



SHIRE OF MENZIES

MINUTES

**OF THE AUDIT COMMITTEE MEETING
OF COUNCIL HELD**

Thursday 29 November 2018

Commencing at 11.12am

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1 DECLARATION OF OPENING

The Shire President declared the meeting open at 11.12am.

2 ANNOUNCEMENT OF VISITORS

There were no visitors.

3 RECORD OF ATTENDANCE

Present

| | | |
|--------------|------------|--|
| Councillors: | Cr G Dwyer | Shire President |
| | Cr I Baird | Deputy Shire President |
| | Cr J Dwyer | <i>via electronic means at 11.12am</i> |

| | | |
|--------|-----------------|------------------------------------|
| Staff: | Mrs R Evans | Chief Executive Officer |
| | Mrs J Taylor | Manager Finance and Administration |
| | Mrs D Whitehead | Executive Assistant |

Observer: Cr D Hansen

4 DECLARATIONS OF INTEREST

There were no declarations of interest.

5 ANNOUNCEMENTS BY PRESIDING MEMBER WITHOUT DISCUSSION

There were no announcement by Presiding Member without discussion.

6. REPORTS OF OFFICERS

6.1 Review of Capital Expenditure 2018-2019

| | |
|--------------------------------|---|
| LOCATION: | N/A |
| APPLICANT: | N/A |
| DOCUMENT REF: | FIN.974.1/NAM219 |
| DISCLOSURE OF INTEREST: | The Author has no interest to disclose |
| DATE: | 20 November 2018 |
| AUTHOR: | Jeanette Taylor, Manager Finance and Administration |
| ATTACHMENT: | 6.1-1 Job Income and Expense Capital Monthly % Total Expenditure |

| |
|------------------------------|
| COMMITTEE RESOLUTION: |
|------------------------------|

MOVED: Cr Jill Dwyer

SECONDED: Cr Ian Baird

That the Audit Committee receive the report of Capital items.

Carried 3/0

OFFICER RECOMMENDATION:

That the Audit Committee receive the report of Capital items.

VOTING REQUIREMENTS:

Simple Majority

IN BRIEF:

Capital budget and expenditure for the year ending 30 June 2019 is attached for information and discussion.

RELEVANT TO STRATEGIC PLAN:

14.1 Sustainable local economy encouraged

- The acquisition of appropriate resources to assist with economic and tourism planning and development.
- The installation of State Government infrastructure such as power, water and broadband to facilitate residential and commercial growth

14.2 Strong sense of community maintained

- The Shire to acquire appropriate resources to assist with developing the services and facilities required by the community.

14.3 Active civic leadership achieved

- Regularly review plans with community consultation on significant decisions affecting the shire.

- Where possible, support opportunities to build the capacity of the community within the Shire of Menzies.
- Regularly monitor and report on the Shire's activities, budgets, plans and performance.
- Maintain sustainability through our leadership, our regional and government partnerships and ensure we make informed resource decisions for our community good.

14.4 Heritage & Natural assets conserved

- Heritage and cultural places and items will be protected.
- A strengthening of our cultural and heritage awareness and values.

STATUTORY AUTHORITY: N/A

POLICY IMPLICATIONS: N/A

FINANCIAL IMPLICATIONS: N/A

RISK ASSESSMENTS:

OP10 Budgets do not reflect the strategic objectives.

OP26 Over-expenditure on projects may not be detected.

BACKGROUND:

To monitor and assess the progress of the capital projects of the shire.

COMMENT:

At 20 November 2018, a review of capital projects was undertaken. A full review will be completed to 31 December 2018 when a full budget review will be undertaken and reported.

The following information attached is to indicate the current status of capital jobs.

Items for discussion.

BC001 – New Housing

C09014 – Old Post Office

C13010 – Niagara Dam

11.20am Cr D Hansen left the meeting.



**Shire of Menzies
2018-2019
Jobs - linked to General Ledger Accounts
for Executive as at 20 November 2018**

**Shire of Menzies
2017 2018**

**Capital Jobs - linked to General Ledger Accounts as at 20 November 2018
% against Total**

Governance

Governance - General -

| Budget Revenue | Actual Revenue | Job # | Job Description | Budget Expense | Total Actual Expense | Actual Expense | % YTD | Budget Net | Actual Net |
|----------------|----------------|-----------------------------|---|-----------------|----------------------|----------------|--------------|-----------------|----------------|
| - | - | C04002 | Software And Systems - <i>Adobe and Video link</i> | (35,000) | - | - | 0.00% | (35,000) | - |
| - | - | Sub Total - 04250 | | (35,000) | - | - | 0.00% | (35,000) | - |
| - | - | C04001 | Administration Communications Equipment Sub Total <i>Upgrade of Wireless Network underway</i> | (45,000) | (9,574) | (9,574) | 0.21% | (45,000) | (9,574) |
| - | - | - | 04265 | (45,000) | (9,574) | (9,574) | 0.21% | (45,000) | (9,574) |
| - | - | Governance - General | | (80,000) | (9,574) | (9,574) | 0.12% | (80,000) | (9,574) |

Shire of Menzies
2017 2018
Capital Jobs - linked to General Ledger Accounts as at 20 November 2018
% against Total

Housing**Staff Housing -**

| Budget Revenue | Actual Revenue | Job # | Job Description | Budget Expense | Total Actual Expense | Actual Expense | % YTD | Budget Net | Actual Net |
|----------------|----------------|--------------------------|--|------------------|----------------------|----------------|----------------|------------------|----------------|
| - | - | BC001 | Construction Of New Staff Housing Item for Review | (500,000) | - | - | 0.00% | (500,000) | - |
| - | - | Sub Total - 09160 | | (500,000) | - | - | 0.00% | (500,000) | - |
| - | - | C09009 | Capital - Lot 1089 (57) Walsh St (Asset 76) | - | (5,723) | (5,723) | 100.00% | - | (5,723) |
| 30,000 | - | C09012 | Capital - Lot 91 (40) Mercer St (Asset 200) | (30,000) | (1,760) | - | 100.00% | - | - |
| 30,000 | - | Sub Total - 09162 | | (30,000) | (7,483) | (5,723) | 100.00% | - | (5,723) |
| 30,000 | - | Staff Housing | | (530,000) | (7,483) | (5,723) | 0.01% | (500,000) | (5,723) |

Expenditure may be associated with alternate job where needs arise .
C09009 - 57 Walsh Street, Hot Water System failed and was replaced with unit appropriate to needs of the residents.
C09012 - sourcing appropriate trades to renew bathroom

**Shire of Menzies
2017 2018**

**Capital Jobs - linked to General Ledger Accounts as at 20 November 2018
% against Total**

Housing

Other Housing -

| Budget Revenue | Actual Revenue | Job # | Job Description | Budget Expense | Total Actual Expense | Actual Expense | % YTD | Budget Net | Actual Net |
|----------------|----------------|--------------------------|------------------------------------|-----------------|----------------------|----------------|--------------|-----------------|----------------|
| - | - | C09014 | Old Post Office (Building Capital) | (25,000) | - | - | 0.00% | (25,000) | - |
| - | - | C09205 | 55B (14B) Walsh Street (Capital) | (22,000) | - | - | 0.00% | (22,000) | - |
| - | - | C09206 | 12A Walsh Street (Capital) | (16,000) | (2,753) | (2,753) | 0.17% | (16,000) | (2,753) |
| - | - | C09207 | 14A Walsh Street (Capital) | (22,000) | - | - | 0.00% | (22,000) | - |
| - | - | Sub Total - 09262 | | (85,000) | (2,753) | (2,753) | 0.03% | (85,000) | (2,753) |
| - | - | Other Housing | | (85,000) | (2,753) | (2,753) | 0.03% | (85,000) | (2,753) |

C09014 - appropriate structural review being organised
Other properties renewal has commenced.

