SHIRE OF LAVERTON

AUDIT AND RISK COMMITTEE MEETING

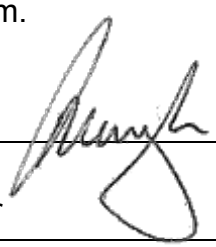
AGENDA

To be held in
the Council Chambers of the Shire of Laverton
at 9 MacPherson Place, Laverton,
on Thursday 26 September 2019,
commencing at 4:45 pm

SHIRE OF LAVERTON
NOTICE OF MEETING OF THE AUDIT AND RISK COMMITTEE

Dear Committee Member,

The next meeting of the Audit and Risk Committee of Shire of Laverton will take place on Thursday 26 September 2019 in the Council Chambers, 9 MacPherson Place Laverton, commencing at 4.45 pm.



20 September 2019

Peter Naylor
Chief Executive Officer

Date

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ATTACHMENTS

ARC190926-3.1.A	Minutes of Audit and Risk Committee Meeting 25 July 2019 (distributed previously)
ARC190926-4.1.1.A	Shire of Laverton - Draft Risk Profiles September 2019
ARC190926-4.1.1.B	Shire of Laverton - Risk Register Draft September 2019

AGENDA FOR AUDIT AND RISK COMMITTEE MEETING TO BE HELD IN THE SHIRE COUNCIL CHAMBERS, 9 MACPHERSON PLACE, LAVERTON ON THURSDAY 26 SEPTEMBER 2019 AT 4:45PM

1. DECLARATION OF OPENING

2. RECORD OF ATTENDANCE

2.1 PRESENT

Cr P Hill	Member
Cr S Weldon	Member
Cr D Ross	Member
Cr R Prentice	Member
Cr R Weldon	Member
Mr P Naylor	Chief Executive Officer
Mr P Marshall	Deputy Chief Executive Officer
Mr L Vidovich	Executive Manager Technical Services

2.2 APOLOGIES

Nil

2.3 LEAVE OF ABSENCE

Cr R Ryles	Member

2.4 VISITORS

3. CONFIRMATION OF MINUTES OF PREVIOUS MEETING

3.1 MINUTES OF AUDIT AND RISK COMMITTEE MEETING HELD 25 JULY 2019

ATTACHMENT

AC190926-3.1.A Minutes of Audit and Risk Committee Meeting 25 July 2019

PROCEDURAL DECISION

MOVED: **Cr** **SECONDED:** **Cr**

That the Minutes of the Audit and Risk Committee Meeting (Attachment ARC190926-3.1.A) held on 25 July 2019, be confirmed as a true and accurate record of proceedings.

SIMPLE MAJORITY		VOTES FOR		VOTES AGAINST	

4. REPORTS OF COMMITTEE AND OFFICERS

4.1 DEPUTY CHIEF EXECUTIVE OFFICER

4.1.1 RISK MANAGEMENT ACTIVITIES UPDATE SEPTEMBER 2019

SUBMISSION TO:	Audit and Risk Committee Meeting, 26 September 2019
DISCLOSURE OF INTEREST:	The author has no financial interest in this matter
OWNER/APPLICANT:	Not applicable
AUTHOR:	Phil Marshall, Deputy Chief Executive Officer
SENIOR OFFICER:	Peter Naylor, Chief Executive Officer
PREVIOUS MEETING REFERENCE:	Resolution ARC181213.02 of Audit and Risk Committee Meeting held on 13 December 2018 Resolution ARC181213.03 of Audit and Risk Committee Meeting held on 13 December 2018

MATTER FOR CONSIDERATION

For the Audit and Risk Committee to consider the draft risk profiles as attached and the officers report updating risk management activities undertaken to date.

ATTACHMENTS

ARC190926-4.1.1.A	Shire of Laverton - Draft Risk Profiles September 2019
ARC190926-4.1.1.B	Shire of Laverton - Risk Register Draft September 2019

APPLICANT'S SUBMISSION

Not applicable

BACKGROUND

Prior to 30 June 2018, meetings with the Chief Executive Officers (CEO's) for the Shires of Leonora, Laverton, Menzies and Wiluna were held, where opportunities for collaboration and service sharing were discussed. From these meetings, it was considered a viable opportunity to further explore the possibility of engaging the services of a consultancy company to perform the Statutory Compliance Services for the four local governments, given many already engaged consultants to assist with a variety of work.

The Shires of Leonora, Laverton, Menzies and Wiluna supported proceeding to the tender stage for Statutory Compliance Services and subsequently the tender was awarded to Moore Stephens. This tender included risk management support services, and the delivery of statutory support and compliance services.

Since the service with Moore Stephens commenced in 2018/19, the Shire has adopted an updated risk management policy which aligns to AS/NZS ISO 31000:2018 Risk Management Guidelines. The Audit and Risk Committee also endorsed a Risk Management Strategy utilising the Principles, Framework and Process as defined within the Standard. The Strategy considers the context of the Shire and conforms to the requirements of the Standard by providing the necessary guidance and direction to be followed by the Shire in its risk management activities, and is aligned with the risk management policy.

STATUTORY ENVIRONMENT

Local Government Act 1995

Section 2.7(2) – Provides that Council is to oversee the allocation of local government finances and resources and to determine the local government policies.

Section 3.1 – Provides that the general function of the local government is to provide for the good government of persons in its district.

Local Government (Audit) Regulations 1996

Regulation 17.1 – Requires the CEO to monitor the appropriateness and effectiveness of systems and procedures in regard to risk management, internal controls and legislative compliance.

