



AUDIT COMMITTEE MEETING

MINUTES

Thursday 05 December 2019 at 3.00pm

Due to lack of a quorum this meeting was adjourned and reconvened on:

Monday 09 December 2019 at 3.30pm

These minutes were confirmed by Audit Committee as a true and correct record of proceedings by the Audit Committee meeting held on 9/3/20

Presiding Member:  Date: 9 March 2020

Shire of Brookton
Audit Committee meeting held 09 December 2019
Commenced at 3.30pm

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1.12.19 DECLARATION OF OPENING / ATTENDANCE

Thursday 5th December 2019

The Presiding Member opened the meeting at 3.00pm and welcomed all in attendance.

Due to the lack of a members being present for this meeting, the presiding member adjourned the meeting to be reconvened on Monday 9th December 2019 at 3.30pm.

Monday 9th December 2019

The Presiding Member re-opened the Audit and Risk Committee meeting at 3.26pm and welcomed all in attendance.

Elected Members (Voting)

Cr KL Crute	(Shire President)	(Present: 05/12/19 & 09/12/19)
Cr NC Walker		(Present: 09/12/19)
Cr MG Macnab		(Present: 05/12/19 & 09/12/19)

Elected Members (Non-Voting)

Staff (Non-Voting)

Ian D'Arcy	Chief Executive Officer	(Present: 05/12/19 & 09/12/19)
Vicki Morris	Manager Corporate and Community	(Present: 05/12/19 & 09/12/19)
Steve Thomson	Manager of Infrastructure and Emergency	(Present: 05/12/19)
Danni Chard	Executive Governance Officer	(Present: 05/12/19 & 09/12/19)
Kelly D'Arcy	Corporate Business Officer – Compliance & Finance	(Present: 05/12/19 & 09/12/19)

Office of the Auditor General

Jordan Langford-Smith	Office of Auditor General	(Present: 05/12/19)
Xuanshan Ong	Office of Auditor General	(Present: 05/12/19 & 09/12/19 via telephone)
Louis De Robillard	Office of Auditor General	(Present: 09/12/19 via telephone)

Apologies

Jordan Langford-Smith	Office of Auditor General	(Present: 05/12/19)
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2.12.19 RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE

Nil.

3.12.19 PUBLIC QUESTION TIME

Nil.

4.12.19 CONFIRMATION OF PREVIOUS MINUTES

ACM 12.19-01

COMMITTEE RESOLUTION

MOVED Cr Walker SECONDED Cr Crute

That the minutes of the Audit Committee held in the Shire of Brookton Council Chambers, on 15 August 2019, be confirmed as a true and correct record of the proceedings.

CARRIED BY SIMPLE MAJORITY VOTE 3-0

5.12.19 DECLARATIONS BY MEMBERS AND OFFICERS

Members and Officers to declare Financial, Proximity or Impartiality Interests & submit forms to the Chief Executive Officer at the commencement of the meeting and also prior to the item.

Disclosure of Financial & Proximity Interests

- a. Members must disclose the nature of their interest in matters to be considered at the meeting. (Sections 5.60B and 5.65 of the *Local Government Act 1995*).
- b. Employees must disclose the nature of their interest in reports or advice when giving the report or advice to the meeting. (Sections 5.70 and 5.71 of the *Local Government Act 1995*).

Disclosure of Interest Affecting Impartiality

- a. Members and staff must disclose their interest in matters to be considered at the meeting in respect of which the member or employee has given or will give advice.

Financial, Proximity and Impartiality Interests

Item no.	Members/Officers	Type of Interest	Nature of Interest
Nil.			

Mr Xuanshan Ong addressed the Committee over the phone and presented an overview of the 2018-19 audit findings as detailed in the Auditor's Annual Financial Audit Report for the financial year presented below:

**Office of the Auditor General
Western Australia**

Annual Financial Audit Exit Brief

Shire of Brookton

Year ended 30 June 2019

5 December 2019



1. Introduction

Our audit was designed to enable the Auditor General to provide an opinion to Parliament on the financial statements, controls and key performance indicators of your agency for the year ended 30 June 2019. The audit team have completed our audit and we intend to recommend to the Auditor General to issue an unqualified audit opinion.

The purpose of this brief is to advise management of the results of our audit and provide the opportunity to discuss the key issues prior to the issuing of the audit opinion.

2. Report on other Legal and Regulatory Requirements

The following material matters indicating non-compliance with Part 6 of the Local Government Act, the Local Government Regulations or applicable financial controls of any other written law were identified in the course of the audit:

We found that the Shire has included bonds and other monies in its trust account which are not held in trust, or required to be credited to the trust account under section 6.9(1) of the *Local Government Act 1995*.

3. Audit Coverage of Key Controls

During the audit, we tested the operating effectiveness of controls in detail within the expenditure business cycle. The controls for other business cycles were also re-confirmed.

4. Issues Identified During the Audit

The following is a summary of the key issues identified during the audit. Detailed audit findings and recommendations for improvement have been discussed with your management.

FINDINGS	RATING		
	Significant	Moderate	Minor
Findings identified during 2019 audit			
1. Trust Funds	✓		
2. Depreciation Policy		✓	
3. Valuation Methodology for Plant and Equipment		✓	
4. Caravan Park Collection		✓	
Findings identified during 2018 audit			
5. Expense Accruals		✓	
6. Purchasing Policies and Procedures		✓	
7. Review of Risk Register		✓	
8. Asset Management Plan Review		✓	
9. Review of Financial Management Systems		✓	
10. Unsupported Software		✓	
11. User access Management		✓	
12. Information Technology Security Policy		✓	
13. Business Continuity Management		✓	
14. Management of third-party IT services		✓	
15. Management of issued infringements		✓	

5. Audit Outcomes Relating to Risks Identified During our Audit Planning

During the planning phase of the audit we identified the following issues and key areas of audit risk. The audit outcomes for these matters are listed below:

Details of Risk / Issue	Audit Outcomes
Prior year Audit Qualification	We reviewed the accounting treatment for Commonwealth Financial Assistance Grants in the current year and have determined that the Shire has made the necessary adjustments to account for these grants correctly, in line with Australian Accounting Standards.
Audit findings reported in the previous audit 17 issues raised last year including one significant issue.	We reviewed the resolution of the issues raised during last year's audit. Issues still unresolved have been reraised in this year's management letter. The significant issue has now been resolved.
Changes to accounting standards	We confirmed that the financial statements comply with the revised requirements.
Changes to <i>Local Government (Financial Management) Regulations</i> : <ul style="list-style-type: none"> Introduction of a \$5,000 asset capitalisation threshold – local governments now need to expense existing assets below \$5,000. Associated with this, assets below \$5,000 that are portable and attractive need to be included in a separate register. 	We confirmed that the financial statements comply with the revised requirements.
We have identified asset valuations as a specific risk area in local government. 2018-19 – valuation of plant and equipment	We reviewed the methodology and assumptions of the valuers. An issue was raised with management regarding the methodology employed by the valuer, however we were satisfied that the impact on the financial statements is not material.

Details of Risk / Issue	Audit Outcomes
The following annual financial report items are derived from accounting estimates and hence will receive specific audit attention: <ul style="list-style-type: none"> • Provision for annual and long service leave • Fair value of assets • Impairment of assets 	We reviewed the method and underlying data that management and third party used when determining critical accounting estimates. We confirmed the reasonableness of the assumptions and corroborating representations.
Important changes in management or the control environment	No significant issues were identified.
Kalkarni Aged Care Facility	We confirmed that the accounting treatment for the Kalkarni aged care facility complies with the relevant accounting standards. We have tested a sample of transactions and have placed further reliance on KPMG's audit of the Kalkarni financial statement.
Certification – Pensioner Deferments	We reviewed the pensioner deferments certification that the Shire provided to the Office of State Revenue and have confirmed that deferred rates have been appropriately recorded.

6. Significant Accounting Issues Resolved During the Audit

- Impairment of Brookton Railway Station

We recommended that the Shire impair the value of the Brookton Railway Station in its asset register from \$366,882 to \$0 to reflect the fair value of expected future benefits from use of the building.

This recommendation was made on the basis that the Shire does not own the railway station and the building is now no longer in use.

The Shire has impaired the building and subsequently removed the building from its asset register.

7. Unadjusted Errors in the Financial Statements

The following errors and misstatements were identified in the financial statements during our audit but have not been adjusted. They have been included in the management representation letter as required by Auditing Standard ASA 320 "Materiality and audit adjustments".

Account	DR/CR	Amount
Utility Charges	DR	14,271
Contract Expenses	DR	86,506

Trade and other payables	CR	100,777
Understatement of payables relating to expenses not accrued at year end.		
Account	DR/CR	Amount
KBC fees and charges (revenue)	DR	178,943
Kalkarni contract expenses	CR	178,943
Discrepancy with audited Kalkarni financial statement. Overstatement to both revenue and expense accounts.		
Account	DR/CR	Amount
Profit on sale of assets	CR	12,573
Asset revaluation reserve	DR	12,573
Disposed asset valued using improper valuation methodology before sale.		
Account	DR/CR	Amount
Cash (Municipal Account)	DR	19,014
Trade and other payables	CR	19,014
Transfer of money held in trust back to the Municipal account.		

8. Actions or Issues for Next Year's Audit

- New revenue accounting standard effective from 2019/20
 - AASB 15 *Revenue from Contracts with Customers*
 - AASB 1058 *Income for Not-for-Profit Entities*
- New accounting standard effective from 2019/20 – AASB 16 *Leases*

With the Audit and Risk Committee acknowledging the findings of the Financial Year Audit, the Presiding Member recognised the work of the auditors and thanked Mr Xuanshan Ong and Mr Louis De Robillard for their time in addressing the Committee.

Mr Ong and Mr De Robillard left the meeting (via telephone) at 3.39pm.

6.12.19 STATUS REPORT & TRUST FUND

File No:	ADM 0117
Date of Meeting:	05 December 2019
Location/Address:	N/A
Name of Applicant:	N/A
Name of Owner:	N/A
Author/s:	Vicki Morris – Manager Corporate & Community Services
Authorising Officer:	Ian D’Arcy – CEO
Declaration of Interest:	The author and the authorising officer have no interest in this item
Voting Requirements:	Absolute Majority
Previous Report:	N/A

Summary of Item:

This report is to highlight to the Audit and Risk Committee the actions and the status of items since the last Committee meeting. It also highlights any issues that are for the information of the Committee that may have been actioned or changed since the last meeting. It also includes updates from the interim and final management letters as presented to the Shire by the Auditors.

Of particular notation are the changes to the Trust fund process and the removal of the Gnulla Childcare and Wildflower Display trust fund amounts of \$3,073.00 and \$1,240.30 respectively. Both these issues have been raised in the Auditor’s final management letter.

The Status report table and the draft management letters (interim and final) are attached as **Attachments 6.12.19A, 6.12.19B & 6.12.19C**.

Description of Proposal:

N/A

Background:

Audit Process

The Status Report is the listing of actions as identified by the Shire’s Auditors. Generally this information is drawn from issues raised by the Auditors when they are on site or in the management letters that the Auditors issue at both the interim and final audits.

The process of auditing by the OAG is slightly different to that of what occurred in Local Government in the past. The management letters that are issued to the organisation highlight the auditor’s initial (or interim) and final findings. These are for the use of the staff and the Audit and Risk Committee to assess progress on items, or to correct accounting anomalies that may occur from time to time.

The issues that are raised are not always related directly to the financial matters under audit, but may include other matters that might generally fall under the heading of performance auditing or good governance of the Shire. Such audits have included subjects such as compliance with the *State Records Act, 2000* (record keeping), building approvals and verifying employee identity and credentials.

The financial management letters include management comment to ensure that a process of continuous

improvements is undertaken to address the matters raised by the Auditors. The management letters are not used for external purposes.

The Auditors generally talk to the Audit Committee members with an exit meeting summary and answer any questions about the audit or the findings from the financial year figures. They may also answer any questions in relation to the process they have undertaken with the auditing process, and may highlight what they see as future trends or issues that are of interest in general.

Once this meeting has happened, the Auditors will then issue an opinion (as the audit process is now considered final) and a management representation letter. This letter is generally the culmination of all the matters that have been raised and the intended future actions (if any). This letter needs to be signed by the Administration.

Once the Audit Committee has approved the financials for the year ending, then the Council needs to sign the financial statements. All of this documentation is then sent back to the auditors who will then finalise and issue the management letter and deferred pensioner's certification.

The report on the findings of the Shire's audit are then reported to State Parliament. As an example, the Audit results from the 2017/2018 Financial year for the Shire of Brookton are contained in a report from the Office of the Auditor General entitled "Audit Results Report – Annual 2017-18 Financial Audits of Local Government Entities". This report is available on the Office of the Auditor General (OAG) website.

Other performance reports for the Local Government sector are also available on the OAG website and are recommended reading.

Gnulla Child Care Trust

The following funds have been identified as being held for over 10 years with no prospect of being returned to the original parties:

- Trust # T3 - Gnulla Child Care Trust
- Trust # T6 - Wildflower Display Trust

The Gnulla Child Care Trust relates to a grant received prior to the 1996/1997 financial year. An extensive search of the computer records and hard copy records have not provided sufficient information to ascertain the exact details of the grant.

A copy of a letter sent to the Seabrook Aboriginal Corporation on the 28 November 2000, in response to a letter received from Seabrook Aboriginal Corporation 27 November 2000 has been located within the computer records, but the original letter from Seabrook was not located.

The Shire recently wrote to Seabrook advising of the intent to dissolve the trust and move the funds to the municipal account, and requested if Seabrook can provide documents in support of the ownership of the funds. Seabrook have replied to the correspondence and advised that they cannot locate any documentation to indicate the funds belong to Seabrook specifically. The Gnulla Child Care trust balance is \$3,073.00.

