Shire of Northam

Heritage, Commerce and Lifestyle
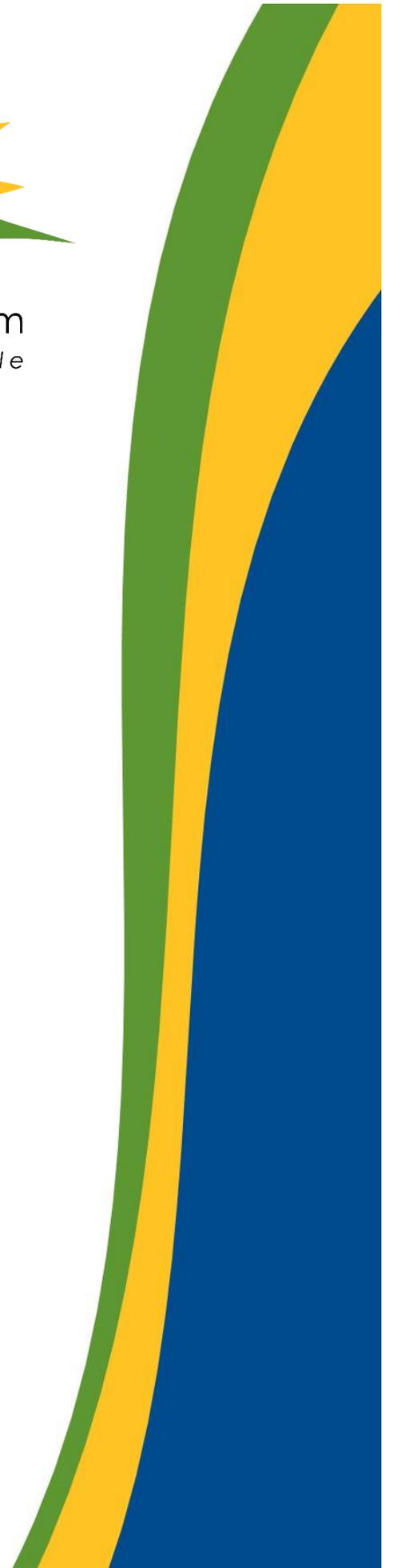
Shire of Northam

Agenda
Audit & Risk Management
Committee Meeting
20 August 2020

NOTICE PAPER

Audit & Risk Management Committee Meeting

20 August 2020

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 20 August 2020 at 5:00pm.

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.

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Contents

1. DECLARATION OF OPENING

2. ATTENDANCE

Committee:
Shire President   Cr C R Antonio
Councillors   Cr A J Mencshelyi
                                                             Cr S B Pollard

Staff:
Chief Executive Officer   J B Whiteaker
Executive Manager Corporate Services   C Young
Executive Assistant – CEO   N K Vinicombe
Coordinator Governance / Administration   C Greenough

2.1 APOLOGIES

2.2 APPROVED LEAVE OF ABSENCE

Leave of absence has been approved for Councillor Ryan, from 17 August 2020 to 21 August 2020 (inclusive).

2.3 ABSENT

3. 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

4. CONFIRMATION OF MINUTES

4.1 COMMITTEE MEETING HELD ON 5 MARCH 2020

RECOMMENDATION

That the minutes of the Audit & Risk Management Committee meeting held on 5 March 2020 be confirmed as a true and correct record of that meeting.

5.   COMMITTEE REPORTS

5.1 PROGRESS TOWARDS BETTER PRACTICE REVIEW

Address:	N/A
Owner:	Shire of Northam
Applicant:	N/A
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)	
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 *Local Government Act 1995*	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 ethics statement	7. Consider developing a statement or policy to guide contractors and suppliers on expected standards and conduct when acting on the Shire's behalf.	August 2016	Purchasing Officer	Complete. Statement of Purchasing Ethics is incorporated into the Shire's documented purchasing process.

Area for Further Development	Recommendation / Action	Timeframe	Responsibility	Progress Report
Information Technology (IT) and Information and Communications Technology Framework (ICT)	8. Review the current arrangements with the Shire's IT provider to ensure appropriate support is provided.	May 2016	EMCS	Audit Carried out that resulted in the calling for quotes and a new IT provider appointed November 2018. Updated 28/02/2019.
	9. Consider the adoption of an ICT Strategic Framework as a resource to use to plan for, manage and review the Shire's information and technology assets.	November 2016	EMCS	Have realigned staff to accommodate I/T Officer to coordinate, strategies are currently being developed. Council's external ICT provider has been contracted to facilitate.
Governance Relationship	10. Review the Shire's Code of Conducts and/or develop policies to formalise and document the Shire's practices in regards to elected member and staff interactions and requests for information.	January 2017	CEO	Complete. Policy adopted.
Emergency management	11. Continue the process of reviewing and documenting emergency management processes and procedures, ensuring plans are current and relevant.	November 2016	Community Emergency Services Manager	Completion of Local Emergency Management Arrangements adopted by Council 16/11/16.
Planning and Regulatory				
Documentation on Development Application Process	12. Review the current information and content on the Shire's website relating to Planning to ensure it is accurate and helpful.	October 2016	Manager 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.

Area for Further Development	Recommendation / Action	Timeframe	Responsibility	Progress Report
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				
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.
	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
	20. Continue the process of revising the Long Term Financial Plan.	June 2016	EMCS	Completed.

Area for Further Development	Recommendation / Action	Timeframe	Responsibility	Progress Report
Long Term Financial Plan	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
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 LTFP.

Recent and future projected ratios all meet minimum requirements established by the DLGC |
	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.

5.2   PROGRESS TOWARDS PROCUREMENT PROCESS REVIEW REPORT

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

BRIEF

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

ATTACHMENTS

Attachment 1:   Outcomes from the Procurement Process Review Report

A.   BACKGROUND / DETAILS

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

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

B.   CONSIDERATIONS

B.1   Strategic Community / Corporate Business Plan
Theme Area 6 Governance and Leadership
Outcome 6.3 The Shire of Northam council is a sustainable, responsive, innovative and transparent organisation.
Objective: Ensure robust financial management.

B.2   Financial / Resource Implications
No current implications as this is an update.

B.3   Legislative Compliance
There is no legislative requirement to hold an Internal Procurement Review, however it is best practice.

B.4   Policy Implications
N/A.

B.5   Stakeholder Engagement / Consultation
All senior staff were asked to review the document and make any comments.