POLICY IMPLICATIONS

The Risk Management Policy (02.21) outlines the Shire's commitment and approach to managing risks impacting on day-to-day operations and the delivery of strategic objectives.

FINANCIAL IMPLICATIONS

Provision is included in the 2019/20 Adopted Budget for Moore Stephens to deliver Statutory Compliance Services, including risk management, in line with the awarded tender.

STRATEGIC IMPLICATIONS

One of Council's responsibilities in risk management is to be satisfied risks are identified, managed and controlled appropriately, to achieve the Shire's strategic objectives, as well as to support the allocation of funds/resources to treat risks as required.

The Chief Executive Officer and executive team play a key role in the establishment and development of an effective risk management framework. To ensure the successful delivery of the Strategic Planning objectives, the strategy requires ongoing monitoring and revision for alignment to the Plan for the Future.

One role of the Audit and Risk Committee is to monitor identified strategic high level risks and their treatment solutions to ensure the community receives the services delivered effectively as outlined within the Plan for the Future.

Monitoring and reviewing activities will continue to 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*. The Risk Management Strategy also provides direction for the implementation of risk management activities.

Strategic references within the Shire of Laverton Strategic Community Plan 2016-2026 demonstrate connections between services and the desired outcomes and community vision for the Shire of Laverton, particularly in relation to Governance services in this instance, such as *4.3.1 Continue to review and improve organisational plans* and *4.3.2 Seek high level of statutory compliance*.

CONSULTATION

Moore Stephens Consultants

COMMENT

This item has been evaluated against the Shire of Laverton's Risk Management Strategy, Risk Assessment Matrix. The perceived level of risk is high prior to treatment, the progression of risk management activities aligned with the Risk Management Strategy will reduce the risk to low.

The Risk Management Strategy provides guidance and direction around risk management activities, including the assessment, prioritisation and communication of risk. This includes the reporting of risks through the Audit and Risk Committee. The tender response from Moore Stephens also set out the delivery of risk management services through quarterly 'dash board reports', bi-annual 'summary reports' and an annual 'risk control assurance workshop'.

A risk control assurance workshop was held with the Northern Goldfields Compliance Group (NGCG) in February 2019, which assisted to set out activities over the next twelve months. The workshop included discussions around the examination, review and updating of risks, as well as themes/profiles, controls and frameworks. The group requested a generic set of 'risk profiles' be developed by Moore Stephens which could then be reviewed and updated to apply to individual local governments. These draft risk profiles were utilised to develop a draft risk register, which was created and populated as an extension to the existing online registers service provided by Moore Stephens.

In August 2019, Moore Stephens conducted a site visit with the NGCG to review and update the risk profiles for each local government, and to populate the draft risk register with updated controls to calculate residual risks to be reported to the Audit and Risk Committee. The risk profiles are attached for the Committee's information (Attachment ARC190926-4.1.1.A) and will be utilised to further update the risk register prior to the next meeting. The risk register will also be updated with applicable recommendations (including best practice initiatives) resulting from focus audits and other reports recently published by the Office of the Auditor General (OAG) relating to the local government sector.

The risk summary report is intended to be provided bi-annually to the Committee. This report enables analysis of what has changed for the organisation, and whether these changes result in new or emerging risks against each risk profile. This subsequently allows for the risk register to be updated, and for a report to the Committee to be compiled summarising new risks or changes to existing risks. The risk summary report will be compiled for the next meeting highlighting risk changes identified against each profile since the last review, including actions and treatments in place for high level risks.

A quarterly dashboard report is essentially a progress report informing the Committee with a summary of the current number of risks, unaddressed high level risks, total new risks etc. The following table demonstrates the format of quarterly reports to the Committee communicating risk movements.

Risk Category	No. of High or Extreme Rated Risks Identified	No. of High or Extreme Rated Risks after Treatment	No. of New Risks Identified (September 2019)	No. of Risks Closed (September 2019)
Performance	2	1	0	0
Environmental	2	2	0	0
Reputational Damage	2	1	0	0
Financial	4	3	0	0
Service Delivery/Business Interruption	4	3	0	0
Legislative/Regulatory/ Policy/Occupational Safety and Health	5	5	0	0

VOTING REQUIREMENTS

Simple majority decision of the Committee required.

OFFICER RECOMMENDATION

MOVED: **Cr** **SECONDED:** **Cr**

That the Audit and Risk Committee recommends to Council that

1. **Council receives the draft risk profiles (Attachment ARC190926-4.1.1.A); and**
2. **Council notes the Officer's report updating risk management activities undertaken to date.**

SIMPLE MAJORITY		VOTES FOR		VOTES AGAINST	

5. CLOSURE OF MEETING

The Presiding Person declared the meeting closed at _____ pm.

6. CERTIFICATION OF MINUTES

I, Patrick Hill, hereby certify that the Minutes of the Audit and Risk Committee Meeting held on 26 September 2019 are confirmed as a true and correct record, by resolution of the meeting of the Audit and Risk Committee held on

SIGNED: ..... **DATED:** .....

UNCONFIRMED MINUTES

PLEASE NOTE: **These Minutes have yet to be confirmed by Council as a true record of proceedings.**

SHIRE OF LAVERTON

AUDIT AND RISK COMMITTEE MEETING

MINUTES

Held in the Shire of Laverton Council Chambers at 9 MacPherson Place, Laverton, on Thursday 25 July 2019, commencing at 4:57 pm

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ATTACHMENTS

ARC190725-3.1.A Minutes of Audit and Risk Committee Meeting 24 April 2019

MINUTES OF AN AUDIT AND RISK COMMITTEE MEETING HELD IN THE SHIRE OF LAVERTON COUNCIL CHAMBERS, 9 MACPHERSON PLACE, LAVERTON ON THURSDAY 25 JULY 2019 AT 4:57PM

1. DECLARATION OF OPENING

The Presiding Member, Cr Patrick Hill, declared the Committee Meeting open at 4:57pm.

