



## **CONFIRMED MINUTES**

### **AUDIT AND RISK COMMITTEE MEETING**

**26 APRIL 2022**

I certify that the minutes of the meeting of the Audit and Risk Committee held on Tuesday, 26 April 2022 were confirmed on Tuesday, 17 May 2022.

A handwritten signature in black ink, appearing to be "D. L.", written over a horizontal line.

Presiding Person

**CONFIRMED MINUTES  
AUDIT AND RISK COMMITTEE MEETING  
26 APRIL 2022**

**ATTENTION/DISCLAIMER**

The purpose of this Committee Meeting is to discuss and make recommendations to Council about items appearing on the agenda and other matters for which the Committee is responsible. The Committee has no power to make any decisions which are binding on the Council or the Shire of Mundaring unless specific delegation of authority has been granted by Council. No person should rely on or act on the basis of any advice or information provided by a Member or Employee, or on the content of any discussion occurring, during the course of the Committee Meeting.

The Shire of Mundaring expressly disclaims liability for any loss or damage suffered by any person as a result of relying on or acting on the basis of any advice or information provided by a Member or Employee, or the content of any discussion occurring during the course of the Committee Meeting.

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**AUDIT AND RISK COMMITTEE**  
**COMMITTEE ROOM, 7000 GREAT EASTERN HIGHWAY, MUNDARING – 4.00 PM**

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## **1.0 OPENING PROCEDURES**

The Presiding Person declared the meeting open at 4.03pm.

### Acknowledgement of Country

Shire of Mundaring respectfully acknowledges the Whadjuk people of the Noongar Nation, who are the traditional custodians of this land. We wish to acknowledge Elders past, present and emerging and respect their continuing culture and the contribution they make to the region.

## **1.1 Announcement of Visitors**

Nil

## **1.2 Attendance/Apologies**

<b>Members</b>	Mr Craig Wilkinson (Presiding Person) Cr James Martin (Shire President) (arrived 4.30pm) Cr Paige McNeil (Deputy Shire President) Cr Doug Jeans Mr Tony Wittcomb Ms Rachael Green	External Member South Ward Central Ward Central Ward External Member External Member
<b>Staff</b>	Garry Bird Liz Nicholls (via WebEx) Maureen Gerlach Andrea Douglas	Acting Chief Executive Officer Governance Co-ordinator Manager Human Resources Minute Secretary
<b>Apologies</b>	Stan Kocian Jonathan Throssell Cr John Daw Cr Karen Beale	Manager Finance and Governance Chief Executive Officer East Ward West Ward
<b>Absent</b>	Nil	
<b>Guests</b>	Nil	
<b>Members of the Public</b>	Nil	
<b>Members of the Press</b>	Nil	



## **2.0 ANNOUNCEMENTS BY PRESIDING MEMBER WITHOUT DISCUSSION**

### **2.1 *Cr Cuthbert Resignation***

*Cr Cuthbert tendered his resignation to Council and it is worth noting as Cr Cuthbert has been a member of the Audit and Risk Committee for the past two years and his input has been extremely valuable. The Presiding Person wanted to thank Cr Cuthbert for all his work and wish him all the best for the future.*

### **2.2 *Deputy Chair Position for the Audit and Risk Committee***

*At this stage this position can be left vacant until after the Extraordinary Election to be held on 1 July 2022 where a new Council member will be appointed and it will give them an opportunity to be on at least one committee meeting of Council. Once the position is filled we will elect a new Deputy Chairperson. In the meantime, should the Chairperson be unavailable for a meeting, the remaining members of the Committee can elect a chairperson for that meeting.*

## **3.0 DECLARATION OF INTEREST**

### **3.1 Declaration of Financial Interest and Proximity Interests**

Elected Members must disclose the nature of their interest in matters to be discussed at the meeting (*Part 5 Division 6 of the Local Government Act 1995*).

Employees must disclose the nature of their interest in reports or advice when giving the report or advice to the meeting (*Sections 5.70 and 5.71 of the Local Government Act 1995*).

Nil

### **3.2 Declaration of Interest Affecting Impartiality**

An Elected Member or an employee who has an interest in a matter to be discussed at the meeting must disclose that interest (*Shire of Mundaring Code of Conduct, Local Government (Admin) Reg. 34C*).

Nil

## **4.0 RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE**

Nil

## **5.0 PUBLIC QUESTION TIME**

Procedures for asking and responding to questions are determined by the Presiding Person and in accordance with the Shire's Meeting Procedures Local Law 2015. Questions must relate to a function of the Committee.

Nil

## 6.0 CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS

<b>COMMITTEE DECISION RECOMMENDATION</b>		<b>ARC1.04.22</b>	
Moved by	Cr McNeil	Seconded by	Mr Wittcomb

That the Minutes of the Audit and Risk Committee Meeting held 22 February 2022 be confirmed.

### **CARRIED 5/0**

**For:** Mr Wilkinson, Mr Wittcomb, Ms Green, Cr McNeil and Cr Jeans

**Against:** Nil

## 7.0 PRESENTATIONS

### 7.1 Deputations

Nil

### 7.2 Petitions

Nil

### 7.3 Presentations

Nil

## 8.0 REPORTS OF EMPLOYEES

### 8.1 Review of LGIS Safety and Health Assessment Report 2021

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<b>File Code</b>	HR.OSH 4.4 - Safety Audits
<b>Author</b>	Amanda Gradisen, OSH Officer
<b>Senior Employee</b>	Garry Bird, Director Corporate Services
<b>Disclosure of Any Interest</b>	Nil
<b>Attachments</b>	1. LGIS Assessment Report of November 2021 <a href="#">↓</a>

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#### SUMMARY

In September 2021, the Shire's insurance provider, LGIS, undertook a safety and health review with the Shire. The LGIS Assessment Report of November 2021 is attached (**Attachment 1**).

This paper highlights recommendations made by the LGIS assessor and further recommendations to enhance the Shire's health and safety management system.

#### BACKGROUND

The LGIS safety and health system review methodology uses the criteria of the WorkSafe Plan, an auditing tool provided by WorkSafe WA to assess safety and health management systems within an organisation.

However, LGIS applied its own rating system to the assessment it undertook for the Shire, consequently making its audit outside the formal WorkSafe certification scheme.

The purpose of the LGIS safety and health audit is to work collaboratively with the Shire to drive safety performance and minimise claim exposure.

#### Assessment Outcomes

Five elements were assessed: Management Commitment; Planning; Consultation and Reporting; Hazard Management; and Training and Supervision. Each element has a standard that describes the performance expected as well as a number of indicators that are used to measure the extent to which each standard has been met.

The Shire achieved an overall score of 84% (range = 81% to 90%) for the 2021 Assessment Report.

For more information on the overall scores for each element, please refer to page 2 of Attachment 1.

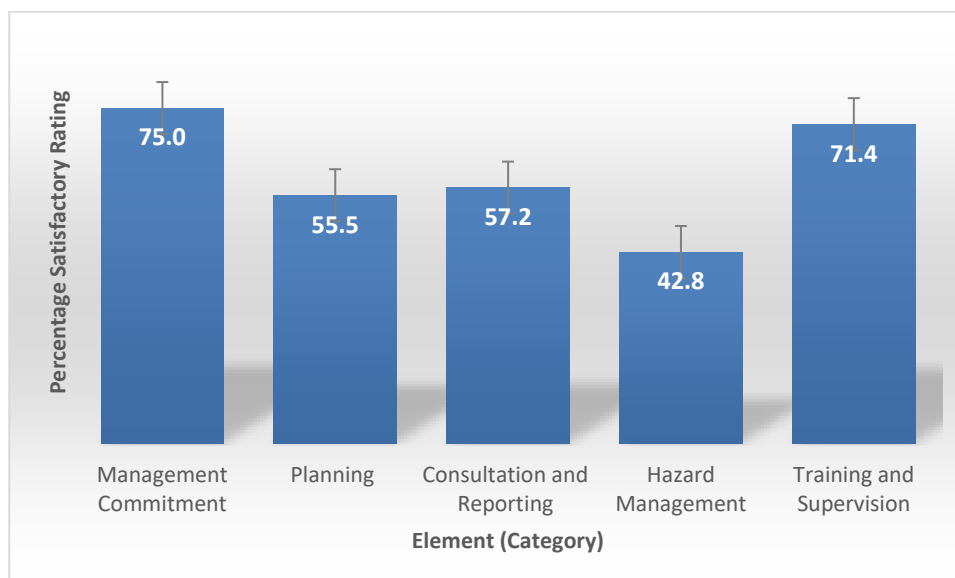
**Table 1: Overall Findings of Indicators**

Findings	Indicators %
Satisfactory	60.5
Insufficient	31.5
Ad Hoc	7.9

**Note:**

- Satisfactory – The Shire satisfies the requirements of the criterion and has not gone significantly beyond it.
- Insufficient - Documentation exists however there are gaps in the OHS Management System documentation, their implementation and/or the evidence that shows that the criteria hasn't quite been met.
- Ad hoc - The Shire has not met the criteria due to evidence being sporadic and ad hoc.

**Graph 1: % of Indicators Receiving a 'Satisfactory' Finding for Each Element**



Hazard Management (42.8%) and Planning (55.5%) were the lowest scoring elements. Followed closely by Consultation and Reporting (57.2%).

The LGIS Assessment Report (November 2021) made a number of recommendations for indicators which had a finding of ad hoc or insufficient. These are detailed in the table below.

**Table 2: Assessment Findings and Recommendations for Elements Rated Insufficient or Ad Hoc**

	LGIS Recommendations
<b>1.0 Management Commitment</b>	
Ad hoc - Element 1.1  There is a documented safety and health policy that is reviewed on a regular basis.	The CEO should review the policy and endorse it by signing off, and the policy should be reviewed every 12 months.
Insufficient – Element 1.3  The Shire identifies and monitors safety and health legislation, codes of practice, guidance notes, agreements and guidelines relevant to its operations.	The Shire should develop a legislation register to identify all requirements in one location.
<b>1. 2.0 Planning</b>	

<p>Insufficient - Element 2.1</p> <p>The Shire's approach to safety and health management is planned and reviewed.</p>	<p>The Shire should develop an OSH Management Plan with clear and specific goals and targets.</p>
<p>Ad hoc – Element 2.3</p> <p>Arrangements are in place for people with special needs.</p>	<p>The Shire should formalise the process currently in place for arrangements with workers with special needs. Managers and supervisors should be given training in making arrangements for persons with special needs.</p>
<p>Insufficient - Element 2.5</p> <p>Policies and procedures for engaging and managing contractors are in place.</p>	<p>The Shire should ensure processes are in place to facilitate monitoring of contractors and the procedure should identify methods of consultation with contractors. This can include regular meetings, attendance at toolbox talks or guest attendance at OSH Committee meetings.</p>
<p>Insufficient - Element 2.7</p> <p>The Shire's procedures, work instructions and work practices reflect current safety and health legislation, standards, codes of practice, guidance notes, agreement and guidelines.</p>	<p>The Shire should review all procedures regularly to ensure they remain current, and include in each procedure and policy a section identifying all related legislation and standards.</p>
<p><b>3.0 Consultation and Reporting</b></p>	
<p>Insufficient - Element 3.1</p> <p>There are agreed procedures for involvement and consultation with workers on safety and health issues.</p>	<p>The Shire should review the OSH Committee TOR in consultation with workers annually to ensure they remain of value and ensure that all meeting minutes are recorded.</p>
<p>Insufficient – Element 3.5</p> <p>Workers or their representatives are consulted regarding management of hazards in the workplace.</p>	<p>The Shire should ensure that identified hazards are risk assessed and controlled in consultation with workers.</p>
<p>Ad hoc- Element 3.7</p> <p>Consultative and reporting arrangements are regularly evaluated and modified where required.</p>	<p>The Shire should review consultative arrangements annually and ensure that procedures are reviewed regularly. It is also recommended that workers be surveyed annually about suggestions to improve consultative arrangements.</p>

<b>4.0 Hazard Management</b>	
<p>Insufficient – Element 4.2</p> <p>Work environments are regularly inspected and hazards identified.</p>	<p>The Shire should develop and maintain a hazard register for its sites, and increase the frequency of workplace inspections to monthly.</p>
<p>Insufficient – Element 4.3</p> <p>Work activities are analysed and hazards identified.</p>	<p>The Shire should develop methods to ensure that workers are completing tasks safely and have identified or have the tools to identify all hazards associated with an activity.</p>
<p>Insufficient 4.4</p> <p>Risk assessments are undertaken on identified hazards.</p>	<p>The Shire should develop hazard registers for its sites, and ensure that workplace hazards that are not associated with specific tasks are formally risk assessed.</p>
<p>Insufficient 4.5</p> <p>Hazards are prioritised and controlled using the hierarchy of controls with regard to the identified level of risk.</p>	<p>The Shire should develop hazard registers and identify controls for the hazards in the register.</p>
<b>5.0 Training and Supervision</b>	
<p>Insufficient 5.5.</p> <p>Training is delivered by people with appropriate knowledge, skills and experience.</p>	<p>The Shire should ensure they have a formal method for workers to evaluate external training providers.</p>
<p>Insufficient 5.6</p> <p>The training program is evaluated and reviewed.</p>	<p>The Shire should review OP20 – Learning and Development at least every 2 years.</p>

## COMMENT

As noted above, the Shire achieved an overall score of 84% for the 2021 Assessment Report. This indicates the Shire is performing well in some elements of workplace safety and health, however, a number of gaps and areas for improvement were identified, including:

- Consistency - The 2021 LGIS Assessment Report identified that 15 out of 38 indicators had a finding of being either ad hoc (3) or insufficient (12). Therefore, approximately 39% of the indicators did not meet the minimum occupational safety and health requirement. Anecdotally, it was noted during the assessment that the Shire received

a satisfactory rating for some indicators due to some sites or services providing strong evidence whereas this may not have been consistently demonstrated across the Shire.

- Hazard Management - the lowest scoring element. Identifying hazards, assessing risks, implementing risk controls and monitoring / review of controls underpins safety and health programs. While more work is required in this area, a risk register has been developed for hazards that have been reported to the OSH Officer. However, further work may be required across sites.
- Planning - identified as the second lowest scoring element in both the 2021 assessment and in the previous LGIS assessment undertaken in 2018. While some progress has been made in addressing the recommendations, there are still areas where further action and development is required. This may be attributed to actions being broad in the scope of work, requiring longer term planning and realistic timeframes to complete based on available resourcing. In addition, both the 2018 and 2021 LGIS Assessment Reports made a recommendation for the Shire to develop an OSH Management Plan. This will require considerable work and also buy-in, support, drive and commitment from a number of parties across the Shire. Undertaking a consultative process to develop this Plan, including identifying and assigning lag and lead indicators to supervisors and managers may assist in gaining this buy-in.
- Contractor Management – a number of services utilise contractors. While contractors from labour hire companies are potentially easier to manage from a safety and health perspective, management of contractors that fall outside this scope is more complex. Although a body of work has already been undertaken in relation to contractor management further discussion and stakeholder input is required in this area.
- Formal Safety Management Recognition – As noted above, the Shire's performance was assessed using the LGIS methodology and scoring system. While the Shire received "silver" recognition by LGIS for the 2021 Assessment it was recommended that it does not make application for a WorkSafe Plan Certificate of Achievement for another two to three years. There were a number of reasons for this recommendation. Firstly, the auditing process to gain recognition through WorkSafe Plan Certificate of Achievement audit assessment is more intensive and extensive than LGIS's assessment which was undertaken. Secondly, the Shire may need to develop and implement more robust systems or other requirements to fill the gaps that it may have such as information capture, management (eg version control) and dissemination/communication. A safety management information system would greatly assist in addressing a number of the gaps identified. A business case to purchase/develop an appropriate system will be prepared in the near future. It is understood that the use of a business process/quality management system (Promapp) is being investigated separately and this will be taken into account in assessing any options for a safety management system.
- Legislative changes - in March 2022 the work health and safety legislation took effect and arguably there is more rigour and prescription around the legislation, codes of practice and guidelines. Consequently, the WorkSafe Plan audit tool may also be updated to meet the up-dated legislative requirements. Therefore, there may be further safety and health action requirements the Shire may need to take into consideration.

## Management Response

At its meeting on Thursday 3 February 2022 the Executive Leadership Team (ELT) noted the LGIS Assessment Report and recommendations and endorsed the following actions:

1. Development and implementation of an OSH Management Plan, which includes Shire objectives and strategies.
2. Development and implementation of an OSH Action Plan. This Action Plan to be developed by the OSH Committee with ELT to provide priority of issues. This plan should consider addressing the recommendations from the 2021 Assessment Report, outstanding items of the 2018 Assessment Report and other relevant health and safety gaps aligning with the new legislation.
3. Establishment of short-term working group/s to achieve specific action items and these items form part of the KPIs of those involved.
4. Identification of and, where possible, provision of additional administrative assistance, both short term and possibly longer term e.g. to maintain registers.
5. Provision of adequate resources as identified in the OSH Management Plan and OSH Action Plan.
6. Investigation of safety management software bearing in mind the possibility of integrating this with the business process/quality management system (currently under consideration) if adopted.
7. Review of where WHS documents and information is filed and stored across services area and implementation of a file structure that is consistent and accessible.
8. Development of KPIs for executives and management to drive health and safety through the Shire.

## STATUTORY / LEGAL IMPLICATIONS

- *Work Health and Safety Act 2020*
- *Work Health and Safety (General) Regulations 2022*

This new legislation is more prescriptive than the former occupational safety and health legislation. The focus of the Work Health and Safety legislation is maintaining a working environment where people are not exposed to hazards. Identifying hazards, assessing risks, implementing risk controls and monitoring / review of controls underpins the legislation.

## POLICY IMPLICATIONS

The Shire's Occupational Safety and Health Policy, OSH-01, will require review. In addition, Statute reference in the Shire's Risk Management Policy, IS-01, will need to be updated.

## FINANCIAL IMPLICATIONS

Since approximately 39% of the assessment elements did not achieve satisfactory ratings, this indicates that there is a substantial body of work required to ensure the Shire continues to meet minimum work health and safety requirements.



To develop an integrated and strategic work health and safety approach across the Shire consideration needs to be given to the provision of adequate human, financial and physical resources.

This may include allocation of time and management of workload of employees involved in safety-related activities; identifying and setting realistic timeframes for work to be undertaken; allocation of adequate financial resources for purchase of equipment and an appropriate safety management information system and provision of safety-related training.

It will be difficult to determine the overall cost until a systematic approach and plans are established.

## **STRATEGIC IMPLICATIONS**

Mundaring Strategic Community Plan 2020 - 2030

Priority 4 - Governance

Objective 4.4 – High standard of governance and accountability

Strategy 4.4.3 – Risks are well managed

## **SUSTAINABILITY IMPLICATIONS**

Workplace health and safety is an integral component of maintaining organisational and workforce sustainability.

## **RISK IMPLICATIONS**

Risk: Compliance, Financial and Reputational		
Failure to meet safety and health requirements exposes the Shire or individuals to potential non-compliance and / or litigation, financial loss and reputational damage.		
Likelihood	Consequence	Rating
Possible	Extreme	High
Action / Strategy		
Ensure: <ul style="list-style-type: none"><li>• The approach to workplace health and safety is strategic and systematic.</li><li>• Consultation with Health and Safety Representatives, workers, OSH Officer, Management; and working in partnership with LGIS.</li><li>• Commitment and accountability of both workers and management.</li></ul>		

## **EXTERNAL CONSULTATION**

LGIS undertook its independent three yearly member assessment in safety and health in consultation with a number of employees across the Shire.

## **COMMENT**

Please refer to the Comment section provide on pages 4 and 5.

In conclusion, the Shire is performing well in many elements of workplace safety and health but further action is required. Council will receive a further report outlining plans and resourcing implication in due course.

4.30pm Cr Martin arrived at the meeting.

## VOTING REQUIREMENT

Simple Majority

<b>COMMITTEE DECISION RECOMMENDATION</b>		<b>ARC2.04.22</b>	
Moved by	Cr McNeil	Seconded by	Cr Jeans

That the Committee:

1. Notes the LGIS Assessment Report and recommendations made in the Report (November 2021) (**Attachment 1**);
2. Notes the recommendations endorsed by ELT; and
3. Notes that the agreed OSH Management Plan and OSH Action Plan will be presented to the August 2022 Audit and Risk Committee.

## CARRIED 6/0

**For:** Mr Wilkinson, Cr Martin, Mr Wittcomb, Ms Green, Cr McNeil and Cr Jeans

**Against:** Nil



# 3 Steps to Safety

Step One – Assessment Report

Shire of Mundaring

November 2021

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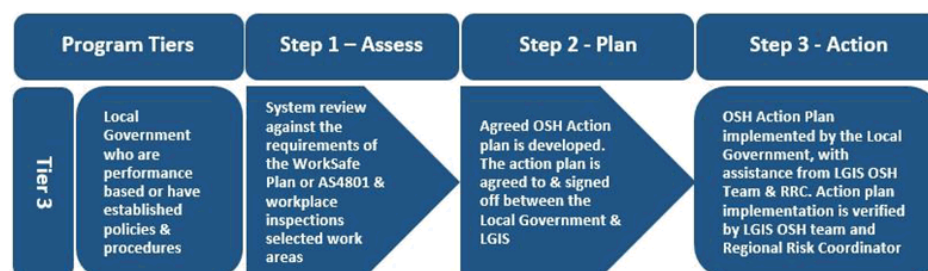
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## INTRODUCTION

The 3 Steps to Safety program was established to recognise and meet the needs of Local Government with the aim of driving safety performance and minimising claim exposure. This report is the outcome of Step 1 of that program. The next steps are included at the end of this report.

### Program Summary



### Verification Report

The purpose of this report is to provide the Shire of Mundaring with a summary of the assessment findings.

### Verification Details

The verification activity was undertaken by Connor Zacha (OSH Consultant). The Shire of Mundaring was represented by Amanda Gradisen, OSH Officer for the duration of the verification activity. This report has been peer reviewed by Emma Horsefield (Safety Program Manager) at LGIS.

The assessment was undertaken on 6<sup>th</sup> – 9<sup>th</sup> September 2021. The sites visited as part of the activity were; the Shire of Mundaring at Administration Centre, Operations Centre, Bilgoman Pool, Mundaring Library, Mundaring Arena, Boya Library and Children Services Midvale.

### Assessment Methodology

All evidence for this assessment was examined and verified on site through examination of documents, workplace inspections and interviews with representatives from the Shire of Mundaring. The assessment was undertaken against the WorkSafe Plan using the LGIS scoring methodology.

Finding	Score	Definition
<b>Satisfactory</b>	3	The City satisfies the requirements of the criterion and has not gone significantly beyond it
<b>Insufficient</b>	2	Documentation exists however there are gaps in the OHS Management System documentation, their implementation and/or the evidence that shows the criteria hasn't quite been met
<b>Ad Hoc</b>	1	The City has not met the criteria due to evidence being sporadic and ad hoc
<b>Unsatisfactory</b>	0	The City cannot provide any evidence to support compliance with the criteria

## Limitations

This assessment was undertaken as part of the LGIS *3 Steps to Safety* program. It should not be relied upon for any assurance of legislative compliance. This assessment does not protect against enforcement action against the Shire of Mundaring by any regulatory authority including WorkSafe and, was not undertaken as per the requirements of WorkSafe for the purposes of a WorkSafe Plan certificate. Reliance on this assessment should not be used to determine the Shire of Mundaring meets WorkSafe requirements.

## Disclaimer

This verification report was produced in good faith by LGIS to assist Local Governments and reflects information that was considered accurate and reliable at the time of its publication. The employees of LGIS shall accept no liability or responsibility for any statutory enforcement or legal action against any Local Governments for reliance or use of the information contained herein.

## Overall Scores

Category	Member Score	Available Score	Section Achievement
Management Commitment	21	24	<b>88%</b>
Planning	22	27	<b>81%</b>
Consultation and Reporting	17	21	<b>81%</b>
Hazard Management	17	21	<b>81%</b>
Training and Supervision	19	21	<b>90%</b>
<b>Overall Score</b>	96	114	<b>84%</b>



## ASSESSMENT FINDINGS

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### 1.0 Management Commitment

Element 1.1	<b>There is a documented safety and health policy that is reviewed on a regular basis</b>
<b>Findings:</b>	Ad hoc
<b>Observation:</b>	<ul style="list-style-type: none"><li>The Shire of Mundaring has an OSH Policy (OSH01 – Occupational Safety and Health Policy) that details the Shire’s commitments to safety. However, the policy is not endorsed by the Shire CEO, nor has it been recently reviewed, last being reviewed in 2017.</li></ul>
<b>Recommendations:</b>	<ul style="list-style-type: none"><li>The CEO should review the policy and endorse it by signing off, and the policy should be reviewed every 12 months</li></ul>
Element 1.2	<b>The safety and health policy is available to workers, suppliers, contractors, customers and visitors to the workplace</b>
<b>Findings:</b>	Satisfactory
<b>Observation:</b>	<ul style="list-style-type: none"><li>The OSH Policy is available through multiple channels, including inductions, noticeboards throughout the Shire, displayed at reception in the Administration Centre and via the Shire’s intranet. All workers interviewed were able to name ways they could locate the policy, and contractors are provided with a copy to sign off against during their inductions.</li></ul>
Element 1.3	<b>The City identifies and monitors safety and health legislation, codes of practice, guidance notes, agreements and guidelines relevant to its operations</b>
<b>Findings:</b>	Insufficient
<b>Observation:</b>	<ul style="list-style-type: none"><li>The Shire identified relevant legislation in various documents, however these are not reviewed on a regular basis. The Shire relies heavily on LGIS and WALGA to provide it with updated information on changes to legislation, and does not have a register to track changes and identify all its legislative requirements in one place</li></ul>
<b>Recommendations:</b>	<ul style="list-style-type: none"><li>The Shire should develop a legislation register to identify all requirements in one location, and register with Worksafe or Department of Mines to receive news and legislative updates.</li></ul>

Element 1.4	<b>There is a process that makes all parties aware of and accountable for their safety and health responsibilities</b>
<b>Findings:</b>	Satisfactory
<b>Observation:</b>	<ul style="list-style-type: none"><li>The Shire of Mundaring ensures all parties are aware of their accountability and responsibility through definite terms in their position descriptions, performance review. The Shire also provides all new starters with an OSH handbook.</li><li>The induction process and reminders at staff meetings.</li></ul>
Element 1.5	<b>The City coordinates safety management activities</b>
<b>Findings:</b>	Satisfactory
<b>Observation:</b>	<ul style="list-style-type: none"><li>The Shire has created a detailed position description for the role of the OSH Officer that identifies the requirement of the role to coordinate all safety management procedures, plans and policies. There are no KPIs for this role, however there are performance that ensure the person in this role is adequately equipped to perform in the role.</li></ul>
Element 1.6	<b>Financial and physical resources are provided for all aspects of safety management</b>
<b>Findings:</b>	Satisfactory
<b>Observation:</b>	<ul style="list-style-type: none"><li>The Shire's OSH budget is developed separately from the other aspects of the budget, allowing easier interpretation of available finances. This budget is completed annually and reviewed 6 months after implementation. Physical resources include the OSH Officer and 7 OSH Representatives.</li></ul>
Element 1.7	<b>All workers have sufficient time to complete safety and health related tasks</b>
<b>Findings:</b>	Satisfactory
<b>Observation:</b>	<ul style="list-style-type: none"><li>The Shire ensures that all OSH responsibilities are completed during work time, including inspections, meetings and training. This was confirmed in discussions with managers and workers. Workers interviewed confirmed that they were provided sufficient time to complete OSH related tasks. Safety meetings and activities are spread out throughout the month to ensure that workers are not overloaded.</li></ul>





Element 1.8

**Recommendations to improve safety and health management are acted upon.**

**Findings:**

Satisfactory

**Observation:**

- The Shire has developed a register for actions identified in the OSH Committee meeting, workplace inspections and OSH audits. These can refer to improvements to management systems. The Shire uses take 5s and hazard reporting to allow workers to provide recommendations for improvement to procedures and plans as well as hazards and activities, and workers are informed verbally when a suggestion they have given is used. The document OSH14 – Hazard Identification and Management Procedure outlines the procedure for implementing
- 



## 2.0 Planning

### Element 2.1 **The City's approach to safety and health management is planned and reviewed**

**Findings:** Insufficient

**Observation:**

- The Shire has not developed a formal OSH Management Plan. The OSH Action Plan is used as an ongoing planning documents that is reviewed frequently, and ensures that systematic gaps are closed. The Shire is aware of ongoing planning requirements and can track its progression.