B.6   Risk Implications

Risk Category	Description	Rating (consequence x likelihood)	Mitigation Action
Financial	Council does not utilise rate payer funds effectively	Possible(3) Medium(3) = Moderate(9)	Implement recommendations of this report
Health & Safety	N/A	N/A	N/A
Reputation	N/A	N/A	N/A
Service Interruption	N/A	N/A	N/A
Compliance	LG Act and Associated regulations are not complied with	Possible(3) Major(4) = High(12)	Implement recommendations of this report
Property	N/A	N/A	N/A
Environment	N/A	N/A	N/A

C.   OFFICER'S COMMENT

On Monday 22 January 2018 Moore Stephens conducted an Audit on the Shire of Northam's Procurement processes, after the site visit follow up interviews were conducted with the Executive Management Team and the Procurement Officer. A final report was received on 7 May 2018 that included the following contents:
1. Engagement Overview
2. Executive Summary
3. Summary Controls Table
4. Review Findings and Recommendations
5. Improvement Opportunities
6. Procurement Processes – Tenders and Contracts Management
7. Other Matters

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

Staff had been working to resolve the issue raised and had completed all except for item 5. However at the Ordinary Council Meeting 20/5/20 Council adopted Policy F4.9 Panels of Pre-Qualified Suppliers. This adoption completed item 5. Improvement Opportunities. As there were no further actions required from the report by Moore Stephens, the officer suggests this item now be closed.

Table Legend

Completed

No Action

Underway

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

Attachment 1 - Outcomes from the Procurement Process Review Report

REVIEW FINDINGS & RECOMMENDATIONS					
Observation	**Potential Risks**	**Rating**	**Recommendation**	**Management Comment**	**Progress**
Per the Local Gov't (Functions and General) Regulations 1996, Part 4A, Section 24D (Discounts permitted for regional price preferences), there are three scenarios where the bid from the tenderer can be considered for a price reduction. The legislation allows for: • up to 10% reduction for goods or services up to a maximum of $50,000; • up to 5% reduction for construction (building) services up to maximum of $50,000; or • up to 10% where the contract is for construction (building) services up to a maximum price reduction of $500,000. The Shire's Local Price Preference Policy (F 4.4), Section 3 - Local Price Preference Value, allows for a maximum price reduction of $100,000 (excluding GST) for goods and services from within the Shire. The amount per the Shire policy does not fully align with the requirements outlined above under Section 24D.	Non-alignment to Gov't Regulations.	Moderate1	The Shire Local Price Preference Policy should be updated to align with the thresholds in the Regulations.	Local Price Preference Policy has been reviewed and will be presented to Council for consideration.	New Local Price Preference Policy Adopted, updated 28/02/2019

IMPROVEMENT OPPORTUNITIES				
ESTABLISHMENT OF PRE-QUALIFIED PANEL OF SUPPLIERS				
Observation	**Potential Risks**	**Recommendation**	**Management Comment**	**Progress**
It was noted during the audit that the Shire currently does not operate any formal panels of pre-qualified suppliers. Rather, through the years, it has maintained an informal list of suppliers which it has consistently used for recurring needs such as electrical services, painting, etc. Use of an informal list may present the following limitations: • precludes consideration of other suitable service providers which are new market entrants; • rates quoted by known suppliers are often not market tested; and • pre-qualified panel provides greater transparency in the selection process and if implemented follows a prescribed set of rules governing how the panel will operate to manage risks and to ensure a more efficient procurement process.	The following contractors were used multiple times for the period 1 July 2017 to 31 January 2018. Examples: Plumbing Services • Andy's Plumbing [43 POs; spend @ $14,000] • Blackwell Plumbing [17 POs; spend @ $15,500] Electrical Services • Grafton Electrics [46 POs; $22,000] • Verlindens Electrical [4 POs; $11,600]	It is recommended that goods and services which are: • recurring, • purchased frequently throughout the year; and • deemed to be low or medium procurement risk, be considered for establishment as a pre-qualified panel under Division 3 of Regulations. Determination of these services could be based on spend data by service category for the past 2 or 3 years. Any services which are likely to reach $150,000 however, must undergo a public tender process as per Section 11.	Staff will investigate and establish pre-qualified panels where appropriate.	Limited Progress staff investigating No changes – Have budgeted for vendor panel software, 3/10/2019. Vender panel software now in place, policy on pre-qualified panels being developed, 25/02/2020 At the Ordinary Council meeting 20/5/20 Council adopted Policy F4.9 Panels of Pre-Qualified Suppliers **Completed**

SPEND ANALYSIS				
Observation	**Potential Risks**	**Recommendation**	**Management Comment**	**Progress**
Spend analysis will provide insight into current procurement arrangements and identify opportunities for strategic procurement by spend category such as assessment of sole source arrangements and the use of pre-qualified panels (refer to point 1.0 Establishment of Pre-qualified panels).

A regular review will also contribute to the understanding of historical spend patterns and whether anticipated value for money outcomes were achieved, thus providing input into subsequent tender planning processes.

Spend analysis will also enable the Shire to benchmark suppliers which provide similar services for the purposes of "value for money" assessment for future reference. | The following examples illustrate the information that was obtained through a quick analysis of spend data from1 July 2017 to 31 January 2018:
• Glenn Stuart Beveridge @ 9 months is $91,000; this supplier could reach the $150,000 threshold if not monitored.
• Several contractors provide ongoing technical services which require specialist environmental, health and safety knowledge. However, there is no contract or service agreement in place i.e. Avon Valley Contractors, Central Mobile Mechanical Repairs.
• Avon Valley Contractors; POs for $8,800 for 3 months has been sole source supplier for hire of graders. | It is recommended that at least annually, a review is performed by a person independent of the Procurement function of spend by supplier, by service type and other relevant criteria to ensure that overall procurement for goods and services is a strategic activity.

Procurement planning may also alleviate the reliance on sole source suppliers if request for goods and services on short notice is minimised. | Procedures will be put in place ensuring suppliers that have recurring purchases that may reach the $150,000 tender threshold are reviewed annually. | Spend Analysis now being performed as part of EOFY procedures, updated 28/02/2019 |

5.3 PROGRESS TOWARDS THE OSH ACTION PLAN 2019

Address:	N/A
Owner:	Shire of Northam
Applicant:	N/A
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. (taken from checklist)	Finding (score)	Requirements (taken from criteria)	Actions to be taken	Responsibility	Due date
Management Commitment						
1	1.1		*There is a documented safety and health policy that is reviewed on a regular basis*	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		*The Shire identifies and monitors safety and health legislation, codes of practice, guidance notes, agreements and guidelines relevant to its operations*	Develop a register that lists relevant legislation, codes of practice, guidance notes and Australian standards etc.	HR Manager	June 2020 Register created, awaiting responses from some Managers

