

Audit & Risk Management Committee Meeting Minutes

19 November 2024



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SHIRE OF DALWALLINU

MINUTES of the Audit & Risk Management Committee Meeting of Council held in the Council Chambers, Shire Administration Centre, Dalwallinu on Tuesday 19 November 2024.

1 OPENING & ANNOUNCEMENT OF VISITORS

The Chairperson opened the meeting at 2.28pm.

2 ANNOUNCEMENTS OF PRESIDING MEMBER

Nil

3 ATTENDANCE RECORD

3.1 Present

Mr I Hyde
Cr KL Carter
Cr SC Carter
Cr MM Harms

Chief Executive Officer Mrs JM Knight
Manager Corporate Services Mrs Hanna Jolly

William Buck	Mr Conley Manifis	<i>entered meeting via Teams at 2.30pm left meeting at 2.44pm</i>
	Mr Liam Gunton	<i>entered meeting via Teams at 2.30pm left meeting at 2.44pm</i>

Office of Auditor General Ms Subha Gunalan *entered meeting via Teams at 2.30pm
left meeting at 2.44pm*

3.2 Apologies

Nil

3.3 Leave of Absence Previously Granted

Nil

4 DECLARATIONS OF INTEREST

Nil



5 MINUTES OF PREVIOUS MEETINGS

5.1 Audit & Risk Management Committee Meeting – 19 March 2024

MOTION

Moved Cr MM Harms
Seconded Cr SC Carter

That the Minutes of the Audit & Risk Management Committee Meeting held on the 19 March 2024 be confirmed.

CARRIED 4/0

For: Chairperson Mr IW Hyde, Cr KL Carter, Cr SC Carter, Cr MM Harms
Against: Nil



6 REPORTS

6.1 Shire of Dalwallinu - Auditor Exit Meeting

Report Date	19 November 2024
Applicant	Shire of Dalwallinu
File Ref	FM/9 – Financial Management – Financial Reporting
Previous Meeting Reference	Nil
Prepared by	Hanna Jolly, Manager Corporate Services
Supervised by	Jean Knight, Chief Executive Officer
Disclosure of interest	Nil
Voting Requirements	Simple Majority
Attachments	6.1.1 Auditor's Exit Agenda 6.1.2 Auditor's Report Year Ending 30 June 2024

Purpose:

The purpose of the meeting is for the Audit Committee to meet with the Auditors to conduct the audit exit meeting.





Exit Meeting

FINANCIAL ATTEST AUDIT OF SHIRE OF DALWALLINU FOR THE YEAR ENDED 30 JUNE 2024

ATTENDEES:

SHIRE OF DALWALLINU

Shire staff:

Jean Knight	Chief Executive Officer
Hanna Jolly	Manager Corporate Services

Council:

Keith Carter	Shire President/Audit & Risk Management Committee Member
Steve Carter	Deputy President/Audit & Risk Management Committee Member
Melissa Harms	Councillor/Audit & Risk Management Committee Member

Office of the Auditor General

Subha Gunalan	Director
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William Buck

Conley Manifis	Director
Liam Gunton	Manager

Interview Date & Time:

19th November 2024 at 2:30 pm

Location:

via Microsoft Teams

Agenda

1. Introduction

2. Matters Arising from the Audit

2.1. *Financial Statements – unqualified opinion will be recommended*

- No significant issues noted

2.2. *Controls and Legal Compliance Issues*

- No issues noted.

3. Actions for Next Year's Audit

- None noted.

4. General & Closing Comments

Shire of Dalwallinu

Report to the Audit Committee for the year ended 30 June 2024

19 November 2024

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1. Executive Summary

This executive summary provides a brief overview of the more detailed sections covered in the remainder of this report.

Section	Overview
Purpose and scope	This report sets out the major matters arising from this year's audit, which has been performed in order to enable the Auditor General to express an opinion on the Shire of Dalwallinu's (the Shire) financial report.
Outstanding matters	<p>Our audit of the financial report is substantially complete. We propose to recommend to the Auditor General to issue an unmodified audit opinion on the financial report subject to the completion of:</p> <ul style="list-style-type: none"> — Appropriate procedures relating to subsequent events; — Receipt of the signed management representation letter; and — Certification of the financial report.
Basis of preparation of the financial report	The accounting policies adopted are materially consistent with the accounting policies in the 30 June 2024 annual financial report.
Summary of unadjusted differences	There were no unadjusted differences relating to the financial report in the financial year ended 30 June 2024.
Key areas of focus and audit response	Our audit procedures were focused on those activities that are considered to represent the key audit risks identified in our audit plan and through discussions with management during the course of our audit. These areas of focus are consistent with those set out in the Audit Strategy Memorandum tabled at the entrance meeting on 26 April 2024. We are satisfied that these key areas of focus have been addressed appropriately and are properly reflected in the financial report. Please refer to Section 3 of this report for a more detailed discussion on the key areas of focus.
Independence	We confirm that we are independent with respect to professional requirements.
Audit readiness	As required by the Local Government Act 1995 Section 6.4(3), we note that your first set of financial statements was audit ready and submitted on 27 September 2024.

2. Purpose and scope

Overview

We have conducted an audit of the Shire of Dalwallinu ('the Shire') for the year ended 30 June 2024.

Our audit is conducted in accordance with Australian Auditing Standards, with the objective of enabling the Auditor General to express an opinion on the financial report for the year ended 30 June 2024.

We perform audit procedures to assess whether, in all material respects, the annual financial report is presented fairly in accordance with Local Government Act 1995, Local Government (Financial Management) Regulation 1996 and the Australian Accounting Standards. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal controls, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements will be detected.

We form our audit opinion on the basis of these procedures, which include:

- Examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- Assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Shire.

This report has been prepared to:

- summarise any major changes affecting the Shire during the year;
- report the key issues arising from our audit;
- provide a summary of any significant changes in financial reporting; and
- draw to the attention of the Audit Committee for any other matters of relevance.

We also confirm that all significant matters that we have discussed with management are documented in this report and that we are not aware of any other matters that should be brought to the attention of the Audit Committee.

Acknowledgement

We would like to take this opportunity to thank Jean Knight, Hanna Jolly and all the support staff of the Shire for their co-operation during the course of our audit, who helped to facilitate a smooth year-end audit process.

3. Key areas of focus and audit response

Our audit procedures were focused on those areas of the Shire's activities that are considered to represent the key audit risks. These areas of focus were identified as a result of:

- The risk assessment process undertaken during the planning phase of our engagement and were presented to the Audit Committee in our Audit Strategy Memorandum; and
- Discussions with management during the course of our audit.

We are satisfied that the key areas of focus have been addressed appropriately and are properly reflected in the financial report:

1. Revenue recognition

The Shire's main source of revenue is rates and fees. The Shire also receives significant grants, subsidies, and contributions. Completeness, existence, and accuracy of revenue are identified as a significant risk as under ASA 240 *The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report*, the presumed risk of fraud in revenue recognition is to be treated as a significant risk. Per ASA 240 paragraph 27, when identifying and assessing the risks of material misstatement due to fraud, the auditor shall, based on a presumption that there are risks of fraud in revenue recognition, evaluate which types of revenue, revenue transactions or assertions give rise to such risks. These types of revenue have been considered below:

Revenue Stream	Presumption of risk of fraud not rebutted	Audit Approach
Rates revenue	<p>The presumption of fraud has not been rebutted given the significant balance of rates revenue and stakeholder expectations.</p> <p>As per ASA 240 paragraph 30(c) we included an element of unpredictability in the selection of the nature, timing and extent of audit procedures.</p>	<ul style="list-style-type: none"> — Performed walkthroughs on the rates revenue process; — Tested the operating effectiveness of internal controls relating to the rates revenue process; — Conducted an analytical review on rates revenue; — Performed substantive sample testing; — We reviewed management's revenue recognition policy and determine whether the policy is in accordance with AASB 15 <i>Revenue from Contracts with Customers</i> and AASB 1058 <i>Income for Not-for-Profit Entities</i>; and — We also performed cut off testing by evaluating revenue transactions either side of the balance sheet date as well as credit notes issued after year end.

