



SHIRE OF MENZIES

**AUDIT COMMITTEE
MINUTES**

HELD ON

Thursday 18 March 2021

Commencing at 9.03am

TABLE OF CONTENTS

Contents

1.	DECLARATION OF OPENING	1
2.	ANNOUNCEMENT OF VISITORS	1
3.	RECORD OF ATTENDANCE.....	1
4.	DECLARATIONS OF INTEREST	1
5.	REPORTS OF OFFICERS	2
5.1	Compliance Audit Return.....	4
5.2	Draft Risk Management Strategy.....	20
5.3	Draft Risk Updates.....	40
5.4	Budget Review FY 20/21.....	68
5.5	Investment Portfolio Summary.....	86
5.6	Audit Committee Meeting Dates 2021.....	90
6.	ELECTED MEMBERS MOTION OF WHICH PREVIOUS NOTICE HAVE BEEN GIVEN	92
7.	NEW BUSINESS OF AN URGENT NATURE INTRODUCED BY DECISION OF THE MEETING.....	92
8.	NEXT MEETING	92
9.	CLOSURE OF MEETING	92

1. DECLARATION OF OPENING

The Shire President declared the meeting open at 9.03am.

2. ANNOUNCEMENT OF VISITORS

3. RECORD OF ATTENDANCE

Council:	Cr G Dwyer	President
	Cr I Baird	Deputy
	Cr J Dwyer	

Staff:	Mr Brian Joiner	Chief Executive Officer
	Ms Rayleen Stoker	A/Executive Assistant

4. DECLARATIONS OF INTEREST

5. REPORTS OF OFFICERS

5.1 Compliance Audit Return

5.2 Management Strategy

5.3 Risk Updates

5.4 Budget Review FY 20/21

5.5 Investment Portfolio Summary

5.6 Audit Committee Meeting Dates 2021

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5.1 COMPLIANCE AUDIT RETURN	
LOCATION	Shire of Menzies
APPLICANT	Internal
DOCUMENT REF	ICR1938
DATE OF REPORT	10 March 2021
AUTHOR	Moore Australia – Tanya Brown
RESPONSIBLE OFFICER	CEO Brian Joiner
DISCLOSURE OF INTEREST	Nil
ATTACHMENT	2020 Compliance Audit Return

SUMMARY:

Each year, Council is required to complete an annual compliance audit return (CAR) for the calendar year immediately preceding (1st January to 31st December) as published by the Department for Local Government and Communities. The CAR is then to be reviewed by the Audit Committee and a report presented to Council prior to the adoption of the CAR.

BACKGROUND:

This year, the CAR was reviewed and completed by Moore Australia. Tanya Browning, Manager Local Government Advisory, from Moore Australia attended the Shire offices on 23-24 February 2021, during which time the CAR was completed through interviews with senior staff and the inspection of various documents and records including:

- Minute books
- Tender Register
- Financial Interest & Return Register
- Complaints Register
- Delegations Register
- Council's website

The CAR is one of the tools that allow Council to monitor how the organisation is functioning in regards to compliance with the *Local Government Act 1995* and provides the Audit and Risk Committee the opportunity to report to Council any cases of non-compliance or where full compliance was not achieved.

This process also provides opportunity for the Audit and Risk Committee to consider matters that may require further review within ongoing risk framework assessments and actions.

COMMENT:

Through the completion of the 2020 CAR, there were instances of non-compliance noted, particularly relating to recent changes to legislation, and to procurement under \$250,000 where insufficient evidence was available to support compliance with Council's purchasing policy. It was noted with management it is very difficult to declare during the review period the appropriate number of quotations had been obtained for every purchase (particularly low value purchases) in accordance with the purchasing policy.

A summary of matters noted during the completion of the 2020 CAR is attached for information. The attached summary also notes general improvement opportunities to systems and processes which were identified through the completion of the CAR. These improvements may assist the Shire in its risk management activities and endeavours towards continual improvement of administrative and compliance functions.

CONSULTATION:

Tanya Browning, Moore Australia

STATUTORY AUTHORITY:

Regulation 14 of the *Local Government (Audit) Regulations 1996* provides:

(1) A local government is to carry out a compliance audit for the period 1 January to 31 December in each year.

(2) After carrying out a compliance audit the local government is to prepare a compliance audit return in a form approved by the Minister.

(3A) The local government's audit committee is to review the compliance audit return and is to report to the council the results of that review.

(3) After the audit committee has reported to the council under subregulation (3A), the compliance audit return is to be —

- (a) presented to the council at a meeting of the council; and
- (b) adopted by the council; and
- (c) recorded in the minutes of the meeting at which it is adopted.

Regulation 14 of the *Local Government (Audit) Regulations 1996* details the requirements when certifying the CAR and issuing to the Departmental CEO.

Section 7.13(1)(i) of the *Local Government Act 1995* refers to the provisions within regulations with regard to audits.

POLICY IMPLICATIONS:

There are no policy implications resulting from the recommendation of this report

FINANCIAL IMPLICATIONS:

There are no financial implications resulting from the recommendation of this report

RISK ASSESSMENT:

Risk Statement	Level of Risk	Risk Mitigation Strategy
This item has been evaluated against the Shire's Risk Management Strategy, Risk Assessment Matrix.	The perceived level of risk is medium prior to treatment.	Implementation of improvements as noted in attached summary.

STRATEGIC IMPLICATIONS:

Strategies 4.1.1 Provide strategic leadership and governance, and 4.2.1 Maintain a high level of corporate governance, responsibility and accountability (Strategic Community Plan 2021-2031).

VOTING REQUIREMENTS:

Simple Majority

Cr I Baird disconnected from the Meeting 9.08

OFFICER RECOMMENDATION:

That the Audit and Risk Committee resolve to:

1. Recommend that Council adopts of the 2020 Compliance Audit Return as attached to the Council; and
2. Recommend that Council authorise the Shire President and Chief Executive Officer to sign the Compliance Audit Return for submission to the Department of Local Government.

COUNCIL DECISION:

Council Resolution Number	2115
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Moved	Cr J Dwyer	Seconded	Cr G Dwyer
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Carried	2/0
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Menzies - Compliance Audit Return 2020

Certified Copy of Return

Please submit a signed copy to the Director General of the Department of Local Government, Sport and Cultural Industries together with a copy of the relevant minutes.