**Recommendations:**

- The Shire should develop an OSH Management Plan with clear and specific

### Element 2.2 **Specific safety and health objectives and measurable targets have been established for relevant functions**

**Findings:** Satisfactory

**Observation:**

- The Shire has identified lagging indicators with reasonable targets, such as LTIFR and MTIFR. Each site records and analyses its own safety performance and reports back to the OSH Officer. Lead indicators are identified and applied to supervisors and managers in their performance reviews.

The Shire's key objectives are identified in the OSH Action Plan and in OSH14.

### Element 2.3 **Arrangements are in place for people with special needs**

**Findings:** Ad hoc

**Observation:**

- The Shire has a diversity questionnaire that new hires complete to identify any special needs they have, including disability, illnesses or pregnancy status. Managers and supervisors will then work with any worker who identifies a need that requires assistance to assess task suitability to the worker and identify any tools or arrangements that may be required to allow the worker to work at their best. There is no formal plan or procedure of how managers are to use the information provided to them about a worker with special needs, nor is there any formal method for evaluation of work suitability.

**Recommendations:**

- The Shire should formalise the processes currently in place for arrangements for workers with special needs. Managers and supervisors should be given training in making arrangements for persons with special needs.

Element 2.4

**Arrangements for visitors to the workplace are in place**

**Findings:**

Satisfactory

**Observation:**

- Arrangements for visitors in the workplace include visitor inductions, identification badges, sign in at all site receptions, emergency diagrams and procedures that identify the need to assist visitors. Workers throughout the Shire ensured that the consultant was inducted or guided through their sites at all times.

Element 2.5

**Policies and procedures for engaging and managing contractors are in place**

**Findings:**

Insufficient

**Observation:**

- The Shire of Mundaring has implemented OR29 – Contractor Management Procedure. This procedure dictates the Shire's requirements of contractors to provide evidence of qualifications, experience and safety plans, in addition to any task specific procedures and safety information.

The Shire does not include requirements for supervision or monitoring of contractors in OR29, nor does it stipulate that consultation with contractors. Contractors are provided with an induction before commencing work.

**Recommendations:**

- The Shire should ensure processes are in place to facilitate monitoring of contractors, and the procedure should identify methods of consultation with contractors. This can include regular meetings, attendance at toolbox talks or guest attendance at OSH Committee meetings.

Element 2.6

**Potential emergency situations have been identified and relevant emergency procedures are in place**

**Findings:**

Satisfactory

**Observation:**

- The Shire has suitable evacuation diagrams posted in clear locations at all sites visited, and each site has practical, up to date emergency procedures that identify specific requirements and potential scenarios for each site. The Shire conducts at least one drill per site annually, and retains drill records. Wardens and First Aid providers are identified throughout the Shire by clearly identified contact lists.

Element 2.7 **The City's procedures, work instructions and work practices reflect current safety and health legislation, standards, codes of practice, guidance notes, agreements and guidelines**

**Findings:** Insufficient

**Observation:**

- All SWMS have references to relevant legislation, standards and guidelines, as do the Shire's hazard identification procedures. However, other procedures and policies have gaps in this information, and require review to include these references. Additionally, due to the age of some procedures, there is a concern that they no longer meet the requirements of relevant standards or legislation.

**Recommendations:**

- The Shire should review all procedures regularly to ensure they remain current, and include in each procedure and policy a section identifying all related legislation and standards.

Element 2.8 **All workers have access to current legislation, standards, codes of practice, guidance notes, agreements and guidelines that impact on their activities**

**Findings:** Satisfactory

**Observation:**

- All workers interviewed felt comfortable that if they could not find a physical copy of the OSH act or regulations on site – which were available – that they could approach their managers for assistance or guidance finding them.

The Shire has no subscription to standards online, however can purchase them as needed. All guidance notes, guidelines and legislation that impacts workers at the Shire are available online.

Element 2.9 **The City and individuals satisfy legal requirements to undertake specific activities, perform work or operate equipment**

**Findings:** Satisfactory

**Observation:**

- All licences required to be held by workers and managers at the Shire are identified on position descriptions and the training matrix. Copies of these licences and qualifications are retained in personnel files. Additionally, the Shire recognises the organisational licences it needs in departmental management procedures (Operations, Hr, etc.) and retains evidence of correspondence and certification related to these licences.



### 3.0 Consultation and Reporting

**Element 3.1**      **There are agreed procedures for involvement and consultation with workers on safety and health issues**

**Findings:**      Insufficient

**Observation:**

- The Shire has a number of consultation and communication procedures it employs to ensure good dialogue with workers. These include an OSH Committee, team meetings, staff meetings, pre-starts and an issue resolution process. However, the review of these methods is not consistent, as the OSH Committee Terms of Reference are only updated every two years.

**Recommendations:**

- The Shire should review the OSH Committee TOR in consultation with workers annually to ensure they remain of value, and ensure that all meeting minutes are recorded.

**Element 3.2**      **Consultative arrangements are communicated to workers and are well understood**

**Findings:**      Satisfactory

**Observation:**

- All consultative arrangements were well understood by workers interviewed, and details of the arrangements are posted throughout the Shire on noticeboards. Additionally, details are included in the induction process, safety alerts on the shire intranet, discussed in toolbox talks and team meetings, and supervisors remind workers of the methods available when possible.

**Element 3.3**      **Workers or their representatives are involved in planning processes for the management of safety and health at the workplace**

**Findings:**      Satisfactory

**Observation:**

- The OSH Committee has currently 7 OSH Reps that are elected from teams throughout the Shire, and these reps are ensured to have majority voting power in OSH Committee votes. Such votes can include proposed changes to management procedures or process changes, allowing OSH Reps direct influence over these decisions. Additionally, workers can submit suggestions to OSH Reps or supervisors through hazard reports or casual correspondence – emails or conversation - which will be raised at OSH Committee meetings.



Element 3.4	<b>Workers or their representatives are consulted regarding proposed changes to the work environment, processes or procedures and purchasing decisions that could affect their safety and health</b>
<b>Findings:</b>	Satisfactory
<b>Observation:</b>	<ul style="list-style-type: none"><li>• OSH Reps, similarly to their influence on management procedures and processes, have a strong influence on purchasing decisions for health and safety. IS02 – Plant and Fleet Procurement Procedure states that when selecting new equipment, workers experienced on the type of equipment must be consulted in addition to the OSH Committee to provide insight to pros and cons of potential equipment. When changes to worker's work procedures occur, regardless of whether certain workers have been involved in those changes, they are informed at meetings and via noticeboards, and are required to review and sign off against new work instructions or procedures.</li></ul>
Element 3.5	<b>Workers or their representatives are consulted regarding management of hazards in the workplace</b>
<b>Findings:</b>	Insufficient
<b>Observation:</b>	<ul style="list-style-type: none"><li>• OSH Committee meeting minutes show evidence of hazard management discussions and planning, with actions to refer issues on to workers. Toolbox talks and team meetings are also used to communicate down actions on the management of hazards. Workers who submit hazard reports can recommend controls, and experienced workers may be consulted regarding hazards they did not submit.</li></ul>
<b>Recommendations:</b>	<ul style="list-style-type: none"><li>• The shire should ensure that identified hazards are risk assessed and controlled in consultation with workers</li></ul>



Element 3.6	<b>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</b>
<b>Findings:</b>	Satisfactory
<b>Observation:</b>	<ul style="list-style-type: none"><li>The Shire ensures that all equipment purchased is supplied with the manufacturer's manual, and all manuals are kept either in equipment where possible, or in a safe location at the site where the equipment is stored. Incident and hazard forms are retained and used as an information bank for future scenarios, and workers participate in networking events, online seminars and receive safety alerts via email. Customers to the Shire are able to notify the Shire of safety concerns via incident forms, and contractors partake in the Shire's hazard management procedures. The requirement for exchanging information with contractors is identified in OR29 – Contractor Management Procedure</li></ul>
Element 3.7	<b>Consultative and reporting arrangements are regularly evaluated and modified where required</b>
<b>Findings:</b>	Ad hoc
<b>Observation:</b>	<ul style="list-style-type: none"><li>The OSH Committee Terms of Reference are reviewed every 2 years, rather than the preferred annually frequency. There is also no formal survey or method for obtaining the opinion of all workers on the current arrangements in place. Changes or modifications to consultation and reporting procedures have happened mostly when incidents or problems cannot be solved with current arrangements.</li></ul>
<b>Recommendations:</b>	<ul style="list-style-type: none"><li>The Shire should review consultative arrangements annually, and ensure that procedures are reviewed regularly. It is also recommended that workers be surveyed annually about suggestions to improve consultative arrangements.</li></ul>



## 4.0 Hazard Management

### Element 4.1 Requirements for reducing risks are understood by management and workers

**Findings:** Satisfactory

**Observation:**

- Interviewed workers were able to identify the main risk reduction responsibilities they have, and these are included in the induction process. Managers are trained on their responsibilities to OSH compliance and risk management. Procedures and job descriptions identify the responsibilities held by different roles to OSH.

### Element 4.2 Work environments are regularly inspected and hazards identified

**Findings:** Insufficient

**Observation:** Each site has a workplace inspection form that includes specific details to inspect for the site. These inspections are conducted quarterly, with the exception of the Children Services site which conducts a daily check. The Operations team conducts monthly vehicle inspections in addition to daily vehicle pre-starts, and hazard reports and take 5s are conducted whenever required. Inspections, hazard reports and pre-starts are retained and used to analyse trends or recurring issues. The Shire does not currently use hazard registers to track identified hazards at its sites.

**Recommendations:** The Shire should develop and maintain a hazard register for its sites, and increase the frequency of workplace inspections monthly.

### Element 4.3 Work activities are analysed and hazards identified

**Findings:** Insufficient

**Observation:**

- Risk assessments are conducted in the form of SWMS for most work activities, with the Shire moving away from the JSA format. Activities are planned by workers and supervisors collaboratively, and reviewed by the same groups. There are no recorded observations of works, and no form of evidence to support that ongoing evaluation of controls occurs.

**Recommendations:**

- The Shire should develop methods to ensure that workers are completing tasks safely, and have identified or have the tools to identify all hazards associated with an activity.



Element 4.4	<b>Risk assessments are undertaken on identified hazards</b>
<b>Findings:</b>	Insufficient
<b>Observation:</b>	<ul style="list-style-type: none"><li>When the Shire identifies hazards in association with work activities, they are assessed as part of JSAs or SWMS. Hazards identified in other ways however, such as workplace inspections or workers spotting them during work, are not assessed formally.</li></ul>
<b>Recommendations:</b>	<ul style="list-style-type: none"><li>The shire should develop hazard registers for its sites, and ensure that workplace hazards not associated with specific tasks are formally risk assessed.</li></ul>
Element 4.5	<b>Hazards are prioritised and controlled using the hierarchy of controls and having regard to the identified level of risk.</b>
<b>Findings:</b>	Insufficient
<b>Observation:</b>	<ul style="list-style-type: none"><li>While identified hazards are controlled using the hierarchy of controls, not every control and hazard is recorded, as there is no hazard register. Where hazards are related to activities, the controls are implemented and recorded in JSAs or SWMS. Hazards with a severe risk are prioritised, with high risk hazards being controlled in actions of the OSH Committee. Prioritisation of hazards is stated in OSH14 – Hazard Identification and Management Procedure.</li></ul>
<b>Recommendations:</b>	<ul style="list-style-type: none"><li>The Shire should develop hazard registers, and identify controls for these hazards in the registers.</li></ul>
Element 4.6	<b>The effectiveness of the hazard identification, risk assessment and risk control process is periodically reviewed and documented</b>
<b>Findings:</b>	Satisfactory
<b>Observation:</b>	<ul style="list-style-type: none"><li>Observation of controls applied to workplace hazards happens through the workplace inspections, which occur once every 3 months for most locations, and there is no other method for assessing the effectiveness of controls beside this. Procedures and policies related to hazard identification and management are regularly reviewed, and previous versions retained.</li></ul>

Element 4.7

**Incidents, injuries and diseases are reported and investigated**

**Findings:**

Satisfactory

**Observation:**

- The Shire has retained all previous incident reports and associated investigations, which can be referred to and used to identify trends. The Shire has special reporting processes for vehicle incidents, and a formalised incident investigation procedure. Actions from investigations are included in the OSH Committee actions.
- 



## 5.0 Training and Supervision

**Element 5.1**      **An induction program is in place for all workers and contractors providing relevant OSH instruction and information**

**Findings:**      Satisfactory

**Observation:**

- The Shire has developed a suitable induction process for both workers and contractors that requires inductees to sign off as confirmation of their completion. The OSH elements are a core part of the induction process, and includes Shire wide procedures and policies, and site specific information for where the individual will be working, such as evacuation instructions and warden identification.

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**Element 5.2**      **All management and supervisory personnel have received training in safety and health management principles and practices appropriate to their role and responsibilities**

**Findings:**      Satisfactory

**Observation:**

- Managers, supervisors and executive team members all have performance reviews in which health and safety training needs can be identified. In the Shire's training matrix, gaps in manager training is identified and the Shire is taking steps to close these gaps. Records of attendance and completion certificates are kept in personnel files.

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**Element 5.3**      **The City has identified the training needs of all workers**

**Findings:**      Satisfactory

**Observation:**

- The Shire has a training matrix that identifies the needs of all personnel based on their role and the requirements of the Shire. The training completion evidence for workers has been retained in their personnel files.

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**Element 5.4**      **Tasks are allocated according to capability, level of training and supervision of workers**

**Findings:**      Satisfactory

**Observation:**

- Position descriptions are used for defining roles and ensuring that persons filling those roles have adequate experience and qualifications to meet the requirements of the Shire. Workers are performance reviewed annually to maintain an open dialogue about their ability to work well, and this review is used as an opportunity to identify further training and qualifications required by workers. Refresher training is provided to workers when needed, and there are supervisor roles in all sites and for each team.

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Element 5.5	<b>Training is delivered by people with appropriate knowledge, skills and experience</b>
<b>Findings:</b>	Insufficient
<b>Observation:</b>	<ul style="list-style-type: none"><li>The Shire ensures that all external training providers provide licences (if they are registered training organisations providing competency based training) and the Shire keeps records of preferred training providers. Internal training is very basic, only involving teaching workers how to better use equipment. This training is provided by workers that the Shire has identified as having a lot of experience and a good record of working safely with the equipment.</li></ul>
<b>Recommendations:</b>	<ul style="list-style-type: none"><li>The Shire should ensure they have a formal method for workers to evaluate external training providers.</li></ul>
Element 5.6	<b>The training program is evaluated and reviewed</b>
<b>Findings:</b>	Insufficient
<b>Observation:</b>	<ul style="list-style-type: none"><li>OP20 – Learning and Development is the procedure that the Shire, however this procedure has not been reviewed since 2016. While individual training providers and training needs are evaluated on a regular basis, the process for organising, requesting and completing training has not been evaluated or reviewed.</li></ul>
<b>Recommendations:</b>	<ul style="list-style-type: none"><li>The Shire should review OP20 – Learning and Development at least every 2 years.</li></ul>
Element 5.7	<b>Supervision is undertaken by people with appropriate safety and health knowledge, skills and experience</b>
<b>Findings:</b>	Satisfactory
<b>Observation:</b>	<ul style="list-style-type: none"><li>The Shire has supervisors in all sites and teams, and these persons are highly experienced in their fields, being promoted to supervisor roles after proving their capabilities as workers for the Shire. Supervisors are given additional training in roles and responsibilities and incident management, and are given refreshers for the training required by the workers they supervise. Position descriptions for supervisors have experience and qualification requirements that exceed the requirements of workers.</li></ul>

## ISSUES IDENTIFIED DURING THE ASSESSMENT NOT RECORDED ELSEWHERE

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### Mundaring Arena

- Arena personnel are completing working at height activities without a formal working at height rescue plan, though the personnel working at height are trained to do so.
- The kitchenette near the main entrance for the arena has no firefighting equipment.

### Bilgoman Pool

- Some of the signage throughout the site, particularly near the pool plant room, is faded.

### Administration Centre

- There are multiple locations throughout the site old fire extinguisher signs are still in place. These locations are NOT included in the emergency diagrams.



## NEXT STEPS

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Step 2 of the *3 Steps to Safety* program involves Shire of Mundaring developing an OSH Action Plan to address any outcomes assessed as *insufficient*, *ad hoc* and *unsatisfactory*.

Once the OSH Action Plan is developed, it should be provided to the Assessor to ensure that the actions proposed will address the criteria and drive continuous improvement.

LGIS, through the OSH Team, is available to provide ongoing assistance during the development of the OSH Action Plan, and thereafter to assist the Shire of Mundaring to continuously improve their OSH performance.

## ACKNOWLEDGEMENTS

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LGIS would like to thank the Shire of Mundaring for their hospitality during the assessment. This appreciation is extended to all personnel who were involved in the activity who made themselves available or prepared and presented documents.



## CONTACTS

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### Connor Zacha

OSH Consultant

*Tel: + 61 (8) 9483 8837*

*Mob: +61 427 638 897*

[Connor.zacha@lgiswa.com.au](mailto:Connor.zacha@lgiswa.com.au)

### Emma Horsefield

Safety Program Manager

*Tel: + 61 (8) 9483 8833*

*Mob: +61 407 957932*

[emma.horsefield@lgiswa.com.au](mailto:emma.horsefield@lgiswa.com.au)



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Level 3, 170 Railway Parade  
West Leederville WA 6007  
T: +61 8 9483 8888

[lgiswa.com.au](http://lgiswa.com.au)

## 8.2 Internal Audit Plan 2021/22 to 2024/25

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<b>File Code</b>	GV.AUD1
<b>Author</b>	Elizabeth Nicholls, Governance Co-ordinator
<b>Senior Employee</b>	Garry Bird, Director Corporate Services
<b>Disclosure of Any Interest</b>	Nil
<b>Attachments</b>	<ol style="list-style-type: none"><li>1. Internal Audit Plan 2022-23 to 2025-26 <a href="#">↓</a></li><li>2. Internal Audit Plan 2022-23 to 2025-26 - with changes as at March 2022 <a href="#">↓</a></li></ol>

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### SUMMARY

The Shire's draft Internal Audit Plan for the period 2022/23 to 2025/26 (**Attachment 1**) provides an update on the audits proposed for the relevant period and also provides a history of audits undertaken.

The Internal Audit Plan is presented to the Audit and Risk Committee for noting.

### BACKGROUND

Internal audits support good governance by providing a means of identifying areas of non-compliance with, and potential organisational improvement in, the Shire's procedures and policies. The areas identified within the Plan have been identified on the basis they pose significant risk to the operations of the Shire.

The Shire budgets \$60,000 per annum to undertake internal audits.

The attached updated Internal Audit Plan outlines what items have been completed with items being presented to the Audit and Risk Committee upon completion in accordance with the Internal Audit Plan Reporting Requirements. Where an audit has provided that an item requires follow up, it is maintained on the Audit and Risk Committee Status Report until completion.

### STATUTORY / LEGAL IMPLICATIONS

#### *Local Government Act 1995*

#### **s. 7.12 AB Conducting a financial audit**

The auditor must audit the accounts and annual financial report of a local government at least once in respect of each financial year.

#### **s. 7.12AJ Conducting a performance audit**

The Auditor General Act section 18 applies in relation to a local government as if —

- (a) the local government were an agency; and (*etc.*)
- (b)

#### **s. 7.12AL Audits of accounts of related entities and certain subsidiary bodies**

The Auditor General Act sections 16 and 17 apply in relation to a local government as if —

- the local government were an agency; and

- the council of the local government were its accountable authority.

### ***Local Government (Financial Management) Regulations 1996***

#### **r. 5 CEO's duties as to financial management**

- (2) The CEO is to —
  - (c) undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 3 financial years) and report to the local government the results of those reviews.

### ***Local Government (Audit) Regulations 1996***

#### **r. 14 Compliance audits by local governments**

- (1) A local government is to carry out a compliance audit for the period 1 January to 31 December in each year.
- (2) After carrying out a compliance audit the local government is to prepare a compliance audit return in a form approved by the Minister.
- (3A) The local government's audit committee is to review the compliance audit return and is to report to the council the results of that review.
- (3) After the audit committee has reported to the council under subregulation (3A), the compliance audit return is to be —
  - (a) presented to the council at a meeting of the council; and
  - (b) adopted by the council; and
  - (c) recorded in the minutes of the meeting at which it is adopted.

#### **r. 17 CEO to review certain systems and procedures**

- (1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —
  - (a) risk management; and
  - (b) internal control; and
  - (c) legislative compliance.
- (2) The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.
- (3) The CEO is to report to the audit committee the results of that review.

### **POLICY IMPLICATIONS**

Internal Audit Charter Policy relates.

Purchasing Policy is applicable for audits performed by independent external contractors. Where the cost of engaging an auditor is within the thresholds outlined in the Purchasing Policy they are appointed in accordance with the Policy.

### **FINANCIAL IMPLICATIONS**

The Shire currently budgets \$60,000 per annum to engage independent contractors to undertake internal audits. The Plan has been prepared in accordance with this funding amount.

Where audits are performed by independent external contractors they are appointed through a transparent Request for Quotation process (unless otherwise stated).

Expected costs per financial years are:

2022/23	\$25,000
2023/24	\$80,000
2024/25	\$47,500
2025/26	\$85,000
<b>TOTAL</b>	<b>\$247,500</b>

This is \$7,500 above the combined 4 year budget. The annual budget allocation for each year will reflect the amounts allocated to each year in the table above.

## STRATEGIC IMPLICATIONS

Mundaring Strategic Community Plan 2020 - 2030

Priority 4 - Governance

Objective 4.4 – High standard of governance and accountability

Strategy 4.4.3 – Risks are well managed

## SUSTAINABILITY IMPLICATIONS

There are no perceived sustainability implications.

## RISK IMPLICATIONS

<b>Risk: Compliance:</b> That areas of high risk within the organisation are not subject to independent assessment.		
<b>Likelihood</b>	<b>Consequence</b>	<b>Rating</b>
Likely	Moderate	High
<b>Action/ Strategy</b>		
Undertake independent internal audits to support management with the aim of identifying areas of non-compliance and potential organisational improvement.		

## EXTERNAL CONSULTATION

The Compliance Audit Return is to be completed by an independent party every third year to allow for external review of the matters prescribed in the return.

A Procurement Audit is to be undertaken every five years to reflect the level of risk associated with these activities.

Other Audits may also be scheduled at regular intervals or from time to time reflective of the level of risk and the dynamic environment in which these risks present themselves to the organisation.

The Office of the Audit General conducts focus area audits at state of local government entities as an extension of annual financial audits and the Shire may be invited to participate.

A detailed scope for each of the audits will be prepared when preparing the Request for Quotation (when required in accordance with the Purchasing Policy) to provide the services.

## COMMENT

The audits proposed in the updated Internal Audit Plan have been selected on the basis that they all pose significant risks to the Shire's operations and reputation.

Officers are of the opinion that the Shire does not currently have the staff resources to more than two audits per financial year (in addition to the Compliance Audit Return completed in response to statutory requirements).

For ease, the changes to the Internal Audit Plan 2022/23 to 2025/26 from the version presented in 2021/22 have been made in blue (**Attachment 2**) with items listed in 2021/22 moved to the Internal Audit Plan History. Changes have also been outlined in the table below:

<b>Audit</b>	<b>Scope</b>	<b>Changes made to Internal Audit Plan and reason</b>
Information and Communications Technology (ICT) Systems Audit	To determine efficiency and costs	Scheduled to be undertaken in 2020/21. Staff consider that an audit of the Shire's ICT Systems is not appropriate at this time as there is no cost data available for analysis. It is proposed that the ICT Systems audit be undertaken in 2025/26 when staff resources and relevant information is available from chartered account project.
Cyber Security Audit	Independent testing of cyber security controls	Although stated to be completed every 2 years, it was not included. Completed in 2021/22 (previously scheduled for 2022/23). Included in 2023/24.
Development and Building Approvals Audit	Review application processes and adherence to statutory timeframes.	Postponed from 2022/23 to 2023/24. Development and Building Approvals are considered low risk.
Financial Management Review Internal Controls Legislative Compliance Risk Management	As per 5 (2) of Financial Management Regulations As per Regulation 17 of the Audit regulations	Included in 2024/25; statutory requirement to complete every 3 financial years.
Compliance Audit Return	As per Regulation 15 of the Audit Regulations	Budget allocation provided for external consultant to complete the audit every 3 years.
Asset Management	Review of asset management systems	Postponed from 2024/25
Service Level Agreements	Review of service Level Agreements with external organisations for cost effectiveness and adherence to agreements.	Postponed from 2024/25

The Internal Audit Plan and the Internal Audit Plan History has been updated (in blue) to include details of the completed audits and proposed changes.

Once noted by the Audit and Risk Committee the Internal Audit Plan 2022/23 to 2025/26 will be used internally to schedule audits.

## VOTING REQUIREMENT

Simple Majority

<b>COMMITTEE DECISION RECOMMENDATION</b>	<b>ARC3.04.22</b>
Moved by	Cr Jeans
Seconded by	Ms Green

That the Committee notes the updated Internal Audit Plan for the period 2022/23 to 2025/26 *subject to the following amendments:-*

1. *add External Occupational Health & Safety Audit for 2022/23 ~\$20,000; and*
2. *remove Community Grants and COVID Grants audit 2022/23 \$10,000*

## CARRIED 6/0

**For:** Mr Wilkinson, Cr Martin, Mr Wittcomb, Ms Green, Cr McNeil and Cr Jeans

**Against:** Nil



# **INTERNAL AUDIT PLAN**

**2022/23 to 2025/26**

**As at March 2022**

### **Summary**

Shire of Mundaring has allocated the sum of \$60,000 per annum to undertake internal audits.

This plan has been prepared to ensure the internal audits address areas of greatest risk to the Shire and to ensure the Shire meets its statutory obligations for various audits that are prescribed under the *Local Government Act 1995* (the Act) and accompanying Regulations.

Internal Audits do not include the annual financial management audit prescribed by section 7.12b of the Act, which is considered a separate process with its own specific statutory requirements.

### **Background**

Internal audits evaluate a company's internal controls, including its corporate governance and accounting processes. They ensure compliance with laws and regulations and help to maintain accurate and timely financial reporting and data collection.

The internal audit provides an independent and objective review and advisory service to:

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### **Statutory Requirements**

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(a) the local government were an agency; and (*etc.*)

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- the local government were an agency; and
- the council of the local government were its accountable authority.

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##### **r. 5 CEO's duties as to financial management**

- (2) The CEO is to —
- (c) undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 3 financial years) and report to the local government the results of those reviews.

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- (2) After carrying out a compliance audit the local government is to prepare a compliance audit return in a form approved by the Minister.
- (3A) The local government's audit committee is to review the compliance audit return and is to report to the council the results of that review.
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- (a) presented to the council at a meeting of the council; and
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- (1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —
  - (a) risk management; and
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**Policy Requirements**

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The Audit and Risk Committee will be kept informed of progress towards completing the scheduled audits by a "standing Item" on the Committee Agenda.