Revenue Stream	Presumption of risk of fraud not rebutted	Audit Approach
Operating grants, subsidies, and contributions/capital grants, subsidies, and contributions	<p>The presumption of fraud has not been rebutted given the significant balance of operating grants, subsidies, and contributions/capital grants, subsidies, and contributions revenue and stakeholder expectations.</p>	<ul style="list-style-type: none"> — Performed walkthroughs on the operating grants, subsidies, and contributions/capital grants, subsidies, and contributions revenue process; — Tested the operating effectiveness of internal controls relating to the operating grants, subsidies, and contributions/capital grants, subsidies, and contributions revenue process; — Conducted an analytical review on operating grants, subsidies, and contributions/capital grants, subsidies, and contributions subsidies revenue; — Performed substantive sample testing; — We reviewed management's revenue recognition policy and determined whether the policy is in accordance with AASB 15 <i>Revenue from Contracts with Customers</i> and AASB 1058 <i>Income for Not-for-Profit Entities</i>; and — We also performed cut off testing by evaluating revenue transactions either side of the balance sheet date as well as credit notes issued after year end. <p>As per ASA 240 paragraph 30(c) we included an element of unpredictability in the selection of the nature, timing and extent of audit procedures.</p>
Fees and charges	<p>The presumption of fraud has not been rebutted given the significant balance of fees and charges revenue and stakeholder expectations.</p>	<ul style="list-style-type: none"> — Performed walkthroughs on the fees and charges revenue process; — Performed substantive sample testing; — We reviewed management's revenue recognition policy and determined whether the policy is in accordance with AASB 15 <i>Revenue from Contracts with Customers</i> and AASB 1058 <i>Income for Not-for-Profit Entities</i>; and — We also performed cut off testing by evaluating revenue transactions either

Revenue Stream	Presumption of risk of fraud not rebutted	Audit Approach
		<p>side of the balance sheet date as well as credit notes issued after year end.</p> <p>As per ASA 240 paragraph 30(c) we included an element of unpredictability in the selection of the nature, timing and extent of audit procedures.</p>

From our work performed, revenue from rates, fees, grants and subsidies have been recorded and accounted for appropriately.

2. Management override of controls

Under Auditing Standard ASA 240 *The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report*, management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare a fraudulent financial report by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities. Due to the unpredictable way in which such override could occur, it is a risk of material misstatement due to fraud and thus a significant risk.

We:

- Tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial report;
- Reviewed accounting estimates for bias and evaluate whether the circumstances producing the bias, if any, represent a risk of material misstatement due to fraud; and
- Evaluated for significant transactions that are outside the normal course of business for the Shire, or that otherwise appear to be unusual given the auditor's understanding of the Shire and its environment and other information obtained during the audit, evaluated whether the business rationale (or the lack thereof) of the transactions suggests that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets.

We did not note any evidence of misstatements or misappropriations as a result of management override.

3. Wheatbelt Secondary Freight Network (WSFN) project

The WSFN program of works is a result of a collaborative approach between Regional Development Australia Wheatbelt, the Wheatbelt Development Commission, Main Roads Western Australian and WA Local Government Association Representatives. It has the full support of all 42 Wheatbelt Shires including the Shire of Dalwallinu. The Shire received \$2.8 million for this year's projects. The project has commenced but not yet completed. We reviewed the requirements of the funding arrangements and ensured appropriate revenue recognition. We reviewed the grant expenditure and ensured that it is appropriately recognised.

4. Employee expenses and provisions

Employee expenses are one of the Shire's largest cost components.

We documented and assessed controls relating to the payroll process. We also:

- Performed walkthroughs on the payroll process;

- Tested internal controls relating to payroll and employee related liabilities; and
- Performed substantive analytical review of employee costs and related liabilities.

Payroll expense has been accounted for and recorded appropriately.

5. Cash and cash equivalents

The Shire has a significant cash and cash equivalent balance. We have performed the following:

- controls testing of bank reconciliations;
- performed analytical review, including independently obtaining bank confirmation and investigating any significant exceptions; and
- reviewed the split between unrestricted and restricted cash and ascertain that it is in accordance with the imposed regulations and legislation.

There were no issues noted with the existence of cash and cash equivalents.

6. Recoverability of debtors

Collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written off against the allowance account, when objective evidence that the Shire will not be able to collect its debts has been established. Receivables are normally settled within 30 days.

We have performed analytical review, including reviewing the Shire's ongoing assess of collectability of receivables and traced material receivables to subsequent collection.

There were no material issues noted with the measurement and recognition of trade and other receivables, including assessment of expected credit losses.

7. Property, Plant and Equipment

The Shire owns significant amounts of property, plant and equipment. Impairment, accuracy of the depreciation charge, and appropriateness of asset capitalisation are identified as risks. Property, Plant and Equipment includes land and buildings, which are measured at fair value and revalued at least every 5 years in accordance with Regulation 17A of the Local Government (Financial Management) Regulations 1996. No independent revaluation of property, plant, and equipment was undertaken in the current period.

- We reviewed the asset capitalisation policy and ensured that it is in accordance with *AASB116 Property, Plant and Equipment*. We also performed the following procedures:
- recalculating depreciation and reviewing the reasonableness of the assets useful life;
- verified significant additions and disposals;
- evaluated management's assessment of impairment; and
- considered the appropriateness of the accounting treatment of costs incurred as either maintenance or capitalised as asset enhancements.

There were no material issues noted with the existence, measurement and recognition of property, plant and equipment.

8. Infrastructure

Infrastructure is the most material asset for the Shire. Impairment, accuracy of the depreciation charge and appropriateness of asset capitalisation are identified as risks.

Infrastructure assets are measured at fair value and revalued at least every 5 years in accordance with Regulation 17A of the Local Government (Financial Management) Regulations 1996. An independent valuation of infrastructure was performed in the previous financial year (FY2022/23).

We reviewed the asset capitalisation policy and ensure that it is in accordance with *AASB116 Property, Plant and Equipment*. We also performed the following procedures:

- recalculating depreciation and reviewing the reasonableness of the assets useful life;
- verified significant additions and disposals;
- evaluated management's assessment of impairment; and
- considered the appropriateness of the accounting treatment of costs incurred as either maintenance or capitalised as asset enhancements.

There were no material issues noted with the existence, measurement and recognition infrastructure.

9. Landfill Site Rehabilitation

The Shire has landfill sites in Dalwallinu and Kalannie. These sites are not licensed but they are recognised sites under the Department of Environment Regulation. The Shire has a post closure plan in place to rehabilitate these sites at the end of their useful life. The landfill sites maintained by the shire are regulated under Part V of the *Environmental Protection Act 1986* requiring registration only (Category 1). The landfill sites are:

- Dalwallinu landfill site 1 (R1402-2003-1): This was scheduled for 2020/21 but has been postponed until 2025/26 as the remaining site is still being utilised.
- Kalannie landfill site (R14782003-1): Remaining useful life for this site is 10 years reaching the end during 2033/34.
- Dalwallinu landfill site 2 (R1402-2003-1): Remaining useful life for this site is 21 years reaching the end during 2044/45.

As a post closure plan is in place a constructive obligation to rehabilitate exists and therefore a provision is recognised under *AASB Provisions, Contingent Liabilities and Contingent Assets*. Completeness and valuation of this provision is identified as a risk.

We evaluated this provision by agreeing the estimated balance to the Shire's assessment. We evaluated judgements, assumptions and inputs used in the provision estimate. Provision for rehabilitation has been recorded and accounted for appropriately.

We noted no misstatements in relation to management's assessment for rehabilitation provisions.