Wildflower Display Trust

The Wildflower Display Committee operated in Brookton until sometime in 1997. An extensive search of the computer records and hard copy records demonstrates that this Committee had the final display in September 1997.

The Shire's Annual Financial Report indicates the receipt of \$777.36 from the Wildflower Display Committee. Antidotal evidence would suggest that the group was unable to form a committee and passed the funds to the Shire for safe keeping until the group was able to get the numbers to form a committee.

No correspondence or information has been located other than the Annual Financial Report 1997/98. The Shire had the trust funds invested in an interest bearing account up until 2006/2007 financial year.

Subsequently, the funds were transferred and held in a non-interest bearing account, and presently the Wildflower Display Trust balance is \$1,240.30.

Legislative Requirements – Trusts and Bonds

It should be noted the *Local Government Act, 1995* Part 6 Division 4 s. 6.9(4) Trust Fund states:

“Where money has been held in the trust fund for 10 years it may be transferred by the local government to the municipal fund but the local government is required to repay the money, together with any interest earned from its investment, from that fund to a person claiming and establishing a right to the repayment.”

The movement of the trust funds to the municipal account is an unbudgeted item. The transfer will result in a combined total of \$4,313.30 being paid into the municipal account.

With the Auditors flagging Council trust funds and being non-compliant, a review of the trust system was carried out which identified the two trust accounts as being held for in excess of 10 years with no prospect of being paid to the original persons. A thorough investigation was conducted with very little information being found. Therefore, it is recommended that the funds be transferred to the municipal account as general revenue.

In addition to the above dollar amounts currently sitting in the Shire's Trust fund, the Auditors have also highlighted a significant non-compliance with respect to the way in which the Shire treats bonds. The OAG have issued a report (*Accounting for work bonds, building bonds and hire bonds* – issued 1 July 2019) on the treatment of bond money, however, in the final management letter the auditors have indicated that the Shire needs to resolve this matter.

This relates to money taken by the Shire for gym key bonds or bond for the hire of premises as examples, and as such generally small amounts refunded to individuals after an action has taken place or an event held. At the moment the monies are held in the Shire's Trust fund. Advice from the auditors has recommended that such money should be held in the Municipal Fund. This creates issues for Shire staff as the funds are generally held on a short term basis and the money is not the Shire's. If the funds were held in the Municipal Fund the Shire must refund any money, including any interest earned for the time held by the Shire, back to the originator.

Calculating interest and allowing for this on a gym key bond of \$60 becomes time consuming and an unnecessary administrative burden. The solution that is proposed is to open a non-interest bearing bank account where the money can be deposited on a fixed monthly fee basis, with ease of access to transfer the funds quickly and efficiently from this account.

Staff have undertaken research into this matter and are working to change the process for these payments in the 2019/2020 financial year. It is recommended that there be a line item created as a budget amendment for the amount of \$3,000.00 to receipt and refund bond monies taken, as the income received and refunded given must now be treated as income and expenditure into the Municipal Fund and not the Trust Fund. However it will sit as a non-compliance matter in the 2018/2019 financial year.

Consultation:

Chief Executive Officer, Finance Team, Auditors, other staff and Seabrook Aboriginal Corporation.

Statutory Environment:

The Local Government Act 1995

The Local Government (Financial Regulations) 1996

Australian Accounting Standards

Relevant Plans and Policy:

2.16 Significant Accounting Policies

2.19 Financial Reserves Policy

Financial Implications:

N/A

Risk Assessment:

If Council do not approve and adopt the financial 2018/2019 financial statements and accept the auditors final option, then the Shire risks not complying with the requirements contained within the Local Government Act 1995 to adopt the financials by 31 December 2019.

The Auditors have also flagged the trust account as being a significant non-compliance.

Community & Strategic Objectives:

This report aligns with the Corporate Compendium – Financial Management.

Comment

This report is to raise awareness of the importance of keeping records and to highlight, to elected members, the reasons why keeping records is critical to the operations of the Shire.

OFFICER'S RECOMMENDATION

That the Audit and Risk Committee recommend that Council;

1. Dissolve trust # T3 Gnulla Child Care Trust and trust # T6 Wildflower Display Trust and transfer the funds to the Shires municipal account as general revenue.
2. Approve a budget amendment for the following chart of accounts for the receipt and refund of bonds. This amendment will have no impact on the financial position of the Shire.
 - a. E042020 ADMIN General Operating \$3,000
 - b. I042010 Administration Fees & Charges (\$3,000)
3. Notes the updated actions on the Status Report and
4. Endorses the actions taken to resolve the process for the receipt of and payment of bond monies.

COMMITTEE RESOLUTION

MOVED Cr Macnab SECONDED Cr Walker

That the Audit and Risk Committee recommend that Council;

- 1. Dissolve trust # T3 Gnulla Child Care Trust and trust # T6 Wildflower Display Trust and transfer the funds to the Shires municipal account as general revenue.***
- 2. Approve a budget amendment for the following chart of accounts for the receipt and refund of bonds. This amendment will have no impact on the financial position of the Shire.***
 - a. E042020 ADMIN General Operating \$3,000***
 - b. I042010 Administration Fees & Charges (\$3,000)***
- 3. Notes the updated actions on the Status Report and***
- 4. Endorses the actions taken to resolve the process for the receipt of and payment of bond monies.***

CARRIED BY ABSOLUTE MAJORITY VOTE 3-0

Attachments

6.12.19A – Status Table

6.12.19B – Interim Management letter

6.12.19C – Final Management letter

AUDIT AND RISK COMMITTEE ACTIONS

Black – No changes from previous reports

Yellow – Updates from previous report

Blue – Additions from latest Audit & Risk Committee meetings

Date of Meeting	No	Item Title	OAG Finding	Officers Status Update	Assigned to	Estimated Due Date	Complete
30 June 2019	1	Caravan park Collection of money	Collection of money is taken after hours or on weekends with no authority for park bookings.	Action completed with new secure box at caravan park	CEO	Dec 2019	100%
20 June 2019	2	Purchasing Policies & Procedures	No documented procedures over the authorisation & payments of accounts.	Completed – New purchasing policy adopted by Council November 2018	CEO	Completed	100%
20 June 2019	3	Review of Risk Register	Review of the Risk Register and Risk Management Plan – report to Audit & Risk Committee December 2019	Discussed & progressed	PCO/CEO	April 2020	85%
20 June 2019	4	Asset Management Plan Review	Noted the review of the asset management plan	Currently being updated	MIRS/CEO	30 Dec 2019	25%
20 June 2019	5	Review of financial management systems	No Regulation 5 review done – report written for Council January 2020 following review of risk Management Plan.	Regulation 5 relates to the Shire being satisfied that its financial processes	DCEO	30 Dec 2019	95%

				are reviewed in line with its risk register.			
20 June 2019	6	Unsupported Software	Unsupported IT software – new IT provider contracted in November 2019 after a tender process. Software and allied services to be rolled out over the next 3 months including server upgrade.	Tender for IT Management is out the market for consideration	CEO/DCEO	February 2020	95%
20 June 2019	7	User Access Management	No logging in process for reviews of system changes. Completed and reviewed on a monthly basis.	All reviewed except for front counter	DCEO	30 Sept 2019	100%
20 June 2019	8	IT Security Policy	Lack of an IT security policy – in development with IT provider to interface.	Policy for IT security developed and adopted by Council 16/8/2018. Must interface with IT Management.	DCEO	February 2020	75%
20 June 2019	9	Business Continuity Management	The Shire does not have a business continuity plan. For consideration at this meeting	Part of the Risk management plan & IT Tender Plan (samples reviewed)	PCO/CEO	5 December 2019	80%
20 June 2019	10	Management of Third party IT services	IT requires upgrading to support Shire software. New IT provider contracted in November 2019 after a tender process. Software and allied services to be rolled out over the next 3 months.	Tender for IT Management and upgrades for software has been implemented with Market Creations	CEO/CBOCF	March 2020	85%

				being awarded contract – further upgrades ongoing.			
20 June 2019	11	Management of Issued infringements	No process and no register of infringements issued by the Shire. No process to follow up on infringements in place.	Register developed – admin procedures to be updated for front desk	DCEO	February 2020	75%
13 December 2018	12	Cash & Cheque Collections	Process for cash collection and checking needs review	Completed – process reviewed	DCEO	Completed	100%
13 December 2018	13	Physical Security of Cash	Process for security of cash and cash float (Front desk)	Completed	DCEO	Completed	100%
13 December 2018	14	Finance Procedures documented & updated	Major finance procedures documented and updated. Payroll and Rates process currently undergoing review.	Completed	DCEO	Completed	100%

SHIRE OF BROOKTON

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2019

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
1. Caravan park collection		✓	

Prior Year Issues

2. Purchasing policies and procedures		✓	
3. Review of risk register		✓	
4. Asset management plan review		✓	
5. Review of financial management systems		✓	
6. Unsupported software		✓	
7. User access management		✓	
8. Information technology security policy		✓	
9. Business continuity management		✓	
10. Management of third-party IT services		✓	
11. Management of issued infringements		✓	

KEY TO RATINGS

The Ratings in this management letter are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. We give consideration to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

- Significant** - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating could indicate the need for a modified audit opinion in the current year, or in a subsequent reporting period if not addressed. However even if the issue is not likely to impact the audit opinion, it should be addressed promptly.
- Moderate** - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.
- Minor** - Those findings that are not of primary concern but still warrant action being taken.

SHIRE OF BROOKTON

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2019

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

1. Caravan Park Collection

Finding

We noted that a volunteer caretaker collects money for bookings made after work hours or on weekends at the Shire's caravan park. This volunteer has no delegation to collect monies for the Shire and the arrangement is based on a verbal arrangement between the Shire and the caretaker, whereby the caretaker receives free accommodation at the caravan park in exchange for performing caretaker duties.

Rating: Moderate

Implication

The obligations which exist between the Shire and the caretaker in their arrangement are unclear and may be problematic to enforce with no documentation of the agreement. This may result in people being charged inappropriately, or the Shire not receiving all monies it is entitled to.

Recommendation

The Shire should formalise its arrangement with the caretaker, appointing them as a formal collector of money and ensuring they are aware of their obligations as a caretaker of the caravan park to collect money and issue receipts to guests.

Management Comment

Deposit box for cash payments installed at Caravan Park 28th of October 2019. Online booking system created. Caretaker no longer handles any monies on behalf of the Shire.

Responsible Person: CEO

Completion Date: 28th of October 2019.

SHIRE OF BROOKTON

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2019

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

Issues arising from previous audits

2. Purchasing Policies and Procedures

Finding 2019

The Shire has not yet developed documented procedures over the authorisation and payment of accounts. However, we did not note any instances where payments were authorised by a staff member outside of their delegation limit.

Finding 2018

We noted instances where payroll and contractual payments were authorised by a staff member outside of their purchasing delegation limit.

We note that these payments were in line with contracts which were initially approved by Council or the Chief Executive Officer, and therefore appear to be for a valid purpose. However, the approval of the payment to be made from the Shire's bank account, exceeded the officer's threshold in the Shire's delegations.

In addition, we noted that the Shire does not have documented procedures over the authorisation and the payment of accounts. Procedures are largely undocumented and communicated to new staff verbally.

Rating: Moderate

Implication

Without documented procedures relating to the authorisation and processing of payments, staff may be unclear as to how purchases and payments should be made. This could lead to inappropriate purchases being made, or good practice not being followed.

Recommendation

The Shire should review its purchasing policies and procedures with a view to providing greater guidance over the authorisation of payments and the payment of accounts. This guidance should include the items mentioned in regulation 11 of the *Local Government (Financial Management) Regulations 1996*.

Management Comment

Shire Purchasing Policy updated and reviewed by Council in October 2019. Creditor's process for payments documented including procedures for processing of timely payments. Policy also includes Financial limits and procedures for purchasing in line with policy.

New staff are encouraged to undertake the WALGA on line purchasing training (e-learning) when they start at the Shire.

Responsible Person: DCEO & Corporate Business Officer – Finance

Completion Date: 6th November 2019

SHIRE OF BROOKTON
PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2019
FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

3. Review of Risk Register

Finding 2019

We noted that the review of the Shire's risk register is still in progress.

Finding 2018

We noted that the Shire has not reviewed its risk management register since it implemented its new risk management framework in October 2016. The due dates for some treatment actions have passed and it is unclear whether these actions were performed. We also noted that some actions do not have due dates.

In addition, there is no process in place for the audit committee to regularly review the risk register and the progress made in completing required treatment actions.

Rating: Moderate

Implication

Without an up-to-date risk register, the Shire might not have appropriate or effective processes in place to sufficiently mitigate risks to its operations or to take advantage of opportunities.

In addition, current risk treatment plans may no longer be consistent with the Shire's goals, strategies or objectives.

Recommendation

We recommend that the Shire review and update its risk management register. As part of this review, the Shire should ensure that the items under 5(1) *Local Government (Financial Management) Regulations 1996* are considered.

The results of this review and any changes made should be endorsed by the audit committee. In addition, the Shire should consider providing a regular report to the audit committee on the status of the risk management register and associated actions.

Management Comment

Risk Register and Risk Management Framework have both been updated. Draft versions are currently with CEO for review.

Responsible Person: Process & Compliance Officer

Completion Date: December 2019

SHIRE OF BROOKTON

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2019

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

4. Asset Management Plan Review

Finding 2019

We noted that whilst the Shire is in the process of reviewing the contents of their asset management plan, a revised plan is unlikely to be endorsed by year-end.

Finding 2018

We noted that the 'asset renewal funding ratio' disclosed by the Shire has been calculated using nine years of planned capital renewal and expenditure figures from the existing 2016/17 asset management plan, with a final year having to be extrapolated from the first nine years as it is not covered by the existing plan.