Completed audits will be presented to the Committee through an officer's report which will respond to the findings of the audit.

**Internal Audit Plan**

The following internal audits are proposed to be undertaken in the period 2022/23 to 2025/26.

**2022/23**

Description	Scope	Budget	As at Mar 2022
Development and Building Approvals	<del>Review application processes and adherence to statutory timeframes.</del>	<del>\$20,000</del>	Postponed to 2023/24
Recruitment and Selection	Review of recruitment and selection policies and adherence to by staff. Includes use of contract labour.	\$15,000	
Community Grants and COVID Grants	Review of grant application processes, including variations and acquittal of projects.	\$10,000	
Cyber Security	<del>Independent testing of cyber security controls every second year</del>	<del>\$10,000</del>	Complete 2021/22
Compliance Audit Return	As per Regulation 15 of the Audit Regulations	Internal	

<b>TOTAL</b>		<b>\$35,000</b>	
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**2023/24**

<b>Description</b>	<b>Scope</b>	<b>Budget</b>	<b>As at Mar 2022</b>
Development and Building Approvals	Review application processes and adherence to statutory timeframes.	\$20,000	Postponed from 2022/23
Complaints Management System	Review complaints management system and staff adherence to.	\$20,000	
Procurement	Review procurement practices.	\$30,000	
Cyber Security	Independent testing of cyber security controls every second year	\$10,000	
Compliance Audit Return	As per Regulation 15 of the Audit Regulations	Internal	
<b>TOTAL</b>		<b>\$80,000</b>	

**2024/25**

<b>Description</b>	<b>Scope</b>	<b>Budget</b>	<b>As at Mar 2022</b>
Financial Management Review	As per 5 (2) of Financial Management Regulations	\$42,500	
Internal Controls	As per Regulation 17 of the Audit regulations		
Legislative Compliance	As per Regulation 17 of the Audit regulations		
Risk Management	As per Regulation 17 of the Audit regulations		
Asset Management	Review of asset management systems	\$25,000	Postponed to 2025/26
Service Level Agreements	Review of service Level Agreements with external organisations for cost effectiveness and adherence to agreements.	\$10,000	Postponed to 2025/26
Compliance Audit Return (external audit)	As per Regulation 15 of the Audit Regulations	\$5,000	
<b>TOTAL</b>		<b>\$47,500</b>	

**2025/26**

<b>Description</b>	<b>Scope</b>	<b>Budget</b>	<b>As at Mar 2022</b>
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Asset Management	Review of asset management systems	\$25,000	Postponed from 2024/25
Service Level Agreements	Review of service Level Agreements with external organisations for cost effectiveness and adherence to agreements.	\$10,000	Postponed from 2024/25
Information and Communications Technology Systems	Review of internal ICT systems for efficiency and cost	\$40,000	Postponed from 2021/22
Cyber Security	Independent testing of cyber security controls every second year	\$10,000	
Compliance Audit Return	As per Regulation 15 of the Audit Regulations	Internal	
<b>TOTAL</b>		<b>\$85,000</b>	

The Compliance Audit Return is to be completed by an independent party every third year to allow for external review of the matters prescribed in the return.

A Procurement Audit is to be undertaken every five years to reflect the level of risk associated with these activities.

Other Audits may also be scheduled at regular intervals or from time to time (i.e. cybersecurity controls every second year) to reflective of the level of risk and the dynamic environment in which these risks present themselves to the organisation.

The Office of the Audit General conducts focus area audits at state of local government entities as an extension of annual financial audits and the Shire may be invited to participate.

A detailed scope for each of the audits will be prepared when preparing the Request for Quotation (when required in accordance with the Purchasing Policy) to provide the services.

#### Appendix

##### Internal Audit Plan History

The following internal audits have been undertaken by the Shire:

Date Undertaken	Purpose	Scope	Outcome
February 2022	<b>Compliance Audit Return (Conway Highbury Pty Ltd)</b>	<p>The scope of work was for Conway Highbury Pty Ltd to:</p> <ul style="list-style-type: none"> <li>• use the questions from the DLGSC to identify the Shire's compliance and non-compliance by reviewing: <ul style="list-style-type: none"> <li>○ Governance Registers (e.g. Returns Register and Gifts Register available on the Shire's website and internally maintained registers).</li> <li>○ Council and Committee agendas and minutes</li> <li>○ supporting documentation</li> </ul> </li> <li>• establish adequacy of supporting systems and compliance levels</li> <li>• provide a completed Return and associated report</li> </ul>	<p><b>ARC5.02.22</b></p> <p>In summary, the Shire achieved a commendable and very high level of compliance.</p> <p>'Disclosure of interest' Q13 – under section s5.89A(6) of the Act, when a person ceases to be a person who is required to make a disclosure under section 5.87A or 5.87B, the CEO is to remove from the register all records relating to that person.</p> <ul style="list-style-type: none"> <li>• The register that relates to sections 5.89A and 5.89B contained records of persons who ceased to be relevant after ceasing employment with the Shire and/or retired from council or were not re-elected after elections in October 2021. The register has since been updated.</li> </ul> <p>'Disclosure of interest' Q 25 – under sections s5.51A(1) &amp; (3) of the Act, the CEO is to prepare, and implement and publish an up-to-date version on the local government's website, a code of conduct to be observed by employees of the Shire.</p> <ul style="list-style-type: none"> <li>• A code was prepared and implemented as required but was not on the Shire's website. This has now been rectified.</li> </ul> <p>'Elections' Q2 - Regulations 30G(3) &amp; (4) of the Local Government (Elections) Regulations 1997 require the CEO to remove any disclosure of gifts forms relating to an unsuccessful candidate, or a successful candidate that completed their term of office, from the electoral gift register, and retain those forms separately for a period of at least two years.</p> <ul style="list-style-type: none"> <li>• Some disclosure forms were still on the register. This has now been rectified.</li> </ul>

Date Undertaken	Purpose	Scope	Outcome
September 2021	<b>Staff Exit Controls (Office of the Auditor General)</b>	This audit assessed whether agencies "effectively and efficiently manage the exit of staff to minimise security, asset and financial risks".	<p><b>ARC 07.02.22</b></p> <p>The Shire currently has a register and passes are deactivated promptly when a staff member leaves. No audits of the register are undertaken. If a staff member was to leave without returning the pass, it will still be deactivated.</p> <p>No audit of active passes is undertaken.</p> <p>A similar process exists for the return of keys. If keys are not returned by exiting staff, the officers responsible will follow this up with that staff member.</p> <p>The Shire has a checklist to assist managers in exiting staff and includes removal from the shire IT network and return of shire owned assets.</p> <p>There may be some access still available if the staff member has access to specific external software applications but these are not critical or confidential and pose a low risk.</p> <p>The OAG report has identified some improvements that can be made to this checklist.</p> <p>A register is maintained by IT of all related assets issued to staff which includes an audit trail of ownership.</p> <p>A separate register of minor assets is maintained which includes the same assets and is reviewed annually.</p> <p>A comprehensive audit is undertaken by payroll/finance staff of departing employees' termination payments, including any debts owing.</p> <p>This risk is assessed on a case by case basis, as relevant to the position and the circumstances of the departure.</p> <p>In addition to the checklist, there are related procedures to assist managers in exiting staff.</p>

Date Undertaken	Purpose	Scope	Outcome
			<p>Managers are reminded of these procedures from time to time.</p> <p>There is some opportunity for improvement in the exiting of casual staff, which due to the nature of their employment, may retain access to systems for a period of time. This is currently checked every 12 months.</p> <p>All staff are offered exit interviews, with approximately 75% accepting the offer. Any issues or trends that are identified in these interviews are addressed with the relevant manager, director or CEO as required.</p>
August 2021	<b>Financial Management Review and Review of Risk Management, Internal Controls and Legislative Compliance</b>		<p><b>ARC5.12.21</b></p> <p>An Inventory should be performed for all portable attractive assets and evidenced by inventory sheets.</p> <ul style="list-style-type: none"> <li>Accepted. The Manager Finance and Governance will liaise with the Asset Management Officer to develop/implement a process and documents for an inventory stock-take.</li> </ul> <p>Serial numbers be sourced and added to the Portable and Attractive Asset Register for individual assets.</p> <ul style="list-style-type: none"> <li>Whilst it is acknowledged that this would be best practice, the implementation of this recommendation has budget resource (human and monetary) implications. The implementation of bar codes and bar code readers will be considered as part of the Corporate Business Planning process for 2022/23.</li> </ul> <p>The CEO Authorise multiple officers with the ability to exercise powers restricted to when acting in a substantive position and/or have a check box added to the Higher Duties form related to authorisation requirements.</p>

Date Undertaken	Purpose	Scope	Outcome
			<ul style="list-style-type: none"> <li>Accepted. Higher Duties checklist form to be amended to include a check box titled "additional authorisations required".</li> </ul> <p>Each delegated authority maintain a register of how and when they exercised their delegated authority including date, details and outcome. The source or mechanism to register could be included within each Delegated Authority form.</p> <p>The Conflicts of Interest Policy detail how each section is currently managing conflicts of interest under delegated authority and each section ensure they register conflicts when they arise, even if the management strategy is to avoid or transfer.</p>
October 2020	<b>Contract Management - Internal Audit Report</b>		<p><b>ARC4.08.21</b></p> <ol style="list-style-type: none"> <li>Misalignment of contract terms with Notice of Award. Risk: Low</li> <li>Lack of documented contractor performance reviews. Risk: High</li> <li>Administration of contract variations: <ul style="list-style-type: none"> <li>Guidance required as to what constitutes an appropriate variation;</li> <li>No formal documentation for number and value of variations;</li> <li>No formal documentation for justification and approval of variations, including cost and scope;</li> <li>Contracts register does not include some variations. Risk: Medium</li> </ul> </li> <li>Delegation CE-151 does not include specific delegation limits for approvals of contract renewals, extensions and variations. Risk: High</li> </ol>



Date Undertaken	Purpose	Scope	Outcome
			<p>5. No procedure in place to advise the contractor or custodian of the contracts register of Council approved variations. Risk: Medium</p> <p>6. No evidence of requesting contractor insurance certificates on an annual basis. Risk: High</p> <p>7. No documented payment approval process for contracts and tenders. This should include guidance on monitoring expenditure against budget. Risk: Medium</p> <p>8. Unable to verify if invoiced charges are checked against agreed contract price before authorising invoices for payment. Risk: Medium</p> <p>9. Extension of contracts is not formally documented; No mutually accepted agreement for extension between Shire and contractor; No documented evidence of contract review prior to extension of the contract; No documented evidence or analysis of the contract to justify an extension or to determine whether the extension is a change of scope of the original contract. Risk: Medium</p> <p>10. Timeliness of re-tendering process: contracts have been extended in breach of the tender requirements due to delays in the re-tendering process. Risk: High</p>
December 2020	Infringements Audit (Paxon)	<ul style="list-style-type: none"> <li>Interview relevant staff to gain an understanding of the end to end processes for the issuing and management of infringements (including court imposed fines);</li> <li>Analyse documents including strategies, plans, policies, guidelines and reports;</li> </ul>	<p><b>ARC7.12.21</b></p> <ul style="list-style-type: none"> <li>The Shire's "Dogs Local Law 2017" and "Keeping of Cats Local Law" are not aligned with current legislation;</li> <li>No formalised manual exists to guide Shire employees regarding their obligations for bush fire management;</li> </ul>

Date Undertaken	Purpose	Scope	Outcome
		<ul style="list-style-type: none"> <li>Perform data analytics on selected data sets;</li> <li>Review the number and amount of outstanding fines and infringements;</li> <li>Identify opportunities for improvement; and</li> </ul> <p>Prepare an audit report with findings, recommendations and agreed actions to address any control or process improvement areas identified.</p>	<ul style="list-style-type: none"> <li>The "Community Safety Rangers – Operations Manual" is outdated and consequently provides Shire rangers with obsolete guidance;</li> <li>Shire employees are not provided with adequate guidance regarding operational procedures for infringements of: <ul style="list-style-type: none"> <li>Dog legislation (including the Shire's "Dogs Local Law 2017");</li> <li>Environmental legislation;</li> <li>Shire's "Parking Local Law 2009";</li> <li>Health legislation; and</li> <li>Building legislation.</li> </ul> </li> <li>The Shire's "Compliance" policy does not provide a holistic perspective regarding the management controls and relevant legislation for infringements;</li> <li>Registers which record details of the different types of infringements issued are either incomplete or non-existent and consequently obstructs management control;</li> <li>No register is kept for unpaid infringements registered with the FER and consequently management control is obstructed;</li> <li>No formal reporting regarding infringements takes place which is indicative of weak management control;</li> <li>The late issue of the sampled infringement notices may suggest those notices are not enforceable; and</li> </ul> <p>The collection of money for issued infringement notices appears slow and cumbersome.</p>
December 2020	<b>Contracts Management Audit (Paxon)</b>	<ul style="list-style-type: none"> <li>Interview relevant staff to gain an understanding of the end to end processes;</li> <li>Analyse documents including strategies, plans, policies, guidelines and reports;</li> </ul>	<p><b>To ARC August meeting 2021</b></p> <p>Paxon Recommendation 1 - Ensure the contract period is clearly noted on the Notice of Award. Ensure Notice of Award is retained as per record keeping requirements.</p>

Date Undertaken	Purpose	Scope	Outcome
		<ul style="list-style-type: none"> <li>• Perform data analytics on selected data sets;</li> <li>• Identify opportunities for improvement; and</li> </ul> <p>Prepare an audit report with findings, recommendations and agreed actions to address any control or process improvement areas identified.</p>	<p>Paxon Recommendation 2 - Documented and scheduled contractor review to be included in contract terms, with a final contractor performance carried out prior to contract expiry and extensions.</p> <p>Paxon Recommendation 3 - Delegations and Procurement policies and procedures should be amended to include specific guidance on contract variations including appropriate number of variations and consideration as to whether the variation changes the original scope of the contract or if the variation requires council approval. Develop a template for recording the number and dollar value of the individual variation and the total of the approved variations. Develop a template to seek approval for variation including justification and seek approval for the variation, including cost and scope. A process be developed to ensure the custodian of the register is notified of all variations.</p> <p>Paxon Recommendation 4 - Amend delegations, policies, and procedures to include a specific delegation, including dollar value, for contract variation and extensions.</p> <p>Paxon Recommendation 5 - Develop a process to ensure all council decisions regarding contracts or tenders, are conveyed to the stakeholders of the contract or tender.</p> <p>Paxon Recommendation 6 - Develop a process to ensure all current contractors provide a Certificate of Currency each year for the duration of the contract.</p> <p>Paxon Recommendation 7 - Develop a Payment Approval process for contracts and tenders which includes guidelines for monitoring expenditure against budget and guidelines as to the process for approval of</p>

Date Undertaken	Purpose	Scope	Outcome
			<p>payments. Recommend each project has a separate general ledger account with relevant budget. Ensure appropriate number of quotations are obtained for additional services required to complete the project or advertise RFT/RFQ for project management services.</p> <p>Paxon Recommendation 8 - Invoices for contracts and tenders should have a copy of the current price schedule attached to the invoice to show that the invoice charges have been checked to the price schedule.</p> <p>Paxon Recommendation 9 - All Contracts and Tenders extensions granted must be supported by formal documentation. All Contracts and Tenders extensions granted must be supported by a formal documented mutual agreement by both parties. Documented and scheduled contractor review to be included in contract terms, with a final contractor performance carried out prior to contract expiry and extensions. Develop a template to seek approval for extension including justification and also provides an analysis of the contract, to determine whether the extension is a change of scope of the original contract. Extensions must be processed in a timely manner before the expiration of the current contract and only if an extension option is included in the original contract.</p> <p>Paxon Recommendation 10 - Delegations and Procurement policies and procedures should be amended to include specific delegation limits for approval of contract extensions.</p> <p>Paxon Recommendation 11 - Develop a process for the custodian of the contracts register to review the register on a regular basis to ensure tendering process is commenced in a timely manner to avoid unnecessary contract extensions.</p>

<b>Date Undertaken</b>	<b>Purpose</b>	<b>Scope</b>	<b>Outcome</b>
December 2017	<b>Internal Light Fleet Audit (KPMG)</b>	<ul style="list-style-type: none"> <li>Review the utilisation, purchase and operating costs of Shire of Mundaring light fleet vehicles (including utility vehicles) inclusive of commuting and private use costs.</li> <li>Review and consider Shire of Mundaring's fleet policies, in light of industry best practice approaches and identify similarities and opportunities for improvement.</li> <li>Examine fleet performance against readily available industry comparators and benchmarks; and</li> </ul> <p>Develop and provide recommendations for improving the performance of the fleet</p>	<p><b>ARC5.08.18</b></p> <p>KPMG Recommendation 1 – Select and trial logbooks or an integrated Fleet Management System to collect evidence based data required to effectively assess, manage and optimise the fleet.</p> <p>KPMG Recommendation 2 - Consider reducing fleet size by not purchasing all planned vehicles in FY18 and FY19. In particular, these could come from reallocation of vehicles with low utilisation in the Recreation &amp; Leisure and Community Safety &amp; Emergency Management departments or Operations and Rangers callout vehicles.</p> <p>KPMG Recommendation 3 - To enable future fleet reductions, ensure vehicles are pooled consistently to optimise utilisation opportunities within and across service teams.</p> <p>KPMG Recommendation 4 - Refresh Policies and Procedures to include procurement guidelines, call out definitions and ensure adherence to requirements.</p> <p>KPMG Recommendation 5 - Consider vehicle leasing including Novated Leasing o KPMG Recommendation 6 - Standardise the vehicle specifications and fleet composition of vehicles predominantly for private use.</p> <p>KPMG Recommendation 6 - Standardise the vehicle specifications and fleet composition.</p> <p>KPMG Recommendation 7 - Review HR Policies and future employment entitlements regarding provision of vehicles for private and commuting use.</p>
March 2016	<b>Internal Procurement Audit (Deloitte)</b>	<ul style="list-style-type: none"> <li>Review organisational structures, business processes and systems in</li> </ul>	<b>DARC2.07.16</b>

Date Undertaken	Purpose	Scope	Outcome
		<p>procurement to prevent/minimise opportunities for misconduct.</p> <ul style="list-style-type: none"> <li>Review systems, controls and practices to identify incidences of noncompliance with legislation and procurement procedures.</li> </ul> <p>Review reporting and management practices for identified or suspected non-compliance and misconduct.</p>	<p>Finding 1 - Limited guidance provided in the tender processes (Risk – Critical)</p> <p>Finding 2 - Insufficient guidance to ensure consistent use of purchase orders across the organisation (Risk – Critical)</p> <p>Finding 3 - Lack of robust conflict of interest process for employees involved in procurement activities (Risk – Important)</p> <p>Finding 4 - Expense policy document has not been developed (Risk – Important)</p> <p>Finding 5 - A robust contract management system is not in place (Risk – Important)</p> <p>Finding 6 - Financial Delegations of Authority have not been clearly communicated or applied consistently (Risk – Important)</p> <p>Finding 7 - System controls with Online Requisitioning System (OLR) are insufficient to support the purchasing system (Risk – Important)</p> <p>Finding 8 - Purchasing card spend is not appropriately controlled (Risk – Important)</p> <p>Finding 9 - Limited review of system changes as audit logs are not reviewed (Risk – Moderate)</p> <p>Finding 10 - Vendor master data file maintenance (Risk – Moderate)</p> <p>Finding 11 - Petty cash policy not in place (Risk – Minor)</p>



# **INTERNAL AUDIT PLAN**

## **2022/23 to 2025/26**

### **Summary**

Shire of Mundaring has allocated the sum of \$60,000 per annum to undertake internal audits.

This plan has been prepared to ensure the internal audits address areas of greatest risk to the Shire and to ensure the Shire meets its statutory obligations for various audits that are prescribed under the *Local Government Act 1995* (the Act) and accompanying Regulations.

Internal Audits do not include the annual financial management audit prescribed by section 7.12b of the Act, which is considered a separate process with its own specific statutory requirements.

### **Background**

Internal audits evaluate a company's internal controls, including its corporate governance and accounting processes. They ensure compliance with laws and regulations and help to maintain accurate and timely financial reporting and data collection.

The internal audit provides an independent and objective review and advisory service to:

- provide assurance to Council and the CEO that the Shire's financial and operational controls are designed to manage the organisation's risks and achieve its objectives, are operating in an efficient, effective and ethical manner; and
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**Policy Requirements**

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The following internal audits are proposed to be undertaken in the period 2022/23 to 2025/26.

**2022/23**

<b>Description</b>	<b>Scope</b>	<b>Budget</b>
Recruitment and Selection	Review of recruitment and selection policies and adherence to by staff. Includes use of contract labour.	\$15,000
Community Grants and COVID Grants	Review of grant application processes, including variations and acquittal of projects.	\$10,000
Compliance Audit Return	As per Regulation 15 of the Audit Regulations	Internal
<b>TOTAL</b>		<b>\$25,000</b>

**2023/24**

<b>Description</b>	<b>Scope</b>	<b>Budget</b>
Development and Building Approvals	Review application processes and adherence to statutory timeframes.	\$20,000
Complaints Management System	Review complaints management system and staff adherence to.	\$20,000
Procurement	Review procurement practices.	\$30,000
Cyber Security	Independent testing of cyber security controls every second year	\$10,000
Compliance Audit Return	As per Regulation 15 of the Audit Regulations	Internal
<b>TOTAL</b>		<b>\$80,000</b>

**2024/25**

<b>Description</b>	<b>Scope</b>	<b>Budget</b>
Financial Management Review	As per 5 (2) of Financial Management Regulations	\$42,500
Internal Controls	As per Regulation 17 of the Audit regulations	
Legislative Compliance	As per Regulation 17 of the Audit regulations	
Risk Management	As per Regulation 17 of the Audit regulations	
Compliance Audit Return (external audit)	As per Regulation 15 of the Audit Regulations	\$5,000
<b>TOTAL</b>		<b>\$47,500</b>

**2025/26**

<b>Description</b>	<b>Scope</b>	<b>Budget</b>
Asset Management	Review of asset management systems	\$25,000
Service Level Agreements	Review of service Level Agreements with external organisations for cost effectiveness and adherence to agreements.	\$10,000
Information and Communications Technology Systems	Review of internal ICT systems for efficiency and cost	\$40,000
Cyber Security	Independent testing of cyber security controls every second year	\$10,000
Compliance Audit Return	As per Regulation 15 of the Audit Regulations	Internal
<b>TOTAL</b>		<b>\$85,000</b>

The Compliance Audit Return is to be completed by an independent party every third year to allow for external review of the matters prescribed in the return.

A Procurement Audit is to be undertaken every five years to reflect the level of risk associated with these activities.

Other Audits may also be scheduled at regular intervals or from time to time reflective of the level of risk and the dynamic environment in which these risks present themselves to the organisation.

The Office of the Audit General conducts focus area audits at state of local government entities as an extension of annual financial audits and the Shire may be invited to participate.

A detailed scope for each of the audits will be prepared when preparing the Request for Quotation (when required in accordance with the Purchasing Policy) to provide the services.

**Appendix**

Internal Audit Plan History

Date Undertaken	Purpose	Scope	Outcome
February 2022	<b>Compliance Audit Return (Conway Highbury Pty Ltd)</b>	<p>The scope of work was for Conway Highbury Pty Ltd to:</p> <ul style="list-style-type: none"> <li>• use the questions from the DLGSC to identify the Shire's compliance and non-compliance by reviewing: <ul style="list-style-type: none"> <li>○ Governance Registers (e.g. Returns Register and Gifts Register available on the Shire's website and internally maintained registers).</li> <li>○ Council and Committee agendas and minutes</li> <li>○ supporting documentation</li> </ul> </li> <li>• establish adequacy of supporting systems and compliance levels</li> <li>• provide a completed Return and associated report</li> </ul>	<p><b>ARC5.02.22</b></p> <p>In summary, the Shire achieved a commendable and very high level of compliance.</p> <p>'Disclosure of interest' Q13 – under section s5.89A(6) of the Act, when a person ceases to be a person who is required to make a disclosure under section 5.87A or 5.87B, the CEO is to remove from the register all records relating to that person.</p> <ul style="list-style-type: none"> <li>• The register that relates to sections 5.89A and 5.89B contained records of persons who ceased to be relevant after ceasing employment with the Shire and/or retired from council or were not re-elected after elections in October 2021. The register has since been updated.</li> </ul> <p>'Disclosure of interest' Q 25 – under sections s5.51A(1) &amp; (3) of the Act, the CEO is to prepare, and implement and publish an up-to-date version on the local government's website, a code of conduct to be observed by employees of the Shire.</p> <ul style="list-style-type: none"> <li>• A code was prepared and implemented as required but was not on the Shire's website. This has now been rectified.</li> </ul> <p>'Elections' Q2 - Regulations 30G(3) &amp; (4) of the Local Government (Elections) Regulations 1997 require the CEO to remove any disclosure of gifts forms relating to an unsuccessful candidate, or a successful candidate that completed their term of office, from the electoral gift register, and retain those forms separately for a period of at least two years.</p> <ul style="list-style-type: none"> <li>• Some disclosure forms were still on the register. This has now been rectified.</li> </ul>
September 2021	<b>Staff Exit Controls (Office of the Auditor General)</b>	<p>This audit assessed whether agencies "effectively and efficiently manage the exit of staff to minimise security, asset and financial risks".</p>	<p><b>ARC 07.02.22</b></p> <p>The Shire currently has a register and passes are deactivated promptly when a staff member leaves. No audits of the register are undertaken. If a staff member was to leave without returning the pass, it will still be deactivated. No audit of active passes is undertaken. A similar process exists for the return of keys. If keys are not returned by exiting staff, the officers responsible will follow this up with that staff member.</p> <p>The Shire has a checklist to assist managers in exiting staff and includes removal from the shire IT network and return of shire owned assets. There may be some access still available if the staff member has access to specific external software applications but these are not critical or confidential and pose a low risk.</p>

Date Undertaken	Purpose	Scope	Outcome
			<p>The OAG report has identified some improvements that can be made to this checklist.</p> <p>A register is maintained by IT of all related assets issued to staff which includes an audit trail of ownership.</p> <p>A separate register of minor assets is maintained which includes the same assets and is reviewed annually.</p> <p>A comprehensive audit is undertaken by payroll/finance staff of departing employees' termination payments, including any debts owing.</p> <p>This risk is assessed on a case by case basis, as relevant to the position and the circumstances of the departure.</p> <p>In addition to the checklist, there are related procedures to assist managers in exiting staff. Managers are reminded of these procedures from time to time.</p> <p>There is some opportunity for improvement in the exiting of casual staff, which due to the nature of their employment, may retain access to systems for a period of time. This is currently checked every 12 months.</p> <p>All staff are offered exit interviews, with approximately 75% accepting the offer. Any issues or trends that are identified in these interviews are addressed with the relevant manager, director or CEO as required.</p>
August 2021	<b>Financial Management Review and Review of Risk Management, Internal Controls and Legislative Compliance</b>		<p><b>ARC5.12.21</b></p> <p>An Inventory should be performed for all portable attractive assets and evidenced by inventory sheets.</p> <ul style="list-style-type: none"> <li>Accepted. The Manager Finance and Governance will liaise with the Asset Management Officer to develop/implement a process and documents for an inventory stock-take.</li> </ul> <p>Serial numbers be sourced and added to the Portable and Attractive Asset Register for individual assets.</p> <ul style="list-style-type: none"> <li>Whilst it is acknowledged that this would be best practice, the implementation of this recommendation has budget resource (human and monetary) implications. The implementation of bar codes and bar code readers will be considered as part of the Corporate Business Planning process for 2022/23.</li> </ul> <p>The CEO Authorise multiple officers with the ability to exercise powers restricted to when acting in a substantive position and/or have a check box added to the Higher Duties form related to authorisation requirements.</p>