10. Critical accounting estimations and judgements

The preparation of the financial report is in conformity with Australian Accounting Standards which requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The Shire uses estimation and judgements for provision for annual leave, provision for long service leave, provision for rehabilitation, depreciation, provision for expected credit losses, right-of-use assets and lease liabilities.

We enquired and obtained an understanding of the following:

- nature and extent of oversight and governance place over management's financial reporting process related to estimates;

- management's risk assessment process to identify and address risks relating to accounting estimates;
- selection of assumptions used, including consideration of alternatives, identification of significant assumptions and the basis of data used in the estimates.

Where possible, we also checked for consistency in the estimates to prior year and agree the data used in the estimates to publicly available information.

There were no misstatements noted in relation to accounting estimates and judgements.

11. Disclosure of Related Party Transactions

We reviewed and determined whether the Shire's accounting policy is in line with AASB 124 *Related Party Disclosures*. We made enquiries to understand the process for identification of related parties, reviewed the register of related party transactions, and assessed whether disclosures (if any) in the notes to the annual financial report are appropriate.

We reviewed the signed declarations from Key Management Personnel and ensured appropriate disclosures (if any) had been included in the notes to the annual financial report.

4. Control environment

Accounting systems and controls

As part of our normal statutory audit procedures, we considered the systems and controls existing in respect of the operational and financial activities of the Shire. This allowed us to:

- develop our understanding of the financial and operating procedures;
- document the processes for our permanent files for future reference;
- review the systems for potential weaknesses and assess the likelihood that errors could occur;
- determine our audit approach (including the degree of reliance on internal controls); and
- ensure that the accounting systems and records were sufficient for the preparation of true and fair financial statements.

Our audit is planned and conducted so as to enable us to express a professional opinion on the statutory financial statements. It is not designed, nor can it be expected to disclose, all defalcations or irregularities. Such matters might be revealed during the course of our work. If this were the case, the matters would be reported to you.

Design effectiveness

Our review indicated that, based on the size of the Shire, the current systems and processes are well designed and controlled. We are of the view that the Shire's controls are adequate and comply with relevant legislative provisions. We did not identify any control weaknesses.

5. Independence

Overview

Our audit services are subject to the Office of the Auditor General's, William Buck's and the profession's strict rules and policies regarding auditor independence, as well as certain statutory requirements. We enforce these policies and values in order to maintain objectivity and to be free of conflicts of interest when discharging our professional responsibilities.

The Office of the Auditor General and William Buck understand the importance of our role as auditors in the external reporting framework and we work hard to maintain an extensive system of quality controls over our audit practices.

6. Summary of adjusted audit differences

In performing our audit of the Shire for the year ended 30 June 2024, we have noted the following audit differences:

Account name	Original balance	Actual balance	Variance
ROAD CON- Grants - LRCIP/DoT (Revenue)	(666,434)	(664,334)	2,100
Contract liabilities	(714,084)	(715,184)	(1,100)
Net GST Payable	(23,911)	(24,911)	(1,000)
To amend figures relating to the DoT grant, contract liabilities and GST			

7. Summary of unadjusted audit differences

There are no uncorrected misstatements in the financial report.

WilliamBuck

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6.2 Shire of Dalwallinu Audit & Risk Management Committee Risk Dashboard Report*

Report Date	19 November 2024
Applicant	Shire of Dalwallinu
File Ref	FM/9 – Financial Management – Financial Reporting
Previous Meeting Reference	Nil
Prepared by	Hanna Jolly, Manager Corporate Services
Supervised by	Jean Knight, Chief Executive Officer
Disclosure of interest	Nil
Voting Requirements	Simple Majority
Attachments	Shire of Dalwallinu Risk Dashboard Report October 2024

Purpose of Report

The Audit & Risk Management Committee is requested to note the actions in the Risk Dashboard Report October 2024.

Background

It is essential to monitor and review the management of risks as changing circumstances may result in some risks increasing or decreasing in significance. By regularly reviewing the effectiveness and efficiency of control and appropriateness of treatment/action, it can be determined if the organisation's resources are being put to the best use possible.

Consultation

Chief Executive Officer

Legislative Implications

State

Local Government (Audit) Regulations 1996 s16 and s17

Policy Implications

Nil

Financial Implications

Nil

General Function Implications

Nil

Strategic Implications

Shire of Dalwallinu Strategic Community Plan 2017-2027

Outcome 4.4.5 - Strive to ensure "best practice" local governance is maintained.

Site Inspection

Site inspection undertaken: Not applicable

Triple Bottom Line Assessment

Economic implications

There are no known significant economic implications associated with this proposal.



Social implications

There are no known significant social implications associated with this proposal.

Environmental implications

There are no known significant environmental implications associated with this proposal.

Officer Comment

The Risk Dashboard Report shows a snapshot of our current recognised risks and the current issues, actions and treatments for each risk. Following the snapshot is a detailed description of each risk and the potential causes, key controls and indicators for each risk.

This report is provided to the Audit & Risk Management Committee to ensure that the organisation is monitoring and controlling all risks.

Officer Recommendation

That the Audit & Risk Management Committee receives the Risk Dashboard Report for October 2024.

Recommendation/Resolution

MOTION

Moved Cr K Carter
Seconded Cr M Harms

That the Audit & Risk Management Committee receives the Risk Dashboard Report for October 2024.

CARRIED 4/0

For: Chairperson Mr IW Hyde, Cr KL Carter, Cr SC Carter, Cr MM Harms
Against: Nil



Shire of Dalwallinu

Risk Dashboard Report

Oct-24

Misconduct		Risk	Control	External Theft & Fraud		Risk	Control
		Low	Effective			Moderate	Effective
Current Issues/Actions/Treatments	Due Date	Responsibility		Current Issues/Actions/Treatments	Due Date	Responsibility	
Review Purchasing Policy and Procurement Process	Mar-25	CEO/MCS		Review Fraud & Corruption Control Plan (review undertaken Sept 2023)	Sep-25	CEO	
Review and Document Organisations Controls and Systems	Ongoing	CEO/MCS		Review Key Register Quarterly	Sep-24	TSO	
Centralise Checklists, Controls and Procedures	Ongoing	CEO/MCS					
Business Disruption		Risk	Control	Damage to Physical Assets		Risk	Control
		High	Effective			Moderate	Effective
Current Issues/Actions/Treatments	Due Date	Responsibility		Current Issues/Actions/Treatments	Due Date	Responsibility	
Review Business Continuity Plan - Council Agenda March 2024	Mar-27	CEO		All plant to have prestarts before each use or as instructed	Ongoing	All Staff	
Admin Generator maintained and serviced quarterly (if not active)	Dec-24	WS					
Errors, omissions, delays		Risk	Control	Failure of IT &/or Communications Systems and Infrastructure		Risk	Control
		Moderate	Effective			Moderate	Effective
Current Issues/Actions/Treatments	Due Date	Responsibility		Current Issues/Actions/Treatments	Due Date	Responsibility	
Procedure Manuals to be tested regularly	Ongoing	MCS		Staged migration from Synergy to Altus commencing 22-23	Ongoing	MCS	
Failure to fulfil statutory, regulatory or compliance requirements		Risk	Control	Providing inaccurate advice/information		Risk	Control
		Low	Effective			Moderate	Effective
Current Issues/Actions/Treatments	Due Date	Responsibility		Current Issues/Actions/Treatments	Due Date	Responsibility	
Corporate Governance Calendar Checklist to be monitored monthly	Ongoing	CEO					
Inadequate Project/Change Management		Risk	Control	Inadequate Organisation and Community Emergency Management		Risk	Control
		Moderate	Effective			Moderate	Adequate
Current Issues/Actions/Treatments	Due Date	Responsibility		Current Issues/Actions/Treatments	Due Date	Responsibility	
				Lack of resources in LG		CEO	
Inadequate Document Management Processes		Risk	Control	Inadequate employee and visitor safety and security		Risk	Control
		Moderate	Adequate			Moderate	Adequate
Current Issues/Actions/Treatments	Due Date	Responsibility		Current Issues/Actions/Treatments	Due Date	Responsibility	
Undertake monthly records audits	Monthly	MCS		Check all contractors have been inducted prior to commencing work	ongoing	Management	
Annual Refresher for all Employees on Records Management	Dec-24	CEO					