Rating: Moderate

Implication

Without an annually reviewed and updated asset management plan, the Shire's reported asset renewal funding ratio may potentially not reflect the Shire's future plans and requirements for the renewal of its assets.

Recommendation

We recommend that the Shire consider updating their asset management plan annually, or alternatively additional years are endorsed separately by management to ensure that the asset renewal funding ratio is consistent with management's future intentions.

Management Comment

The Asset Management Plan is currently in progress. Consultants have been working on the AM Plan and this in conjunction with the LTFP will include the review of asset renewals and depreciation ratio's.

Responsible Person: MIRS & DCEO

Completion Date: February 2020.

SHIRE OF BROOKTON

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2019

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

5. Review of Financial Management Systems

Finding 2019

We noted that the Shire has not yet completed their Regulation 5 review.

Finding 2018

We were unable to identify when the appropriateness and effectiveness of financial management systems and procedures was last reviewed.

Regulation 5 of the *Local Government (Financial Management) Regulations 1996* requires the Chief Executive Officer to perform a review and report the results to council every 4 years.

Rating: Moderate

Implication

We were unable to confirm that the Shire has complied with Regulation 5.

Recommendation

We recommend that the Shire review the appropriateness and effectiveness of its financial management systems and report the results of the review to Council.

Management Comment

Proposed report to February Audit Committee Meeting upon review of Risk Management Plan and framework.

Responsible Person: DCEO

Completion Date: February 2020.

SHIRE OF BROOKTON

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2019

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

6. Unsupported Software

Finding 2019

We noted that the Shire's upgrade plans have not yet eventuated as the Shire is currently in a 'request for quotation' process for an IT service provider.

Finding 2018

We noted that the Shire is currently using Microsoft Exchange Server 2007 as its mail server software. Microsoft ended support for Exchange 2007 on 11 April 2017 and no longer provides bug or security fixes for new vulnerabilities which are discovered for this software.

Rating: Moderate

Implication

Running end of support software increases the risk of the Shire's operations being compromised by bugs which may impact the stability and usability of its email server, or security breaches occurring as a result of unpatched software vulnerabilities.

Recommendation

We recommend the Shire consider updating its software to one which is still supported by its vendor.

Management Comment

An IT provider has been engaged by the Shire. Upgrading software forms part of the 3 year IT contract.

Responsible Person: CEO

Completion Date: IT provider contracted from October 2019 for a 3 year period.

SHIRE OF BROOKTON

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2019

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

7. User Access Management

Finding 2019

We noted that whilst logging has been enabled on rate changes made by finance employee accounts, there is still no review of these logs.

However, we found that the Shire has removed access to the creditor and debtor module from the shared account for Synergy.

Finding 2018

We observed that an account for the Shire's financial management system (Synergy) is shared among personnel in the Shire Office. This account gives access to the creditors and debtor's module within Synergy - allowing access to modify creditor and debtor details as well as fees charged to clients.

We also noted that individual accounts for finance employees have the ability to make modifications to rates charged for fees and charges. Currently, the Shire does not have a logging process to review changes made to fees and other charges within the Synergy system.

Rating: Moderate

Implication

Without independent reviews performed of system changes, there is an increased risk of financial loss to the Shire or incorrect fees being charged to customers due to erroneous or fraudulent data entry.

Recommendation

The Shire should implement a regular review of changes made to fees and master files against approved fees and charges listings or other corroborating information. The review should be performed by more than one officer and variances noted from this review should be investigated by management so that appropriate action can be taken in a timely manner.

Management Comment

Access Logs are created and checked monthly. Process to be developed for reviewing the changes made to fees and charges within Synergy.

Responsible Person: DCEO & Corporate Business Officer – HR & Rates

Completion Date: December

SHIRE OF BROOKTON
PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2019
FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

8. Information Technology Security Policy

Finding 2019

We noted that this issue remains unresolved.

Finding 2018

We noted that the Shire does not have any policies or procedures governing the use of its Information Technology (IT) assets and resources. There is no guidance or documentation provided to staff defining information security requirements and objectives, nor the responsibilities required of staff to meet these objectives.

Rating: Moderate

Implication

A lack of IT security policy may result in inconsistent or inappropriate approaches to IT security being adopted by staff or contractors.

This may increase the risk of unauthorised use of IT assets or compromise the integrity and/or confidentiality of information recorded within IT systems (e.g. transactions in the financial management system, customer banking information stored electronically, contract documentation with suppliers). Breaches in IT security may also result in losses to the Shire due to unavailability of systems and the cost of restoring systems to a pre-breach state.

Recommendation

We recommend that the Shire develops and implements appropriate security policies covering its IT systems.

The policies should cover the following points:

- objectives and scope
- specific goals
- responsibilities for compliance and actions to be taken in the event of noncompliance.

Obligations under the information security policy should be communicated to users of the Shire's IT systems.

When drafting a policy, the following standards and guidelines may be helpful guidance:

ISO/IEC 27000 - Information Security Management Systems - Requirements

ISO/IEC 27001 - Code of Practice for Information Security Management

NIST Cybersecurity Framework

ASD - Information Security Manual

COBIT5 for Information Security

Management Comment

Information Technology Security Policy at early research stage.

Responsible Person: Process & Compliance Officer

Completion Date: January 2020

SHIRE OF BROOKTON

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2019

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

9. Business Continuity Management

Finding 2019

We noted that this issue remains unresolved.

Finding 2018

We noted that the Shire does not have a business continuity plan.

Rating: Moderate

Implication

Without a business continuity plan, the Shire may not have the ability to recover from an incident or crisis in a timely and effective manner.

Recommendation

The Shire should develop a business continuity plan based on an evaluation of risks which may disrupt critical business functions. The evaluation should identify critical systems, minimum resources and response times needed to assure/resume operations.

An incident response plan - containing the information needed to respond to an incident (e.g. emergency contact lists, evacuation plan) and a disaster recovery plan - detailing the steps to be taken to recover operations, should be developed based on the business continuity plan.

Plans should be communicated to staff and tested on a periodic basis to ensure that staff are familiar with their responsibilities and the Shire has the actual capability to action their plans adequately and within desired recovery timeframes. This should also include testing of IT system backups.

Management Comment

Draft Business Continuity Plan created. Currently with CEO for review.

Responsible Person: Process & Compliance Officer

Completion Date: December 2019

SHIRE OF BROOKTON

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2019

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

10. Management of third-party IT services

Finding 2019

We noted the issue still has not been resolved. The Shire is currently in a 'request for quote' process for an IT service provider.

Finding 2018

We noted that the contract with a third-party provider, responsible for managing the Shire's IT infrastructure, including the management of its network and network devices, firewall, anti-malware software, backups and software patching, has expired.

Rating: Moderate

Implication

Without a service contract/service level agreement, there is a risk that the minimum service requirements required by the Shire will not be provided.

This may result in the Shire's IT processes not being sufficient to adequately safeguard its IT environment, or alternatively the Shire may end up paying for services it does not require.

Recommendation

We recommend that the Shire enter into a service contract for its IT services. A service level agreement should be developed which details the obligations and expectations of the arrangement. Terms of the agreement should be consistent and help facilitate the Shire's IT security policies, business continuity plans and relevant key business risks.

Management Comment

An IT provider has been engaged by the Shire. Network, and network devices and other associated IT services forms part of the 3 year IT contract.

Responsible Person: CEO

Completion Date: IT provider contracted from October 2019 for a 3 year period.

SHIRE OF BROOKTON
PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2019
FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

11. Management of issued Infringements

Finding 2019

This issue has not been resolved.

Finding 2018

We noted that there is no register of infringements issued by the Shire and there are no processes to track or follow up on infringements issued. In addition, we observed that the mail is only opened by one person and if cash and cheques are received for infringements, there is a greater risk of misappropriation.

We acknowledge that the monetary value of infringements issued is not likely to be material.

Rating: Moderate

Implication

Without a process to review and follow up on infringements issued, there is a risk of infringements being unenforced and uncollected or funds from fines being fraudulently misappropriated.

This will also diminish the effectiveness of infringements as a deterrent for non-compliance with the Shire's laws and regulations.

Recommendation

We recommend the Shire review its processes for recording and following up on issued infringements with a view to ensuring all issued infringements are appropriately recorded and there is a follow up process for the collection of unpaid infringements.

Management Comment

Fines Enforcement information and research has been carried out. Decision to be made on implementing this process. With so few infringements issued in any year and of such a low monetary value, the Shire considers this matter minor.

Responsible Person: MIRS & DCEO

Completion Date: February 2020

SHIRE OF BROOKTON

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2019

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
1. Trust Funds	✓		
2. Depreciation Policy		✓	
3. Valuation Methodology for Plant and Equipment		✓	
Prior year issues			
4. Expense Accruals		✓	

KEY TO RATINGS

The Ratings in this management letter are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. We give consideration to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

- Significant** - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating could indicate the need for a modified audit opinion in the current year, or in a subsequent reporting period if not addressed. However even if the issue is not likely to impact the audit opinion, it should be addressed promptly.
- Moderate** - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.
- Minor** - Those findings that are not of primary concern but still warrant action being taken.

SHIRE OF BROOKTON

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2019

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

1. Trust Funds

Finding

We noted that the Shire is holding money in its trust fund for the Gnulla Child Care Facility and Wildflower Show Funds. However, we were unable to ascertain if requirements exist for these moneys to be held in trust.

We also noted that the Shire has included housing and other bonds as trust moneys in its annual financial report. This is inconsistent with the OAG position paper on 'Accounting for Work Bonds, Building Bonds and Hire Bonds'. An advantage of having bonds included within the Municipal Fund is that the Shire is able to earn interest on the bonds.

Rating: Significant

Implication

If there is no requirement for money or assets to be credited to the trust fund in accordance with s6.9(1) of the *Local Government Act 1995*, they should not be held in the Shire's trust fund.

In addition, as these moneys are not in the Shire's Municipal Fund, assets and liabilities for the Shire are understated.

Recommendation

We recommend that any money not required to be held in trust is transferred to the Shire's Municipal Fund. These funds should be recognised as assets in the Statement of Financial Position, with a corresponding liability to recognise the moneys that are owed.

Where agreements exist requiring moneys to be held in trust, the Shire should retain records of the agreements to ensure that these moneys are correctly accounted for and are used for the correct purpose.

Management Comment

The Child Centre and Wildflower show monies are to be transferred to the Community Chest Fund as the current investigations show the Shire holding this money for an extended period of time (more than 20 years in one instance) and the owners of the monies cannot be identified.

Investigation into a non interest earning bank account for the deposit of "bonds" and other monies held for another person is currently under investigation. Putting the money into the Muni Fund will create issues with interest earned and the calculation and red tape for processing such small amounts. The proposed action will resolve the matter of money in the trust fund that should not be there and satisfy the OAG position paper matters.

Responsible Person: DCEO & Corporate Business Officer – Compliance & Corporate Business Officer HR & Rates.

Completion Date: January 2020.

SHIRE OF BROOKTON
PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2019
FINDINGS IDENTIFIED DURING THE FINAL AUDIT

1. Trust Funds

Finding

We noted that the Shire is holding money in its trust fund for the Gnulla Child Care Facility and Wildflower Show Funds. However, we were unable to ascertain if requirements exist for these moneys to be held in trust.

We also noted that the Shire has included housing and other bonds as trust moneys in its annual financial report. This is inconsistent with the OAG position paper on 'Accounting for Work Bonds, Building Bonds and Hire Bonds'. An advantage of having bonds included within the Municipal Fund is that the Shire is able to earn interest on the bonds.

Rating: Significant

Implication

If there is no requirement for money or assets to be credited to the trust fund in accordance with s6.9(1) of the *Local Government Act 1995*, they should not be held in the Shire's trust fund.

In addition, as these moneys are not in the Shire's Municipal Fund, assets and liabilities for the Shire are understated.

Recommendation

We recommend that any money not required to be held in trust is transferred to the Shire's Municipal Fund. These funds should be recognised as assets in the Statement of Financial Position, with a corresponding liability to recognise the moneys that are owed.

Where agreements exist requiring moneys to be held in trust, the Shire should retain records of the agreements to ensure that these moneys are correctly accounted for and are used for the correct purpose.

Management Comment

The Child Centre and Wildflower show monies are to be transferred to the Community Chest Fund as the current investigations show the Shire holding this money for an extended period of time (more than 20 years in one instance) and the owners of the monies cannot be identified. Investigation into a non interest earning bank account for the deposit of "bonds" and other monies held for another person is currently under investigation. Putting the money into the Muni Fund will create issues with interest earned and the calculation and red tape for processing such small amounts. The proposed action will resolve the matter of money in the trust fund that should not be there and satisfy the OAG position paper matters.

Responsible Person: DCEO & Corporate Business Officer – Compliance & Corporate Business Officer HR & Rates.

Completion Date: January 2020.

SHIRE OF BROOKTON

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2019

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

2. Depreciation Policy

Finding

We noted that the useful lives of assets in the Shire's depreciation policy appear excessive and may not reflect the actual useful lives allocated in the asset register.

Rating: Moderate

Implication

If the useful lives of assets in the Shire's depreciation policy are incorrect, there is a greater risk of errors in the annual financial report.

Recommendation

The Shire should review the depreciation policy to ensure that the useful lives are consistent with the actual useful lives of assets in the asset register.

Management Comment

This matter (and in conjunction with the asset ratio) will be picked up as part of the AM and LTFP plans scheduled to be presented to Council in February 2020. The policy shall be reviewed as part of the Policy review each year.

Responsible Person: DCEO & MIRS

Completion Date: February 2020

SHIRE OF BROOKTON

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2019

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

3. Valuation Methodology for Plant and Equipment

Finding

We noted that independent valuation of plant and equipment assets does not fully comply with the requirements of Australian Accounting Standards. This is because the valuation is based on advertised or listed prices of plant and equipment, and not the price which would be received to sell an asset (the exit price).