**Shire of Menzies
2017 2018**

**Capital Jobs - linked to General Ledger Accounts as at 20 November 2018
% against Total**

Recreation & Culture

Public Halls & Civic Centres -

| Budget Revenue | Actual Revenue | Job # | Job Description | Budget Expense | Total Actual Expense | Actual Expense | % YTD | Budget Net | Actual Net |
|----------------|----------------|---|-----------------------------|------------------|----------------------|------------------|--------------|------------------|-----------------|
| 72,871 | 37,871 | C08001 | Youth Centre (Building) | (215,000) | (111,417) | (107,884) | 0.49% | (142,129) | (70,013) |
| 72,871 | 37,871 | Sub Total - 08662 | | (215,000) | (111,417) | (107,884) | 0.49% | (142,129) | (70,013) |
| 82,000 | - | C11100 | Town Hall - Capital Upgrade | (187,000) | (77,000) | - | 0.00% | (105,000) | - |
| 82,000 | - | Sub Total - 11162 | | (187,000) | (77,000) | - | 0.00% | (105,000) | - |
| 154,871 | 37,871 | Public Halls & Civic Centres | | (402,000) | (188,417) | (107,884) | 0.28% | (247,129) | (70,013) |

C08001 - Fit out requirements will be presented to December 2018 meeting

C11100 - Kitchen refurbishment commenced November 2018 - final fittings to be reviewed

**Shire of Menzies
2017 2018**

**Capital Jobs - linked to General Ledger Accounts as at 20 November 2018
% against Total**

Recreation & Culture

Other Recreation & Sport -

| Budget Revenue | Actual Revenue | Job # | Job Description | Budget Expense | Total Actual Expense | Actual Expense | % YTD | Budget Net | Actual Net |
|----------------|----------------|--------|-------------------------------------|------------------|----------------------|----------------|--------------|------------------|----------------|
| - | - | C11301 | Playground Menzies Park | (10,000) | - | - | 0.00% | (10,000) | - |
| - | - | C11304 | Tree Planting (Establishment) | (45,796) | - | - | 0.00% | (45,796) | - |
| - | - | C11305 | Upgrade Town Dam (2) | (181,331) | (2,000) | (2,000) | 0.01% | (181,331) | (2,000) |
| - | - | C11306 | Hardcourts - Resurface | (20,000) | (34,885) | - | 0.00% | (20,000) | - |
| - | - | C11308 | Hardcourts Fencing | (28,883) | - | - | 0.00% | (28,883) | - |
| - | - | C11310 | Splash Park Monitoring System | (19,399) | - | - | 0.00% | (19,399) | - |
| - | - | | Sub Total - 11351 | (305,409) | (36,885) | (2,000) | 0.01% | (305,409) | (2,000) |
| - | - | | Other Recreation & Sport | (305,409) | (36,885) | (2,000) | 0.01% | (305,409) | (2,000) |

C11301 Playground Menzies Park - Shade sails - seeking additional funding

C11304 - Tree planting to commence March 2019 (weather dependent)

C11305 - Awaiting survey (now complete)

C11306 and C11308 - underway

C11310 - to be installed at end of season.

Shire of Menzies
2017 2018

Capital Jobs - linked to General Ledger Accounts as at 20 November 2018
% against Total

Recreation & Culture

Television and Rebroadcasting -

| Budget Revenue | Actual Revenue | Job # | Job Description | Budget Expense | Total Actual Expense | Actual Expense | % YTD | Budget Net | Actual Net |
|-------------------|-------------------|--------------------------------------|--|-------------------|----------------------------|-------------------|--------------|-----------------|-----------------|
| - | - | C11400 | Television And Radio Rebroadcast (Capital Equipment) | (29,207) | (27,764) | (27,764) | 0.95% | (29,207) | (27,764) |
| - | - | Sub Total - 11401 | | (29,207) | (27,764) | (27,764) | 0.95% | (29,207) | (27,764) |
| - | - | Television and Rebroadcasting | | (29,207) | (27,764) | (27,764) | 0.95% | (29,207) | (27,764) |

C11400 - complete

**Shire of Menzies
2017 2018**

**Capital Jobs - linked to General Ledger Accounts as at 20 November 2018
% against Total**

Recreation & Culture

Other Culture -

| Budget Revenue | Actual Revenue | Job # | Job Description | Budget Expense | Total Actual Expense | Actual Expense | % YTD | Budget Net | Actual Net |
|----------------|----------------|--------------------------|---|-----------------|----------------------|----------------|--------------|-----------------|------------|
| - | - | C11600 | Butcher Shop And Tea Rooms (Capex Building) | (25,000) | - | - | 0.00% | (25,000) | - |
| - | - | Sub Total - 11650 | | (25,000) | - | - | 0.00% | (25,000) | - |
| - | - | C11307 | Collections - Furniture And Equipment | (5,000) | - | - | 0.00% | (5,000) | - |
| - | - | Sub Total - 11653 | | (5,000) | - | - | 0.00% | (5,000) | - |
| - | - | Other Culture | | (30,000) | - | - | 0.00% | (30,000) | - |

C11600 - Quotes underway to connect water and install fans or airconditioning

C11307 - Furniture not yet chosen

**Shire of Menzies
2017 2018**

Capital Jobs - linked to General Ledger Accounts as at 20 November 2018

% against Total

Transport

Streets, Roads, Bridges & Depot Construction -

| Budget Revenue | Actual Revenue | Job # | Job Description | Budget Expense | Total Actual Expense | Actual Expense | % YTD | Budget Net | Actual Net |
|----------------|----------------|--------------------------|----------------------------|------------------|----------------------|--------------------|----------------|------------------|--------------------|
| 612,853 | 557,139 | CR0001 | Menzies Northwest Road R2R | (855,760) | (18,182) | - | -2.29% | (242,907) | 557,139 |
| 612,853 | 557,139 | Sub Total - 12104 | | (855,760) | (18,182) | - | -2.29% | (242,907) | 557,139 |
| - | - | CR0014 | Menzies Nw Rd | - | (1,283,767) | (1,283,767) | 100.00% | - | (1,283,767) |
| - | - | WR003 | Wandrra Yarri Road a | - | (117,517) | (66,995) | 100.00% | - | (66,995) |
| - | - | Sub Total - 12105 | | - | (1,401,284) | (1,350,762) | 100.00% | - | (1,350,762) |
| 66,667 | 48,000 | CR0009 | Tjunjuntjarra Access Road | (66,667) | - | - | 100.00% | - | 48,000 |
| - | - | CR0032 | Program Reseal | (200,700) | - | - | 0.00% | (200,700) | - |
| 66,667 | 48,000 | Sub Total - 12106 | | (267,367) | - | - | -0.24% | (200,700) | 48,000 |
| 195,000 | - | CR0004 | Evanston Menzies Road Rrg | (297,207) | - | - | 0.00% | (102,207) | - |
| 90,000 | - | CR0005 | Yarri Road Rrg | (135,800) | - | - | 0.00% | (45,800) | - |
| 195,165 | - | CR0013 | Menzies Northwest Rd Rrg | (292,747) | (9,281) | (9,281) | 0.10% | (97,582) | (9,281) |
| 88,000 | - | CR0040 | Pinjin Road | (330,000) | (314,498) | (314,498) | 101.30% | (242,000) | (314,498) |

**Shire of Menzies
2017 2018**

**Capital Jobs - linked to General Ledger Accounts as at 20 November 2018
% against Total**

Transport

Streets, Roads, Bridges & Depot Construction -

| Budget Revenue | Actual Revenue | Job # | Job Description | Budget Expense | Total Actual Expense | Actual Expense | % YTD | Budget Net | Actual Net |
|----------------|----------------|------------|--|--------------------|----------------------|------------------|--------------|------------------|------------------|
| 568,165 | - | | Sub Total - 12109 | (1,055,754) | (323,779) | (323,778) | 0.66% | (487,589) | (323,778) |
| - | - | CR0006 | Shire House Crossovers | (30,000) | - | - | 0.00% | (30,000) | - |
| - | - | | Sub Total - 12110 | (30,000) | - | - | 0.00% | (30,000) | - |
| - | - | C12100 | Bicycle Path Construction | (75,640) | - | - | 0.00% | (75,640) | - |
| - | - | | Sub Total - 12112 | (75,640) | - | - | 0.00% | (75,640) | - |
| - | - | C12101 | Depot Extension | (59,698) | (50,450) | (45,411) | 0.76% | (59,698) | (45,411) |
| - | - | | Sub Total - 12120 | (59,698) | (50,450) | (45,411) | 0.76% | (59,698) | (45,411) |
| - | - | C12103 | Bores To Support Road Works | (30,000) | (7,150) | (7,150) | 0.24% | (30,000) | (7,150) |
| - | - | C12104 | Grid Replacement Program | (134,354) | (41,128) | (5,503) | 0.04% | (134,354) | (5,503) |
| - | - | | Sub Total - 12140 | (164,354) | (48,278) | (12,653) | 0.08% | (164,354) | (12,653) |
| 1,300,000 | - | WR000 n | Wandrra Funding - Including Associated Costs (Wml) | (1,300,000) | (40,631) | (39,848) | 100.00% | - | (39,848) |

