



# AGENDA

Audit Committee Meeting

28 February 2024

Shire of Victoria Plains  
Council Chambers, Calingiri

AND

via E-Meeting Protocol

Commencing – 1.00PM

## **DISCLAIMER:**

The recommendations contained in this document are officers' recommendations only and should not be acted upon until Council has resolved to adopt those recommendations.

The resolutions of Council should be confirmed by perusing the minutes of the Council meeting at which these recommendations were considered. Resolutions are not considered final until the minutes of the meeting are confirmed or advised in writing by the CEO or authorised person.

Members of the public should also note that they act at their own risk if they enact any resolution prior to receiving official written notification of Council's decision.

### Recording of Meeting

Members of the public are advised that meetings of Committee are audio recorded to assist with ensuring an accurate record of the meeting is provided for the formal minutes of the meeting. In terms of the Privacy Act 1998 this may involve the recording of personal information provided at the meeting. The provision of any information that is recorded is voluntary, however if any person does not wish to be recorded they should not address or request to address the meeting. By remaining in this meeting, you consent to the recording of the meeting.

You are not permitted to record this meeting with any recording device, unless you have the express authorisation of the Council of the Shire of Victoria Plains.

## **E – Disclaimer**

It is the Presiding Member's responsibility to preserve order in the meeting and this can be more difficult in an eMeeting. Therefore, each Committee Member must consistently and respectfully follow the Local Government's Meeting Procedures Local Law, any additional eMeeting guidance provided by the Local Government and support the Presiding Member in their conduct of the eMeeting.

The pace of an eMeeting should be slow and orderly. The following practices will help avoid confusion and support effective eMeetings:

Speak clearly and slowly, as connections may be distorted or delayed;

Always state your name to indicate to the Presiding Member that you wish to speak. Restate your name if the Presiding Member has not heard you at first;

In debate, only speak after the Presiding Member has acknowledged you. Then state your name, so that others know who is speaking;

Follow the Presiding Member's directions and rulings;

If you are unclear about what is happening in an eMeeting, immediately state your name to draw the Presiding Member's attention and enable you to then seek clarification from the Presiding Member;

Avoid looking for opportunities to call Points of Order; instead, politely and respectfully gain the Presiding Member's attention and explain any deviation from your Meeting Procedures, the Local Government Act or any other relevant matter.

**Commonly-used abbreviations**

AAS / AASB	Australian Accounting Standard / Australian Accounting Standards Board
BF Act	Bush Fire Act 1954
BFB	Bush fire brigade
CEO	Chief Executive Officer
CDO	Community Development Officer
DBCA	Dept of Biodiversity, Conservation and Attractions
DFES	Dept of Fire and Emergency Services
DPLH	Dept of Planning, Lands and Heritage
DWER	Dept of Water and Environmental Regulation
EHO	Environmental Health Officer
EFT	Electronic Funds Transfer
FAM	Finance and Administration Manager
JSCDL	Parliamentary Joint Standing Committee on Delegated Legislation
LEMA	Local Emergency Management Arrangements
LEMC	Local Emergency Management Committee
LG Act	Local Government Act 1995
LGGC	WA Local Government Grant Commission
LPP	Local Planning Policy
LPS	Local Planning Scheme
MOU	Memorandum of Understanding
MRWA	Main Roads WA
NNTT	National Native Title Tribunal
OAG	Office of Auditor General
OCM	Ordinary Council Meeting
PTA	Public Transport Authority
RRG	Regional Roads Group
RTR	Roads to Recovery
SAT	State Administrative Tribunal
SEMC	State Emergency Management Committee
SGC	Superannuation Guarantee Contribution
SJAA	St John Ambulance Association
SWALSC	South West Aboriginal Land and Sea Council
WAEC	WA Electoral Commission
WALGA	WA Local Government Association
WSM	Works and Services Manager

## CONTENTS

1.	DECLARATION OF OPENING.....	5
1.1	Opening .....	5
1.2	Announcements by the CEO .....	5
1.2	Announcements by Presiding Member.....	5
3.	RECORD OF ATTENDANCE.....	6
4.	DISCLOSURES OF INTEREST .....	6
5.	MINUTES OF MEETINGS.....	6
5.1	Confirmation of Audit Committee Meeting Minutes .....	6
6.	REPORTS REQUIRING DECISION.....	7
6.1	Establishment of a Reserve for Unallocated Monies .....	7
6.2	Budget Review as at 31 January 2024.....	11
6.3	Deferred Pensioners Audit Finding 2022-23 .....	15
6.4	Risk Management Issues – December 2023 Quarterly Update.....	18
6.5	Integrated Planning and Reporting – Including Quarterly Review of the Implementation Plan (Corporate Business Plan) 2023/2024.....	25
7.	MEETING CLOSED TO PUBLIC.....	32
8.	CLOSURE OF MEETING.....	32



# AGENDA

Audit Committee Meeting of the Victoria Plains Shire Council  
To be Held in the Calingiri Shire Chambers and via E-meeting Protocol  
on 28 February 2024 commencing at 1.00PM

## 1. DECLARATION OF OPENING

### 1.1 Opening

---

### 1.2 Announcements by the CEO

### 1.2 Announcements by Presiding Member

---

## REMOTE ATTENDANCE BY ELECTED MEMBERS

### THAT:

- Under regulation 14C (2)(b) of the Admin Regulations, the Shire President can approve Elected Member attendance by electronic means;
- In doing so, under r.14C (5) the Shire President must have regard as to whether the location that the Elected Member intends to attend the meeting, and the equipment intended to be used to attend the meeting, are suitable;
- Electronic means includes, as per r.14CA(2) by telephone or video conference;
- Suitable equipment would include an electronic device that can hold a Teams meeting, and perhaps, the use of headphones;
- In accordance with r.14CA (5) the Elected Member must declare that they are able to maintain confidentiality during the meeting. Under r.14CA(7), the declaration by the Elected Member is recorded in the minutes of the meeting;
- Summarily, according to Departmental guidance, a suitable location is one that is quiet and private e.g. a private room in your house. If there are other people at the location at the time of the meeting, an Elected Member may be required to close a door and wear headphones.

## REMOTE ATTENDANCE BY COMMITTEE MEMBERS

### THAT:

Cr \_\_\_\_\_ has been **APPROVED** to attend the \_\_\_\_\_ by electronic means as approved by the Shire President and that a declaration has been received regarding confidentiality and other requirements as noted in Section 2 herewith.

**3. RECORD OF ATTENDANCE**

Members present

Staff attending

Apologies

Approved leave of absence

Visitors

Members of the public

**4. DISCLOSURES OF INTEREST**

*Refer – Local Government Act, Regulations, Code of Conduct, and Declaration Forms in Councillor folders.*

Type	Item	Person / Details
------	------	------------------

3.1 Financial

3.2 Proximity

3.3 Impartiality

**5. MINUTES OF MEETINGS**

**5.1 Confirmation of Audit Committee Meeting Minutes**

**VOTING REQUIREMENTS**

Absolute Majority Required: No

**Officer Recommendation**

Moved:

Seconded:

That the Minutes of the Audit Committee Meeting held 22 November 2023 as circulated, be **CONFIRMED** as a true and correct record.