We have considered the impact of this error on the annual financial report and determined it to be immaterial.

Rating: Moderate

Implication

Valuing plant and equipment using advertised/listed prices may result in asset balances being overstated as it is unlikely that the advertised/listed price would be received by the Shire.

Recommendation

The Shire should review the instructions given to valuers, and the valuations performed, to ensure that they comply with the requirements of Australian Accounting Standards.

Management Comment

DCEO has written to the valuer advising them of the matters raised by OAG. The valuers are also on the WALGA Panel and the Shire has advised WALGA of this from a tender panel perspective. As noted this is not a significant issue and is noted as immaterial. No further action is required.

Responsible Person: DCEO

Completion Date: November 2019.

SHIRE OF BROOKTON
PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2019
FINDINGS IDENTIFIED DURING THE FINAL AUDIT

Prior year issues
4. Expense Accruals

Finding

2019

We noted that this issue remains unresolved.

2018

We noted that although the Shire has identified and accounted for its significant expense accruals at year end, there is no process in place to review and identify other general year end accruals of lesser value - such as for materials, contracts and utilities expenses.

Rating: Moderate

Implication

Without a process to review transactions at or after year end to determine if an accrual should be recognised, the financial report may not reflect the correct state of the Shire's results of operations and financial position at year end.

Recommendation

The Shire should implement a process to review and accrue for transactions so that expenditure is allocated to the correct reporting period.

Management Comment

Noted. However the issues of accrual for the end of Financial year for the Shire usually relate to utilities and small amounts (as noted by the OAG) and the like. Impact on financial position at the end of the year is unlikely to be significant given the small amounts. The Shire considers this minor.

While we note the concerns of the Auditors, we will develop a process for review of smaller expense amounts accrued at end of year.

Responsible Person: DCEO & all CBO's.

Completion Date: February 2020

7.12.19 DRAFT BUSINESS CONTINUITY PLAN AND DRAFT RISK MANAGEMENT PLAN

File No:	N/A
Date of Meeting:	05 December 2019
Location/Address:	N/A
Name of Applicant:	N/A
Name of Owner:	Shire of Brookton
Author/s:	Sharyn Olsen – Process & Compliance Officer Ian D’Arcy – Chief Executive Officer
Authorising Officer:	Ian D’Arcy – Chief Executive Officer
Declaration of Interest:	The authors and authorising officer as an operational interest in this matter
Voting Requirements:	Simple Majority
Previous Report:	N/A

Summary of Item:

In 2018 the Office of Auditor General Auditor (OAG) identified that the Shire did not have a Business Continuity Plan in place and that Shire’s Risk Register has not been reviewed since October 2016.

Accordingly, in line with the OAG’s recommendation a draft Business Continuity Plan and Risk Management Framework is presented in **Attachment 06.12.19A** and **Attachment 06.12.19B** respectively, for the Audit and Risk Committee’s review.

Description of Proposal:

This proposal involves a draft Business Continuity Plan and Risk Management Framework where the Audit and Risk Committee’s input is sought.

Background:

As reflected above, the change in external auditing of the Shire operations to the OAG has resulted in a number of recommendations being presented to Council by the OAG auditors, with agreement that stated recommendations would be actioned within a reasonable period of time as part of the Shire’s continuous improvement to its governance framework. This has culminated in the preparation to two key documents, being:

1. Draft Business Continuity Plan. This Plan is to:
 - Provide direction for the safety and welfare of staff, contractors and visitors.
 - Define and prioritise critical business functions.
 - Detail the immediate response to a variety of potentially critical incidents.
 - Detail strategies and actions to be taken to enable business stability.
 - Ensure review and update of this plan occurs on a regular basis.
2. Draft Risk Management Framework. The purpose of this framework is to manage all risks that may affect the Shire, its customers, people, assets, functions, objectives, operations or members of the public, and form part of the strategic, operational, project and line management responsibilities and where possible, be incorporated within the Shire’s Integrated Planning Framework.

Consultation:

Consultation has been undertaken in house, with confirmation from various Officers regarding the suitability and practical application of the Business Continuity Plan, Risk Management Framework and Risk Register.

Statutory Environment:

This matter relates to Regulation 17 of the Local Government (Administration) Regulations, 1996 which compels the Council to establish and implement Risk Management as an integral part of its business operations.

Relevant Plans and Policy:

There are a number of plans and policies that align to the Business Continuity Plan and Risk Management Framework:

- Shire of Brookton Policy 2.2 Occupational Safety and Health
- Shire of Brookton Policy 2.8 Risk Management
- Shire of Brookton Policy 2.16 Significant Accounting Policies
- Shire of Brookton Policy 2.18 Use of Corporate Credit Cards
- Shire of Brookton Policy 2.19 Financial Reserves Policy
- Shire of Brookton Policy 2.29 Working from Home

Financial Implications:

Although there is no direct financial implications in relation to these two draft Plans, most of the actions contained within, will require dedicated funding from current and/or future budgets for implementation.

Furthermore, from an emergency/business continuity perspective reserve funds are available in the Council's 'Cash Contingency Reserve', which presently has a balance of \$205,441. These funds can be accessed with Council's endorsement for operational matters, or authorisation by the Shire President if deemed an emergency.

Risk Assessment:

As highlighted by the OAG Auditors, without an up-to-date Risk Management Framework and Risk Register the Shire may not have appropriate or effective processes in place to sufficiently mitigate risks or take advantage of opportunities. The Auditors have also highlighted a lack of a Business Continuity Planning that presents a significant risk for the Shire in not having the ability to recover from an incident or crisis in a timely and effective manner.

On assessment against the Risk Matrix table below, the risk in relation to not having these two documents and implementation of stated actions is considered 'Severe', with the likelihood of incidents occurring and the consequence being extreme.

An example of this could be a major bushfire event (as currently being experienced in the Eastern States of Australia) having significant adverse impact on the Brookton Community and the Shire's ability to provide continued recovery support and services in a timely manner to local residents.

Similarly, the risk of cyber-attack presents a very real threat to this organisation where a significant system failure or corruption and loss of data (as occurred to the Shire of Northam) can have a profound effect on use of Council's resources and its ability to serve the community. These are just two probable examples that highlight the 'Severe' risk through a lack of preparedness.

Consequence	Insignificant	Minor	Moderate	Major	Extreme
Likelihood					
Almost Certain	Medium	High	High	Severe	Severe
Likely	Low	Medium	High	High	Severe
Possible	Low	Medium	Medium	High	High
Unlikely	Low	Low	Medium	Medium	High
Rare	Low	Low	Low	Low	Medium

Risk Rating	Action
LOW	Monitor for continuous improvement.
MEDIUM	Comply with risk reduction measures to keep risk as low as reasonably practical.
HIGH	Review risk reduction and take additional measures to ensure risk is as low as reasonably achievable.
SEVERE	Unacceptable. Risk reduction measures must be implemented before proceeding.

Community & Strategic Objectives:

Both of these frameworks create a foundation which embraces and advances several aspects of the Brookton Community Plan 2027 including 10. Strategy & Reporting, 12. Measurement, Learning & Knowledge and 15. Technology & Automation.

Furthermore, the respective Plans also align in the Corporate Business Plan Corporate Compendium to:

Business Function 19: Risk Management

Action 19.1: Review Risk Management Policy

Action 19.2: Perform risk assessment

Action 19.3: Implement risk mitigation measures

Comment

These documents are both fundamental and essential to a creating strong Risk and Incident Management Framework aimed at providing much needed guidance and structure to avoid potential incidents and minimise or assist in times of crisis. With an ever changing environment of external influences, be it natural events or political pressure and cost shifting bringing about increase burden, the Council continually needs to be on guard in seeking to identify and where practical mitigate its exposure or conversely manage such risks, particularly those deemed to be 'High' or 'Severe' in nature.

Accordingly, the information contained within both the draft Business Continuity Plan and draft Risk Management Framework has been broadly sourced and tailored to fit the organisational needs of the Shire of Brookton, acknowledging the Audit and Risk Committee may seek, and are encouraged, to enhance these draft Plans prior to adoption by Council.

OFFICER RECOMMENDATION

That the Audit and Risk Committee, following review, recommends Council adopts the following draft Plans, inclusive of the actions detailed within with funding being allocated in the current and future municipal budgets to achieve implementation of the risk mitigation and management measures:

- draft Shire of Brookton Business Continuity Plan (as amended) - Attachment 06.12.19A to this report.
- draft Shire of Brookton Risk Management Framework (as amended) - Attachment 06.12.19B to this report.

(Simple majority vote required)

ACM 12.19-03

COMMITTEE RESOLUTION

MOVED Cr Macnab SECONDED Cr Walker

That the Audit and Risk Committee, following review, recommends Council adopts the following draft Plans, inclusive of the actions detailed within with funding being allocated in the current and future municipal budgets to achieve implementation of the risk mitigation and management measures:

- ***draft Shire of Brookton Business Continuity Plan (as amended) - Attachment 06.12.19A to this report.***
- ***draft Shire of Brookton Risk Management Framework (as amended) - Attachment 06.12.19B to this report.***

CARRIED BY SIMPLE MAJORITY VOTE 3-0

Attachments

Attachment 06.12.19A – Draft Business Continuity Plan

Attachment 05.12.19B – Draft Risk Management Framework



Business Continuity Plan

DRAFT

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Distribution List

Position - Organisation	Number of Copies
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Chief Executive Officer - Shire of Brookton	1
Manager Corporate and Community - Shire of Brookton	1
Manager Infrastructure and Emergency – Shire of Brookton	1
Shire Councillors - Shire of Brookton	6
Local Emergency Management Committee (LEMC) – Shire of Brookton	4
Officer in Charge – WAPOL, Brookton Station	1
Principal - Brookton District High School	1

Version Control

Version Number	Date	Amendment Details	Amended by
1	07/10/2019	Business Continuity Plan created	SPO

Glossary

Term	Definition
Business Continuity Planning	A process which documents a plan to manage the risks to a business, ensuring that it can operate to the extent required in the event of a crisis/disaster.
Business Continuity Plan (BCP)	A document containing all of the information required to ensure that a business is able to resume critical activities should a crisis/disaster occur.
Business Impact Analysis (BIA)	Process of gathering information to determine basic recovery requirements for core business activities in the event of a crisis/disaster.
Core business activities	Activities essential to delivering outputs and achievement of business objectives.
Recovery Time Objective (RTO)	Time from which you declare a crisis/disaster to the time that the critical business functions must be fully operational in order to avoid serious financial loss.
Resources	The means that support delivery of an identifiable output and/or result. Resources may be financial, physical assets or people.
Risk Management	Coordinated activities to direct and control an organisation with regard to risk.

References and related documents

Document Title	Document Location
Shire of Brookton Risk Management Framework	G:\AA KEYWORD STRUCTURE\RISK MANAGEMENT\PLANNING
Shire of Brookton Local Emergency Management Arrangements	G:\AA KEYWORD STRUCTURE\EMERGENCY SERVICES\PLANNING\EMERGENCY MANAGEMENT PLAN\ADM0158 - LOCAL EMERGENCY MANAGEMENT COMMITTEE (LEMC)
Shire of Brookton Emergency Plan	G:\AA KEYWORD STRUCTURE\OCCUPATIONAL SAFETY & HEALTH\EMERGENCY PLANS

Section One – Procedure and Methodology

Introduction

This Business Continuity Plan documents the Shire of Brookton's ('the Shire') management strategies and operational activities deemed necessary to respond to, and recover from, disruptive incidents potentially faced by the organisation.

In the event of an incident or disaster the Business Continuity Plan (BCP) aims to provide the tools and guidance which will allow the Crisis Management Team to:

- Manage threats to the health and welfare of people.
- Minimise detrimental impact on assets and infrastructure.
- Arrange for the organisation to deliver core business functions.
- Instigate and encourage the organisations recovery.
- Reduce the severity, scale and effects of disruption.

The Shire acknowledges that an event may exceed the capacity of routine management methods and the plans herein only provide a structured response to potential situations.

Any incident will require an individualised response, flexibility is required, and it will be appropriate to continually reassess the situation and modify actions accordingly.

It is important to document and investigate the incident as much as possible, both during and after, in order to provide information to investigators and log potential long term effects and considerations.

Section One of the BCP details methodology and procedural information and Section Two contains checklists and tools designed to assist in management of an incident.

This document is intended to be used in concert with the Shire of Brookton Risk Management Framework and Shire of Brookton Emergency Plan.

It is important to consider that an incident may affect the broader community, not solely the Shire. Under these conditions the BCP is also to be used in conjunction with the Shire's Local Emergency Management Arrangements.

Incidents that trigger activation of the BCP may include:

- Loss of access to/use of Shire Depot or Administration Office for > 1 business day.
- Loss of access to/use of the Shire's IT systems or applications for > 1 business day.
- Insufficient staff available to undertake critical activities for > 1 business day.
- Failure of a Contractor or Key Supplier to undertake core duties on behalf of the Shire for > 1 business day.
- Any combination of the above events.

Causes may be natural or man-made disasters, threats or criminal activity.

Objectives

The objectives of this BCP are to:

- Provide for the safety and welfare of staff, contractors and visitors.
- Define and prioritise critical business functions.
- Detail the immediate response to a variety of potentially critical incidents.
- Detail strategies and actions to be taken to enable business stability.
- Ensure review and update of this plan occurs on a regular basis.

The planning process incorporates the following framework in order to achieve these objectives:



Prevention - Risk Management Planning – Risk Management Framework

Identify & manage the likelihood and effects of risk associated with an incident.