2. RECORD OF ATTENDANCE

2.1 PRESENT

Cr P Hill	Member
Cr S Weldon	Member
Cr D Ross	Member
Cr R Ryles	Member
Cr R Prentice	Member
Cr R Weldon	Member
Mr P Naylor	Chief Executive Officer
Mr P Marshall	Deputy Chief Executive Officer
Mr L Vidovich	Executive Manager Technical Services

2.2 APOLOGIES

Nil

2.3 LEAVE OF ABSENCE

Nil

2.4 VISITORS

Nil

3. CONFIRMATION OF MINUTES OF PREVIOUS MEETING

3.1 MINUTES OF AUDIT AND RISK COMMITTEE MEETING HELD 24 APRIL 2019 (FILE REF: 207)

ATTACHMENT

AC190725-3.1.A Minutes of Audit and Risk Committee Meeting 24 April 2019

ARC190725-01 PROCEDURAL DECISION

MOVED: **Cr S Weldon** **SECONDED:** **Cr D Ross**

That the Minutes of the Audit and Risk Committee Meeting (Attachment ARC190725-3.1.A) held on 24 April 2019, be confirmed as a true and accurate record of proceedings.

SIMPLE MAJORITY	X	VOTES FOR	6	VOTES AGAINST	0

4. REPORTS OF COMMITTEE AND OFFICERS

4.1 DEPUTY CHIEF EXECUTIVE OFFICER

4.1.1 AUDIT REPORT 2017-2018 (FILE REF: 1229)

SUBMISSION TO:	Audit and Risk Committee Meeting, 25 July 2019
DISCLOSURE OF INTEREST:	The author has no financial interest in this matter
OWNER/APPLICANT:	Not applicable
AUTHOR:	Phil Marshall, Deputy Chief Executive Officer
SENIOR OFFICER:	Peter Naylor, Chief Executive Officer
PREVIOUS MEETING REFERENCE:	Resolution ARC190424-03 of Audit and Risk Committee Meeting held 24 April 2019

MATTER FOR CONSIDERATION

That the Council consider the Audit Qualifications contained within the Letter from the Auditor for the year ending 30 June 2018.

The Audit was qualified due to:

- The Shire's comparative information for infrastructure assets was measured on cost basis and not fair value as required; and
- The Shire's property,plant and equipment at 30 June 2017 had not been revalued for more than three years.
- Significant adverse trends in the financial position of the Shire: Asset Renewal Funding Ratio below the Department standard for the last three years.

ATTACHMENTS

Nil to this report.

APPLICANT'S SUBMISSION

Nil to this report.

BACKGROUND

The Council at its Audit and Risk Committee Meeting on 24 April 2019, received the Audit report in a letter dated 12 April 2019.

The Department of Local Government, Sport and Cultural Industries ('the Dept') has written to Council in a letter dated 20 June 2019 (received 28 June 2019) and has requested that the Council undertake the following:

Section 7.12A (4) of the *Local Government Act 1995* states that:

(4) A local government must —
  (a) prepare a report addressing any matters identified as significant by the auditor in the audit report, and stating what action the local government has taken or intends to take with respect to each of those matters; and
  (b) give a copy of that report to the Minister within 3 months after the audit report is received by the local government.

(5) Within 14 days after a local government gives a report to the Minister under subsection (4)(b), the CEO must publish a copy of the report on the local government's official website.

The Dept has advised the council that this has not occurred and as such the matter must be addressed and actioned within 60 days of receipt of the letter.

STATUTORY ENVIRONMENT

Local Government Act 1995

Section 2.7(2) – Provides that Council is to oversee the allocation of local government finances and resources and to determine the local government policies.

Section 3.1 – Provides that the general function of the local government is to provide for the good government of persons in its district.

Division 4 — General

Section 7.12A – Duties of local government with respect to audits refers and is applicable to this report

POLICY IMPLICATIONS

Council has no policies in respect to this matter.

FINANCIAL IMPLICATIONS

The recommendation of this report has no financial implications for Council.

STRATEGIC IMPLICATIONS

Civic Leadership Objective - A financially strong and knowledgeable Shire, leading an empowered community

Outcome 4.3 Improved planning

4.3.2 Seek high level of statutory compliance

CONSULTATION

Chief Executive Officer

COMMENT

The matters raised in the auditor's qualification will be addressed in the following table:

Table 1: Qualifications from Audit Report dated 12 April 2019

Qualification by Auditor	Action to be taken and/or Comments as deemed appropriate
The Shire's comparative information for infrastructure assets was measured on cost basis and not fair value as required	During our audit we noted that the local government revalued all classes of its fixed assets. It was further noted that fixed asset classes of property, plant and equipment valuation was taken up as at 1 July 2017 due to the valuation of these assets not being recorded as at 30 June 2017 when required. Numerous errors and issues were identified with the appropriate accounting treatment in reporting the fair values of the local government's fixed assets. These errors were material to the financial report and required correction in the accounts. Some of these errors were traced to different valuations in different versions of the valuer's valuation reports. Other errors were traced to the take-up of asset fair values not being undertaken at the appropriate point in time. The largest errors were traced to the journals processed to effect the asset fair values in the general ledger with assets written off being incorrectly treated as a loss on revaluation of fixed assets.

