFF(S): Beverley Jones

DUE DATE: 01 Sep 2021

FREQUENCY: The first Day of every 12 months

CHANGE(S) PENDING

SIGNOFF(S): Colin Young
Sue Connell

DUE DATE: 01 Oct 2021

FREQUENCY: The first Day of every 12 months

NON-COMPLIANT

SIGNOFF(S): Cheryl Greenough
Colin Young

DUE DATE: 18 Feb 2021

FREQUENCY: The last Day of every 24 months

6.5 ICT STRATEGIC PLAN 2021-2026

File Reference:	2.3.1.1
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:	No

BRIEF

This report provides Council the opportunity to consider and approve the ICT Strategic Plan 2021-2026

ATTACHMENTS

Attachment 1: ICT Strategic Plan 2021-2026.

A. BACKGROUND / DETAILS

It has been recognised as essential planning tool to have an ICT Strategic Plan and Framework in place to guide the Shire's ICT decision making in this ever evolving environment and was a key outcome of the internal ICT audit that was carried out.

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: Implement systems and processes which deliver quality outcomes for our community.

B.2 Financial / Resource Implications

As per included 5 year budget.

B.3 Legislative Compliance

Local Government Act 1995 s5.56

- (1) A local government is to plan for the future of the district.
- (2) A local government is to ensure that plans made under subsection (1) are in accordance with any regulations made about planning for the future of the district.

Local Government (Administrations) regulations 1996

- (3) A corporate business plan for a district is to —
- (c) develop and integrate matters relating to resources, including asset management, workforce planning and long-term financial planning.

B.4 Policy Implications

Nil.

B.5 Stakeholder Engagement / Consultation

External ICT providers.

B.6 Risk Implications

Risk Category	Description	Rating (likelihood x consequence)	Mitigation Action
Financial	Lack of investment into ICT or under investment	Possible (3) x Medium (3) = Moderate (9)	ICT Strategic / forward planning involving stakeholders to determine needed and desired current and future outcomes that can be budgeted for.
Health & Safety	Nil	N/A	N/A
Reputation	Slow take up of new technologies leading to negative community perception.	Likely (4) x Minor (2) = Moderate (8)	ICT Team continuing to engage with Shire stakeholders, 3 rd party vendors, and other councils re: current and emerging technologies and methods of delivering desired services.
Service Interruption	Cyber Attack	Likely (4) x Major (4) = High (16)	Effective utilisation of firewall and anti-virus software (regular updates) Staff education

			Effective user authentication
Compliance	No strategic direction established for ICT.	Possible (3) x Medium (3) = Moderate (9)	ICT Strategic / forward planning involving stakeholders to determine needed and desired current and future outcomes that can be budgeted for.
Property	ICT asset management, accountability, security, disposal, & replacement	Possible (3) x Medium (3) = Moderate (9)	ICT managed asset register/database established for the Shire's ICT assets including mobile devices. Roll-out of a Mobile Device Management system currently occurring.
Environment	Visual, RF, and potential community concerns re: impact of ICT infrastructure including antennae, towers, wifi & mobile boosters, microwave dishes, CCTV placement and solar backed battery installations, on the local environment.	Likely (4) x Minor (2) = Moderate (8)	Utilising vendors and providers to advise, install, and maintain suitable equipment that is not only in keeping with best practices but also minimises any undesired impacts on the local environment.

C. OFFICER'S COMMENT

It is expected that the ICT Strategic Plan 2021-2026 will guide the Shires decision making over the coming five years. It will be reviewed as required to ensure it remains relevant with best practice. It has a number of recommendations that will be tracked with the progress reported to the Audit and Risk Management Committee.

RECOMMENDATION

That Council

- 1. Endorse the ICT Strategy 2021-2026 as presented.**
- 2. Request the Chief Executive Officer to report to the Committee on the progress towards the recommended actions from the ICT Strategic Plan 2021-2026**

Attachment 1 – ICT Strategy 2021 - 2026



Shire of Northam

ICT Strategy

2021 - 2026

ICT Strategy Plan 2021 - 2026

Revision History

Revision	Date	Name
Draft 1	17/10/2020	Tim Sargent (JH Computer Service)
Draft 2	16/03/2021	Colin Young
Draft 3	14/04/2021	Colin Young
Draft 3	27/05/2021	David Sparrow
Draft 3	28/05/2021	Jason Whiteaker

ICT Strategy Plan 2021 - 2026



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ICT Strategy Plan 2021 - 2026



Executive summary

The Shire of Northam is moving through a significant period of change and development. In recognition of this and the need to ensure that it can continue to meet the aspirations of the community, the Shire of Northam has undertaken to put in place a number of Strategic and Business Plans to deliver short, medium, and long term objectives. The Shire of Northam is providing committed strategic planning and leadership, focused on strengthening our community, providing growth, and diversifying the local economy.

Information & Communication Technology (ICT) has profoundly changed almost all aspects of society. It is now central to how people communicate, interact, make decisions, and do business. This includes the way the Shire of Northam operates and delivers services. ICT has and will continue to play a key role in how we operate as a business as we look to leverage technology to provide more efficient and effective services to our Community and stakeholders.

ICT services are presently provided to approximately 130 full time, part time, and casual employees across the following sites, Administration, Northam depot, Wundowie Depot, Northam library, Wundowie library, Bilya Koort Boodja Cultural centre, Visitor centre, Killara adult day care, Northam aquatic facility, the Wundowie swimming pool, Bush Fire Brigade facilities, as well as to the community and stakeholders. This ICT Strategic Plan establishes a course of action to guide the future development and delivery of ICT services for the Shire of Northam.

This detailed Implementation Plan delivers the aspirations, desires, and planning requirements to achieve business service level obligations of ICT services. Each of the ICT Themes articulated in the ICT Strategic Plan 2021-2026 form the basis of this Implementation Plan. Actions to achieve the strategic themes are detailed with indicative costs associated with and timelines for implementation included within the projected budget.

The ICT Strategic Plan is one of the informing strategies forming part of the IPR Framework (refer figure 1) and provides a roadmap for ICT operations that will facilitate short-, medium- and long-term community priorities and aspirations



Figure 1 – Elements of the Integrated Planning

ICT Strategy Plan 2021 - 2026



Alignment with the Corporate Business Plan

This ICT strategy has been developed to ensure alignment with the Shire of Northam's Strategic Community Plan objectives, primarily;

Strategic Community Plan Theme Area 1: Economic Growth

Diversifying and growing the economy for prosperity and employment

OUTCOME 1.1

The Shire of Northam is an attractive investment destination for a variety of economic sectors.

Objectives:

- Pursue a range of developments in sectors including retirement living, renewable energy, agribusiness, innovation, logistics and aviation
- *Embrace technology as an enabler for development, and lobby for high speed internet connectivity*

Strategic Community Plan Theme 6: Governance & Leadership

Leading with accountability, connection and openness

OUTCOME 6.1:

The Shire of Northam is recognised as a desirable place to live and residents are proud to live here.