Preparedness - Business Impact Analysis – Risk Management Framework

Identify & prioritise core business activities that may be adversely affected by disruption.

Response – Incident Response Planning – Business Continuity Plan

Outline immediate actions taken to respond to an incident in terms of containment, control and minimising impact.

Recovery - Recovery planning – Business Continuity Plan

Outline actions taken to recover from an incident in order to minimise disruption and recovery times.

Rehearse, maintain & review – Continuous Improvement- Business Continuity Plan

Test, regularly review and update the BCP to ensure that staff are familiar with the concepts and content, and that it reflects changing business needs.

Each business unit is required to identify and address Risk Management and Business Continuity needs on an ongoing basis.

Risk Management Planning and Framework

All organisations have internal and external factors and influences that make it uncertain as to whether or not they will achieve their objectives. The effect this uncertainty has on the organisations objectives is called risk.

Everything an organisation does involves some form of risk. Risk is managed by anticipating, identifying, analysing and then deciding if it is an acceptable level of risk, or if actions can be taken to reduce it, to an acceptable level.

The Shire of Brookton Risk Management Framework (operational document) presents the Shire's Risk Management Policy together with associated processes and procedures, which outline the Shire's individual approach to incorporating these concepts at an organisational level.

Abiding by this framework will establish corporate governance, legislative and regulatory compliance, appropriately balanced with the resources available whilst taking human and cultural factors into account.

The following Figure 1 affords an understanding of principles to be considered in assessing a risk, the framework of identifying the risk and the process of managing/addressing the risk pursuant to Australian Standard AS/NZS 31000:2009 AS/NZS 31000:2009.

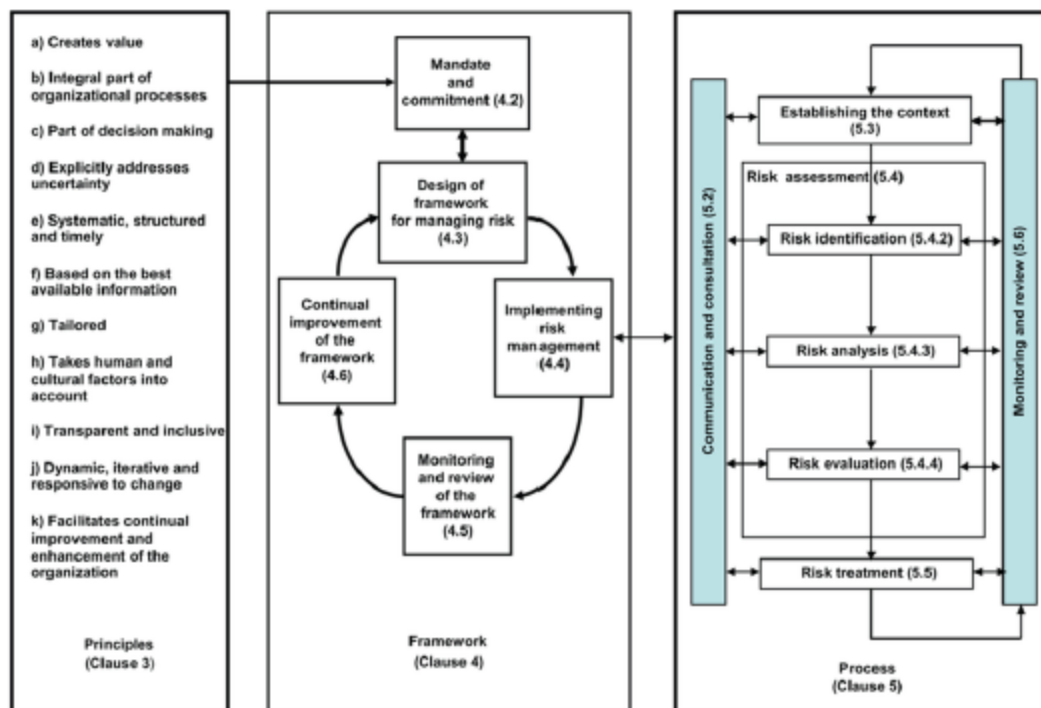


Figure 1: Relationships between the risk management principles, framework and process (Source: AS/NZS 31000:2009)

People

Before all else establish and maintain the safety and wellbeing of staff, visitors and the community.

Staff may only be sent home with authorisation of line management. If staff are sent home, it is important to ensure they are given as much accurate and relevant information as possible. Be clear as to what is expected, be specific, advise how and when they will be contacted with additional information, and ensure this is followed through on. It is better to call and tell staff there is no further news than it is to leave them uncontacted.

Action: Staff formally relieved from duty are to be contact every 24 hours where possible and informed of current status of incident and events.

Hot Desk and/or shift work arrangements

Staggering hours of work to share a workstation can be a fairly simple fix. There are a number of ways to do this, whether it be extending the organisations operating hours or altering staff start and finish times. Human resource, security and occupational safety and health issues will need to be managed. In particular fatigue is a strong consideration and action should be taken to align the Shire with other Local Government organisations to draw on additional personnel, suitably skilled and trained, to provide immediate support.

Action: An arrangement (i.e. M.O.U.) is to be made with another Local Government Authority to provide back-up and employee relief, if, as or when required.

Working remotely

Where suitable, having employees equipped to work remotely/from home can allow for uninterrupted or a quick and simple resumption of activities if access to the workplace is lost.

Employees will need access to the Shires network, IT hardware, software, connectivity and to follow relevant Occupational Safety and Health procedures.

Accordingly, the Information Communications Technology (ITC) network should be framed to have a remote/cloud based back-up, NBN connectivity, ideally underground fibre to the premises, and the ability to access an external link to an external server if required.

Employee's should also, where practical, have suitably configured laptop devices and a plug in base station to allow for continued operation during a power outage and working remotely, if required.

Action: Upgrade of the Shire's ICT network to be partially based on a cloud based back-up system, connection of fibre to the premise and conversion of desk top to lap top devices with remote connectivity.

Occupational Safety and Health

Unless circumstances make them unsafe, existing Occupational Health and Safety (OHS) policies, procedures and emergency response plans should hold firm, and where appropriate, be maintained to the relevant Safety Work Method Statement (SWMS) or Risk Assessment with the prescribed process being followed when commencing any works.

From a continuity perspective, the OHS framework must be maintained to a compliant standard and be administered as a matter of priority during an event of incident.

Action: The CEO is to report to the Audit and Risk Committee on a continuum that the OHS framework is current, well informed across the organisation, and can be implemented and adhered to during an adverse event or incident.

Employee Assistance Program

The Local Government Insurance Scheme (LGIS) provide free, confidential counselling and coaching services to all staff and their immediate family under the Shire's Employee Assistance Program. Counselling is delivered by a qualified Psychologist and can be in person or over the phone.

Action: The CEO is to ensure the following information is made available and encourage staff where deemed appropriate to contact LGIS directly to coordinate delivery on 08 9483 8857 or email to psych@lgiswa.com.au.

Additional External Support Services:

Rurallink:	1800 552 002
Lifeline:	131 114
Beyond Blue:	1300 224 636
Youthbeyondblue:	1300 224 636
Men's Line Australia:	1300 789 978

Roles and Responsibilities

Whilst leadership is imperative and individual roles are assigned specific tasks to manage an incident, it is important for both community confidence and the organisations recovery that all staff can be flexible and work together as a unified team.

The following provides an understanding of the key positions and their respective roles in dot points:

Council

- Review and approve the Shire's overall business and risk management strategies, frameworks, policies and risk appetite.
- Delegate to the CEO and appropriate authorities with clear and concise direction, as needed.

Shire President (SP)

- Incident Management Group Member and Chair.
- Official Shire representative and authorised spokesperson for all non-operational communications, including liaison with the media.
- Key contributor to developing incident related Shire announcements.

Chief Executive Officer (CEO)

- Incident Management Group Member.
- Official Shire representative with authority for all operational communications and directions in relation to Shire staff, equipment, infrastructure and legislative responsibilities.

Manager Corporate and Community (MCC)

- Incident Management Group Member.
- In the CEO's absence this position assumes the CEO's incident management role responsibilities in relation to administration and legislation.
- Ensure health and safety measures are strongly considered in plans and actions being implemented by the Incident Management Group.
- Designated Local Recovery Co-ordinator.
- Aids with government agency and community liaisons.

Manager Infrastructure and Emergency (MIE)

- Incident Management Group Member.
- Responsible for communicating with outdoor staff and ensuring they are kept safe and informed.
- In the CEO's absence this position assumes the incident management role responsibilities for 'on-ground' operational matters in consultation with the Manager Corporate and Community.

Executive Governance Officer (EGO)

- Incident Management Group Member.
- Arranges meetings and records minutes/notes.
- Develop, maintain and report on the Shire's Information Technologies Recovery Framework and capabilities to the Incident Management Group

Incident Management Group (IMG)

- Consists of the above members.
- Ensures all staff are fully informed and aware of the requirements and responsibilities as laid out in this plan.
- Coordinating and motivating cross Departmental exercises, activities and planning.
- Ownership of the Business Continuity Plan and Risk Management Framework.
- Convenes to address an event or incident that requires a response under this Plan.

Process and Compliance Officer (PCO)

- Regularly reviews and updates the Risk Management Framework.
- Regularly reviews and updates the Business Continuity Plan.
- Reports to the Audit and Risk Committee on actions and progress achieved in the implementation of this Plan.

Communications & Information Technology

In all cases media enquiries are to be referred to the Shire President.

Only the Shire President shall speak on behalf of Council and the organisation, unless another member of the Incident Management Group is authorised to speak (i.e. CEO).

The Incident Management Group needs to:

- Provide both internal and external Stakeholders with regular informative communications; and
- Where possible, give assurance that the Shire's operations and level of service to the community remain intact and needful.

When crafting communications the message is to minimise the impact on Shire operations and public image, but also ensure all messages:

- are open and honest;
- use plain English;
- keep sentences short and succinct;
- provide relevant and meaningful information; and
- are accurate and up to date.

Various groups to be kept informed, where considered appropriate by the Incident Management Group, include:

- Councillors and staff
- Community
- Media
- General public
- Stakeholders (i.e. LEMC members, Government Agencies, etc.)

Shire owned smart phones (with camera's and email access) are presently issued to the following positions:

- Chief Executive Officer
- Manager Corporate and Community
- Manager of Infrastructure and Emergency
- Building Maintenance Officer
- Works Coordinator

Notwithstanding the above, the provision of a dedicated 'emergency' mobile phone and emergency / after-hours number can be openly publicised and where necessary redirected as required.

It is also important to establish and manage a realistic understanding of IT service provider capabilities, recovery timeframes and the required processes when dealing with an incident affecting the Shire's IT equipment and capacity.

The Executive Governance Officer is responsible for liaison with the IT service provider in developing, maintaining and reporting on all relevant IT Business Continuity needs and procedures to the Incident Management Group.

Finance

Budgetary Considerations

Annual funds and budget forecasting must be made for continuous improvement to the Shire's resiliency, testing and review of strategic, operational, information technology, risk and Business Continuity requirements.

The following fiscal measures are to be implemented and/or adhered to as part of this Plan:

- A Cash Contingency Reserve Fund is to be maintained at a minimum \$50,000, specifically to be called upon in case of a crisis or emergency incident.
- The Shire President is afforded authority to expend funds in an emergency from any Shire cashed back reserve pursuant to Section 6.8(1)(c) of the *Local Government Act, 1995*, with such expenditure to be reported to Council at the next available Ordinary Meeting.
- Funds to a minimum of \$200,000 should be held in a separate institution to the primary Bank or with the WA State Treasury, with the funds to be available at call.
- For small expenditure amounts, credit cards are held with the following limits:
 - Chief Executive Officer (Operational) - \$5,000 limit.
 - Chief Executive Officer (Emergency) - \$3,000 limit – stored in safe.
 - Manager of Infrastructure and Emergency Services (Operational) - \$3,000 limit.

Action: Cash Contingency Reserve Fund be maintained at a minimum \$50,000 at all times, with a notation of this amount to be inserted in Council Policy 2.19.

Action: Funds to a minimum of \$200,000 should be held with the WA State Treasury, available at call if required.

Action: An emergency credit card, with an expenditure limit of \$3,000, be assigned to the CEO and stored in the Shire safe.

Contractors and Key Suppliers

Where entities perform key services for the Shire, it is incumbent on Shire Administration to ensure arrangements for supply of goods and services can be maintained, or alternatively, options are in place for the Shire to either resume (internally) or source alternative arrangements within appropriate timeframes.

Action: A list of contractors and suppliers with contact details to be compiled for the purchase of key goods and services. This list is to be appended to this Continuity Plan and be reviewed/updated as required on an annual basis.

Incident Management

Administration and Governance processes consist of tasks, actions and items which are intrinsic to the successful management and production capability of the Shire.

From a generic perspective the following priority matters should be of primary consideration by the Incident Management Group in maintaining continuity:

- Wellbeing and safety of employees, contractors, visitors and community members;
- Availability of employees projecting forward and their capacities;
- Suitability of operational facilities, plant and equipment;
- Suitability of communications and other utilities;
- Condition of critical infrastructure and surrounding environs;
- Evident occupational hazards and risks;
- Availability of immediately accessible funds;
- Availability of additional external resources.

To determine key actions to be executed the Incident Management Group should focus on:

- Identifying and restoring core business activities within recovery time objectives.
- Providing recovery efforts with sufficient support and resources.
- Forward planning, setting achievable milestones and timeframes for recovery.
- Keeping thorough records and documentation for investigators and continuous improvement review.
- Reviewing for BCP improvements and applicability.

Any activities that are not core business and can be temporarily parked should be. Document these as such so that the Incident Management Group can focus on the most pressing matters and still review and re-engage as soon as practicable - see Appendix 10 for parked activity list.

