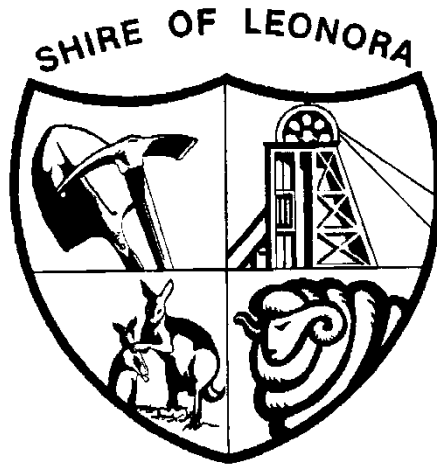


SHIRE OF LEONORA



AUDIT AND RISK COMMITTEE MEETING

TO BE HELD 15 SEPTEMBER 2015, AT THE CONCLUSION OF THE ORDINARY MEETING OF COUNCIL, TO COMMENCE AT 10:06AM.

JG EPIS
CHIEF EXECUTIVE OFFICER

1.0 DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS / FINANCIAL INTEREST DISCLOSURE

Chairperson, Cr PJ Craig, declared the meeting open at 10:06am.

2.0 RECORD OF ATTENDANCE / APOLOGIES / LEAVE OF ABSENCE

2.1 Present	
President	PJ Craig
Councillors	RM Cotterill
	MWV Taylor
	AE Taylor
	LR Petersen
	GW Baker
Chief Executive Officer	JG Epis
Deputy Chief Executive Officer	TM Browning
Manager Community Services	SG Butson
2.2 Apologies	
Deputy President	RA Norrie

3.0 CONFIRMATION OF THE MINUTES OF THE PREVIOUS MEETING

Draft motion: That the Minutes of the Ordinary Meeting held on 16th June, 2015 be confirmed as a true and accurate record.

Moved Cr RM Cotterill, Seconded Cr MWV Taylor that the minutes of the Audit and Risk Committee Meeting held on the 16th June, 2015 be confirmed as a true and accurate record.

CARRIED (6 VOTES TO 0)

4.0 REPORTS OF OFFICERS

4.1 CHIEF EXECUTIVE OFFICER

4.1.1 RISK EXECUTIVE REPORT

SUBMISSION TO: Meeting of Audit Committee
Meeting Date: 15th September, 2015

AGENDA REFERENCE: 4.1.1 SEPT 15

SUBJECT: Risk Executive Report

LOCATION / ADDRESS: Nil

NAME OF APPLICANT: Nil

FILE REFERENCE: Nil

AUTHOR, DISCLOSURE OF ANY INTEREST AND DATE OF REPORT

NAME: Jim Epis

OFFICER: Chief Executive Officer

INTEREST DISCLOSURE: Nil

DATE: 8th September, 2015

BACKGROUND

The Shire has been undertaking a review of its risk profile as part of the implementation of the Risk Management Framework.

At the last meeting of the Audit Committee it was recommended that the committee would review the Risk Executive Report detailing all strategic risks and those operational risks with a high rating.

DETAILS

The Shire has undertaken a review of its risk profile and established a set of Strategic and Operational Risks which have been accepted by the Audit Committee. A number of operational and strategic risks have been identified.

The Audit Committee has discussed the level of reporting to receive on a quarterly basis. The information attached is for review and comment by the Audit Committee and details all strategic risks and those operational risks that are rated high.

Information from external auditors has indicated that with respect to external audit requirements, the main view is one of compliance with the Audit Regulations.

To this end local governments will be asked if they have undertaken the reviews and if they have met the statutory deadline. With respect to the undertaking of reviews, there will be an expectation that the LG has formed an opinion as to the appropriateness and effectiveness of the framework in place.

The appropriateness and effectiveness of the framework in place will be treated as a compliance exercise and that an expectation exists that over time the framework, processes and controls in place will improve.

The Shire of Leonora has a framework in place has considered draft operational and strategic risks, reviewed its terms of reference for the audit committee and its reporting requirements with regard to the regulation.

Staff are currently reviewing the appropriateness and effectiveness of existing controls in place for the strategic and operational risks that have been identified. In these instances, it is expected the CEO will provide their own assessment on the appropriateness and the effectiveness based on the information they have to hand.

In some instances, it is perfectly reasonable for an outcome where it is determined controls are not appropriate. In such cases, it would also need to be stated it follows they cannot therefore, be effective. These will then need to be reviewed and effective controls put in place.

Areas of risk are subject to change and modification during the year on the authorisation of the Chief Executive Officer and Audit Committee, whom as per section regulation 17.1 of the Local Government (Audit) Regulations 1996 will continue to monitor the Appropriateness and Effectiveness of the Councils Systems and Procedures.