**Shire of Menzies
2017 2018**

**Capital Jobs - linked to General Ledger Accounts as at 20 November 2018
% against Total**

Transport

Streets, Roads, Bridges & Depot Construction -

| Budget Revenue | Actual Revenue | Job # | Job Description | Budget Expense | Total Actual Expense | Actual Expense | % YTD | Budget Net | Actual Net |
|------------------|----------------|------------|---|--------------------|----------------------|--------------------|----------------|--------------------|--------------------|
| - | - | WR000 2 | Wandrra Kookynie Yarri Road | - | (4,994) | (4,994) | 100.00% | - | (4,994) |
| - | - | WR000 3 | Wandrra Mt Remarkable Road | - | (2,652) | (2,652) | 100.00% | - | (2,652) |
| - | - | WR000 4 | Wandrra Cranky Jack Road | - | (985) | (985) | 100.00% | - | (985) |
| - | - | WR000 7 | Wandrra Menzies North West Road | - | (610) | (610) | 100.00% | - | (610) |
| - | - | WR001 5 | Wandrra Mt Ida Road | - | (761) | (761) | 100.00% | - | (761) |
| - | - | WR002 8 | Wandrra Mt Celia Road | - | (564,025) | (564,025) | 100.00% | - | (564,025) |
| 1,300,000 | - | | Sub Total - 12145 | (1,300,000) | (614,658) | (613,875) | 100.00% | - | (613,875) |
| 2,547,685 | 605,139 | | Streets, Roads, Bridges & Depot Construction | (3,808,573) | (2,456,631) | (2,346,479) | 101.38% | (1,260,888) | (1,741,340) |

WANDRRA program paused - due to restart January 2018. - 50% complete.

**Shire of Menzies
2017 2018**

**Capital Jobs - linked to General Ledger Accounts as at 20 November 2018
% against Total**

Transport

Plant & Equipement Purchases -

| Budget Revenue | Actual Revenue | Job # | Job Description | Budget Expense | Total Actual Expense | Actual Expense | % YTD | Budget Net | Actual Net |
|----------------|----------------|--------------------------|---|------------------|----------------------|-----------------|----------------|-----------------|-----------------|
| - | - | C12102 | Minor Plant & Equipment (Not Capitalised) | (20,000) | (2,422) | (1,760) | 0.09% | (20,000) | (1,760) |
| - | - | Sub Total - 12325 | | (20,000) | (2,422) | (1,760) | 0.09% | (20,000) | (1,760) |
| 40,000 | - | CP008 | Works Utility Replacement | (40,000) | (44,167) | (44,167) | 100.00% | - | (44,167) |
| 40,000 | - | Sub Total - 12345 | | (40,000) | (44,167) | (44,167) | 100.00% | - | (44,167) |
| 150,000 | - | CP009 | Triaxle Drop Deck Trailer Replacement | (150,000) | (137,300) | - | 100.00% | - | - |
| 300,000 | - | CP010 | Truck Replacement | (300,000) | (272,225) | - | 100.00% | - | - |
| 450,000 | - | Sub Total - 12346 | | (450,000) | (409,525) | - | 100.00% | - | - |
| - | - | C12301 | Banners And Signage | (9,879) | (4,431) | (1,801) | 0.18% | (9,879) | (1,801) |
| - | - | C12302 | Street Lighting - Village | (7,694) | (3,307) | (3,307) | 0.43% | (7,694) | (3,307) |
| 25,000 | - | C12304 | Pump - 4 " Diesel Transfer Pump | (25,000) | (26,316) | - | 100.00% | - | - |
| 25,000 | - | Sub Total - 12347 | | (42,574) | (34,054) | (5,108) | 0.29% | (17,574) | (5,108) |
| - | - | CP999 | Plant Depreciation Transfer To Reserve | (308,554) | - | - | 0.00% | (308,554) | - |

Total Actual Expense includes ordered but not received - Actual Expense is received and paid .

**Shire of Menzies
2017 2018**

**Capital Jobs - linked to General Ledger Accounts as at 20 November 2018
% against Total**

Transport

Plant & Equipement Purchases -

| Budget Revenue | Actual Revenue | Job # | Job Description | Budget Expense | Total Actual Expense | Actual Expense | % YTD | Budget Net | Actual Net |
|-----------------------|-----------------------|--------------|------------------------------|-----------------------|-----------------------------|-----------------------|--------------|-------------------|-------------------|
| - | - | | Sub Total - 12350 | (308,554) | - | - | 0.00% | (308,554) | - |
| 515,000 | - | | Plant & Equipement Purchases | (861,128) | (490,168) | (51,035) | 0.15% | (346,128) | (51,035) |

**Shire of Menzies
2017 2018**

**Capital Jobs - linked to General Ledger Accounts as at 20 November 2018
% against Total**

Economic Services

Tourism & Area Promotion -

| Budget Revenue | Actual Revenue | Job # | Job Description | Budget Expense | Total Actual Expense | Actual Expense | % YTD | Budget Net | Actual Net |
|----------------|----------------|--------------------------|---|------------------|----------------------|-----------------|--------------|------------------|-----------------|
| - | - | C13001 | Tourism Information Bay Shenton / Brown | (8,679) | (992) | (992) | 0.11% | (8,679) | (992) |
| 639,000 | - | C13002 | Truck Bay Wilson And Shenton | (654,879) | (26,550) | (26,550) | 101.67% | (15,879) | (26,550) |
| - | - | C13010 | Niagara Dam - Other Infrastructure Capitalised | - | (19,482) | - | 100.00% | - | - |
| 96,000 | - | C13012 | Bicycle Track Lake Ballard | (133,886) | - | - | 0.00% | (37,886) | - |
| 96,000 | - | C13013 | Bicycle Track Menzies Town | (133,886) | (3,553) | (3,553) | 0.09% | (37,886) | (3,553) |
| - | - | C13200 | Museum And Surrounds | (12,698) | (699) | (699) | 0.06% | (12,698) | (699) |
| 831,000 | - | Sub Total - 13266 | | (944,029) | (51,275) | (31,793) | 0.28% | (113,029) | (31,793) |
| - | - | C13100 | Lady Shenton Upgrade | (38,000) | - | - | 0.00% | (38,000) | - |
| - | - | C13101 | Airconditioner Replacement Program | (6,000) | (4,550) | (4,550) | 0.76% | (6,000) | (4,550) |
| - | - | C13102 | Rainwater Tanks (2) At Lady Shenton | (13,678) | (5,160) | (5,160) | 0.38% | (13,678) | (5,160) |
| - | - | C13106 | Goongarrie Cottage Maintenance | (52,000) | (76,917) | (20,052) | 0.39% | (52,000) | (20,052) |
| - | - | C13107 | Old Church Building (Lot 8) 50 Shenton Street (Building Capital) | (10,000) | - | - | 0.00% | (10,000) | - |
| - | - | Sub Total - 13267 | | (119,678) | (86,627) | (29,762) | 0.25% | (119,678) | (29,762) |

C13002 - Truck Bay awaiting final Main Roads approval

C13010 - review February 2018 (following expressions of interest)

C13012 and C13013 - awaiting funding rounds

C13106 - Goongarrie Cottage Maintenance program to be reviewed (is within budget)

C13107 - scheduled to commence March 2019

**Shire of Menzies
2017 2018**

**Capital Jobs - linked to General Ledger Accounts as at 20 November 2018
% against Total**

Economic Services

| | | | | | | | | |
|----------------|----------|-------------------------------------|--------------------|------------------|-----------------|--------------|------------------|-----------------|
| 831,000 | - | Tourism & Area Promotion | (1,063,707) | (137,902) | (61,555) | 0.26% | (232,707) | (61,555) |
|----------------|----------|-------------------------------------|--------------------|------------------|-----------------|--------------|------------------|-----------------|

**Shire of Menzies
2017 2018**

**Capital Jobs - linked to General Ledger Accounts as at 20 November 2018
% against Total**

Economic Services

Plant Nursery -

| Budget Revenue | Actual Revenue | Job # | Job Description | Budget Expense | Total Actual Expense | Actual Expense | % YTD | Budget Net | Actual Net |
|-----------------------|-----------------------|--------------------------|------------------------------|-----------------------|-----------------------------|-----------------------|--------------|-------------------|-------------------|
| - | - | C13560 | Plant Nursery Infrastructure | (55,000) | - | - | 0.00% | (55,000) | - |
| - | - | Sub Total - 13560 | | (55,000) | - | - | 0.00% | (55,000) | - |
| - | - | Plant Nursery | | (55,000) | - | - | 0.00% | (55,000) | - |

C13560 - project to be reviewed.