Action item	Element No. (taken from checklist)	Finding (score)	Requirements (taken from criteria)	Actions to be taken	Responsibility	Due date
Planning						
3	2.1		*The Shire's approach to safety and health management is planned and reviewed*	Review the Safety Management Plan annually and ensure it is updated appropriately.	HR Manager	June 2020 Completed 29/4/20
4	2.2		*Specific safety and health objectives and measurable targets have been established for relevant functions*	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	Ongoing Executive Team to liaise with Managers to ensure completion
5	2.3		*Arrangements are in place for people with special needs*	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		*Policies and procedures for engaging and managing contractors are in place*	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		*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*	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		*Consultative and reporting arrangements are regularly evaluated and modified where required*	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
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		*The training program is evaluated and reviewed*	Ensure that feedback (evaluations) regarding training courses is obtained and recorded. Ensure that the overall training program is reviewed annually.	Safety Officer	Ongoing Training records currently being entered into Microsoft Access, Feedback form to be reviewed
14	5.7		*Supervision is undertaken by people with appropriate safety and health knowledge, skills and experience*	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

5.4   PROGRESS TOWARDS THE REGULATION 17 REVIEW ACTION PLAN

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

BRIEF

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

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 separate from our live 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
			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	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.

Policies and procedures relating to access and use of Shire CCTV systems also needs to be developed, documented, approved, implemented and monitored. | 1. ICT Policy to be put in place for personally owned devices.
2. Policy and procedures to be put in place for the Shire's CCTV network.
3. Create a user access agreement.
4. Create a simplified wireless network.
5. Enter a risk in PROMAPPS to document internal fraud. | EMCS | Limited, these issues are planned to be addressed during the 2020/21 financial year. |

No.	Finding	Implication	Recommendation	Management Comment	Responsible Officer	Progress to Date
			Related ongoing and/or planned projects include (but not limited to): • 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 • that can be utilised by Shire resources as well as			

No.	Finding	Implication	Recommendation	Management Comment	Responsible Officer	Progress to Date
			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. It is recommended that a risk be identified within Promapp to document the internal fraud risk along with any associated treatments to manage this.			

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 off 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 • 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 started

No.	Finding	Implication	Recommendation	Management Comment	Responsible Officer	Progress to Date
		• 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. Potential External Risks • 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 is being developed for all buildings to include remote access to minimise callouts
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	Staff are currently reviewing access and looking at ensuring the appropriate level of access is provide in Synergy
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	Develop a process for receipt of all 'offsite' money, inclusive of a mechanism to ensure	1. Staff to develop a process to	Accountant	1.Process developed, as yet not implemented across all departments

No.	Finding	Implication	Recommendation	Management Comment	Responsible Officer	Progress to Date
		for money to go missing	accuracy of takings to banking and develop a process for offsite stock management.	receipt all off site money 2. Develop a process and procedure for offsite stock management.		2. Considering options. 24/02/2020

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	Now aiming to have external review completed in 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). |

5.5 PROGRESS TOWARDS THE IT AUDIT SERVICE REPORT

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

BRIEF

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

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 Councils 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 details 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 receives the update as provided in Attachment 1 in relation to the progress made towards the IT Audit Review.

Attachment 1 – IT Audit Action Plan

No.	Priority Areas	Finding Rating	Current	Recommendation	Responsible Officer	Progress to Date
1	Backups	<u>HIGH</u> S**c**ore 1.5	Two backup technologies are used 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. 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. Focus Networks could not confirm failures for the past month.	An onsite and offsite backup and recovery solution should be kept as simple as possible and include the following. - Onsite and offsite retention of backups - Minimum hourly snapshots - Hourly daily, weekly, monthly and annual retention periods - Regular recovery testing - Daly backup notifications It is important to do regular scheduled disaster recovery testing to ensure all is working as intended.	Executive Manager Corporate Services	Now utilising Acronis, taking multiple daily snapshots as well as offsite backups.
2	Internet Gateway	<u>HIGH</u> S**c**ore 1.5	Current firewall offers protection for less than 1% of these vulnerabilities. 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.	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.	Executive Manager Corporate Services	Hardware based deep packet scanning corporate firewall has been implemented via a Fortigate router. This has also allowed us to better manage and monitor our network and circumvent the complications and delays brought about by

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

No.	Priority Areas	Finding Rating	Current	Recommendation	Responsible Officer	Progress to Date
			Calls for help are not documented in a helpdesk ticketing system. No utilisation statistics can be documented. PCS provide Level 2 and Level 3 remote IT support on an adhoc basis which can total up to 3 hours per week. 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.			
5	ISP Links	MEDIUM Score 1.5	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. 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. 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.	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	MPLS given 30 days' notice. We are going with TPG to give us a link to the building. They will replace what Telstra couldn't deliver. We are also in process of linking remote offices with Administration building via own airfibre / wireless links which replace our dependence on NBN and ADSL services.

No.	Priority Areas	Finding Rating	Current	Recommendation	Responsible Officer	Progress to Date
6	IT DR Plan	MEDIUM Score 0	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.

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. | 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 | MEDIUM Score 0 | 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.

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. | 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 |

No.	Priority Areas	Finding Rating	Current	Recommendation	Responsible Officer	Progress to Date
						needs to be achieved, ongoing 24/02/2020 This is expected to be presented to the Audit Committee during the next quarter for adoption.
8	Windows Updates	MEDIUM Score 1	The two physical servers were last updated on the 19th of August. As this is a Sunday we assume IT completed the updates. The single virtual server NSC-FILE was last updated on the 21st 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 3rd party management tools, enable administrators to deploy the latest Microsoft product updates to computers running the Windows operating system. By using WSUS or these tools, administrators can fully manage the distribution of updates that are released through Microsoft Update to computers in their network.	Executive Manager Corporate Services	Councils ICT provider is now contracted to carry out updates on a regular basis, 26/02/2020
9	Printing	MEDIUM Score 1	Centralised printing is via at least ten printers setup as direct IP printing on Server 2008 R2. The IP addresses used for the network were not all in sequential order.	Centralised printing should be implemented to reduce ongoing consumable costs. Highly sensitive printing for the payroll or HR department should be implemented	Executive Manager Corporate Services	A review of printers has been carried out across all operation centres and stand along printers decommissioned where