POLICY IMPLICATIONS

The Risk Management Policy outlines the Shire's commitment and approach to managing risks that may impact on its day-to-day operations and threaten the achievement of its objectives

FINANCIAL IMPLICATIONS

N/A

STRATEGIC IMPLICATIONS

The Chief Executive Officer should play a key role in the establishment and development of an effective risk management framework, as it ultimately sets the operational tone of the Council, and should reflect the ethics, integrity and values espoused by the Council.

The role of the audit committee is to govern the integrity of the entity's financial information, systems of internal control, risk and the legal and ethical conduct of management and employees.

Monitoring and reviewing activities will provide evidence of the appropriateness and effectiveness of systems and procedures in regard to risk management, internal control and legislative compliance, as required by the Local Government (Audit) Regulations 1996.

RECOMMENDATIONS

That the Audit Committee:

1. Recommends to Council that the Operational Risk Report and the Strategic Risk Report be endorsed and adopted for the 2015/16 financial year.
2. Consider on a quarterly basis the Risk Executive Report detailing all strategic risks and those operational risks with a high rating.

VOTING REQUIREMENT

Simple Majority

COMMITTEE DECISION

Moved Cr LR Petersen, Seconded Cr RM Cotterill that Committee receive the update report on the Internal Audit Framework.

CARRIED (6 VOTES TO 0)

Operational Risk Report

Shire of Leonora



Print Date: 08-Sep-2015

OR-002	CEO responsible to put in place a framework of internal controls over budget formulation and management.	HIGH
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Primary Category: Financial and Legal **Responsible Officer:** Tanya Browning

Primary Sub-Category: **Secondary Responsible Officers:**

Secondary Categories:

Inherent

Consequence Major

Likelihood Possible

Risk Rating High

Revised

Consequence Major

Effectiveness of Controls Good

Likelihood Possible

Risk Rating High

Future

Consequence Major

Effectiveness of Controls Non-existent

Likelihood Possible

Risk Rating High

Existing Controls

Revised

Budget currently prepared internally in line with Long Term Financial Plan and checked by external auditors

Solutions

Risk Action	Risk Control	Action Status	End Date	Responsible Officer
Ensure Audit Committee signs off on process and framework for the formulation and management of the annual budget		In Progress	30/06/2016	Tanya Browning

OR-003	Unrealistic Budgets Adopted	HIGH
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Primary Category: Financial and Legal **Responsible Officer:** Tanya Browning

Primary Sub-Category: **Secondary Responsible Officers:**

Secondary Categories:

Inherent

Consequence Major
Likelihood Possible

Revised

Consequence Major
Effectiveness of Controls Good
Likelihood Possible

Future

Consequence Major
Effectiveness of Controls Non-existent
Likelihood Possible

Risk Rating High

Risk Rating High

Risk Rating High

Existing Controls

Revised

Current Budget prepared within the Leonora Integrated Planning Framework

Solutions

Risk Action	Risk Control	Action Status	End Date	Responsible Officer
Ensure annual budgets prepared in accordance with the Leonora Integrated Planning Framework		In Progress	30/06/2016	Tanya Browning

OR-009	Council's statutory reports provide inaccurate financial information	HIGH
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Primary Category: Financial and Legal **Responsible Officer:** Tanya Browning

Primary Sub-Category: **Secondary Responsible Officers:**

Secondary Categories:

Inherent

Consequence Major

Likelihood Possible

Risk Rating High

Revised

Consequence Major

Effectiveness of Controls Good

Likelihood Possible

Risk Rating High

Future

Consequence Major

Effectiveness of Controls Non-existent

Likelihood Possible

Risk Rating High

Existing Controls

Revised

General Ledger reconciliations (including control and clearing accounts) are prepared on a regular basis; all reconciliations independently reviewed.

Solutions

Risk Action	Risk Control	Action Status	End Date	Responsible Officer
Actual results compared to budget regularly and provided in management reports. Management reviews and investigates significant variances.		In Progress	30/06/2016	Tanya Browning
Progress Comments: UHYHN provide remote service and independent management reports to CEO				

OR-019	Debtors are either not collected on a timely basis or not collected at all.	HIGH
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Primary Category: Financial and Legal **Responsible Officer:** Tanya Browning

Primary Sub-Category: **Secondary Responsible Officers:**

Secondary Categories:

Inherent

Consequence Major

Likelihood Possible

Risk Rating High

Revised

Consequence Major

Effectiveness of Controls Good

Likelihood Possible

Risk Rating High

Future

Consequence Major

Effectiveness of Controls Non-existent

Likelihood Possible

Risk Rating High

Existing Controls

Revised

Debtor's reconciliation performed on a regular basis to the General Ledger and reviewed by an independent person.