**Shire of Menzies
2017 2018**

**Capital Jobs - linked to General Ledger Accounts as at 20 November 2018
% against Total**

Economic Services

Caravan Park -

| Budget Revenue | Actual Revenue | Job # | Job Description | Budget Expense | Total Actual Expense | Actual Expense | % YTD | Budget Net | Actual Net |
|-------------------|-------------------|--------------------------|--------------------------|-------------------|----------------------------|-------------------|--------------|------------------|---------------|
| - | - | C13801 | Caravan Park Landscaping | (4,204) | - | - | 0.00% | (4,204) | - |
| - | - | C13802 | Caravan Park Upgrade | (125,000) | - | - | 0.00% | (125,000) | - |
| - | - | Sub Total - 13820 | | (129,204) | - | - | 0.00% | (129,204) | - |
| - | - | Caravan Park | | (129,204) | - | - | 0.00% | (129,204) | - |

C13802 - Expressions of interest to be called December 2018 / January 2019

Shire of Menzies
2017 2018

Capital Jobs - linked to General Ledger Accounts as at 20 November 2018

% against Total

Other Property & Services

Administration -

| Budget Revenue | Actual Revenue | Job # | Job Description | Budget Expense | Total Actual Expense | Actual Expense | % YTD | Budget Net | Actual Net |
|-------------------|-------------------|--------------------------|------------------------------------|-------------------|----------------------------|-------------------|--------------|-----------------|---------------|
| - | - | C14000 | Office Furniture (Not Capitalised) | (20,000) | (4,927) | (982) | 0.05% | (20,000) | (982) |
| - | - | Sub Total - 14595 | | (20,000) | (4,927) | (982) | 0.05% | (20,000) | (982) |
| - | - | Administration | | (20,000) | (4,927) | (982) | 0.05% | (20,000) | (982) |

6.2 Interim Audit Letter 2018-2019

| | |
|--------------------------------|--|
| LOCATION: | N/A |
| APPLICANT: | N/A |
| DOCUMENT REF: | FIN.981.1/NAM220 |
| DISCLOSURE OF INTEREST: | The Author has no interest to disclose |
| DATE: | 20 November 2018 |
| AUTHOR: | Rhonda Evans, Chief Executive Officer |
| ATTACHMENT: | Nil |

| |
|------------------------------|
| COMMITTEE RESOLUTION: |
|------------------------------|

MOVED: Cr Ian Baird

SECONDED: Cr Jill Dwyer

That the report be received.

Carried 3/0

OFFICER RECOMMENDATION:

That the report be received.

VOTING REQUIREMENTS:

Simple Majority

IN BRIEF:

Each year the auditors contracted by the local government conduct an onsite interim audit on procedures and compliance of the local government. A Management Letter is then provided setting out the findings, rating (ie significant, moderate and minor) and a recommendation. The Shire's management then responds with procedures implemented to address the finding and the recommendations by the auditor.

14.3 Active civic leadership achieved

- Regularly review plans with community consultation on significant decisions affecting the shire.
- Where possible, support opportunities to build the capacity of the community within the Shire of Menzies.
- Regularly monitor and report on the Shire's activities, budgets, plans and performance.
- Maintain sustainability through our leadership, our regional and government partnerships and ensure we make informed resource decisions for our community good.
- Continue to engage with our community, to advocate on behalf of our community, to be accountable and to manage within our governance and legislative framework.

- Continue to participate in regional activities to the benefit of our community.

14.4 Heritage & Natural assets conserved

- Our built environment will be managed to sustain our growing needs, while protecting and restoring buildings of historical value.
- Heritage and cultural places and items will be protected.
- A strengthening of our cultural and heritage awareness and values.

STATUTORY AUTHORITY:

Local Government Audit Regulation 1996

POLICY IMPLICATIONS: N/A

FINANCIAL IMPLICATIONS: N/A

RISK ASSESSMENTS:

OP4 - Fraud

OP5 - Receipts are not deposited at the bank on a timely basis or not recorded

OP8 - Banking transactions are either inaccurately recorded or not recorded at all

BACKGROUND:

A function of the audit process is to review systems and controls adopted by the Council. The Interim Management Letter outlines any deficits that have been found.

COMMENT:

The auditors noted points of concern to be addressed by the responsible person and in each case it was to be responded to by the Chief Executive Officer.

Points noted were

1. That the daily cash reconciliation was not reviewed by an independent officer and the preparer did not sign the reconciliation. – **processes have been reviewed and presented to the Auditor for approval.**
2. One service contract of \$172,000 that was not procured through the tender process as required by the Local Government Finance Regulations. – **Auditor has been advised of the circumstances of this occurrence.**
3. We noted 8 employees without any employment contracts or letters of employment in their personnel file and 3 employment contracts without the employee's signature to acknowledge terms and conditions of the contracts. **An audit of all employee records has been complete, and files updated.**

Furthermore, we noted that the annual increment letters and confirmation of employment notices were not prepared and issued to staff following the annual performance reviews. – **Letters have been referred to the Auditor for approval.**

6.3 Risk Management - Northern Goldfields Compliance Group

| | |
|--------------------------------|--|
| LOCATION: | N/A |
| APPLICANT: | N/A |
| DOCUMENT REF: | GOV.860.1/NAM221 |
| DISCLOSURE OF INTEREST: | The Author has no interest to disclose |
| DATE: | 20 November 2018 |
| AUTHOR: | Rhonda Evans, Chief Executive Officer |
| ATTACHMENT: | 6.3-1 Northern Goldfields Compliance Group 6.3-2 Draft Risk Management Framework 2018 |
| COMMITTEE RESOLUTION: | |

MOVED: Cr Jill Dwyer

SECONDED: Cr Ian Baird

That the Committee receive the report.

Carried 3/0

OFFICER RECOMMENDATION:

That the Committee receive the report.

VOTING REQUIREMENTS:

Simple Majority

IN BRIEF:

The increasing level of compliance (particularly in the area of risk) has been a concern for some time. The Shire of Menzies has joined with the Shires of Leonora, Wiluna and Laverton to form the Northern Goldfields Compliance Group, and contracted Moore Stephens to ensure council meets the compliance requirements of the Local Government Act 1995.

RELEVANT TO STRATEGIC PLAN:

14.1 Sustainable local economy encouraged

- A strong local economy, diversified through encouraging commercial growth, which provides jobs and services.

14.2 Strong sense of community maintained

- The Shire to acquire appropriate resources to assist with developing the services and facilities required by the community.

14.3 Active civic leadership achieved

- Regularly review plans with community consultation on significant decisions affecting the shire.

- Where possible, support opportunities to build the capacity of the community within the Shire of Menzies.
- Regularly monitor and report on the Shire's activities, budgets, plans and performance.
- Maintain sustainability through our leadership, our regional and government partnerships and ensure we make informed resource decisions for our community good.
- Continue to engage with our community, to advocate on behalf of our community, to be accountable and to manage within our governance and legislative framework.
- Continue to participate in regional activities to the benefit of our community.

14.4 Heritage & Natural assets conserved

- Our built environment will be managed to sustain our growing needs, while protecting and restoring buildings of historical value.
- Heritage and cultural places and items will be protected.
- A strengthening of our cultural and heritage awareness and values.

STATUTORY AUTHORITY:

Local Government Act 1995 Division 3 and Division 4 – and associated Regulations

POLICY IMPLICATIONS: Nil

FINANCIAL IMPLICATIONS: Nil

RISK ASSESSMENTS:

OP13 – Council does not comply with statutory reporting requirements and deadlines

BACKGROUND:

The increasing compliance requirements for all Local Governments in Western Australia is particularly difficult for small councils, particularly where there are changes of staff. In an effort to ensure ongoing diligence and compliance, the Chief Executive Officers of the Northern Goldfields Councils have contracted Moore Stephens to provide support to ensure compliance is met. The compliance covers the Local Government Act 1995, and does not attempt to also provide support for other Acts such as the State Records Act, Planning Act.

COMMENT:

The group met in August 2018 to agree scope and time frames as the reviews and compliance needs will be addressed over a three year period. This will ensure that all reviews and requirements are met, and that time frames for the various reports are common across the four Shires.

A meeting of Chief Executive Officers and Shire Presidents has been set for 30 November 2018 with the aim to have the Draft Risk Management Framework presented to all Councils Audit Committees by January 2019. A copy of the Draft Risk Management Framework for the Shire of Leonora is attached. It is envisaged that the Shire of Menzies will mirror this document.

An agreed timeline will be issued following the meeting.