A Risk Assessment may be helpful in determining which activities are suitable to be parked.

Immediate Response

The Incident Management Group is to conduct an initial assessment of the incident and to co-ordinate the Shire's immediate response.

Before all else establish and maintain safety and wellbeing of staff, visitors and the community.

It is preferable for the Shire to over react to an incident and then scale back than to underestimate the level of response required.

Actions:

Where applicable:

- Ensure site has been evacuated and all personnel are accounted for.
- Secure site and prevent access.
- Contact Emergency Services and Police.
- Identify any injuries and render assistance.
- Undertake an initial assessment of damage and risks.
- Arrange diversion of phone lines to existing Shire mobiles.
- Determine time frame to switch to Recovery Location.
- Determine availability of staff and resources, including level of capacity.

Recovery Time Objective:

Within 3 hours of the incident.

Recovery Locations

- Primary site – WB Eva Pavilion.
- Secondary Site – Memorial Hall.

Resource requirements

- Communications and connectivity.
- Availability of employees to perform specific functions.
- Availability of plant and equipment in serviceable condition.

Other Considerations:

- Liaise with Emergency Services and Police.
- Inform Council and employees.
- Inform Local Community where possible.
- Inform Local Government Insurance Services.

Establish a Recovery Location

Actions:

Where applicable:

- Select the most appropriate Recovery Location, including confirmation of operational utilities and back-up support if required (i.e. generator).
- Source and utilise Emergency Pack/s – see Appendix 8 – Emergency Pack.
- Utilise furniture stored onsite either at the Memorial Hall or WB Eva Pavilion, if available.
- Source phones, establish communications and redirect calls to mobile phones where possible.
- Allocate, roster, inform and support staff, as applicable.
- Determine items to be immediately replaced, if safe, what is recoverable and required.
- Contact IT support and recover data backups and if required set up offsite server.
- When safe, assess damage and begin salvage operations.
- Identify community contact/liaison person for general enquiries.
- Liaise with Shire President to issue a media statement.
- Co-ordinate all communications, including media and elected members, Local Government insurers, etc.

Recovery Time Objective

Within 8 hours of incident.

Resource Requirements

- Vehicles.
- Furniture and stationery.
- Emergency Pack/s.
- Staff
- IT hardware and software
- Communication. Ideally at least one landline, internet access and radio communication if required.

Note: This is an assumption of temporary displacement, if recovery site is needed long term it may be necessary to look at portable buildings or other more permanent office accommodation options.

Information Technology

In case of loss of IT & Communication systems, hardware, software applications or Shire network.

Actions:

Where applicable:

- Assess severity of outage through the Shire's IT Provider and determine likely outage time.
- Seek quotations and place orders for replacement components.
- Contact Shire's insurers and Police, if necessary.
- Inform Councillors, community and business contacts (i.e. banks, creditors and contractors) of potential delays in providing services.
- Direct the Shire's IT Provider to set up and install new hardware, software and restore from backups off site.
- Reconcile and rebuild all data as a priority.

Recovery Time Objective

Within 24 hours of the incident.

Resource requirements

- ICT Hardware, support and connectivity.
- Funds from Council Contingency Reserve

Significant number Administration or Works Staff unavailable

Actions:

Where applicable:

- Assess the severity of staff shortage and available skill sets.
- Rearrange existing staff to cover the shortage areas where possible.
- Inform Councillors, community and business contacts (i.e. banks, creditors and contractors) of potential delays in providing services, if appropriate.
- Shire President to authorise expenditure, if required.
- Request trained personnel from surrounding Shires or other Local Governments, where possible and if appropriate.
- Source staff through casual pool or recruitment agencies, as appropriate.
- Prioritise core services and activities, park non-urgent activities until situation can be resolved.

Recovery Time Objective

Within 24 hours of the incident.

Resource requirements

- Temporary staff or contractors.
- Funds from Council Contingency Reserve.

Depot Loss

Actions:

Where applicable:

- Ensure site has been evacuated and all personnel are accounted for.
- Secure site and prevent unauthorised access.
- Assess risks and hazards, and contact Emergency Services, if required.
- Identify injuries and render immediate assistance, as required.
- Undertake an initial assessment of damage to and serviceability of buildings, plant and equipment.
- Determine if switch to Recovery location is required.
- Shire President to authorise expenditure, if required.
- Request trained personnel from surrounding Shires or other Local Governments, where possible and if appropriate.
- Source staff from contractors or recruitment agencies, as appropriate.
- Communicate with Councillors, staff and community.
- Contact Insurers.

Recovery Time Objective

Within 24 hours of the incident

Recovery Location

- Primary Location - Shire Administration Office.
- Secondary Location –WB Eva Pavilion and surrounds.

Resource requirements

- Temporary staff or contractors.
- Funds from Council Contingency Reserve for immediate basic stock replacement.

Loss of Essential Machinery

Actions:

Where applicable:

- Prioritise works required and assess suitability and condition of existing plant and equipment.
- Shire President to authorise expenditure, if required.
- Request machinery from surrounding Shires or other local Governments as appropriate.
- Hire appropriate plant and/or equipment to maintain services, if required.
- Contact all necessary persons to inform of incident, expected delays and seek documentation where necessary.

Recovery Time Objective

Within 72 hours of the incident

Other Considerations:

- Backlog of Works / Services.
- Priority of Works / Services.
- Staffing requirements and OHS standards.
- Wait time on new, hired or borrowed Machinery.

Rehearse, maintain and review

Rehearsal is an important step in ensuring that the BCP remains relevant, useful and actionable in an incident response situation.

It will also assist the Shire to embrace the Plan and include internal and external changes to the business to ensure continuity is a strong consideration.

This Plan is to be reviewed on an annual basis, as needed, or after activation by the Council's Audit and Risk Committee.

The CEO is responsible for the Risk Framework and Business Continuity Plan documents and ensuring, through the Process and Compliance Officer, that the BCP is reviewed and rehearsed on an annual basis to increase organisational awareness and cultural embedment.

References

Senior Risk Consultant
LGIS

Queensland Government Website
Business Continuity Planning Template

Crisis and Business Continuity Management Procedures Manual
Shire of Chapman Valley/LGIS

Section Two – Appendices

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Appendix One – Event Log

Please use the below log to record information, decisions and actions in the period immediately following the incident.

Include the Event Log in all rehearsals, tests and actual activations of the BCP.

[illegible]

Appendix Two – Immediate Response Checklist

IMMEDIATE RESPONSE CHECKLIST	✓	ACTION TAKEN
• assess severity of incident	<input type="checkbox"/>	
• evacuate the site if necessary	<input type="checkbox"/>	
• account for everyone	<input type="checkbox"/>	
• identify any injuries to persons	<input type="checkbox"/>	
• contact Emergency Services	<input type="checkbox"/>	
• implement Incident Response Plan	<input type="checkbox"/>	
• start an Event Log	<input type="checkbox"/>	
• activate staff members and resources	<input type="checkbox"/>	
• confirm spokesperson	<input type="checkbox"/>	
• gain more information as a priority	<input type="checkbox"/>	
• brief team members on incident	<input type="checkbox"/>	
• allocate specific roles and responsibilities	<input type="checkbox"/>	
• identify any damage and resource deficiency	<input type="checkbox"/>	
• identify critical activities that have been disrupted	<input type="checkbox"/>	
• keep staff informed	<input type="checkbox"/>	
• contact key stakeholders	<input type="checkbox"/>	
• understand and comply with any regulatory/compliance requirements	<input type="checkbox"/>	
• initiate media/public relations response and community information	<input type="checkbox"/>	

Appendix Three – Incident Recovery Checklist

INCIDENT RECOVERY CHECKLIST	✓	ACTION TAKEN
• refocus efforts toward recovery	<input type="checkbox"/>	
• deactivate staff members and resources as necessary	<input type="checkbox"/>	
• continue to gather information about the situation and its effects	<input type="checkbox"/>	
• assess current financial position	<input type="checkbox"/>	
• review cash requirements to restore operations and obtain approval to emergency expend funds	<input type="checkbox"/>	
• source additional resources as required	<input type="checkbox"/>	
• develop goals and timeframes for recovery	<input type="checkbox"/>	
• keep staff informed	<input type="checkbox"/>	
• keep community and key stakeholders informed	<input type="checkbox"/>	
• identify information requirements and source the information resource	<input type="checkbox"/>	
• set priorities and recovery options	<input type="checkbox"/>	
• update the Recovery Plan	<input type="checkbox"/>	
• capture lessons learnt from individual, team and business recovery experiences	<input type="checkbox"/>	
• contact insurance broker/company	<input type="checkbox"/>	

Appendix Four – Incident Recovery Plan

Business Activity	Preventative / Recovery Actions	Resource requirements/outcomes	Recovery Time Objective	Responsibility	Completed
Eg: Taking credit card payments	Online payment portal via website	Online payment option implementation	2 weeks	CEO	01/01/1999

Appendix Five – Insurances

Insurance Type	Policy Coverage	Insurer	Contact	Last Review Date	Payment Due
Bushfire Injury	VBFB Members medical, loss of income, death benefits, workers compensation for injury & specified disease sustained in the course of normal brigade activities*	LGIS Bushfire Injury Scheme	Leo Pezzotta Account Manager 08 9483 8866 Leo.Pezzotta@lgiswv.com.au	9/06/2019	Annually - June
Casual Hirers Liability	Death, illness or personal/bodily injury, loss or damage to property after the first \$500*	LGIS Liability Scheme		9/06/2019	Annually - June
Crime	Direct financial loss sustained by internal or external crime, theft or physical loss or damage after the first \$1000*	LGIS Liability Scheme		9/06/2019	Annually - June
Cyber Liability	Privacy, Network Security, Media, Cyber Extortion, Data Asset & Business Interruption Liability.	Chubb Insurance Australia Limited		9/06/2019	Annually - June
Environmental Impairment Liability	Loss, claim, injury, third party or clean up costs in respect of pollution*	AIG Australia Ltd		9/06/2019	Annually - June
Management Liability	Councillor's & Officer's, Statutory & Employment Practices Liability	Chubb Insurance Australia Limited		9/06/2019	Annually - June
Motor Vehicle	All motor vehicles and trailers owned, leased or hired*	Zurich Australian Insurance		9/06/2019	Annually - June
Personal Accident	Councillor's or Volunteers - Accidental death & disablement, injury*	Chubb Insurance Australia Limited		9/06/2019	Annually - June
Professional Indemnity, Public & Product Liability	Death or personal injury, Loss or damage to property, claims against Members arising out of negligent act, error or omission*	LGIS Liability Scheme		9/06/2019	Annually - June
Property	Physical loss, destruction or damage to property*	LGIS Liability Scheme		9/06/2019	Annually - June
WorkCare	Workers Compensation and Journey Accident Cover*	LGIS Workcare Scheme		9/06/2019	Annually - June
Travel	Journey related personal accident, sickness, medical attention, property loss or theft*	Chubb Insurance Australia Limited		9/06/2019	Annually - June
Marine Cargo	Loss of or damage to interest insured.	QBE Insurance (Australia) Ltd		9/06/2019	Annually - June

Appendix Six – Staff Contact List

Name	Position	Phone	Email
Ian D'Arcy	Chief Executive Officer	0427 421 032 9642 0203	ceo@brookton.wa.gov.au
Vacant	Manager Corporate and Community	0428 656 457 9642 0202	mcc@brookton.wa.gov.au
Steve Thomson	Manager Infrastructure and Emergency	0418 422 498 9642 0208	mie@brookton.wa.gov.au
Rod Evenis	Works Coordinator	0428 972 968 9642 1144	depot@brookton.wa.gov.au
Kelly D'Arcy	Corporate Business Officer - Compliance	9642 0205	cbocf@brookton.wa.gov.au
Danni Chard	Executive Governance Officer	9642 0201	ego@brookton.wa.gov.au
Vacant	Customer Service Administration Officer	9642 1106	csao@brookton.wa.gov.au
Vacant	Infrastructure Officer		io@brookton.wa.gov.au
Sharyn Olsen	Process Compliance Officer	9642 0218	pco@brookton.wa.gov.au
Amy Eva	Community Liaison Officer	9642 0205	clo@brookton.wa.gov.au
Lois Salkild	Corporate Business Officer – Finance	9642 0206	cbof@brookton.wa.gov.au
Corinne Kemp	Corporate Business Officer – HR & Rates	9642 0207	cbohr@brookton.wa.gov.au
Debbie Spinks	Projects and Grants Officer	9642 0213	pgo@brookton.wa.gov.au
Vacant	Emergency Support Officer	0402 732 956	eso@brookton.wa.gov.au
Rick Gill	Building Maintenance Officer	0407 471 267 9642 0209	mo@brookton.wa.gov.au
Dave Haddon	Environmental/Health Officer/Building Surveyor	0428 376 044	healthbuilding@leonora.wa.gov.au
Carla Lacroix	Business Administration Trainee	96421106	trainee@brookton.wa.gov.au
George Linton	Volunteer Caravan Park Caretaker	0474 497 618	
Contract Aquatic Services - Matt	Aquatic Centre Management Contract Service	0428 498 304 Pool 9642 1112	contractaquatic@gmail.com
Matt Sharpe	WA Contract Ranger Service	0459 678 154	wacontractrangerservices@hotmail.com
Rod Evenis	Works Coordinator	0428 972 968 9642 1144	depot@brookton.wa.gov.au
Joe Anderson	Leading Hand - Parks and Gardens	0400 118 995	
Kenny Lundie	General Hand - Parks and Gardens	0474 101 378	
Darren Hepple	General Hand - Works	0437 555 626	
Craig Blakers	Leading Hand - Grader Operator	0412 708 783	
Tony Warby	General Hand - Works	0499 567 819	
Bret Evenis	General Hand - Works	0448 665 465	
Tate Lunn	General Hand - Works	0401 433 139	training@brookton.wa.gov.au
Market Creations	IT Provider ~Collin Smith	0438 678 976 6168 1004	colin.smith@marketcreations.com.au