Solutions

Risk Action	Risk Control	Action Status	End Date	Responsible Officer
Management reviews debtors ageing profile on a regular basis and investigates any outstanding items.		In Progress	30/06/2016	Tanya Browning
Progress Comments: CEO recommends bad debtors to external collection agency for follow up				

OR-021	Fixed asset acquisitions, disposals and write-offs are fictitious, inaccurately recorded or not recorded at all	HIGH
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Primary Category: Financial and Legal **Responsible Officer:** Tanya Browning

Primary Sub-Category: **Secondary Responsible Officers:**

Secondary Categories:

Inherent

Consequence Major
Likelihood Possible

Revised

Consequence Major
Effectiveness of Controls Good
Likelihood Possible

Future

Consequence Major
Effectiveness of Controls Non-existent
Likelihood Possible

Risk Rating High

Risk Rating High

Risk Rating High

Existing Controls

Revised

Reconciliation of fixed assets to the General Ledger is performed regularly.

Solutions

Risk Action	Risk Control	Action Status	End Date	Responsible Officer
All fixed asset acquisitions and disposals are approved in accordance with delegation of authority and relevant procurement and fixed asset policies.		In Progress	30/06/2016	Tanya Browning
Progress Comments: Physical stocktake undertaken on asset classes periodically.				

OR-022	Fixed Asset maintenance and/or renewals are inadequately planned	HIGH
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		Capacity to Deliver			
Primary Category:	Services	Responsible Officer:		Secondary Responsible Officers:	Dan Yates
Primary Sub-Category:					
Secondary Categories:					
<u>Inherent</u>		<u>Revised</u>		<u>Future</u>	
Consequence	Major	Consequence	Major	Consequence	Major
Likelihood	Possible	Effectiveness of Controls	Good	Effectiveness of Controls	Non-existent
		Likelihood	Possible	Likelihood	Possible
Risk Rating	High	Risk Rating	High	Risk Rating	High

Existing Controls

Revised

Asset Management Plans direct Council's programmed maintenance and asset renewal schedules

Solutions

Risk Action	Risk Control	Action Status	End Date	Responsible Officer
Asset Management Plans exist for all major asset classes and all changes to the asset management plan must be approved by Council		In Progress	30/06/2016	Dan Yates
Progress Comments: Asset management plans under review for improvement and clarity as part of ongoing improvement plan.				

OR-028	Council does not raise the correct level of rate income	HIGH
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Primary Category: Financial and Legal **Responsible Officer:** Tanya Browning

Primary Sub-Category: **Secondary Responsible Officers:**

Secondary Categories:

Inherent

Consequence Major
Likelihood Possible

Revised

Consequence Major
Effectiveness of Controls Good
Likelihood Possible

Future

Consequence Major
Effectiveness of Controls Non-existent
Likelihood Possible

Risk Rating High

Risk Rating High

Risk Rating High

Existing Controls

Revised

Actual rate revenue and rate rebates are compared to budget regularly; management reviews and investigates significant variances.

Solutions

Risk Action	Risk Control	Action Status	End Date	Responsible Officer
Management regularly reviews the calculation methodology within the rate application system and for a sample of ratepayers to ensure correct calculation and methodology has been used.		In Progress	30/06/2016	Tanya Browning

OR-029	Council loses recurrent Grant funding to provide existing service	HIGH
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Capacity to Deliver

Primary Category: Services **Responsible Officer:** Jim Epis

Primary Sub-Category: **Secondary Responsible Officers:**

Secondary Categories:

<u>Inherent</u>		<u>Revised</u>		<u>Future</u>	
Consequence	Major	Consequence	Major	Consequence	Major
Likelihood	Possible	Effectiveness of Controls	Good	Effectiveness of Controls	Non-existent
		Likelihood	Possible	Likelihood	Possible
Risk Rating	High	Risk Rating	High	Risk Rating	High

Existing Controls

Revised

Council has a grant revenue register which records details such as reporting deadlines, amount and instalments expected and key milestones.

Solutions

Risk Action	Risk Control	Action Status	End Date	Responsible Officer
Council has a clear process to review services where grant funding has ceased to ensure it understands the financial impact on its sustainability.		In Progress	30/06/2016	Jim Epis

OR-031	Receipts are not deposited at the bank on a timely basis or not recorded	HIGH
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Primary Category: Financial and Legal **Responsible Officer:** Tanya Browning

Primary Sub-Category: **Secondary Responsible Officers:**

Secondary Categories:

Inherent

Consequence Major
Likelihood Possible

Revised

Consequence Major
Effectiveness of Controls Good
Likelihood Possible

Future

Consequence Major
Effectiveness of Controls Non-existent
Likelihood Possible

Risk Rating High

Risk Rating High

Risk Rating High

Existing Controls

Revised

Receipts are deposited regularly at the bank by a person independent from the initial recording of the cash receipts

Solutions

Risk Action	Risk Control	Action Status	End Date	Responsible Officer
Bank statements are reconciled to the general ledger and banking reports where relevant, monthly and are reviewed by an authorised person.		In Progress	30/06/2016	Tanya Browning