Date Undertaken	Purpose	Scope	Outcome
			<ul style="list-style-type: none"> <li>Accepted. Higher Duties checklist form to be amended to include a check box titled "additional authorisations required".</li> </ul> <p>Each delegated authority maintain a register of how and when they exercised their delegated authority including date, details and outcome. The source or mechanism to register could be included within each Delegated Authority form. The Conflicts of Interest Policy detail how each section is currently managing conflicts of interest under delegated authority and each section ensure they register conflicts when they arise, even if the management strategy is to avoid or transfer.</p>
October 2020	<b>Contract Management - Internal Audit Report</b>		<p><b>ARC4.08.21</b></p> <ol style="list-style-type: none"> <li>Misalignment of contract terms with Notice of Award. Risk: Low</li> <li>Lack of documented contractor performance reviews. Risk: High</li> <li>Administration of contract variations: <ul style="list-style-type: none"> <li>Guidance required as to what constitutes an appropriate variation;</li> <li>No formal documentation for number and value of variations;</li> <li>No formal documentation for justification and approval of variations, including cost and scope;</li> <li>Contracts register does not include some variations. Risk: Medium</li> </ul> </li> <li>Delegation CE-151 does not include specific delegation limits for approvals of contract renewals, extensions and variations. Risk: High</li> <li>No procedure in place to advise the contractor or custodian of the contracts register of Council approved variations. Risk: Medium</li> <li>No evidence of requesting contractor insurance certificates on an annual basis. Risk: High</li> <li>No documented payment approval process for contracts and tenders. This should include guidance on monitoring expenditure against budget. Risk: Medium</li> <li>Unable to verify if invoiced charges are checked against agreed contract price before authorising invoices for payment. Risk: Medium</li> <li>Extension of contracts is not formally documented; No mutually accepted agreement for extension between Shire and contractor; No documented evidence of contract review prior to extension of the contract;</li> </ol>

Date Undertaken	Purpose	Scope	Outcome
			<p>No documented evidence or analysis of the contract to justify an extension or to determine whether the extension is a change of scope of the original contract. Risk: Medium</p> <p>10. Timeliness of re-tendering process: contracts have been extended in breach of the tender requirements due to delays in the re-tendering process. Risk: High</p>
December 2020	Infringements Audit (Paxon)	<ul style="list-style-type: none"> <li>Interview relevant staff to gain an understanding of the end to end processes for the issuing and management of infringements (including court imposed fines);</li> <li>Analyse documents including strategies, plans, policies, guidelines and reports;</li> <li>Perform data analytics on selected data sets;</li> <li>Review the number and amount of outstanding fines and infringements;</li> <li>Identify opportunities for improvement; and</li> </ul> <p>Prepare an audit report with findings, recommendations and agreed actions to address any control or process improvement areas identified.</p>	<p><b>ARC7.12.21</b></p> <ul style="list-style-type: none"> <li>The Shire's "Dogs Local Law 2017" and "Keeping of Cats Local Law" are not aligned with current legislation;</li> <li>No formalised manual exists to guide Shire employees regarding their obligations for bush fire management;</li> <li>The "Community Safety Rangers – Operations Manual" is outdated and consequently provides Shire rangers with obsolete guidance;</li> <li>Shire employees are not provided with adequate guidance regarding operational procedures for infringements of: <ul style="list-style-type: none"> <li>Dog legislation (including the Shire's "Dogs Local Law 2017");</li> <li>Environmental legislation;</li> <li>Shire's "Parking Local Law 2009";</li> <li>Health legislation; and</li> <li>Building legislation.</li> </ul> </li> <li>The Shire's "Compliance" policy does not provide a holistic perspective regarding the management controls and relevant legislation for infringements;</li> <li>Registers which record details of the different types of infringements issued are either incomplete or non-existent and consequently obstructs management control;</li> <li>No register is kept for unpaid infringements registered with the FER and consequently management control is obstructed;</li> <li>No formal reporting regarding infringements takes place which is indicative of weak management control;</li> <li>The late issue of the sampled infringement notices may suggest those notices are not enforceable; and</li> </ul> <p>The collection of money for issued infringement notices appears slow and cumbersome.</p>
December 2020	Contracts Management Audit (Paxon)	<ul style="list-style-type: none"> <li>Interview relevant staff to gain an understanding of the end to end processes;</li> <li>Analyse documents including strategies, plans,</li> </ul>	<p><b>To ARC August meeting 2021</b></p> <p>Paxon Recommendation 1 - Ensure the contract period is clearly noted on the Notice of Award. Ensure Notice of Award is retained as per record keeping requirements.</p>



Date Undertaken	Purpose	Scope	Outcome
		<p>policies, guidelines and reports;</p> <ul style="list-style-type: none"> <li>• Perform data analytics on selected data sets;</li> <li>• Identify opportunities for improvement; and</li> </ul> <p>Prepare an audit report with findings, recommendations and agreed actions to address any control or process improvement areas identified.</p>	<p>Paxon Recommendation 2 - Documented and scheduled contractor review to be included in contract terms, with a final contractor performance carried out prior to contract expiry and extensions.</p> <p>Paxon Recommendation 3 - Delegations and Procurement policies and procedures should be amended to include specific guidance on contract variations including appropriate number of variations and consideration as to whether the variation changes the original scope of the contract or if the variation requires council approval. Develop a template for recording the number and dollar value of the individual variation and the total of the approved variations. Develop a template to seek approval for variation including justification and seek approval for the variation, including cost and scope. A process be developed to ensure the custodian of the register is notified of all variations.</p> <p>Paxon Recommendation 4 - Amend delegations, policies, and procedures to include a specific delegation, including dollar value, for contract variation and extensions.</p> <p>Paxon Recommendation 5 - Develop a process to ensure all council decisions regarding contracts or tenders, are conveyed to the stakeholders of the contract or tender.</p> <p>Paxon Recommendation 6 - Develop a process to ensure all current contractors provide a Certificate of Currency each year for the duration of the contract.</p> <p>Paxon Recommendation 7 - Develop a Payment Approval process for contracts and tenders which includes guidelines for monitoring expenditure against budget and guidelines as to the process for approval of payments. Recommend each project has a separate general ledger account with relevant budget. Ensure appropriate number of quotations are obtained for additional services required to complete the project or advertise RFT/RFQ for project management services.</p> <p>Paxon Recommendation 8 - Invoices for contracts and tenders should have a copy of the current price schedule attached to the invoice to show that the invoice charges have been checked to the price schedule.</p> <p>Paxon Recommendation 9 - All Contracts and Tenders extensions granted must be supported by formal documentation. All Contracts and Tenders extensions granted must be supported by a formal documented mutual agreement by both parties. Documented and scheduled contractor review to be included in contract terms, with a final contractor performance carried out prior to contract expiry and extensions. Develop a template to seek approval for extension including justification and also provides an analysis of the contract, to determine whether the extension is a change of scope of the original contract. Extensions must be processed in a timely manner before the expiration of the current contract and only if an extension option is included in the original contract.</p>

Date Undertaken	Purpose	Scope	Outcome
			<p>Paxon Recommendation 10 - Delegations and Procurement policies and procedures should be amended to include specific delegation limits for approval of contract extensions.</p> <p>Paxon Recommendation 11 - Develop a process for the custodian of the contracts register to review the register on a regular basis to ensure tendering process is commenced in a timely manner to avoid unnecessary contract extensions.</p>
December 2017	<b>Internal Light Fleet Audit (KPMG)</b>	<ul style="list-style-type: none"> <li>Review the utilisation, purchase and operating costs of Shire of Mundaring light fleet vehicles (including utility vehicles) inclusive of commuting and private use costs.</li> <li>Review and consider Shire of Mundaring's fleet policies, in light of industry best practice approaches and identify similarities and opportunities for improvement.</li> <li>Examine fleet performance against readily available industry comparators and benchmarks; and</li> </ul> <p>Develop and provide recommendations for improving the performance of the fleet</p>	<p><b>ARC5.08.18</b></p> <p>KPMG Recommendation 1 – Select and trial logbooks or an integrated Fleet Management System to collect evidence based data required to effectively assess, manage and optimise the fleet.</p> <p>KPMG Recommendation 2 - Consider reducing fleet size by not purchasing all planned vehicles in FY18 and FY19. In particular, these could come from reallocation of vehicles with low utilisation in the Recreation &amp; Leisure and Community Safety &amp; Emergency Management departments or Operations and Rangers callout vehicles.</p> <p>KPMG Recommendation 3 - To enable future fleet reductions, ensure vehicles are pooled consistently to optimise utilisation opportunities within and across service teams.</p> <p>KPMG Recommendation 4 - Refresh Policies and Procedures to include procurement guidelines, call out definitions and ensure adherence to requirements.</p> <p>KPMG Recommendation 5 - Consider vehicle leasing including Novated Leasing o</p> <p>KPMG Recommendation 6 - Standardise the vehicle specifications and fleet composition of vehicles predominantly for private use.</p> <p>KPMG Recommendation 6 - Standardise the vehicle specifications and fleet composition.</p> <p>KPMG Recommendation 7 - Review HR Policies and future employment entitlements regarding provision of vehicles for private and commuting use.</p>
March 2016	<b>Internal Procurement Audit (Deloitte)</b>	<ul style="list-style-type: none"> <li>Review organisational structures, business processes and systems in procurement to prevent/minimise opportunities for misconduct.</li> <li>Review systems, controls and practices to identify incidences of noncompliance with</li> </ul>	<p><b>DARC2.07.16</b></p> <p>Finding 1 - Limited guidance provided in the tender processes (Risk – Critical)</p> <p>Finding 2 - Insufficient guidance to ensure consistent use of purchase orders across the organisation (Risk – Critical)</p> <p>Finding 3 - Lack of robust conflict of interest process for employees involved in procurement activities (Risk – Important)</p> <p>Finding 4 - Expense policy document has not been developed (Risk – Important)</p> <p>Finding 5 - A robust contract management system is not in place (Risk – Important)</p> <p>Finding 6 - Financial Delegations of Authority have not been clearly communicated or applied consistently (Risk – Important)</p>

Date Undertaken	Purpose	Scope	Outcome
		<p>legislation and procurement procedures.</p> <p>Review reporting and management practices for identified or suspected non-compliance and misconduct.</p>	<p>Finding 7 - System controls with Online Requisitioning System (OLR) are insufficient to support the purchasing system (Risk – Important)</p> <p>Finding 8 - Purchasing card spend is not appropriately controlled (Risk – Important)</p> <p>Finding 9 - Limited review of system changes as audit logs are not reviewed (Risk – Moderate)</p> <p>Finding 10 - Vendor master data file maintenance (Risk – Moderate)</p> <p>Finding 11 - Petty cash policy not in place (Risk – Minor)</p>

## 8.3 Operating Risk Register

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<b>File Code</b>	RM.RAS 1
<b>Author</b>	Elizabeth Nicholls, Governance Co-ordinator
<b>Senior Employee</b>	Garry Bird, Director Corporate Services
<b>Disclosure of Any Interest</b>	Nil
<b>Attachments</b>	1. Operating Risk Register - Risk Dashboard <a href="#">↓</a>

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### SUMMARY

That the Audit and Risk Committee note the Operating Risk Register (Register) (**Attachment 1**).

### BACKGROUND

An item was presented to the Audit and Risk Committee meeting held 22 February 2022 regarding the Strategic Risks Review. The Committee determined:

*That this item be deferred to the 26 April 2022 Committee Meeting to allow the Committee to consider these risks in conjunction with the Operating Risk Register, scheduled for consideration at that meeting.*

As part of the Shire's greater focus on risk management in general, this document has been updated from the internal Risk Management Committee Meeting.

### STATUTORY / LEGAL IMPLICATIONS

Nil

### POLICY IMPLICATIONS

Risks are considered and measured in accordance with the Shire's Risk Management Policy.

### FINANCIAL IMPLICATIONS

There are no perceived financial implications arising from the Recommendation.

### STRATEGIC IMPLICATIONS

Mundaring Strategic Community Plan 2020 - 2030

Priority 4 - Governance

Objective 4.4 – High standard of governance and accountability

Strategy 4.4.3 – Risks are well managed

### SUSTAINABILITY IMPLICATIONS

There are no perceived sustainability implications arising from the Recommendation.

### RISK IMPLICATIONS

<b>Risk:</b> Officers do not review the Operating Risk Register on a regular basis consistent with
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the Shire's Strategic risk.		
<b>Likelihood</b>	<b>Consequence</b>	<b>Rating</b>
Possible	Moderate	Low
<b>Action / Strategy</b>		
That Officers review the Shire's Operating Risk Register regularly and presented to the Audit and Risk Committee for noting.		

## EXTERNAL CONSULTATION

Nil

## COMMENT

The Register is an operational document used by Staff and is to be read in conjunction with the Strategic Risk Register (also presented to the Audit and Risk Committee for consideration at this meeting). The Register has been provided in a static pdf format for the purposes of this meeting however it is used by Staff in an editable spreadsheet with increased functionality.

The Register includes the following headings/ themes:

1. Asset Sustainability Practices (Asset Sustainability)
2. Business and Continuity Disruption (Business Disruption)
3. Failure to Fulfil Compliance Requirements (Statutory, Regulatory) (Compliance)
4. Document Management Processes (Document Management)
5. Employment Practices
6. Engagement Practices (Engagement)
7. Environment Management (Environment)
8. Error, Omissions and Delays
9. External Theft and Fraud (incl. Cyber Crime)
10. Management of Facilities, Venues and Events (Facilities/ Venues)
11. IT, Communication Systems and Infrastructure (IT and Communications)
12. Misconduct
13. Project/ Change Management
14. Safety and Security Practices (Safety and Security)
15. Supplier and Contract Management (Supplier/ Contract)

The Operational Risk Register is considered by Staff on a rolling basis and is attached for Committee Member noting.

## **VOTING REQUIREMENT**

Simple Majority

<b>RECOMMENDATION</b>
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That the Committee notes the Operating Risk Register as attached.

Due to time constraints, Item 8.3 “Operating Risk Register”, Item 8.4 “ Strategic Risks Review” and Confidential Item 10.1 “ Office of the Auditor General – Cyber Security Audit” will be considered at the next Audit and Risk Committee meeting scheduled for Tuesday, 17 May 2022.

Mundaring Measures of Consequence								
Rating	PEOPLE (Staff & Public)		INTERRUPTION TO SERVICE	REPUTATION (Social / Community)	COMPLIANCE	PROPERTY (Plant, Equipment, Buildings)	NATURAL ENVIRONMENT	FINANCIAL IMPACT
	Physical	Psychological						
Insignificant 1	Negligible injuries	Temporary, no leave taken, short term impact with full recovery	No material service interruption Less than 1 hour	Unsubstantiated, localised low impact on community trust, low profile or no media item.	No noticeable regulatory or statutory impact	Inconsequential damage.	Contained, reversible impact managed by on site response	Less than \$10,000
Minor 2	First Aid injuries	Sick leave, short term impact, recovery 1-3 weeks	Short term temporary interruption – backlog cleared < 1 day	Substantiated, localised impact on community trust or low media item	Some temporary non-compliance	Localised damage rectified by routine internal procedures	Contained, reversible impact managed by internal response	\$10,000 - \$100,000
Moderate 3	Lost time injury less than 10 Days	Significant, non-permanent, longer term illness, recovery 1-6 months	Medium term temporary interruption – backlog cleared by additional resources < 1 week	Substantiated, public embarrassment, moderate impact on community trust or moderate media profile	Short term non-compliance but with significant regulatory requirements imposed	Localised damage requiring external resources to rectify	Contained, reversible impact managed by external agencies	\$100,001 to \$350,000
Major 4	Lost time injury more than 10 Days	Longer term illness, severe trauma, extended incapacity	Prolonged interruption of services – additional resources; performance affected < 1 month	Substantiated, public embarrassment, widespread high impact on community trust, high media profile, third party actions	Non-compliance results in termination of services or imposed penalties to Shire / Officers	Significant damage requiring internal & external resources to rectify	Uncontained, reversible impact managed by a coordinated response from external agencies	\$350,000 to \$2.0M
Extreme 5	Fatality, permanent disability	Death, permanent severely disabling illness, e.g. Post-Traumatic Stress Disorder	Indeterminate prolonged interruption of services non-performance > 1 month	Substantiated, public embarrassment, widespread loss of community trust, high widespread multiple media profile, third party actions	Non-compliance results in litigation, criminal charges or significant damages or penalties to Shire / Officers	Extensive damage requiring prolonged period of restitution Complete loss of plant, equipment & building	Uncontained, irreversible impact	>\$2.0M

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

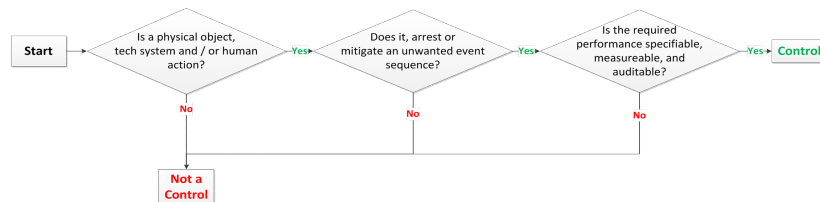
Risk Matrix					
	Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)
Almost Certain (5)	Moderate (5)	High (15)	High (15)	Extreme (20)	Extreme (25)
Likely (4)	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)
Possible (3)	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
Unlikely (2)	Low (2)	Low (4)	Moderate (6)	Moderate (8)	High (10)
Rare (1)	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)

Risk Acceptance Criteria

Risk Rank	Description	Criteria	Responsibility
LOW	Acceptable	Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring	Supervisor / Team Leader
MODERATE	Monitor	Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring	Service Manager
HIGH	Urgent Attention Required	Risk acceptable with excellent controls, managed by senior management / executive and subject to monthly monitoring	Executive Leadership Team
EXTREME	Unacceptable	Risk only acceptable with excellent controls and all relevant plans to be required and implemented where possible managed by highest level of authority and subject to continuous monitoring	CEO / Council

Existing Controls Ratings

Rating	Foreseeable	Description
Effective	There is little scope for improvement.	Processes (Controls) operating as intended and / or aligned to Policies & Procedures; are subject to ongoing maintenance and monitoring and are being continuously reviewed and tested.
Adequate	There is some scope for improvement.	Whilst some inadequacies have been identified: Processes (Controls) are in place, are being addressed / complied with and are subject to periodic review and testing.
Inadequate	A need for corrective and / or improvement actions exist.	Processes (Controls) not operating as intended, do not exist, or are not being addressed / complied with, or have not been reviewed or tested for some time.



Shire of Mundaring

Risk Dashboard Report October 2018

<a href="#">Asset Sustainability Practices</a>		Risk	Control
		High	Effective
Current Actions	Due Date	Responsibility	
#REF!	#REF!	#REF!	
#REF!	#REF!	#REF!	
#REF!	#REF!	#REF!	
#REF!	#REF!	#REF!	

<a href="#">Business &amp; Community Disruption</a>		Risk	Control
		Not Material	Not Rated
Current Actions	Due Date	Responsibility	
#REF!	#REF!	#REF!	
#REF!	#REF!	#REF!	
#REF!	#REF!	#REF!	
#REF!	#REF!	#REF!	

<a href="#">Failure to Fulfil Compliance Requirements (Statutory, Regulatory)</a>		Risk	Control
		Moderate	Effective
Current Actions	Due Date	Responsibility	
#REF!	#REF!	#REF!	
#REF!	#REF!	#REF!	

<a href="#">Document Management Processes</a>		Risk	Control
		Moderate	Effective
Current Actions	Due Date	Responsibility	
#REF!	#REF!	#REF!	
#REF!	#REF!	#REF!	

<a href="#">Employment Practices</a>		Risk	Control
		Moderate	Adequate
Current Actions	Due Date	Responsibility	
#REF!	#REF!	#REF!	
#REF!	#REF!	#REF!	
#REF!	#REF!	#REF!	

<a href="#">Engagement Practices</a>		Risk	Control
		Not Material	Not Rated
Current Actions	Due Date	Responsibility	
#REF!	#REF!	#REF!	
#REF!	#REF!	#REF!	

<a href="#">Environment Management</a>		Risk	Control
		Moderate	Adequate
Current Actions	Due Date	Responsibility	
#REF!	#REF!	#REF!	
#REF!	#REF!	#REF!	

<a href="#">Errors, Omissions and Delays</a>		Risk	Control
		Not Material	Not Rated
Current Actions	Due Date	Responsibility	
#REF!	#REF!	#REF!	
#REF!	#REF!	#REF!	

<a href="#">External Theft and Fraud (Inc. Cyber Crime)</a>		Risk	Control
		Moderate	Adequate
Current Actions	Due Date	Responsibility	
Implement automatic shutdown of all network machines at 1am or 3 am to ensure all updates and Limit unsupervised access to server room to IT staff only.	Aug-21	Manager IT	
Use Compliance Criteria in RFQs and RFTs to specify that suppliers agree with our IT security	Aug-21	Manager IT	
#REF!	#REF!	#REF!	

<a href="#">Management of Facilities, Venues and Events</a>		Risk	Control
		High	Effective
Current Actions	Due Date	Responsibility	
#REF!	#REF!	#REF!	
#REF!	#REF!	#REF!	

<a href="#">IT, Communication Systems and Infrastructure</a>		Risk	Control
		Moderate	Adequate
Current Actions	Due Date	Responsibility	
#REF!	#REF!	#REF!	
#REF!	#REF!	#REF!	
#REF!	#REF!	#REF!	

<a href="#">Misconduct</a>		Risk	Control
		Not Material	Effective
Current Actions	Due Date	Responsibility	

<a href="#">Project / Change Management</a>		Risk	Control
		Moderate	Adequate
Current Actions	Due Date	Responsibility	
#REF!	#REF!	#REF!	
#REF!	#REF!	#REF!	
#REF!	#REF!	#REF!	

<a href="#">Safety and Security Practices</a>		Risk	Control
		Moderate	Adequate
Current Actions	Due Date	Responsibility	
#REF!	#REF!	#REF!	
#REF!	#REF!	#REF!	
#REF!	#REF!	#REF!	
#REF!	#REF!	#REF!	

<a href="#">Supplier and Contract Management</a>		Risk	Control
		Not Material	Not Rated
Current Actions	Due Date	Responsibility	
#REF!	#REF!	#REF!	
#REF!	#REF!	#REF!	

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To add additional Actions cells, insert a new line, click in the last of the existing cells above and drag down. This will bring the formulas into the new cells.



## Strategic Risks

Sep-21

Risk Description	Risk Category	Key Risk Consequences	Likelihood	Consequence	Risk Level	Tolerance	Key Controls	Control Rating
Lack of planning for , responding to and recovery from COVID-19 Pandemic and global impact	Health / Economic	Health impact (society) Economic impact (society) Financial impact (Shire) Environmental benefit Interruption to service People	Almost certain	Major	Extreme	Attention required	Federal / State Public Health and COVID-19 Directives implemented with focus on relief and recovery requirements and critical service provision; Local Recovery and Relief- Committee and Initiatives including subcommittees (community & economic); Sector- wide Lobbying and Advocacy; OP-30 Pandemic Leave, OP-22 COVID-19 in the Workplace.	Effective
Lack of planning for responding to and recovery from major natural disasters ie. Bushfire/flooding	Health / Environmental	Financial People Natural environment Interruption to service Property Reputation	Unlikely	Extreme	High	Attention required	State and Local Emergency Management Arrangements Business Continuity Plan Workforce Plan (skills in emergency management) LPS4 and relevant policies Bushfire mitigation service Volunteer bushfire brigades MOU with DFES Bushfire Area Access Strategy	Effective
Major economic shifts, e.g. global financial crisis	Economic	Financial impact (positive and negative) Impact on community Loss of service	Unlikely	Moderate	Moderate	Monitor	LTFP; Integrated planning processes.	Effective
Core changes to local government - e.g. rating powers, boundary changes, LG Act and other State legislation	Political	Financial impact - revenue Compliance Interruption to service	Possible	Major	High	Attention required	LTFP; Sector wide lobbying and advocacy strategy e.g. WALGA; Input into LG Act review; Actively monitor legislative changes; Stakeholder relationship management plan.	Effective
Inability to manage community expectations for increased service levels based on capacity to deliver	Political	Reputation	Almost certain	Moderate	High	Attention required	LTFP; Strategic Community Plan; Community Engagement Framework; Community Perception Survey Resident and Ratepayers Forums Ongoing communication around existing capacity and services.	Adequate
Breakdown of relationship and/or structural service changes with key external stakeholders eg WALGA & State Government	Political	Financial impact - revenue Interruption to service Reputation	Unlikely	Major	Moderate	Monitor	Stakeholder Relationship Management Plan; EMRC Establishment Agreement; WALGA Zone membership.	Adequate
Breakdown of relationship with the EMRC.	Financial / Service	Financial impact - revenue Interruption to service	Possible	Major	High	Attention required	Membership of EMRC. Relationships with Swan and Kalamunda Stakeholder Relationship Management Plan Waste Reserve EMRC Establishment Agreement	Adequate
The Strategic Community Plan fails to meet community expectations.	Political	Reputation	Possible	Moderate	Moderate	Monitor	IPR framework Community Engagement Strategy to develop SCP	Adequate
Breakdown of corporate governance controls, including systems, procedures, training and reporting	Governance	Financial Compliance Reputation	Unlikely	Extreme	High	Attention required	Systems, procedures, training and reporting. Governance Framework, Annual compliance audit return, internal and external audits, Audit and Risk Committee (ARC). External membership on ARC.	Effective

Attachment 1 to Report 8.3

Corporate governance failure - breakdown in relationship between councillors/staff; Council/CEO; and between councillors	<b>Governance</b>	Reputation Financial Compliance	<b>Unlikely</b>	<b>Moderate</b>	<b>Moderate</b>	<b>Monitor</b>	Codes of Conduct Legislative separation of power regular President/CEO liaison CEO annual performance review process Induction programs for elected members and staff, Admin-01 Communications between Elected Members and Employees Complaints Management Policy	<b>Adequate</b>
Harmful effects of unregulated broadcast channels (e.g. social media) which can distort Shire communications and increase spread of disinformation	<b>Governance</b>	Reputation People	<b>Almost certain</b>	<b>Moderate</b>	<b>High</b>	<b>Attention required</b>	Social Media Operational Plan and adequate resourcing; Use of Social Media OP-40 Code of Conduct Training of staff and elected members.	<b>Adequate</b>
State government changes to fees, levies, rebates, cost shifting, and unfunded service requirements	<b>Financial</b>	Financial impact - revenue and expenditure Reputation	<b>Likely</b>	<b>Moderate</b>	<b>High</b>	<b>Attention required</b>	LTFFP; Sector wide lobbying and advocacy strategy e.g. WALGA. Communicate local impact assessment of state and federal budgets	<b>Adequate</b>
Increased waste management costs due to variations in world recycling markets and state government waste initiatives	<b>Financial</b>	Financial impact Environmental impact	<b>Possible</b>	<b>Major</b>	<b>High</b>	<b>Attention required</b>	LTFFP; Regional Waste Education Steering Group; Waste Plan Participation in EMRC	<b>Adequate</b>
Reduced external grants e.g. Roads to Recovery, Financial Assistance Grants	<b>Financial</b>	Financial impact	<b>Possible</b>	<b>Moderate</b>	<b>Moderate</b>	<b>Attention required</b>	LTFFP/AMP/Integrated planning process; Lobbying and advocacy e.g. via ALGA, WALGA; Evaluation/accreditation.	<b>Adequate</b>
Inability to fund Asset Management Plans at appropriate service levels	<b>Financial</b>	Financial	<b>Unlikely</b>	<b>Moderate</b>	<b>Moderate</b>	<b>Monitor</b>	LTFFP/Integrated planning; Rigour of Council prioritisation; Rigour of project management; Asset Management Plans.	<b>Effective</b>
Lack of planning and delivery of protection and conservation of natural areas	<b>Environmental</b>	Financial Natural Environment Property Reputation	<b>Possible</b>	<b>Moderate</b>	<b>Moderate</b>	<b>Monitor</b>	LPS4 Development of Conservation Strategy Friends Group Strategy Eastern Region Catchment Management Program Dedicated landcare and verge weed control teams	<b>Effective</b>
Inadequate local plans and response to impacts of Climate Change	<b>Environmental</b>	Environment People Financial	<b>Likely</b>	<b>Major</b>	<b>High</b>	<b>Attention required</b>	Local Climate Change Adaptation Action Plan; Regional Climate Change Adaptation Action Plan; LPS4; Drainage capacity program; Annual reporting on the Energy Emissions Reduction Strategy; Council Policy on Environment; Climate Emergency Declaration.	<b>Effective</b>
Workforce not fit for purpose to deliver organisational outcomes and services	<b>Workforce</b>	People Financial Interruption of service	<b>Unlikely</b>	<b>Moderate</b>	<b>Moderate</b>	<b>Monitor</b>	Regular service reviews; Workforce Plan; Integrated Planning process.	<b>Effective</b>
Industrial action/staff turnover due to failure to negotiate industrial agreements	<b>Workforce</b>	Financial impact Interruption of service Reputation	<b>Unlikely</b>	<b>Major</b>	<b>Moderate</b>	<b>Monitor</b>	LTFFP; Workforce Plan (WFP); Engage IR support; Fair Work Commission.	<b>Effective</b>
Business interruption (systems, people, facilities) e.g. cyber security breaches, loss of building	<b>Interruption to Service</b>	People Interruption of service	<b>Possible</b>	<b>Moderate</b>	<b>Moderate</b>	<b>Monitor</b>	Business Continuity Plan; Insurance, annual reviews; CBP; Asset Management Plan; Local Emergency Management resources; Cyber security systems and controls.	<b>Effective</b>