**For / Against**

## 6. REPORTS REQUIRING DECISION

### 6.1 Establishment of a Reserve for Unallocated Monies

<b>File reference</b>	12.2.1		
<b>Report date</b>	07 Nov 2023		
<b>Applicant/proponent</b>	Audit Committee		
<b>Officer disclosure of interest</b>	NIL		
<b>Previous meeting references</b>	Audit Exit Meeting 22 Nov 23		
<b>Prepared by</b>	Colin Ashe, DCEO		
<b>Authorised by</b>	Sean Fletcher, CEO		
<b>Attachments</b>			
Attachment 1	Page	2	Management Audit Findings 2022-23

#### PURPOSE

To establish a Reserve for unallocated monies in order to address the one remaining management audit finding from the 2022-23 financial report.

#### BACKGROUND

During the Nov 23 Audit exit meeting with OAG and William Buck Chartered Accountants there was significant debate on the remaining management audit finding extracted from attachment 1 as:

##### **Finding**

*The Shire had one suspense account which amounted to \$5,916.20 at 30 June 2023 which arose mainly from miscellaneous payments received to the Shire with no information provided on what the payments related to. The Shire has performed various initiatives to reduce this balance by ensuring that all receipts have adequate descriptions and reference numbers, however, there has been an increase in the amount of unidentified receipts being received by the Shire and those receipts are recognised in the suspense account.*

*When the finding was first raised in 2021-22, the suspense account at 30 June 2022 amounted to \$2,400.30.*

**Rating:** Moderate (2022: Minor)

##### **Implication**

*The suspense account balance (if not reconciled on a timely basis) will continue to grow and there is an increased risk that the reconciliation will become onerous. In addition, there is an increased risk of fraud as the funds are unaccounted for.*

##### **Recommendation**

*We recommend that the reconciliation of accounts payable suspense accounts be performed on a timely basis where possible.*

*The Shire should remind people to include an adequate description when they make payments to the Shire.*

## COMMENT

As communicated to the Auditors at the time, the recommendations were the same as the previous financial year and it was acknowledged by all that the Shire had indeed implemented these recommendations already.

Consequently the regurgitation of the same recommendations means it will be likely the same issues will be found in 2023-24, so technically the issue will not be addressed, potentially changing status to a significant rating.

The shire is investigating a BPay facility and intends to implement this into 2024-25 if cost effective but it will not change the current balance of unallocated monies for the current financial year.

The author is proposing the establishment of a Reserve Account for unclaimed monies to be transferred into prior to the end of each financial year which will have the following processes and outcomes:

1. Address the management audit finding by transferring unallocated monies from the suspense account.
2. Will be supported and reconciled by a spreadsheet that provides as much detail as possible on each transaction.
3. Provide a facility where unallocated monies can be transferred back to general revenue after the statutory period.

### **Establishment of a Reserve for Grant Funding Contributions:**

NB: As a separate process there is an intention from management to establish a Reserve for Shire Grant Funding contributions (e.g. CSRFF) but this will be done through the 2024-25 budget process.

## CONSULTATION

Mr Sean Fletcher, Chief Executive Officer

## STATUTORY CONTEXT

6.11 of the Local Government Act 1995 states:

- (1) Subject to subsection (5), where a local government wishes to set aside money for use for a purpose in a future financial year, it is to establish and maintain a reserve account for each such purpose.
- (2) Subject to subsection (3), before a local government —
  - (a) changes\* the purpose of a reserve account; or
  - (b) uses\* the money in a reserve account for another purpose, it must give one month's local public notice of the proposed change of purpose or proposed use.



**CORPORATE CONTEXT**

**Strategic Business Plan/Corporate Business Plan**

STRATEGIC PRIORITIES	WE KNOW WE ARE SUCCEEDING WHEN
<b>4. CIVIC LEADERSHIP</b>	
4.3 Proactive and well governed Shire	External audits and reviews confirm compliance
	We have sound financial management policies and attract external funding to help achieve our goals
	Councilors attend training and feel supported in their role
	Council is supported by a skilled team

Strategic Priority 4.3 will be facilitated to ensure compliance and address the remaining management audit finding.

**Delegation**

N/A

**Policy Implications**

Section 3 – Financial Management

**Other Corporate Document**

N/A

**Risk Analysis**

Consequence	Consequence Rating:	Likelihood Rating:	Risk Rating	Risk Acceptance/ Controls	Mitigation and Outcome
<b>Compliance</b>	Major (4)  Non-compliance results in termination of services or imposed penalties to Shire/Officers	Possible (3)  The event should occur at some time	High (12)	Senior Management Team / CEO  Risk acceptable with excellent controls, managed by senior management / executive and subject to monthly monitoring	Ensuring any recommendations from the audit are implemented will ensure that the residual risk is low.

**FINANCIAL IMPLICATIONS**

NIL

**VOTING REQUIREMENTS**

ABSOLUTE MAJORITY REQUIRED: YES

<b>OFFICER RECOMMENDATION</b>
-------------------------------

MOVED CR \_\_\_\_\_

SECONDED CR \_\_\_\_\_

That the Audit Committee recommends that council **APPROVE**:

1. The **ESTABLISHMENT** of a Reserve Account named Unallocated Monies with the purpose of future refund or allocation once identified or transfer to shire general revenue after the statutory period has expired.
2. Local public **NOTICE** for one (1) month of the proposed use of the Unallocated Monies Reserve.

For \_\_\_\_\_ / Against \_\_\_\_\_

## 6.2 Budget Review as at 31 January 2024

<b>File reference</b>	12.2.1		
<b>Report date</b>	16 February 2024		
<b>Applicant/proponent</b>	Audit Committee		
<b>Officer disclosure of interest</b>	NIL		
<b>Previous meeting references</b>	N/A		
<b>Prepared by</b>	Colin Ashe, DCEO		
<b>Authorised by</b>	Sean Fletcher, CEO		
<b>Attachments</b>			
Attachment 1	Page	4	Monthly Financial Statements – 31 Jan 24
Attachment 2	Page	23	Budget Amendments No. 2 – 31 Jan 24

### PURPOSE

To conduct the 2<sup>nd</sup> statutory budget review for 2023-24 based on the Dec 23 and Jan 24 financial statements for the Audit Committee approval.

### BACKGROUND

Council approved the 2023-24 budget that forecast a deficit of (\$58,888) at year end and this was based on an estimated actual closing balance deficit of (\$12,763) from 22/23. As part of the 1<sup>st</sup> budget review the new revised surplus / deficit was provided to the Audit Committee and Council as \$373,268.