Commercial Enterprises by Local Governments					
No	Reference	Question	Response	Comments	Respondent
1	s3.59(2)(a) F&G Regs 7,9,10	Has the local government prepared a business plan for each major trading undertaking that was not exempt in 2020?	N/A		Moore Australia
2	s3.59(2)(b) F&G Regs 7,8,10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2020?	N/A		Moore Australia
3	s3.59(2)(c) F&G Regs 7,8,10	Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2020?	N/A		Moore Australia
4	s3.59(4)	Has the local government complied with public notice and publishing requirements for each proposal to commence a major trading undertaking or enter into a major land transaction or a land transaction that is preparatory to a major land transaction for 2020?	N/A		Moore Australia
5	s3.59(5)	During 2020, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority?	N/A		Moore Australia



Delegation of Power/Duty					
No	Reference	Question	Response	Comments	Respondent
1	s5.16	Were all delegations to committees resolved by absolute majority?	N/A		Moore Australia
2	s5.16	Were all delegations to committees in writing?	N/A		Moore Australia
3	s5.17	Were all delegations to committees within the limits specified in section 5.17?	N/A		Moore Australia
4	s5.18	Were all delegations to committees recorded in a register of delegations?	N/A		Moore Australia
5	s5.18	Has council reviewed delegations to its committees in the 2019/2020 financial year?	N/A		Moore Australia
6	s5.42(1) & s5.43 Admin Reg 18G	Did the powers and duties delegated to the CEO exclude those listed in section 5.43 of the Act?	Yes		Moore Australia
7	s5.42(1)	Were all delegations to the CEO resolved by an absolute majority?	Yes	Item 12.2.1 of OMC held 27 February 2020	Moore Australia
8	s5.42(2)	Were all delegations to the CEO in writing?	Yes	Delegations are in writing and signed within the delegations register. The register is available to all staff in the administration office	Moore Australia
9	s5.44(2)	Were all delegations by the CEO to any employee in writing?	Yes	Delegations are in writing and signed within the delegations register. The register is available to all staff in the administration office	Moore Australia
10	s5.16(3)(b) & s5.45(1)(b)	Were all decisions by the council to amend or revoke a delegation made by absolute majority?	N/A		Moore Australia
11	s5.46(1)	Has the CEO kept a register of all delegations made under Division 4 of the Act to the CEO and to employees?	Yes		Moore Australia
12	s5.46(2)	Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2019/2020 financial year?	Yes		Moore Australia
13	s5.46(3) Admin Reg 19	Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record in accordance with Admin Reg 19?	Yes		Moore Australia

Disclosure of Interest					
No	Reference	Question	Response	Comments	Respondent



No	Reference	Question	Response	Comments	Respondent
1	s5.67	Where a council member disclosed an interest in a matter and did not have participation approval under sections 5.68 or 5.69, did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter?	Yes		Moore Australia
2	s5.68(2) & s5.69 (5) Admin Reg 21A	Were all decisions regarding participation approval, including the extent of participation allowed and, where relevant, the information required by Admin Reg 21A, recorded in the minutes of the relevant council or committee meeting?	N/A		Moore Australia
3	s5.73	Were disclosures under section sections 5.65, 5.70 or 5.71A(3) recorded in the minutes of the meeting at which the disclosures were made?	No	Disclosures made at Item 14.1.5 of the OMC held 29/10/2020 and Item 12.5.2 of the OMC held 29/10/2020 were not recorded in the minute	Moore Australia
4	s5.75 Admin Reg 22, Form 2	Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day?	No	A primary return received was undated, and could not be validated it was received within the time period required. Administration are preparing correspondence to address this matter	Moore Australia
5	s5.76 Admin Reg 23, Form 3	Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2020?	Yes		Moore Australia
6	s5.77	On receipt of a primary or annual return, did the CEO, or the mayor/president, give written acknowledgment of having received the return?	Yes		Moore Australia
7	s5.88(1) & (2)(a)	Did the CEO keep a register of financial interests which contained the returns lodged under sections 5.75 and 5.76?	Yes		Moore Australia
8	s5.88(1) & (2)(b) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A, in the form prescribed in Admin Reg 28?	No	Some disclosures noted in the minutes of meeting were not recorded in the financial interest register. These are being actioned to be correctly filed	Moore Australia
9	s5.88(3)	When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76, did the CEO remove from the register all returns relating to that person?	Yes		Moore Australia
10	s5.88(4)	Have all returns removed from the register in accordance with section 5.88(3) been kept for a period of at least five years after the person who lodged the return(s) ceased to be a person required to lodge a return?	Yes		Moore Australia



No	Reference	Question	Response	Comments	Respondent
11	s5.89A(1), (2) & (3) Admin Reg 28A	Did the CEO keep a register of gifts which contained a record of disclosures made under sections 5.87A and 5.87B, in the form prescribed in Admin Reg 28A?	Yes		Moore Australia
12	s5.89A(5) & (5A)	Did the CEO publish an up-to-date version of the gift register on the local government's website?	Yes		Moore Australia
13	s5.89A(6)	When a person ceases to be a person who is required to make a disclosure under section 5.87A or 5.87B, did the CEO remove from the register all records relating to that person?	N/A		Moore Australia
14	s5.89A(7)	Have copies of all records removed from the register under section 5.89A (6) been kept for a period of at least five years after the person ceases to be a person required to make a disclosure?	N/A		Moore Australia
15	Rules of Conduct Reg 11(1), (2) & (4)	Where a council member had an interest that could, or could reasonably be perceived to, adversely affect the impartiality of the person, did they disclose the interest in accordance with Rules of Conduct Reg 11(2)?	Yes		Moore Australia
16	Rules of Conduct Reg 11(6)	Where a council member disclosed an interest under Rules of Conduct Reg 11 (2) was the nature of the interest recorded in the minutes?	Yes		Moore Australia
17	s5.70(2) & (3)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to council or a committee, did that person disclose the nature and extent of that interest when giving the advice or report?	Yes		Moore Australia
18	s5.71A & s5.71B (5)	Where council applied to the Minister to allow the CEO to provide advice or a report to which a disclosure under s5.71A(1) relates, did the application include details of the nature of the interest disclosed and any other information required by the Minister for the purposes of the application?	N/A		Moore Australia
19	s5.71B(6) & s5.71B(7)	Was any decision made by the Minister under subsection 5.71B(6) recorded in the minutes of the council meeting at which the decision was considered?	N/A		Moore Australia
20	s5.103 Admin Regs 34B & 34C	Has the local government adopted a code of conduct in accordance with Admin Regs 34B and 34C to be observed by council members, committee members and employees?	Yes		Moore Australia
21	Admin Reg 34B(5)	Has the CEO kept a register of notifiable gifts in accordance with Admin Reg 34B(5)?	Yes		Moore Australia



Disposal of Property					
No	Reference	Question	Response	Comments	Respondent
1	s3.58(3)	Where the local government disposed of property other than by public auction or tender, did it dispose of the property in accordance with section 3.58(3) (unless section 3.58(5) applies)?	Yes		Moore Australia
2	s3.58(4)	Where the local government disposed of property under section 3.58(3), did it provide details, as prescribed by section 3.58(4), in the required local public notice for each disposal of property?	N/A		Moore Australia

Elections					
No	Reference	Question	Response	Comments	Respondent
1	Elect Regs 30G(1) & (2)	Did the CEO establish and maintain an electoral gift register and ensure that all disclosure of gifts forms completed by candidates and donors and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the forms relating to each candidate?	Yes		Moore Australia
2	Elect Regs 30G(3) & (4)	Did the CEO remove any disclosure of gifts forms relating to an unsuccessful candidate, or a successful candidate that completed their term of office, from the electoral gift register, and retain those forms separately for a period of at least two years?	N/A	No gifts recorded	Moore Australia
3	Elect Regs 30G(5) & (6)	Did the CEO publish an up-to-date version of the electoral gift register on the local government's official website in accordance with Elect Reg 30G(6)?	N/A		Moore Australia

Finance					
No	Reference	Question	Response	Comments	Respondent
1	s7.1A	Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the Act?	Yes	Item 11.2 of OMC held 31 October 2019	Moore Australia
2	s7.1B	Where the council delegated to its audit committee any powers or duties under Part 7 of the Act, did it do so by absolute majority?	N/A	Audit Committee has no delegated authority	Moore Australia
3	s7.3(1) & s7.6(3)	Was the person or persons appointed by the local government to be its auditor appointed by an absolute majority decision of council?	No	Office of the Auditor General (OAG) was appointed auditor for 2019/20	Moore Australia