OR-042	Staff Working in isolation	HIGH
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Human Safety and Well – Being

Primary Category: Well – Being **Responsible Officer:** Dan Yates

Primary Sub-Category: **Secondary Responsible Officers:**

Secondary Categories:

<u>Inherent</u>		<u>Revised</u>		<u>Future</u>	
Consequence	Major	Consequence	Major	Consequence	Major
Likelihood	Possible	Effectiveness of Controls	Good	Effectiveness of Controls	Non-existent
		Likelihood	Possible	Likelihood	Possible
Risk Rating	High	Risk Rating	High	Risk Rating	High

Existing Controls

Revised

Procedures in place

Solutions

Risk Action	Risk Control	Action Status	End Date	Responsible Officer
Ensure a procedure exists in the OHS Risk Management Plan for staff working in isolation		In Progress	30/06/2016	Dan Yates

OR-044	Chemicals used in operating environments	HIGH
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Primary Category:	Human Safety and Well – Being	Responsible Officer:	Dan Yates
Primary Sub-Category:		Secondary Responsible Officers:	
Secondary Categories:			
<u>Inherent</u>		<u>Revised</u>	<u>Future</u>
Consequence	Major	Consequence	Major
Likelihood	Likely	Effectiveness of Controls	Good
		Likelihood	Likely
Risk Rating	High	Risk Rating	High
		Risk Rating	High

Existing Controls

Revised

Draft safe operating procedure in place

Solutions

Risk Action	Risk Control	Action Status	End Date	Responsible Officer
Safe operating procedure for use of chemicals exists as well as a chemicals register		In Progress	30/06/2016	Dan Yates

OR-046	Plant and equipment under utilised	HIGH
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		Capacity to Deliver			
Primary Category:	Services	Responsible Officer:	Dan Yates		
Primary Sub-Category:		Secondary Responsible Officers:			
Secondary Categories:					
<u>Inherent</u>		<u>Revised</u>		<u>Future</u>	
Consequence	Major	Consequence	Major	Consequence	Major
Likelihood	Likely	Effectiveness of Controls	Excellent	Effectiveness of Controls	Non-existent
		Likelihood	Likely	Likelihood	Likely
Risk Rating	High	Risk Rating	High	Risk Rating	High

Existing Controls

Revised

Fuel usage and utilisation of plant and equipment recorded

Solutions

Risk Action	Risk Control	Action Status	End Date	Responsible Officer
Report regularly on fuel usage and utilisation of plant and equipment		In Progress	30/06/2016	Dan Yates

OR-047	Abide by on-road regulations and - chain of responsibility	HIGH
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Shire Reputation		Responsible Officer:		Dan Yates	
Primary Category: and Governance		Secondary Responsible Officers:			
Primary Sub-Category:					
Secondary Categories:					
<u>Inherent</u>		<u>Revised</u>		<u>Future</u>	
Consequence	Major	Consequence	Major	Consequence	Major
Likelihood	Possible	Effectiveness of Controls	Good	Effectiveness of Controls	Non-existent
		Likelihood	Possible	Likelihood	Possible
Risk Rating	High	Risk Rating	High	Risk Rating	High

Existing Controls

Revised

Draft process being developed for maintenance and on-road chains of responsibility

Solutions

Risk Action	Risk Control	Action Status	End Date	Responsible Officer
Ensure it is well documented where the Shire fits in the Chain of Responsibility		In Progress	30/06/2016	Dan Yates

SR-001	Failure to protect staff or third parties from injury.	HIGH
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Human Safety and Well – Being

Primary Category: Well – Being **Responsible Officer:** Jim Epis

Primary Sub-Category: **Secondary Responsible Officers:**

Secondary Categories:

<u>Inherent</u>		<u>Revised</u>		<u>Future</u>	
Consequence	Major	Consequence	Major	Consequence	Major
Likelihood	Possible	Effectiveness of Controls	Excellent	Effectiveness of Controls	Excellent
		Likelihood	Possible	Likelihood	Possible
Risk Rating	High	Risk Rating	High	Risk Rating	High

Existing Controls

Revised

Comprehensive OHS procedures, policies, training and communication. Proactive operational inspections.

Solutions

Risk Action	Risk Control	Action Status	End Date	Responsible Officer
Ensure an OSH Risk Management Plan is in place in line with the Risk Management Policy and Procedure Manual.		In Progress	30/06/2016	Jim Epis
Progress Comments: Utilisation of LGIS for ongoing employment education, as well as improvement of plans and processes.				