A 2<sup>nd</sup> budget review has been undertaken based on the Dec 23 and Jan 24 financial statements as the basis to meet the statutory budget review requirements.

### COMMENT

Taking into account the opening and closing balance from the budget that was adopted required the 1<sup>st</sup> budget review forecast to be reduced to \$327,139. As the shire is over half way in the financial year, budget and actual figures are more representative of the financial position and more robust adjustments and forecasts can be undertaken.

Attachment 1 provides the 31 Jan 24 monthly financial report which will be discussed in detail and the addition of the 2<sup>nd</sup> budget review provided in attachment 2.

### 2<sup>nd</sup> Quarter Budget Review 23/24:

#### INCOME:

Net income variations forecast an additional \$17,514 in revenue broadly comprised of:

- a. Ex-Gratia Rates are below the budgeted amount due to sub-divisions in New Norcia and reduced CBH sites. When modelling rates as part of the budget, some figures from the VG were yet to be provided.
- b. Strong cash management has yielded additional interest income on the Municipal Account.

- c. The successful firebreak campaign ensured the vast majority of properties complied, however this caused a minimal amount of infringements to be issued therefore the budgeted amount to be reduced.
- d. Building applications namely the ESA has added additional income to the budget.

**OPERATING EXPENDITURE:**

Net expenditure variations forecast an additional \$42,228 in expenditure broadly comprised of:

- e. Inadequate budget for evacuation plans which were out of date and required to be undertaken under WHS.
- f. Due to some vandalism and likely locals using public conveniences including showers has required an increase in cleaning requirements. This is likely to continue and hence an additional budget allocation is required.
- g. Additional repairs and monitoring to the Piawaning Water Supply (Desal'n) pump has required the need for additional budget allocation. Future operating costs may be reduced with the capital installation progressing.
- h. The Calingiri Football Ground yearly turf management was overlooked in the budget and hence requires some adjustment. There are a number of offsets for this not listed as a conservative approach has been taken.
- i. Costs of power upgrades and infrastructure to the Depot building.

**CAPITAL EXPENDITURE:**

- j. The major adjustment is to Roads to Recovery (R2R) of additional budget but has no impact on the shires finances as this monies were received in 2022-23 and placed in Restricted Funding.
- k. A budget allocation is required for the Parker Road Pump which failed in Dec 23 and required emergency replacement.
- l. Additional costs in footpath construction at Bolgart has been incurred because of additional work however this has been offset by reduced road maintenance material costs not required.

LRCI Phase 4 funding was allocated to the Mogumber-Yarrowindah Road as costs were budgeted with an additional 20% increase factor. As costs have come in under budget there is no requirement for this funding to be utilised for this project. Funds already received have been placed in Restricted Funding and will form part of budget deliberations for 2024-25.

Similarly no major capital road construction expenditure adjustment has been made as this will be offset by capital income. The legacy of works vs funding can be complicated until it crystallises so it is recommended this be left as originally budgeted to keep it simple.

As is prudent, a conservative approach has been undertaken to this 2<sup>nd</sup> review noting there are a number of offset not included that is likely to impact the budget positively.

Results continue head in a positive direction with a current forecast surplus of \$128,159.

**CONSULTATION**

Mr Sean Fletcher, Chief Executive Officer

**STATUTORY CONTEXT**

Local Government Act 1995 and associated regulations in particular;

Local Government (Financial Management) Regulations 1996; regulation 33A requires a budget review to be undertaken between 01 Jan and last day in Feb of its financial performance from as a minimum, 01 Jul to 31 Dec.

Within 14 days after council has determined forward a copy of the review and determination to the Department.

**CORPORATE CONTEXT**

**Strategic Business Plan/Corporate Business Plan**

STRATEGIC PRIORITIES	WE KNOW WE ARE SUCCEEDING WHEN
<b>4. CIVIC LEADERSHIP</b>	
4.3 Proactive and well governed Shire	External audits and reviews confirm compliance
	We have sound financial management policies and attract external funding to help achieve our goals
	Council is supported by a skilled team

Strategic Priority 4.3 - Management considers budget reviews in addition to statutory requirements as good governance allowing early intervention to identify any significant issues.

**Delegation**

NIL

**Policy Implications**

Section 3 – Financial Management

**Other Corporate Document**

NIL

**Risk Analysis**

Consequence	Consequence Rating:	Likelihood Rating:	Risk Rating	Risk Acceptance/ Controls	Mitigation and Outcome
Compliance	Moderate (3)  Short term non-compliance but with significant regulatory requirements imposed	Unlikely (2)  The event could occur at some time	Moderate (6)	Operational Manager  Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring	Ensuring frequent budget reviews in excess of statutory requirements will ensure that the residual risk is low.

**FINANCIAL IMPLICATIONS**

Amendments to the budget will provide better forecasting and therefore management of councils' finances.

**VOTING REQUIREMENTS**

Absolute majority required:                      No

**Officer Recommendation**

Moved Cr \_\_\_\_\_

Seconded Cr \_\_\_\_\_

That the Audit Committee recommends that council **APPROVES** the 2<sup>nd</sup> budget review and endorses the budget amendments and set out in attachment 2.

**For \_\_\_\_\_ / Against \_\_\_\_\_**

### 6.3 Deferred Pensioners Audit Finding 2022-23

<b>File reference</b>	12.2.1		
<b>Report date</b>	19 February 2024		
<b>Applicant/proponent</b>	Audit Committee		
<b>Officer disclosure of interest</b>	NIL		
<b>Previous meeting references</b>	N/A		
<b>Prepared by</b>	Colin Ashe, DCEO		
<b>Authorised by</b>	Sean Fletcher, CEO		
<b>Attachments</b>			
Attachment 1	Page	26	Deferred Pensioners Final Audit Opinion
Attachment 2	Page	27	Deferred Pensioners Management Audit Report

#### PURPOSE

To brief the audit committee on the findings of the audit for 2022-23 deferred pensioners report and any matters listed in the management letter.

#### BACKGROUND

As part of the Rates and Charges (Rebates and Deferments) Act 1992 there is a requirement for an official audit each financial year which was conducted through William Buck Chartered Accountants which is separate to the standard audit conducted.

This audit was completed on the 15 Dec 23 and provided to the shire management team.

#### COMMENT

The total amount of Rates and ESL charges deferred amounts to \$10,995.72, a relatively minor dollar value of the shires budget and comprising three (3) properties. Generally speaking, the value is recouped from the estate at the appropriate time.