MOORE STEPHENS

Northern Goldfields Compliance Group November 2018

Tanya Browning
Manager, Local Government Advisory

www.moorestephens.com.au

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Serious about Success®

Today

- Online Registers Demonstration
- Risk Management (progress and draft documents)
- Cyber Security
- Tasks & Timeline
- Compliance Reminders

Online Registers Demonstration

- Compliance registers not yet live
- Test data loaded for demonstration purposes
- Moore Stephens can assist with loading current data for primary/annual returns

Risk Management

- New standard released in February 2018 (ISO 31000:2018)
- Policies will need to be updated by each member Council to reflect the new standard.
- Draft risk Management framework has been completed, which reflects ISO 31000:2018 and is aligned to the draft policy
- A basic risk register is also being drafted
- Draft risk register will likely share many similarities with member Councils and can be used a base document for each individual local government to amend to reflect their organisation.
- Risk Register will be loaded on the portal

Risk Management - Overview

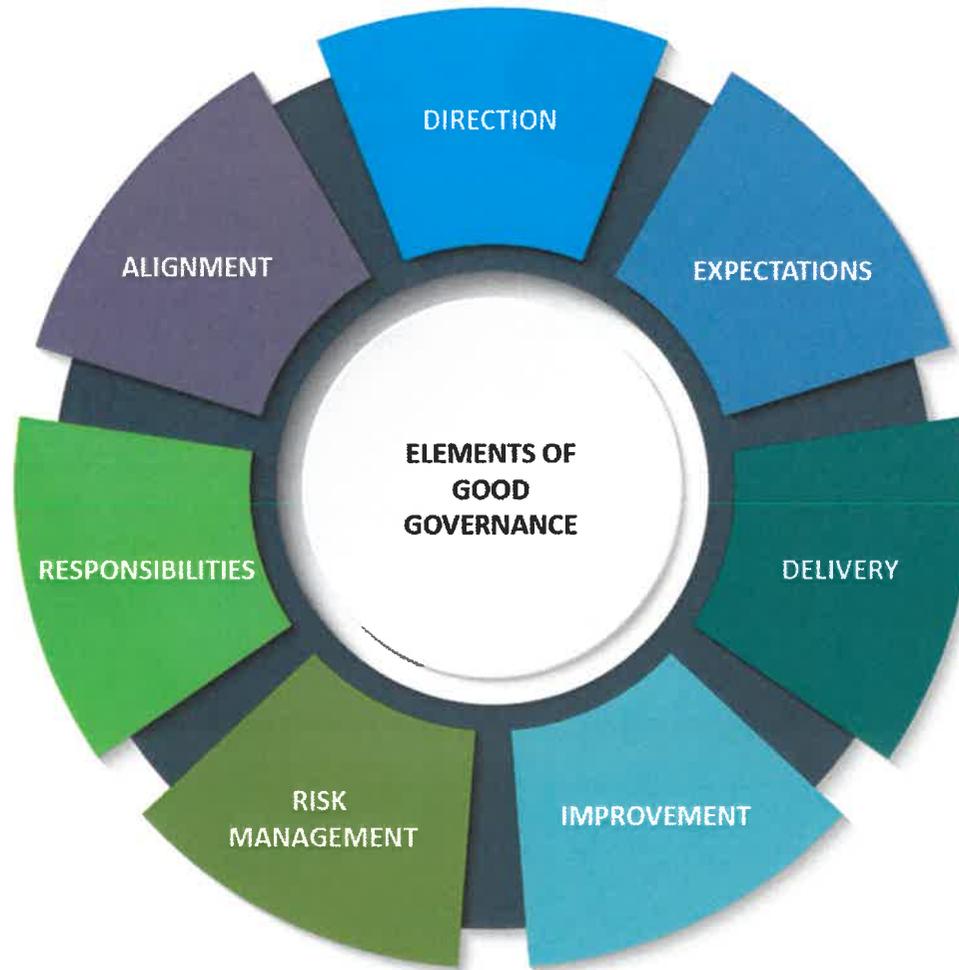
- The fundamental purpose of risk management is value creation and protection. It should support decision making, planning and operations
- 'Risk Management' is regularly conducted, but not always captured and documented
- Risks are always there and being treated. What is important is to capture what changes, and ensure these changes are identified, analysed, evaluated, treated, recorded and reported.

Risk Management - Overview

- A consistent and integrated approach to risk management will assist to maintain a 'whole of organisation' approach to risk management (everyone's responsibility)
- Effective 'risk management' relies on sound governance functions
- Closing gaps relating to governance can quickly and significantly reduce risks, and through time enables the appropriate focus on managing the strategic and high level risks

Governance Elements

Seven inter-related elements guide our practices:



Governance Elements

Seven inter-related elements guide our practices:



Direction

Shared understanding of our purpose and priorities through collaboration and effective planning and resource allocation



Expectations

Agreed performance expectations through effective communication and best practice management



Delivery

Quality customer focused service delivery through effective resource management, monitoring, review and reporting



Improvement

Enhance organisational performance through review, intervention, capability building and internal control mechanisms



Risk Management

Regularly assess and respond to risks and opportunities as a part of our daily activities



Responsibilities

Accountability and transparency for decisions through legislative compliance, information management, evaluation and corporate reporting



Alignment

Functions, structures and culture that support our organisation goals through quality leadership, a clear line of sight, role clarity and empowered staff

Draft Risk Management Framework

- Aligned to IPR documents to be consistent with statements relating to 'risk appetite'
- Percentages have been applied, rather than amounts, in the risk ratings table, to ensure risk ratings are relevant to the context in which they are undertaken
- Framework to be presented to Audit & Risk Committees for consideration (does not require adoption by Council)

Draft Risk Management Framework

- Once draft framework is agreed upon, draft risk summary report (from risk register) can be completed
- Draft Risk Summary Report to be presented to audit committee
- Risk Control Assurance Plan to follow – sets out activities to be conducted over next twelve months (will require workshop)

Cyber Security

- Interest at initial NGCG meeting was conveyed by member Councils for Cyber Security Services provided through Moore Stephens
- This will require some data to be collected from each site
- Hardware will be sent to each site for installation to capture data and monitor internet traffic at each site.
- Moore Stephens are always available to talk through the process if there are any concerns

Tasks & Timelines

- to be provided for inclusion to December 2018 Audit & Risk Committee meetings
 - Draft Risk Management Framework
 - Draft Risk Management Policy
 - Draft agenda item, is this required to assist member Councils?

- To be developed after adoption of Policy and Framework
 - A basic risk register to be provided by Moore Stephens
 - Risk Control Assurance Plan will require workshop in early 2019.

Tasks & Timelines

- Cyber Security - require contact details for IT consultants and staff
- Contact details for staff to upload online register data once registers go live
- Any outstanding data/information for currency of IPR & regulatory compliance (e.g. Audit Reg 17 review, financial management review)

Compliance Reminders

- Ensure annual and primary returns are filed and up to date
- Reminder - annual financial statements to the DLGSCI within 30 days of receiving your audit report



Draft Risk Management Framework 2018

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RISK MANAGEMENT FRAMEWORK

1.1 Introduction

The Risk Management Framework (Framework) aims to support an **integrated** and effective approach to risk management to ensure an organisation-wide approach to risk management. This includes consistent assessment of risks including risk mitigation activities from a top down perspective as well as bottom up through operational processes and procedures.

The Shire has adopted a structured approach to risk management based on ISO 31000:2018, Australian / New Zealand International Standard for Risk Management – Principles and Guidelines and other industry standards which advocate an integrated enterprise risk management approach such as Committee of Sponsoring Organisations of the Treadway Commission (COSO) Integrated Enterprise Risk Management. This should encourage proactive identification of risks, improve operational efficiency and increase the likelihood of successful delivery of projects and services.

The Framework has been developed with input and review from the Executive Leadership Team and the Audit Committee and adopted by Council.

1.2 Risk Management and Linkage to Governance Model

Risk management is integral to the Shire's Governance Model. The diagram below depicts the key components and drivers of the risk management framework:



The key **objectives** of the Framework are to:

- ensure there is a consistent and systematic approach to risk management through decision-making and corporate planning; this will contribute towards an effective and efficient risk management culture over time;
- provide tools to assist management with risk identification and articulation of risks to enable appropriate risk mitigation strategies; and
- supports the overall governance framework through integration of corporate culture, internal controls, policies and procedures (“internal control environment”) and management oversight.