SR-006	Inability to fund the maintenance replacement and renewal of infrastructure assets	HIGH
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Capacity to Deliver

Primary Category: Services **Responsible Officer:** Tanya Browning

Primary Sub-Category: **Secondary Responsible Officers:**

Secondary Categories:

<u>Inherent</u>	<u>Revised</u>	<u>Future</u>
Consequence Major	Consequence Major	Consequence Major
Likelihood Possible	Effectiveness of Controls Non-existent	Effectiveness of Controls Non-existent
	Likelihood Possible	Likelihood Possible
Risk Rating High	Risk Rating High	Risk Rating High

Solutions

Risk Action	Risk Control	Action Status	End Date	Responsible Officer
LTFP informed by asset management plans for infrastructure assets		In Progress	30/06/2016	Tanya Browning

SR-007	Waste management facilities and services do not adhere to licensing and legislative requirements	HIGH
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Capacity to Deliver

Primary Category: Services **Responsible Officer:** Dan Yates

Primary Sub-Category: **Secondary Responsible Officers:**

Secondary Categories:

<u>Inherent</u>		<u>Revised</u>		<u>Future</u>	
Consequence	Major	Consequence	Major	Consequence	Major
Likelihood	Possible	Effectiveness of Controls	Non-existent	Effectiveness of Controls	Non-existent
		Likelihood	Possible	Likelihood	Possible
Risk Rating	High	Risk Rating	High	Risk Rating	High

Solutions

Risk Action	Risk Control	Action Status	End Date	Responsible Officer
Waste Strategy exists in accordance with licensing and legislative requirements		In Progress	30/06/2016	Dan Yates

SR-008	Failure or reduction in service of infrastructure assets, plant, equipment or machinery.	HIGH
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		Capacity to Deliver			
Primary Category:	Services	Responsible Officer:		Dan Yates	
Primary Sub-Category:		Secondary Responsible Officers:			
Secondary Categories:					
<u>Inherent</u>		<u>Revised</u>		<u>Future</u>	
Consequence	Major	Consequence	Major	Consequence	Major
Likelihood	Possible	Effectiveness of Controls	Good	Effectiveness of Controls	Good
		Likelihood	Possible	Likelihood	Possible
Risk Rating	High	Risk Rating	High	Risk Rating	High

Existing Controls

Revised

Asset management, maintenance and replacement plans in place

Solutions

Risk Action	Risk Control	Action Status	End Date	Responsible Officer
Improve the asset management schedules and create an asset management database		In Progress	30/06/2016	Dan Yates

Strategic Risk Report

Shire of Leonora



Print Date: 08-Sep-2015

SR-001	Failure to protect staff or third parties from injury.	HIGH
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Human Safety and
Primary Category: Well – Being **Responsible Officer:** Jim Epis
Primary Sub-Category: **Secondary Responsible Officers:**
Secondary Categories:
Inherent **Revised** **Future**
Consequence Major **Consequence** Major **Consequence** Major
Likelihood Possible **Effectiveness of Controls** Excellent **Effectiveness of Controls** Excellent
Likelihood Possible **Likelihood** Possible **Likelihood** Possible
Risk Rating High **Risk Rating** High **Risk Rating** High

Existing Controls

Revised

Comprehensive OHS procedures, policies, training and communication. Proactive operational inspections.

Solutions

Risk Action	Risk Control	Action Status	End Date	Responsible Officer
Ensure an OSH Risk Management Plan is in place in line with the Risk Management Policy and Procedure Manual.		In Progress	30/06/2016	Jim Epis
Progress Comments: Utilisation of LGIS for ongoing employment education, as well as improvement of plans and processes.				

SR-006	Inability to fund the maintenance replacement and renewal of infrastructure assets	HIGH
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Capacity to Deliver

Primary Category: Services **Responsible Officer:** Tanya Browning
Primary Sub-Category: **Secondary Responsible Officers:**
Secondary Categories:
Inherent Revised Future

Consequence Major	Consequence Major	Consequence Major
Likelihood Possible	Effectiveness of Controls Non-existent	Effectiveness of Controls Non-existent
	Likelihood Possible	Likelihood Possible
Risk Rating High	Risk Rating High	Risk Rating High

Solutions

Risk Action	Risk Control	Action Status	End Date	Responsible Officer
LTFP informed by asset management plans for infrastructure assets		In Progress	30/06/2016	Tanya Browning

SR-007	Waste management facilities and services do not adhere to licensing and legislative requirements	HIGH
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		Capacity to Deliver			
Primary Category:	Services	Responsible Officer:	Dan Yates		
Primary Sub-Category:		Secondary Responsible Officers:			
Secondary Categories:					
<u>Inherent</u>		<u>Revised</u>		<u>Future</u>	
Consequence	Major	Consequence	Major	Consequence	Major
Likelihood	Possible	Effectiveness of Controls	Non-existent	Effectiveness of Controls	Non-existent
		Likelihood	Possible	Likelihood	Possible
Risk Rating	High	Risk Rating	High	Risk Rating	High

Solutions

Risk Action	Risk Control	Action Status	End Date	Responsible Officer
Waste Strategy exists in accordance with licensing and legislative requirements		In Progress	30/06/2016	Dan Yates