	This matter has been addressed and all being equal, errors as recorded by the Auditor in his comments above should not be a consideration into the future. The valuation was undertaken in June 2018 by Talis (Valuers)
The Shire's property, plant and equipment at 30 June 2017 had not been revalued for more than three years.	Noted, however, the last revaluation was completed in June 2017 by Griffen (Valuers) and it is planned to undertake this revaluation in this financial year ending 30 June 2020.
Significant adverse trends in the financial position of the Shire: Asset Renewal Funding Ratio below the Department standard for the last three years	I would concur with the finding, however, the Council is addressing the Long Term Financial Plan (LTFP) through the Northern Goldfields Statutory Compliance Group with this review planned for 2020-2021. The current LTFP covers the period 2013-2028 and from reviewing the plan, the figures are in need of reconfiguration in line with what is occurring within the Council. For example, rates currently exceed the forecast figures by $1.4 million. Why the reference to the LTFP, is because the ratio is calculated from this information and Asset Management Plans. This ratio indicates whether the local government has the financial capacity to fund asset renewal as required and can continue to provide existing levels of services in the future without additional operating income or reductions In operating expenses. It is forecasting and it certainly needs to be addressed sooner than later, however as the Council is committed to the Northern Goldfields Statutory Compliance Group, then it would be financially prudent to delay until due within the group, this being 2020-2021 financial year.

VOTING REQUIREMENTS

Simple majority of the Committee.

ARC190725-02 COMMITTEE DECISION/OFFICER RECOMMENDATION

MOVED: **Cr D Ross** **SECONDED:** **Cr R Prentice**

That the Council endorse the comments and recommendations emanating from the Auditor's report dated 12 April 2019 as contained within Table 1 of this report and take the following action:

1. **Publish this report on the Council's website in accordance with Clause 7.12A(5) of the *Local Government Act 1995*; and**

2. **Forward a copy of the report to the Department of Local Government, Sport and Cultural Industries in accordance with Section 7.12A(4)(b) of the *Local Government Act 1995* by 19 August 2019.**

SIMPLE MAJORITY	X	VOTES FOR	6	VOTES AGAINST	0

5. CLOSURE OF MEETING

The Presiding Person declared the meeting closed at 5:02pm.

6. CERTIFICATION OF MINUTES

I, Patrick Hill, hereby certify that the Minutes of the Audit and Risk Committee Meeting held on 25 July 2019 are confirmed as a true and correct record, by resolution of the meeting of the Audit and Risk Committee held on

SIGNED: ..... **DATED:** .....

Risk Category (as defined within Risk Management Strategy):

Performance

Risk Description and Scope:

Ability to achieve key outcomes, within current resources, potential loss of infrastructure, including (but not limited to):

- Monitoring deliverables with external suppliers
- Poor management of external contractors/suppliers
- Supplier sustainability
- Infrastructure outputs not meeting expectations
- Assets not fit for purpose or inadequately designed
- Ineffective usage and downtime of assets
- Maintenance and planning
- Financial management associated with asset management practices

Causes:

- Failures in contract management processes, including planning and monitoring
- Poor procurement processes
- Funding restrictions
- Complexity / specialised work and lack of internal skills and resources
- Geographical isolation and availability of suitable vendors
- Poor or inadequate scheduling of maintenance and inspections
- Historical practices and existing contracts
- Inadequate skill level and/or training of personnel

Controls:

Appropriate?	Effectiveness:	Controls in Place:
Yes	Partially Effective	Asset management plan
Yes	Partially Effective	Fleet management system
Yes	Partially Effective	Contract register
Yes	Ineffective	Review meetings (to be implemented)
Yes	Partially Effective	Monitoring processes and maintenance schedules
Yes	Effective	Legal advice (contract review and development)
Yes	Ineffective	Financial assessments undertaken for contract works over a nominated threshold

Risk Treatments:

Date First Identified:	Responsible Officer:	Due Date:	Risk Treatments/ Actions/ Updates:
1/02/2019	CEO	31/03/2020	• Review standard tender/RFQ/contract content
1/02/2019	DCEO	31/12/2019	• Procurement and evaluation training refresher to relevant officers
1/02/2019	CEO	30/06/2020	• Review / update asset management plan and long term financial plan
1/02/2019	EMTS	31/12/2019	• Articulate maintenance and inspection schedules
1/02/2019	EMTS	30/06/2020	• Define levels of service
1/02/2019	DCEO	30/06/2020	• Establish contract register
1/02/2019	CEO	30/06/2020	• Implement system where review meetings are regularly held

Risk Category (as defined within Risk Management Strategy):
Environmental Risk

Risk Description and Scope:

Harm to the environment, through inadequate prevention, identification, enforcement and management of environmental issues, including (but not limited to):

- Failure to identify and effectively manage contaminated sites (including groundwater)
- Waste facilities (landfill and liquid waste)
- Weed control
- Inadequate control and management of reclaimed water (irrigation etc)
- Illegal dumping
- Illegal clearing and/or land use

Causes:

- Inadequate local laws/planning schemes
- Deficiencies in relation to management of waste facilities
- Poor systems and processes / reporting controls
- Insufficient comprehension of management and compliance requirements

Controls:

Appropriate?	Effectiveness:	Controls in Place:
Yes	Ineffective	Landfill / Waste Management Plans (to be developed/reviewed)
Yes	Ineffective	Staffing and Supervision at landfill and waste sites (to be reviewed)
Yes	Effective	Planning Application Process
Yes	Partially Effective	Liquid Waste Monitoring Processes
Yes	Effective	Adhere to relevant licence conditions
Yes	Ineffective	Pollution insurance

Risk Treatments:

Date First Identified:	Responsible Officer:	Due Date:	Risk Treatments/ Actions/ Updates:
1/02/2019	EHO	31/12/2019	• Articulate operating arrangements for waste disposal facilities
1/03/2019	WS	31/12/2019	• Establish systems/processes to monitor waste volumes for liquid waste disposal facilities
1/03/2019	CEO	30/06/2020	• Provision to be included in future budget for consultant to be engaged to assist with development of waste management plans
5/03/2019	EHO	31/12/2019	• Workflow diagrams being developed for administration staff when processing front counter transactions for unmanned waste facilities
1/03/2019	CEO	30/06/2020	• Advocate / lobby relevant government agencies for feral pest / weed management resources
1/03/2019	DCEO	1/03/2020	• Annual review / consideration of pollution insurance

Risk Category (as defined within Risk Management Strategy):
Reputational Damage

Risk Description and Scope:

Adverse publicity, resulting from actions/activities including (but not limited to):

- Incorrect advice to customers, Council or regulatory bodies
- Officers / elected members operating outside of limits of authority
- Decisions based on incorrect or inaccurate data
- Delays in services to customers
- Failure to maintain effective engagement with community
- Planning intitiatives (local and strategic)
- Infrastructure projects
- Lack of direction within social media policy and/or procedures

Causes:

- Lack of procedures/training
- Human error / staffing constraints (including difficulty to attract and retain professional/qualified staff) / vexatious complainants
- Funding
- Poor communication / relationship management with stakeholders
- Inadequate documentation and/or processes

Controls:

Appropriate?	Effectiveness:	Controls in Place:
Yes	Partially Effective	Documented procedures and checklists
Yes	Effective	Management controls and oversight
Yes	Ineffective	Elected member and staff training matrices (to be developed)
Yes	Ineffective	Communications strategy (to be developed)
Yes	Partially Effective	Code of Conduct

Risk Treatments:

Date First Identified:	Responsible Officer:	Due Date:	Risk Treatments/ Actions/ Updates:
1/02/2019	CEO	31/03/2020	• Develop communication strategy
1/02/2019	CEO	31/12/2019	• Develop risk based elected member and staff training matrix (include performance measures to target training, particularly with consideration to following established procedures and policies)
1/02/2019	DCEO	30/06/2020	• Develop additional documented procedures and checklists
1/02/2019	DCEO	30/06/2020	• Undertake refresher training on Code of Conduct

Risk Category (as defined within Risk Management Strategy):

Financial

Risk Description and Scope:

Loss of assets, impact on annual revenues or costs, external audit issues, mismanagement of funds, including (but not limited to):

- Cyber crime
- Fraud
- Theft (such as cash, stock, valuables)
- Incorrect processing of financial transactions
- Qualified audit reports
- Non compliance with statutory requirements

Causes:

- Burglary / break in
- Inadequate controls and/or supervision
- Poor physical security
- Insufficient IT system security and controls

Controls:

Appropriate?	Effectiveness:	Controls in Place:
Yes	Partially effective	Security/restricted access
Yes	Effective	CCTV and lighting
Yes	Ineffective	Internal audit function (in development)
Yes	Partially effective	Internal procedures and checklists
Yes	Effective	IT Security and Firewalls

Risk Treatments:

Date First Identified:	Responsible Officer:	Due Date:	Risk Treatments/ Actions/ Updates:
1/02/2019	CEO	30/06/2020	• Conduct ICT Security Review and develop ICT Strategic Plan
1/02/2019	CEO	30/06/2020	• Maintain up to date ICT infrastructure and equipment
1/02/2019	CEO	31/12/2019	• Review physical security controls and access
1/02/2019	CEO	30/06/2020	• Conduct training with relevant staff for awareness of fraud and other scams
1/02/2019	CEO	31/12/2019	• Regularly review and update controls and procedures relating to financial processes
1/02/2019	CEO	30/06/2020	• Develop internal audit function

Risk Category (as defined within Risk Management Strategy):
Service Delivery/Business Interruption

Risk Description and Scope:

Loss of service, disruption in business processes or impact to service delivery (including through lack of skilled resources), through circumstances including (but not limited to):

- Natural disaster or weather event
- Malicious damage (such as vandalism)
- Lack of properly trained staff to respond to an incident
- Insufficient continuity planning
- Failure of infrastructure and/or equipment
- Insufficient operation of infrastructure and/or IT equipment
- Reduction in availability of services at venues/facilities
- Inadequate succession planning

Causes:

- Inadequate training for response staff
- Lack of testing and review of continuity plans
- Natural disaster or weather event
- Inadequate planning for response to incidents
- Breakdown in communication infrastructure (phone lines etc)
- Poorly maintained equipment/systems

Controls:

Appropriate?	Effectiveness:	Controls in Place:
Yes	Effective	Data backups
Yes	Partially effective	Business continuity and disaster recovery plans
Yes	Ineffective	LEMC responses and training
Yes	Partially effective	Operational procedures by venue/facility
Yes	Partially effective	Scenario testing and response evaluation

Risk Treatments:

Date First Identified:	Responsible Officer:	Due Date:	Risk Treatments/ Actions/ Updates:
1/02/2019	CEO	31/03/2020	• Review LEMA as required
1/02/2019	CEO	31/03/2020	• Engage DFES to review LEMC structure and potential collaboration with Leonora LEMC
1/02/2019	DCEO	31/12/2019	• Develop/review/test business continuity and disaster recovery plans
1/02/2019	DCEO	30/06/2020	• Test data restore from backups
1/02/2019	CEO	31/12/2019	• Develop risk based staff training matrix
1/02/2019	CEO	31/03/2020	• Formalise review of facilities and procedures

Risk Category (as defined within Risk Management Strategy):
Legislative/Regulatory/Policy/Occupational Safety and Health

Risk Description and Scope:

Misconduct, injury, failure to meet statutory, regulatory or compliance requirements, including (but not limited to):

- Collusion between internal and external parties
- Intent to deliberately circumvent approved procedures, limitations of authority and policies
- Unauthorised access to property and /or information, including unauthorised distribution of property and/or information
- Falsifying information or data for publication
- Failure to correctly assess and action regulatory requirements
- Non compliance with OSH statutory requirements through inadequate policy, framework, systems and procedures
- Poor procedures/practices (including HR)

Causes:

- Lack of or poor controls for authorisations
- Inadequate security restrictions/measures
- Insufficient training or skilled staff
- Inadequate compliance frameworks
- Ineffective monitoring and communication of updates and changes to legislation
- Poor internal processes and review
- Inadequate OSH procedures and practices
- Insufficient commitment or mandate from senior management

Controls:

Appropriate?	Effectiveness:	Controls in Place:
Yes	Ineffective	Internal audit function (in development)
Yes	Partially effective	Internal procedures and checklists
Yes	Effective	Legal and / or professional advice
Yes	Partially Effective	OSH Audits (LGIS)
Yes	Partially Effective	OSH Risk Register
Yes	Effective	Aerodrome inspections and regulatory plans

Risk Treatments:

Date First Identified:	Responsible Officer:	Due Date:	Risk Treatments/ Actions/ Updates:
1/02/2019	CEO	31/12/2019	• Implement actions/recommendations from OSH audits
1/02/2019	CEO	31/12/2019	• Develop risk based staff training matrix
1/02/2019	CEO	30/06/2020	• Review induction processes, content and delivery
1/02/2019	CEO	31/12/2019	• Develop and implement contractor induction, code of conduct and review procedures
1/02/2019	CEO	30/06/2020	• Regularly review and update controls, procedures and checklists
1/02/2019	CEO	30/06/2020	• Develop internal audit function
1/02/2019	CEO	30/06/2020	• Review and update HR controls and monitoring