Shire of Dalwallinu

Risk Dashboard Report

Oct-24

<u>Inadequate engagement of Community/Stakeholders/Elected Members</u>		Risk	Control	<u>Inadequate Procurement, Disposal or Tender Practices</u>		Risk	Control
		Moderate	Adequate			Moderate	Adequate
Current Issues/Actions/Treatments	Due Date	Responsibility		Current Issues/Actions/Treatments	Due Date	Responsibility	
Review Communication Plan (every two years)	May-25	CEO		Annual Review of Purchasing Policy	Mar-25	CEO	
Review Community Engagement Plan (every two years)	May-25	CEO		Annual Review of Tender Register	Jun-25	EA	

<u>Inadequate Asset Management</u>		Risk	Control	<u>Inadequate Financial, Accounting or Business Acumen</u>		Risk	Control
		Moderate	Adequate			Moderate	Adequate
Current Issues/Actions/Treatments	Due Date	Responsibility		Current Issues/Actions/Treatments	Due Date	Responsibility	
Maintain training register	Ongoing	MWS					
Organise SOP's to be completed for all plant and equipment - all completed May 2024	May-25	MWS					
Develop and maintain footpath plan for Dalwallinu and Kalannie townsites	Completed	MWS					

<u>Inadequate Natural Environmental Management</u>		Risk	Control	<u>Inadequate Stock Management</u>		Risk	Control
		Moderate	Adequate			Moderate	Adequate
Current Issues/Actions/Treatments	Due Date	Responsibility		Current Issues/Actions/Treatments	Due Date	Responsibility	
				Monthly Stocktake for fuel & bulk oils	Monthly	MCS/FO	

<u>Inadequate supplier/Contract Management</u>		Risk	Control	<u>Ineffective People Management</u>		Risk	Control
		Moderate	Adequate			Moderate	Effective
Current Issues/Actions/Treatments	Due Date	Responsibility		Current Issues/Actions/Treatments	Due Date	Responsibility	
				Review Performance Appraisal documentation - done annually in M	Mar-25	CEO	
				Review Workforce Plan - Council July 2024	Jun-25	CEO	

<u>Ineffective management of Facilities/Venues/Events</u>		Risk	Control	<u>Not meeting Community expectations</u>		Risk	Control
		Moderate	Effective			Moderate	Effective
Current Issues/Actions/Treatments	Due Date	Responsibility		Current Issues/Actions/Treatments	Due Date	Responsibility	
Develop Event Management Framework - Not completed	Sep-23	MPDS		Conduct Community Satisfaction Survey - Survey Completed Oct 20	Dec-26	CEO	
Booking forms, facility checks completed for each hire	Ongoing	CSO/MCS					

Intentional activities in excess of authority granted to an employee, which circumvent endorsed policies, procedures or delegated authority. This would include instances of:

- Relevant authorisations not obtained.
- Distributing confidential information.
- Accessing systems and / or applications without correct authority to do so.
- Misrepresenting data in reports.
- Theft by an employee
- Inappropriate use of plant, equipment or machinery
- Inappropriate use of social media.
- Inappropriate behaviour at work.
- Purposeful sabotage

This does not include instances where it was not an intentional breach - refer Errors, Omissions or Delays, or Inaccurate Advice / Information.

Potential causes include:

Inadequate training of code of conduct \ induction	Greed, gambling or sense of entitlement
Changing of job roles and functions/authorities	Collusion between internal & external parties
Delegated authority process inadequately implemented	Password sharing
Disgruntled employees	Sharing of confidential information
Lack of internal checks	Low level of Supervisor or Management oversight
Covering up poor work performance	Believe they'll get away with it
Poor enforcement of policies and procedures	Undue influence from Manager / Councillor
Information leaked to Tenderers during the Tender process	Poor work culture
Insubordination	By-passing established administrative procedures

Key Controls	Type		Rating
Delegated authority for procurement	Preventative		Effective
Delegation control / framework	Detective		Effective
External Audits	Detective		Effective
Police clearances	Detective		Effective
Annual drivers licence checks	Preventative		Effective
Cash handling policy and procedures	Preventative		Adequate
IT security access framework (profiles & passwords)	Preventative		Effective
Induction Process (Code of Conduct)	Preventative		Effective
Segregation of duties (Financial / I.T.)	Preventative		Effective
Social Media policy	Preventative		Effective
Strong management culture (Zero tolerance for misconduct)	Preventative		Effective
Insurance for loss	Recovery		Effective

Overall Control Ratings: Effective

Consequence Category	Risk Ratings	Rating
	Consequence:	Moderate (3)
Reputation / Finance	Likelihood:	Rare (1)
Overall Risk Ratings:		Low

Indicators	Type	Benchmark
Budget variances	Lagging	5%
Audit notifications	Lagging	Zero
Incidents warranting dismissal	Lagging	Zero
Wilful breach of segregation of duties	Leading	Zero
Suppliers not being paid or complaints from suppliers (not involved in collusion or bribery with staff)	Lagging	Zero
Disregarding or manipulating procurement process for own benefit	Leading	Zero
Internal and external complaints (PID)	Lagging	Zero

Current Issues / Actions / Treatments	Due Date	Responsibility
Review Purchasing Policy and Procurement Process	Mar-25	CEO/MCS
Review and Document Organisations Controls and Systems	Ongoing	CEO/MCS
Centralise Checklists, Controls and Procedures	Ongoing	CEO/MCS

Loss of funds, assets, data or unauthorised access, (whether attempted or successful) by external parties, through any means (including electronic), for the purposes of;
 -Fraud: benefit or gain by deceit
 -Malicious Damage: hacking, deleting, breaking or reducing the integrity or performance of systems
 -Theft: stealing of data, assets or information

Potential causes include;

Inadequate security of equipment/supplies/cash	Inadequate provision for patrons belongings
Robbery	Lack of supervision
Scam Invoices	Collusion with internal staff
Cyber Crime	

Key Controls	Type		Rating
Building Security access controls (alarms, CCCTV, keypad access)	Preventative		Effective
Equipment storage security access controls (locked after hours and when unmanned)	Preventative		Effective
Cash handling processes	Preventative		Effective
Spare keys in strong room/key cabinet	Preventative		Effective
Stringent IT security systems	Preventative		Effective
Insurance for loss	Recovery		Adequate
Photographic record of assets	Recovery		Effective
Care when opening emails with attachments	Preventative		Effective
Fraud & Corruption Control Plan	Preventative		Effective

Overall Control Ratings: Effective

Consequence Category	Risk Ratings	Rating
	Consequence:	Moderate (3)
Reputation / Finance	Likelihood:	Possible (3)
Overall Risk Ratings:		Moderate

Indicators	Type	Benchmark
Cyber breaches	Lagging	Zero
Insurance Claims	Lagging	Zero
Number of incidents of theft or fraud	Lagging	Zero

Current Issues / Actions / Treatments	Due Date	Responsibility
Review Fraud & Corruption Control Plan (review undertaken Sept 2023)	Sep-25	CEO
Review Key Register Quarterly	Sep-24	TSO

Business Disruption

Oct-24

Failure to adequately prepare and respond to events that cause disruption to the local community and / or normal business activities. This could be a natural disaster, weather event, or an act carried out by an external party (e.g. sabotage / terrorism).

This includes;

- Lack of (or inadequate) emergency response / business continuity plans.
- Lack of training for specific individuals or availability of appropriate emergency response.
- Failure in command and control functions as a result of incorrect initial assessment or untimely awareness of incident.
- Inadequacies in environmental awareness and monitoring of fuel loads, curing rates etc

This does not include disruptions due to IT Systems or infrastructure related failures - refer "Failure of IT & communication systems and infrastructure".