Objectives:

- Positive internal and external perceptions about Northam

OUTCOME 6.2:

Residents and other stakeholders are actively listened to and their input into decision-making processes is valued.

Objectives:

- Effective and efficient two-way communication between the Shire and stakeholders

OUTCOME 6.3:

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

Objectives:

- Provide outstanding customer service
- Ensure robust financial management
- Implement systems and processes which deliver outcomes for our community
- Improve community access to information to ensure they are able to be informed of our activities

ICT Strategy Plan 2021 - 2026



Vision

The Shire of Northam has established a vision for our Information & Communication Technology (ICT), which is to provide innovative, reliable, effective (cost & use) and secure services both internally to our organisation and externally to our community and stakeholders.

- Innovative
 - Always looking for how we can use new technologies to help our community
 - Always looking for how we can make our organisation a more effective and an enjoyable place to work
- Reliable
 - Stable business systems and network communications
 - Appropriate redundancy to sustain critical functionality
- Effective
 - Simplified ICT experience for all users
 - ICT experiences our community wants and values
 - ICT tools and experiences that help our staff deliver for our community
 - ICT that is easily used and understood
- Secure
 - Safe from cyberattacks
 - Keeping personal information / data secure

Risk Management

Risk Category	Description	Rating (likelihood x consequence)	Mitigation Action
Financial	Lack of investment into ICT	Possible (3) x Medium (3) = Moderate (9)	ICT Strategic / forward planning involving stakeholders to determine needed and desired current and future outcomes that can be budgeted for.
Health & Safety	EOL/less than OSH/WSH ideal ICT hardware, RF and prolonged machine noise exposure	Possible (3) x Medium (3) = Moderate (9)	EOL hardware replacement decisions to consider OSH/WSH requirements. Suitable placement or enclosures for noisy ICT gear such as servers and switches.
Reputation	Slow take up of new technologies	Likely (4) x Minor (2) = Moderate (8)	ICT Team continuing to engage with Shire stakeholders, 3 rd party vendors, and other councils re: current and emerging technologies and methods of delivering desired services.

ICT Strategy Plan 2021 - 2026



Risk Category	Description	Rating (likelihood x consequence)	Mitigation Action
Service Interruption	Cyber Attack	Likely (4) x Major (4) = High (16)	Effective utilisation of firewall and anti-virus software (regular updates) Staff education Effective user authentication
Service Interruption	Prolonged loss of internet	Possible (3) x Medium (3) = Moderate (9)	Identification of single- points-of-failure and the implementation of suitable fail-over devices and processes.
Service Interruption	Underinvestment in ICT	Likely (4) x Medium (3) = High (12)	ICT Strategic / forward planning involving stakeholders to determine needed and desired current and future outcomes that can be budgeted for.
Compliance	No strategic direction established for ICT	Possible (3) x Medium (3) = Moderate (9)	ICT Strategic / forward planning involving stakeholders to determine needed and desired current and future outcomes that can be budgeted for.
Property	ICT asset management, accountability, security, disposal, & replacement	Possible (3) x Medium (3) = Moderate (9)	ICT managed asset register/database established for the Shire's ICT assets including mobile devices. Roll-out of a Mobile Device Management system currently occurring.
Environment	Visual, RF, and potential community concerns re: impact of ICT infrastructure including antennae, towers, wifi & mobile boosters, microwave dishes, CCTV placement and solar backed battery installations, on the local environment.	Likely (4) x Minor (2) = Moderate (8)	Utilising vendors and providers to advise, install, and maintain suitable equipment that is not only in keeping with best practices but also minimises any undesired impacts on the local environment.

ICT Strategy Plan 2021 - 2026



Current Business Systems & Applications

Business systems and applications includes the core business system, currently Synergy Soft, the Microsoft (MS) Office suite, Nintex Promapps, Smartsheet and other ad hoc applications and server operating systems.

Synergy soft (vendor is I/T Vision)

is the main business system utilised by the Shire of Northam. Synergy soft is currently utilised for all financial functions, central records, customer service, desktop mapping, health, building and town planning.

I/T Vision have been servicing local government in Western Australia for over thirty years. The current Synergy soft System has been utilised for the past fifteen years and is now due for replacement. I/T Vision are replacing Synergy soft with a new cloud-based system called Altus. This will result in the Synergy soft system being phased out in the short term, with new patches or improvements ceasing 1 July 2021. Consequently, the Shire of Northam must review its position and decide on the future of its main business system.

Microsoft Office

The Shire of Northam is currently utilising Microsoft Office365, having transitioned from MS Office 2013 and from Windows7 to Windows 10 Pro in 2020/21.

The Shire of Northam currently holds 63 basic, 8 standard, and 86 O365 E3 licenses to provide both inhouse and cloud/global access to current and standard office products including Word, Excel, 1TB of Onedrive/cloud storage per licence, Teams collaboration/communications, and Email.

Nintex Promapps

Nintex is a cloud based **workflow management** solution which has been utilised by the Shire of Northam for the past four years. Initially utilised to assist the Shire of Northam mitigate high turn over risk by documenting critical internal processes, thereby allowing new employs to transition into the organisation smoothly and quickly, understanding 'how things were done'. The Nintex project then morphed into a second stage of development whereby the focus was on applying LEAN principles to the organisation by documenting, understanding and then improving internal business processes to improve efficiency and customer service. At May 2021 the Shire of Northam has over 75 processes documented with in excess of 500 individual improvements made to processes over the time.

The Shire of Northam is currently utilising Nintex to focus on **process automation** as an opportunity to improve efficiency and customer experience. It is planned to deliver the first automated process in 2021.

Nintex is also used as the Shire of Northam **organisational risk register**. Adopted in 2019 Nintex is utilised to record all significant organisational risk and is reporting any noncompliance with risk mitigation actions to the Councils Audit & Risk Committee.

Smartsheet

Smartsheet was introduced in 2020 to manage the organisational **annual delivery plans**. Smartsheet is a software as a service (SaaS) offering for collaboration and work management, developed and marketed by Smartsheet Inc.

In addition to being utilised for annual work delivery outcomes, smartsheet is also being

ICT Strategy Plan 2021 - 2026



utilised as a **performance dashboard reporting system** for Council and the Executive

Ad Hoc Applications

The Shire has a portfolio of applications, some of which are SaaS (Software As A Service). The acquisition of these is usually user driven. It is not the role of ICT to adjudicate on a user's need for a particular application however duplication of solutions and mistakes of the past should be avoided, ICT does not have the capacity or expertise to provide user support and network communication constraints need to be considered. Appropriate governance is in place for acquisition decisions.