SR-008	Failure or reduction in service of infrastructure assets, plant, equipment or machinery.	HIGH
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		Capacity to Deliver			
Primary Category:	Services	Responsible Officer:		Dan Yates	
Primary Sub-Category:		Secondary Responsible Officers:			
Secondary Categories:					
<u>Inherent</u>		<u>Revised</u>		<u>Future</u>	
Consequence	Major	Consequence	Major	Consequence	Major
Likelihood	Possible	Effectiveness of Controls	Good	Effectiveness of Controls	Good
		Likelihood	Possible	Likelihood	Possible
Risk Rating	High	Risk Rating	High	Risk Rating	High

Existing Controls

Revised

Asset management, maintenance and replacement plans in place

Solutions

Risk Action	Risk Control	Action Status	End Date	Responsible Officer
Improve the asset management schedules and create an asset management database		In Progress	30/06/2016	Dan Yates

SR-014	Non-compliance with Occupation Health & Safety (OH&S) Regulations and physical security requirements	HIGH
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Human Safety and Well – Being

Primary Category: Well – Being **Responsible Officer:** Tanya Browning

Primary Sub-Category: **Secondary Responsible Officers:**

Secondary Categories:

<u>Inherent</u>		<u>Revised</u>		<u>Future</u>	
Consequence	Major	Consequence	Major	Consequence	Major
Likelihood	Possible	Effectiveness of Controls	Good	Effectiveness of Controls	Good
		Likelihood	Possible	Likelihood	Possible
Risk Rating	High	Risk Rating	High	Risk Rating	High

Existing Controls

Revised

Workplace inspections, hazard register and staff induction process in place

Solutions

Risk Action	Risk Control	Action Status	End Date	Responsible Officer
Develop an HR Framework. This should include an OSH Risk Management Plan in line with the requirements of the risk management policy and procedure manual		In Progress	30/06/2016	Tanya Browning
Progress Comments: Utilisation of LGIS for ongoing employment education, as well as improvement of plans and processes.				

SR-005	Customer processes and standards applied to all customer contact points in the Shire	MODERATE
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		Shire Reputation			
Primary Category:	and Governance	Responsible Officer:	Stuart Butson		
Primary Sub-Category:		Secondary Responsible Officers:			
Secondary Categories:					
Inherent		Revised		Future	
Consequence	Minor	Consequence	Minor	Consequence	Minor
Likelihood	Likely	Effectiveness of Controls	Non-existent	Effectiveness of Controls	Excellent
		Likelihood	Likely	Likelihood	Likely
Risk Rating	Moderate	Risk Rating	Moderate	Risk Rating	Moderate

Solutions

Risk Action	Risk Control	Action Status	End Date	Responsible Officer
Customer service procedures current to ensure consistency across the organisation and adherence to the Customer Service Charter		In Progress	30/06/2016	Stuart Butson

SR-009	Failure to provide expected levels of service, events and benefit to the community	MODERATE
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Shire Reputation and

Primary Category: Governance **Responsible Officer:** Stuart Butson
Primary Sub-Category: **Secondary Responsible Officers:**

Secondary Categories:

<u>Inherent</u>	<u>Revised</u>	<u>Future</u>
Consequence Minor	Consequence Minor	Consequence Minor
Likelihood Likely	Effectiveness of Controls Good	Effectiveness of Controls Good
	Likelihood Likely	Likelihood Likely
Risk Rating Moderate	Risk Rating Moderate	Risk Rating Moderate

Existing Controls

Revised

Integrated Planning Framework, community satisfaction survey and complaints register in place

Solutions

Risk Action	Risk Control	Action Status	End Date	Responsible Officer
Community satisfaction Survey conducted and complaints register regularly maintained		In Progress	30/06/2016	Tanya Browning

SR-010	Damage to buildings, property, plant & equipment (all assets) that does not result in a disruption to business objective	MODERATE
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Capacity to Deliver

Primary Category: Services **Responsible Officer:** Stuart Butson

Primary Sub-Category: **Secondary Responsible Officers:**

Secondary Categories:

<u>Inherent</u>	<u>Revised</u>	<u>Future</u>
Consequence Minor	Consequence Minor	Consequence Minor
Likelihood Likely	Effectiveness of Controls Fair	Effectiveness of Controls Fair
	Likelihood Likely	Likelihood Likely
Risk Rating Moderate	Risk Rating Moderate	Risk Rating Moderate

Existing Controls

Revised

Schedules are in place to record work required due to damage

Solutions

Risk Action	Risk Control	Action Status	End Date	Responsible Officer
Unscheduled maintenance and cleaning registers in place to record work required due to damage		In Progress	30/06/2016	Stuart Butson