Appendix Seven – Contact List (External)

Agency	Key Contact	Phone
Brookfield Rail	Administration Northam Control	9622 4631 9622 4690 or 9622 4627
Brookton District High School	Administration Darren Simpson - Principal	9642 5000 0417 150 227
Brookton Police Station	Sergeant Shane Hickman - Officer in Charge	9642 1000 or 0459 087 652
Dept of Biodiversity, Conservation & Attractions	District Manager	9881 2000
Dept of Communities	Narrogin Office Crisis Care (24hrs)	9881 0123 1800 199 008
Dept of Fire & Emergency Services	Paul Blechynden - Area Officer Communications Duty Officer – Albany	9881 1693 or 0427 580 481 1800 198 140 9845 5000
Dept of Housing	Narrogin Office Freecall	9881 9400 1800 093 325
Dept of Primary Industries & Regional Development	Administration	9881 0222
Doctors Surgery		
Kalkarni Residency	June Harwood	9642 0199 or 0420 962 651
LGIS		
Local Emergency Management Committee	Katrina Crute - Chair	0439 373 282
Main Roads Western Australia	Narrogin Office After Hours Emergency Response	9881 0524 138 138 or 0408 310 989
Silver Chain Nursing Post and Home & Community Care	Administration	9642 1005
St John's Ambulance	Administration Cliff Fishlock Drew Richardson	9642 1313 0407 775 647 0437 524 088
Telstra	Faults Shire Account Manager - Scott Walsh	132 999 9726 7323
Volunteer Bushfire Brigade	Murray Hall – Chief Bushfire Brigade Officer	0428 421 367
Volunteer Fire and Rescue Service	William Wilkinson - Captain Dean Atkins - Apparatus Officer	0429 426 022 0447 119 093
Water Corporation	Fault Reporting	13 13 75
Western Power	24/7 Emergency Line	13 13 51

Appendix Eight – Emergency Pack

Two Emergency Packs have been created in case Administration operations need to be moved to an alternative location. These packs are safely and securely stored in the Chief Executive Officers office and at the Works Depot respectively.

Pack contents are to be reviewed and updated as part of the annual Business Continuity Plan review.

Emergency Pack Contents List – Contents last reviewed: 31/09/2019

Item	Amount
Site plans including location of electrical, sewerage & water pipes & shut off points.	1
Local Emergency Management Arrangements	1
Business Continuity Plan	1
Evacuation plan	1
Shire of Brookton Risk Management Framework	1
Thumb drive: letterhead, templates & forms specific to each business unit.	1
Latest inventory, product list, specifications and Safety Data Sheet's (SDS's)	1
Financial and banking information	1
Pack of A4 paper	1
Box of envelopes	1
Box of pens	1
Shire maps	1
First Aid Kit	1
Dust masks	1
Torch and spare batteries	1
Hazard and cordon tape	1
Note pads, flip charts, markers and paper for temporary signage	1
Glove & safety glasses	1

Appendix Nine – Parked Activity Listing

[illegible]



Risk Management Framework

Risk Management Policy &
Risk Management Procedures

October 2019
Version: 1

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Distribution List

Position - Organisation	Number of Copies
Shire President - Shire of Brookton	1
Chief Executive Officer - Shire of Brookton	1
Manager Corporate and Community – Shire of Brookton	1
Manager Infrastructure and Emergency – Shire of Brookton	1
Shire Councillors - Shire of Brookton	6
Local Emergency Management Committee (LEMC) – Shire of Brookton	4

Version Control

Version Number	Date	Amendment Details	Amended by
1	31/10/19	Version 1 created.	PCO

References and related documents

The content of this document has been sourced from Shire of Brookton Policy 2.8 – Risk Management and AS/NZS 31000:2009 - Risk Management Principles and Guidelines.

Document Title	Document Location
AS/NZS 31000:2009 Risk Management – Principles and Guidelines	G:\AA KEYWORD STRUCTURE\RISK MANAGEMENT\POLICY\ASNZS 310002009 - Risk Management Principles and Guidelines - Extract
Shire of Brookton Business Continuity Plan	G:\AA KEYWORD STRUCTURE\RISK MANAGEMENT\PLANNING
Shire of Brookton Local Emergency Management Arrangements	G:\AA KEYWORD STRUCTURE\EMERGENCY SERVICES\PLANNING\EMERGENCY MANAGEMENT PLAN\ADM0158 - LOCAL EMERGENCY MANAGEMENT COMMITTEE (LEMC)
Shire of Brookton Emergency Plan	G:\AA KEYWORD STRUCTURE\OCCUPATIONAL SAFETY & HEALTH\EMERGENCY PLANS

Glossary

Term	Definition
Business Continuity Planning	A process which documents a plan to manage the realisation of risk, ensuring that the business can operate to the extent required in the event of an incident.
Consequence	The outcome or result of an incident.
Context	The circumstances that form the setting for an event, statement or idea, and in terms of which it can be fully understood.
Controls	Actions that can be taken to reduce the severity or likelihood of this risk occurring.
Framework	A set of components that provide a foundation.
Likelihood	Chance of something occurring
Risk	Effect of uncertainty on objectives.
Risk Appetite	The amount of risk an organisation is willing to take on in order to achieve its objectives
Risk Assessment	Combined process of risk identification, risk analysis and risk evaluation.
Risk Management	Coordinated activities to direct and control an organisation with regard to risk.
Risk Management Process	Systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context, and identifying, analysing, evaluating, treating, monitoring and reviewing risk.
Risk Owner	Staff member with the accountability and authority to manage a risk
Risk Rating	Risk priority based on consequence and likelihood assessments
Risk Register	Register of all identified risks, their consequences, likelihood, rating and treatments

Risk Management Policy

2.8 Risk Management

Directorate: Executive

Statutory Environment: Occupational Safety and Health Act 1984, and 2005 amendments
Occupational Safety and Health Regulations 1996, and 2005 amendments
AS/NZS 4360:2004 Risk Management
Local Government Audit Regulations – 17

Council Adoption: Date: Oct 2016 Resolution #:13.06.08.04

Last Amended: Date: November 2019 Resolution #:

Review Date: June 2022

Purpose

The Shire of Brookton's ("the Shire") Risk Management Policy documents the commitment and objectives regarding managing uncertainty that may impact the Shire's strategies, goals or objectives.

Policy

It is the Shire's Policy to achieve best practice (aligned with AS/NZS ISO 31000:2009 Risk management), in the management of all risks that may affect the Shire, its customers, people, assets, functions, objectives, operations or members of the public.

Risk Management will form part of the Strategic, Operational, Project and Line Management responsibilities and where possible, be incorporated within the Shire's Integrated Planning Framework.

The Shire's Senior Management Group will implement and communicate the Risk Management Policy, Objectives and Procedures, as well as direct and monitor implementation, practice and performance.

Every employee, elected member, volunteer and contractor within the Shire is recognised as having a role in risk management.

Consultants may be retained at times to advise and assist in the risk management process or management of specific risks or categories of risk.

Definitions (from AS/NZS ISO 31000:2009):

Risk: Effect of uncertainty on objectives.

Note 1: An effect is a deviation from the expected – positive or negative.

Note 2: Objectives can have different aspects (such as financial, health and safety and environmental goals) and can apply at different levels (such as strategic, organisation-wide, project, product or process).

Risk Management: Coordinated activities to direct and control an organisation with regard to risk.

Risk Management Process: Systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context, and identifying, analysing, evaluating, treating, monitoring and reviewing risk.

Risk Management Objectives

- Optimise the achievement of our vision, experiences, strategies, goals and objectives.
- Provide transparent and formal oversight of the risk and control environment to enable effective decision making.
- Enhance risk versus return within our risk appetite.
- Embed appropriate and effective controls to mitigate risk.
- Achieve effective corporate governance and adherence to relevant statutory, regulatory and compliance obligations.
- Enhance organisational resilience.
- Identify and provide for the continuity of critical operations.

Risk Appetite

- The Shire defines its risk appetite through the development and endorsement of the Shire's Risk Assessment and Acceptance Criteria. The criteria is included within the Risk Management Procedures and is subject to ongoing review in conjunction with this policy.
- All organisational risks to be reported at a corporate level are to be assessed according to the Shire's Risk Assessment and Acceptance Criteria to allow consistency and informed decision making. For operational requirements such as projects or to satisfy external stakeholder requirements, alternative risk assessment criteria may be utilised, however these cannot exceed the organisation's appetite and are to be noted within the individual risk assessment and approved by a member of the Senior Management Group.

Roles, Responsibilities & Accountabilities

Council's role is to –

- Review and approve the Shire's Risk Management Policy and Risk Assessment & Acceptance Criteria.
- Liaise with Office of the Auditor General to report on financial statements annually.
- Establish and maintain an Audit and Risk Committee in terms of the *Local Government Act, 1995* with the charter to oversee the identification of relevant risks and associated actions of mitigation across all finance and other operational areas.

The CEO is responsible for the allocation of roles, responsibilities and accountabilities within the organisation. These are documented in the Risk Management Procedures (Operational Document).

Monitor & Review

The Shire will implement and integrate a 'monitor and review' process to report on the achievement of the Risk Management Objectives, the management of individual risks and the ongoing identification of issues and trends.

This policy will be kept under review by the Shire's Senior Management Group and will be formally reviewed for appropriateness and effectiveness, by Council, biennially.

Introduction

All organisations have internal and external factors and influences that make it uncertain as to whether or not they will achieve their objectives. Fundamentally, this uncertainty on the organisations objectives is called risk.

Everything an organisation does involves some form of risk. Risk is managed by anticipating, identifying, analysing and then deciding if it is an acceptable level of risk, or if actions can be taken to reduce it, to an acceptable level of risk.

This document presents the Shire's Risk Management Policy, processes and procedures which combine to form a tailored Risk Management Framework. This Framework outlines the Shires individual approach to incorporating these concepts at an organisational level.

Abiding by this framework will establish corporate governance, legislative and regulatory compliance balanced with the resources available whilst taking human and cultural factors into account.

The following flow chart (Figure 1) illustrates the relationships between the risk management principles, framework and process.

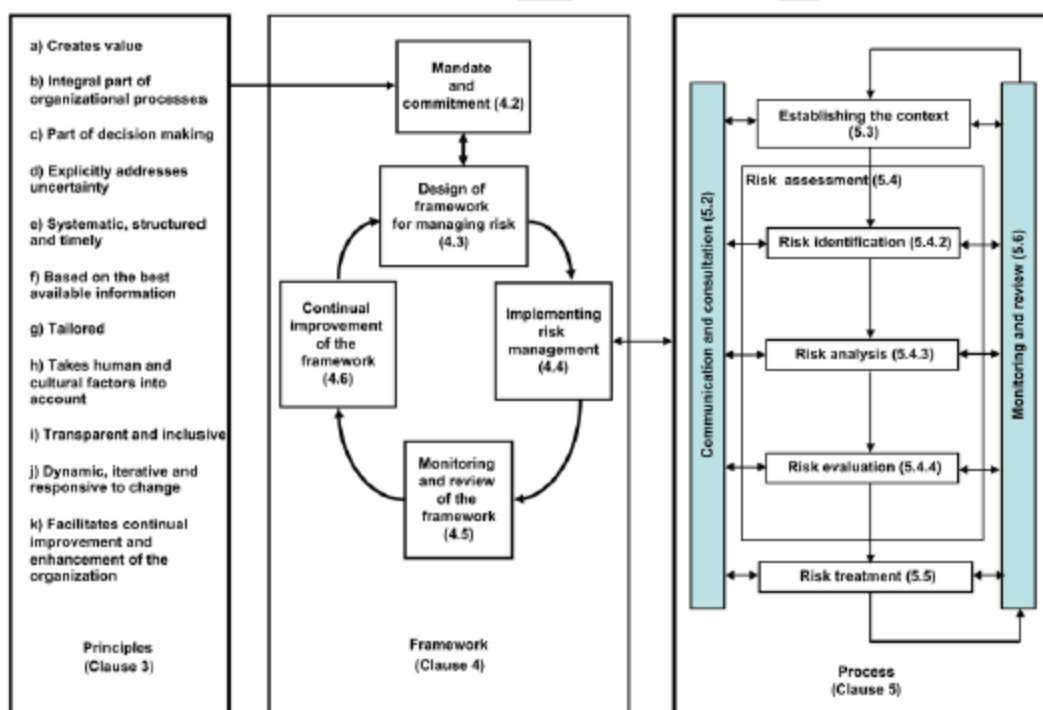


Figure 1: Relationships between the risk management principles, framework and process (Source: AS/NZS 31000:2009)

Three Step Risk Governance Structure

First Step

Operational areas of the Shire are the first step in ensuring risks within their scope are:

- Identified
- Reported
- Assessed
- Managed
- Monitored

Each Business Unit is accountable for all activities within their scope and responsible for:

- Establishing and implementing appropriate processes and controls.
- Completing required documentation, analysis and review.

Second Step

The Senior Management Group are the Second Step in the risk management process. In addition to individual Business Unit responsibilities the Senior Management Group provide independent oversight of risk matters as required, co-ordination of the Shire's risk reporting for the CEO, Audit Committee and Council.

Third Step

The Third Step consists of external and internal audits to assess the effectiveness of the First and Second Steps.

Internal Audits will be conducted on control processes and procedures under direction from the CEO. The Audit and Risk Committee may provide input on the direction and scope of these audits.

External Audits are conducted by the Office of the Auditor General (AOG) as required by legislation. Results are reported to the CEO and Audit and Risk Committee, as well as external parties where applicable.