Asset Sustainability Practices				Jun-21									
Failure or reduction in service of infrastructure assets, plant, equipment or machinery. These include fleet, buildings, roads, playgrounds, boat ramps and all other assets during their lifecycle from procurement to disposal.													
Areas included in the scope are; -Inadequate design (not fit for purpose) -Ineffective usage (down time) -Outputs not meeting expectations -Inadequate maintenance activities. -Inadequate financial management and planning (capital renewal plan). <i>It does not include issues with the inappropriate use of the Plant, Equipment or Machinery. Refer Misconduct.</i>													
Potential causes include:													
Skill level & behaviour of operators				Unavailability of parts									
Lack of trained staff				Lack of formal or appropriate scheduling (maintenance / inspections)									
Outdated equipment				Unexpected breakdowns									
Insufficient budget to maintain or replace assets													
				Controls Assurance									
Key Controls				Type	Date	Rating	Control Owner	Control is documented?	Control is understood?	Control is up to date?	Control is relevant?	Control data, quality & integrity have been validated?	Comments
Inadequate funding for capital renewal projects over the life of the LTFP (as opposed to new works)													
Routine maintenance schedules for infrastructure items (roads, bridges, drainage, footpaths), parks and reserves, buildings, fleet and equipment.				Preventative	Nov-20	Effective	Manager Design Services						
Asset register is reviewed and updated at least annually.				Preventative	Nov-20	Effective	Manager Design Services						
Asset replacement schedules developed for relevant items.				Preventative	Nov-20	Effective	Manager Design Services						
Reactive maintenance program.				Recovery	Nov-20	Effective	Manager Design Services						
Assets Officer monitors and assists with developing and maintaining renewal programs.				Preventative	Nov-20	Effective	Manager Design Services						
Ongoing review and update of asset management documents including strategy, individual AMPs and renewal programs.				Preventative	Nov-20	Effective	Manager Design Services						
Review of the LTFP, CBP and 10yr capital works program as part of the annual budget process.				Preventative	Nov-20	Effective	Manager Design Services						
Utilisation of networks via IPWEA NAMS program, WALGA and departmental circulars/updates.				Preventative	Nov-20	Effective	Manager Design Services						
Fair Value adjustment undertaken in 3yr cycle for plant, land, buildings and infrastructure assets, including condition assessment and review of remaining useful life (RUL).				Preventative	Nov-20	Effective	Manager Design Services						
Regular workshops and training with elected members on LTFP, asset management indicators and capital works programming.				Preventative	Nov-20	Effective	Manager Design Services						
Not managing the transfer of responsibility to Shire ownership of new assets with due regard to fit for purpose, condition and ongoing future operating costs (subdivision assets, boardwalks etc.)													
Internal multi-disciplinary team assesses requirements and budgeting for new assets from external developments.				Preventative	Nov-20	Adequate	Manager Design Services						
Developers required to submit detailed plans for Shire approval, regular inspections during construction with 12 to 24 month defect periods before full handover to the Shire.				Preventative	Nov-20	Adequate	Manager Design Services						
New assets are constructed to Shire and other relevant standards.				Preventative	Nov-20	Effective	Manager Design Services						
Asset register is reviewed and updated at least annually.				Preventative	Nov-20	Effective	Manager Design Services						
Operating expenses reviewed annually as part of the budget process.				Preventative	Nov-20	Adequate	Manager Design Services						
Significant new assets identified in the CBP, LTFP and future capital works.				Preventative	Nov-20	Effective	Manager Design Services						
Fair Value adjustment undertaken in 3yr cycle for plant, land, buildings and infrastructure assets, including condition assessment and review of remaining useful life (RUL).				Preventative	Nov-20	Effective	Manager Design Services						
Regular workshops and training with elected members on LTFP, asset management indicators and capital works programming.				Preventative	Nov-20	Effective	Manager Design Services						
Increased building operational costs because of climate change													
Building energy efficiency measures.				Preventative	Nov-20	Adequate	Manager Building Assets						

Rationalisation of inefficient buildings.	Preventative	Nov-20	Inadequate	Manager Building Assets						
Investigation of improved, energy efficient and robust materials during the design process for new and existing buildings.	Preventative	Nov-20	Adequate	Manager Building Assets						
Overall Control Ratings: Effective										
Current Actions		Due Date	Responsibility	Status of Actions					Comments	
Consequence Category	Risk Ratings		Rating	Has the Risk Rating Changed since the last review?					Comments	
Service interruption, Financial, Reputation	Consequence:		Major	Consequence: Constant						
	Likelihood:		Possible	Likelihood: Constant						
	Overall Risk Ratings:		High	Risk rating trend since last review					↔	
Indicators	Type	Guidelines		Result			Better or worse than Tolerance	Trend since last review?	Comments	

Comments	Comments	

Business & Community Disruption				Aug-21							
Failure to adequately prepare and respond to events that cause disruption to the local community and / or normal business activities. This could be a natural disaster, weather event, or an act carried out by an external party (e.g. sabotage / terrorism). This includes; -Lack of (or inadequate) emergency response / business continuity plans. -Lack of training for specific individuals or availability of appropriate emergency response. -Failure in command and control functions as a result of incorrect initial assessment or untimely awareness of incident. -Inadequacies in environmental awareness and monitoring of fuel loads, curing rates etc <i>This does not include disruptions due to IT Systems or infrastructure related failures - refer "Failure of IT &amp; communication systems and infrastructure".</i>											
<b>Potential causes include;</b>											
Cyclone, storm, fire, earthquake		Extended utility outage									
Terrorism / sabotage / criminal behaviour		Economic Factors									
Epidemic / Pandemic		Loss of Key Staff									
Loss of suppliers		Loss of key infrastructure									
Climate change											
Controls Assurance											
Key Controls		Type	Date	Rating	Control Owner	Control is documented?	Control is understood?	Control is up to date?	Control is relevant?	Control data, quality & integrity have been validated?	Comments
Significant emergency event (such as Wooroloo bushfire) involving loss of property resulting in increased application workload, pressure on staff and community sensitivity relating to approvals and processes for clearing and rebuilding.											
Continue to apply and encourage bushfire risk mitigation measures for new development		Preventative	Mar-21	Effective	Manager Community Safety & Emergency Management						
Continue to support responsible fuel load reduction around existing properties, informed by DFES guidelines and bushfire science		Preventative	Mar-21	Effective	Manager Community Safety & Emergency Management						
Training for staff in having difficult conversations and dealing with people in distress		Preventative	Mar-21	Effective	Manager HR						
Maintain support through appropriate agencies for staff dealing repeatedly with residents who are grieving loss of property, family members, pets or environmental features		Responsive	Mar-21	Effective	Manager HR						
Access additional staff and resources, e.g. part-time staff, perhaps even from other LGs if required		Responsive	Mar-21	Effective	Manager HR						
Lack of available skilled staff/contractors.											
Leadership Team members are actively engaged in annual Workforce planning processes		Preventative	Aug-21	Adequate	Manager HR						
Timely and strategic recruitment is undertaken to fill vacancies and new positions		Responsive	Aug-21	Adequate	Manager HR						
Multi-skilling/job rotation/continuous development of employees within and across services		Preventative	Aug-21	Adequate	Manager HR						
Register of key staff/positions maintained and reviewed annually		Preventative	Aug-21	Inadequate	Manager HR						
Labour hire agency staff and contractors are engaged as required to meet short term needs		Responsive	Aug-21	Effective	Manager HR						
Workplace of choice and retention strategies		Preventative	Aug-21	Effective	Manager HR						
Employees receive regular training related to responding to emergencies		Preventative	Aug-21	Adequate	Manager HR						
Employee Wellbeing Program		Preventative	Aug-21	Adequate	Manager HR						
Employee Assistance Program		Responsive	Aug-21	Effective	Manager HR						
Business Continuity Plan enacted in response to an event likely to cause business disruption		Responsive	Aug-21	Effective	Manager HR						
Contract management practices		Preventative	Aug-21	Adequate	Manager HR						
Insufficient numbers of VBFB volunteers											
VBFB's have continued to maintain a dedicated longstanding core group of members and of their own accord (supported by SoM and DFES) undertake recruitment activities.		Preventative	Sep-21	Adequate	Manager Community Safety, Emergency Services						
SoM continued support, administration, effective resourcing and governance of VBFB's. Continue to update and maintain equipment.		Preventative	Sep-21	Effective	Manager Community Safety, Emergency Services						

Business & Community Disruption				Aug-21						
Brigade callout schedules can be adjusted across SoM and other nearby LGA brigades. (Should a temporary shortage of volunteers within a particular VBFB occur).	Preventative	Sep-21	Effective	Manager Community Safety, Emergency Services						
<b>Risk of business continuity arising from a pandemic.</b>										
Regular review and testing of our existing BCP and LEMA plans/Arrangements	Preventative	Sep-21	Adequate	Manager Community Safety, Emergency Services						
Horizon planning in relation to communicable diseases.	Preventative	Sep-21	Adequate	Manager Community Safety, Emergency Services						
Local Emergency Management Arrangements and processes, (that align with National /State/District Emergency management arrangements)	Responsive & Preventative	Sep-21	Adequate	Manager Community Safety, Emergency Services						
Refer to Procedure Admin-47 COVID-19 in the Workplace and OSH-02 Fitness for Work.	Responsive & Preventative	Sep-21	Adequate	Manager Community Safety, Emergency Services						
<b>Risk of interruption to service due to response and recovery activities.</b>										
LEMA Recovery sub-plan in place which is regularly tested via exercising and activation	Responsive & Preventative	Sep-21	Adequate	Manager Community Safety, Emergency Services						
State recovery arrangements in place to assist local governments where scale of incident and impact is likely to overwhelm local resources. Note these partly leverage Commonwealth assistance.	Responsive	Sep-21	Adequate	Manager Community Safety, Emergency Services						
Disaster Recovery Funding Arrangements (DRFA).	Responsive	Sep-21	Adequate	Manager Community Safety, Emergency Services						
<b>Failing to provide continuity of waste collection and...</b>										
Overall Control Ratings:			Not Rated							
			Not Rated							
Current Actions		Due Date	Responsibility	Status of Actions				Comments		
Consequence Category		Risk Ratings		Rating	Has the Risk Rating Changed since the last review?				Comments	
Service Interruption / Reputation		Consequence:		Not Material	Consequence: Constant					
		Likelihood:		Not Material	Likelihood: Constant					
		Overall Risk Ratings:		Not Material	Risk rating trend since last review				↔	
Indicators	Type	Guidelines		Result			Better or worse than Tolerance	Trend since last review?	Comments	

Business & Community Disruption		Aug-21		
Comments			Comments	



Failure to Fulfil Compliance Requirements (Statutory, Regulatory)				Aug-21							
Failure to correctly identify, interpret, assess, respond and communicate laws and regulations as a result of an inadequate compliance framework. This includes, new or proposed regulatory and legislative changes, in addition to the failure to maintain updated internal & public domain legal documentation. It includes (amongst others) the Local Government Act, Planning & Development Act, Health Act, Building Act, Dog Act, Cat Act, Freedom of Information Act and all other legislative based obligations for Local Government.											
It does not include Occupational Safety & Health Act (refer "Inadequate safety and security practices") or any Employment Practices based legislation (refer "Ineffective Employment practices").											
Potential causes include:											
Lack of training, awareness and knowledge		Lack of Legal Expertise									
Staff Turnover		No Compliance Officer or person responsible for Compliance oversight and enforcement									
Inadequate record keeping/ failure of corporate electronicsystems		Breakdowns in the tender or procurement process									
Ineffective policies & processes		Ineffective monitoring of changes to legislation									
Impulsive decision making		Attitudinal problems									
Councillor turnover											
				Controls Assurance							
Key Controls		Type	Date	Rating	Control Owner	Control is documented?	Control is understood?	Control is up to date?	Control is relevant?	Control data, quality & integrity have been validated?	Comments
Non-compliance with the Local Government Act											
Dedicated governance service to provide oversight and advice in terms of compliance with the LG Act.		Preventative	Mar-22	Effective	Manager Finance & Governance						
Comprehensive suite of policies, procedures and guidelines are reviewed, updated and available to all staff.		Preventative	Mar-22	Effective	Manager Finance & Governance						
Governance induction for all new permanent employees.		Preventative	Mar-22	Effective	Manager Finance & Governance						
Utilisation of networks and advisory services via Department, Governance Network, departmental circulars/updates and legal advice.		Preventative	Mar-22	Effective	Manager Finance & Governance						
Ongoing professional development for key staff, namely Executives and Governance, to ensure currency of knowledge of LG Act and Regulations.		Preventative	Mar-22	Effective	Manager Finance & Governance						
External and internal audits (formal and informal), annual Compliance Audit Return and self assessments against OAG's performance audit reports.		Preventative	Mar-22	Effective	Manager Finance & Governance						
Non-compliance with tax legislation in relation to FBT and GST											
Subscription to WALGA tax advisory service.		Preventative	Mar-22	Effective	Manager Finance & Governance						
Ongoing professional development and training for Finance staff.		Preventative	Mar-22	Effective	Manager Finance & Governance						
Recruitment and retention of qualified and experienced Finance employees.		Preventative	Mar-22	Effective	Manager Finance & Governance						
Non-compliance with Australian Accounting Standards in terms of financial reporting and accounting for revenue and expenses											
Recruitment and retention of qualified and experienced Finance employees.		Preventative	Mar-22	Effective	Manager Finance & Governance						
Ongoing professional development and training of Finance staff to maintain currency of knowledge.		Preventative	Mar-22	Effective	Manager Finance & Governance						
Sourcing industry financial reporting templates developed by external industry specialists.		Preventative	Mar-22	Effective	Manager Finance & Governance						
Annual financial audit undertaken by the OAG.		Detective	Mar-22	Effective	Manager Finance & Governance						
Non-compliance with building standards and regulations for testing of RCDs, emergency and exit lights, fire equipment, backflow devices, platform lifts, fall prevention etc.											
Planned scheduled testing		Preventative	Nov-20	Adequate	Manager Building Assets						
Regular update bulletins through the OSH Officer		Preventative	Nov-20	Adequate	Manager Building Assets						
Training of staff in other areas (ie Building Services)		Preventative	Nov-20	Adequate	Manager Building Assets						

## Attachment 1 to Report 8.3

Engagement of qualified contractors	Preventative	Nov-20	Effective	Manager Building Assets						
<b>Non-compliance with the changes to the <i>Bush Fire Regulations 1954</i> in relation to the requirement to have a fire detection person at hand on Total Fire Ban days for works near bush areas.</b>										
Ongoing training for key staff	Preventative	Nov-20	Inadequate	Manager Operations Services						
Assistance from Shire Fire Safety staff	Preventative	Nov-20	Effective	Manager Operations Services						
Alternative work for affected works crews	Preventative	Nov-20	Effective	Manager Operations Services						
Appropriately trained fire detection person with water truck to be present	Preventative	Nov-20	Effective	Manager Operations Services						
Work on a different site on Total Fire Ban days	Preventative	Nov-20	Effective	Manager Operations Services						
<b>Inconsistent service delivery of statutory functions, including inconsistent or incorrect information provided to customers by frontline staff.</b>										
Formally qualified staff in the Building and Environmental Health areas are called upon	Preventative	Mar-21	Effective	Manager Building and Health						
FAQs for ARC telephone enquiries staff	Preventative	Mar-21	Effective	Manager Building and Health						
Software to track statutory functions (APS, CARS)	Preventative	Mar-21	Effective	Manager Building and Health						
Training and professional development for staff to ensure currency of knowledge	Preventative	Mar-21	Effective	Manager Building and Health						
Service inductions for all new staff	Preventative	Mar-21	Effective	Manager Building and Health						
Internal audits and self-assessments against OAG performance audit reports	Detective	Mar-21	Effective	Manager Building and Health						
Networking with colleagues in other local governments	Preventative	Mar-21	Effective	Manager Building and Health						
<b>Operation of businesses trading unregulated and/or solely through social media - in a way as to deliberately avoid detection by regulators (e.g. Airbnb: addresses are withheld; closed Facebook group food businesses; etc.), resulting in an inability for officers to properly investigate.</b>										
Acting on complaints	Responsive	Mar-21	Inadequate	Manager Building and Health						
Communications campaign about the need to contact and register with the Shire	Preventative	Mar-21	Inadequate	Manager Building and Health						
<b>Errors in administration and decision-making due to capability of staff, rapid changes in legislation (complexity; workload).</b>										
Qualified / experienced staff in Planning and Environment Services	Preventative	Mar-21	Effective	Manager Planning & Environment						
Software to track and guide statutory functions (APS, CARS)	Preventative	Mar-21	Effective	Manager Planning & Environment						
Training and ongoing professional development for staff to ensure currency of knowledge (particularly bushfire)	Preventative	Mar-21	Effective	Manager Planning & Environment						
Documented staff peer review of assessments	Detective	Mar-21	Effective	Manager Planning & Environment						
Effective and timely communication with team members	Preventative	Mar-21	Effective	Manager Planning & Environment						
Internal audits and self-assessments	Detective	Mar-21	Effective	Manager Planning & Environment						
Networking with colleagues in other local governments and attendance at industry briefings/events	Preventative	Mar-21	Effective	Manager Planning & Environment						
Flexible working arrangements within the team	Responsive	Mar-21	Effective	Manager Planning & Environment						
<b>The extent of non-compliance with the Shire's LPS 4 is unknown, which could lead to extensive unauthorised works and irreversible environmental damage.</b>										
The Shire <i>passively</i> enforces aspects of the planning framework and depends on community complaints/concerns to initiate most compliance matters	Responsive	Mar-21	Adequate	Manager Planning & Environment						
Compliance officer, on advice from the Manager of Planning, prioritises matters raised of significant non-compliance particularly on matters representing 'irreversible risks' or public safety issues	Preventative	Mar-21	Effective	Manager Planning & Environment						
Environmental conditions are captured within the workflow system and Environment staff pro-actively follow up priority environmental conditions imposed on approvals	Responsive	Mar-21	Effective	Manager Planning & Environment						
Staff available to answer enquiries / phone calls in relation to what type of works require approval	Preventative	Mar-21	Effective	Manager Planning & Environment						

Attachment 1 to Report 8.3

<b>Rapid changes to strategic direction (at state or local level) could undermine the ability of Strategic Planning / Environment to deliver committed strategic projects on time and within budget/</b>											
Prioritise State Government requests for comment on reform that relate to the Shire	Responsive	Mar-21	Adequate	Manager Planning & Environment							
Liaise regularly with DPLH to ensure strategic projects fulfil the state framework and expectations (obtain advice in writing where possible)	Responsive	Mar-21	Effective	Manager Planning & Environment							
Manage Council and community expectations and update project plans to reflect realistic and achievable targets	Preventative	Mar-21	Effective	Manager Planning & Environment							
Advise Council, when required, about operational limits of the Shire and when additional strategic initiatives could be pursued	Preventative	Mar-21	Effective	Manager Planning & Environment							
<b>Failure to meet legislative requirements (IR, OSH, EEO etc.) may result in industrial disputation; employee disengagement and/or industrial action; penalties and adverse publicity.</b>											
Employment related Organisational Practices, Procedures and Guidelines	Preventative	Aug-21	Adequate	Manager HR							
Industrial and legal advisors are engaged as required	Responsive	Aug-21	Effective	Manager HR							
Required employee certifications are verified and monitored	Preventative	Aug-21	Effective	Manager HR							
Training, including compliance and refresher training, is provided	Preventative	Aug-21	Effective	Manager HR							
Professional development is provided and supported	Preventative	Aug-21	Effective	Manager HR							
<b>Compliance risk arising from withdrawal/significant reduction of MAF funding resulting in inability to fund initial and ongoing mitigation works identified as required within the Shire's Bushfire</b>											
Maximise available MAF grant applications to ensure that large scale and ongoing treatments are maintenance and initial larger scale works	Preventative	Sep-21	Effective	Manager Community Safety, Emergency Services							
Continuation of pre existing Mitigation program funded through municipal budget	Preventative	Sep-21	Adequate	Manager Community Safety, Emergency Services							
<b>Non-compliance with Educational and Care Services National Law.</b>											
Child Care Coordinators and senior Educators hold Nominated Supervisor Certificates to provide oversight and advice in terms of compliance with the Education and Care Services National Law and Regulations (WA) 2012	Preventative	Sep-21	Effective	Manager Children Services							
Comprehensive Child Care specific policies and procedures reflect the National Quality Standard (NQS) and are reviewed, update and available to all Child Care staff and Family Day Care Educators.	Preventative	Sep-21	Effective	Manager Children Services							
Comprehensive Service Level Induction for all new Child Care staff and Educators (casual and permanent and Family Day Care Educators)	Preventative	Sep-21	Effective	Manager Children Services							
Utilisation of WA Education and Care Regulatory Unit (ECRU), industry networks and legal services for compliance advice and support	Preventative	Sep-21	Effective	Manager Children Services							
Ongoing professional development for all Child Care Coordinators and Educators to ensure currency of knowledge of the Education and Care Services National Law and Regulations (WA) 2012, including the requirements of the NQS	Preventative	Sep-21	Effective	Manager Children Services							
Child Care procedures, training and drills in place to respond to emergencies, including training in First Aid, Asthma, Anaphylaxis and Child Protection	Preventative	Sep-21	Effective	Manager Children Services							
Internal audits (formal and informal) and self-assessments against NQS through Quality Improvement Plan (QIP).	Detective	Sep-21	Effective	Manager Children Services							
Formal External audits; Random ECRU Compliance Spot Checks, ECRU Assessment and Rating process (every 3 years) and City of Swan annual Food Audits.	Detective	Sep-21	Effective	Manager Children Services							
<b>Non-compliance with Child Care Subsidy System requirements.</b>											
Subscriptions to compliant Child Care Subsidy System (CCSS) software packages: QIKKIDS and Harmony.	Preventative	Sep-21	Effective	Manager Children Services							
Ongoing professional development and software update training for Child Care Finance staff.	Preventative	Sep-21	Effective	Manager Children Services							
Recruitment and retention of qualified and experienced Finance staff	Preventative	Sep-21	Effective	Manager Children Services							
Formal external audits of CCSS compliance by Department of Education, Skills and Employment (DESE)	Detective	Sep-21	Effective	Manager Children Services							
<b>Non-compliance with staffing ratios of suitably qualified Child Care Educators</b>											
Recruitment and retention of suitably qualified and experienced Educators	Preventative	Sep-21	Effective	Manager Children Services							
Traineeships for Certificate 3 Early Childhood Educators offered to 'grow' own Educators	Responsive	Sep-21	Effective	Manager Children Services							

Attachment 1 to Report 8.3

Study support offered to current Educators to upgrade qualifications.	Responsive	Sep-21	Effective	Manager Children Services						
Partnership with Educator Relief Agencies for Relief Educators	Responsive	Sep-21	Effective	Manager Children Services						
Loss of current Family Day Care Educators and/or failure to recruit new Educators										
Dedicated Family Day Care (FDC) Recruitment Officer drives recruitment of Educators using a range of media and modalities.	Preventative	Sep-21	Adequate	Manager Children Services						
FDC Coordination Unit staff provide comprehensive support to ensure Educator retention.	Responsive	Sep-21	Adequate	Manager Children Services						
Ongoing professional development and home visits support Educators be effective in their role.	Responsive	Sep-21	Effective	Manager Children Services						
Membership with FDC WA and FDC Australia ensures wider marketing exposure to attract and retain Educators	Responsive	Sep-21	Effective	Manager Children Services						
Failure to meet qualitative and quantitative funding requirements										
Dedicated service Coordinators provide oversight over all activities, gather required data and complete all reporting requirements in line with funding schedules.	Preventative	Sep-21	Effective	Manager Children Services						
Service Manager and Finance Team Leader complete funding acquittals and all required financial reporting in line with funding schedules.	Preventative	Sep-21	Effective	Manager Children Services						
Overall Control Ratings:			Effective							
Current Actions		Due Date	Responsibility	Status of Actions					Comments	
Consequence Category	Risk Ratings		Rating	Has the Risk Rating Changed since the last review?					Comments	
Reputation, Compliance, Financial, Property	Consequence:		Moderate	Consequence:					Constant	
	Likelihood:		Possible	Likelihood:					Constant	
	Overall Risk Ratings:		Moderate	Risk rating trend since last review					↔	
Indicators	Type	Guidelines		Result			Better or worse than Tolerance Level?	Trend since last review?	Comments	
Comments				Comments						