Potential causes include;

Cyclone, storm, fire, earthquake	Extended utility outage
Terrorism / sabotage / criminal behaviour	Economic factors
Epidemic / Pandemic	Loss of Key Staff
Loss of suppliers	Loss of key infrastructure
Climate change	

Key Controls	Type		Rating
Regular Local and District Emergency Management Committee meeting (LEMC/DEMC)	Detective		Effective
Community recovery preparation	Preventative		Effective
Community fire prevention education	Preventative		Effective
Current Emergency Management Plan	Preventative		Effective
Business Continuity Framework	Preventative		Effective
Generator (Admin centre)	Recovery		Adequate
IT Disaster Recovery Plan	Recovery		Effective
Insurance for Loss	Recovery		Effective
Generator (Rec Centre Precinct)	Recovery		Effective
<i>Overall Control Ratings:</i>			Effective

Consequence Category	Risk Ratings	Rating
Reputation / Finance	<i>Consequence:</i>	Major (4)
	<i>Likelihood:</i>	Possible (3)
	<i>Overall Risk Ratings:</i>	High

Indicators	Type	Benchmark
Missed LEMC/DEMC Committee meetings	Lagging	Zero
Non Compliance with EM legislation	Lagging	Zero
Resignations/terminations of key personnel	Lagging	

Current Issues / Actions / Treatments	Due Date	Responsibility
Review Business Continuity Plan - Council Agenda March 2024	Mar-27	CEO
Admin Generator maintained and serviced quarterly (if not activated)	Dec-24	WS

Damage to buildings, property, plant & equipment (all assets) that does not result in a disruption to business objectives (refer Business Disruption). This could be a result of a natural disaster or other events, or an act carried out by an external party (inc graffiti and/or vandalism)

Potential causes include:

Cyclone, storm, fire, earthquake	
Vandalism	

Key Controls	Type		Rating
Locking of unmanned areas	Preventative		Effective
CCTV	Preventative		Effective
			Effective
			Effective
<i>Overall Control Ratings:</i>			Effective

Consequence Category	Risk Ratings	Rating
Reputation / Finance	<i>Consequence:</i>	<i>Moderate (3)</i>
	<i>Likelihood:</i>	<i>Possible (3)</i>
	<i>Overall Risk Ratings:</i>	
		Moderate

Indicators	Type	Benchmark
Damage to Physical Assets	Lagging	Zero

Current Issues / Actions / Treatments	Due Date	Responsibility
All plant to have prestarts before each use or as instructed	Ongoing	All Staff

Errors, omissions or delays in operational activities as a result of unintentional errors or failure to follow due process including incomplete, inadequate or inaccuracies in advisory activities to customers or internal staff. Examples include;

- Incorrect planning, development, building, community safety and Emergency Management advice
- Incorrect health or environmental advice
- Inconsistent messages or responses from Customer Service Staff
- Any advice that is not consistent with legislative requirements or local laws.
- Human error
- Inaccurate recording, maintenance, testing or reconciliation of data.
- Inaccurate data being used for management decision-making and reporting.
- Delays in service to customers

This excludes process failures caused by inadequate / incomplete procedural documentation - refer "Inadequate Document Management Processes".

Potential causes include;

Human Error	Incorrect information
Inadequate formal procedures or training	Miscommunication
Lack of trained staff	Work pressure/stress
Poor use of procedures	Lack of understanding
Unrealistic expectations from community, council or management	Health issues
Poor internal communications between teams	Historical decisions/advice
Disconnect between financial receipting and systems	Complex legislation
Changes to legislation	

Key Controls	Type		Rating
Membership of professional associations	Detective		Effective
Complaints register	Detective		Effective
Documented information sheets / website information / FAQ's to assist in providing advice to customers	Preventative		Effective
External consultants such as legal	Preventative		Effective
External stakeholder communications (website, news articles)	Preventative		Effective
Staff training program (mentoring, formal & on-the-job)	Preventative		Adequate
Draw information from other Government agencies (DWER etc)	Preventative		Effective
Complaints resolution process	Recovery		Effective
Procedure Manuals tested by other Officers	Preventative		Effective
<i>Overall Control Ratings:</i>			Effective

Consequence Category	Risk Ratings	Rating
Reputation / Finance	<i>Consequence:</i>	Minor (2)
	<i>Likelihood:</i>	Possible (3)
	<i>Overall Risk Ratings:</i>	

Indicators	Type	Benchmark
Referral to Ombudsman/Management/Council	Lagging	Zero
Substantiated complaints regarding errors, omissions, delays or inaccurate advice/information	Lagging	Zero
Insurance Claims	Lagging	Zero

Current Issues / Actions / Treatments	Due Date	Responsibility
Procedure Manuals to be tested regularly	Ongoing	MCS
Review checklists for weekly/monthly tasks	Ongoing	MCS

Instability, degradation of performance, or other failure of IT or communication system or infrastructure causing the inability to continue business activities and provide services to the community. This may or may not result in IT Disaster Recovery Plans being invoked. Examples include failures or disruptions caused by:

-Hardware or software

-Networks

-Failures of IT Vendors

This also includes where poor governance results in the breakdown of IT maintenance such as;

-Configuration management

-Performance monitoring

This does not include new system implementations - refer "Inadequate Project / Change Management".

Potential causes include;

Weather impacts	Non renewal of licenses
Power outage on site or at service provider	Inadequate IT incidents, problem management & Disaster Recovery Processes
Out dated, inefficient or unsupported hardware or software	Lack of process and training
Incompatibility between operating systems	Vulnerability of user error
Cyber crime and viruses	Failure of vendor
Turnover of system administration support	Equipment purchases without input from IT department
Software vulnerability	

Key Controls	Type		Rating
Performance monitoring by contractor	Detective		Effective
Maintenance program	Preventative		Effective
Formal IT Infrastructure replacement / refresh program	Preventative		Effective
IT security access protocols and firewalls	Preventative		Effective
Service level agreement with contractor / Vendor	Preventative		Effective
Disaster Recovery Plan	Recovery		Adequate
Multiple data back-up systems	Recovery		Effective
Generator	Recovery		Effective
UPS (90min)	Recovery		Effective
Computer/Server/UPS Replacement Plan	Preventative		Effective
Moving Syerngy programs to Altus	Preventative		Adequate

Overall Control Ratings: Effective

Consequence Category	Risk Ratings	Rating
	Consequence:	Major (4)
Reputation / Finance	Likelihood:	Unlikely (2)
Overall Risk Ratings:		Moderate

Indicators	Type	Benchmark
Cyber breaches	Lagging	Zero
Non availability of network infrastructure during business hours	Lagging	1 day per year
System downtime	Lagging	1 week

Current Issues / Actions / Treatments	Due Date	Responsibility
Staged migration from Synergy to Altus commencing 22-23	Ongoing	MCS
On hold - IT Vision taken over by Readytech. Waiting new plan		

Failure to fulfil statutory, regulatory or compliance requirements

Oct-24

Failure to correctly identify, interpret, assess, respond and communicate laws and regulations as a result of an inadequate compliance framework. This could result in fines, penalties, litigation or increase scrutiny from regulators or agencies. This includes, new or proposed regulatory and legislative changes, in addition to the failure to maintain updated legal documentation (internal & public domain) to reflect changes. This does not include: Issues in relation to WHS, procurement, HR based legislation

Potential causes include:

Lack of training, awareness and knowledge	Lack of legal expertise		
Staff turnover	No Compliance Officer or person responsible for Compliance oversight and enforcement		
Inadequate record keeping/failure of corporate electronic systems	Breakdowns in the tender or procurement process		
Ineffective policies & processes	Ineffective monitoring of changes to legislation		
Impulsive decision making	Attitudinal problems		
Councillor turnover			