The audit report itself found the amounts represented a true and fair view however the audit management report did note improvements in process needed to take place extracted as:

#### *Implication*

***The Shire does not have supporting documents to demonstrate that the pensioners listed on the Pensioners Deferred Rates Report have been duly processed by the Water Corporation.***

#### *Recommendation*

***We recommend that the Shire promptly initiate the process of establishing and documenting a formal internal process regarding deferred pensioners.***

Historically most shires completed Pensioner deferment forms in triplicate, one going to owner, one to Water Corporation and the Shire copy. It appears the shire copy cannot be provided.

This is not necessarily an issue moving forward as the process has moved from a manual triplicate written form, to on-line based, the shire simply needs to document this.

It is acknowledged this was raised in 21-22 but contracted and new staff were not able to complete this in time.

The Rates team, with oversight from the Deputy CEO will ensure proper process is in place for the 2023-24 Deferred Pensioner Audit Report.

**CONSULTATION**

Mr Sean Fletcher, Chief Executive Officer

**STATUTORY CONTEXT**

Rates and Charges (Rebates and Deferments) Act 1992.

**CORPORATE CONTEXT**

**Strategic Business Plan/Corporate Business Plan**

STRATEGIC PRIORITIES	WE KNOW WE ARE SUCCEEDING WHEN
<b>4. CIVIC LEADERSHIP</b>	
4.3 Proactive and well governed Shire	External audits and reviews confirm compliance
	We have sound financial management policies and attract external funding to help achieve our goals
	Council is supported by a skilled team

Strategic Priority 4.3 - Management considers management audit reports as essential for good governance and areas of improvement.

**Delegation**

NIL

**Policy Implications**

Section 3 – Financial Management

**Other Corporate Document**

NIL

**Risk Analysis**

Consequence	Consequence Rating:	Likelihood Rating:	Risk Rating	Risk Acceptance/ Controls	Mitigation and Outcome
<b>Compliance</b>	Moderate (3)  Short term non-compliance but with significant regulatory requirements imposed	Unlikely (2)  The event could occur at some time	Moderate (6)	Operational Manager  Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring	Ensuring frequent budget reviews in excess of statutory requirements will ensure that the residual risk is low.



**FINANCIAL IMPLICATIONS**

NIL

**VOTING REQUIREMENTS**

Absolute majority required: No

<b>Officer Recommendation</b>
-------------------------------

Moved Cr \_\_\_\_\_

Seconded Cr \_\_\_\_\_

That the Audit Committee **RECEIVES** the Deferred Pensioners Audit and Management Report 2022-23.

**For \_\_\_\_\_ / Against \_\_\_\_\_**

## 6.4 Risk Management Issues – December 2023 Quarterly Update

<b>File reference</b>		
<b>Report date</b>		15 February 2023
<b>Applicant/proponent</b>		CEO
<b>Officer disclosure of interest</b>		Nil
<b>Previous meeting references</b>		ACM March 2023
<b>Prepared by</b>		Sean Fletcher, CEO
<b>Authorised by</b>		CEO
<b>Attachments</b>		
Attachment 1	Page	28
Attachment 2	Page	44
Attachment 3	Page	62
Attachment 4	Page	67
		1. Risk Management Profile 2024
		2. Risk Register – December 2023
		3. SoVP Project Proposal Template
		4. SoVP Procurement Process

### PURPOSE

To update the Audit Committee regarding the Shire's Risk Management Procedures.

### BACKGROUND

The CEO is to report to the Audit Committee on a quarterly basis regarding the Shire's Risk Management Procedures (risk profiles and risk register). This includes the Risk Dashboard and progress against each of the 15 risk profiles, which are set out as follows:

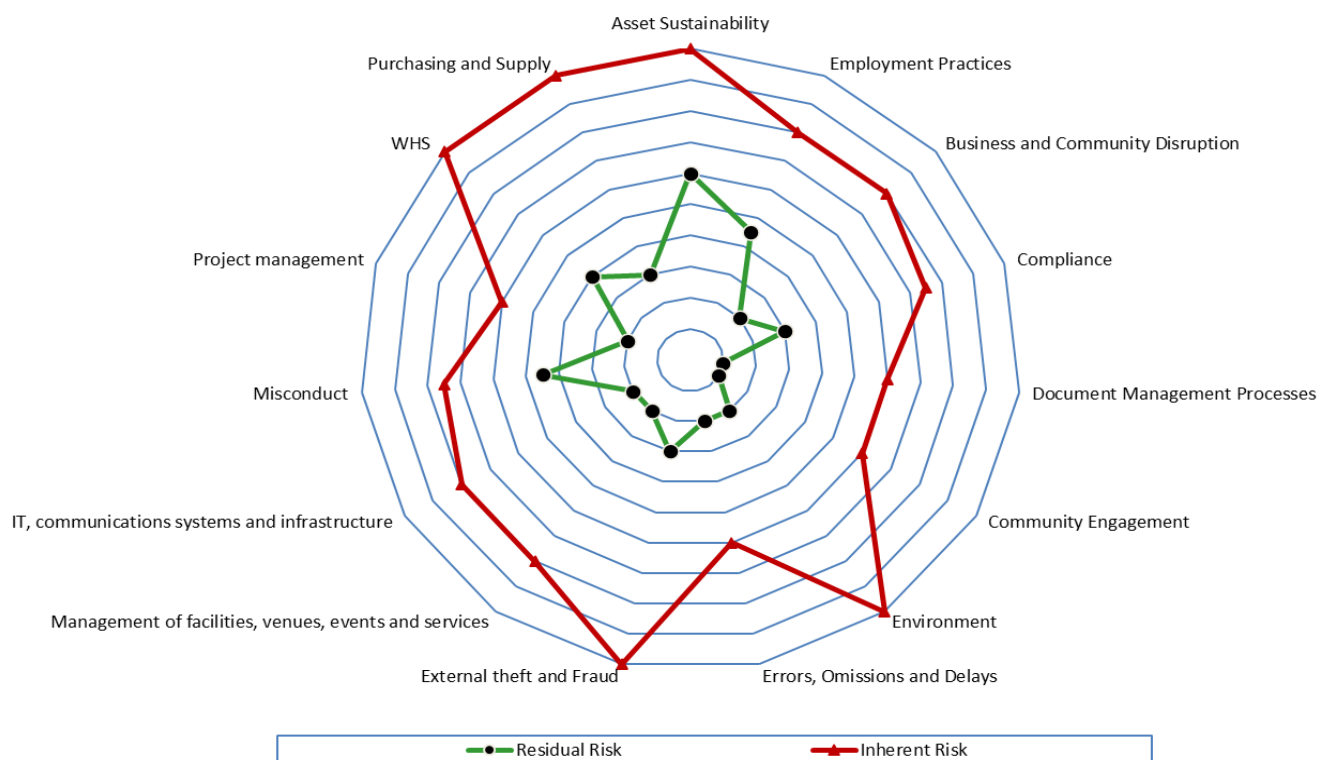
1. Asset Sustainability	2. Business and Community Disruption	3. Compliance
4. Document Management	5. Employment Practices	6. Community Engagement
7. Environment	8. Errors, Omissions and Delays	9. External Theft and Fraud
10. Management of Facilities, Venues and Events	11. IT, Communication Systems and Infrastructure	12. Misconduct
13. Project / Change Management	14. Purchasing and Supply	15. WHS

The Risk Dashboard is used to provide an overall snapshot regarding the 15 risk profiles, that includes the risk acceptance and appetite. The Dashboard consists of two components:

- Spiderweb chart showing the status of the Residual Risk against the Inherent Risk; and
- Results table consisting of the risk profiles at a high level.