Shire of NGCG - Risk Assessment

Risk Context	Assessment Context	Risk Number	Risk Assessment Category	Risk Issue and Failure Modes	Risk Identified	Existing Controls	Date of initial risk identification	Likelihood	Strategic Consequences	Operational Consequences	Risk Rating	Action Required	Mitigation and Management Strategy (Possible Future Controls)	New controls implemented/ Actions taken	Date of Re-assessment / Subsequent Residual Risk Identification	Re-assessed Likelihood	Re-assessed Strategic Consequences	Re-assessed Operational Consequences	Re-assessed / Residual Risk Rating	Re-assessed / Residual Action Required	Future Actions Required to be Undertaken	Responsible Officer
Strategic	Entity Wide	1.00	Legislative / Regulatory / Policy / Occupational Safety and Health	Insufficient and/or inconsistent procedures in relation to procurement processes, including selection criteria, assessment requirements, declarations of independence of assessors, variations to contracts and review.	Lack of probity, fraud risk, financial loss, compliance breach.	Purchasing policy	1/07/2019	Likely	Major	Major	High	Prioritised action required	Review procurement processes to consider where gaps exist and address deficiencies. Develop procedures/framework to guide and direct procurement requirements for all staff.	N/A	27/08/2019	Likely	Major	Major	High	Prioritised action required	Review procurement processes to consider where gaps exist and address deficiencies. Develop procedures/framework to guide and direct procurement requirements for all staff.	CEO
Strategic	Entity Wide	2.00	Service Delivery/Business Interruption	Failure to prepare and plan for potential events which could interupt the administrative operations in delivering services to the community.	Failure to adequately manage a business disruption event.		1/07/2019	Likely	Major	Major	High	Prioritised action required	Identify and document key business continuity risks along with the treatments to reduce risks to an aceptable level. Develop into a Business Continuity Plan and test to ensure validity.	N/A	27/08/2019	Likely	Major	Major	High	Prioritised action required	Develop and test Business Continuity Plan to ensure validity	DCEO
Operating	Functional	3.00	Environmental Risk	Inadequate control and management of reclaimed water (for irrigation etc)	Failure to identify risks or adequately treat risks.	Agreements with Water Corporation	1/07/2019	Possible	Moderate	Moderate	Medium	Planned action required	Develop procedures and review schedule for the control and management of reclaimed water.	Use of implementation of infrastructure for reclaimed water for irrigation deferred.	27/08/2019	Unlikely	Minor	Minor	Low	Planned action required	Develop procedures and review schedule for the control and management of reclaimed water prior to implementation of reclaimed water irrigation systems.	EMTS
Operating	Functional	4.00	Environmental Risk	Insufficient systems and controls to comply with regulatory requirements relating to liquid waste management.	Compliance breach. Failure to identify and manage environmental risks.	Waste Tracking Forms	1/07/2019	Possible	Major	Major	High	Prioritised action required	Establish systems/processes to monitor waster volumes for liquid waste disposal facility and regularly report this data.	N/A	27/08/2019	Possible	Major	Major	High	Prioritised action required	Establish systems/processes to monitor waster volumes for liquid waste disposal facility and regularly report this data.	EMTS
Operating	Functional	5.00	Environmental Risk	Failure to adequately enforce conditions and manage landfill operations at unmanned landfill sites.	Internal control or compliance breach.	Waste Management Plan	1/07/2019	Possible	Major	Major	High	Prioritised action required	Articulate operating arrangements for waste disposal facilities. Develop workflow diagrams for administration staff when processing front counter transactions for unmanned waste facilities. Review / develop waste management plans	N/A	27/08/2019	Possible	Major	Major	High	Prioritised action required	Articulate operating arrangements for waste disposal facilities. Develop workflow diagrams for administration staff when processing front counter transactions for unmanned waste facilities. Include future budget provisions to progress development of waste management plans	EHO
Operating	Functional	6.00	Legislative / Regulatory / Policy / Occupational Safety and Health	Failure to comply with regulatory and operational requirements relating to aerodrome security.	Internal control or compliance breach.	CCTV, Transport Security Program, Physical access restrictions (electronic locks), regulatory inspections.	1/07/2019	Possible	Major	Major	High	Prioritised action required	Maintain internal and external audits and inspections. Perform regular management reviews of routine inpsection reports. Complete hazard and risk management assessments.	N/A	27/08/2019	Possible	Major	Major	High	Prioritised action required	Ensure staff are appropriately trained to meet compliance and regulatory requirements. Establish aerodrome risk register	EMTS
Operating	Functional	7.00	Legislative / Regulatory / Policy / Occupational Safety and Health	Non compliance with safety and regulatory requirements for aerodrome operations.	Internal control or compliance breach.	Aerdrome EMP, MOS, Aerodrome Operating Manual, SMS, associated management plans, regulatory inspections	1/07/2019	Possible	Major	Major	High	Prioritised action required	Maintain internal and external audits and inspections. Perform regular management reviews of routine inpsection reports. Complete hazard and risk management assessments through Safety Management Systems (SMS) committee.	Internal and external audits performed on schedule. Aerodrome risks discussed and reviewed through SMS committee.	27/08/2019	Possible	Major	Major	High	Prioritised action required	Ensure staff are appropriately trained to meet compliance and regulatory requirements. Establish aerodrome risk register	EMTS
Operating	Entity Wide	8.00	Legislative / Regulatory / Policy / Occupational Safety and Health	Inadequate processes to manage and comply with OSH requirements	Failure to identify risks or adequately treat risks.	OSH safety audit, OSH risk register, toolbox meetings, OSH officer	1/07/2019	Possible	Major	Major	High	Prioritised action required	Safety audit to be undertaken through LGIS to assess OSH requirements. Maintain OSH risk register and actions through OSH meetings.	N/A	27/08/2019	Possible	Major	Major	High	Prioritised action required	Safety audit to be undertaken through LGIS to assess OSH requirements. Maintain OSH risk register and actions through OSH meetings.	EMTS
Operating	Entity Wide	9.00	Legislative / Regulatory / Policy / Occupational Safety and Health	Failure to manage HR matters in accordance with statutory requirements.	Internal control or compliance breach.	IR consultant / professional advice subscription	1/07/2019	Possible	Moderate	Moderate	Medium	Planned action required	Review policies and procedures to address gaps relating to HR in existing practices. Develop procedures and / or workflows for HR activities.	External consultants engaged to review policy manual. External consultant engaged to provide professional advice in relation to HR / IR matters	27/08/2019	Possible	Minor	Minor	Medium	Planned action required	Progress with review of policies and procedures to address gaps relating to HR in existing practices. Develop procedures and / or workflows for HR activities.	DCEO
Operating	Functional	10.00	Financial	Incorrect processing of employee payroll	Failure to identify risks or adequately treat risks.	Processes for timesheet authorisation, payroll authorisation and review processes	1/07/2019	Likely	Moderate	Moderate	High	Prioritised action required	Develop procedures and/or workflows for appropriate processing, review and authorisation process for all functions of fortnightly payroll processing.	N/A	27/08/2019	Likely	Moderate	Moderate	High	Prioritised action required	Develop procedures and/or workflows for appropriate processing, review and authorisation process for all functions of fortnightly payroll processing.	DCEO