No.	Priority Areas	Finding Rating	Current	Recommendation	Responsible Officer	Progress to Date
			Canon, HP and Brother printers were confirmed onsite no standard purchasing policy exists. No secure print functionality was witnessed on the larger multi-function printers.	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. Locations of printers from an OHS point of view should be addressed for ventilation and noise requirements.		possible being replaced by network printers. 25/02/2020
10	Servers	LOW Score 0.5	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. There is no remote management port options available on these servers. The white box physical servers are not covered under a warranty. Connectivity to the network is 1Gb via a single CAT5 Ethernet cable. Redundant network interfaces are not utilised on all servers	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	LOW Score 1	Three switches are rack mounted in the comms cupboard. Unfortunately all devices are powered by mains power only. A Netgear FS524 24 port 10/100 switch has no ports free. A Netgear Prosafe GS748T 48 port gigabit switch has approximately 8 ports free.	Managed switches should be backed by a lifetime product warranty. Power over Ethernet (PoE) functionality should be investigated if a VOIP phone system is utilised. Management capabilities (HTTP and SNMP) will also aid in network fault finding and usage reporting. Non managed switches can decrease intelligence and performance.	Executive Manager Corporate Services	Most gear mentioned in this section of the audit has since been replaced and all of it is now on a UPS. We are now running smart / managed PoE switches and a Fortigate router configured to handle multiple sources of network connectivity, deep packet scanning,

No.	Priority Areas	Finding Rating	Current	Recommendation	Responsible Officer	Progress to Date
			A HP J3188A 16 port 10Base-T hub has approximately 10 ports free. 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. There is no evidence of separated networks (referred to as VLANs).	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.		VPNs, VLANs, and Wifi hotspots, etc.
12	Uninterrupted Power Supply (UPS)	LOW Score 1	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. 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.	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.	Executive Manager Corporate Services	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 it has since been decommissioned.

5.6   PROGRESS TOWARDS THE PARKS AND GARDENS AUDIT

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

BRIEF

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 acceptable standards	Rare(1) x Minor(2) = Low(2)	Ensure fit for purpose programs 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 – 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	No progress
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	The P&G Asset Management Plan is in the final stages of development, pending review and acceptance of service levels to be proposed.

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	A formal traineeship structure is currently being developed by Human Resources. 1 x horticultural trainees currently assigned to Parks & Gardens team
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	Training Register completed. Skills Register currently being created to identify skills gaps within the department. Currently developing a professional development framework for middle management throughout the organisation

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	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.

5.7   PROGRESS TOWARDS FINANCIAL MANAGEMENT REVIEW

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

BRIEF

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

ATTACHMENTS

Attachment 1:   Review Findings and Recommendations

A.   BACKGROUND / DETAILS

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

This report is to provide Council with the progress that has been made toward the recommendations associated with the Financial Management Review.

B.   CONSIDERATIONS

B.1   Strategic Community / Corporate Business Plan
Theme Area 6: Governance & Leadership.
Outcome 6.3:   The Shire of Northam council is a sustainable, responsive, innovative and transparent organisation.
Objective:
- Ensure robust financial management.

- Implement systems and processes which deliver outcomes for our community.
- Maintain a high standard of corporate governance.

B.2   Financial / Resource Implications
Nil

B.3   Legislative Compliance
Local Government Act (1995) Section 7.12A & *Local Government Financial Management Regulations 1996 Regulation 5(2)(c)*

B.4   Policy Implications
N/A.

B.5   Stakeholder Engagement / Consultation
Nil.

B.6   Risk Implications

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

C. OFFICER'S COMMENT

The Auditor raised a number of findings within the Financial Management Systems Review that need to be addressed to ensure that best practices are being followed by Council. The issues raised are contained in Attachment 1. The auditor's report provided recommendations on the best way to resolve the issues and additionally management comments have been put in place as well as actions taken. The level of risk for eight of the issues were considered moderate and five raised were low.

Table Legend

Completed

No Action

Underway

> **RECOMMENDATION**
>
> **That Council receives the progress of the recommended actions from the Financial Management Systems Review report for 2018/19 and close this item as completed.**

Attachment 1 – Review Findings and Recommendations

		Observation	Potential Risks	Rating	Recommendation	Management Comment	Progress
				REVIEW FINDINGS & RECOMMENDATIONS			
1.		**Collection of money** The daily banking sheet is not signed by the preparer, nor is there evidence of independent review.	Money going astray without record	Moderate	Daily bank reconciliations should be consistently prepared, signed by the preparer and adequately reviewed on a daily basis by an independent senior management staff member. The daily banking reconciliation should be signed as evidence the independent review has occurred.	The daily banking is prepared by an Administration Officer. The amounts are checked during the Bank Reconciliation process daily. The Bank reconciliation process is undertaken by the Senior Finance Officer or Rates Officer the following day to ensure the amounts match the bank statement in a timely manner. We will ensure the signing by Officers is incorporated into the process.	The Administration Officer now signs the end of day document. 24/02/2020

		REVIEW FINDINGS & RECOMMENDATIONS				
	Observation	**Potential Risks**	**Rating**	**Recommendation**	**Management Comment**	**Progress**
2.	It is Suggested the Shire improve security of cash takings across various Shire controlled sites	Values may be incorrect	Moderate	Processes with respect to cash handling and physical storage at Shire managed locations should be reviewed with an objective of enhancing controls over Council monies. Council could consider engaging a cash-in-transit security service provider or alternatively set a pre- determined maximum cash-in-transit daily banking amount to reduce the risk. Banking for Shire managed locations be completed at least weekly. A receipt or acknowledgement of cash provided for banking be received by Shire managed	The Shire will consider installing small safes at Killara, the Northam Library and BKB Centre The procedure for high volume cash periods, is generally only around four days a year on the final day of rates instalments falling due. Moving cash from tills in the front counter is recorded and counted and signed for by two staff members, then placed in a locked safe. During these times two staff take the cash to the bank.	Implemented, staff member currently remains in the office whilst the banking is counted and receipted. 24/02/2020 Installation of Safes or secured locations for offsite money, has been completed.

	Observation	Potential Risks	Rating	Recommendation	Management Comment	Progress
					REVIEW FINDINGS & RECOMMENDATIONS	
				locations.	Reminders and regular checks and follow ups will be made to ensure banking is done at least weekly Where banking is brought to the Administration Building for receipting, the staff member bringing the money is to sign the paperwork that accompanies the money and the staff member counting it will also sign and date it.	
3.	Minor variances were identified when completing petty cash counts at cash collection sites operated by the Shire	Inability to trace small amounts of cash	Low	Petty cash should be reconciled on a regular basis and any variances identified be investigated and rectified in a timely	Staff will be notified and will sign the end of year reconciliation forms that will be amended to	Implemented process in place and working well 24/02/2020

		Observation	Potential Risks	Rating	Recommendation	Management Comment	Progress
					manner.	require a minimum of quarterly submissions be made for reimbursements and that the petty cash be counted at the end of every month	
4.		The Shire does not have a current Business Continuity Plan.	Unnecessary Business disruption	Moderate	The existing Business Continuity Plan was developed in February 2016 and requires updating. It is recommended that the Plan be reviewed, approved and subsequently implemented by the Shire. In addition, the DRP should subsequently be tested on a periodic basis to ensure that in the event of a disaster, appropriate action(s) can be taken.	The Formal documentation of Disaster Recovery Actions will be undertaken.	Draft IT Disaster recovery plan has been developed and is presented to the Audit Committee within the IT Audit Progress Report for Adoption. Was adopted by Council 18/3/20

The column header "REVIEW FINDINGS & RECOMMENDATIONS" spans the Observation through Progress columns.