Key Controls	Type		Rating
Compliance Audit Return (DLGC)	Detective		Effective
External Auditor reviews (compliance)	Detective		Effective
Membership of professional associations (AIBS, Building Commission)	Detective		Effective
Strict tender and procurement process (including eQuotes)	Preventative		Adequate
Compliance framework / calendar & standard operating procedures	Preventative		Effective
Subscriptions (WALGA / DLGC / LGMA and other peak bodies)	Preventative		Effective
Audit Committee	Preventative		Effective
Standardised forms & checklists	Preventative		Adequate
State Administrative Tribunal / Ombudsman	Recovery		Adequate
Corporate Governance Calendar Checklist	Preventative		Effective

Overall Control Ratings: Effective

Consequence Category	Risk Ratings	Rating
Reputation / Finance	Consequence:	Moderate (3)
	Likelihood:	Rare (1)
	Overall Risk Ratings:	
Low		

Indicators	Type	Benchmark
Internal monitoring of operations and procedures	Leading	
Audit notifications	Leading	
Increased scrutiny from regulators or agencies	Lagging	
Litigation, fines or penalties	Lagging	

Current Issues / Actions / Treatments	Due Date	Responsibility
Corporate Governance Calendar Checklist to be monitored monthly	Ongoing	CEO

Providing inaccurate advice/information

Oct-24

Incomplete, inadequate or inaccuracies in professional advisory activities to customers or internal staff.

Potential causes include;

Unqualified staff	
Not following procedures	

Key Controls	Type		Rating
Employ qualified Staff	Preventative		Effective
Ensure staff are following procedures	Preventative		Effective
<i>Overall Control Ratings:</i>			Effective

Consequence Category	Risk Ratings	Rating
Reputation / Finance	Consequence:	Moderate (3)
	Likelihood:	Possible (3)
	<i>Overall Risk Ratings:</i>	

Indicators	Type	Benchmark
Number of Complaints	Lagging	Zero
Current Issues / Actions / Treatments	Due Date	Responsibility

Inadequate analysis, design, delivery and / or status reporting of change initiatives, resulting in additional expenses, time delays or scope changes. This includes:

- Inadequate change management framework to manage and monitor change activities.
- Inadequate understanding of the impact of project change on the business.
- Failures in the transition of projects into standard operations.
- Failure to implement new systems
- Inadequate handover process

This does not include new plant & equipment purchases. Refer "Inadequate Asset Sustainability Practices"

Potential causes include;

Lack of communication and consultation	Excessive growth (too many projects)
Lack of investment	Inadequate monitoring and review
Ineffective management of expectations	Project risks not managed effectively
Inadequate project planning	Loack of project methodology knowledge and reporting requirements
Failures of project Vendors/Contractors	Geographic or transport difficulties sourcing equipment/materials
External consultants underquoting on costs	Pandemic - escalating costs and contractor shortage

Key Controls	Type		Rating
Post-project debriefs	Detective		Adequate
Adhere to formal project management methodology	Preventative		Not Rated
Community engagement policy and framework	Preventative		Adequate
Preferred list of contractors	Preventative		Adequate
Risk assessments are conducted before, during and after handover	Preventative		Not Rated
Stakeholder meetings and consultation	Preventative		Effective
Follow Project Management Methodology	Preventative		Effective
Implement Risk Assessment Process for all Projects	Preventative		Effective
Photos are taken during projects and completed works	Recovery		Effective
Overall Control Ratings:			Effective

Consequence Category	Risk Ratings	Rating
Reputation / Finance	Consequence:	Minor (2)
	Likelihood:	Possible (3)
	Overall Risk Ratings:	Moderate

Indicators	Type	Benchmark
Missed deadlines/milestones	Lagging	10%
Budget overruns/blow outs	Lagging	5%
Failed objectives	Lagging	Zero
Deviations from the project scope	Lagging	Zero

Current Issues / Actions / Treatments	Due Date	Responsibility

Failure to adequately conduct Prevention, Preparation, Response and Recovery (PPRR) in the organisation structure and community elements, inclusive of the management of all emergencies.

Potential causes include:

Lack of (or inadequate) emergency response plans	Failure in command and control functions as a result of incorrect initial assessment or untimely awareness of incident		
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Lack of training to specific individuals or availability of appropriate emergency response	Inadequacies in environmental awareness of fuel loads, curing rates etc		
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Key Controls	Type		Rating
Response Plans reviewed	Preventative		Adequate
Training for Staff	Preventative		Not Rated
<i>Overall Control Ratings:</i>			Adequate

Consequence Category	Risk Ratings	Rating
Reputation / Finance	<i>Consequence:</i>	Minor (2)
	<i>Likelihood:</i>	Possible (3)
	<i>Overall Risk Ratings:</i>	

Indicators	Type	Benchmark
Not well managed emergency	Lagging	zero

Current Issues / Actions / Treatments	Due Date	Responsibility
Lack of resources in LG		CEO

Failure to adequately capture, store, archive, retrieve, provide or dispose of documentation. This includes:

- Contact lists.
- Procedural documents, personnel files, complaints.
- Applications, proposals or documents.
- Contracts.
- Forms or requests.

Potential causes include:

Spreadsheet/database/document corruption or loss	Outdated record keeping practices
Inadequate access and / or security levels	Lack of system/application knowledge
Inadequate Storage facilities (including climate control)	High workloads and time pressures
High Staff turnover	Standard Operating Policies not followed
Incompatible systems	Incomplete Authorisation Trails
Lack of awareness of the State Records Act	Lack of awareness of use of network drives and folders
Historical legacies	

Key Controls	Type		Rating
Record Keeping Plan	Detective		Adequate
Records training on Induction	Preventative		Adequate
Annual Refresher on Records Management	Preventative		Not Rated
Documentation Management Audits	Detective		Effective
Records Management Procedures	Preventative		Adequate
Archival processes	Preventative		Adequate
Document disaster recovery plan	Recovery		Adequate
Electronic records back up (Synergy)	Recovery		Adequate
Training for Staff	Preventative		Adequate
<i>Overall Control Ratings:</i>			Adequate

Consequence Category	Risk Ratings	Rating
Reputation / Finance	<i>Consequence:</i>	<i>Moderate (3)</i>
	<i>Likelihood:</i>	<i>Possible (3)</i>
	<i>Overall Risk Ratings:</i>	
Moderate		

Indicators	Type	Benchmark
Number of documents without relevant attachments	Leading	Zero
Number of outstanding records per month	Lagging	<10 per month
Complaints relating to lost documentation	Lagging	<2 per month

Current Issues / Actions / Treatments	Due Date	Responsibility
Undertake monthly records audits	Monthly	MCS
Annual Refresher for all Employees on Records Management	Dec-24	CEO

Inadequate employee and visitor safety and security

Oct-24

Non compliance with Work, Health & Safety (WHS) Regulations and physical security requirements

Potential causes include:

Inadequate Policy, Frameworks, Systems and Structure to prevent the injury of visitors, staff, contractors and/or tenants in the provision of a working or business environment	Public Liability Claims, due to negligence or personal injury
Inadequate security protection measures in place for buildings, depots and other places of work	Employee Liability Claims due to negligence or personal injury

Key Controls	Type		Rating
Online and Part B Employee Inductions	Preventative		Adequate
Online and Part B Contractor Inductions	Preventative		Adequate
Online and Part B Volunteer Inductions	Preventative		Adequate
Sign in register in Admin Centre	Preventative		Adequate
Depot gates locked when no one in attendance	Preventative		Adequate

Overall Control Ratings: Adequate

Consequence Category	Risk Ratings	Rating
	<i>Consequence:</i> Moderate (3)	
Reputation / Finance	<i>Likelihood:</i> Unlikely (2)	
	<i>Overall Risk Ratings:</i> Moderate	

Indicators	Type	Benchmark
Employee/Contractors/Volunteers with no completed induction	Lagging	Zero

Current Issues / Actions / Treatments	Due Date	Responsibility
Check all contractors have been inducted prior to commencing work	ongoing	Management

Inadequate engagement of Community/Stakeholders/Elected Members

Oct-24

Failure to maintain effective working relationships with the Community (including local Media), Stakeholders, Key Private Sector Companies, Government Agencies and / or Elected Members. This includes activities where communication, feedback or consultation is required and where it is in the best interests to do so. For example;

- Following up on any access & inclusion issues
- Infrastructure Projects
- Local planning initiatives
- Strategic planning initiatives

This does not include instances whereby Community expectations have not been met for standard service provisions such as Community Events, Library Services and / or Bus/Transport services.