Operating	Entity Wide	11.00	Financial	Expenditure exceeds policy threshold or tender threshold set within regulations.	Lack of probity, fraud risk, financial loss, compliance breach.	Purchasing policy	1/07/2019	Possible	Major	Major	High	Prioritised action required	Ensure policy sets out guidance in relation to management of price variations, review procurement processes to allow for early detection of variations (through creditors processing etc).	External consultants engaged to review policy manual.	27/08/2019	Possible	Moderate	Moderate	Medium	Planned action required	Ensure policy sets out guidance in relation to management of price variations, review procurement processes to allow for early detection of variations (through creditors processing etc).	DCEO
Operating	Entity Wide	12.00	Financial	Collusion and/or perceived or actual conflict of interest during procurement assessment process.	Lack of probity, fraud risk, financial loss, compliance breach.	Purchasing policy	1/07/2019	Possible	Major	Major	High	Prioritised action required	Review or develop procurement procedures to set out requirements for assessment panels to meet objectives of the purchasing policy.	N/A	27/08/2019	Possible	Major	Major	High	Prioritised action required	Review or develop procurement procedures to set out requirements for assessment panels to meet objectives of the purchasing policy.	CEO
Projects	Entity Wide	13.00	Performance	Inability to deliver projects due to poor contract management, expenditure over budget etc	Financial loss. Internal control or compliance breach.	Contracts, contract management processes and reporting, project and design specifications	1/07/2019	Possible	Major	Major	High	Prioritised action required	Maintain contract register, implement regular procurement training to set out required monitoring processes etc.	N/A	27/08/2019	Possible	Major	Major	High	Prioritised action required	Contract register to be maintained. Document required processes to be followed by staff. Establish mechanism to schedule and record training sessions	DCEO
Operating	Entity Wide	14.00	Performance	Infrastructure failure	Failure to identify risks or adequately treat risks.	Asset Management Plans, Maintenance Programs	1/07/2019	Possible	Major	Major	High	Prioritised action required	Progress with implementation of asset management plans and improvement plans (including scheduling for required maintenance activities etc)	Consultants engaged to assist with review of Asset Management Plan during 19/20	27/08/2019	Unlikely	Major	Major	Medium	Planned action required	Progress with systems for scheduling maintenance etc.	EMTS
Strategic	Entity Wide	15.00	Service Delivery/Business Interruption	Inability to attract and retain staff to maintain operational services	Failure to identify risks or adequately treat risks.	Professional Development Incentives, Subsidised Accommodation	1/07/2019	Possible	Major	Major	High	Prioritised action required	Consider external services available for key roles to assist during periods of position vacancy. Succession planning and development strategies to multi skill workforce.	Workforce Plan developed and scheduled for minor review. External consultants providing professional advice in high risk areas	27/08/2019	Possible	Moderate	Moderate	Medium	Planned action required	Progress with review of Workforce Plan	CEO
Strategic	Entity Wide	16.00	Service Delivery/Business Interruption	Insufficient consideration of ICT risks and subsequent management	Loss of ICT systems	ICT Strategic Plan	1/07/2019	Likely	Major	Major	High	Prioritised action required	Develop ICT Strategic Plan to highlight and address ICT risks.	Consultants engaged to develop ICT Strategic Plan through NGCG	27/08/2019	Likely	Major	Major	High	Prioritised action required	Develop ICT Strategic Plan to highlight and address ICT risks.	CEO
Operating	Entity Wide	17.00	Service Delivery/Business Interruption	Inadequate management of facilities and events	Breakdown of internal controls. Failure to identify risks or adequately treat risks.	Booking system/process, facility operation manuals, maintenance schedules and reports, qualified staff	1/07/2019	Likely	Moderate	Moderate	High	Prioritised action required	Develop and / or review facility operation manuals to consider and address risk management for relevant facilities.	N/A	27/08/2019	Likely	Moderate	Moderate	High	Prioritised action required	Develop and / or review facility operation manuals to consider and address risk management for relevant facilities.	DCEO
Operating	Functional	18.00	Legislative / Regulatory / Policy / Occupational Safety and Health	Deliberate actions by an employee to bypass procedures, authorisations or controls for personal benefit or the unfair benefit of others.	Breakdown of internal controls. Failure to identify risks or adequately treat risks. Compliance or internal control breach	Segregation of duties, delegated authority, ICT permissions, procurement processes, cash management controls, financial management controls.	1/07/2019	Possible	Major	Major	High	Prioritised action required	Review induction procedures to ensure adequate training and information is available on misconduct and reporting processes. Establish documented procedures for high risk functions (e.g. cash management and stock control).	N/A	27/08/2019	Possible	Major	Major	High	Prioritised action required	Review induction procedures to ensure adequate training and information is available on misconduct and reporting processes. Establish documented procedures for high risk functions (e.g. cash management and stock control).	DCEO
Operating	Entity Wide	19.00	Reputational Damage	Inaccurate representation of information or reports	Breakdown of internal controls. Failure to identify risks or adequately treat risks.	Staff training, internal review and authorisation processes.	1/07/2019	Possible	Major	Major	High	Prioritised action required	Ensure independent review and authorisation processes exist throughout the organisation. Implement risk based staff training matrix to ensure high risk positions are resourced with appropriate training.	N/A	27/08/2019	Possible	Major	Major	High	Prioritised action required	Ensure independent review and authorisation processes exist throughout the organisation. Implement risk based staff training matrix to ensure high risk positions are resourced with appropriate training.	DCEO
Operating	Entity Wide	20.00	Reputational Damage	Operational activities conducted erroneously, or not performed within required time frames.	Breakdown of internal controls. Failure to identify risks or adequately treat risks. Compliance or internal control breach.	Procedures and checklists, review and authorisation processes, segregation of duties.	1/07/2019	Possible	Major	Major	High	Prioritised action required	Establish compliance calendars, review and / or develop documented procedures for core compliance functions.	Engaged consultant to assist with statutory compliance services.	27/08/2019	Possible	Moderate	Moderate	Medium	Planned action required	Develop documented procedures for core compliance functions	CEO
Operating	Entity Wide	21.00	Financial	Theft, fraud, malicious damage or unauthorised access to data or assets.	Fraud risk, lack of probity, breakdown of internal controls, compliance breach, financial loss.	Procedures and checklists, review and authorisation processes, segregation of duties.	1/07/2019	Possible	Major	Major	High	Prioritised action required	Maintain appropriate hierarchy of controls to IT systems. Review insurances to ensure appropriate level of insurance is in place to cover events of malevolence.	Insurance reviewed annually.	27/08/2019	Possible	Major	Major	High	Prioritised action required	Develop and document hierarchy of controls to IT systems, insurance to be reviewed for appropriate level of coverage.	DCEO