Some of these systems include

- Snap Send Solve – utilised by the Community to report work requests and currently being investigated as a potential customer request package (with automation benefits)
- Who's In – tracks administration staff being in or out of office
- RAMS – Roads Asset Management System
- Navman - Vehicle tracking
- Fortinet VPNclient – For secure access to Shire resources from mobile Shire assets as well as BYOD.
- QGIS – a free and OpenSource Geographic Information System which can utilise mapping data obtained via the Shire's SLIP subscription from Landgate and may the potential to reduce reliance on the subscription licence Intramaps product.
- Intramaps – a licenced product supported by TechnologyOne utilising mapping data obtained via the Shire's SLIP subscription from Landgate and data regularly extracted from the Shire's Synergy database.
- Kaseya – Remote management and monitoring (and much more) software extensively utilised by the ICT team including the Shire's primary vendor for the management and support of servers and workstations.
- Spark CMS – "Content Managed Simply" used by Shire staff to maintain Shire of Northam publicly accessed website information.

Server Operating Software

The primary physical server is running Hyper-V via Windows Server 2016 operating system to host and manage a suite of virtual machines/servers that provide Shire services.

These include:

- The Active Directory, Domain Name System, and File server running Windows Server 2016
- The SynergySoft database server. Recently upgraded from "out of support"/EOL Windows Server 2008 to Windows Server 2019.
- The Intramaps server. Currently requiring an upgrade as it is running "out of support"/EOL Windows Server 2008. Note: We are currently considering moving Intramaps to the Shire's already up to date Web Server and decommissioning this virtual machine rather than buy another server license.
- The dedicated Building Security server. Running Windows 10 and the Titan building security/alarm, and swipe card management system.

ICT Strategy Plan 2021 - 2026



- The Web server is running Windows Server 2019

Backups of Shire servers and data includes (and is not limited to):

- Multiple snapshot images of the virtual machines/servers.
- Full and/or incremental onsite and offsite backups of data on the File and Database servers on a daily, weekly, monthly, yearly, as well as ad-hoc basis (I.E, as part of system or software upgrades, EOFY processing, etc etc.)
- Backup of cloud O365 data including email.
- Quick access/restore capability to multiple "Previous Versions" of files/data accessed by staff and Councillors on our "G:" or "shire data" drive. Maximum roll-back/restore is currently set to the last 45 days with a "Previous Version" backup occurring at 7am and 12pm.
- Quick access/restore capability to at least the last 14 days of email sent to "Deleted Items".

Infrastructure

The Shire has infrastructure consisting of network communications, ICT hardware and telephony.

Network Communications

Infrastructure Network communications currently utilises an enterprise grade 100Mb and 4G internet connections, point-to-point (PtP) radio links between sites and a SIP enabled telephone connection. The network has been expanded to address immediate user needs however a more considered approach is now appropriate. A network communications infrastructure plan is yet to be developed but is considered critical to future development. The plan will assess existing infrastructure, forecast future demand, and design a network to meet that demand and provide a sufficient level of redundancy. The assessment of existing infrastructure will include availability and reliability of internet communications that will be critical to business systems and applications and disaster recovery.

Infrastructure ICT Hardware

Equipment is replaced according to needs and age and the ICT Team has created, implemented and maintains an extensive ICT related register/database which includes servers, workstations, network/comms equipment, mobile devices, fixed telephony and printers at all our offices including Wundowie. However, there is no formal policy relating to ICT asset management. An ICT asset management IOP will guide both hardware and software investment and renewal and the asset management plan needs to include the CCTV network. The main server and storage is located at the Administration Centre (395 Fitzgerald Street). Other locations have task specific devices such as local CCTV recording/capture/control stations. Storage in the main server was recently increased (May 2021) to help alleviate performance/resource issues with SynergySoft access and server requirements are expected to change significantly with the continued uptake of SaaS and ongoing migration to cloud based services such as Altus and Sharepoint. The Shire's Libraries include network, comms, telephony, and workstations monitored and maintained by the ICT Team, and site specific public access equipment including linux OS workstations and catalogue server monitored and maintained by the Library Manager.

ICT Strategy Plan 2021 - 2026



Telephony

The telephone system is overdue for replacement and the Shire makes extensive use of mobile devices. A new system is likely to be cloud hosted and integrate with Microsoft 365 in the future. Existing telecommunications are internet dependent, and a DR solution will need to be independent of the internet.

Mobile devices are currently well utilised to assist staff in the field. Future considerations include equipping users with the most appropriate device for their role, accommodating the desire for bring-your own devices in a sustainable manner and pushing messages to staff and the community with mobile devices.

Data and Systems Security

The Shire will develop, implement, and continually review a set of policies and procedures that covers the protection of the access to ICT systems and services. These policies should cover both the protection of data to ensure internal confidentiality, but also protect it from external cyber threats.

Business Continuity

Continuity

Much of the following can also be considered additional detail to the Infrastructure: Network Communications" section of this document.

The Shire's current business continuity / DR options from an ICT point of view include:

- Fail-overs to 4G in the event of loss of fixed line NBN. This maintains access to the internet.
- Fail-overs to fixed Wi-Fi links. This maintains local network links between Admin, Library, Create298, BKB, Visitor Centre, Killara, Recreation Centre, and the Depot but not the internet in the event of a 4G *and* NBN outage.
- Manual and auto fail-over or redirection capabilities to mobile in the event of fixed phone service interruptions.
- UPS (Uninterrupted Power Supply) devices to suit typical individual site requirements in the event of short period power outages.
- Access to a Shire owned truck mounted generator that can be deployed to hook into the Admin building in the event of an extended power outage.
- A more mobile work force with policies, processes, and equipment established (and tested) to enable extended "working from home" type situations.
- Multiple forms and levels of data backups.

All of the above options have been put to and passed the test over the last year, both deliberately, and because various situations required it. Also, as part of potential future improvements, the comms room at the (under construction) new Depot building has been suggested as a potential location for hosting either a Disaster Recovery environment or perhaps our main server currently being hosted at the Admin building.

Security

The Shire currently does not have a formal cybersecurity plan and relies primarily on its firewall and anti-virus software. Information to help staff stay safe on-line is shared

ICT Strategy Plan 2021 - 2026



periodically across the organisation. A formal cybersecurity risk assessment and plan will be developed using a recognised framework followed by periodic penetration testing. The opportunity to utilise multi-factor user authentication will be investigated.

Regarding current physical security of ICT equipment, the Shire's main physical server is secured in a locked comms cabinet in a general access area which is far from Best Practices. Similarly, the Admin building vital main comms switches (which produce heat as well as a continual and quite noticeable fan noise which is a potential OSH concern) are currently located in an unlocked built-in cupboard in an open office which is regularly accessed by any staff needing to change the state of the building air-conditioning. This does not represent best practices, and it is desirable to move the main switches to at least the lockable main server cabinet at earliest opportunity.

Swipe card access to the Staff only areas of Shire's Admin building is in keeping with best practices, and this also helps secure our main server and comms equipment.

Locked comms cabinets and a locked comms room at the Recreation Centre and the (under construction) new Depot secures (or will secure) Communication equipment, CCTV control stations, and other stand-alone gear at the Shire's other offices.