Potential causes include;

Relationship breakdowns with community groups	Short lead times
Leadership inattention to current issues	Miscommunication / poor communication
Inadequate documentation or procedures	Inadequate Regional or District Committee attendance.
Budget / funding issues	Inadequate involvement with, or support of community groups
Geographic distance	Media attention

Key Controls	Type		Rating
Advisory groups (as required)	Detective		Effective
Availability of staff for meetings on demand	Preventative		Effective
Community based forums and workshops	Preventative		Effective
Community Engagement Plan	Preventative		Effective
Communication Plan	Preventative		Effective

<i>Overall Control Ratings:</i>	Adequate
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Consequence Category	Risk Ratings	Rating
	<i>Consequence:</i>	Minor (2)
Reputation / Finance	<i>Likelihood:</i>	Possible (3)
<i>Overall Risk Ratings:</i>		Moderate

Indicators	Type	Benchmark
<i>Number of substantiated complaints referring to poor engagement</i>	Lagging	Zero

Current Issues / Actions / Treatments	Due Date	Responsibility
Review Communication Plan (every two years)	May-25	CEO
Review Community Engagement Plan (every two years)	May-25	CEO

Failure in the procurement, acquisition, acceptance or disposal process for assets as governed by the Act.

Potential causes include:

Lack of formalised process to identify specific requirements prior to procurement	Acceptance of assets without reference to a formalised process to ensure correct receipt and/or notification of receipt
Disposing of P&E (either through sale or decommissioning) that did not meet expectations from either a time or financial perspective	Failures in the Tender process from RTF preparation, advertising, due diligence and awarding

Key Controls	Type		Rating
Council's Purchasing Policy	Preventative		Effective
Tender register	Detective		Effective
RFQ Register	Detective		Effective
Internal Audit by third party to the process	Detective		Effective

Overall Control Ratings: **Adequate**

Consequence Category	Risk Ratings	Rating
Reputation / Finance	Consequence: Minor (2)	
	Likelihood: Possible (3)	
	Overall Risk Ratings: Moderate	

Indicators	Type	Benchmark
Number of purchases not adhered to policy/process	Lagging	Zero

Current Issues / Actions / Treatments	Due Date	Responsibility
Annual Review of Purchasing Policy	Mar-25	CEO
Annual Review of Tender Register	Jun-25	EA

Failure or reduction in service of infrastructure assets, plant, equipment or machinery.

These include fleet, buildings, roads, playgrounds, boat ramps and all other assets during their lifecycle from procurement to disposal. Areas included in the scope are;

- Inadequate design (not fit for purpose)
- Ineffective usage (down time)
- Outputs not meeting expectations
- Inadequate maintenance activities.
- Inadequate financial management and planning (capital renewal plan).

It does not include issues with the inappropriate use of the Plant, Equipment or Machinery. Refer Misconduct.

Potential causes include;

Skill level & behaviour of operators	Unavailability of parts
Lack of trained staff	Lack of formal or appropriate scheduling (maintenance / inspections)
Outdated equipment	Unexpected breakdowns
Insufficient budget to maintain or replace assets	

Key Controls	Type		Rating
Asset Management System (Synergy)	Detective		Adequate
Asset Management System (Roads - RAMM)	Detective		Adequate
10 Yr Plant Replacement Program	Preventative		Effective
Staff skills training and licencing	Preventative		Effective
10 Year Building Maintenance Plan	Preventative		Effective
Insurance for loss	Recovery		Effective
Routine maintenance program (roads, footpaths)	Preventative		Effective
Routine maintenance program (parks, reserves)	Preventative		Effective
Tender register	Detective		Effective
Staff training for all large plant	Preventative		Adequate
RFQ Register	Detective		Effective
Internal Audit by third party to the process	Detective		Effective

Overall Control Ratings: Adequate

Consequence Category	Risk Ratings	Rating
	Consequence: Minor (2)	
Reputation / Finance	Likelihood: Possible (3)	
Overall Risk Ratings:		Moderate

Indicators	Type	Benchmark
Accidents and/or damage to equipment	Lagging	Zero
Breakdowns	Lagging	2 per month

Current Issues / Actions / Treatments	Due Date	Responsibility
Maintain training register	Ongoing	MWS
Organise SOP's to be completed for all plant and equipment - all completed May 2024	May-25	MWS
Develop and maintain footpath plan for Dalwallinu and Kalannie townsites	Completed	MWS

Inadequate identification or quantification of financial exposure or risk associated with decisions to invest in land transactions, financial derivatives or investments or poor long term forecasting/assumptions.

Potential causes include:

Poor credit management (short or long term borrowing restricting capacity or flexibility)	Ineffective market analysis		
Ineffective Business Planning (poor scope/competition analysis)	Ineffective financial modelling, forecasting and projection techniques/processes		
Key Controls	Type		Rating
Project Plans for all projects	Preventative		Adequate
<i>Overall Control Ratings:</i>			Adequate

Consequence Category	Risk Ratings	Rating
Reputation / Finance	Consequence:	<i>Minor (2)</i>
	Likelihood:	<i>Possible (3)</i>
<i>Overall Risk Ratings:</i>		Moderate

Indicators	Type	Benchmark
<i>Poor financial decisions</i>	Lagging	Zero
<i>Poor project planning</i>	Lagging	Zero

Current Issues / Actions / Treatments	Due Date	Responsibility

Inadequate prevention, identification, enforcement and management of environmental issues.

The scope includes;

- Lack of adequate planning and management of coastal erosion issues.
- Failure to identify and effectively manage contaminated sites (including groundwater usage).
- Waste facilities (landfill / transfer stations).
- Weed & mosquito / Vector control.
- Ineffective management of water sources (reclaimed, potable)
- Illegal dumping.
- Illegal clearing / land use.

Potential causes include;

Inadequate management of landfill sites	Inadequate reporting / oversight frameworks
Lack of understanding / knowledge	Community apathy
Inadequate local laws / planning schemes	Differing land tenure (land occupancy or ownership conditions)
Prolific extractive industry (sand, limestone, etc)	Competing land use (growing population vs conservation)
Poor management of contaminated sites	Weed and pest management difficulties
Clandestine drug labs disposing of chemicals illegally	Bio-diversity hotspots
Weather events / natural disasters	Fuel or chemical spills
Climate change	Illegal firewood collection / burning / hunting
Complex legislation	

Key Controls	Type		Rating
Soil and water testing	Detective		Adequate
Support environment and land care groups	Preventative		Effective
Conduct environmental health inspections	Preventative		Adequate
Litter collection schedules	Preventative		Adequate
Encourage recycling	Recovery		Effective

Overall Control Ratings: Adequate

Consequence Category	Risk Ratings	Rating
	Consequence: Minor (2)	
Reputation / Finance	Likelihood: Possible (3)	
	Overall Risk Ratings: Moderate	

Indicators	Type	Benchmark
Tonnes per capita recyclable generation	Leading	>5 Tonnes
Decline in vegetation cover	Lagging	5% since last GIS data set (12 years)
Number of validated environmental incidents	Lagging	5 per year
Complaints from environmental groups	Lagging	

Current Issues / Actions / Treatments	Due Date	Responsibility

Inadequate Stock Management

Oct-24

Lack of stock to ensure continuity of operations or oversupply of stock resulting in dormant (non performing) assets. Stock includes consumables, stationery, spare parts and other items used for operational purposes.