RISK MANAGEMENT FRAMEWORK

1.3 Risk Management Policy

The Shire’s Risk Management Policy (A.2.13) states the mandate and commitment including roles and responsibilities of all staff and Council:

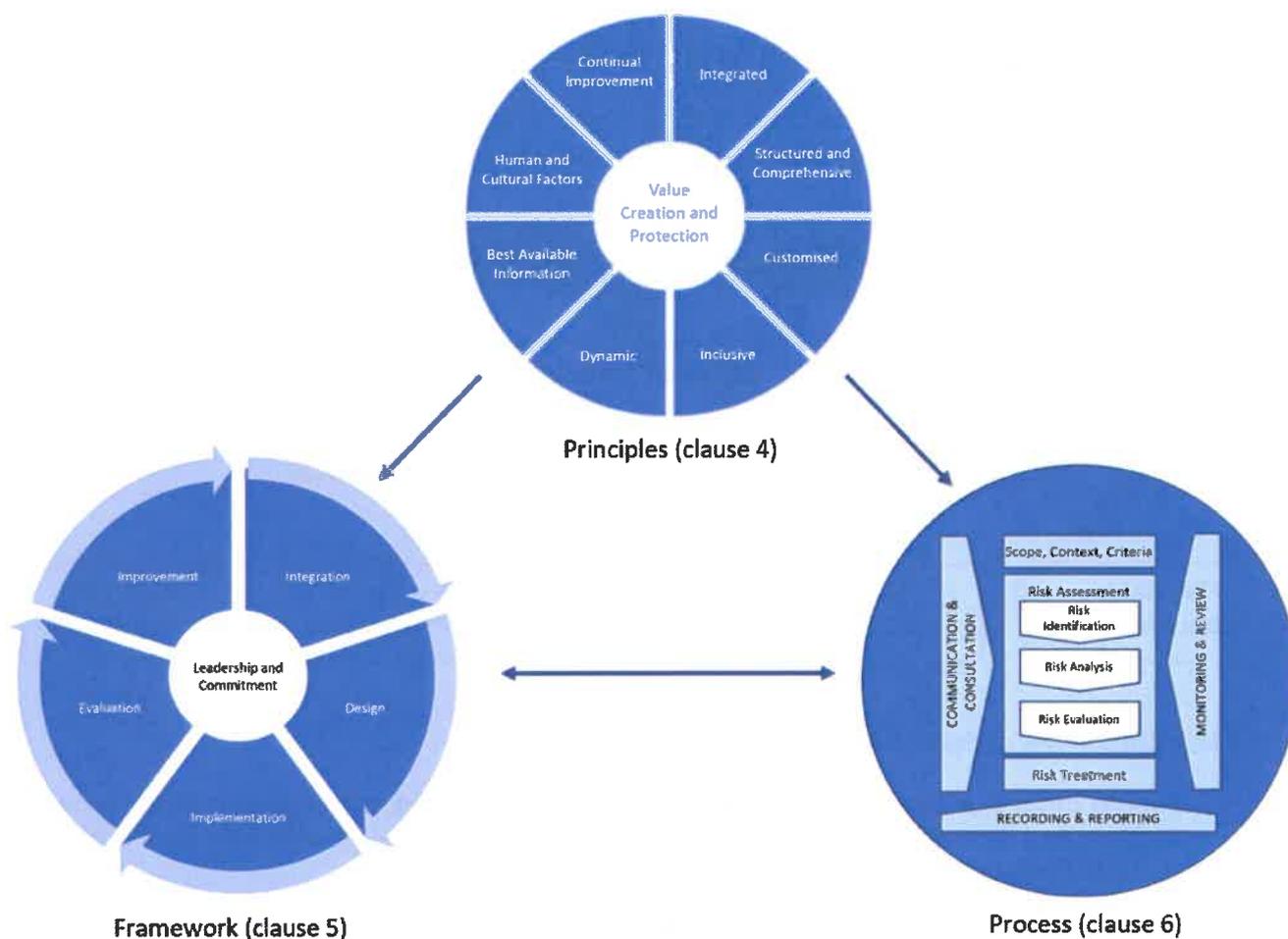
“Management of risk is considered the responsibility of the entire Shire and is to be integrated throughout the Shire of Leonora.”

The Risk Management Policy must be read and understood in conjunction with this Framework.

1.4 Risk Management Framework

In accordance to ISO 31000:2018, the following key principles provide necessary guidance and methodology when implementing a structured risk management process.

HIGH LEVEL OVERVIEW OF FRAMEWORK



Source: Australia/New Zealand Standard ISO 31000:2018

RISK MANAGEMENT FRAMEWORK

The above process is an iterative one which over time should result in more mature risk management techniques. Details of each stage within the process diagram are:

Design Framework

- Understand the organisation and its context
- Establish and adopt a Risk Management Policy
- Establish roles, responsibilities and accountabilities
- Allocate resources
- Establish internal and external communication and reporting mechanisms

Implement the Framework

- Adopt the Risk Management framework
- Implement corporate risk management processes for the identification, assessment and treatment of risk

Monitor and Review the Framework

- Ensure controls are effective and efficient in both design and control operation
- Identify changes in the internal and external context
- Identify emerging risks or changed risk conditions

Continuous Improvement

- Capture learnings from risk processes and continuously refine and tweak the framework and key elements which support the risk management process
- Develop performance indicators through risk process

Integration

- Integrate risk management into organisational processes

Risk Management Principles

Human and cultural factors: Risk culture is created from the tone at the top and visible leadership in embedding a risk mindset. Everyone in the Shire has responsibility for managing risk.

Risk management should be a part of, and not separate from, the Shire's purpose, governance, leadership and commitment, strategy, objectives and operations¹

Structured and comprehensive: Refers to the risk management process which encompasses:

- Risk identification, assessment and treatment
- Risk monitoring and review
- Risk reporting and communication

¹ ISO 31000:2018 Risk Management – Guidelines, page 5

RISK MANAGEMENT FRAMEWORK

Inclusive accountability and transparency: Shire leadership to assign clear roles and responsibilities for staff, external stakeholders and decision makers in ensuring risk management remains relevant and up-to-date, and is based on informed choices and agreed priorities.

Integrated: Managing risks should create and protect value by contributing to the achievement of objectives (i.e. Strategic Community Plan, Corporate Business Plan, Projects) and improving Shire performance as an integrated activity within existing processes.

Customised to Shire risk profile: Recognises the Shire's external and internal influences and challenges due to its geographical location and community needs.

Dynamic: Risks needs to be managed in a dynamic, iterative and responsive manner.

Continuous improvement: Developing a more risk aware workforce will result in operational processes which take into account risk considerations and enable processes and decision making to improve over time.

Best available information: Risk management is reliant on use of the best available information at any given point in time.

1.5 Risk Categories / Risk Themes

The purpose of risk categories and / or risk themes is to group similar risks under the appropriate risk category. The use of standard risk categories enables:

- A structured process for staff to identify and capture risks; and
- Reporting of risks by risk type; this provides insight to management as to the focus areas requiring risk mitigation especially if similar risks are identified across functional areas and/or by different stakeholders.

The Shire's risk categories / risk themes should be continually reviewed to ensure they are relevant in the current environment.

Examples of risk categories within the local government sector:

1. Performance – ability to achieve key objectives, ability to be managed with the current resources, potential loss of infrastructure
2. Financial – Loss of assets, impact on annual revenues or costs, external audit issues, mismanagement of funds
3. Environmental risk (harm to the environment)
4. Reputational Damage – adverse publicity
5. Service Delivery/Business Interruption – Loss of service, disruption in business processes or impact to service delivery (including through lack of skilled resources)
6. Legislative / Regulatory /Policy /Occupational Safety and Health – misconduct, injury, failure to meet statutory, regulatory or compliance requirements.

Risk categories will be defined in the initial establishment of risk registers and should be dynamic to reflect current environment.

RISK MANAGEMENT FRAMEWORK

1.6 Risk Tolerance / Risk Appetite

Risk tolerance or risk appetite can be defined as the amount and type of risk that the Shire is willing to take in order to meet its strategic objectives. Given the inherent risk profile of local governments, it is important that the CEO and Council members understand and consider the relatively low appetite for risk when evaluating major decisions. To facilitate meaningful analysis of the Shire's risk exposures, a role of the Audit & Risk Committee is to constructively challenge management's proposals and decisions.

As the risk management processes mature, a risk appetite framework which pre-defines types of risk and quantifies them in a structured manner will ensure that the Shire's strategic objectives are effectively planned and managed. This results in understanding the trade-offs between risk versus reward, leading to appropriately calibrated risk outcomes at an entity level. It also enables articulation of specific actions/practices i.e. the Shire does not tolerate any risk that breaches regulatory obligations / legislative requirements. This assists with staff understanding of how their day-to-day risk management activities contribute towards the Shire's risk culture and risk profile.

Understanding risk appetite helps determine the level of acceptable/unacceptable risk and the extent to which additional controls are required to treat risk. As a public body, there is an expectation the Shire will maintain an inherent low appetite for risk and as a consequence adopt policies and procedures in order to maintain the organisation's reputation and to protect public funds from loss or misappropriation.