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No	Reference	Question	Response	Comments	Respondent
4	s7.3(3)	Was the person(s) appointed by the local government under s7.3(1) to be its auditor a registered company auditor or an approved auditor?	No	Office of the Auditor General (OAG) was appointed auditor for 2019/20	Moore Australia
5	s7.9(1)	Was the auditor's report for the financial year ended 30 June 2020 received by the local government by 31 December 2020?	No	Audit remained ongoing at conclusion of reporting period	Moore Australia
6	s7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under s7.9 (1) of the Act required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters?	Yes		Moore Australia
7	s7.12A(4)(a)	Where matters identified as significant were reported in the auditor's report, did the local government prepare a report that stated what action the local government had taken or intended to take with respect to each of those matters?	Yes		Moore Australia
8	s7.12A(4)(b)	Where the local government was required to prepare a report under s.7.12A(4)(a), was a copy of the report given to the Minister within three months of the audit report being received by the local government?	No	Management to review and investigate any required action	Moore Australia
9	s7.12A(5)	Within 14 days after the local government gave a report to the Minister under s7.12A(4)(b), did the CEO publish a copy of the report on the local government's official website?	No	Management to review and investigate any required action	Moore Australia
10	Audit Reg 7	Did the agreement between the local government and its auditor include the objectives and scope of the audit, a plan for the audit, details of the remuneration and expenses paid to the auditor, and the method to be used by the local government to communicate with the auditor?	No	Office of the Auditor General (OAG) was appointed auditor for 2019/20	Moore Australia
11	Audit Reg 10(1)	Was the auditor's report for the financial year ending 30 June received by the local government within 30 days of completion of the audit?	No	Audit remained ongoing at conclusion of reporting period	Moore Australia



Integrated Planning and Reporting					
No	Reference	Question	Response	Comments	Respondent
1	Admin Reg 19C	Has the local government adopted by absolute majority a strategic community plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	SCP was received at the OMC (item 14.1.2) held 17 December 2020 and advertised for public comment. The SCP was adopted at the OMC held 25 February 2021	Moore Australia
2	Admin Reg 19DA (1) & (4)	Has the local government adopted by absolute majority a corporate business plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	Item 12.1.4 of OMC held 30 July 2020	Moore Australia
3	Admin Reg 19DA (2) & (3)	Does the corporate business plan comply with the requirements of Admin Reg 19DA(2) & (3)?	Yes		Moore Australia

Local Government Employees					
No	Reference	Question	Response	Comments	Respondent
1	Admin Reg 18C	Did the local government approve a process to be used for the selection and appointment of the CEO before the position of CEO was advertised?	Yes		Moore Australia
2	s5.36(4) & s5.37 (3) Admin Reg 18A	Were all CEO and/or senior employee vacancies advertised in accordance with Admin Reg 18A?	Yes		Moore Australia
3	Admin Reg 18E	Was all information provided in applications for the position of CEO true and accurate?	Yes		Moore Australia
4	Admin Reg 18F	Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position under section 5.36(4)?	Yes		Moore Australia
5	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss senior employee?	Yes		Moore Australia
6	s5.37(2)	Where council rejected a CEO's recommendation to employ or dismiss a senior employee, did it inform the CEO of the reasons for doing so?	N/A		Moore Australia



Official Conduct					
No	Reference	Question	Response	Comments	Respondent
1	s5.120	Has the local government designated a senior employee as defined by section 5.37 to be its complaints officer?	N/A	CEO is complaints officer	Moore Australia
2	s5.121(1)	Has the complaints officer for the local government maintained a register of complaints which records all complaints that resulted in a finding under section 5.110(2)(a)?	Yes		Moore Australia
3	s5.121(2)	Does the complaints register include all information required by section 5.121(2)?	Yes		Moore Australia
4	s5.121(3)	Has the CEO published an up-to-date version of the register of the complaints on the local government's official website?	No	Complaints register is now uploaded to website	Moore Australia

Optional Questions					
No	Reference	Question	Response	Comments	Respondent
1	Financial Management Reg 5(2)(c)	Did the CEO review the appropriateness and effectiveness of the local government's financial management systems and procedures in accordance with Financial Management Reg 5(2)(c) within the three years prior to 31 December 2020? If yes, please provide the date of council's resolution to accept the report.	Yes	Item 12.4.3 considered at OMC held 25/07/2019	Moore Australia
2	Audit Reg 17	Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with Audit Reg 17 within the three years prior to 31 December 2020? If yes, please provide date of council's resolution to accept the report.	Yes	Item 12.4.3 considered at OMC held 25/07/2019	Moore Australia
3	s5.87C(2)	Where a disclosure was made under sections 5.87A or 5.87B, was the disclosure made within 10 days after receipt of the gift?	N/A	No disclosures received	Moore Australia
4	s5.87C	Where a disclosure was made under sections 5.87A or 5.87B, did the disclosure include the information required by section 5.87C?	N/A	No disclosures received	Moore Australia
5	s5.90A(2)	Did the local government prepare and adopt by absolute majority a policy dealing with the attendance of council members and the CEO at events?	No	Draft policy has been prepared to be considered by Council	Moore Australia



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No	Reference	Question	Response	Comments	Respondent
6	s.5.90A(5)	Did the CEO publish an up-to-date version of the attendance at events policy on the local government's official website?	No		Moore Australia
7	s5.96A(1), (2), (3) & (4)	Did the CEO publish information on the local government's website in accordance with sections 5.96A(1), (2), (3), and (4)?	No	External consultant has reviewed and provided improvements to be implemented where compliance gaps exist	Moore Australia
8	s5.128(1)	Did the local government prepare and adopt (by absolute majority) a policy in relation to the continuing professional development of council members?	No	Draft policy has been prepared to be considered by Council	Moore Australia
9	s5.127	Did the local government prepare a report on the training completed by council members in the 2019/2020 financial year and publish it on the local government's official website by 31 July 2020?	Yes		Moore Australia
10	s6.4(3)	By 30 September 2020, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2020?	Yes	Extension to 30 November 2020 received. Statements were submitted 29 September 2020 with some adjustments (supplied prior to 30 November 2020)	Moore Australia

Tenders for Providing Goods and Services

No	Reference	Question	Response	Comments	Respondent
1	F&G Reg 11A(1) & (3)	Does the local government have a current purchasing policy that complies with F&G Reg 11A(3) in relation to contracts for other persons to supply goods or services where the consideration under the contract is, or is expected to be, \$250,000 or less or worth \$250,000 or less?	Yes		Moore Australia
2	F&G Reg 11A(1)	Did the local government comply with its current purchasing policy in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, \$250,000 or less or worth \$250,000 or less?	No	Cannot guarantee compliance has occurred with all purchasing activities below \$250,000	Moore Australia
3	s3.57 F&G Reg 11	Subject to F&G Reg 11(2), did the local government invite tenders for all contracts for the supply of goods or services where the consideration under the contract was, or was expected to be, worth more than the consideration stated in F&G Reg 11(1)?	Yes		Moore Australia
4	F&G Regs 11(1), 12(2), 13, & 14(1), (3), and (4)	When regulations 11(1), 12(2) or 13 required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with F&G Reg 14(3) and (4)?	Yes		Moore Australia