		REVIEW FINDINGS & RECOMMENDATIONS				
	Observation	**Potential Risks**	**Rating**	**Recommendation**	**Management Comment**	**Progress**
5.	Interim Rate notices are not issued throughout the year on a timely basis by the Shire when Landgate updates the property valuations	Community dissatisfaction	Low	Interim rate notices should be issued in a timely manner upon receipt of updated property valuations from Landgate.	Noted, procedures will be put in place to ensure interim rates are processed in a timelier manner.	Rates are good to go but are also dependent on brochures being ready.
6.	There is no formal procedure in place to ensure network access is disabled for terminated employees.	Ex staff may be able to access information	Low	A termination checklist be completed for all terminated employees, including ensuring network access is disabled.	Synergy Access uses a process of replacement of a terminating officer with a replacement officer, so it is not possible for access remotely or to the financial system. A checklist for new starters and terminations, that incorporates Council property and its condition of use to be developed. Boxes to include IT	Checklist developed for new starters and terminated employees has been developed. 24/02/2020

		Observation	Potential Risks	Rating	Recommendation	Management Comment	Progress
					REVIEW FINDINGS & RECOMMENDATIONS		
						accesses and permissions and signed by the Manager.	
7.		Testing found exceptions where tender and payment procedures had not been complied with.	Potential for tenders to have to be readvertised	Moderate	The Tender Register be updated throughout the tendering process. A tender checklist be completed for all tenders. All creditor and EFT payment batch listings be consistently signed as evidence of independent review and approval.	Noted, procedures will be reviewed	A monthly random check of Tenders, Creditors and Eft payments is now being conducted
8.		Inquiries indicated there is no documented "Terms of Use Agreement" in place with Shire employees who have been allocated store and / or fuel cards.	Abuse of privilege	Moderate	All store and / or fuel card holders sign an agreement with the Shire outlining their acknowledgment of acceptable use of the store / fuel card in accordance with statement policy. This	To be covered in the induction and termination document as detailed above	Included in new employee checklist. 24/02/2020

		Observation	Potential Risks	Rating	Recommendation	Management Comment	Progress
					REVIEW FINDINGS & RECOMMENDATIONS		
					agreement should also outline procedures relating to when a cardholder is on extended leave or absent from the Shire.		
9.		Credit card holders are not required to sign a 'user agreement' or 'policy acknowledgement' document'.	Abuse of privilege	Moderate	An agreement should be signed by credit card holders and the Shire setting out the card holders' responsibilities in terms of the Shire's policy and Local Government guidelines.	To be covered in the new starter induction and termination document as detailed above	Included in new employee checklist. 24/02/2020
10.		Observation of Dunnings fuel statements identified that although these are reviewed on an individual report basis, the Shire is currently not holistically analysing fuel usage by asset for inappropriate use i.e. there is no analysis to review fuel usage on an overall basis for each	Potential for excess wastage and abuse of privilege	Moderate	The Shire investigate an appropriate method to analyse the use of fuel holistically. This spreadsheet should capture each Shire motor vehicle and detail every transaction in a chronological order. Once established, the fuel usage per asset	Noted, will review current procedures.	Currently reviewing options.

		REVIEW FINDINGS & RECOMMENDATIONS				
	Observation	**Potential Risks**	**Rating**	**Recommendation**	**Management Comment**	**Progress**
	asset, on a periodic or sample basis.			could be analysed to determine whether the employee is fuelling up several times a day, over the weekend, late at night or if excessive fuel purchased against the expected route the employee is travelling etc.		
11.	During the payroll testing, it was noted there were exceptions pertaining to the audit sample of reports and employee deductions.	Potential for miscalculations and over or underpayment	Moderate	All payroll reports be independently reviewed and evidence of this review is documented in the form of a physical sign-off;

Termination checklists be completed for all terminated employees, reviewed and approved by the management; and

All deductions from employee wages are supported by an | All payroll reports are now signed. The checks and balances are all done. However previously not signed.

All terminations are signed as checked by the Accountant. Termination Form to be developed The process for deductions has been changed to | Procedures implemented 24/02/2020 |

		REVIEW FINDINGS & RECOMMENDATIONS				
	Observation	**Potential Risks**	**Rating**	**Recommendation**	**Management Comment**	**Progress**
				authorised deduction form.	file all amendments in personnel files as per the recommendation	
12.	Review of annual leave accrual as at 30 April 2019 indicated instances where seven employees had annual leave accrued balances in excess of 300 hours each.	Excessive payouts at termination	Low	Employees take regular leave through ongoing management of leave scheduling and leave liabilities.	Noted, leave balances will continue to be monitored	Leave balances have been reviewed and a policy has been presented to the Committee and was adopted 18/3/20 by full Council
13.	The scope and approach to the Budget preparation, review and reports was examined to ensure compliance and efficiency. It noted the Shire's Risk Management Policy was due for review in 2017 and still references the former AS/NZS 31000:2009 standard as opposed to the updated version AS/ISO 31000:2018.	Inability to check risk and maintain systems in accordance with latest standards	Low	The Shire review and update the Risk Management Policy accordingly.	Policy will be updated. Guidance on Risk Assessment was provided as per Guidelines Standard AS ISO 31000-2018 and noted.	Councils Risk Management Policy was updated and adopted by Council on the 18/09/2020, motion C.3760

5.8   RISK REGISTER

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

BRIEF

To provide Council with 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 101 risk mitigation/treatment strategies, of which 4 are overdue (which equates to 3.96%)

2.1   TREATMENT MC00007
Manage Inductions - Conduct New Employee Induction All new employees are provided with adequate inductions

2.2   TREATMENT MC00032
Current Community Engagement Plan in Place

2.5   TREATMENT MC00055
Internal audit of project and major project (as defined by corporate business plan) management framework compliance.

2.6   TREATMENT MC00071
Project assessment / evaluation to be undertaken at completion and reported to audit committee

RECOMMENDATION

That Council receives the July 2020 Shire of Northam Risk Register update.