<p>Risk to be considered at a later stage, when State Government plans are more advanced: Introduction of full private building certification. Control should be: lobbying the Building Commission with our concerns: job losses, risk of corruption.</p>	<p>Meanwhile</p>	
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Document Management Processes				Jun-21							
Failure to adequately capture, store, archive, retrieve, provide or dispose of documentation. This includes: -Contact lists. -Procedural documents, personnel files, complaints. -Applications, proposals or documents. -Contracts. -Forms or requests.											
Potential causes include:											
Spreadsheet/database/document corruption or loss		Outdated record keeping practices									
Inadequate access and / or security levels		Lack of system/application knowledge									
Inadequate Storage facilities (including climate control)		High workloads and time pressures									
High Staff turnover		Standard Operating Policies not followed									
Incompatible systems		Incomplete Authorisation Trails									
Lack of awareness of the State Records Act		Lack of awareness of use of network drives and folders									
Historical legacies											
Controls Assurance											
Key Controls		Type	Date	Rating	Control Owner	Control is documented?	Control is understood?	Control is up to date?	Control is relevant?	Control data, quality & integrity have been validated?	Comments
Failure to adequately capture, store, archive, retrieve, provide or dispose of records.											
Dedicated Information Management service to provide oversight and advice in terms of records management.		Preventative	Mar-22	Effective	Manager Finance & Governance						
Compliant electronic records management system (Infocub) is in place and maintained to capture incoming and outgoing correspondence and records.		Preventative	Mar-22	Effective	Manager Finance & Governance						
Up to date record-keeping plan which is reviewed at least every 5 years in accordance with the State Records Act.		Preventative	Mar-22	Effective	Manager Finance & Governance						
Document security access (physical and electronic) in place.		Preventative	Mar-22	Effective	Manager Finance & Governance						
Ongoing awareness training and education provided to staff by the Team Leader Information Management.		Preventative	Mar-22	Effective	Manager Finance & Governance						
Documented disposal and retention schedule and processes are in place for physical records.		Preventative	Mar-22	Effective	Manager Finance & Governance						
Records induction for all new councillors and employees who use the records management system.		Preventative	Mar-22	Effective	Manager Finance & Governance						
Overall Control Ratings:				Effective							
Current Actions			Due Date	Responsibility	Status of Issues / Actions / Treatments						Comments
Consequence Category		Risk Ratings		Rating	Has the Risk Rating Changed since the last review?						Comments
Compliance / Reputation		Consequence:		Insignificant	Consequence:				Constant		
		Likelihood:		Almost Certain	Likelihood:				Constant		
		Overall Risk Ratings:		Moderate	Risk rating trend since last review				↔		
Indicators		Type	Guidelines		Result				Better or worse than Tolerance Level?	Trend since last review?	Comments

Comments	Comments	

Employment Practices				Aug-21							
Failure to effectively manage and lead human resources (full-time, part-time, casuals, temporary and volunteers). This includes: -Not having appropriately qualified or experienced people in the right roles. -Insufficient staff numbers to achieve objectives. -Breaching employee regulations. -Discrimination, harassment & bullying in the workplace. -Poor employee wellbeing (causing stress). -Key person dependencies without effective succession planning in place. -Industrial action											
Potential causes include											
Leadership failures		Ineffective performance management programs or procedures									
Key / single-person dependencies		Limited staff availability - labour market conditions									
Poor internal communications / relationships		Inadequate induction practices									
Ineffective Human Resources policies, procedures and practices		Inconsistent application of policies									
Controls Assurance											
Key Controls	Type	Date	Rating	Control Owner	Control is documented?	Control is understood?	Control is up to date?	Control is relevant?	Control data, quality & integrity have been validated?	Comments	
Failure to have appropriately qualified or experienced people in leadership roles to cover for leave and long term absences.											
Provide ongoing training for staff	Preventative	Nov-20	Adequate	Manager Operations Services							
Succession planning	Preventative	Nov-20	Inadequate	Manager Operations Services							
Staff rotation and multi-skilling	Preventative	Nov-20	Adequate	Manager Operations Services							
Recruitment practices	Preventative	Nov-20	Adequate	Manager Operations Services							
Inability to attract and/or retain Environmental Health and Building staff.											
Cadet program mitigates this risk, being a pathway to qualification and retention	Preventative	Mar-21	Effective	Manager Building and Health							
Professional development opportunities	Preventative	Mar-21	Effective	Manager Building and Health							
Competitive employment conditions	Preventative	Mar-21	Effective	Manager Building and Health							
Lack of strategic alignment between business priorities, approved service levels and staffing allocation.											
Key staff are actively engaged in annual integrated planning processes, including workforce planning	Preventative	Aug-21	Adequate	Manager HR							
Strategic service level reviews are undertaken biennially (major and minor IPR reviews)	Preventative	Aug-21	Adequate	Manager HR							
Multiskilling/continuous learning facilitates temporary reallocation of resources to address increased demand	Preventative	Aug-21	Adequate	Manager HR							
Individual performance planning and review undertaken twice a year	Preventative	Aug-21	Adequate	Manager HR							
Program of business process improvement through review teams eg Keep It Simple	Responsive	Aug-21	Adequate	Manager HR							
Service level reviews undertaken in line with Strategic Community Plan reviews	Preventative	Aug-21	Inadequate	Manager HR							
Overall Control Ratings:			Adequate								
Current Actions		Due Date	Responsibility	Status of Actions						Comments	
Consequence Category	Risk Ratings		Rating	Has the Risk Rating Changed since the last review?						Comments	
	Consequence:		Moderate	Consequence:						Constant	
	Likelihood:		Possible	Likelihood:						Constant	
	Overall Risk Ratings:		Moderate	Risk rating trend since last review						↔	



Indicators	Type	Guidelines	Result	Better or worse than Tolerance Level?	Trend since last review?	Comments

Comments	Comments	

Engagement Practices				Jun-21							
<p>Failure to maintain effective working relationships with the Community (including local Media), Stakeholders, Key Private Sector Companies, Government Agencies and / or Elected Members. This includes activities where communication, feedback or consultation is required and where it is in the best interests to do so. For example;</p> <p>-Following up on any access &amp; inclusion issues</p> <p>-Infrastructure Projects</p> <p>-Local planning initiatives</p> <p>-Strategic planning initiatives</p> <p><i>This does not include instances whereby Community expectations have not been met for standard service provisions such as Community Events, Library Services and / or Bus/Transport services.</i></p>											
<b>Potential causes include;</b>											
Relationship breakdowns with community groups		Short lead times									
Leadership inattention to current issues		Miscommunication / poor communication									
Inadequate documentation or procedures		Inadequate Regional or District Committee attendance.									
Budget / funding issues		Inadequate involvement with, or support of community groups									
Geographic distance		Media attention									
Controls Assurance											
Key Controls		Type	Date	Rating	Control Owner	Control is documented?	Control is understood?	Control is up to date?	Control is relevant?	Control data, quality & integrity have been validated?	Comments
Reduced trust in the Shire and its operations due to a lack of information provided to the community.											
Access to up to date Council decisions provided via meeting minutes. These are published online with hard copies available at front counter and libraries.		Responsive	Jun-21	Adequate	Manager Libraries and Community Engagement						
Communications team work with relevant service areas to develop news stories and media releases.		Preventative	Jun-21	Effective	Manager Libraries and Community Engagement						
Monthly community update page published in the local newspaper.		Preventative	Jun-21	Effective	Manager Libraries and Community Engagement						
Employment of qualified communications staff.		Preventative	Jun-21	Effective	Manager Libraries and Community Engagement						Adopted C11.12.18)
Shire supported Residents and Ratepayers forums held on a regular basis.		Preventative	Jun-21	Effective	Manager Libraries and Community Engagement						
Community Engagement team have established working relationships across the Shire and work to build new connections.		Preventative	Jun-21	Effective	Manager Libraries and Community Engagement						
Process in place to ensure Shire website is kept up to date with latest information.		Preventative	Jun-21	Adequate	Manager Libraries and Community Engagement						
Shire is active in sharing information on its various social media accounts.		Preventative	Jun-21	Effective	Manager Libraries and Community Engagement						
Timely response to media enquiries.		Responsive	Jun-21	Effective	Manager Libraries and Community Engagement						
Responding to misinformation on social media.											
Misinformation on social media is corrected where relevant.		Responsive	Jun-21	Adequate	Manager Libraries and Community Engagement						
Shire is active in sharing information on its various social media accounts.		Preventative	Jun-21	Effective	Manager Libraries and Community Engagement						
Communications team monitor community based social media accounts where possible.		Responsive	Jun-21	Adequate	Manager Libraries and Community Engagement						
Reduced community resilience and connection leading to an inability to self-determine and an over-reliance on the Shire and its services.											

Attachment 1 to Report 8.3

Delivery of capacity building workshops in order to develop skills and abilities.	Preventative	Jun-21	Effective	Manager Libraries and Community Engagement						
Establishment and support of various advisory groups.	Preventative	Jun-21	Adequate	Manager Libraries and Community Engagement						
Facilitation of a community grants program.	Preventative	Jun-21	Adequate	Manager Libraries and Community Engagement						
Community Engagement team presence across the Shire.	Preventative	Jun-21	Effective	Manager Libraries and Community Engagement						
Shire staff to seek funding to support delivery of initiatives.	Responsive	Jun-21	Effective	Manager Libraries and Community Engagement						
Library outreach programs provided (eg to Wooroloo community and seniors services).	Preventative	Jun-21	Effective	Manager Libraries and Community Engagement						
Variety of informing strategies developed with active community consultation.	Responsive	Jun-21	Adequate	Manager Libraries and Community Engagement						
Shire activates its Local Emergency Management Arrangements and convenes the Local Relief and Recovery Committee, as well as relevant community, environment, finance and infrastructure subcommittees in order to determine a localised and community driven response.	Responsive	Jun-21	Effective	Manager Libraries and Community Engagement						
Overall Control Ratings:			Not Rated							
Current Actions		Due Date	Responsibility	Status of Actions					Comments	
Consequence Category	Risk Ratings		Rating	Has the Risk Rating Changed since the last review?					Comments	
Reputation	Consequence:		Not Material	Consequence:					Constant	
	Likelihood:		Not Material	Likelihood:					Constant	
	Overall Risk Ratings:		Not Material	Risk rating trend since last review					↔	
Indicators	Type	Guidelines		Result		Better or worse than Tolerance Level?	Trend since last review?	Comments		

Comments		Comments	

Environment Management				Jun-21							
Inadequate prevention, identification, enforcement and management of environmental issues. The scope includes; -Lack of adequate planning and management of coastal erosion issues. -Failure to identify and effectively manage contaminated sites (including groundwater usage). -Waste facilities (landfill / transfer stations). -Weed & mosquito / Vector control. -Ineffective management of water sources (reclaimed, potable) -Illegal dumping. -Illegal clearing / land use.											
<b>Potential causes include:</b>											
Inadequate management of landfill sites		Inadequate reporting / oversight frameworks									
Lack of understanding / knowledge		Community apathy									
Inadequate local laws / planning schemes		Differing land tenure (land occupancy or ownership conditions)									
Prolific extractive industry (sand, limestone, etc)		Competing land use (growing population vs conservation)									
Poor management of contaminated sites		Weed and pest management difficulties									
Clandestine drug labs disposing of chemicals illegally		Bio-diversity hotspots									
Weather events / natural disasters		Fuel or chemical spills									
Climate change		Illegal firewood collection / burning / hunting									
Complex legislation											
				Controls Assurance							
Key Controls		Type	Date	Rating	Control Owner	Control is documented?	Control is understood?	Control is up to date?	Control is relevant?	Control data, quality & integrity have been validated?	Comments
Public perception around chemical weed spraying methods											
Provide appropriate signage.		Preventative	Nov-20	Adequate	Manager Operations Services						
Wear appropriate PPE.		Preventative	Nov-20	Adequate	Manager Operations Services						
Use chemicals to manufacturer's specification and MSDS instructions.		Preventative	Nov-20	Adequate	Manager Operations Services						
Overall Control Ratings:				Adequate							
Current Actions			Due Date	Responsibility	Status of Actions						Comments
Consequence Category		Risk Ratings		Rating	Has the Risk Rating Changed since the last review?						Comments
Environment, Reputation, Financial		Consequence:		Moderate	Consequence: Constant						
		Likelihood:		Possible	Likelihood: Constant						
		Overall Risk Ratings:		Moderate	Risk rating trend since last review						↔
Indicators		Type	Guidelines		Result			Better or worse than Tolerance Level?	Trend since last review?	Comments	

Comments	Comments	

Errors, Omissions and Delays				Jun-21																			
<div>Errors, omissions or delays in operational activities as a result of unintentional errors or failure to follow due process including incomplete, inadequate or inaccuracies in advisory activities to customers or internal staff. Examples include;</div> <div>-Incorrect planning, development, building, community safety and Emergency Management advice</div> <div>-Incorrect health or environmental advice</div> <div>-Inconsistent messages or responses from Customer Service Staff</div> <div>-Any advice that is not consistent with legislative requirements or local laws.</div> <div>-Human error</div> <div>-Inaccurate recording, maintenance, testing or reconciliation of data.</div> <div>-Inaccurate data being used for management decision-making and reporting.</div> <div>-Delays in service to customers</div> <div><i>This excludes process failures caused by inadequate / incomplete procedural documentation - refer "Inadequate Document Management Processes".</i></div>																							
<div>Potential causes include:</div> <table><tr><td>Human error</td><td>Incorrect information</td></tr><tr><td>Inadequate formal procedures or training</td><td>Miscommunication</td></tr><tr><td>Lack of trained staff</td><td>Work pressure / stress</td></tr><tr><td>Poor use of check sheets / FAQ's</td><td>Lack of understanding</td></tr><tr><td>Unrealistic expectations from community, council or management</td><td>Health issues</td></tr><tr><td>Poor internal communication between teams</td><td>Historical decisions / advice</td></tr><tr><td>Disconnect between financial receipting and systems</td><td>Complex legislation</td></tr><tr><td>Changes to legislation</td><td></td></tr></table>								Human error	Incorrect information	Inadequate formal procedures or training	Miscommunication	Lack of trained staff	Work pressure / stress	Poor use of check sheets / FAQ's	Lack of understanding	Unrealistic expectations from community, council or management	Health issues	Poor internal communication between teams	Historical decisions / advice	Disconnect between financial receipting and systems	Complex legislation	Changes to legislation	
Human error	Incorrect information																						
Inadequate formal procedures or training	Miscommunication																						
Lack of trained staff	Work pressure / stress																						
Poor use of check sheets / FAQ's	Lack of understanding																						
Unrealistic expectations from community, council or management	Health issues																						
Poor internal communication between teams	Historical decisions / advice																						
Disconnect between financial receipting and systems	Complex legislation																						
Changes to legislation																							
Controls Assurance																							
Key Controls	Type	Date	Rating	Control Owner	Control is documented?	Control is understood?	Control is up to date?	Control is relevant?	Control data, quality & integrity have been validated?	Comments													
Overall Control Ratings:			Not Rated																				
Current Actions		Due Date	Responsibility	Status of Actions						Comments													
Consequence Category	Risk Ratings		Rating	Has the Risk Rating Changed since the last review?						Comments													
Reputation / Compliance	Consequence:		Not Material	Consequence:						Constant													
	Likelihood:		Not Material	Likelihood:						Constant													
	Overall Risk Ratings:		Not Material	Risk rating trend since last review						↔													
Indicators	Type	Guidelines		Result				Better or worse than Tolerance Level?	Trend since last review?	Comments													



Comments	Comments	

External Theft and Fraud (inc. Cyber Crime)				Jul-21						
<div>Loss of funds, assets, data or unauthorised access, (whether attempted or successful) by external parties, through any means (including electronic), for the purposes of;</div> <div>-Fraud: benefit or gain by deceit</div> <div>-Malicious Damage: hacking, deleting, breaking or reducing the integrity or performance of systems</div> <div>-Theft: stealing of data, assets or information</div>										
<b>Potential causes include;</b>										
Inadequate security of equipment / supplies / cash		Inadequate provision for patrons belongings								
Robbery		Lack of Supervision								
Scam Invoices		Collusion with internal staff								
Cyber crime										
				Controls Assurance						
Key Controls	Type	Date	Rating	Control Owner	Control is documented?	Control is understood?	Control is up to date?	Control is relevant?	Control data, quality & integrity have been validated?	Comments
<b>Falling victim to external fraud (e.g. phishing scam)</b>										
Written requests to change bank account details for suppliers and employees are confirmed via a telephone call to the supplier or employee to an existing phone number according to the Shire's records.	Preventative	Mar-22	Effective	Manager Finance and Governance						
On-line training cyber security training and testing provided to all staff.	Preventative	Apr-22	Effective	Manager Finance and Governance						
Audit Trail of all changes to Employee records is independently checked on a fortnightly basis.	Preventative	May-22	Adequate	Manager Finance and Governance						
<b>Falling victim to internal fraud</b>										
Segregation of purchasing requisitions and approval process.	Preventative	Mar-22	Effective	Manager Finance and Governance						
New supplier details verification process.	Preventative	Mar-22	Adequate	Manager Finance and Governance						
Segregation of payment approval process.	Preventative	Mar-22	Effective	Manager Finance and Governance						
All invoices for payment are reviewed by Finance Manager and Accountant before payment.	Preventative	Mar-22	Effective	Manager Finance and Governance						
Audit Trail of all changes to supplier records is independently checked on a weekly basis.	Detective	Mar-22	Adequate	Manager Finance and Governance						
Police clearance required from all new staff appointed to relevant positions.	Preventative	Mar-22	Adequate	Manager Finance and Governance						
<b>Theft or damage to equipment or buildings within the Operations Centre</b>										
Valuable equipment locked away.	Preventative	Nov-20	Adequate	Manager Operations services						
Vehicles and buildings locked.	Preventative	Nov-20	Adequate	Manager Operations services						
Security system upgrade.	Preventative	Nov-20	Inadequate	Manager Operations services						
Janitor to ensure all buildings, sheds and gates are locked at the end of each working day.	Preventative	Nov-20	Adequate	Manager Operations services						
<b>Groups in receipt of Shire funding do not manage this funding in line with community funding policy, guidelines and agreements.</b>										
Grant recipients required to provide detailed acquittal reports.	Preventative	Jun-21	Effective	Manager Libraries and Community Engagement						
Dedicated Shire officer to manage grant programs.	Preventative	Jun-21	Effective	Manager Libraries and						
Groups in receipt of recurrent funding (via deed of agreement) required to provide KPI and financial reports at six-monthly intervals.	Preventative	Jun-21	Effective	Manager Libraries and Community Engagement						
Manager Libraries and Community Engagement in regular contact with groups receiving recurrent funding. Dedicated review meeting also held.	Preventative	Jun-21	Effective	Manager Libraries and Community Engagement						

External Theft and Fraud (inc. Cyber Crime)				Jul-21						
Clear guidelines provided to groups related to grant accountability and the process related to acquittal.	Preventative	Jun-21	Effective	Manager Libraries and Community Engagement						
Timelines for acquittal provided with Shire staff following up groups who do not meet this requirement.	Responsive	Jun-21	Effective	Manager Libraries and Community Engagement						
Review of acquittals by competent staff to ensure originally intended outcomes are achieved.	Detective	Jun-21	Effective	Manager Libraries and Community Engagement						
Failure to adequately acquit means groups are not able to apply to future grant rounds.	Preventative	Jun-21	Effective	Manager Libraries and Community Engagement						
<b>Malicious acts against Shire IT network and systems; cyber theft, data breaches, hacking, ransomware/crypto-attacks, network vulnerability, malicious access or distribution of digital information, denial of service attacks, information manipulation, social engineering.</b>										
Perimeter protection – firewalls; intrusion prevention; web browsing protection; sandboxing – to cleanse data before entering SOM network; GEO-blocking, web server protection	Preventative	Jul-21	Effective	Manager IT						
Email filtering, spam protection, virus scanning	Detective	Jul-21	Effective	Manager IT						
Internal security – network segmentation; network demarcation, mobile device management; end point protection, real time scanning, tamper protection	Preventative	Jul-21	Effective	Manager IT						
Patch management – regular manual and automatic updates to firewalls, switches, servers and software; conduct penetration testing	Preventative	Jul-21	Effective	Manager IT						
Multi-factor authentication; single sign on; complex password policy; authorisation and authentication controls for access (virtual and physical)	Preventative	Jul-21	Adequate	Manager IT						
Cyber training as part of induction; running phishing threats, follow up training; online cyber training (being developed)	Detective	Jul-21	Adequate	Manager IT						
Additional vulnerability software and services to detect weaknesses (being developed)	Detective	Jul-21	Adequate	Manager IT						
Overall Control Ratings:			Adequate							
Current Actions		Due Date	Responsibility	Status of Actions					Comments	

Consequence Category	Risk Ratings		Rating	Has the Risk Rating Changed since the last review?			Comments
Financial / Reputation	Consequence:	Moderate		Consequence:	Constant		
	Likelihood:	Possible		Likelihood:	Constant		
	Overall Risk Ratings:	Moderate		Risk rating trend since last review		↔	
Indicators	Type	Guidelines		Result	Better or worse than Tolerance Level?	Trend since last review?	Comments

External Theft and Fraud (inc. Cyber Crime)		Jul-21	
Comments		Comments	

Management of Facilities, Venues and Events				Jun-21							
<div>Failure to effectively manage the day to day operations of facilities, venues and / or events. This includes;</div> <div>-Inadequate procedures in place to manage quality or availability.</div> <div>-Poor crowd control</div> <div>-Ineffective signage</div> <div>-Booking issues</div> <div>-Stressful interactions with hirers / users (financial issues or not adhering to rules of use of facility)</div> <div>-Inadequate oversight or provision of peripheral services (e.g.. cleaning / maintenance)</div>											
<b>Potential causes include:</b>											
Double bookings		Traffic congestion or vehicles blocking entry or exit									
Illegal / excessive alcohol consumption		Insufficient time between bookings for cleaning or maintenance									
Bond payments poorly managed		Difficulty accessing facilities / venues.									
Inadequate oversight or provision of peripheral services (e.g.. cleaning / maintenance)		Poor service from contractors (such as catering or cleaning)									
Falsifying hiring agreements (alcohol on site / lower deposit)		Renovations									
Unaccompanied minors/children		Animal Contamination									
Failed chemical / health requirements											
Key Controls				Type	Date	Rating	Controls Assurance				
				Control Owner	Control is documented?	Control is understood?	Control is up to date?	Control is relevant?	Control data, quality & integrity have been validated?	Comments	
<b>Drowning / Permanent Injury at Lake Leschenaultia</b>											
Signage around the main beach areas warning of aquatic based dangers using both text and infographics to cater for visitors that do not read English.	Preventative	Apr-21	Effective	Manager Recreation and Leisure							
Staff procedures, training and drills in place to respond to aquatic incidents.	Responsive	Apr-21	Effective	Manager Recreation and Leisure							
Park staff have first aid and advanced resuscitation training	Responsive	Apr-21	Effective	Manager Recreation and Leisure							
Rescue tubes located at swimming beaches and on dam wall for use by public to assist in rescues.	Responsive	Apr-21	Effective	Manager Recreation and Leisure							
Additional staff member employed on days of high attendance to monitor, supervise and respond to aquatic incidents.	Preventative	Apr-21	Effective	Manager Recreation and Leisure							
Canoe/stand up paddle board (SUP) hire requires wearing of personal floatation devices.	Preventative	Apr-21	Effective	Manager Recreation and Leisure							
All canoe/SUP hirers receive safety briefing	Preventative	Apr-21	Effective	Manager Recreation and Leisure							
Underage canoe hirers have to have at least one responsible person 16yo or older in the canoe at all times.	Preventative	Apr-21	Effective	Manager Recreation and Leisure							
All canoe hire staff have first aid and advanced resicitation training.	Responsive	Apr-21	Effective	Manager Recreation and Leisure							
Shire motorised rescue boat available at all times canoe hire is open to respond to incidents.	Responsive	Apr-21	Effective	Manager Recreation and Leisure							
<b>Death / Permanent injury from bushfire at Lake Leschenaultia</b>											
Public access to Lake Leschenaultia closed on days with Fire Danger Rating of Severe, Extreme or Catastrophic.	Preventative	Apr-21	Effective	Manager Recreation and Leisure							
Public access to Lake Leschenaultia campground closed on days with Fire Danger Rating of Extreme or Catastrophic.	Preventative	Apr-21	Effective	Manager Recreation and Leisure							
Communication process in place to advise potential visitors of lake closure due to Fire Danger Ratings of Severe or above.	Preventative	Apr-21	Effective	Manager Recreation and Leisure							
Communication process in place to advise campers of lake campground closure due to Fire Danger Ratings of Extreme or above.	Preventative	Apr-21	Effective	Manager Recreation and Leisure							
Restrictions for camp fires follow DFES fire ratings and advice from SoM Community Safety staff.	Preventative	Apr-21	Effective	Manager Recreation and Leisure							
All culverts around the lake support all firefighting appliances and enable full access around the park.	Preventative	Apr-21	Effective	Manager Recreation and Leisure							
Staff procedures, training and drills in place for emergency response and evacuation of park.	Responsive	Apr-21	Effective	Manager Recreation and Leisure							
Maintained range of emergency exit tracks and gates around the park can be used by staff or campers to allow alternative egress in an emergency.	Responsive	Apr-21	Effective	Manager Recreation and Leisure							
All campers have their own front gate key and emergency exit gate key to enable egress in an emergency.	Responsive	Apr-21	Effective	Manager Recreation and Leisure							

Attachment 1 to Report 8.3

Volunteer camp ground caretakers trained to assist with afterhours campground evacuation.	Responsive	Apr-21	Effective	Manager Recreation and Leisure						
<b>Drowning / Permanent injury at Aquatic Centres</b>										
Staffing levels meet the Code of Practice for the Design, Construction, Operation, Management and Maintenance of Aquatic Facilities.	Preventative	Apr-21	Effective	Manager Recreation and Leisure						
All aquatic staff have current qualifications required for their position.	Preventative	Apr-21	Effective	Manager Recreation and Leisure						
Effective procedures and regular training provided for staff.	Preventative	Apr-21	Effective	Manager Recreation and Leisure						
Competent, effective supervision and emergency response by staff.	Responsive	Apr-21	Effective	Manager Recreation and Leisure						
Pool water is maintained to the required health regulation standards.	Preventative	Apr-21	Effective	Manager Recreation and Leisure						
Facility lighting meets the required lighting standards for low light use.	Preventative	Apr-21	Effective	Manager Recreation and Leisure						
Pool surrounds maintained to minimise aquatic incidents (slips, trips, falls into water).	Preventative	Apr-21	Effective	Manager Recreation and Leisure						
Pool Rules in place and policed (eg children under 5yo need a parent/guardian in the water with them; no dangerous behaviour on pool deck etc.).	Preventative	Apr-21	Effective	Manager Recreation and Leisure						
Comprehensive Aquatic Facility Operation Manual maintained and updated annually.	Preventative	Apr-21	Effective	Manager Recreation and Leisure						
Annual operational safety review by Royal Lifesaving Society WA Branch and recommendations followed.	Preventative	Apr-21	Effective	Manager Recreation and Leisure						
Aquatic staff undertake emergency drills throughout the season.	Preventative	Apr-21	Effective	Manager Recreation and Leisure						
In-term and VacSwim emergency drills at the start of each program.	Preventative	Apr-21	Effective	Manager Recreation and Leisure						
Signed agreement with Dept of Education mandates supervision levels and processes for In-term and VacSwim programs.	Preventative	Apr-21	Effective	Manager Recreation and Leisure						
Shire ensures schools attending the centre have the required supervision levels and processes in place.	Preventative	Apr-21	Effective	Manager Recreation and Leisure						
All emergency response equipment serviced and maintained as required by Code of Practice.	Preventative	Apr-21	Effective	Manager Recreation and Leisure						
<b>Death / Permanent injury from chemical exposure at Aquatic Centres</b>										
All aquatic staff have current qualifications for the handling and use of chemicals at aquatic centres.	Preventative	Apr-21	Effective	Manager Recreation and Leisure						
Regular staff training and drills in place for competent, effective handling and use of chemicals.	Preventative	Apr-21	Effective	Manager Recreation and Leisure						
Required staffing levels in place when handling selected chemicals.	Preventative	Apr-21	Effective	Manager Recreation and Leisure						
Protective equipment serviced regularly and in good working order.	Preventative	Apr-21	Effective	Manager Recreation and Leisure						
Automated chemical dosing systems used and serviced regularly.	Preventative	Apr-21	Effective	Manager Recreation and Leisure						
Automated chemical shutdown systems and alarms in place, maintained and serviced regularly.	Preventative	Apr-21	Effective	Manager Recreation and Leisure						
Storage regulations and practices in place and strictly adhered to.	Preventative	Apr-21	Effective	Manager Recreation and Leisure						
Suppliers certified to supply and handle chemicals.	Preventative	Apr-21	Effective	Manager Recreation and Leisure						
Chemical storage and use audited by Dept of Mines, Industry Regulation and Safety; recommendations followed.	Detective	Apr-21	Effective	Manager Recreation and Leisure						
Chemical handling and storage forms part of the annual Royal Life Saving Society WA Branch review; recommendations followed.	Detective	Apr-21	Effective	Manager Recreation and Leisure						
Appropriate choice of sanitation chemical system used at Bilgoman (chlorine gas) and Mt Helena (sodium hypochlorite).	Preventative	Apr-21	Effective	Manager Recreation and Leisure						
Appropriate storage location of chemicals at Bilgoman (next to vacant land) and Mt Helena (furthest point from school grounds).	Preventative	Apr-21	Effective	Manager Recreation and Leisure						
<b>Death / Permanent injury at Hudman Reserve Quarry</b>										
Access roads locked with Shire padlocks.	Preventative	Apr-21	Adequate	Manager Recreation and Leisure						
Warning signs for pedestrians located in quarry area.	Preventative	Apr-21	Effective	Manager Recreation and Leisure						