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No	Reference	Question	Response	Comments	Respondent
5	F&G Reg 12	Did the local government comply with F&G Reg 12 when deciding to enter into multiple contracts rather than a single contract?	N/A		Moore Australia
6	F&G Reg 14(5)	If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents or each acceptable tenderer notice of the variation?	No	Support information was not available to verify compliance. Work is underway to implement authorised checklists to support tender processes to ensure appropriate records are maintained to support compliance for future tenders	Moore Australia
7	F&G Regs 15 & 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of F&G Regs 15 and 16?	Yes		Moore Australia
8	F&G Reg 17	Did the information recorded in the local government's tender register comply with the requirements of F&G Reg 17 and did the CEO make the tenders register available for public inspection and publish it on the local government's official website?	Yes		Moore Australia
9	F&G Reg 18(1)	Did the local government reject any tenders that were not submitted at the place, and within the time, specified in the invitation to tender?	No	Support information was not available to verify compliance. Work is underway to implement authorised checklists to support tender processes to ensure appropriate records are maintained to support compliance for future tenders	Moore Australia
10	F&G Reg 18(4)	Were all tenders that were not rejected assessed by the local government via a written evaluation of the extent to which each tender satisfies the criteria for deciding which tender to accept?	No	Support information was not available to verify compliance. Work is underway to implement authorised checklists to support tender processes to ensure appropriate records are maintained to support compliance for future tenders	Moore Australia
11	F&G Reg 19	Did the CEO give each tenderer written notice containing particulars of the successful tender or advising that no tender was accepted?	No	Support information was not available to verify compliance. Work is underway to implement authorised checklists to support tender processes to ensure appropriate records are maintained to support compliance for future tenders	Moore Australia



No	Reference	Question	Response	Comments	Respondent
12	F&G Regs 21 & 22	Did the local government's advertising and expression of interest processes comply with the requirements of F&G Regs 21 and 22?	N/A	No EOIs with intent to proceed to tender sought during review period	Moore Australia
13	F&G Reg 23(1) & (2)	Did the local government reject any expressions of interest that were not submitted at the place, and within the time, specified in the notice or that failed to comply with any other requirement specified in the notice?	N/A		Moore Australia
14	F&G Reg 23(3)	Were all expressions of interest that were not rejected assessed by the local government?	N/A		Moore Australia
15	F&G Reg 23(4)	After the local government considered expressions of interest, did the CEO list each person considered capable of satisfactorily supplying goods or services as an acceptable tenderer?	N/A		Moore Australia
16	F&G Reg 24	Did the CEO give each person who submitted an expression of interest a notice in writing of the outcome in accordance with F&G Reg 24?	N/A		Moore Australia
17	F&G Regs 24AD(2) & (4) and 24AE	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice in accordance with F&G Reg 24AD(4) and 24AE?	N/A	No panels invited during review period	Moore Australia
18	F&G Reg 24AD(6)	If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application notice of the variation?	N/A		Moore Australia
19	F&G Reg 24AF	Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of F&G Reg 16, as if the reference in that regulation to a tender were a reference to a pre-qualified supplier panel application?	N/A		Moore Australia
20	F&G Reg 24AG	Did the information recorded in the local government's tender register about panels of pre-qualified suppliers comply with the requirements of F&G Reg 24AG?	N/A		Moore Australia
21	F&G Reg 24AH(1)	Did the local government reject any applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time, specified in the invitation for applications?	N/A		Moore Australia
22	F&G Reg 24AH(3)	Were all applications that were not rejected assessed by the local government via a written evaluation of the extent to which each application satisfies the criteria for deciding which application to accept?	N/A		Moore Australia



Department of
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GOVERNMENT OF
WESTERN AUSTRALIA

No	Reference	Question	Response	Comments	Respondent
23	F&G Reg 24AI	Did the CEO send each applicant written notice advising them of the outcome of their application?	N/A		Moore Australia
24	F&G Regs 24E & 24F	Where the local government gave regional price preference, did the local government comply with the requirements of F&G Regs 24E and 24F?	Yes		Moore Australia

I certify this Compliance Audit Return has been adopted by council at its meeting on _____

Signed Mayor/President, Menzies

Signed CEO, Menzies

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Ms R Stoker stepped out of meeting at 9.12

Ms R Stoker returned to meeting at 9.13

Cr I Baird reconnected to the Meeting 9.18

5.2 DRAFT RISK MANAGEMENT STRATEGY 2021	
LOCATION	Shire of Menzies
APPLICANT	Internal
DOCUMENT REF	NAM375
DATE OF REPORT	15 March 2021
AUTHOR	GOV Jan Hancock
RESPONSIBLE OFFICER	CEO Brian Joiner
DISCLOSURE OF INTEREST	Nil
ATTACHMENT	Draft Risk Management Strategy 2021

SUMMARY:

This item recommends that the Audit Committee endorse the Draft Risk Management Strategy 2021 as prepared by Moore Australia

BACKGROUND:

As a result of the *AS/NZS ISO 31000:2018 Risk Management Guidelines* update, released in February 2018, the Risk Management Policy was adopted in April 2019 to align with the new standard.

The Policy states that a Risk Management Strategy is to be maintained and implemented utilising the Principles, Framework and Process as defined within the standard.

COMMENT:

The Draft Strategy was developed by Moore Australia to meet the requirements of the Risk Management Policy update and takes into consideration the context of the Shire and confirms to the requirements of the standard by providing the necessary guidance and direction to be followed by the Shire in its risk management activities.

CONSULTATION:

Chief Executive Officer
Moore Australia
Northern Goldfields Compliance Group

STATUTORY AUTHORITY:

- *AS/NZS ISO 31000:2018 Risk Management Guidelines*
- *Regulation 17.1 of the Local Government (Audit) Regulations 1996*

POLICY IMPLICATIONS:

Amendment to current Policy 3.7 – Staff Recruitment – Permanent, Part and Full Time

FINANCIAL IMPLICATIONS:

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

RISK ASSESSMENT:

Risk Statement	Level of Risk	Risk Mitigation Strategy
Implement and maintain risk management strategies through policies, procedures, processes and controls to protect Shire assets	Med/High	Appropriate and effective internal controls.

STRATEGIC IMPLICATIONS:

4.1 A strategically focussed Council, leading our community.

4.1.1 Provide strategic leadership and governance.

VOTING REQUIREMENTS:

Simple Majority

OFFICER RECOMMENDATION:

That the Audit Committee recommend Council adopt the Draft Risk Management Strategy 2021

COUNCIL DECISION:

Council Resolution Number	2116
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Moved	Cr J Dwyer	Seconded	Cr I Baird
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That the Audit Committee recommend Council adopt the Draft Risk Management Strategy 2021

Carried	3/0
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Draft Risk Management Strategy 2021

DRAFT

TABLE OF CONTENTS

Risk Management Strategy	3
1.1 Introduction	3
1.2 Risk Management – Principles, Framework and Process.....	4
1.3 Risk Management Policy	5
1.4 Risk Management Principles	5
1.5 Risk Management Framework	6
1.6 Risk Management Process	7
1.7 Risk Management Process – Communication and Consultation	8
1.8 Risk Management Process – Risk Categories / Risk Themes.....	9
1.9 Risk Management Process – Risk Tolerance / Risk Appetite	10
Table 1: Roles and Responsibilities.....	12
Table 2: Consequence Ratings	13
Table 3: Risk Matrix.....	14
Table 4: Likelihood Rating	14
Table 5: Risk Response	14
Terminology	16

RISK MANAGEMENT STRATEGY

1.1 Introduction

The Risk Management Strategy (Strategy) aims to support an **integrated** and effective approach to risk management to ensure an organisation-wide approach to risk management, with the aim of value creation and protection, in accordance with the Shire of Menzies Risk Management Policy. 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 implemented a structured approach to risk management based on, Australian / New Zealand International Standard for Risk Management – Guidelines ISO 31000:2018. This will assist the Shire work towards:

- Aligning the objectives, culture and strategy of the Shire with risk management;
- Addressing and recognising all obligations (including voluntary commitments) of the Shire;
- Communicating the risk appetite of the Shire to guide the establishment of risk criteria, whilst conveying to all elected members, employees and contractors;
- Promoting and conveying value of risk management across the Shire;
- Encouraging methodical monitoring of risks; and
- Ensuring the Risk Management Strategy remains relevant to and considers the context of the organisation.