ICT Actions

The Shire of Northam is utilizing a baseline for the Shire's ICT Strategic Framework as recommended by the Department of Local Government, Sports & Cultural Industries.

The framework has the following 7 elements:

- Governance
- Emerging Trends and Technologies
- Business Systems and Applications
- Infrastructure and Technology
- Disaster Recovery
- Security
- Project Management

The table below identifies the key items that are required as part of the Strategic Framework, including review dates or the date of expected completion or adoption.

Governance					
ICT decisions and operations within the Shire will be controlled and guided through a formalised ICT Governance framework. This framework will ensure the alignment of ICT activities with business priorities.					
Item	2021/22	2022/23	2023/24	2024/25	2025/26
ICT Strategic Plan	Review		Review		Review
Annual Operating Plan, (Budget)	Review	Review	Review	Review	Review
Service level agreements	Adopt	Review	Review	Review	Review

Emerging Trends and Technologies

ICT Strategy Plan 2021 - 2026



ICT policies and procedures need to be current enabling the organisation to conduct considered reviews of emerging technologies and trends, to ensure they meet current and emerging needs of the organisation.

Item	2021/22	2022/23	2023/24	2024/25	2025/26
Acceptable Use Policy	Adopt		Review		Review
Bring your own device (BYOD) Policy	Adopt		Review		Review

Business Systems and Applications

Appropriately managed business systems and applications will help consolidate and streamline business processes.

Item	2021/22	2022/23	2023/24	2024/25	2025/26
Inventory Register in Place	Review		Review		Review
Review Core Business System Synergy soft	Review				
Review Systems	Review		Review		Review
Develop consolidation Plan of ad hoc system utilisation	Develop	Review		Review	

Infrastructure and Technology

ICT has extensive assets and services under management. The best value and maximum benefit from this investment can only be obtained if suitably managed.

Item	2021/22	2022/23	2023/24	2024/25	2025/26
ICT Systems Manual to be developed	Develop		Review		Review
Network communications infrastructure plan		Develop			Review
Audit Asset Register		Audit		Audit	

IT Disaster Recovery

ICT needs to work with the organisation to establish mission critical services and ensure that disaster recovery and business continuity plans meet current and emerging needs

Item	2021/22	2022/23	2023/24	2024/25	2025/26
Disaster Recovery/Business Continuity Plan	Review		Review		Review
Test Disaster Recovery plan	Audit	Audit	Audit	Audit	Audit
Data Retention Plan Developed		Develop		Review	

Security

The threat of cyber security incidents continues to rise. The Shire needs to develop and implement security policies and procedures to meet this increasing threat.

Item	2021/22	2022/23	2023/24	2024/25	2025/26
Develop Cyber Security Policy	Develop	Review		Review	

ICT Strategy Plan 2021 - 2026



Provide Cyber Security Training	Ongoing	Ongoing	Ongoing	Ongoing	Ongoing
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Project Management					
The effective delivery of ICT projects requires a suitable management framework to be implemented					
Item	2021/22	2022/23	2023/24	2024/25	2025/26
Project Management ICT Procedure to be developed	Develop		Review		Review

ICT Strategy Plan 2021 - 2026



Appendix 1: Hardware Lifecycles Replacement Schedule

ICT hardware will have a defined life and should be replaced in line with the table below, which is aligned with the Shire's Asset Management Policy, W5.7. Where possible, hardware warranty or maintenance contracts will be aligned to the defined life of each item.

Hardware Item and Associated Software	Lifecycle (Years)
Mobile Phone	As required
Notebook PC	5
Desktop PC ³	5
Tablet PC	5
Server	5
Storage – SAN/NAS	5
CCTV (IP) Camera	5
Network Router	5
Network Switch	5
Plotter	10
Printer – including Multi-Function Device	5
Scanner	5
Tape Drive or Library	5
Telephony System	As required
Rack	15
Uninterruptible Power Supply (UPS)	10

ICT Strategy Plan 2021 - 2026

Appendix 2: ICT 5 Year Operational Budget

ICT 5 Year Operational Budget							
Expenditure Item	GL Account	2021/22	2022/23	2023/24	2024/25	2025/26	Total
Synergy Licence	04057002	115,435	140,759	144,278	147,885	151,582	699,940
Altus Installation	04057002	106,428	30,000	30,000	30,000	40,000	236,428
Synergy Support	04057002	2,500	2,500	2,500	2,500	2,500	12,500
Office 365 Licence	04057002	34,000	34,000	34,000	34,000	34,000	170,000
Adobe/Foxit Licences	04057002	5,500	5,500	5,500	5,500	5,500	27,500
Kaseya Remote / Management Licence	04057002	4,000	4,000	4,000	4,000	4,000	20,000
Market Creations, rates & customer requests & Website support	04057002	6,156	6,279	6,405	6,533	6,663	32,036
Market Creations, Design Template	04057002	4,494	4,494	4,494	4,494	4,494	22,470
Photocopier Expense	04057002	21,000	21,000	21,000	21,000	21,000	105,000
Antivirus Licence	04057002	1,995	1,995	1,995	1,995	1,995	9,975
Firewall Licence	04057002	500	500	500	500	500	2,500
Backups Server/ offsite	04057002	996	996	996	996	996	4,980
Helpdesk Licence	04057002	996	996	996	996	996	4,980
Intramaps Licence	10302012	13,500	13,500	13,500	13,500	13,500	67,500
Internet Fibre	04057002	9,600	9,600	9,600	9,600	9,600	48,000
External ICT Support	04052122	30,000	30,000	35,000	35,000	35,000	165,000
Upgrade Desk Stations	04057002	7,500	7,500	10,000	10,000	10,000	45,000
Internal Resource Expenditure	04051002, 04051012	139,066	142,543	146,108	149,759	153,877	731,352
ICT 5 Year Operational Budget Continued							
Expenditure Item	GL Account	2021/22	2022/23	2023/24	2024/25	2025/26	Total
CCTV Expenditure Northam	04057002	10,000	10,000	10,000	10,000	10,000	50,000
CCTV Expenditure Wundowie	04057002	3,000	3,000	3,000	3,000	3,000	15,000

ICT Strategy Plan 2021 - 2026

CCTV Northam Upgrade Assessment	04057002	-	-	25,000	-	-	25,000
Telephone Hardware Expenditure	04057002	1,500	1,500	1,500	1,500	1,500	7,500
Telephone , NBN, Calls & mobiles	Various	142,600	135,000	135,000	135,000	135,000	682,600
Misc. hardware expenditure	04057002	4,000	4,000	4,000	4,000	4,000	20,000
Vendor Panel	04052022	6,000	6,000	6,000	6,000	6,000	30,000
Nintex Promapp's	04052022	27,150	27,150	27,150	27,150	27,150	135,750
Nintex Automation	04052022	22,000	22,000	22,000	22,000	22,000	110,000
Azility environmental reporting	04052022	14,750	14,750	14,750	14,750	14,750	73,750
							-
Totals by expenditure		734,666	679,562	719,270	701,658	719,604	3,554,760
Totals By GL Account							
ICT Expenses	04057002	339,600	288,619	319,764	298,499	312,327	1,558,809
Computing Consultancy	04052122	30,000	30,000	35,000	35,000	35,000	165,000
Organisation Software	04052022	69,900	69,900	69,900	69,900	69,900	349,500
Planning Office Expenditure	10302012	13,500	13,500	13,500	13,500	13,500	67,500
Salaries Incl Super	04051002, 04051012	139,066	142,543	146,106	149,759	153,877	731,352
Telephone , NBN, Calls & mobiles	Various	142,600	135,000	135,000	135,000	135,000	682,600
Totals by Account		734,666	679,562	719,270	701,658	719,604	3,554,760

6.6 PROGRESS TOWARDS THE IT AUDIT SERVICE REPORT

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.