Attachment 1 – Overdue/Non-compliant Risks

Overdue / Non-Compliant Risks

Filter: Overdue / Non-compliant

RESIDUAL 7.2 MODERATE **INHERENT** 9.0 R00018	CHIEF EXECUTIVES OFFICE, REPUTATION - COMMUNITY **Inadequate engagement with Community / Stakeholders / Elected Members** Failure to maintain effective working relationships with the Community (including Local Media), Stakeholders, Key Private Sector Companies, Government Agencies and / or Elected Members. This invariably includes activities where communication, feedback and / or consultation is required and where it is in the best interests to do so.	TREATMENT MC00032 Current Community Engagement Plan in Place	**NON-COMPLIANT** SIGNOFF(S): Jason Whiteaker DUE DATE: 30 Sep 2019 FREQUENCY: The first Day of every 112 months

OWNER   Jason Whiteaker
CREATED   19/08/2019 09:07:22

LIKELIHOOD	Possible
SEVERITY	Medium
CONTROL EFFECTIVENESS	Adequate

TREATMENT MC00033 Biennial Customer Satisfaction & Community Needs Survey	SIGNOFF(S): Jason Whiteaker DUE DATE: 01 Sep 2021 FREQUENCY: The first Day of every 24 months	

Shire of Northam
Heritage, Commerce and Lifestyle

RESIDUAL **6.0** MODERATE	CORPORATE SERVICES, COMPLIANCE - LEGISLATIVE **Failure to fulfil statutory, regulatory or compliance requirements** Council is exposed to reputation damage and serious breaches due to a failure to comply with legislative and compliance requirements
INHERENT **20.0** R00001	OWNER Colin Young CREATED 08/04/2019 14:46:49 LIKELIHOOD Almost Certain SEVERITY Major CONTROL EFFECTIVENESS Strong

TREATMENT MC00002	SIGNOFF(S):	Cheryl Greenough
Audit of monthly compliance calendar	DUE DATE:	14 Aug 2020
	FREQUENCY:	14th day of every month

TREATMENT MC00007	**OVERDUE, CHANGE(S) PENDING**	
Manage Inductions - Conduct New Employee Induction All new employees are provided with adequate inductions	SIGNOFF(S):	Bev Jones Helen Zahra
	DUE DATE:	07 Aug 2020
	FREQUENCY:	Fri every week

TREATMENT MC00009	SIGNOFF(S):	Cheryl Greenough
Monthly random internal audit of five (5) purchases to be performed to ensure compliance with purchasing requirements.	DUE DATE:	14 Sep 2020
	FREQUENCY:	14th day of every month

TREATMENT MC00058	SIGNOFF(S):	Cheryl Greenough
Organisational Compliance Calendar in place and reviewed by Executive Management Group	DUE DATE:	01 Mar 2021
	FREQUENCY:	The first Day of every 12 months

TREATMENT MC00059	SIGNOFF(S):	Alysha McCall
Induction & Training provided to elected members	DUE DATE:	30 Nov 2021
	FREQUENCY:	The last Day of every 24 months

TREATMENT MC00060	SIGNOFF(S):	Cheryl Greenough
Complete Annual Compliance Return (Dept Local Government)	DUE DATE:	28 Feb 2021
	FREQUENCY:	The last Day of every 12 months

TREATMENT MC00053	SIGNOFF(S):	Jason Whiteaker
Project management framework in place, providing parameters for staff to operate within	DUE DATE:	31 Jul 2021
	FREQUENCY:	The last Day of every 12 months

TREATMENT MC00054	SIGNOFF(S):	Alysha McCall
Major Project status reporting to Council (through monthly elected member report)	DUE DATE:	
	FREQUENCY:	Once

Shire of Northam
Heritage, Commerce and Lifestyle

RESIDUAL 3.6 LOW	MAJOR PROJECT - AQUATIC FACILITY, FINANCIAL - OPERATIONAL, HEALTH & SAFETY, PROPERTY - LIABILITY, REPUTATION - COMMUNITY, STRATEGIC - COMMUNITY	TREATMENT MC00064	SIGNOFF(S):	Jason Whiteaker

RESIDUAL 3.6 LOW

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

Ineffective Project Management
Project not managed effectively

INHERENT 12.0

R00027

OWNER	Jason Whiteaker
CREATED	01/07/2019 16:29:57
LIKELIHOOD	Possible
SEVERITY	Major
CONTROL EFFECTIVENESS	Strong

TREATMENT MC00064

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

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

TREATMENT MC00067

Construction project progress reports to be provided

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

TREATMENT MC00068

Project Superintendent (Donovan Payne) reports to be provided monthly

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

TREATMENT MC00069

Financial variations to be signed off by Project Manager

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

TREATMENT MC00070

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

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

TREATMENT MC00071

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

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

TREATMENT MC00074

Project time delays to be signed off in accordance with contract

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

GENERAL, REPUTATION - COMMUNITY

Providing inaccurate advice / information to stakeholders

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

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

OWNER	Jason Whiteaker
CREATED	02/07/2019 13:27:54
LIKELIHOOD	Likely
SEVERITY	Medium
CONTROL EFFECTIVENESS	Strong

RESIDUAL
3.6
LOW

INHERENT
12.0

R00031

TREATMENT MC00007

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

OVERDUE, CHANGE(S) PENDING

SIGNOFF(S):	Bev Jones Helen Zahra
DUE DATE:	07 Aug 2020
FREQUENCY:	Fri every week

TREATMENT MC00013

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

CHANGE(S) PENDING

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

TREATMENT MC00051

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

CHANGE(S) PENDING

SIGNOFF(S):	Bev Jones
DUE DATE:	31 Oct 2020
FREQUENCY:	The last Day of every 12 months

| RESIDUAL 3.6 LOW | GENERAL, REPUTATION - COMMUNITY | TREATMENT MC00002 | SIGNOFF(S): | Cheryl Greenough |

RESIDUAL 3.6 LOW

INHERENT 12.0

R00033

GENERAL, REPUTATION - COMMUNITY

Errors, Omissions & Delays
Errors, omissions or delays in operational activities as a result of unintentional errors or failure to follow due process or potentially inadequate resources. This includes instances of;
• Human errors, incorrect or incomplete processing
• Inaccurate recording, maintenance, testing and / or reconciliation of data.
• Errors or inadequacies in model methodology, design, calculation or implementation of models.

This may result in incomplete or inaccurate information. Consequences include;
• Inaccurate data being used for management decision making and reporting.
• Delays in service to customers
• Inaccurate data provided to customers
This excludes process failures caused by inadequate / incomplete procedural documentation - refer "Inadequate Document Management Processes".