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

- Ensure consistent and systematic approach to risk management through decision-making and corporate planning, contributing toward 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.

The Strategy has been developed with input and review from the Executive Leadership Team and the Audit and Risk Committee.

RISK MANAGEMENT STRATEGY

1.2 Risk Management – Principles, Framework and Process

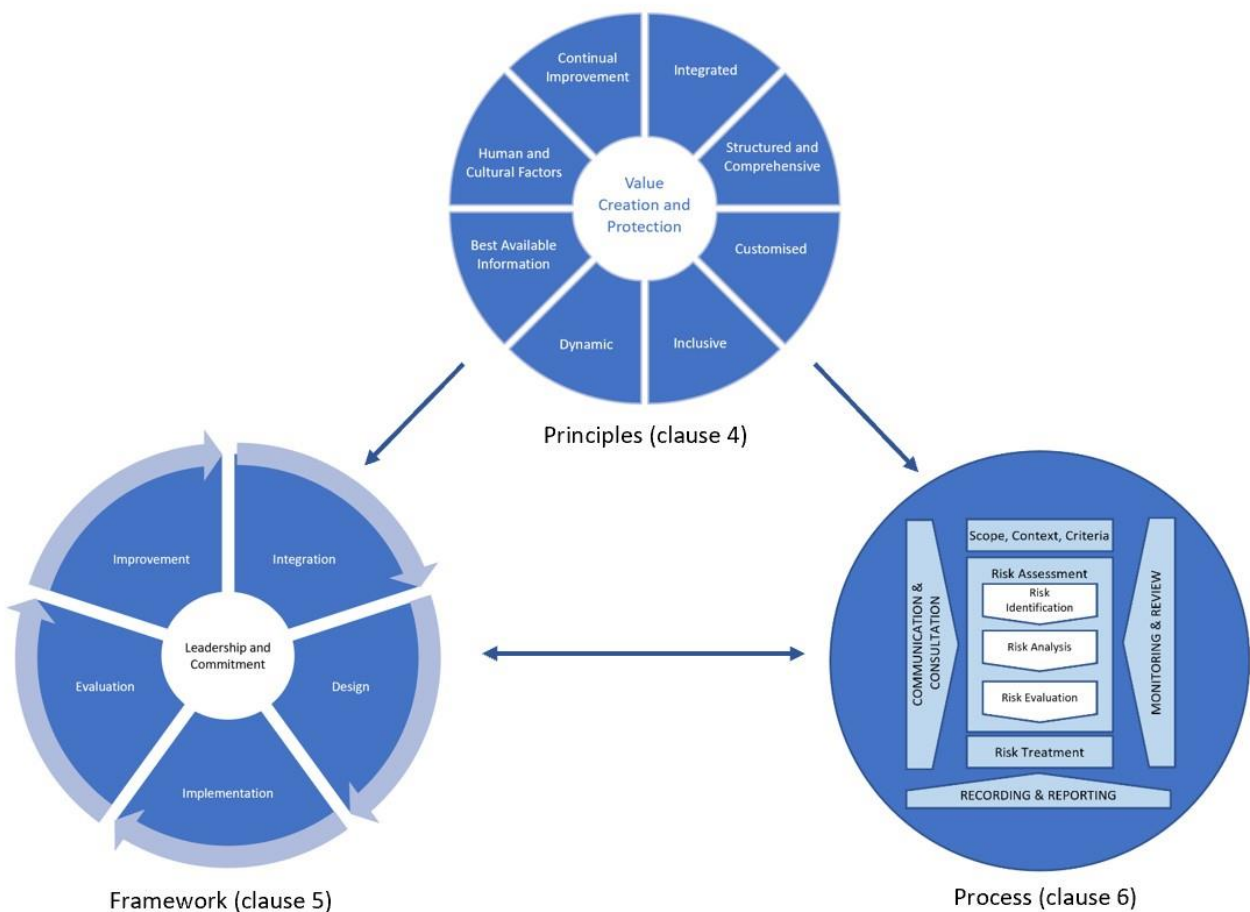
ISO 31000:2018 provides guidance on the development of a risk management approach, designed to be tailored to best apply to any organisation and its requirements. This Strategy has been developed using the Principles, Framework and Process as outlined within ISO 31000:2018.

The diagram below demonstrates the relationship between each component of the Risk Management Strategy, with the Principles forming the foundation of the Strategy. The Principles describe the features to be utilised and influence the Framework and Process elements.

The Framework component of the Strategy is intended to facilitate integration of risk management throughout the Shire, through commitment from leadership to risk management practices. Any gaps identified through analysis of existing practices will be remedied through the application of the Framework and will inform the Process component.

The Risk Management Process is to be designed and tailored to align best to the Shire’s structure, resources and practices. The Risk Process is iterative, consisting of Risk Assessment, Risk Identification, Risk Analysis, Risk Evaluation and Risk Treatment, Communication and Consultation, Recording and Reporting along with Monitoring and Review, as noted in the below diagram. The Process component of the Strategy draws on both the Framework and the Principles in its application to managing risk.

High Level Overview of Strategy



Source: Australia/New Zealand Standard ISO 31000:2018

RISK MANAGEMENT STRATEGY

1.3 Risk Management Policy

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

“Management of risk is considered the responsibility of all elected members, employees and contractors, and is to be integrated throughout the Shire.”

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

1.4 Risk Management Principles

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

Human and cultural factors: Risk culture is created from visible leadership and commitment in embedding a risk mindset. All elected members and employees have 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 operations.¹

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

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

Inclusive accountability and transparency: Leadership to assign clear roles and responsibilities for staff, external stakeholders and decision makers to ensure 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 as included in the Strategic Community Plan and Corporate Business Plan (Plan for the Future), as well as project outcomes 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 ISO 31000:2018 Risk Management – Guidelines, page 5

RISK MANAGEMENT STRATEGY

1.5 Risk Management Framework

The impact of risk management efforts is highly dependent upon the integration of risk management throughout the Shire. The Risk Management Framework is designed to assist with facilitating high level of integration across activities, practices and functions of the Shire.

Details of each stage within the framework are:

Integration

- Integrate risk management into Shire processes and structure. All elected members and employees are responsible for managing risk.