The report endeavours to establish appropriate and effective compliance with internal controls and although there is no legislative requirement to conduct an IT audit it is recommended as best practice.

ATTACHMENTS

Attachment 1: IT Audit Action Plan.

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 were:

- 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	Likely(4) x Medium(3) = High(12)	Put processes in place to mitigate attack
Health & Safety	N/A	N/A	N/A

Reputation	Any disruption to Council's IT infrastructure impacts members of the community and may give them a poor reflection of dealing with Council.	Unlikely(2) x Minor(2) = Low(4)	Put processes in place to mitigate attack
Service Interruption	Disruption to the service provided by Council	Likely(4) x Medium(3) = High(12)	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 (i.e. ADSL connections)

The attached table has been marginally modified from the last report to Council and details further actions taken by officers to address the IT issues raised by Focus Networks.

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.

Table Legend

Completed

No Action

Underway

RECOMMENDATION

That Council:

1. Receives the update as provided in Attachment 1 in relation to the progress made towards the IT Audit Review;
2. Not require the ICT Audit Service Action Plan to be provided in the future.

Attachment 1 – IT Audit Action Plan

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 items 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 daily, weekly, monthly and annual retention periods • Regular recovery testing • Daily 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	<p>Taking multiple daily snapshots as well as offsite backups.</p> <p>February 2021 Update: Now using Shadow Protect.</p>
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	<p>Hardware based deep packet scanning corporate firewall has been implemented via a Fortigate router.</p> <p>February 2021 Update: The Depot, Killara, Library, Rec Centre and Visitors Centre all use TPG NBN</p>

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No.	Priority Areas	Finding Rating	Current	Recommendation	Responsible Officer	Progress to Date
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. Calls for help are not documented in a helpdesk ticketing system. No utilisation statistics can be documented.	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.

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No.	Priority Areas	Finding Rating	Current	Recommendation	Responsible Officer	Progress to Date
			<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>	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.	Executive Manager Corporate Services	February 2021 Update: All sites are now using TPG NBN with the P2P as failover

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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>	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.	Executive Manager Corporate Services	DRP is presented to the Committee to recommend for adoption to Council. 24/02/2020 The disaster recovery plan was adopted by Council on the 18/03/2020.
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>	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.	Executive Manager Corporate Services	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 vendor, engaged to assist in what

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No.	Priority Areas	Finding Rating	Current	Recommendation	Responsible Officer	Progress to Date
						needs to be achieved, ongoing 24/02/2020 February 2021 Update: Ongoing May 2021 Update: Presented to June Audit Committee meeting.
8	Windows Updates	<u>MEDIUM</u> Score 1	The two physical servers were last updated on the 19 th of August. As this is a Sunday we assume IT completed the updates. The single virtual server NSC-FILE was last updated on the 21 st of August which places the network at significant risk. 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. No test groups or pilot groups for desktops were evident for updates. This means that all updates are simply installed without testing, which is not recommended.	Microsoft Windows Server Update Services (WSUS) or alternative 3 rd 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.	Executive Manager Corporate Services	Councils ICT provider is now contracted to carry out updates on a regular basis, 26/02/2020.
9	Printing	<u>MEDIUM</u> Score 1	Centralised printing is via at least ten printers setup as direct IP printing on Server 2008 R2. The IP addresses used for	Centralised printing should be implemented to reduce ongoing consumable costs. Highly sensitive	Executive Manager	A review of printers has been carried out across all operation centres and

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No.	Priority Areas	Finding Rating	Current	Recommendation	Responsible Officer	Progress to Date
			<p>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>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>	Corporate Services	stand along printers decommissioned where possible being replaced by network printers. 25/02/2020
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>	A tier 1 server platform utilising the N+1 architecture delivers an increased uptime by offering redundant power supplies, redundant network connections, on-board remote management and extended warranties.	Executive Manager Corporate Services	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.
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>	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	Executive Manager Corporate Services	Most assets 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

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No.	Priority Areas	Finding Rating	Current	Recommendation	Responsible Officer	Progress to Date
			<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>There is no evidence of separated networks (referred to as VLANs).</p>	<p>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>		<p>of network connectivity, deep packet scanning, VPNs, VLANs, and Wifi hotspots, etc.</p> <p>February 2021 Update: Further options are being discussed</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>

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

6.7 PROGRESS TOWARDS THE PARKS AND GARDENS AUDIT

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

This report is for Council to receive an update on the recommended actions identified in the Parks and Gardens Service Review Report since being received in October 2019 from XYST.

ATTACHMENTS

Attachment 1: Northam Parks and Gardens Review Table

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 Parks and Gardens Service Area 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;
- Run a full day workshop with Parks and Gardens Management and team to identify a comprehensive business improvement program;

- 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 4: Environment and Heritage.

Outcome 4.1: The Shire of Northam is visually pleasing and easy to find your way around.

Objective: Verges and Roadsides are neat, tidy and attractive.

Theme Area 5: Infrastructure and Service Delivery.

Outcome 5.2: Environmental risks are proactively managed to minimise impact on residents.

Objective: Verges and Roadsides are neat, tidy and attractive.

Theme Area 6: Governance & Leadership.

Outcome 6.1: The Shire of Northam is recognised as a desirable place to live and residents are proud to live here.

Objective: Positive internal and external perceptions about Northam.

Objective: Foster a sense of community pride.

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	N/A	N/A	N/A
Health & Safety	N/A	N/A	N/A
Reputation	Shire facilities are not maintained to	Rare(1) x Minor(2) =	Ensure fit for purpose programs

	acceptable standards	Low(2)	are in place with ongoing monitoring
Service Interruption	Ineffective programs causing lost time	Rare(1) x Minor(2) = Low(2)	Ensure programs are being monitored with improvements made where identified
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

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.

However, we have a higher ratio of grass sports fields being 1.42 per thousand residents compared to the average of 0.98 per thousand residents.

The Shire's total expenditure budget of \$132.90 per capita is consistent with our peer groups.

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 further develop the pending Parks and Gardens Asset Management Plan and the associated service levels. This will be presented to Council for adoption prior to the end of this financial year.