OWNER   Jason Whiteaker
CREATED   02/07/2019 13:58:01

LIKELIHOOD   Likely
SEVERITY   Medium
CONTROL EFFECTIVENESS   Strong

TREATMENT MC00002
Audit of monthly compliance calendar

SIGNOFF(S):   Cheryl Greenough
DUE DATE: 14 Aug 2020
FREQUENCY: 14th day of every month

TREATMENT MC00007
Manage Inductions - Conduct New Employee Induction
All new employees are provided with adequate inductions

OVERDUE, CHANGE(S) PENDING
SIGNOFF(S):   Bev Jones / Helen Zahra
DUE DATE: 07 Aug 2020
FREQUENCY: Fri every week

TREATMENT MC00009
Monthly random internal audit of five (5) purchases to be performed to ensure compliance with purchasing requirements.

SIGNOFF(S):   Cheryl Greenough
DUE DATE: 14 Sep 2020
FREQUENCY: 14th day of every month

TREATMENT MC00083
Manage Inductions - Conduct New Employee Induction
Ensure staff are inducted into the organisation

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

TREATMENT MC00084
Have critical processes mapped to assist staff eliminate errors, omissions and delays (wastage)

SIGNOFF(S):   Alysha McCall
DUE DATE: 01 Dec 2020
FREQUENCY: The first Day of every 12 months

Shire of Northam
Heritage, Commerce and Lifestyle

RESIDUAL 3.6 LOW			

INHERENT 12.0			

R00035

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

Misconduct

Intentional activities in excess of authority granted to an employee, which circumvent endorsed policies, procedures or delegated authority. This would include instances of:
• Relevant authorisations not obtained.
• Distributing confidential information.
• Accessing systems and / or applications without correct authority to do so.
• Misrepresenting data in reports.
• Theft by an employee
• Collusion between Internal & External parties
This does not include instances where it was not an intentional breach - refer Errors, Omissions or delays in transaction processing, or Inaccurate Advice.

OWNER   Jason Whiteaker
CREATED   02/07/2019 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 Purchasing - Request approval
Process minimises opportunity for misconduct

OVERDUE, CHANGE(S) PENDING
SIGNOFF(S):   Bev Jones
                             Helen Zahra
DUE DATE: 07 Aug 2020
FREQUENCY: Fri every week

SIGNOFF(S):   Alysha McCall
DUE DATE: 30 Nov 2021
FREQUENCY: The last Day of every 24 months

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

CHANGE(S) PENDING
SIGNOFF(S):   Colin Young
                             Kristy Hopkins
DUE DATE: 01 Oct 2020
FREQUENCY: The first Day of every 12 months

Shire of Northam
Heritage, Commerce and Lifestyle

RESIDUAL 2.7 LOW

INHERENT 9.0

R00024

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

Inadequate Project Management

Inadequate analysis, design, delivery and / or status reporting of change initiatives, resulting in additional expenses, time requirements or scope changes. This includes:
• Inadequate Change Management Framework to manage and monitor change activities.
• Inadequate understanding of the impact of project change on the business.
• Failures in the transition of projects into standard operations.

OWNER   Jason Whiteaker
CREATED   01/07/2019 15:20:45

LIKELIHOOD   Possible
SEVERITY   Medium
CONTROL EFFECTIVENESS   Strong

TREATMENT MC00053

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

SIGNOFF(S):   Jason Whiteaker
DUE DATE: 31 Jul 2021
FREQUENCY: The last Day of every 12 months

TREATMENT MC00054

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

SIGNOFF(S):   Alysha McCall
DUE DATE:
FREQUENCY: Once

TREATMENT MC00055

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

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

TREATMENT MC00056

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

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

TREATMENT MC00057

Manage Major Projects - Project Performance and Control
Provides process for managing projects

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

RESIDUAL
2.7
LOW

INHERENT
9.0

R00003

CHIEF EXECUTIVES OFFICE, STRATEGIC - ORGANISATIONAL

Ineffective People Management / Employment Practices

Failure to effectively manage and lead human resources (full/part time, casuals, temporary and volunteers). This includes not having an effective Human Resources Framework in addition to not having appropriately qualified or experienced people in the right roles or not having sufficient staff numbers to achieve objectives. Other areas in this risk theme to consider are;
• Breaching employee regulations (excluding OH&S).
• Discrimination, Harassment & Bullying in the workplace.
• Poor employee wellbeing (causing stress).
• Key person dependencies without effective succession planning in place.
• Induction issues.
• Terminations (including any tribunal issues).
• Industrial activity.
Care should be taken when considering insufficient staff numbers as the underlying issue could be a process inefficiency.

OWNER   Jason Whitaaker
CREATED   08/05/2019 13:23:01

LIKELIHOOD   Possible
SEVERITY   Medium
CONTROL EFFECTIVENESS   Strong

TREATMENT MC00007

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

TREATMENT MC00049

100% of annual performance reviews undertaken

TREATMENT MC00050

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

TREATMENT MC00051

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

TREATMENT MC00052

Manage Employee Discipline / Misconduct - Receive Notification / Identify Misconduct
Ensure any / all staff misconduct in managed effectively and consistently

OVERDUE, CHANGE(S) PENDING
SIGNOFF(S):   Bev Jones
                         Helen Zahra
DUE DATE: 07 Aug 2020
FREQUENCY: Fri every week

SIGNOFF(S):   Bev Jones
DUE DATE: 31 Dec 2020
FREQUENCY: The last Day of every 12 months

SIGNOFF(S):   Bev Jones
DUE DATE: 01 Oct 2020
FREQUENCY: The first Day of every 3 months

CHANGE(S) PENDING
SIGNOFF(S):   Bev Jones
DUE DATE: 31 Oct 2020
FREQUENCY: The last Day of every 12 months

CHANGE(S) PENDING
SIGNOFF(S):   Bev Jones
DUE DATE: 01 Oct 2020
FREQUENCY: The first Day of every 3 months

5.9 MONTHLY COMPLIANCE REPORT FOR 2020

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

BRIEF

This report aims to provide Council with a regular overview of the Shire's compliance activities and establish a level of accountability with respect to completion of actions and statutory requirements on a monthly basis.

ATTACHMENTS

Nil.

A. BACKGROUND / DETAILS

Under the Local Government (Audit) Regulations 1996, a Local Government is required to carry out a Compliance Audit for the period 1 January to 31 December of each year.

The Shire of Northam considered ways of ensuring compliance was managed on a regular basis. To fulfil this role, the Governance Officer has conducted monthly checks to record and track the Shire of Northam's compliance in the form of a monthly Compliance Calendar which promotes good governance and ethical regulation.

B. CONSIDERATIONS

B.1 Strategic Community / Corporate Business Plan
Theme Area 6: Governance & Leadership.
Outcome 6.3: The Shire of Northam council is a sustainable, responsive, innovative and transparent organisation.
Objective: Provide outstanding customer service.
Maintain a high standard of corporate governance.