Design the Strategy

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

Implement the Strategy

- Develop Risk Management Plan;
- Engage stakeholders to convey the purpose and importance of the Strategy and Plan;
- Implement corporate risk management processes in all activities throughout the Shire, particularly decision making processes; and
- Identify changes in the internal and external context, as well as identifying emerging risks or changed risk conditions.

Evaluate the Strategy

- Regularly assess the purpose, objectives, and outcomes of the Strategy against actual risk management practices; and
- Consider the suitability and application of the Strategy to the Shire's operations and activities.

Continuous Improvement

- As gaps or improvement opportunities are identified from risk processes, continuously refine the Framework and the way the process is integrated; and
- Develop plans and tasks and assign them to those accountable for implementation.

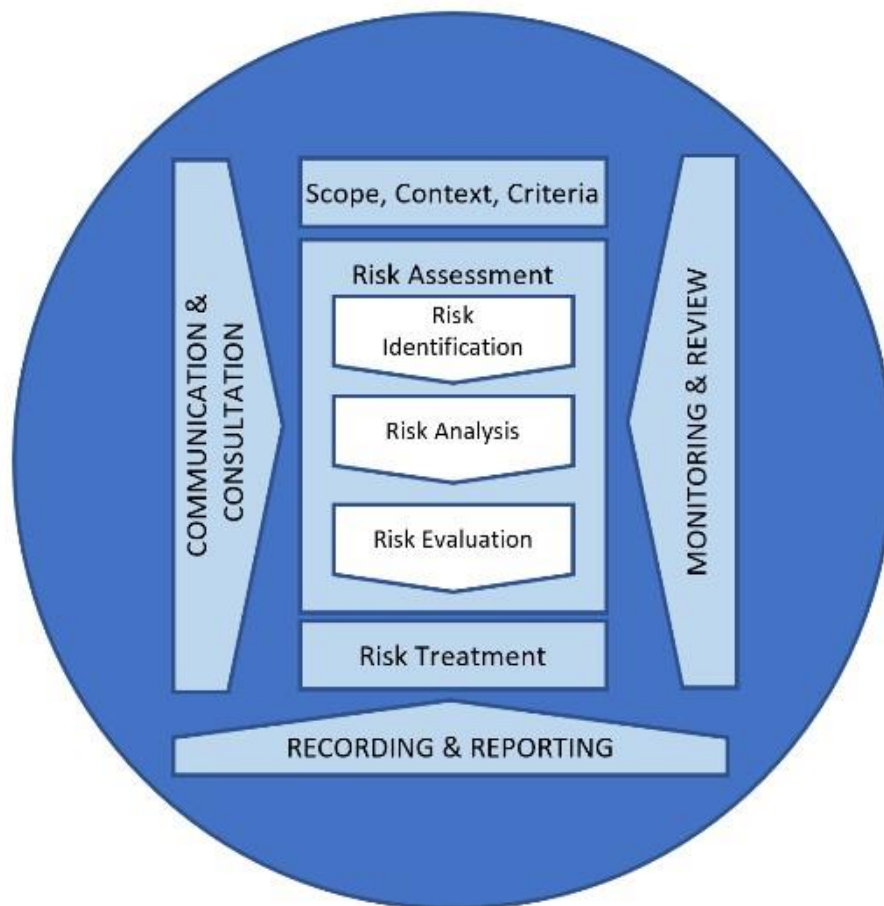
RISK MANAGEMENT STRATEGY

1.6 Risk Management Process

The risk management process can be delivered in many different ways. It should play a pivotal role in management of the Shire and decision making, unified with the general operations, practices, procedures and the structure of the Shire. Applications of the risk management process should be tailored to best work with the structure and context of the Shire and draw on the risk principles as defined in Section 1.4, with appropriate consideration afforded to maintaining the dynamic nature of the process, continual improvement, the variable nature of human and cultural factors, modifying and integration of processes/practices.

Given the highly dynamic and variable nature of the risk management process, the general approach by the Shire is to articulate and develop details relating to risk management processes within operational procedures, to best communicate the applicable elements of the process throughout the organisation. Development of these procedures will also enable appropriate feedback to be sought from stakeholders and implemented into decision making processes.

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



Source: Australia/New Zealand ISO31000:2018

RISK MANAGEMENT STRATEGY

1.7 Risk Management Process – Communication and Consultation

Communication and consultation are important elements of the risk management process. These elements promote a better understanding of risk across the Shire and convey the purpose behind actions occurring or required.

An effective risk management process relies on regular communication and consultation, both upward to leadership and downward from leadership and senior staff, involving risk owners, Shire management and Audit and Risk Committee / Council (as applicable).

The main objectives of risk communication and consultation are to:

- Provide information for decision making (relevance of information is dependent on currency);
- Utilise expertise from across the organisation in the course of carrying out risk management activities; and
- Facilitate an inclusive and empowered culture across the Shire in relation to risk management.

Communication of newly identified, untreated high level risks will be as follows:

Risk Context	Purpose	Reporting to:
Strategic	Emerging risks or existing risks which impact on the Council'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 Council's acceptable risk tolerance.	CEO
Consolidated Risk Summary	For Executive Management – summary of high level risks and above items to inform Audit Committee & Council of risk treatments.	Audit Committee / Council

In line with the multi-directional approach to risk consultation it is equally important for newly identified untreated risk to be communicated from Council to the Executive.

Each level of management must communicate risks as they become aware of them, to relevant staff at the level directly above and below them, who must in turn communicate the risks to the next level above or below.

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

RISK MANAGEMENT STRATEGY

1.8 Risk Management Process – 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:

- Structured process for staff to identify and capture risks; and
- Reporting of risks by risk type, providing focus areas requiring risk mitigation, especially where similar risks are identified across functional areas and/or by different stakeholders.

The Shire's risk categories/themes should be continually reviewed to ensure relevance in current environment.

Examples of risk categories within the local government sector include:

1. Performance: ability to achieve key objectives, within 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); and
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 the current environment.

RISK MANAGEMENT STRATEGY

1.9 Risk Management Process – Risk Tolerance / Risk Appetite

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

As risk management processes mature, a risk appetite matrix which pre-defines types of risk and quantifies them in a structured manner will help ensure the Shire's strategic objectives are effectively planned and managed. It enables articulation of specific actions/practices, i.e. the Shire does not tolerate any risk of breaches to regulatory obligations or legislative requirements. This assists 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 '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 STRATEGY

Documentation to support risk management process

Documentation of medium and high level risks is best undertaken through the use of a risk register. Maintenance of risk registers demonstrates an active and evidentiary risk management process within the Shire.

The following provides guidance for documentation of risk registers:

- All elected members and employees 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 and do not require documenting;
- 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; and
- Any risks deemed to be rated High or Extreme and unable to be immediately treated to an acceptable level, must be escalated to the CEO immediately for further escalation to the Audit & Risk Committee and/or Council, where unable to be adequately treated by the CEO within the constraints of the annual budget. These risk must also be recorded in the risk register.

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;
- Routine independent verification of operating controls, systems and procedures;
- 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 Strategy.