Table Legend

Completed

No Action

Underway

RECOMMENDATION

That Council receives the update as provided in Attachment 1 in relation to the progress made towards the Parks and Gardens Service Review Recommended Actions.

Attachment 1 – Shire of Northam Parks and Gardens Review Table

No.	Finding	Finding Rating	Implication	Recommendation	Management Comment	Responsible Officer	Progress to Date
1	Provision of actively maintained open spaces is relatively low compared to average industry provision.	Low (4)	Low number of maintained natural open spaces	Identify areas of natural open space land to achieve a more accurate account of provision	The Shire has a number of natural (bushland) Public Open Spaces which were not included in the audit review. These need to be investigated and considered for inclusion of maintenance	EMES	February 2021 Update: – Identified with maintenance requirements being assessed.
2	The provision of playgrounds per 1000 children under 15 is 70% higher than both the peer group and total sample.	Mod (9)	Playground can potentially be underutilised	Review level of playground provision to assess whether rationalisation is desirable (Consider preparation of playground strategy)	The review of this provision will be included as part of the Parks and gardens Asset Management Plan/ Strategy development.	EMES	February 2021 Update: The Plan has been completed and was adopted by Council on 21/10/20.

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No.	Finding	Finding Rating	Implication	Recommendation	Management Comment	Responsible Officer	Progress to Date
3	Difficulty in recruiting and retaining staff with suitable skills and aptitude.	High (12)	Unskilled workforce placing greater load on those more qualified	Implement traineeship development program	Appointment of Trainees has already commenced, formalisation of the program is in development	HR	<p>A formal traineeship structure is currently being developed within the Promapp system.</p> <p>February 2021 Update: 2 x horticultural trainees currently assigned to Parks & Gardens team.</p> <p>Current vacancy for Development Services trainee through successful grant application for \$30,000.00.</p> <p>Current vacancy for Environmental Health Trainee.</p>
4	There is opportunity for improvement for communication, organisation and staff development skills.	High (12)	Potential for improvement of programmed activities	Engage support to assist with implementing staff development programs and provide management mentoring	Middle Management training and professional development opportunities are being investigated	HR	<p>Training Register completed.</p> <p>Skills Register currently being created to identify skills gaps within the department.</p> <p>Currently developing a professional development framework for middle management throughout the organisation</p>

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No.	Finding	Finding Rating	Implication	Recommendation	Management Comment	Responsible Officer	Progress to Date
5	There are opportunities to improve the methodology of programming works in terms of combining crews on locations.	Low (4)	Loss of productivity	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 combined staff resources	Opportunities will be investigated and where practicable crews will jointly address works	EMES	<p>Programming of works is being reviewed and will be assessed for any change in productivity or service standard. To date where opportunities have been presented this has occurred.</p> <p>February 2021 Update: No further progress.</p> <p>Crews have been combined for some activities, on going monitoring will take place to determine if any efficiencies.</p>

6.8 PROGRESS TOWARDS THE REGULATION 17 REVIEW ACTION PLAN

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 that was presented to Council at the December 2019 OCM for adoption.

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

Section 17 of the Local Government (Audit) Regulations requires the Chief Executive Officer to review the appropriateness and effectiveness of the Council's systems and procedures as they relate to the following areas:

- Risk management
- Internal controls, and
- Legislative compliance

The Chief Executive Officer carried out the review internally. The attached report is supplied to Council with the findings and recommendations.

A report was then prepared identifying the findings from the review along with recommendations (if applicable). These findings and recommendations were developed into an action plan and are provided in 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;
Maintain a high standard of corporate governance;

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

Nil.

B.5 Stakeholder Engagement / Consultation

B.6 Risk Implications

Risk Category	Description	Rating (consequence x likelihood)	Mitigation Action
Financial	Revenue loss to the Shire.	Unlikely(2) x Insignificant(1) = Low(2)	Managed by ensuring good practices
Health & Safety	N/A	N/A	N/A
Reputation	Disruption to current service.	Unlikely(2) x Insignificant(1) = Low(2)	Ensure IT and other services are managed professionally.
Service Interruption	Potential for IT and Administrative disruption	Rare(1) x Insignificant(1) = Low(1)	Ensure changes are managed professionally.
Compliance	Not compliant with legislation	Unlikely(2) x Insignificant(1) = Low(2)	Review legislation regularly
Property	N/A	N/A	N/A
Environment	N/A	N/A	N/A

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 1 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 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.

The previous Regulation 17 Report Action Plan 2016 has been superseded with the current Regulation 17 Report Action Plan 2019. As such any outstanding recommendations have been carried forward. Only two items remain outstanding.

Table Legend

Completed

No Action

Underway

RECOMMENDATION

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

Attachment 1 – Regulation 17 Review Action Plan. Appendix A, B & C

**APPENDIX A
SHIRE OF NORTHAM
RISK MANAGEMENT**

No.	Finding	Implication	Recommendation	Management Comment	Responsible Officer	Progress to Date
1	Adopted risk policy requires further refinement to further define risk tolerances.	Inconsistent application of risk assessments	While the risk policy is relatively recent, it is felt it could be improved by further defining the Council's risk tolerances.	Completed	CEO	Completed
2.	Potentially inadequate business continuity plan and Disaster Recovery Plan	Inability of Council to recover from events that impact Council service	1. Business Continuity Plan needs to be tested annually to ensure efficacy; 2. IT Disaster Recovery Plan to be developed and implemented by the Shire of Northam including a mechanism for annual testing. This will require the development of an ICT test environment	The Shire of Northam has a current business continuity plan, adopted in 2016. The plan is due for review in 2020. While the business continuity plan is in place and an IT Disaster Recovery is briefly referenced in the Business Continuity Plan, the detail is considered insufficient. Further to this there are no formal	EMCS	IT Disaster Recovery Plan completed and adopted on the 18/03/2020

No.	Finding	Implication	Recommendation	Management Comment	Responsible Officer	Progress to Date
			separate from our live environment and will also provide for the mirroring of systems and data to alternative office locations for the purpose of training as well as testing and Disaster Recovery.	mechanisms in place to test the recovery of data.		
3	I/T framework, policies and procedures require further development	Without proper procedures in place the Shire is leaving itself vulnerable to Cyber Attack and fraud	<p>In accordance with the Department of Local Government I/T framework, policies and procedures are to be developed, outlining terms and conditions in respect to personally owned devices, and access to documented and approved policies implemented and monitored on an ongoing basis.</p> <p>Policies and procedures relating to access and use of Shire CCTV systems also needs to be developed, documented, approved, implemented and monitored.</p>	<p>1. ICT Policy to be put in place for personally owned devices.</p> <p>2. Policy and procedures to be put in place for the Shire's CCTV network.</p> <p>3. Create a user access agreement.</p> <p>4. Create a simplified wireless network.</p> <p>5. Enter a risk in PROMAPPS to document internal fraud.</p>	EMCS	<p>Limited, these issues are planned to be addressed during the 2020/21 financial year.</p> <p>February 2021 Update: Ongoing.</p> <p>May 2021 Update: ICT Strategy presented to the 2 June audit and risk committee, this will now guide the policy development.</p>