B.2 Financial / Resource Implications

N/A.

B.3 Legislative Compliance

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

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

B.4 Policy Implications

Nil.

B.5 Stakeholder Engagement / Consultation

Nil.

B.6 Risk Implications

Risk Category	Description	Rating (consequence x likelihood)	Mitigation Action
Financial	Potential disruption to purchases	Unlikely(2) x Minor(2) = Low(4)	Ensure Calendar is followed
Health & Safety	Possible disruption to safety	Rare(1) x Insignificant(1) = Low(1)	Ensure any areas related to safety are followed
Reputation	The potential exists for legal ramifications	Unlikely(2) x Minor (2) = Low (4)	Ensure legislation is followed
Service Interruption	N/A		
Compliance	The Legislative requirements of Council can be missed in error.	Possible(3) x Medium(3) = Moderate(9)	A compliance Calendar provides the mechanism to ensure Legislation is adhered to
Property	N/A		
Environment	N/A		

C. OFFICER'S COMMENT

The monthly Compliance Calendar is an effective tool which can be used to assist in populating the Annual Compliance Audit Return (CAR) and will ensure the Shire is able to identify and manage any issue which may arise during the year in a timely manner.

The monthly report highlights areas where the local government is demonstrating better practice values as well as providing constructive feedback on addressing any areas requiring further development.

Since the onset of COVID-19 the Shire has had to overcome many difficulties including staff working from home whilst still maintaining the necessary services to the community.

Overall the Shire functions well as an organisation and each department manages their compliance. Minor challenges in the Shire's normal everyday practice including moving toward a paperless operating system, have been made evident in the below statistics particularly for the months of April – June. However these statistics will improve when processes return to normal.

Month	Item	% compliance	Non Compliance
Jan	Calendar	100%	
	Creditor Checks	100%	
Feb	Calendar	100%	
	Creditor Checks	90%	Procedure checklist not completed correctly
March	Calendar	100%	
	Creditor check	100%	
April	Calendar	98%	As many staff are working from home the paper version of the Tender Register had not been updated
	Creditor check	50%	A new paperless system has been instigated and the purchase checklist was not attached, however all other documentation was correctly completed.
May	Calendar	98%	Due to minimal staffing Financial Interests had not been placed on the register.
	Creditor check	70%	Some checklists were not attached to the Purchase Order, however all other documents were correct completed
June	Calendar	100%	

	Creditor checks	50%	Checklists still not being attached to Purchase Orders

RECOMMENDATION

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

5.10   INTERM AUDIT REPORT

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

BRIEF

For the Audit Committee to receive an update on the Interim Audit that was conducted by the Shire's auditor, Moore Stephen's on the 30 March 2020 to 2 April 2020.

ATTACHMENTS

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

A. BACKGROUND / DETAILS

The Interim Audit was carried out from the 30 March 2020 to 2 April 2020, Moore Stephen's conducted the interim audit on behalf of the Office of the Auditor General. It concentrated largely on the overall control environment and to obtain an understanding of the key business processes, risks and internal controls relevant to the audit of the Annual Financial Report.

B. CONSIDERATIONS

B.1 Strategic Community / Corporate Business Plan
Theme Area 6: Governance & Leadership.
Outcome 6.3:   The Shire of Northam council is a sustainable, responsive, innovative and transparent organisation.
Objective:
- Ensure robust financial management.
- Implement systems and processes which deliver outcomes for our community.
- Maintain a high standard of corporate governance.

B.2   Financial / Resource Implications
Nil

B.3   Legislative Compliance
Local Government Act (1995) Section 7.12A.

B.4   Policy Implications
N/A

B.5   Stakeholder Engagement / Consultation
Nil

B.6   Risk Implications

Risk Category	Description	Rating (consequence x likelihood)	Mitigation Action
Financial	Possible misstatement in the Financial Statements	Medium(3) x Unlikely(2) = Moderate(6)	Ensure reporting is accurate and complete
Health & Safety	N/A	N/A	N/A
Reputation	Low impact news item plus standing with the Department of Local Government.	Minor(2) x Unlikely(2) = Low(4)	Ensure reporting is accurate and complete
Service Interruption	N/A	N/A	N/A
Compliance	If report not done Council may not be aware of potential non-compliance.	Medium(3) x Unlikely(2) = Moderate(6)	Ensure the Act is adhered to
Property	N/A	N/A	N/A
Environment	N/A	N/A	N/A

C.   OFFICER'S COMMENT

The Auditor has raised six issues as presented below, two items are considered to have significant implications, four items are considered minor in nature. These were received on 13 July 2020

1. **Revenue not recognized in accordance with AASB 15 or AASB 1058.**
   Two new accounting standards AASB 15: Revenue from contracts with customers and AASB 1058: Income for not for profit entities became effective for the Shire from 1 July 2019. Waste collection revenue and

the Commonwealth home support grant revenue have not been recognized in accordance with AASB 15 or AASB 1058.

Management Comment: Staff do not believe this finding significant, revenue will be fully accounted for under AASB 15 and presented as such under AASB 101 in Council's Financial Statements as of 30 June 2020

2. **Journals not independently reviewed.**
It was noted that 3 instances, of Journal samples taken, were not independently reviewed.

Management Comment: Staff will ensure that rates journals are independently reviewed and signed moving forwards. We note the issue of rates journals being independently reviewed has never been raised as an issue in the past by Council's auditors.

3. **Borrowings reconciliation between general ledger and the loan register was not performed.**
It was noted a reconciliation between the general ledger and the loan register was not performed during the year.

Management Comment: Staff have noted this and will ensure it is prepared and signed.

4. **Credit card agreement not signed and acknowledged.**
It was noted that credit card holders had not signed/acknowledged a copy of the cardholder agreement at the time they were issued

Management Comment: Staff have noted this and will ensure procedures are put in place.

5. **Operating Lease not recognized in accordance with AASB 16.**
The new accounting standard AASB 16: Leases came into effect for the Shire from 1 July 2019 and replaced the previous requirements of AASB 117 Leases. It was noted that the Shire has not recognized the lease liabilities and right if use assets for 2 operating leases. One lease is for office equipment and the other is for land.

Management Comment: This will be carried out as at 30 June 2020.

6. **Rates and waste collection revenue recognized from properties owned by the Shire.**

Management Comment: Staff have noted this, adjustments will be made to the final trial balance as at 30 June 2020.

RECOMMENDATION / COMMITTEE DECISION

That Council receives the 2019/20 Interim Audit findings.

6. URGENT BUSINESS APPROVED BY DECISION

Nil.

7.   DATE OF NEXT MEETING

8.   DECLARATION OF CLOSURE