Appropriate number and location of warning signs.	Preventative	Apr-21	Inadequate	Manager Recreation and Leisure						
Fencing along to of quarry faces to protect from falls.	Preventative	Apr-21	Inadequate	Manager Recreation and Leisure						
Fencing at base of quarry faces to create safety zone.	Preventative	Apr-21	Inadequate	Manager Recreation and Leisure						
Undertake engineering works to make faces of quarries safe for use.	Preventative	Apr-21	Inadequate	Manager Recreation and Leisure						
Rescond manageent order and return quarry to State Government.	Preventative	Apr-21	Inadequate	Manager Recreation and Leisure						
Overall Control Ratings:			Effective							
Current Actions		Due Date	Responsibility	Status of Actions						Comments
Consequence Category	Risk Ratings		Rating	Has the Risk Rating Changed since the last review?						Comments
Reputation	Consequence:		Extreme	Consequence: Constant						
	Likelihood:		Possible	Likelihood: Constant						
	Overall Risk Ratings:		High	Risk rating trend since last review						↔
Indicators	Type	Guidelines		Result	Better or worse than Tolerance Level?	Trend since last review?	Comments			

Comments	Comments	



IT, Communication Systems and Infrastructure				Jul-21							
<div>Instability, degradation of performance, or other failure of IT or communication system or infrastructure causing the inability to continue business activities and provide services to the community. This may or may not result in IT Disaster Recovery Plans being invoked. Examples include failures or disruptions caused by: -Hardware or software -Networks -Failures of IT Vendors This also includes where poor governance results in the breakdown of IT maintenance such as; -Configuration management -Performance monitoring  This does not include new system implementations - refer "Inadequate Project / Change Management".</div>											
<b>Potential causes include:</b>											
Weather impacts		Non-renewal of licences									
Power outage on site or at service provider		Inadequate IT incident, problem management & Disaster Recovery									
Out-dated, inefficient or unsupported hardware or software		Lack of process and training									
Incompatibility between operating systems		Vulnerability to user error									
Cyber crime and viruses		Failure of vendor									
Turnover of system administration support		Equipment purchases without input from IT department									
Software vulnerability											
						Controls Assurance					
Key Controls		Type	Date	Rating	Control Owner	Control is documented?	Control is understood?	Control is up to date?	Control is relevant?	Control data, quality & integrity have been validated?	Comments
Loss of internet access, loss of connectivity to locations on the network and between internal network devices due to damage or severance of Shire owned fibre optics infrastructure.											
Redundant "meshed" network – SD-WAN (software defined wide area network) enabling rerouting		Preventative	Jul-21	Effective	Manager IT						
Redundant backbone from provider – using NBN across all locations except Lake Leschenaultia		Preventative	Jul-21	Effective	Manager IT						
Failover (back up or plan B) to NBN – WAN connections can be used for connectivity in the instance Shire-owned fibre optics fails		Responsive	Jul-21	Effective	Manager IT						
4G backup on standby for WAN sites to internet; Spare WAN site firewall		Responsive	Jul-21	Effective	Manager IT						
Redundant firewalls in High Availability mode		Preventative	Jul-21	Effective	Manager IT						
Redundant phone system servers (Call Managers) at Depot and Admin		Preventative	Jul-21	Effective	Manager IT						
Failover to after-hour call facilities (Insight) from the exchange if phone system fails		Responsive	Jul-21	Effective	Manager IT						
Server rooms at Depot, Admin and other sites under threat of physical damage, loss of power and hardware failures (UPSs, switches, chassis, servers, air conditioning, workstations, printers, phones, projectors, CCTVs etc.)											
Redundant server rooms at Depot and Admin - virtualised		Preventative	Jul-21	Effective	Manager IT						
Generators and extended batteries for UPSs. Airconditioner alerts		Preventative	Jul-21	Effective	Manager IT						
Formal IT infrastructure replacement program – all hardware are within support and maintenance, licensed and current		Preventative	Jul-21	Effective	Manager IT						
Disaster Recovery Plan current, tested and updated		Preventative	Jul-21	Effective	Manager IT						
Entire network has 24/7 automated monitoring		Preventative	Jul-21	Effective	Manager IT						
Rigorous backup program – 4 hourly snapshots, nightly to disk, twice weekly to tape and monthly tapes stored offsite for 3 years		Preventative	Jul-21	Effective	Manager IT						
Physical access controlled via Proxicard		Preventative	Jul-21	Adequate	Manager IT						
Lack of planning, IT governance and alignment to the business creates disparity between IT and the business, loss of confidence and loss of ability to support the business											
Develop and maintain policies, procedures and practices – internal to IT and for the business.		Preventative	Jul-21	Adequate	Manager IT						
Five yearly update ICT strategy in keeping with Strategic Community Plan		Preventative	Jul-21	Effective	Manager IT						

IT, Communication Systems and Infrastructure				Jul-21						
Annual update and modify IT roadmap to meet business changes and maintain alignment	Responsive	Jul-21	Adequate	Manager IT						
Keep current through training and R&D for changes to technologies, services and standards.	Preventative	Jul-21	Adequate	Manager IT						
<b>Poor quality software and business system products do not meet business needs. Old technologies pose cyber vulnerabilities and lack of modern methods reduces productivity and requires more support. Poor support and services from vendors. Software as a service hard to ensure good governance or IT practices. Risk of unlicensed or obsolete software. This includes operating systems (Microsoft Windows, Office Suite); off the shelf packages and applications; internally developed (bespoke) systems and software as a service applications</b>										
Maintain product replacement cycles – upgrading operating systems, applications and packages	Preventative	Jul-21	Effective	Manager IT						
Review packages and systems to ensure service efficiency and relevance	Preventative	Jul-21	Adequate	Manager IT						
SAAS – ensure contracts and established IT controls are met and demonstrated – e.g. DR exercises, security and patch management in place and current. Examples: LITMOS, POS, Website, Qikkids, Spydus etc.	Preventative	Jul-21	Inadequate	Manager IT						
Restrict end user ability to install software	Preventative	Jul-21	Effective	Manager IT						
Ensure all products are within support and licenced	Preventative	Jul-21	Effective	Manager IT						
<b>Use of external IT providers</b>										
Reduce increased dependency of support through increased internal IT capability. Improve internal capabilities so less reliance on external vendors	Preventative	Jul-21	Effective	Manager IT						
Redundancy, regular back up, patch management	Preventative	Jul-21	Effective	Manager IT						
Licensing, support and maintenance renewals	Preventative	Jul-21	Effective	Manager IT						
Systems current and within support – no legacy systems	Preventative	Jul-21	Adequate	Manager IT						
Contracts in place – to include exit clauses, potential liability, advice when change of ownership	Preventative	Jul-21	Adequate	Manager IT						
Test market at end of contract (except sole suppliers)	Responsive	Jul-21	Adequate	Manager IT						
<b>Overall Control Ratings:</b>			<b>Adequate</b>							
<b>Current Actions</b>		<b>Due Date</b>	<b>Responsibility</b>	<b>Status of Actions</b>						<b>Comments</b>
Implement automatic shutdown of all network machines at 1am or 3 am to ensure all updates and patches are regularly installed.		Aug-21	Manager IT							
Limit unsupervised access to server room to IT staff only.		Aug-21	Manager IT							
Use Compliance Criteria in RFQs and RFTs to specify that suppliers agree with our IT security requirements.		Aug-21	Manager IT							
<b>Consequence Category</b>	<b>Risk Ratings</b>		<b>Rating</b>	<b>Has the Risk Rating Changed since the last review?</b>						<b>Comments</b>
Service disruption; Property	<b>Consequence:</b>		Moderate	<b>Consequence:</b>						Constant
	<b>Likelihood:</b>		Possible	<b>Likelihood:</b>						Constant
	<b>Overall Risk Ratings:</b>		Moderate	<b>Risk rating trend since last review</b>						↔
<b>Indicators</b>	<b>Type</b>	<b>Guidelines</b>		<b>Result</b>	<b>Better or worse than Tolerance Level?</b>	<b>Trend since last review?</b>	<b>Comments</b>			

IT, Communication Systems and Infrastructure		Jul-21	
Comments		Comments	

Misconduct				Aug-21							
<p>Intentional activities in excess of authority granted to an employee, which circumvent endorsed policies, procedures or delegated authority. This would include instances of:</p> <ul style="list-style-type: none"><li>-Relevant authorisations not obtained.</li><li>-Distributing confidential information.</li><li>-Accessing systems and / or applications without correct authority to do so.</li><li>-Misrepresenting data in reports.</li><li>-Theft by an employee</li><li>-Inappropriate use of plant, equipment or machinery</li><li>-Inappropriate use of social media.</li><li>-Inappropriate behaviour at work.</li><li>-Purposeful sabotage</li></ul> <p><i>This does not include instances where it was not an intentional breach - refer Errors, Omissions or Delays, or Inaccurate Advice / Information.</i></p>											
				Controls Assurance							
Key Controls		Type	Date	Rating	Control Owner	Control is documented?	Control is understood?	Control is up to date?	Control is relevant?	Control data, quality & integrity have been validated?	Comments
Groups in receipt of Shire funding do not manage this funding in line with community funding policy, guidelines and agreements.											
OP-19 Recruitment, Selection and Appointment - pre-employment screening		Preventative	Aug-21	Effective	Manager HR						
OP-03 Induction and Onboarding		Preventative	Aug-21	Effective	Manager HR						
HR-16 Guidelines - Employee Engagement		Preventative	Aug-21	Effective	Manager HR						
OP-13 Performance Management Framework and supporting practices, procedures and guidelines		Preventative	Aug-21	Effective	Manager HR						
Policies OR-12 Code of Conduct and HR-01 EEO and Anti-Bullying		Preventative	Aug-21	Effective	Manager HR						
Employees, supervisors and managers receive regular training and awareness raising		Preventative	Aug-21	Effective	Manager HR						
Internal auditing of key processes		Responsive	Aug-21	Effective	Manager HR						
Independent investigators appointed when required		Detective	Aug-21	Effective	Manager HR						
Recruitment processes include police clearance etc.		Preventative	Aug-21	Effective	Manager HR						
Overall Control Ratings:				Effective							
Current Actions			Due Date	Responsibility	Status of Actions						Comments
Consequence Category		Risk Ratings		Rating	Has the Risk Rating Changed since the last review?						Comments
Reputation / Finance		Consequence:		Not Material	Consequence:				Constant		
		Likelihood:		Not Material	Likelihood:				Constant		
		Overall Risk Ratings:		Not Material	Risk rating trend since last review				↔		
Indicators		Type	Guidelines		Result				Better or worse than Tolerance	Trend since last review?	Comments


	Comments	

Project / Change Management				Jun-21							
<div>Inadequate analysis, design, delivery and / or status reporting of change initiatives, resulting in additional expenses, time delays 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. -Failure to implement new systems -Inadequate handover process <i>This does not include new plant &amp; equipment purchases. Refer "Inadequate Asset Sustainability Practices"</i></div>											
<b>Potential causes include:</b>											
Lack of communication and consultation		Excessive number of projects									
Lack of investment		Inadequate monitoring and review									
Ineffective management of expectations (scope creep)		Project risks not managed effectively									
Inadequate project planning (resources/budget)		Lack of project methodology knowledge and reporting requirements									
Failures of project Vendors/Contractors		Geographic or transport difficulties sourcing equipment / materials									
External consultants underquoting on costs											
Controls Assurance											
Key Controls		Type	Date	Rating	Control Owner	Control is documented?	Control is understood?	Control is up to date?	Control is relevant?	Control data, quality & integrity have been validated?	Comments
Lack of appropriate forward planning and/or inadequate resourcing for new and renewal capital works resulting in inappropriate budget allocations or unexpected additional work requirements.											
Maintain annual supplier contracts for specialist services (civil design, engineering surveys, pavement testing, pipe video surveys, utility investigation).	Preventative	Nov-20	Inadequate	Manager Design Services							
Annual review and update of project scope and cost in the future capital works program.	Preventative	Nov-20	Effective	Manager Design Services							
Stakeholder meetings and consultation on facility requirements.	Preventative	Nov-20	Adequate	Manager Design Services							
Project status reporting to ELT and Council	Preventative	Nov-20	Effective	Manager Design							
Recruitment and ongoing training of experienced technical staff.	Preventative	Nov-20	Adequate	Manager Design Services							
Review of LTTP, CBP and 10yr capital works program as part of the annual budget process.	Preventative	Nov-20	Effective	Manager Design Services							
Overall Control Ratings:			Adequate								
Current Actions		Due Date	Responsibility	Status of Actions							Comments
Consequence Category	Risk Ratings		Rating	Has the Risk Rating Changed since the last review?							Comments
Financial / Reputational / Health	Consequence:		Moderate	Consequence:					Constant		
	Likelihood:		Possible	Likelihood:					Constant		
	Overall Risk Ratings:		Moderate	Risk rating trend since last review					↔		
Indicators	Type	Guidelines		Result				Better or worse than Tolerance Level?	Trend since last review?	Comments	

Comments	Comments	



Safety and Security Practices				Aug-21						
Non-compliance with the Occupation Safety & Health Act, associated regulations and standards. It is also the inability to ensure the physical security requirements of staff, contractors and visitors. Other considerations are negligence or carelessness.										
Potential causes include:										
Lack of appropriate PPE / equipment	Inadequate signage, barriers or other exclusion techniques									
Inadequate first aid supplies or trained first aiders	Poor storage and use of dangerous goods									
Inadequate security protection measures in place for buildings, depots and other places of work	Ineffective / inadequate testing, sampling or other health-related requirements									
Inadequate or unsafe modifications to plant & equipment	Lack of mandate and commitment from senior management									
Inadequate policy, frameworks, systems and structure to prevent the injury of visitors, staff, contractors and/or tenants.	Inadequate organisational Emergency Management requirements (evacuation diagrams, drills, wardens etc).									
Inadequate supervision, training or mentoring of staff	Slow or inadequate response to notifications from public									
				Controls Assurance						
Key Controls	Type	Date	Rating	Control Owner	Control is documented?	Control is understood?	Control is up to date?	Control is relevant?	Control data, quality & integrity have been validated?	Comments
Unauthorised inadequate or unsafe modifications by tenants to leased Shire buildings										
Asbestos register and procedures.	Preventative	Nov-20	Adequate	Manager Building Assets						
Current and up to date lease agreements.	Preventative	Nov-20	Effective	Manager Building Assets						
Annual inspections of leased premises.	Preventative	Nov-20	Effective	Manager Building Assets						
Regular contact with lessees by Property Management Officer.	Preventative	Nov-20	Effective	Manager Building Assets						
Manual handling injuries										
Regular manual handling training for staff.	Preventative	Nov-20	Adequate	Manager Operations Services						
Regular toolbox meetings.	Preventative	Nov-20	Adequate	Manager Operations Services						
Tools are fit for purpose.	Preventative	Nov-20	Adequate	Manager Operations Services						
Written procedures.	Preventative	Nov-20	Adequate	Manager Operations Services						
Reporting mechanisms to improve practices.	Preventative	Nov-20	Adequate	Manager Operations Services						
Workers (employees, contractors and volunteers) working in isolation may be at risk of harm.										
OP-19 Recruitment, Selection and Appointment - prospective employees must meet essential position requirements	Preventative	Aug-21	Effective	Manager HR						
OP-03 Induction and Onboarding	Preventative	Aug-21	Effective	Manager HR						
OSH Procedures (OSH-04; OSH-14; OSH-26; OSH-35) and OP-18	Preventative	Aug-21	Effective	Manager HR						
Contractor management practices including contract specification, induction, supervision, incident reporting and investigation	Preventative	Aug-21	Adequate	Manager HR						
Volunteer management framework (induction, training)	Preventative	Aug-21	Adequate	Manager HR						
Incident reporting through OSH Committee	Detective	Aug-21	Effective	Manager HR						
Risk of fatality of permanent disability to VBFB members.										
Initial and ongoing training and skills refresher programme for all VBFB firefighters and leadership team	Preventative	Sep-21	Effective	Manager Community Safety, Emergency Services						
Suite of supporting governance and standard operating procedure documents updated regularly in consultation with VBFB's	Preventative	Sep-21	Effective	Manager Community Safety, Emergency Services						
Incident/ near miss reporting & investigation protocols in place	Responsive & Preventative	Sep-21	Effective	Manager Community Safety, Emergency Services						
Provision of fit for purpose PPE/C to all VBFB firefighters	Preventative	Sep-21	Effective	Manager Community Safety, Emergency Services						
Provision of suitable appliances/vehicles with crew protection equipment	Preventative	Sep-21	Effective	Manager Community Safety, Emergency Services						

Having suitable chain of command to direct to direct firefighting operations.	Preventative	Sep-21	Effective	Manager Community Safety, Emergency Services						
Overall Control Ratings:			Adequate							
Current Actions	Due Date	Responsibility	Status of Issues / Actions / Treatments					Comments		
Consequence Category	Risk Ratings	Rating	Has the Risk Rating Changed since the last review?					Comments		
Health	Consequence:	Moderate	Consequence:					Constant		
	Likelihood:	Possible	Likelihood:					Constant		
	Overall Risk Ratings:	Moderate	Risk rating trend since last review					↔		
Indicators	Type	Guidelines	Result				Better or worse than Tolerance Level?	Trend since last review?	Comments	

Comments	Comments	

Supplier and Contract Management				Jun-21							
Inadequate management of external Suppliers, Contractors, IT Vendors or Consultants engaged for core operations. This includes issues that arise from the ongoing supply of services or failures in contract management & monitoring processes. This also includes: • Concentration issues (contracts awarded to one supplier) • Vendor sustainability											
Potential causes include:											
Insufficient funding		Inadequate contract management practices									
Complexity and quantity of work		Ineffective monitoring of deliverables									
Inadequate tendering process		Lack of planning and clarity of requirements									
Contracts not renewed on time		Historical contracts remaining									
Suppliers not willing to provide quotes		Limited availability of suppliers									
Controls Assurance											
Key Controls		Type	Date	Rating	Control Owner	Control is documented?	Control is understood?	Control is up to date?	Control is relevant?	Control data, quality & integrity have been validated?	Comments
Overall Control Ratings:				Not Rated							
Current Actions			Due Date	Responsibility	Status of Actions					Comments	
Consequence Category		Risk Ratings		Rating	Has the Risk Rating Changed since the last review?					Comments	
Service interruption, Financial		Consequence:		Not Material	Consequence:				Constant		
		Likelihood:		Not Material	Likelihood:				Constant		
		Overall Risk Ratings:		Not Material	Risk rating trend since last review				↔		
Indicators		Type	Guidelines		Result			Better or worse than Tolerance Level?	Trend since last review?	Comments	

Comments	Comments	

## 8.4 Strategic Risks Review

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<b>File Code</b>	RM.RAS 1
<b>Author</b>	Stan Kocian, Manager Finance and Governance
<b>Senior Employee</b>	Garry Bird, Director Corporate Services
<b>Disclosure of Any Interest</b>	Nil
<b>Attachments</b>	1. Strategic Risks <a href="#">↓</a> 2. Risk Matrix <a href="#">↓</a>

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### SUMMARY

The Committee is requested to endorse the Shire's Strategic Risks Register and recommend it to Council for its consideration as an input into the forthcoming Integrated Planning and Reporting (IPR) workshops.

### BACKGROUND

As part of a greater focus on risk management in general, the Executive Leadership Team has reviewed and further developed the Strategic Risks Register.

Strategic risks form part of the Corporate Business Plan (CBP) and are an input into the annual IPR workshops with Elected Members and relevant staff.

### STATUTORY / LEGAL IMPLICATIONS

Nil

### POLICY IMPLICATIONS

Strategic risks have been assessed in accordance with Policy IS-01.

### FINANCIAL IMPLICATIONS

Nil

### STRATEGIC IMPLICATIONS

Mundaring Strategic Community Plan 2020 - 2030

Priority 4 - Governance

Objective 4.4 – High standard of governance and accountability

Strategy 4.4.3 – Risks are well managed

### SUSTAINABILITY IMPLICATIONS

Nil

### RISK IMPLICATIONS

<b>Risk:</b> Not reporting strategic risks to the Audit and Risk Committee as part of an actively maintained Strategic Risk Register increases the risk and possibility of significant risks
--

not being identified and managed in a timely manner across all risk impact categories, more so in the current volatile environment.		
<b>Likelihood</b>	<b>Consequence</b>	<b>Rating</b>
Likely	Major	High
<b>Action / Strategy</b>		
Regularly review strategic risks as part of good business practice and ensure regular reporting to the Audit and Risk Committee.		

<b>Risk:</b> The Strategic Risk Register is not reviewed in a timely manner to coincide with Council's consideration of the Register as part of the annual IPR process.		
<b>Likelihood</b>	<b>Consequence</b>	<b>Rating</b>
Possible	Minor	Moderate
<b>Action / Strategy</b>		
The Committee reviews the Strategic Risk Register at the February meeting of the Audit and Risk Committee.		

## EXTERNAL CONSULTATION

Nil

## COMMENT

Over the past six months the Executive Leadership Team and relevant staff have thoroughly reviewed the Shire's strategic risks (**Attachment 1**) and aligned their treatment and controls using the same risk matrix (**Attachment 2**) that is used for operational risks.

20 strategic risks have been analysed across nine categories:

Category	Risk	Control rating
Health/Economic	Lack of planning for, responding to and recovery from COVID-19 Pandemic and global impact.	Effective
Health/Environmental	Lack of planning for responding to and recovery from major natural disasters ie. Bushfire/flooding.	Effective
Economic	Major economic shifts e.g. global financial crisis.	Effective
Political	Core changes to Local Government – e.g. rating powers, boundary changes, Local Government Act and other State Legislation.	Effective
	Inability to manage community expectations for	Adequate

	increased service levels based on capacity to deliver.	
	Breakdown of relationship with key external stakeholders eg, WALGA & State Government	Adequate
	The Strategic Community Plan (SCP) fails to meet community expectations.	Adequate
Governance	Breakdown of corporate governance controls including systems, procedures, training & reporting.	Effective
	Corporate governance failure – breakdown in relationship between councillors/ staff; Council/CEO; and between councillors.	Adequate
	Harmful effects of unregulated broadcast channels (eg. Social media) which can distort Shire communications and increase the spread of this information.	Adequate
Financial/Services	Breakdown of relationship with the EMRC	Adequate
Financial	State government changes to fees, levies, rebates, cost shifting, and unfunded service requirements.	Adequate
	Increased waste management costs due to changes in world recycling markets and state government waste initiatives.	Adequate
	Reduced external grants e.g. Roads to Recovery, Financial Assistance grants.	Adequate
	Inability to fund Asset Management Plans at appropriate service levels.	Effective
Environmental	Lack of planning for and delivery of protection and	Effective



	conservation of natural areas.	
	Inadequate local plans and response to impacts of Climate Change.	Effective
Workforce	Workforce not fit for purpose to deliver on organisational outcomes and services.	Effective
	Industrial action/staff turnover due to failure to negotiate industrial agreements.	Effective
Interruption to Services	Business interruption (systems/ people/facilities) e.g. cyber security breaches, loss of building	Effective

Whilst the purpose of this report is for the Committee to review the Shire's Strategic Risks, there is an option for the Committee to workshop these risks with relevant Shire staff should it wish to do so. However, it should be noted that scheduling a workshop may cause a delay in the timeliness of Council considering the Shire's Strategic Risks as an input into the annual IPR process.

The Shire's strategic risks register is distinct from its operational risks register. A comprehensive review of the Shire's operational risks has also been undertaken by the Executive Leadership Team. The Shire's operational risks are categorised under the following risk themes:

- Asset Sustainability Practices
- Business & Community Disruption
- Failure to Fulfil Compliance Requirements (Statutory, Regulatory)
- Document Management Processes
- Employment Practices
- Engagement Practices
- Environment Management
- Errors, Omissions and Delays
- External Theft and Fraud (including Cyber Crime)
- Management of Facilities, Venues and Events
- IT, Communication Systems and Infrastructure
- Misconduct
- Project / Change Management
- Safety and Security Practices
- Supplier and Contract Management

The outcomes of the review of the Shire's operational risks will be presented to the Audit and Risk Committee at the April Committee meeting.

## **VOTING REQUIREMENT**

Simple Majority

<b>RECOMMENDATION</b>
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That the Committee reviews the Shire's Strategic Risk Register and endorses the register for Council's consideration as part of the annual Integrated Planning and Reporting process.

Due to time constraints, Item 8.3 "Operating Risk Register", Item 8.4 " Strategic Risks Review" and Confidential Item 10.1 " Office of the Auditor General – Cyber Security Audit" will be considered at the next Audit and Risk Committee meeting scheduled for Tuesday, 17 May 2022.