No.	Finding	Implication	Recommendation	Management Comment	Responsible Officer	Progress to Date
			<p>Related ongoing and/or planned projects include (but not limited to):</p> <ul style="list-style-type: none"> • Access to the Shire's network requiring a user to single-click an acknowledgment notification relating to terms of (fair) use and activity monitoring before access to Shire resources is granted. This will assist with the protection of the Shire as an organisation in relation to indemnity and liability related to any incidents of misconduct, fraud, theft, workplace bullying, etc. • Simplified wireless network access in all offices, segregated into Staff, Councillors, Services (such as retic and security), and Guest layers 			

No.	Finding	Implication	Recommendation	Management Comment	Responsible Officer	Progress to Date
			<ul style="list-style-type: none"> • that can be utilised by Shire resources as well as Bring Your Own Device (BYOD). • Data encryption of all mobile Shire resources such as laptops, tablets, mobiles, and USB drives. • “Follow me” printing and simplified user workstation access that allows all staff to access print resources, scanned data, usual/favourite browser links and shortcuts (etc.) from any workstation within the organisation. <p>It is recommended that a risk be identified within Promapp to document the internal fraud risk along with any associated treatments to manage this.</p>			

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No.	Finding	Implication	Recommendation	Management Comment	Responsible Officer	Progress to Date
4	Procurement framework could be improved with addition of guidelines for when the CEO is managing projects.	Potential inadequate processes for signing variations to projects	Cost Variation Form – Add the following comment: 'In the event that the CEO is project manager, the variation is to be authorised or approved by another executive or a project superintendent, effectively requiring two signatures'	Agree	CEO	Complete.
5	Ascertain whether fraud and misconduct risks have been identified, analysed, evaluated, have an appropriate treatment plan which has been implemented, communicated, monitored and there is regular reporting and ongoing management of fraud and misconduct risks.	Potential Internal Risks <ul style="list-style-type: none"> • Corporate card misuse, such as payment for personal expenses • Fictitious names on the payroll system. • Delayed terminations. • Abuse of position and power, including accepting or offering bribes or gifts. • Nepotism. • Submitting false travel claims. 	To ensure there is no perception of inappropriate involvement with suppliers, including: unlawful or unauthorised release of information, knowingly making or using forged or falsified documentation, failing to declare and appropriately manage conflicts of interest, a Fraud and Misconduct Control Framework should be developed and endorsed by the Audit & Risk Committee	A Fraud and Misconduct Framework will be developed	GOV Officer	The Fraud and Misconduct Framework has been completed and is presented to the June 2, 2021 Audit & Risk Committee meeting.

No.	Finding	Implication	Recommendation	Management Comment	Responsible Officer	Progress to Date
		<ul style="list-style-type: none"> • Consistently recording incorrect hours of work on timesheets. • Unauthorised use of Shire vehicles. • Fuel card misuse • Theft or unauthorised use of public funds or physical resources, such as office supplies and stationery. <p>Potential External Risks</p> <ul style="list-style-type: none"> • Customers deliberately claiming benefits for which they are ineligible. • External providers making claims for services that were not provided. • The provision of false or misleading information. Failure to provide 				

No.	Finding	Implication	Recommendation	Management Comment	Responsible Officer	Progress to Date
		information when obliged to do so. • Inappropriate influence over grants and funding applications. • Manipulation of a procurement process.				

**APPENDIX B
SHIRE OF NORTHAM
INTERNAL CONTROLS**

No.	Finding	Implication	Recommendation	Management Comment	Responsible Officer	Progress to Date
1	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. Finding Regulation 17 2016 Audit	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.	EMES	As at 24/2/20 an overarching contract has been developed to monitor all buildings but does not include remote access for callouts as yet. February 2021 Update: No further progress. May 2021 Update: No further progress.
2	An audit of several registered documents found that some documents which were considered to be sensitive, were not appropriately registered, with limited viewing.	All staff would have access to sensitive documents which would be a breach of privacy.	Process suggestion has been made to make provision for registering sensitive documents. Staff to be provided with training/reminder of the need to register certain documents whilst limiting access.	Staff to investigate	EMCS	February 2021 Update: Complete Staff have reviewed the access process and posted a reminder by email for staff to forward any sensitive documents to Records for the appropriate registration.

No.	Finding	Implication	Recommendation	Management Comment	Responsible Officer	Progress to Date
3	Some processes being used by external offices do not comply with correct accounting procedures	Cash may be incorrectly recorded, there is also the potential for money to go missing	Develop a process for receipt of all 'offsite' money, inclusive of a mechanism to ensure accuracy of takings to banking and develop a process for offsite stock management.	<p>1. Staff to develop a process to receipt all off site money</p> <p>2. Develop a process and procedure for offsite stock management.</p>	Accountant	<p>1. Process developed and implemented across all departments.</p> <p>2. Point of sale software has been installed.</p> <p>February 2021 Update: Stocktake processes to be further developed before 30/06/2021.</p> <p>Counts are being undertaken and point of sale is to be checked to ensure reporting is accurate for 30 June stocktake for each site.</p> <p>May 2021 Update: Complete.</p>

APPENDIX C
SHIRE OF NORTHAM
LEGISLATIVE COMPLIANCE

No.	Finding	Implication	Recommendation	Management Comment	Responsible Officer	Progress to Date
1	Reviewing the annual Compliance Audit Return and reporting to council the results of that review	There is a risk of complacency and missed documentation.	Have the CAR undertaken independently once in every three years.	It is planned to allocate funds to have the CAR carried out independently for the 2020 return	GOV Officer	February 2021 Update: Complete. External review of the CAR was undertaken by Butler Settineri in early February 2021.
2	Reviewing whether the local government has procedures for it to receive, retain and treat complaints, including confidential and anonymous employee complaints		Complaints management process to be amended to include provisions around treatment of confidential and anonymous complaints (internal / external).	Process to be reviewed	GOV Officer	Complete. The complaint process has been amended to include: All elements of the complaint are to be treated with confidentiality (including the identity of the complainant).

6.9 PROGRESS TOWARDS BETTER PRACTICE REVIEW

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.
Provide outstanding customer service
Maintain a high standard of corporate governance
Encourage active community participation in our local government

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

It is not a requirement under the Act to conduct a Better Practice Review

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	Potential for short term non-compliance.	Medium(3) x Rare(1) = Low(3)	Ensure systems and processes are in place to ensure compliance.

Property	Nil		
Environment	Nil		

C. OFFICER'S COMMENT

The 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.

Officers are continually 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.

Table Legend:

Completed

No Action

Underway

RECOMMENDATION

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

Attachment 1 – BPR Action Plan

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	All Local Laws have been Gazetted and presented to the Joint Standing Committee on Delegated Legislation
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.