### Spiderweb chart

In essence for each risk profile, we can see on the spiderweb chart that the greater the distance of the red line (inherent risk) from the centre circle, the greater the concern regarding the risk. The closer the green line (residual risk) to the centre circle, the more effective are the risk preventions and treatments used for the risk profile concerned.



**Results Table**

Asset Sustainability	Risk Ratings		Risk Evaluation	
	Inherent Risk	Extreme	Control effectiveness	Inadequate
	Residual Risk	High	Risk Acceptance	Urgent attention

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.

Review heritage listings 45078 CDO

Business and Community Disruption	Risk Rating		Risk Evaluation	
	Inherent Risk	High	Control effectiveness	Adequate
	Residual Risk	Low	Risk Acceptance	Accept

Failure to adequately prepare and respond to events that cause disruption to the local community and / or

With the results table, this shows for each risk profile:

- The definition of what the risk is;
- The Risk Ratings:
  - Inherent Risk (this is the level of risk that could occur);
  - Residual Risk (this is the level of the risk with controls or treatments in place i.e. Extreme, High, Moderate, Low)
- The Risk Evaluation:
  - Control Effectiveness (Is the control: effective, adequate, inadequate, not rated);
  - Risk Acceptance (or the Risk Evaluation: i.e. urgent attention, monitor, accept)

### Key to Charts and Tables

Risk Acceptance Criteria			
Risk Rank	Description	Criteria	Responsibility
LOW	Acceptable	Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring	Operational Manager
MODERATE	Monitor	Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring	Operational Manager
HIGH	Urgent Attention Required	Risk acceptable with effective controls, managed by senior management and subject to monthly monitoring	Executive Manager / CEO
EXTREME	Unacceptable	Risk generally not acceptable	CEO / Council

Existing Controls Ratings			
Rating	Foreseeable	Description	
Effective	There is <u>little</u> scope for improvement.	<b>Documentation</b>	Processes (Controls) fully documented, with accountable
		<b>Operating Effectiveness</b>	Subject to ongoing monitoring and compliance to process
		<b>Design Effectiveness</b>	Reviewed and tested regularly.
Adequate	There is <u>some</u> scope for improvement.	<b>Documentation</b>	Processes (Controls) partially documented, with a clear
		<b>Operating Effectiveness</b>	Limited monitoring, ad-hoc approach and compliance to
		<b>Design Effectiveness</b>	Reviewed and tested, but not regularly.
Inadequate	There is a <u>need</u> for improvement or action.	<b>Documentation</b>	Processes (Controls) not documented or no clear 'Control
		<b>Operating Effectiveness</b>	No monitoring or compliance to process is not assured.
		<b>Design Effectiveness</b>	Have not been reviewed or tested for some time.

### COMMENT

It has been 11 months since the author last reported on the Shire’s risk management and the improvements required. During this period, the CEO and his management team and their staff have been striving to provide a solid platform for the Shire going forward, which has also included progressing the various risk treatments to help ensure that the controls in place regarding the Shire’s risks are effective.

### March 2023 – Spider Web Chart



**February 2024 – Spider Web Chart**



The February 2024 Chart shows at the high level that there have been key improvements regarding the risk profiles for Document Management Processes and Community Engagement i.e the Residual Risk is low for both profiles and the Risk Acceptance is at the Accept level. The controls in place for Document Management are Adequate and for Community Engagement they are Effective.

The risk profile for It Communication Systems and Infrastructure has improved and also at the Accept level.

For each of the risk profiles (Attachment 1), the overall changes and improvements can be seen as follows:

Profile	Comment
<b>1. Asset Sustainability</b>	Overall, quite a range of work has been done to bring this area under normal management practices. The Residual Risk has moved from High to Moderate, with the Control Effectiveness moving from Inadequate to Adequate. The Risk Acceptance stays at Urgent Attention as the consequences are required to be managed from month to month
<b>2. Business and Community Disruption</b>	The controls in place have seen an improvement in the effectiveness from Inadequate to Adequate. This is due to the adoption of the ICT Plan in December 2023 and the five year review of the LEMA getting underway during January 2024.
<b>3. Compliance</b>	There has been no change in terms of status, HR policies have been reviewed and the Training Register and Plan and the Induction Manual have been updated
<b>4. Document Management Processes</b>	Key improvements, including the ongoing effectiveness of the Records Officer, has seen the Residual Risk for this profile reach the innermost circle on the Spiderweb chart

<b>5. Employment Practices</b>	There has been no change in overall status of this risk profile, however a range of improvements have been implemented that has see the Key Controls move to 50% Adequate and 50% Effective. This will change further in due course when a couple of key treatments come to fruition later in 2024 including an attraction and retention strategy
<b>6. Community Engagement</b>	There has been no change in status regarding this profile, however the Consequence has changed from Minor to Insignificant, which means the Residual Risk now sits at the innermost circle with the Spiderweb. This is due to constant engagement and feedback across the Shire
<b>7. Environment</b>	No change in status, with adequate controls in place. However, the Waste Management Plan is now in place and improvement works are underway at the Shire's landfills including the construction of transfer stations
<b>8. Errors, Omissions and Delays</b>	No change in status. New Compliance Calendar Management software is to be implemented going forward.
<b>9. External Theft and Fraud</b>	No change in status. Controls are adequate at this point in time. Ongoing cybersecurity training is in place. Review of the ICT Training Plan is required
<b>10. Management of Facilities, Venues and Events</b>	This risk is at an acceptable level of management. All MOUs are in place and a review of the MOUs to ensure consistency has commenced
<b>11. IT, Communication Systems and Infrastructure</b>	No change in status. The controls in place are adequate. The development of an IT infrastructure replacement program will be developed
<b>12. Misconduct</b>	No change in status. Controls are effective. Induction process has been reviewed and the Fraud & corruption Plan is 75% complete
<b>13. Project / Change Management</b>	This risk has effective controls in place and the Risk Acceptance is Accept accordingly. Both the DCEO and Council Support Officer completed project management training. A copy of the Project Proposal Template is provided in Attachment 3
<b>14. Purchasing and Supply</b>	Control Effectiveness has changed from Inadequate to Adequate. Contractor management procedures need to be developed. CEO and DCEO met with consultant 13 December 2023 to commence the development of appropriate tools subject to the 2024/25 Budget. A copy of the Procurement Framework is provided in Attachment 4
<b>15. WHS</b>	Controls overall have improved from Inadequate to Adequate. The implementation of SWMS (Safe Work Method Statements) is in the process of being confirmed. These will need development and implementation

### Risk Register (Attachment 2)

Further to the fifteen Risk Profiles for the Shire, there is also a Risk Register which also contains a Treatment Plan. The Risk Register is maintained by the CEO. The attached register is for the December 2023 quarter. It should be noted that some of the treatments were progressed further during January 2024.