- Table 1: Roles & Responsibilities
- Table 2: Risk Ratings
- Table 3: Matrix Assessment
- Table 4: Likelihood Rating
- Table 5: Risk Response

RISK MANAGEMENT STRATEGY

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 compliant with the requirements of AS/NZS ISO 31000:2018 and to review and approve the Policy in a timely manner as required. • Be satisfied risks are identified, managed and controlled appropriately, to achieve Shire's strategic objectives. • Supports the allocation of funds / resources to treat risks as required.
Audit & Risk Committee	<ul style="list-style-type: none"> • Request and review reports on risk management on a biannual basis (minimum) or as required depending on the nature of the risk(s). • Monitors the overall risk exposure of the Shire and makes recommendations 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. • Oversight of the Shire's Risk Management Strategy. • Maintain and implement the Risk Management Strategy. • Ensures a consistent risk management approach is embedded in the operations and processes of the Shire. • Actively participates and supports the Risk Management Strategy through identification and creation of suitable risk treatments to control strategic and operational risks facing the Shire. • Monitors the strategic and operational risk management performance. • Reviews the Shire's Risk Summary 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 existing within their area. • Conduct risk assessments which are appropriate with the scope of the task and the associated level of risk identified.

RISK MANAGEMENT STRATEGY

Table 2: Consequence Ratings

Description	Performance	Financial	Environment	Reputation	Service Delivery / Business Disruption	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.	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 with current allocated resources. 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.	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.	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.	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.	Little or no impact to Code of Conduct. Personal details compromised / revealed - an individual's. Incident with or without minor injury.

RISK MANAGEMENT STRATEGY

Table 3: Risk Matrix

		CONSEQUENCE				
		Insignificant 1	Minor 2	Moderate 3	Major 4	Catastrophic 5
Almost Certain	5	Medium	High	High	Extreme/Exceptional	Extreme/Exceptional
Likely	4	Medium	Medium	High	High	Extreme/Exceptional
Possible	3	Low	Medium	Medium	High	High
Unlikely	2	Low	Low	Medium	Medium	High
Rare	1	Very low	Low	Low	Medium	Medium

Table 4: Likelihood Rating

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

Table 5: Risk Response

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 STRATEGY

Date approved:	TBD
Responsible officer:	TBD
Endorsed by:	TBD
Approved by:	Chief Executive Officer
Next review:	2022

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.

TERMINOLOGY

Definitions	
Risk management policy	The Shire's statement of overall intention and direction related to risk management.
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 Plan for the Future.
<i>Reference: ISO 31000:2018 Risk management—Guidelines</i>	

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5.3 RISK MANAGEMENT UPDATE	
LOCATION	Shire of Menzies
APPLICANT	Internal
DOCUMENT REF	NCR1946
DATE OF REPORT	14 March 2021
AUTHOR	Tanya Browning (Moore Australia)
RESPONSIBLE OFFICER	CEO Brian Joiner
DISCLOSURE OF INTEREST	Nil
ATTACHMENT	Confidential Draft Risk Profiles December 2020 Confidential December 2020 Risk Updates Summary Confidential Menzies Risk Register Draft December 2020

SUMMARY:

Summary of risk management activities for the December 2020 quarter, including risk profile updates, summary report (as included in confidential attachments to the agenda).

BACKGROUND:

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

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

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

COMMENT:

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

A risk control assurance workshop was held with the Northern Goldfields Compliance Group (NGCG) in February 2019, which assisted to set out activities over the next twelve months. The workshop included discussions around the examination, review and updating of risks, as well as themes/profiles, controls and frameworks. The group requested a generic set of 'risk profiles' be

developed by Moore Australia which could then be reviewed and updated to apply to individual local governments. These draft risk profiles were utilised to develop a draft risk register, which was created and populated as an extension to existing online registers service provided by Moore Australia. These activities formed the foundation for risk management activities to be reported and monitored to the Audit Committee.

In December 2020, Moore Australia conducted a site visit with the NGCG to review and update the risk profiles for each local government, and to populate the risk register with updated controls to calculate residual risks to be reported to the Audit Committee. The risk profiles have been utilised to further update the risk register. A summary of updates to the risk profiles, the risk register and risk profiles for December 2020 are included as a confidential attachment for the Committee’s information. The document is included as a confidential attachment, as it includes the controls to be implemented / actioned by the Shire. Publication of such information may present a risk in itself in efforts to minimise risk.

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

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

Risk Category	No. of High or Extreme Rated Risks Identified	No. of High or Extreme Rated Risks after Treatment	No. of New Risks Identified (December 2020)	No. of Risks Closed (December 2020)
Performance	3	1	0	0
Environmental	2	2	0	0
Reputational Damage	2	2	0	0
Financial	4	2	0	0
Service Delivery / Business Interruption	4	3	0	0
Legislative / Regulatory / Policy/ Occupational Safety and Health	5	3	0	0

The risk register is to be also updated with applicable recommendations (including best practice initiatives) resulting from focus audits and other reports recently published by the Office of the Auditor General (OAG) relating to the local government sector, in consultation with staff.

Discussions with CEO have been undertaken to further update risk profiles, actions and treatments for the March 2021 quarter. These reports will be updated for the next meeting for committee information.

CONSULTATION:

Moore Australia (Consultants)

STATUTORY AUTHORITY:

Regulation 17.1 of the *Local Government (Audit) Regulations 1996* requires the CEO to monitor the appropriateness and effectiveness of systems and procedures in regard to risk management, internal controls and legislative compliance.

POLICY IMPLICATIONS:

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

FINANCIAL IMPLICATIONS:

Provision is included in the 2020/21 Adopted Budget for Moore Australia to deliver Statutory Compliance Services, including risk management, in line with the awarded tender.

RISK ASSESSMENT:

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

STRATEGIC IMPLICATIONS:

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

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

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

Monitoring and reviewing activities will continue to provide evidence of the appropriateness and effectiveness of systems and procedures in regard to risk management, internal control and legislative compliance, as required by the *Local Government (Audit) Regulations 1996*. The Risk Management Strategy also provides direction for the implementation of risk management activities.

The Shire's Strategic Community Plan 2021-2031 strategies 4.1.1 Provide strategic leadership and governance, and 4.2.1 Maintain a high level of corporate governance, responsibility and accountability will be further supported by this activity.

VOTING REQUIREMENTS:

Simple Majority

OFFICER RECOMMENDATION:

That the Audit and Risk Committee receive the revised risk profiles, summary report as included in the confidential attachments to the agenda, and the above report updating risk management activities undertaken to date.

COUNCIL DECISION:

Council Resolution Number	2117
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Moved	Cr I Baird	Seconded	Cr J Dwyer
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Carried	3/0
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5.4 DRAFT BUDGET REVIEW MARCH 2021	
LOCATION	Shire of Menzies
APPLICANT	Internal
DOCUMENT REF	NCR1952
DATE OF REPORT	17 March 2021
AUTHOR	CEO Brian Joiner
RESPONSIBLE OFFICER	CEO Brian Joiner
DISCLOSURE OF INTEREST	Nil.
ATTACHMENT	Draft Budget Review Report to 28 February 2021

SUMMARY:

This item provides the draft budget review for the Audit Committee.

BACKGROUND:

The Budget Review was undertaken by Moore Australia in conjunction with Rhona Hawkins and the CEO. It is based in comparisons with actual income and expenditure information to 28 February 2021 and projections to 30 June 2021.

Consideration is given to the variation in the actual surplus brought forward in the Audited Annual Report for the Year Ended 30 June 2020 and the opening surplus in the 2020/2021 Budget.

COMMENT:

Between January and March in each financial year, local governments are to carry out a review of the budget for that financial year.

The purpose of this item is to undertake the statutory Budget Review.