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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. Council's external ICT provider has been contracted to facilitate. February 2021 Update: This is in progress. External ICT provider has put together a draft ICT Strategy. Alignment with Council's direction needs to be confirmed/revisited. May 2021 Update: Presented to June Audit Committee meeting.
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				

Area for Further Development	Recommendation / Action	Timeframe	Responsibility	Progress Report
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 Planning Services	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 Planning Services	Complete April 2017.
Heritage	14. Continue working towards developing a heritage list and revising and amending the Municipal inventory.	February 2017	Manager Planning Services	Heritage List adopted by Council on 19 February 2020.
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				

Area for Further Development	Recommendation / Action	Timeframe	Responsibility	Progress Report
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 & Gardens plan nearing completion. Building Asset Plans adopted June 2019. February 2021 Update: Council endorsed an allocation of \$18,458 on 17 February 2021 for labour hire to complete. RFQ for Building condition pickup released May'21.
	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 LTFF. Recent and future projected ratios all meet minimum requirements established by the DLGC. February 2021 Update: Ongoing – no concerns to be reported. May 2021 Update: Ongoing – no concerns to be reported.
	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	Completed
	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 adopted by Council on 18 December 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 First stage "REFLECT" RAP has been endorsed by Reconciliation Australia.

6.10 PROGRESS TOWARDS THE OSH ACTION PLAN 2019

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 Occupational Safety and Health Action Plan.

This report aims to establish a level of accountability in respect to completing the actions identified through the audit undertaken by LGIS in 2019 in order to ensure that continuous improvement occurs within the organisation.

ATTACHMENTS

Attachment 1: OSH Action Plan.

A. BACKGROUND / DETAILS

The AS/NZS 4801:2001 Audit Report undertaken by LGIS in May 2019 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 72% which is higher than the previous audit result of 67% which was achieved in 2016.

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

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 OSH 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.	Insignificant (1) x Rare(1) = 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 safety and health 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 the audit report have

assisted the Shire of Northam to improve its current occupational safety and health performance.

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

Table Legend:

Completed

No Action

Underway

RECOMMENDATION

That Council receives the update as provided in Attachment 1 in relation to the progress made towards the OSH Action Plan.

Attachment 1 – Update on OSH Action Plan

Action item	Element No.	Finding (taken from score)	Requirements (taken from criteria)	Actions to be taken	Responsibility	Due date
Management Commitment						
1	1.1		<i>There is a documented safety and health policy that is reviewed on a regular basis</i>	Ensure that all OSH Policies are identified (Policy Manual and Employee Induction Manual) and ensure that they align. Once this has been done ensure that the Policy is reviewed annually internally and this review is documented.	HR Manager	June 2020 Completed 29/4/20
2	1.3		<i>The Shire identifies and monitors safety and health legislation, codes of practice, guidance notes, agreements and guidelines relevant to its operations</i>	Develop a register that lists relevant legislation, codes of practice, guidance notes and Australian standards etc.	HR Manager	May 2021 Completed 29.4.21

Action item	Element No. (taken from checklist)	Finding (score)	Requirements (taken from criteria)	Actions to be taken	Responsibility	Due date
Planning						
3	2.1		<i>The Shire's approach to safety and health management is planned and reviewed</i>	Review the Safety Management Plan annually and ensure it is updated appropriately.	HR Manager	June 2020 Completed 29/4/20
4	2.2		<i>Specific safety and health objectives and measurable targets have been established for relevant functions</i>	Review objectives and targets set within the Safety Management Plan and ensure that they are relevant to the overall goal within the OSH Policy.	Executive Team HR Manager	May 2021 Update: Details of incidents, hazards, near misses together with number of Take 5's completed provided to Executive team monthly so that the effectiveness of processes can be measured.
5	2.3		<i>Arrangements are in place for people with special needs</i>	Develop a process for workers needs to be identified and assessed e.g. return-to-work programs when a worker has been deemed unfit / fit for work and / or a worker raising a medical issue / concern.	HR Manager	June 2020 Completed - Manage Return to Work Program Process created Sep 2019
6	2.5		<i>Policies and procedures for engaging and managing contractors are in place</i>	Develop a policy / procedure regarding the management of contractors.	HR Manager	June 2020 Completed May 2020

Action item	Element No. (taken from checklist)	Finding (score)	Requirements (taken from criteria)	Actions to be taken	Responsibility	Due date
Consultation and Reporting						
7	3.6		<i>There are arrangements in place for the acquisition, provision and exchange of safety and health information with external parties, including customers, suppliers, contractors and relevant public authorities</i>	Ensure that records are kept when exchanging safety information with external parties. E.g. letters / notices to / from WorkSafe, DMIRS, Department of Health; correspondence with contractors (emails) etc.	HR Manager	Ongoing (Existing Records system)
8	3.7		<i>Consultative and reporting arrangements are regularly evaluated and modified where required</i>	Ensure that the consultation arrangements (e.g. number of Safety Representatives, how workers are consulted about safety) is evaluated annually and this evaluation is documented.	HR Manager	Ongoing – Regular item at OSH Committee meeting

Action item	Element No. (taken from checklist)	Finding (score)	Requirements (taken from criteria)	Actions to be taken	Responsibility	Due date
Hazard Management						
9	4.2		Work environments are regularly inspected and hazards identified	Review the process for workplace inspections to ensure that workplaces are being inspected regularly and the inspections are recorded adequately.	OSH Committee	Ongoing – Regular item at OSH Committee Meeting
10	4.2		Work activities are analysed and hazards identified	Review current development of SWMS.	OSH Committee	Ongoing – Regular item at OSH Committee Meeting
11	4.4		Risk assessments are undertaken on identified hazards	Ensure risk assessments are conducted for changes to the workplace, purchase / hire of new / used items and contracted services.	Executive Manager Corporate Services	Aiming to complete June 2021. February 2021 Update: No progress. May 2021 Update: Options currently being reviewed.
12	4.6		The effectiveness of the hazard identification, risk assessment and risk control process is periodically reviewed and documented	Ensure that a review of the hazard management process is conducted to establish its effectiveness.	HR Manager	June 2020 Completed May 2020

Action item	Element No. (taken from checklist)	Finding (score)	Requirements (taken from criteria)	Actions to be taken	Responsibility	Due date
Training and Supervision						
13	5.6		<i>The training program is evaluated and reviewed</i>	Ensure that feedback (evaluations) regarding training courses is obtained and recorded. Ensure that the overall training program is reviewed annually.	Safety Officer	May 2021 Completed April 2021
14	5.7		<i>Supervision is undertaken by people with appropriate safety and health knowledge, skills and experience</i>	Ensure that safety and health performance criteria is developed and implemented for supervisors and managers etc.	HR Manager	Completed May 2020 OSH Performance Criteria entered into Workplace Guidelines

7. URGENT BUSINESS APPROVED BY DECISION

Nil.

8. DATE OF NEXT MEETING

The next Audit and Risk Management Committee meeting is proposed to be held on 26 August 2021 at 5:00pm.

9. DECLARATION OF CLOSURE