The Risk Register is divided into the seven areas of consequence (Measures of Consequence) with the risks included for each area. These are then tracked within the Treatment Register.

Risks that require urgent attention include:

- C2 – Division 3 complaint matters;
- F5 – Matters relating to asset management including the development of the building maintenance program;

Both these risks have actions or risk treatments in place to help address or minimise the risk impact.

**CONSULTATION**

Senior Management Team  
Consulting Environmental Health Officer  
Records Officer  
Payroll Officer

**STATUTORY CONTEXT**

Nil

**CORPORATE CONTEXT**

Strategic Community Plan and Corporate Business Plan

STRATEGIC PRIORITIES	WE KNOW WE ARE SUCCEEDING WHEN
<b>4. CIVIC LEADERSHIP</b>	
4.3 Proactive and well governed Shire	External audits and reviews confirm compliance
	We have sound financial management policies and attract external funding to help achieve our goals
	Councilors attend training and feel supported in their role
	Council is supported by a skilled team

Risk management is a key principle regarding the inherent (possibility of) risks that organisations face. For the Shire the updating of the risk dashboard, profiles and procedures are key to a proactive and well governed Shire.

**Policy**

Policy 1.10 Enterprise Risk Management

**Risk Management**

Consequence	Consequence Rating:	Likelihood Rating:	Risk Rating	Risk Acceptance	Mitigation and Outcome
Compliance	Insignificant (1)	Likely (4)	Low (4)	Operational Manager	Audit Committee continues to receive updates
Information and Recommendation to Council	No noticeable regulatory or statutory impact	At least once per year			

**FINANCIAL IMPLICATIONS**

Nil

**VOTING REQUIREMENTS**

Absolute majority required: No

<b>Officer Recommendation</b>
-------------------------------

Moved Cr \_\_\_\_\_

Seconded Cr \_\_\_\_\_

That the Audit Committee **ACCEPTS** the December 2023 quarterly update regarding the Shire’s Risk Management Procedures including the Risk Profiles and Risk Register.

For \_\_\_\_\_ / Against \_\_\_\_\_



## 6.5 Integrated Planning and Reporting – Including Quarterly Review of the Implementation Plan (Corporate Business Plan) 2023/2024

<b>File reference</b>			
<b>Report date</b>	14 February 2024		
<b>Applicant/proponent</b>	CEO		
<b>Officer disclosure of interest</b>	Nil		
<b>Previous meeting references</b>			
<b>Prepared by</b>	Sean Fletcher, CEO		
<b>Authorised by</b>	CEO		
<b>Attachments</b>			
Attachment 1	Page	72	Key Work Action Plan – December 2023/2024 (includes January 2024 Updated Information)

### PURPOSE

To provide to the Audit Committee the quarterly update regarding Integrated Planning and Reporting including the Implementation Plan (Corporate Business Plan) for the December Quarter (Updated to reflect progress to the end of January 2024).

### BACKGROUND

To meet the requirements of Integrated Planning and Reporting, the Shire has the following plans in place:

Plan Type	Date Adopted	Due	Comment
Strategic Community Plan (SCP)	3 August 2022	Next plan due June 2032	<ul style="list-style-type: none"> <li>Changes to the Act in June 2023 will see this plan move to an 8 year cycle</li> <li>In the meantime, the Desk Top Review is due in August 2024</li> </ul>
Corporate Business Plan (CBP)	26 April 2023	Next Plan due June 2026	Can remain as a 4 year plan
Long Term Financial Plan	26 April 2023	Next Plan due June 2026	Can remain as a 4 year plan
Asset Management Plan	26 April 2023	Next Plan due June 2026	Can remain as a 4 year plan
Work Force Plan (WFP)	26 April 2023	Next Plan due June 2026	Can remain as a 4 year plan
Information Communication Technology (ICT) Plan	18 December 2023	Next plan due June 2026	Can remain as a 4 year plan

The SCP was adopted by Council on 3 August 2022. The informing strategies were adopted on 26 April 2023 i.e. CBP, LTFP, AMP and the WFP. The ICT Plan is not compulsory but was adopted at the OCM on 18 December 2023.

### CBP Quarterly Dashboard

The Corporate Business Plan (Implementation Plan) was inserted into the SCP at the 26 April 2023 OCM. Today’s report considers the effectiveness of the December Quarter 2023 using the Key Work Plan. The analysis provided is up to date as at 31 January 2024.

This report will then be forwarded to Council for its information.

### COMMENT

The Key Work Action Plan (Attachment 1) tracks 48 actions for 2022/2023. Each key action has an activity applied to it for the quarter, unless it is a completed action. Some activities are ongoing or span two or more quarters.

### Dashboard

It is reasonable to expect that by the end of the September Quarter that each of the key pillars and the summary of the key projects sits at 25% completion or better. The Dashboard in Diagram 1 is as follows:

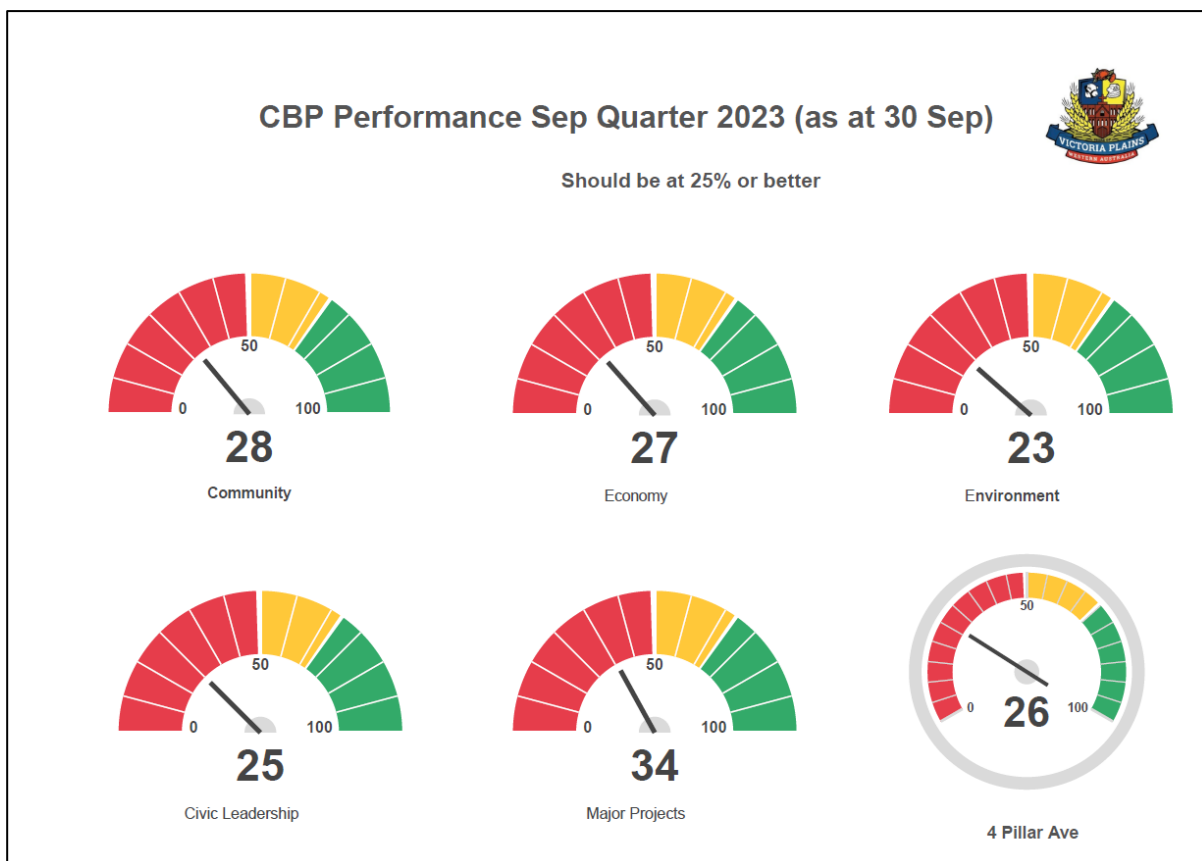
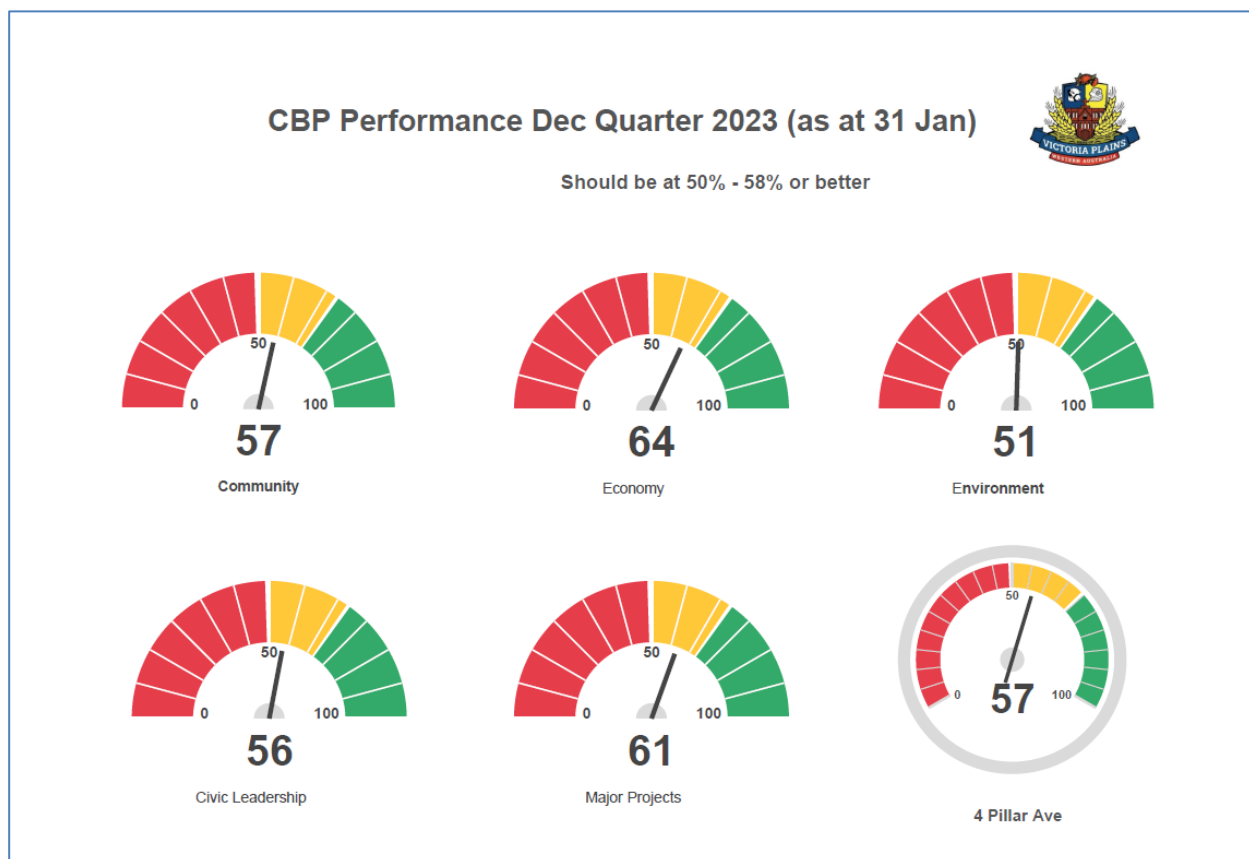


Diagram 1 – SCP Performance based on CBP (September 2023 Quarter)



**Diagram 1 – SCP Performance based on CBP (December 2023 Quarter)**

As it can be seen, the overall average for the four pillars is 57%, which continues to indicate that the Shire in the main is managing the strategic plan and the implementation plan (corporate business plan) well. The Shire’s handling of the key priorities continues to be further enhanced with the major projects (capital and operating) achieving key works ahead of expectations. It should be noted that this performance has also been achieved with the impact of Christmas and the New Year, including the Shire’s closure and staff being on leave.

**Community**

The Community outcome has two completed projects at this point (Disability Access Inclusion Plan and the Footpath Program), with all other actions are on track except for the education campaign by the Community Safety Officer. This role has been vacant since June 2023 and so the Community Education Program has not commenced as a result). The CEO has undertaken discussions regarding a joint officer with the Shires of Moora, Wongan and Northam. The role (part time) has now been advertised and hopefully that will yield a result.

In terms of events, it should be noted that Australia Day breakfast held at the Calingiri Sports Club was very successful, with the day in general seeing over 150 adults and 60 children attend.

**Economy**

The Economy outcome is performing very well and also has two completed projects at this point: the implementation of the new amenities at the Bolgart Caravan Park and the signage plan for 23/24 completed re the new entrance to the Calingiri Cemetery and the designs for the new boundary and location signs. Installation of these signs is planned for 24/25.