This year's review has been difficult as budgets were not loaded correctly when adopted last year. Furthermore, processing of budget changes throughout 2020 has not been well tracked. There may be some changes to this report prior to the OCM.

The opening surplus of \$545,601 is due to the net current asset position at year end being higher than estimated. If the transfer from Reserve (as adopted in a budget amendment in December 2020) is reversed the surplus comes down to \$477,860.

CONSULTATION:

Brian Joiner – Chief Executive Officer.
Rhona Hawkins – Contract A/DCEO.
Samantha Bresciani – Manager Moore Australia.

STATUTORY AUTHORITY:

Local Government Act (1995).
Local Government (Financial Management) Regulations 1996 – REG 33A.

POLICY IMPLICATIONS:

Nil.

FINANCIAL IMPLICATIONS:

As per attached report.

RISK ASSESSMENT:

Risk Statement	Level of Risk	Risk Mitigation Strategy
Nil.		

STRATEGIC IMPLICATIONS:

4.2 An efficient and effective organisation.

4.2.1 Maintain a high level of corporate governance, responsibility, and accountability.

VOTING REQUIREMENTS:

Absolute Majority 6.3

OFFICER RECOMMENDATION:

That the Audit Committee recommend Council adopt the 2020/2021 Draft Annual Budget Review.

COMMITTEE RECOMMENDATION:

Committee Resolution Number	2118
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That Council Table the 2020/2021 Draft Annual Budget Review until the next meeting on Thursday 25 March 2021

Moved	Cr J Dwyer	Seconded	Cr I Baird
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Carried	3/0
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5.5 MONTHLY INVESTMENT REPORT FEBRUARY 2021	
LOCATION	Shire of Menzies
APPLICANT	Internal
DOCUMENT REF	NCR1951
DATE OF REPORT	8 March 2021
AUTHOR	A/DCEO Rhona Hawkins
RESPONSIBLE OFFICER	CEO Brian Joiner
DISCLOSURE OF INTEREST	NIL
ATTACHMENT	FINANCE

SUMMARY:

This item recommends Council receives the investment report for the month of February 2021.

BACKGROUND:

The Chief Executive Officer has delegated authority to invest funds into interest bearing accounts under Delegation 2.5 – Investment of Surplus Funds.

COMMENT:

Below are the current investments for the Shire of Menzies as at 28/02/21.

INSTITUTION / ACCOUNT TYPE	SUM	TERM	DATE OF MATURITY	INTEREST RATE	RISK ASSESMENT
NAB – Reserve Term Deposit *6210	\$3,273,663.46	90 Days	04/04/2021	0.05%	Medium
NAB – Reserve Term Deposit – *6410	\$8,528,736.55	90 Days	19/04/2021	0.35%	Medium
NAB – Muni TD *2057	\$500,000.00	90 Days	02/06/2021	0.25%	Medium
NAB – Muni TD *2067	\$1,001,992.22	90 Days	20/05/2021	0.10%	Medium
NAB – Muni TD *6491	\$500,996.12	60 Days	20/04/2021	0.05%	Medium
NAB – Reserve Maximiser account	\$29,468.78	Open	Open		Medium

CONSULTATION:

Nil

STATUTORY AUTHORITY:

Local Government Act

2.7 (2) Without limiting subsection (1), the council is to —

- (a) oversee the allocation of the local government’s finances and resources; and
- (b) determine the local government’s policies.

3.1. General function

- (1) The general function of a local government is to provide for the good government of persons in its district.

6.14 Power to invest

Local Government (Administration) Regulations

19C. Investment of money, restrictions on (Act s. 6.14(2)(a))

- (1) In this regulation —
authorised institution means —
 - (a) an authorised deposit-taking institution as defined in the *Banking Act 1959* (Commonwealth) section 5; or
 - (b) the Western Australian Treasury Corporation established by the *Western Australian Treasury Corporation Act 1986*;
- (2) When investing money under section 6.14(1), a local government may not do any of the following —
 - (a) deposit with an institution except an authorised institution;
 - (b) deposit for a fixed term of more than 3 years;
 - (c) invest in bonds that are not guaranteed by the Commonwealth Government, or a State or Territory government;
 - (d) invest in bonds with a term to maturity of more than 3 years;
 - (e) invest in a foreign currency.

POLICY IMPLICATIONS:

Council Policy 4.9 - Investments
Delegation 2.5 – Investment of Surplus Funds

FINANCIAL IMPLICATIONS:

Nil

RISK ASSESSMENT:

Risk Statement	Level of Risk	Risk Mitigation Strategy
<p>There is always a certain risk in investment of funds as banking institutions are no longer the stable and unfailing institutions they once were.</p> <p>The proposal is to closely manage the Shire's investments and avoid the possibility of loss on the investment.</p>	<p>Medium</p>	<p>Close management of investment.</p> <p>Close attention to financial markets and information.</p> <p>Diversity of investments as much as possible.</p>

At the same time this proposal still seeks the safest and not necessarily the most profitable return on investments		
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STRATEGIC IMPLICATIONS:

4.2 An efficient and effective organisation.

4.2.1 Maintain a high level of corporate governance, responsibility, and accountability.

VOTING REQUIREMENTS:

Simple Majority

OFFICER RECOMMENDATION:

That the Audit Committee recommend Council receives the investment report for the month of February 2021.

COUNCIL DECISION:

Committee Resolution Number	2119
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Moved	Cr J Dwyer	Seconded	Cr I Baird
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Carried	3/0
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Cr J Dwyer left the Meeting at 10.03

5.6 AUDIT COMMITTEE MEETING DATES 2021	
LOCATION	Shire of Menzies
APPLICANT	Internal
DOCUMENT REF	NCR1962
DATE OF REPORT	15 March 2021
AUTHOR	CEO Brian Joiner
RESPONSIBLE OFFICER	CEO Brian Joiner
DISCLOSURE OF INTEREST	Nil.
ATTACHMENT	Nil.

SUMMARY:

This item provides meeting dates for Audit Committee approval.

BACKGROUND:

The Audit Committee is required to meet three (3) times per year. The following dates are suggested for the next two (2) meetings to be held in 2021:

- 17 June 2021.
- 18 November 2021.

COMMENT:

Nil.

CONSULTATION:

Nil.

STATUTORY AUTHORITY:

Local Government Act (1995)

POLICY IMPLICATIONS:

Nil.

FINANCIAL IMPLICATIONS:

Nil.

RISK ASSESSMENT:

Risk Statement	Level of Risk	Risk Mitigation Strategy
Nil.		

STRATEGIC IMPLICATIONS:

4.1 A strategically focussed Council, leading our community.

4.1.3 Encourage and support community engagement and collaboration.

VOTING REQUIREMENTS:

Simple Majority

OFFICER RECOMMENDATION:

That the Audit Committee resolve to meet on 17 June and 18 November 2021.

COMMITTEE RECOMMENDATION:

Committee Resolution Number	2120
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That the Audit Committee resolve to meet on 17 June and 18 November 2021.

Moved	Cr I Baird	Seconded	Cr G Dwyer
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Carried	2/0
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- 6. ELECTED MEMBERS MOTION OF WHICH PREVIOUS NOTICE HAVE BEEN GIVEN**
- 7. NEW BUSINESS OF AN URGENT NATURE INTRODUCED BY DECISION OF THE MEETING**
- 8. NEXT MEETING: 17 June 2021**
- 9. CLOSURE OF MEETING 10.18am**