SR-013	Failures in the procurement, acquisition, acceptance or disposal process for assets as governed by the Local Government Act	MODERATE
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Primary Category: Financial and Legal **Responsible Officer:** Tanya Browning
Primary Sub-Category: **Secondary Responsible Officers:**
Secondary Categories:

Inherent

Consequence Major

Likelihood Unlikely

Risk Rating Moderate

Revised

Consequence Major

Effectiveness of Controls Good

Likelihood Unlikely

Risk Rating Moderate

Future

Consequence Major

Effectiveness of Controls Good

Likelihood Unlikely

Risk Rating Moderate

Existing Controls

Revised

Procurement Policy and delegations exist

Solutions

Risk Action	Risk Control	Action Status	End Date	Responsible Officer
Update the current procurement policy and guideline in accordance with the WALGA Procurement Guide 2014.		In Progress	30/06/2016	Tanya Browning
Progress Comments: Documents recently reviewed				

SR-015	Instability, degradation of performance, or other failure of IT Systems, Infrastructure, Communication or utility causing the inability to continue business activities and provide services to the community.	MODERATE
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		Capacity to Deliver			
Primary Category:	Services	Responsible Officer:	Stuart Butson		
Primary Sub-Category:		Secondary Responsible Officers:			
Secondary Categories:					
<u>Inherent</u>		<u>Revised</u>		<u>Future</u>	
Consequence	Major	Consequence	Major	Consequence	Major
Likelihood	Unlikely	Effectiveness of Controls	Good	Effectiveness of Controls	Good
		Likelihood	Unlikely	Likelihood	Unlikely
Risk Rating	Moderate	Risk Rating	Moderate	Risk Rating	Moderate

Existing Controls

Inherent

Data backup system in place along with vendor support available

Revised

Data backup system in place along with vendor support available

Solutions

Risk Action	Risk Control	Action Status	End Date	Responsible Officer
Backup of data on all servers is taking place regularly and stored off site		In Progress	30/06/2016	Stuart Butson
Progress Comments: IT Consultant has regular reviews and recommends improvements to obsolete practices and systems				

SR-002	Change of government policy negatively affecting service provision or planned capital funding.	MODERATE
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Capacity to Deliver

Primary Category: Services **Responsible Officer:** Tanya Browning
Primary Sub-Category: **Secondary Responsible Officers:**

Secondary Categories:

<u>Inherent</u>	<u>Revised</u>	<u>Future</u>
Consequence Minor	Consequence Minor	Consequence Minor
Likelihood Possible	Effectiveness of Controls Excellent	Effectiveness of Controls Non-existent
	Likelihood Possible	Likelihood Possible
Risk Rating Moderate	Risk Rating Moderate	Risk Rating Moderate

Existing Controls

Revised

Long Term financial Plan based on current levels of service and funding

Solutions

Risk Action	Risk Control	Action Status	End Date	Responsible Officer
Ensure Corporate Plan and LTFP when reviewed consider the impact of government grants and contributions on service delivery and infrastructure renewal		In Progress	30/06/2016	Tanya Browning

SR-003	Compromise of Council's public image and reputational integrity	MODERATE
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		Shire Reputation			
Primary Category:	and Governance	Responsible Officer:		Secondary Responsible Officers:	Jim Epis
Primary Sub-Category:					
Secondary Categories:					
<u>Inherent</u>		<u>Revised</u>		<u>Future</u>	
Consequence	Minor	Consequence	Minor	Consequence	Minor
Likelihood	Possible	Effectiveness of Controls	Non-existent	Effectiveness of Controls	Non-existent
		Likelihood	Possible	Likelihood	Possible
Risk Rating	Moderate	Risk Rating	Moderate	Risk Rating	Moderate

Existing Controls

Revised

Proactive engagement with all stakeholders, particularly the community. CEO communication with Councillors and networks

Solutions

Risk Action	Risk Control	Action Status	End Date	Responsible Officer
Ensure protocols are in place with dealing with the community, stakeholders and the media.		In Progress	30/06/2016	Jim Epis

SR-012	Failure to correctly identify, interpret, assess, respond and communicate laws and regulations as a result of an inadequate compliance framework	MODERATE
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Primary Category: Financial and Legal **Responsible Officer:** Tanya Browning

Primary Sub-Category: **Secondary Responsible Officers:**

Secondary Categories:

Inherent

Consequence Major

Likelihood Possible

Risk Rating High

Revised

Consequence Critical

Effectiveness of Controls Good

Likelihood Unlikely

Risk Rating Moderate

Future

Consequence Major

Effectiveness of Controls Fair

Likelihood Possible

Risk Rating High

Existing Controls

Revised

Annual compliance return, financial returns and external audit undertaken annually

Solutions

Risk Action	Risk Control	Action Status	End Date	Responsible Officer
Develop a standardised compliance framework and checklist		In Progress	30/06/2016	Tanya Browning