## 20/21-23/24 CBP Strategic Risk

Risk Category	Risk Description	Key Risk Consequences	Risk Likelihood	Risk Consequence	Risk Rating	Risk Tolerance	Key Risk Control(s)	Control Rating (Effective, Adequate, Inadequate)
<b>Health / Economic</b>	Lack of planning for, responding to and recovery from COVID-19 Pandemic and global impact	Health impact (Society) Economic impact (society) Financial impact (Shire) Environmental benefit Interruption to service People	Almost Certain	Major	Extreme	Attention Required	Federal/ State Public Health and COVID-19 Directives implemented with focus on relief and recovery requirements and critical service provision. Relief and Recovery Strategy. Sector- wide Lobbying and Advocacy OP-30 Pandemic Leave, OP-22 COVID-19 in the Workplace.	Effective
<b>Health/Environmental</b>	Lack of planning for responding to and recovery from major natural disasters ie. Bushfire/flooding	Financial People Natural environment Interruption to service Property Reputation	Unlikely	Extreme	High	Attention Required	State and Local Emergency Management Arrangements Business Continuity Plan Workforce Plan (skills in emergency management)	Effective

## 20/21-23/24 CBP Strategic Risk

Risk Category	Risk Description	Key Risk Consequences	Risk Likelihood	Risk Consequence	Risk Rating	Risk Tolerance	Key Risk Control(s)	Control Rating (Effective, Adequate, Inadequate)
							LPS4 and relevant policies Bushfire mitigation service Volunteer bushfire brigades MOU with DFES Bushfire Area Access Strategy	
<b>Economic</b>	Major economic shifts e.g. global financial crisis	Financial impact (positive and negative) Impact on community Loss of service	Unlikely	Moderate	Moderate	Monitor	LTFP Integrated planning process	Effective
<b>Political</b>	Core changes to Local Government – e.g. rating powers, boundary changes, Local Government Act and other State Legislation	Financial Impact – revenue, compliance and interruption to service	Possible	Major	High	Attention Required	LTFP Sector wide Lobbying and Advocacy Strategy e.g. WALGA Input into LG Act review Actively monitor legislative changes. Stakeholder relationship management plan.	Effective

## 20/21-23/24 CBP Strategic Risk

Risk Category	Risk Description	Key Risk Consequences	Risk Likelihood	Risk Consequence	Risk Rating	Risk Tolerance	Key Risk Control(s)	Control Rating (Effective, Adequate, Inadequate)
Political	Inability to manage community expectations for increased service levels based on capacity to deliver	Reputation	Almost Certain	Moderate	High	Attention Required	LTFP/IPR process Strategic Community Plan Community Engagement Framework Community/Business Perception Survey Resident & Ratepayer forums. Ongoing communication around existing capacity and services.	Adequate
Political	Breakdown of relationship with key external stakeholders eg, WALGA & State Government	Financial impact - revenue, interruption to service, reputation	Unlikely	Major	Moderate	Monitor	Stakeholder Relationship Management Plan, WALGA Zone Membership	Adequate

## 20/21-23/24 CBP Strategic Risk

Risk Category	Risk Description	Key Risk Consequences	Risk Likelihood	Risk Consequence	Risk Rating	Risk Tolerance	Key Risk Control(s)	Control Rating (Effective, Adequate, Inadequate)
<b>Financial/ Service</b>	Breakdown of relationship with the EMRC.	Financial impact revenue. Interruption to service	Possible	Major	High	Attention Required	Membership of EMRC. Relationships with Swan and Kalamunda Stakeholder Relationship Management Pan), Waste Reserve EMRC establishment agreement	Adequate
<b>Political</b>	The Strategic Community Plan (SCP) fails to meet community expectations.	Reputational	Possible	Moderate	Moderate	Monitor	IPR framework Community Engagement Strategy to develop SCP	Adequate
<b>Governance</b>	Breakdown of corporate governance controls including systems, procedures, training & reporting	Financial, compliance, reputation	Unlikely	Extreme	High	Attention required	Systems, procedures, training and reporting. Governance Framework, Annual compliance audit return, internal and external audits, Audit and Risk Committee (ARC). External	Effective

## 20/21-23/24 CBP Strategic Risk

Risk Category	Risk Description	Key Risk Consequences	Risk Likelihood	Risk Consequence	Risk Rating	Risk Tolerance	Key Risk Control(s)	Control Rating (Effective, Adequate, Inadequate)
							membership on ARC.	
<b>Governance</b>	Corporate governance failure – breakdown in relationship between councillors/ staff; Council/CEO; and between councillors	Reputation, financial, compliance	Unlikely	Moderate	Moderate	Monitor	Codes of Conduct, legislative separation of powers, regular President/CEO liaison, CEO Annual Performance Review process Induction programs for elected members and staff, Admin-01 Communications between Elected Members and Employees Complaints Management Policy	Adequate
<b>Governance</b>	Harmful effects of unregulated broadcast channels (eg. Social media) which can distort shire	Reputational People	Almost certain	Moderate	High	Attention Required.	Social Media plan and adequate resourcing.	

## 20/21-23/24 CBP Strategic Risk

Risk Category	Risk Description	Key Risk Consequences	Risk Likelihood	Risk Consequence	Risk Rating	Risk Tolerance	Key Risk Control(s)	Control Rating (Effective, Adequate, Inadequate)
	communications and increase the spread of this information.						Use of Social Media OP-40 Code of Conduct Training of staff and elected members.	
<b>Financial</b>	State government changes to fees, levies, rebates, cost shifting, and unfunded service requirements.	Financial Impact – revenue / Expenditure Reputational	Likely	Moderate	High	Attention Required	LTFP Sector wide Lobbying and Advocacy Strategy e.g. via WALGA  Communicate local impact assessment of state and federal budgets.	Adequate
<b>Financial</b>	Increased waste management costs due to changes in world recycling markets and state government waste initiatives	Financial impact Environmental impact	Possible	Major	High	Attention Required	LTFP Regional Waste Education Steering Group Waste Plan Participation in EMRC.	Adequate



## 20/21-23/24 CBP Strategic Risk

Risk Category	Risk Description	Key Risk Consequences	Risk Likelihood	Risk Consequence	Risk Rating	Risk Tolerance	Key Risk Control(s)	Control Rating (Effective, Adequate, Inadequate)
Financial	Reduced external grants e.g. Roads to Recovery, Financial Assistance grants	Financial impact	Possible	Moderate	Moderate	Attention Required	LTFP/AMP/ Integrated planning process Lobbying and Advocacy e.g. via ALGA , WALGA Service Evaluation / accreditation	Adequate
Financial	Inability to fund Asset Management Plans at appropriate service levels	Financial	Unlikely	Moderate	Moderate	Monitor	LTFP/ Integrated planning Rigour of Council prioritisation Rigour of project management Asset Management Plans	Effective
Environmental	Lack of planning for and delivery of protection and conservation of natural areas	Financial Natural Environment Property Reputation	Possible	Moderate	Moderate	Monitor	LPS4 Development of Local Biodiversity Strategy Friends Group Strategy Eastern Region Catchment Management Program	Effective

## 20/21-23/24 CBP Strategic Risk

Risk Category	Risk Description	Key Risk Consequences	Risk Likelihood	Risk Consequence	Risk Rating	Risk Tolerance	Key Risk Control(s)	Control Rating (Effective, Adequate, Inadequate)
							Landcare and verge control services	
<b>Environmental</b>	Inadequate local plans and response to impacts of Climate Change	Environment People Financial	Likely	Major	High	Attention required	Local Climate Change Adaptation Action Plan Regional Climate Change Adaptation Action Plan LPS4 Drainage capacity program Annual reporting on the Energy Emissions Reduction Strategy, Environmental Sustainability Policy. Climate Emergency Declaration	Effective
<b>Workforce</b>	Workforce not fit for purpose to deliver on organisational outcomes and services	People Financial Interruption of service	Unlikely	Moderate	Moderate	Monitor	Regular Service Reviews Workforce Plan/Planning	Effective

## 20/21-23/24 CBP Strategic Risk

Risk Category	Risk Description	Key Risk Consequences	Risk Likelihood	Risk Consequence	Risk Rating	Risk Tolerance	Key Risk Control(s)	Control Rating (Effective, Adequate, Inadequate)
							Integrated Planning process	
<b>Workforce</b>	Industrial action/ staff turnover due to failure to negotiate industrial agreements	Financial impact, interruption to service, reputation	Unlikely	Major	Moderate	Monitor	LTFP Workforce Plan (WFP) Engage IR support Fair Work Commission.	Effective
<b>Interruption to Services</b>	Business interruption (systems/ people/ facilities) e.g. cyber security breaches, loss of building	People Interruption to service	Possible	Moderate	Moderate	Monitor	Business Continuity Plan Insurance, Annual reviews Asset Management Plan Local Emergency Management resources ITC Systems & Controls	Effective

## Risk Assessment and Acceptance Criteria

### MEASURES OF CONSEQUENCE

RATING	PEOPLE	INTERRUPTION TO SERVICE	REPUTATION (Social / Community)	COMPLIANCE	PROPERTY (Plant, Equipment, Buildings)	NATURAL ENVIRONMENT	FINANCIAL IMPACT	PROJECT TIME	PROJECT COST
<b>Insignificant (1)</b>	Near-Miss	No material service interruption. Less than 1 hour	Unsubstantiated, localised low impact on community trust, low profile or no media item	No noticeable regulatory or statutory impact	Inconsequential damage.	Contained, reversible impact managed by on site response	Less than \$10,000	Exceeds deadline by 5% of project timeline	Exceeds project budget by 2%
<b>Minor (2)</b>	First Aid Treatment	Short term temporary interruption – backlog cleared < 1 day	Substantiated, localised impact on community trust or low media item	Some temporary non compliances	Localised damage rectified by routine internal procedures	Contained, reversible impact managed by internal response	\$10,000 - \$100,000	Exceeds deadline by 10% of project timeline	Exceeds project budget by 5%
<b>Moderate (3)</b>	Medical treatment / Lost time injury <30 Days	Medium term temporary interruption – backlog cleared by additional resources < 1 week	Substantiated, public embarrassment, moderate impact on community trust or moderate media profile	Short term non-compliance but with significant regulatory requirements imposed	Localised damage requiring external resources to rectify	Contained, reversible impact managed by external agencies	\$100,001 to \$350,000	Exceeds deadline by 15% of project timeline	Exceeds project budget by 7.5%
<b>Major (4)</b>	Lost time injury >30 Days / temporary disability	Prolonged interruption of services – additional resources; performance affected < 1 month	Substantiated, public embarrassment, widespread high impact on community trust, high media profile, third party actions	Non-compliance results in termination of services or imposed penalties to Shire / Officers	Significant damage requiring internal & external resources to rectify	Uncontained, reversible impact managed by a coordinated response from external agencies	\$350 000 to \$2.0M	Exceeds deadline by 20% of project timeline	Exceeds project budget by 15%
<b>Extreme (5)</b>	Fatality, permanent disability	Indeterminate prolonged interruption of services non- performance > 1 month	Substantiated, public embarrassment, widespread loss of community trust, high widespread multiple media profile, third party actions	Non-compliance results in litigation, criminal charges or significant damages or penalties to Shire / Officers	Extensive damage requiring prolonged period of restitution Complete loss of plant, equipment & building	Uncontained, irreversible impact	>\$2.0M	Exceeds deadline by 25% of project timeline	Exceeds project budget by 20%

**MEASURES OF LIKELIHOOD**

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

**RISK MATRIX**

Consequence Likelihood		Insignificant	Minor	Moderate	Major	Extreme
		1	2	3	4	5
Almost Certain	5	Moderate (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Moderate (6)	Moderate (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)

**RISK ACCEPTANCE**

Risk Rank	Description	Criteria	Responsibility
<b>LOW (1-4)</b>	Acceptable	Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring	Supervisor / Team Leader
<b>MODERATE (5-9)</b>	Monitor	Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring	Service Manager
<b>HIGH (10-16)</b>	Urgent Attention Required	Risk acceptable with excellent controls, managed by senior management / executive and subject to monthly monitoring	Executive Leadership Team
<b>EXTREME (17-25)</b>	Unacceptable	Risk only acceptable with excellent controls and all treatment plans to be explored and implemented where possible, managed by highest level of authority and subject to continuous monitoring	CEO / Council

**EXISTING CONTROL RATINGS**

Rating	Foreseeable	Description
<b>Effective</b>	There is little scope for improvement.	Processes (Controls) operating as intended and / or aligned to Policies & Procedures; are subject to ongoing maintenance and monitoring and are being continuously reviewed and tested.
<b>Adequate</b>	There is some scope for improvement.	Whilst some inadequacies have been identified; Processes (Controls) are in place, are being addressed / complied with and are subject to periodic review and testing.
<b>Inadequate</b>	A need for corrective and / or improvement actions exist.	Processes (Controls) not operating as intended, do not exist, or are not being addressed / complied with, or have not been reviewed or tested for some time.

## 8.5 2021/22 Audit Entrance Meeting with the Office of the Auditor General

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<b>File Code</b>	FI.AUD 2122
<b>Author</b>	Stan Kocian, Manager Finance and Governance
<b>Senior Employee</b>	Garry Bird, Director Corporate Services
<b>Disclosure of Any Interest</b>	Nil
<b>Attachments</b>	Nil

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### SUMMARY

The purpose of this report is to provide the Committee with a summary of the 2021/22 audit entrance meeting with the Office of the Auditor General (OAG) and its audit sub-contractor Moore Australia. The entrance meeting was held 29 March 2022 and covered:

1. The audit scope and methodology;
2. Key Audit Risks and Focus Areas; and
3. Key Deliverables and Timetables

### BACKGROUND

The 2021/22 audit entrance meeting was held 29 March 2022 with the following people in attendance:

- Indika Dias, OAG Audit Contract Manager;
- Greg Godwin, Moore Australia Audit Engagement Partner;
- Rohan Nagaich, Moore Australia Audit Engagement Manager;
- Cr James Martin, Shire President
- Craig Wilkinson, Chairperson Audit and Risk Committee
- Megan Griffiths, Acting CEO
- Stan Kocian, Manager Finance and Governance

### STATUTORY / LEGAL IMPLICATIONS

The *Local Government Act 1995* sets out the requirements for the preparation of the annual financial report as follows:

- Section 6.4 (1) and (2) - requires the Shire to prepare an annual financial report for the preceding financial year which is to be presented in the manner and form prescribed.
- Section 6.4(3) - requires the Shire to submit to its auditor the accounts balanced up to the last day of the preceding financial year and the annual financial report by 30 September.
- Section 5.53(2) - requires the Shire to prepare an annual report that includes the financial report for the financial year and the auditor's report for the financial year.

Regulation 10 of the *Local Government (Audit) Regulations 1996* stipulates what is to be included in the auditor's report.

## POLICY IMPLICATIONS

Nil

## FINANCIAL IMPLICATIONS

Nil

## STRATEGIC IMPLICATIONS

Mundaring Strategic Community Plan 2020 - 2030

Priority 4 - Governance

Objective 4.4 – High standard of governance and accountability

Strategy 4.4.8 – Compliance with the Local Government Act 1995 and all relevant legislation and regulations

## SUSTAINABILITY IMPLICATIONS

Nil

## RISK IMPLICATIONS

<b>Risk:</b> Financial and reputational. Risk of material misstatement of the Shire's financial position and performance		
<b>Likelihood</b>	<b>Consequence</b>	<b>Rating</b>
Rare	Major	Low
<b>Action / Strategy</b>		
The audit of the Shire's financial report is undertaken by an external auditor, the OAG, to mitigate the risk of material misstatement of the Shire's financial position and performance.		

## EXTERNAL CONSULTATION

Nil

## COMMENT

The purpose of the audit entrance meeting was for the OAG to outline:

1. The audit scope and methodology;
2. The key audit risks and focus areas; and
3. The key deliverables and timetables

### Audit Scope

The primary scope and objective of the audit is to express an opinion as to whether the Shire's annual financial report is free from material misstatements (whether due to fraud or error) and is prepared in accordance with applicable Australian Accounting Standards, the *Local Government Act 1995* and the *Local Government (Financial Management) Regulations 1996*.

The audit will also report on the following matters in accordance with Reg 10(3) of the *Local Government (Audit) Regulations 1996*:



- significant adverse trends in the financial position or the financial management practices of the Shire;
- non-compliance with Part 6 of the *Local Government Act 1995*, the *Local Government (Financial Management) Regulations 1996*;
- whether all required information and explanations were obtained by the auditor;
- whether all audit procedures were satisfactorily completed in conducting the audit; and
- whether the calculation of the asset consumption and asset renewal ratios were supported by verifiable information and reasonable assumptions.

#### Summary of Audit Methodology

Moore Australia, as the sub-contractor, will conduct their audit using their national methodology and audit automation system which are underpinned by policies, procedures and templates to ensure the appropriate level of consistency and quality is achieved.

The audit methodology focuses on the Shire's underlying business risks, recognising that audit risk is affected by the business risks of the Shire, as well as by how well Management and Council address those risks.

#### Key Audit Risks and Focus Areas

As part of their preliminary risk assessment, Moore Australia we have identified key audit risks based on their extensive knowledge of the Shire, the industry and issues faced by metropolitan local governments. This risk assessment process is designed to ensure that they focus their audit work on the areas of highest risk.

Set out below is an overview of what the auditors have identified as the key audit risks and focus areas for the audit of the Shire's financial report for the year ended 30 June 2022.

- **Property, Plant & Equipment and Infrastructure** - There is a significant industry risk given the nature of assets held and judgement applied in determining fair values as well as depreciation expense. As at 30 June 2021, the Shire reported a total property, plant and equipment and infrastructure of \$402.6 million.
- **Accounting for Rehabilitation Costs** - The Shire operates the Mathieson Road waste transfer station. There is a present obligation to rehabilitate/make good at the end of the asset's useful life under the licence. Accounting for rehabilitation costs involves a degree of management estimation and uncertainty in their calculation in respect of inflation rate, discount factor and work costs. There is a risk that the asset and the related liability may not be recognised in accordance with AASB 116 Property, plant and equipment and AASB 137 Provisions, Contingent Liabilities and Contingent Assets. As at 30 June 2021, the Shire reported a total provision of \$150k.
- **Revenue** - The Shire's main sources of revenue are rates, fees and charges and government grants. Given the variety of revenue streams, there is a risk that revenue may not be recognised in accordance with AASB 15 and AASB 1058. For the year ended 30 June 2021, the Shire recognised \$29.1 million in rates, \$6.6 million in operating grants, \$3.6 million in capital grants, \$11.3 million in fees and charges and \$1.7 million in contract liabilities.
- **Employee Benefit Provisions** - Provisions for annual leave and long service leave involves a degree of management estimation and uncertainty in their calculation in respect of inflation rates, discount factors, timing and probabilities of

settlement. There is risk that these liabilities may not be captured completely and recognised in accordance with AASB 119: Employee Benefits. As at 30 June 2021 the Shire reported total provisions of \$3.8 million.

- **Expenditure** - Expenditure forms a large part of a local government's operations. This takes the form of both operating and capital. For the year ended 30 June 2021, the Shire recognised Employee costs of \$20.0 million, Materials and contracts of \$18.8 million and Depreciation on non-current assets of \$7.7 million.
- **Management override of controls** - Management is involved in the day to day operations and monitoring of the business, which gives them the ability to manipulate accounting records and manipulate financial disclosures by overriding controls in place. Due to the unpredictable way in which such overrides could occur there is a potential fraud risk.
- **Related Party Disclosures** - The Shire disclosed the following related party transactions for the year ended 30 June 2021; Elected Members Remuneration of \$383k, Key Management Personnel Compensation of \$1.2m and Transactions with related parties of \$3.3 million.
- **IT General Controls** - The Shire uses Authority as the key accounting package for its financial reporting purposes. The integrity of financial information relies on the security, integrity and reliability of an organisation's information technology environment.
- **Significant Adverse Trends** - Statutory reporting of any material matters that indicate significant adverse trends in the financial position of the Shire relating to the requirements of Local Government (Audit) Regulation 10(3) (a).
- **Accounting for Investment in Associate** - The Eastern Metropolitan Regional Council (EMRC) is an associate and the Shire has a share in the net assets of this entity. Investment in associates must be accounted for using the "equity method" in accordance with AASB 128 Investments in Associates and Joint Ventures. As at 30 June 2021 the Shire reported a total investment in associate of \$19.2 million.

#### Key Deliverables and Timetable

The following timetable is a broad outline of the key deliverables and timing aspects of the audit:

Engagement Activity	Timing
Audit Planning	March 2022
Entrance Meeting	29 March 2022
Interim Audit Visit	4 – 6 April 2022
Interim management report (if any matters to be reported)	End April 2022
Receipt of complete and balanced draft financial	30 September 2022

report	
Final Audit Visit	4-7 October 2022
Issuance of Audit Concluding Memorandum	Early November 2022 (TBC)
Concluding (Exit) Meeting	Mid November 2022 (TBC)
Date CEO sign off on financial statements	Mid November 2022 (TBC)
Final sign-off of Auditor's report & management report	Mid November 2022 (TBC)

## VOTING REQUIREMENT

Simple Majority

<b>COMMITTEE DECISION RECOMMENDATION</b>		<b>ARC4.04.22</b>	
Moved by	Cr Jeans	Seconded by	Mr Wittcomb

That the Committee notes the summary of the 2021/22 audit entrance meeting, which was held 29 March 2022, with the Office of the Auditor General (OAG) and its audit sub-contractor Moore Australia.

## CARRIED 6/0

**For:** Mr Wilkinson, Cr Martin, Mr Wittcomb, Ms Green, Cr McNeil and Cr Jeans

**Against:** Nil

## 8.6 Audit and Risk Committee Action Items - Status Report

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<b>File Code</b>	GV.MTG.6.1
<b>Author</b>	Stan Kocian, Manager Finance and Governance
<b>Senior Employee</b>	Garry Bird, Director Corporate Services
<b>Disclosure of Any Interest</b>	Nil
<b>Attachments</b>	Nil

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### SUMMARY

An update on the status of Audit and Risk Committee action items is provided for the information of committee members.

### BACKGROUND

A number of matters have previously been considered by the Audit and Risk Committee, several of which required follow up actions.

### STATUTORY / LEGAL IMPLICATIONS

There are statutory or legal implications for some of the action items above. Please refer to the minutes of the meeting at which the matter was considered for further information.

### POLICY IMPLICATIONS

There are policy implications for some of the action items above. Please refer to the minutes of the meeting at which the matter was considered for further information.

### FINANCIAL IMPLICATIONS

There are financial implications for some of the action items above. Please refer to the minutes of the meeting at which the matter was considered for further information.

### STRATEGIC IMPLICATIONS

Mundaring Strategic Community Plan 2020 - 2030

Priority 4 - Governance

Objective 4.4 – High standard of governance and accountability

Strategy 4.4.3 – Risks are well managed

### SUSTAINABILITY IMPLICATIONS

There are sustainability implications for some of the action items above. Please refer to the minutes of the meeting at which the matter was considered for further information.

### RISK IMPLICATIONS

<b>Risk:</b> That action items from the Committee are not completed and expose Council to the
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risks being addressed by the item.		
<b>Likelihood</b>	<b>Consequence</b>	<b>Rating</b>
Possible	Moderate	Moderate
<b>Action / Strategy</b>		
That staff update the Committee regularly on progress towards completing the required actions.		

## EXTERNAL CONSULTATION

Nil

## COMMENT

The following matters have previously been considered by the Audit and Risk Committee, with follow up actions required.

MEETING REFERENCE	RESPONSIBLE OFFICER	ACTION	STATUS – 19 APRIL 2022
26.5.20 Item 8.3 Auditor General's Report – Contract Extensions and Variations Related 17.05.21 Internal Audit Report Contract Management	Director Corporate Services	Draft Contract Management Policy by 30 June 2021 and Guidelines 30 June 2022.	Contract Management Policy adopted by Council 9 March 2021 (C5.03.21).  Guidelines still to be drafted. It is envisaged this task will be undertaken by the new Contract Officer position.  The initial recruitment process failed to attract a suitable candidate. The position description has been reviewed and a second recruitment process will be undertaken in June 2022.  The self-imposed deadline of 30 June 2022 to have the Guidelines completed will not be able to be met. Deadline to be revised once second recruitment process has been undertaken and a successful candidate is appointed to the position.

16.02.21 Item 8.3 Audit and Risk Committee Self-Assessment	Director Corporate Services	Present the organisation's Strategic Risks as contained in the Corporate Business Plan to the Committee for review annually in August, prior to commencing the corporate business planning process.	Presented at the February 2022 Committee Meeting, however this item was deferred to the April meeting. Item presented at the April meeting in conjunction with operating risks (as a separate item).
17.08.21 Item 8.5 WA Auditor General's Report – Local Government Computer Controls	Director Corporate Services	Update OP-02 "IT Usage and Security" by 31 December 2021.	To be completed by 31 December 2022.
17.08.21 Item 8.5 WA Auditor General's Report – Local Government Computer Controls	Director Corporate Services	Ongoing security training and development for staff and IT systems by 31 March 2022.	Completed. New cyber security training software subscription has been acquired and online training has been rolled out to staff in January/February 2022. Training will be ongoing.
17.08.21 Item 8.5 WA Auditor General's Report – Local Government Computer Controls	Director Corporate Services	Source and implement vulnerability monitoring software by 31 December 2021.	Completed.
17.08.2021 Item 8.7 Internal Audit Plan 2021-22	Director Corporate Services	Compliance Audit Return as per Regulation 15 of the Audit Regulations.	Completed. Presented at the February 2022 Committee Meeting.
17.08.2021 Item 8.7 Internal Audit Plan 2021-22	Director Corporate Services	Review of internal ICT systems for efficiency and cost by June 2022.	Revised 4 year Internal Audit Plan presented at April 2022 Committee Meeting.
17.08.21 Item 8.8 Chart of Accounts Project	Director Corporate Services	Unbudgeted additional funds for the project to be considered at mid-year budget review in February 2022.	Completed. Included as part of the mid-year budget review considered by Council 8 March 2022. Funding approved by Council.
8.12.21 Item 8.1 Review of CD-02 Community Funding Policy	Director Strategic and Community Services	Policy to be re-presented to the Audit and Risk Committee in April 2022.	Policy reviewed by Committee 8 December 2022 and recommended to Council.

			<p>Council considered the policy at the January 2022 Council Meeting and resolved:</p> <p><i>That the Policy CD-02 Community Funding be referred back to the Audit &amp; Risk Committee to review the structure and intent of the Policy with specific regards to the multi-year funding agreements.</i></p> <p>Policy to be reviewed and presented to the June 2022 Committee meeting.</p>
25.01.2022 Item 8.2 Internal Audit Report - Infringements	Director Statutory Services	Status of action items to be reported back to Committee on a quarterly basis post February 2022.	No progress has been made on action items to date. A detailed status report will be provided to the Committee in June 2022.

## VOTING

Simple Majority

<b>COMMITTEE DECISION RECOMMENDATION</b>		<b>ARC5.04.22</b>	
Moved by	Ms Green	Seconded by	Cr McNeil

That the Committee receives the Action Items Status Report as at 19 April 2022 and notes the actions undertaken.

## CARRIED 6/0

**For:** Mr Wilkinson, Cr Martin, Mr Wittcomb, Ms Green, Cr McNeil and Cr Jeans

**Against:** Nil

## 9.0 URGENT BUSINESS (LATE REPORTS)

Nil

## 10.0 CONFIDENTIAL REPORTS

*The Local Government Act 1995*, Part 5, Section 5.23 states in part:

- (2) If a meeting is being held by a council or by a committee referred to in subsection (1)(b), the council or committee may close to members of the public the meeting, or part of the meeting, if the meeting or the part of the meeting deals with any of the following —
- (a) a matter affecting an employee or employees; and
  - (b) the personal affairs of any person; and
  - (c) a contract entered into, or which may be entered into, by the local government and which relates to a matter to be discussed at the meeting; and
  - (d) legal advice obtained, or which may be obtained, by the local government and which relates to a matter to be discussed at the meeting; and
  - (e) a matter that if disclosed, would reveal —
    - (i) a trade secret; or
    - (ii) information that has a commercial value to a person; or
    - (iii) information about the business, professional, commercial or financial affairs of a person, where the trade secret or information is held by, or is about, a person other than the local government; and
  - (f) a matter that if disclosed, could be reasonably expected to —
    - (i) impair the effectiveness of any lawful method or procedure for preventing, detecting, investigating or dealing with any contravention or possible contravention of the law; or
    - (ii) endanger the security of the local government's property; or
    - (iii) prejudice the maintenance or enforcement of a lawful measure for protecting public safety; and
  - (g) information which is the subject of a direction given under section 23(1a) of the *Parliamentary Commissioner Act 1971*; and
  - (h) such other matters as may be prescribed.

### RECOMMENDATION

That Council Closes the meeting to members of the public, in accordance with s5.23(2) of *the Local Government Act 1995*, in order to consider the confidential reports as detailed below:

### 10.1 Office of the Auditor General - Cyber Security Audit

Item 10.1 is considered confidential in accordance with the Local Government Act 1995 section 5.23(2) (f(ii)) as it contains information relating to a matter that if disclosed, could be reasonably expected to endanger the security of the local government's property.



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Due to time constraints, Item 8.3 “Operating Risk Register”, Item 8.4 “ Strategic Risks Review” and Confidential Item 10.1 “ Office of the Auditor General – Cyber Security Audit” will be considered at the next Audit and Risk Committee meeting scheduled for Tuesday, 17 May 2022.

## **11.0 CLOSING PROCEDURES**

### **11.1 Date, Time and Place of the Next Meeting**

The next Audit and Risk Committee meeting will be held at 4.00 pm, Tuesday 17 May 2022 in the Committee Room, 7000 Great Eastern Highway, Mundaring.

### **11.2 Closure of the Meeting**

The Presiding Person declared the meeting closed at 5.19pm.