The appetite for risk in relation to service delivery, finance, health, safety and the environment is considered 'low to medium', requiring treatment with effective controls. Where the level of risk is considered 'high' or 'extreme', additional controls are required to reduce the risk level. In circumstances where the level of risk cannot be reduced below that of 'high', close monitoring of risk controls is required to ensure the relevant internal controls remain effective. In cases of medium to high risk, the Shire will mitigate the risk by taking out insurance where possible.

RISK MANAGEMENT FRAMEWORK

1.7 Risk Communication and Consultation

An effective risk management process relies on regular communication and consultation which is both upward and downward involving risk owners, Shire management and Audit and Risk / Council (as applicable).

The main objectives of risk communication and consultation are:

- to provide information for decision making (relevance of information is dependent on its currency);
- to communicate risk management activities and outcomes across the organisation; and
- to facilitate continuous improvement of the framework to ensure it is relevant and reflects top-down, bottom up risk management.

Communication of newly identified untreated risks as follows:

| Risk Context | Purpose | Reporting to: |
|---------------------------|--|---------------------------|
| Strategic | Emerging risks or existing risks which impact on the Shire's ability to deliver on its strategic objectives. | CEO/Council |
| Operating | Risks identified from operational activities which need to be addressed, reported and monitored until effectively treated to an acceptable risk tolerance. | CEO |
| Projects | Risks identified from capital or infrastructure projects which impact on the project deliverables above the Shire's acceptable risk tolerance. | CEO |
| Consolidated Risk Summary | For Executive Management – summary of high risk and above items to inform Audit Committee & Council on what is being done to treat the risks. | Audit Committee / Council |

In line with the top-down, bottom up approach to risk consultation it is equally important for risks to newly identified untreated risks to be communicated from Council downwards throughout the Shire.

Each level of management must communicate risks they become aware of to relevant staff at the level below them who must in turn communicate the risks to the next level.

Communication and consultation of medium and higher risks should be through a documented process. Lower level risks may be communicated verbally.

Documentation to support risk management process

Documentation of medium and higher risks is best undertaken through the use of a risk register.

The following provides guidance for documentation of risk registers:

- maintenance of risk registers demonstrates an active and evidentiary risk management process within the Shire;
- all staff have responsibilities to identify, assess, evaluate and treat risks in their day to day activities; risks assessed as being mitigated to an acceptable level through operating controls or risk treatments by eliminating the risk are deemed to be effectively addressed;
- risks which require further actions or treatment by more senior officers before they are within the acceptable risk tolerance must be documented in the risk register to enable effective communication and monitoring of risks; and
- any risks deemed to be rated Major or Catastrophic which are unable to be immediately treated to an acceptable level and/or considered to have significant impact and consequence to the Shire **MUST** be escalated to the CEO immediately for further escalation to Council where unable to be treated by the CEO within the constraints of the annual budget.

RISK MANAGEMENT FRAMEWORK

Assurance activities for risks mitigated through operational and/or financial controls

The Shire has the following governance activities to ensure controls required for risk mitigation are operating as intended:

- completion of mandatory returns as required by legislation;
- independent verification of operating controls;
- external audit of financial statements; and
- via Code of Conduct, Council policies and work procedures.

The following pages contain tools and guidance useful in the implementation of this Framework.

- Table 1: Roles & Responsibilities
- Diagram 1: Risk Management Process flow diagram
- Table 2: Risk Ratings
- Table 3: Matrix Assessment

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RISK MANAGEMENT FRAMEWORK

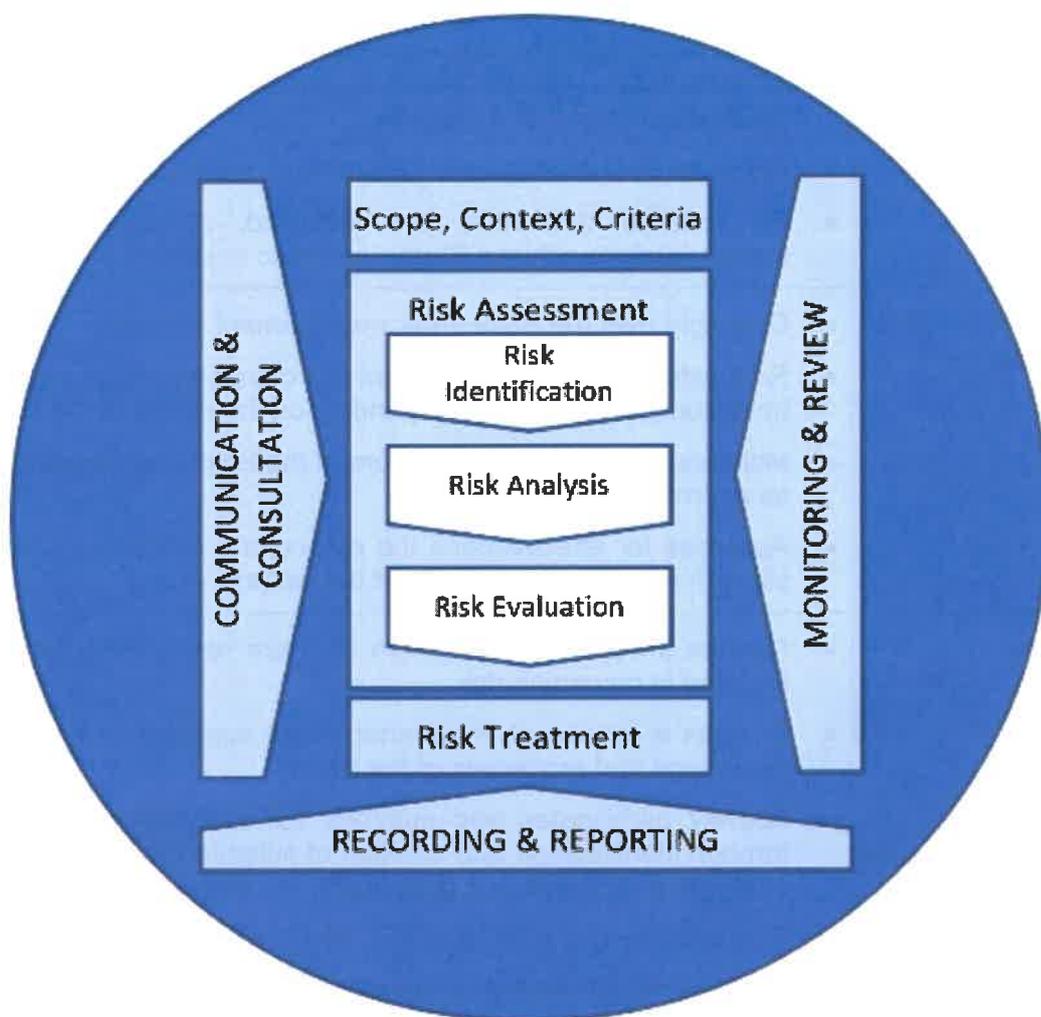
Table 1: Roles and Responsibilities

| Role | Responsibilities |
|-----------------------------------|---|
| Council | <p>Council's responsibilities are to:</p> <ul style="list-style-type: none"> • Adopt a Risk Management Policy that complies with the requirements of AS/NZS ISO 31000:2018 and to review and approve the Policy in a timely manner and/or as required. • Adopt the Risk Management Framework for the Council. • Be satisfied that risks are identified, managed and controlled appropriately to achieve Shire's strategic objectives. |
| Audit & Risk Committee | <ul style="list-style-type: none"> • Oversight over the Shire's risk management process. • Requests and reviews reports on risk management on a quarterly basis (minimum) or as required depending on the nature of the risk(s). • Monitors the overall risk exposure of the Shire and escalates to Council as appropriate. • Assesses for effectiveness the risk control measures / risk treatment plans in reducing the severity of the risk(s). |
| Executive | <ul style="list-style-type: none"> • Creates an environment where staff are responsible for and actively involved in managing risk. • Ensures a consistent risk management approach is embedded in the operations and processes of the Shire. • Actively participates and supports the risk management framework through identification and creation of suitable risk treatments to control strategic and operational risks facing the Shire. • Supports the allocation of funds / resources to treat risks as required. • Monitors the strategic and operational risk management performance. • Reviews the Shire Risk Report prior to submission to the Audit & Risk Committee. |
| Staff | <ul style="list-style-type: none"> • Adopt and understand the principles of risk management and comply with policies, processes and practices relating to risk management. • Alert and bring to management's attention, the risks that exist within their area. • Conduct risk assessments which are appropriate with the scope of the task and the associated level of risk identified. |

RISK MANAGEMENT FRAMEWORK

Diagram 1: Risk Management Process

The diagram below depicts the re-iterative and continuous process for managing risks.