SR-011	Failure to adequately capture, store, archive, retrieve, provision and / or disposal of documentation	MODERATE
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Primary Category: Financial and Legal **Responsible Officer:** Stuart Butson

Primary Sub-Category: **Secondary Responsible Officers:**

Secondary Categories:

Inherent

Consequence Critical

Likelihood Unlikely

Risk Rating Moderate

Revised

Consequence Critical

Effectiveness of Controls Good

Likelihood Unlikely

Risk Rating Moderate

Future

Consequence Critical

Effectiveness of Controls Fair

Likelihood Unlikely

Risk Rating Moderate

Existing Controls

Revised

Records management policy and procedure in place

Solutions

Risk Action	Risk Control	Action Status	End Date	Responsible Officer
Review records policy and procedure and conduct an internal audit on policies, procedures and registers		In Progress	30/06/2016	Stuart Butson
Progress Comments: Assistance and advice from Goldfields Record Storage regarding disposal, storage etc.				

SR-004	Activation of comprehensive emergency management plan to ensure business interruption is minimised in the event of a major incident, loss of facility, loss of power.	LOW
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Primary Category: Financial and Legal **Responsible Officer:** Tanya Browning
Primary Sub-Category: **Secondary Responsible Officers:**
Secondary Categories:

Inherent

Consequence Critical

Likelihood Rare

Risk Rating Low

Revised

Consequence Critical

Effectiveness of Controls Non-existent

Likelihood Rare

Risk Rating Low

Future

Consequence Critical

Effectiveness of Controls Poor

Likelihood Rare

Risk Rating Low

Existing Controls

Revised

Council Emergency Management Plan

Solutions

Risk Action	Risk Control	Action Status	End Date	Responsible Officer
Ensure current emergency management and continuity plans and processes are current		In Progress	30/06/2016	Tanya Browning

4.1 REPORTS OF OFFICERS

4.1 CHIEF EXECUTIVE OFFICER

4.1.2 SYSTEM REVIEW REPORT

SUBMISSION TO: Meeting of Audit Committee
Meeting Date: 15 September 2015

AGENDA REFERENCE: 4.1.2 SEPT 2015

SUBJECT: System Review Report

LOCATION / ADDRESS: Nil

NAME OF APPLICANT: Nil

FILE REFERENCE: Nil

AUTHOR, DISCLOSURE OF ANY INTEREST AND DATE OF REPORT

NAME: James Gregory Epis

OFFICER: Chief Executive Officer

INTEREST DISCLOSURE: Nil

DATE: 7 September 2015

BACKGROUND

As required by Regulation 5(2) (c) of the Local Government (Financial Management) Regulations 1996, the Chief Executive Officer is to undertake reviews of the appropriateness and effectiveness of the financial management system and procedures regularly, and not less than once in every four years. This task has been outsourced to Butler Settineri Pty Ltd, and the completed report is attached for review.

DETAILS

The findings from Butler Settineri noted that the financial management framework is generally in good order. In particular it was found that all major controls in relation to financial controls for the receipting of monies, safeguarding of assets and control over expenditure are in place and functional. Therefore all findings are categorised as low or medium risk. Where deemed appropriate, the relevant risks will be included in the Shire risk management framework

POLICY IMPLICATIONS

The Risk Management Policy outlines the Shire's commitment and approach to managing risks that may impact on its day-to-day operations and threaten the achievement of its objectives.

FINANCIAL IMPLICATIONS

There are no financial implications resulting from the recommendations of this report.

STRATEGIC IMPLICATIONS

The Chief Executive Officer should play a key role in the establishment and development of an effective risk management framework, as it ultimately sets the operational tone of the Council, and should reflect the ethics, integrity and values espoused by the Council.

The role of the audit committee is to govern the integrity of the entity's financial information, systems of internal control, risk and the legal and ethical conduct of management and employees.

Monitoring and reviewing activities will provide evidence of the appropriateness and effectiveness of systems and procedures in regard to risk management, internal control and legislative compliance, as required by the Local Government (Audit) Regulations 1996.

RECOMMENDATIONS

That the Committee

1. Receives the Financial Management System Review 8 July 2015 , and
2. Notes the results of the Chief Executive Officer's review of the appropriateness and effectiveness of the Shire's financial management systems and procedures.

VOTING REQUIREMENT

Simple Majority

COMMITTEE DECISION

Moved Cr GW Baker, Seconded Cr AE Taylor that the Committee

1. Receives the Financial Management System Review 8 July 2015 , and
2. Notes the results of the Chief Executive Officer's review of the appropriateness and effectiveness of the Shire's financial management systems and procedures.

CARRIED (6 VOTES TO 0)

5.0 NEXT MEETING

15th December, 2015 following the conclusion of the Ordinary meeting of Council commencing at 9:30am.

6.0 CLOSURE OF MEETING

There being no further business, Chairperson Cr PJ Craig declared the meeting closed at 10:30am.