All other actions continue to be sitting at the required level or better although the Installation of the RV Dump Point at the Bolgart Caravan Park has lagged. The installation of the Dump Point is occurring in February 2024. The tanks will be installed week starting 19 February 2024.

### **Environment**

All actions are tracking as expected except there are two anomalies: the invasive species program as it is dependent on the appointment of the joint Environment Officer with the Shire of Toodyay, a role that is grant funded in part by WALGA and the Shire was unsuccessful regarding funding for the community waste education program. The Environment Officer is expected to commence February/March and the EHO is developing a waste minimisation program for Shire staff at this point in time.

The key actions that require noting in terms of their positive progress are the commencement on the construction of the waste transfer stations for Calingiri, Bolgart and Mogumber, the implementation of Chronicle on-line which will allow on-line interaction with the cemetery plans at Calingiri and Bolgart and matters regarding the sewerage schemes at Calingiri and Yerecoin.

### **Civic Leadership**

All actions, apart from the Review of the asset management policies and practices are tracking as expected, which was pushed back to December 2023 to allow the CEO and managers time to deliver other key outcomes and services, the completion of the annual audit and the induction of the new council. The CEO has arranged for a leading asset management service provider to mentor key staff in updating the asset management plan and asset management generally.

### **Major Projects**

In essence, the major projects are meeting or exceeding expectations. A key factor is the progress on the roll out of the works to the Mogumber Yarrowindah Rd and the roll out of the Plant Replacement Program. It should be noted that at the time of writing this report, the progress regarding the Calingiri Intersection project is sitting at 72% and the Carani East Rd Blackspot job is completed.

### **Long Term Financial Management Plan**

This is reported monthly by the Deputy CEO regarding the monthly financial management statements.

### **Asset Management Plan**

The CEO has arranged for a leading asset management service provider to mentor key staff in updating the asset management plan and asset management generally.

### **Workforce Plan**

The CEO, Senior Management Team and staff are continuing to effectively roll out the Workforce Plan for 23/24. A report on the first two pillars was provided regarding the September update. An update regarding the final two pillars is reported as follows.

### **Organisational Culture**

Key successes include:

- Regular administration and works team meetings as well as whole of staff meetings. Ensure that all employees receive consistent and regular updates on Shire activities and decisions. Apart from these meetings, a quarterly staff newsletter is in place;

- Encourage participation in whole of organisation social activities for inclusion and integration across teams and individuals. This has included tailored sports and games and staff will be able to participate in the Vic Plains Golf Cup in July 2024;
- Improve accountability across the leadership group for effective people management by developing appropriate key performance indicators that are consistently reported and monitored. This is happening through the Key Work Plan and as a part of staff performance reviews

Key actions to be developed further include:

- Undertake a bi-annual employee engagement survey to identify concerns, challenges and barriers to achieving the desired workplace culture. This will be occurring in April/May 2024.

### **Systems, Processes and Policies**

Key successes include:

- Industrial relations: Plan and execute seamless transition to Federal State award system. This is actually transitioning from the Federal to State systems, which is now in place;
- Policies and Procedures: Review and update the Shire's key human resources policies and procedures including:
  - Staff onboarding and induction. The Induction Manual and the Work Health and Safety Manual have been updated;
  - Performance reviews. Improved processes have been drafted including outcome letters;
  - Exit process (including exit interviews). These occur;
- Policies and Procedures: Ensure that the Shire's core values are reflected in all Shire policies and procedures – this is ongoing;
- Systems: Undertake a review of position descriptions to ensure the activities of each role are aligned to the actual activities and priorities for that position. This is ongoing and happens as a matter of course when the job descriptions are updated as part of the recruitment process.

### **CONSULTATION**

Senior Management Team  
Community Development Officer

### **STATUTORY CONTEXT**

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

19DA. Corporate business plans, requirements for (Act s. 5.56)

(4) A local government is to review the current corporate business plan for its district every year.

### **Integrated Planning and Reporting – Framework and Guidelines**

Apart from the Annual Report providing progress towards the achievement of the four-yearly Shire priorities as established through the Corporate Business Plan (Intermediate Standard), the Departmental IPR Guidelines require that as a minimum, a quarterly review is conducted on the status of the CBP for each year.

**CORPORATE CONTEXT**

**Strategic Community Plan and Corporate Business Plan**

STRATEGIC PRIORITIES	WE KNOW WE ARE SUCCEEDING WHEN
<b>4. CIVIC LEADERSHIP</b>	
4.1 Forward planning and implementation of plans to achieve community priorities	Performance against targets are regularly reported to the community
	We attend meetings of key local and regional organisations to jointly plan for our community
	Demonstrated progress towards achievement of the Corporate Business Plan

The annual review of the Corporate Business Plan demonstrates clearly that the Shire is firmly and clearly heading in the right direction regarding Strategic Action 4.1

**Risk Management**

Consequence	Consequence Rating:	Likelihood Rating:	Risk Rating	Risk Acceptance	Mitigation and Outcome
<b>Reputation and Compliance</b>  Not adhering to the Corporate Business Plan and hence the Strategic Community Plan	Major (4)  Substantiated, public embarrassment, widespread high impact on community trust, high media profile, third party actions	Unlikely (2)  The event could occur at some time - -10 years	Moderate (8)	Operational Manager  Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring  Adequate: The Shire continues to ensure that the CBP Quarterly Review is available publicly through a report to Council each quarter.	CEO to ensure all staff undertake and follow CBP.  Elected Members have undertaken further training in IPR requirements.  The above will ensure that the appropriate manager can assess the risk and correct it accordingly through quarterly reporting. This will ensure that the risk is low

**FINANCIAL IMPLICATIONS**

Nil

**VOTING REQUIREMENTS**

Absolute majority required:           No

<b>Officer Recommendation</b>
-------------------------------

Moved Cr \_\_\_\_\_

Seconded Cr \_\_\_\_\_

That the Audit Committee:

1. **ACCEPTS** the update regarding Integrated Planning and Reporting for December 2023 (inclusive of January 2024) including the December quarterly review of the Corporate Business Plan, the Long Term Financial Plan, the Asset Management Plan and the update regarding the Shire’s Workforce Plan.
2. **NOTES** that this update will now be provided to Council for its information.

**For \_\_\_\_\_ / Against \_\_\_\_\_**

## 7. MEETING CLOSED TO PUBLIC

*Matters for which the meeting may be closed in accordance with the Local Government Act 1995 s.5.23(2).*

*Public reading of resolutions made during a closed meeting.*

## 8. CLOSURE OF MEETING

There being no further business, the Presiding Member declared the meeting closed at

---

## CERTIFICATION

These Committee minutes were confirmed at the Audit Committee Meeting held on \_\_\_\_\_ 2024.

Signed \_\_\_\_\_ Date \_\_\_\_\_  
(Presiding member at the meeting which confirmed the minutes)

**Committee Minutes are unconfirmed until they have been adopted at the following meeting of Council.**