Potential causes include;

Incorrect recording on fuel usage sheets	Lack of stock management		
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Key Controls	Type		Rating
Fuel Audits	Detective		Adequate
Cleaning Materials Distribution List	Detective		Adequate
Stationery Monitoring	Detective		Adequate
<i>Overall Control Ratings:</i>			Adequate

Consequence Category	Risk Ratings	Rating
Reputation / Finance	<i>Consequence:</i>	Minor (2)
	<i>Likelihood:</i>	Possible (3)
	<i>Overall Risk Ratings:</i>	Moderate

Indicators	Type	Benchmark
<i>Not being able to account for monthly fuel discrepancies</i>	Lagging	<50 litres per month
<i>Cleaning materials utilised too quickly</i>	Lagging	Zero
Current Issues / Actions / Treatments		
Monthly Stocktake for fuel & bulk oils	Due Date	Responsibility
	Monthly	MCS/FO

Inadequate management of external Suppliers, Contractors, IT Vendors or Consultants engaged for core operations. This includes issues that arise from the ongoing supply of services or failures in contract management & monitoring processes. This also includes:

- Contract issues (contracts awarded to one supplier)
- Vendor sustainability

Potential causes include:

Insufficient funding	Inadequate contract management practices
Complexity and quantity of work	Ineffective monitoring of deliverables
Inadequate tendering process	Lack of planning and clarity of requirements
Contracts not renewed on time	Historical contracts remaining
Suppliers not willing to provide quotes	Limited availability of suppliers
Pandemic	

Key Controls	Type		Rating
Strict tender/procurement processes	Preventative		Effective
Utilise WALGA preferred supplier	Preventative		Effective
WHS Inductions	Preventative		Effective
Tender Register to monitor expiration dates	Detective		Effective

Overall Control Ratings: **Adequate**

Consequence Category	Risk Ratings	Rating
Reputation / Finance	<i>Consequence:</i> Moderate (3)	
	<i>Likelihood:</i> Unlikely (2)	
	<i>Overall Risk Ratings:</i> Moderate	

Indicators	Type	Benchmark
Number of expired contracts not yet renewed	Lagging	Zero
Tender processes not adhered to	Lagging	Zero
Current Issues / Actions / Treatments	Due Date	Responsibility

Failure to effectively manage and lead human resources (full-time, part-time, casuals, temporary and volunteers).

This includes:

- Not having appropriately qualified or experienced people in the right roles.
- Insufficient staff numbers to achieve objectives.
- Breaching employee regulations.
- Discrimination, harassment & bullying in the workplace.
- Poor employee wellbeing (causing stress).
- Key person dependencies without effective succession planning in place.
- Industrial activity.

Potential causes include:

Leadership failures	Ineffective performance management programs or procedures
Key / single-person dependencies	Limited staff availability - labour market conditions
Poor internal communications / relationships	Inadequate induction practices
Ineffective Human Resources policies, procedures and practices	Inconsistent application of policies

Key Controls	Type		Rating
Annual Performance Appraisals	Detective		Effective
Encourage staff social activities	Preventative		Adequate
Induction process on commencement	Preventative		Effective
WHS Induction on commencement	Preventative		Effective
Workforce Plan	Preventative		Adequate
Employee Assistance Program	Preventative		Effective
Staff training programs as required	Preventative		Adequate
<i>Overall Control Ratings:</i>			Effective

Consequence Category	Risk Ratings	Rating
Reputation / Finance	Consequence:	Minor (2)
	Likelihood:	Likely (4)
	Overall Risk Ratings:	Moderate

Indicators	Type	Benchmark
Employee Satisfaction Survey	Leading	
<i>Suitable budget for training</i>	Leading	Zero
Average absenteeism	Lagging	10% per annum
Employee turnover	Lagging	20% per annum
Workers Compensation (Stress) Claims	Lagging	Zero
<i>Suitable budget for training</i>	Lagging	Zero

Current Issues / Actions / Treatments	Due Date	Responsibility
Review Performance Appraisal documentation - done annually in March	Mar-25	CEO
Review Workforce Plan - Council July 2024	Jun-25	CEO

Failure to effectively manage the day to day operations of facilities, venues and / or events. This includes;

- Inadequate procedures in place to manage quality or availability.
- Poor crowd control
- Ineffective signage
- Booking issues
- Stressful interactions with hirers / users (financial issues or not adhering to rules of use of facility)
- Inadequate oversight or provision of peripheral services (e.g.. cleaning / maintenance)

Potential causes include;

Double bookings	Traffic congestion or vehicles blocking entry or exit
Illegal / excessive alcohol consumption	Insufficient time between bookings for cleaning or maintenance
Bond payments poorly managed	Difficulty accessing facilities / venues.
Inadequate oversight or provision of peripheral services (e.g.. cleaning / maintenance)	Poor service from contractors (such as catering or cleaning)
Falsifying hiring agreements (alcohol on site / lower deposit)	Renovations
Unaccompanied minors/children	Animal Contamination
Failed chemical / health requirements	

Key Controls	Type		Rating
Bookings Procedure followed	Preventative		Effective
Cleaning Audits of all Shire Facilities	Detective		Effective
Shire approval for significant events	Preventative		Effective
Key Bonds taken/returned	Preventative		Effective
Insurances for hirers checked	Preventative		Effective
Booking forms completed	Preventative		Effective
Well organised Shire events	Preventative		Effective
10 Year Building Maintenance Plan	Detective		Effective
<i>Overall Control Ratings:</i>			Effective

Consequence Category	Risk Ratings	Rating
Reputation / Finance	Consequence:	Minor (2)
	Likelihood:	Possible (3)
	Overall Risk Ratings:	Moderate

Indicators	Type	Benchmark
Attendance at Shire events	Leading	Within 20% of anticipated numbers
Community complaints regarding facilities	Lagging	<5 per annum
Injuries/incidents	Lagging	Zero

Current Issues / Actions / Treatments	Due Date	Responsibility
Develop Event Management Framework - Not completed	Sep-23	MPDS
Booking forms, facility checks completed for each hire	Ongoing	CSO/MCS

Not meeting Community expectations

Oct-24

Failure to provide expected levels of service, events and benefit to the community. This includes where precedents have set Community perceptions or where services are generally expected. This will normally result in reputational impacts, however may have financial considerations with re-work, compensations or refunds.

Potential causes include;

Reducing the number or quality of events	Loss of new or ongoing funding requirements for projects, events and other initiatives		
Withdrawing support (or not supporting) other initiatives to provide relief/benefits to the community	Technology expectations		

Key Controls	Type		Rating
Annual Street Party is held	Preventative		Effective
Youth Programs are funded	Preventative		Effective
Communication Plan adhered to	Preventative		Effective
<i>Overall Control Ratings:</i>			Effective

Consequence Category	Risk Ratings	Rating
Reputation / Finance	<i>Consequence:</i>	Minor (2)
	<i>Likelihood:</i>	Possible (3)
	<i>Overall Risk Ratings:</i>	

Indicators	Type	Benchmark
Annual Street Party held	Leading	
Youth Programs funded	Leading	

Current Issues / Actions / Treatments	Due Date	Responsibility
Conduct Community Satisfaction Survey - Survey Completed Oct 2024	Dec-26	CEO

7 SCHEDULING OF MEETING

The proposed dates for the 2025 Audit & Risk Management Committee Meetings are

- Tuesday 18 March 2025
- Tuesday 17 June 2025
- Tuesday 23 September 2025
- Tuesday 9 December 2025

at a time to be decided.

8 CLOSURE

There being no further business, the Chairperson closed the meeting at 2.47pm.

9. CERTIFICATION

I, Keith Leslie Carter, certify that the minutes of the Audit & Risk Management Committee meeting held on the 19 November 2024 as shown on pages 1 to 44 were confirmed as a true record at the meeting held on 10 December 2024.



CHAIRPERSON

10.12.2024
DATE