Source: Australia/New Zealand ISO31000:2018

RISK MANAGEMENT FRAMEWORK

Table 2: Risk Ratings

| Description | Performance | Financial | Environment | Reputation | Service Delivery / Business Disruption | Physical | Legislative / Regulatory / Policy / Osh |
|----------------------|---|--|--|---|---|--|--|
| CATASTROPHIC | Unable to achieve key objectives External resources required Ongoing loss of critical infrastructure | >15% of asset value Adverse >15% deviation from budget Audit unable to be completed. | Catastrophic long term environmental harm, | Significant damage to public confidence leading to sustained compromise in the achievement of strategic objectives | Major including several important areas of service and/or a protracted period Ongoing loss of business systems | Extreme effecting organisation's survival | Criminal instances of regulatory non compliance Extreme breaches of Code of Conduct Personal details compromised / revealed - All Death |
| MAJOR | Major impact on ability to achieve key objectives Impact cannot be managed Long-term loss of critical infrastructure | 5%-15% of asset value Adverse 5%→15% deviation from budget Audit qualification on the report and accounts | Significant long-term environmental harm, | Local publicity of a major and persistent nature, affecting the perception/standing within the community, | Complete loss of an important service area for a short period, Major disruption to business processes | Significant affecting multiple locations | Major Revenue or cost implications. Individuals at risk of harm. Significant breaches of Code of Conduct Personal details compromised / revealed - Many Multiple serious injuries |
| MODERATE | Moderate impact on ability to achieve key objectives Significant adjustment to resource allocation Loss of support infrastructure | 2%-5% of asset value Adverse 2%→5% deviation from budget Management letter contains significant issues | Significant short-term environmental harm, | Damage to reputation to a specific audience, may not have significant long-term or community effects, | Major effect to an important service area for a short period, brief impact on multiple areas Moderate disruption to business processes | Localised significant effect on operations | Minor Revenue or cost implications Breach of Code of Conduct Personal details compromised / revealed - Some Serious injury and /or illness |
| MINOR | Minor impact on ability to achieve key objectives Additional internal management efforts required Interruption to support infrastructure | < 2 of asset value Adverse impact on revenues and costs <2% deviation from budget Management letter contains minor issues | Minor transient environmental harm, | Minor damage to reputation to a small audience, complaint from a large group of people, | Brief disruption of important service area, noticeable effect to non-crucial service area, Minor disruption to business processes | Localised no effect on operations | Minor breaches of Code of Conduct Personal details compromised / revealed - Isolated First aid or minor lost time injury |
| INSIGNIFICANT | Negligible impact on ability to achieve key objectives Impact can be managed through routine activities Negligible interruption to support infrastructure | Insignificant loss Insignificant adverse impact on annual revenue or costs Matters discussed with management not reported. | Negligible transient environmental harm, | Minor unsubstantiated publicity or damage to reputation to a small audience, complaint from individual/small group. | Negligible impact on the effectiveness of the organisation's processes Negligible disruption to business processes | Not notifiable or reportable. | Little or no impact to Code of Conduct Personal details compromised / revealed - An individual's Incident with or without minor injury |

RISK MANAGEMENT FRAMEWORK

Table 3: Risk Matrix

| | CONSEQUENCE | | | | | |
|----------------|---------------|----------|--------|---------------------|---------------------|---------------------|
| | 0 | 1 | 2 | 3 | 4 | 5 |
| | Insignificant | Minor | Major | Critical | Extreme | |
| Almost Certain | Nil | High | High | Extreme/Exceptional | Extreme/Exceptional | Extreme/Exceptional |
| Likely | Nil | Medium | High | High | High | Extreme/Exceptional |
| Possible | Nil | Medium | Medium | High | High | High |
| Unlikely | Nil | Low | Medium | Medium | Medium | High |
| Rare | Nil | Very low | Low | Medium | Medium | Medium |

| Likelihood | Definition | Frequency of Noted Occurrences | Score |
|----------------|--|--------------------------------|-------|
| Almost Certain | Expected to occur in most circumstances or occurs regularly. A clear opportunity already apparent, which can easily be achieved. | More than once per year | 5 |
| Likely | Occurrence is noticeable or is likely to occur. An opportunity that has been explored and may be achievable. | At least once per year | 4 |
| Possible | Occurs occasionally or may occur. Possible opportunity identified. | At least once in 5 years | 3 |
| Unlikely | Occurs infrequently or is not likely to occur. Opportunity that is fairly unlikely to happen. | At least once in 10 years | 2 |
| Rare | Only occurs in exceptional circumstances. Opportunity that is very unlikely to happen. | Less than once in 20 years | 1 |

| Risk | Action Required |
|---------------------|------------------------------|
| Extreme/Exceptional | Immediate corrective action |
| High | Prioritised action required |
| Medium | Planned action required |
| Low | Planned action required |
| Very low | Manage by routine procedures |

RISK MANAGEMENT FRAMEWORK

| | |
|-----------------------------|-------------------------|
| Date approved: | TBD |
| Responsible officer: | TBD |
| Endorsed by: | TBD |
| Approved by: | Chief Executive Officer |
| Next review: | 20xx |

DRAFT

TERMINOLOGY

| Definitions | |
|---------------------------|--|
| Consequence | The outcome of an event affecting achievement of organisational objectives. |
| Control | A measure that modifies a risk or manages risks within an organisation. |
| Establishing the context | Defining the external and internal parameters to be taken into account when managing risk, and setting the scope and evaluating the significance of a risk (i.e. risk criteria). |
| Event | The occurrence or change of a particular set of circumstances. |
| Likelihood | The chance of a risk event occurring. |
| Monitoring | Continual checking, critically observing or determining status in order to identify change from the performance level required or expected. |
| Operational risk | Operational risks are linked to the Business Plan objectives and take into consideration risks which will prevent departments from delivering their annual business plans and ongoing services to the community. |
| Residual risk | The risk remaining after risk treatment. |
| Risk | The effect of uncertainty on objectives. The focus should be on the effect of incomplete knowledge of events or circumstances on the Shire's decision making. |
| Risk analysis | The process to comprehend the nature of risk and to determine the level of risk. |
| Risk assessment | The overall process of risk identification, risk analysis and risk evaluation. |
| Risk attitude | The organisation's approach to assessing and eventually pursuing, retaining, taking or turning away from risk. |
| Risk criteria | The terms of reference against which the significance of a risk is evaluated. |
| Risk evaluation | The process of comparing the results of a risk analysis with the risk criteria to determine whether the risk and/or its magnitude are acceptable or tolerable. |
| Risk identification | The process of finding, recognising and describing risks. |
| Risk management | The co-ordinated activities to direct and control an organisation with requirements to manage risk. |
| Risk management framework | The set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation. |

TERMINOLOGY

| Definitions | |
|---|---|
| Risk management plan | The scheme within the risk management framework that specifies the approach, the management components and the resources that are to be applied to the management of risk. |
| Risk management policy | The Shire's statement of overall intention and direction related to risk management. |
| Risk management process | Risk management is the identification, assessment and prioritisation of risks followed by the co-ordinated and economical use of resources to minimise, monitor and control the probability or impact of undesirable events. Managing risks also pertains to the realisation of opportunities to the benefit of the organisation. |
| Risk owner | The person with the accountability and authority to manage a risk. |
| Risk profile | The acceptable level of risk an organisation is prepared to accept. For the purposes of this Framework, the Shire's risk profile is the overall exposure to risk based on its aggregated risks, at a point in time. |
| Risk source | An element that, either alone or in combination, has the intrinsic potential to give rise to a risk. |
| Risk treatment | The process to modify risk. |
| Stakeholder | A person or organisation that can affect, be affected by or perceive themselves to be affected by a decision or activity. |
| Strategic risk | Strategic risks are the risks that will prevent the Shire from meeting the objectives outlined in its "Strategic Plans". |
| <i>Reference: ISO 31000:2018 Risk management—Guidelines</i> | |

7 ELECTED MEMBERS MOTION OF WHICH PREVIOUS NOTICE HAVE BEEN GIVEN

There were no Elected Members motions of which previous notice had been given.

8 NEW BUSINESS OF AN URGENT NATURE INTRODUCED BY DECISION OF THE MEETING

There was no new business of an urgent nature introduced by Decision of the Meeting.

9 NEXT MEETING

The next meeting of the Audit Committee will be held on Thursday 28 February 2019 commencing at a time to be announced.

10 CLOSURE OF MEETING

There being no further business the Chairperson closed the meeting at 11.56 am.

I, _____ hereby certify that the Minutes of the Audit Committee Meeting held 29 November 2018 are confirmed as a true and correct record, as per the Council Resolution of the Ordinary Meeting of Council held 13 December 2018.

Signed: _____

Dated: 13 December 2018