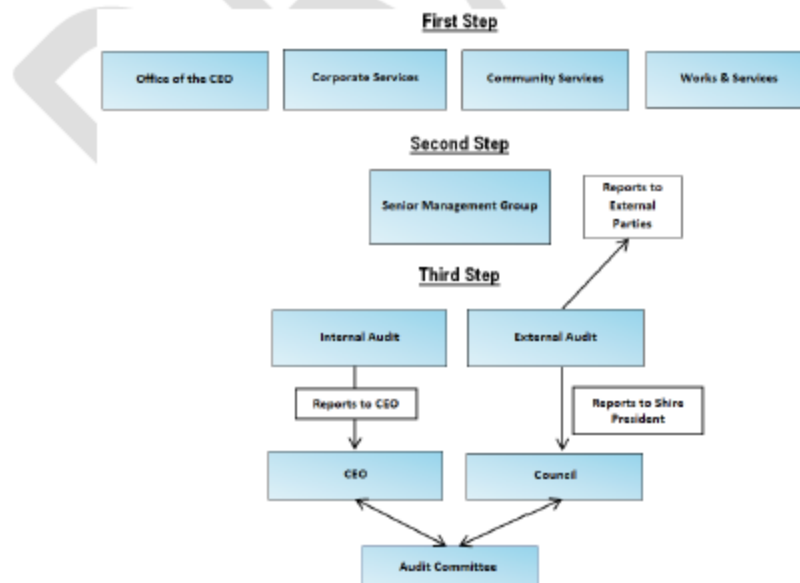


Figure 2: Three Step Governance Structure

Roles & Responsibilities

All staff need to be familiar with the application of the risk management process across their areas of responsibility.

Council

- Establish and maintain an Audit and Risk Committee.
- Facilitate resources, review and approve the Shire's Risk Management Policy and Framework.
- Liaise with Office of the Auditor General (AOG) to report on financial statements annually and the AOG is satisfied with measures being taken to mitigate risk.
- To review and consider any report or recommendation regarding the Risk Management Framework.

Audit Committee

- Oversee external and internal audit functions.
- Promote high level the transparency and accountability of the Shire's financial management systems and reporting.
- Manage the Shire's risk exposure.
- Drive a culture of continuous improvement, including adequacy of accounting, internal control, risk management, reporting and other financial management systems and practices.
- Liaise with the Office of the Auditor General (AOG) on all matters detailed in its Terms of Reference.
- Independently oversee all matters related to the conduct of external audits.

Chief Executive Officer (CEO)

- Ensure an effective risk management framework is implemented, applied and maintained across all Council functions.
- Allocate roles, responsibilities and accountabilities.
- Conduct internal audits as directed by the Audit and Risk Committee and as required by legislation.
- Make adequate resources available for risk management planning and implementation.
- Ensure Managers have the necessary knowledge and skills to effectively fulfil their risk management responsibilities.
- Perform regular risk management planning, review and where necessary training to effect mitigation.

Senior Management Group

- Liaise with Council and the Audit and Risk Committee on Risk Management matters.
- Review and report on the Shire's Risk Management Framework.
- Encourage, embrace and enhance a risk management culture within the Shire.
- Evaluate emerging risks, issues and topics with a pro-active approach to mitigation.
- Document risk management decisions and actions.
- Own and manage Risk Assessments at an organisational level.
- Incorporate the following risk items into Senior Management Meeting agendas:
 - New or emerging risks.
 - Review existing risks.
 - Control adequacy.
 - Outstanding issues and actions.

Process and Compliance Officer (PCO) – Risk Framework Owner

- Draft and implements governance procedures for the framework.
- Promote risk management within operational areas.
- Underpin reporting requirements to the CEO, Audit and Risk Committee and Council on all risk related matters.
- Provide relevant tools and training.
- Identify and monitor risk related Key Performance Indicators (KPI's).
- Perform internal audit functions under direction from the Audit and Risk Committee and/or CEO.

Managers

- Direct, encourage and embrace risk management implementation and culture within work areas.
- Own, manage and report on risk issues, as required.
- Ensure emerging risks and related issues are addressed in a timely manner and suitable form.
- Establish and implement appropriate processes and controls with assistance of the PCO.
- Complete required documentation, analysis and review, including Risk Management Action Plans and Risk Acceptance forms.
- Ensure the inclusion of risks in the Shire's Risk Register.
- Identify and monitor risk related Key Performance Indicators (KPI's).
- Identify and re-evaluate risks as a minimum of annually.

Employees (and Contractors)

- Adhere to safe work practices and perform duties in a safe manner.
- Identify and report identified risk in areas of responsibility.
- Assist in development and effective implementation of risk management controls.
- Participate in and take any actions identified by the risk management process.

Risk Management Assessment Process

1. Establishing Context

The first step in the risk management process is to define the context within which risks are to be assessed. This establishes a start point to assess the risk against the Shire's Strategic, Operational and Project related objectives.

There are two key types of risk context:

Internal context may include the organisation's culture, process, structure and strategy. Management involves looking at the ways in which an organisation carries out its day to day business, operational activities and cultural factors, which are often changeable by the management structure.

External context may include political, legal, regulatory and social environment. Management involves looking at the environment within which an organisation operates, such as legal framework and changes not usually controlled by the organisation itself.

Risk is not limited to one category or factor as exposure can be varied and come from a variety of sources. Grouping risks into categories can assist in defining context and responsibility. See Appendix 3 – Control Effectivity Table and Risk Category Definitions.

2. Risk Assessment

All Business Units need to undertake Risk and Control Assessments on an ongoing basis. For Risk Assessment Template see Appendix 4.

It is important to consider the risks involved in pursuing or not pursuing an opportunity. All significant causes and consequences should be considered under this Framework.

Each Manager needs to ensure Risk Assessments are:

- Reflective of and relevant to the Shire's actual risk environment.
- Reviewed annually as a minimum.
- Completed in standard format aligned to this Framework.

Accordingly, each Manager is to perform the following:

- a) Risk Identification – means identifying sources of risk, areas of impact, events, opportunities, failure to innovate, their causes and potential consequences. The aim is to generate a list of risks based on those impacts or events.
- b) Risk Analysis – involves researching and understanding the risk and the influencing factors. It provides input to evaluation and decisions on the most appropriate action to be taken. The outcome of these assessment tools is called a Risk Rating.

The Risk Rating is determined by identifying the appropriate risk status on the Consequence and Likelihood Tables and applying these descriptor levels to the Risk Matrix. See Appendices 1 – Consequence Table and 2 – Likelihood Table, Risk Matrix and Risk Tolerance Table.

- c) Risk Evaluation – based on the Risk Rating it can be determined:
 - Treatment such as controls is required.
 - Existing controls are adequate.
 - The priority for treatment requires implementation.
 - The risk is acceptable with the decision being documented and status being monitored and reviewed annually as a minimum.
 - The risk is beyond acceptance level after implementation of controls.

3. Risk Treatment

Risk Treatment involves identifying one or more options to modify risks and determining how to implement options. Once implemented treatments can provide or modify efforts to control or mitigate the risk.

Treatment options or controls may include avoiding the risk entirely, accepting the risk to pursue an opportunity, removing the source of risk, changing the likelihood of occurrence, altering the consequence level, sharing the risk, retaining the risk by an informed decision and documenting the risk tolerance.

4. Risk Acceptance

Reasonable efforts should always be taken to reduce the risk. A lack of budgeted funds is not, in itself, sufficient justification to accept a risk.

Completed Take 5's can be counted and used as a KPI that these assessments are being carried out, hazards are being identified, addressed and reported. The resulting data can be captured and used to monitor the actual work environment.

In addition to monitoring the performance of risk and hazard identification, reporting procedures and responsibilities, it is important to monitor the broader effectiveness of the framework to ensure it is continually being improved, creating value and effective in mitigating risk for the organisation. If the Framework is not fit for purpose it needs to be reported, addressed by the Senior Management Group and reviewed by the Audit and Risk Committee.

Risk Management Reporting Workflow	
Audit Committee	Provide report overview to Council
CEO & Senior Management Group	<div>Review Report</div> <div>Identify new & emerging risks</div> <div>Document meeting outcomes</div>
Risk Framework Owner	<div>Verify Risk Information</div> <div>Identify new & emerging risks</div> <div>Produce 6 monthly Risk Report</div>
Managers / Teams	<div>Provide updates on: <ul style="list-style-type: none"> new / emerging risks control adequacy assigned actions </div> <div>Update Risk Assessments and follow up actions.</div>

Appendix 1 - Consequence Table

RATING	PEOPLE	SERVICE DELIVERY	REPUTATION	COMPLIANCE	ASSETS	ENVIRONMENTAL	FINANCIAL
Insignificant	No injury, near miss, no impact on morale.	< 1 hour interruption to business or customers.	Some local complaints. Low or no media or political attention.	No regulatory or statutory impact.	Inconsequential damage.	Contained, immediately reversible impact managed by on site response.	\$0 - \$10,000
Minor	Minor First Aid treatment only. Negligible impact on morale or business.	< 1 day interruption to customers or business.	Minor community concern - no adverse effects. Some media or political attention.	Temporary non-compliance.	Minor damage rectified by routine internal procedures.	Minor impact, reversible in < 1 week by internal response.	\$10,000 to \$50,000
Moderate	Medical attention required. Lost time injury <30 Days. Short term effect on morale & business.	< 1 week day interruption to customers or business.	Significant community concern – minor adverse effects. Significant media or political attention.	Temporary non-compliance, minor penalties imposed.	Minor damage requiring external resources to rectify.	Moderate impact, potential to spread, can be reversed with intensive efforts.	\$50,000 to \$200,000
Major	Temporary disability. Lost time injury >30 days. Significant impact on morale & business.	< 1 month interruption to customers or business. BCP activation.	Substantial community concern – adverse effects. Substantial media or political attention.	Non-compliance resulting in termination of service or substantial penalties.	Significant damage requiring internal & external resources to rectify.	Significant impact, likely to spread, danger of ongoing damage.	\$200 000 to \$500,000
Extreme	Major injury, permanent disability or fatality. Long term effect on morale & business.	> 1 month interruption to customers or business. BCP activation.	Irreparable damage to community or Shire reputation. Prolonged media or political attention.	Non-compliance results in litigation, criminal charges or significant damages or penalties.	Extensive damage requiring significant internal & external resources to rectify. Total loss of asset.	Major impact, irreversible damage.	> \$500,000

Appendix 2 – Likelihood Table, Risk Matrix and Risk Acceptance Table

Likelihood Table

Rating	Description	Frequency
Almost Certain	Event may be expected to occur in most circumstances	> once per year
Likely	Event may probably occur in most circumstances	At least once per year
Possible	Event should occur at some time	At least once in 3 years
Unlikely	Event could occur at some time	At least once in 10 years
Rare	Event may only occur in exceptional circumstances	< once in 15 years

Risk Matrix

Consequence	Insignificant	Minor	Medium	Major	Extreme
Likelihood					
Almost Certain	Medium	High	High	Severe	Severe
Likely	Low	Medium	High	High	Severe
Possible	Low	Medium	Medium	High	High
Unlikely	Low	Low	Medium	Medium	High
Rare	Low	Low	Low	Low	Medium

Risk Acceptance Table

Risk Rating	Action
LOW	Monitor for continuous improvement.
MEDIUM	Comply with risk reduction measures to keep risk as low as reasonably practical.
HIGH	Review risk reduction and take additional measures to ensure risk is as low as reasonably achievable.
SEVERE	Unacceptable. Risk reduction measures must be implemented before proceeding.

Appendix 3 – Control Effectivity Table and Risk Category Definitions.


Control Effectivity Table

Rating	Foreseeable	Description
Effective	Little scope for improvement.	Controls are operating as intended, aligned to Policies & Procedures, subject to ongoing maintenance & monitoring and being continuously reviewed and tested.
Adequate	Some scope for improvement.	Some inadequacies identified, controls are in place, being addressed and complied with and are subject to periodic review and testing.
Inadequate	Corrective action or improvement needed	Controls not operating as intended or do not exist, are not being addressed/complied with or have not been reviewed or tested for some time.

Risk Category Definitions

Risk Category	Examples	Responsible Business Unit
Teaching, training and learning	Insufficient implementation of risk management processes.	Executive (CEO)
Human Resources	Breaching employee regulations.	Executive (CEO)
Health and Safety	Documentation process not followed.	Executive (CEO)
Organisational Environment	Customer Service Charter failure	Executive (CEO)
Community Engagement	Public Notice undistributed	Community
Governance & Compliance	Noncompliance notice issued	Corporate
Financial	Invoices not paid in a timely manner.	Finance
Infrastructure	Inadequate maintenance activities	Infrastructure
IT & Record Keeping	System failure	Corporate
Ethics & Misconduct	Breach of Code of Conduct	Executive (CEO)
Procurement	Exceedance of authorisation limit	Corporate
Emergency Response	Inadequate incident response	Emergency

Appendix 4 - Risk Assessment Template

<p>Shire of</p>  <p>Risk Assessment Template</p>			
			Date: _____
Risk Context:			
Risk Category:			
Risk Identification/Description: What could go right or wrong?			
Risk Analysis			
Potential causes:			
Existing Treatments and Controls:			Effectivity Rating
Consequence:			Overall Control Ratings:
			Determination
			Consequence
			Likelihood
			Risk Rating
Actions / Treatments/ Issues			Due Date Responsibility
Indicators, monitoring and review			Tolerance Date Result
Risk Acceptance Declaration			Date Role Signature
Comments:			

8.12.19 GOOD GOVERNANCE – RECORD KEEPING REQUIREMENTS	
File No:	ADM 0340
Date of Meeting:	05/12/2019
Location/Address:	N/A
Name of Applicant:	N/A
Name of Owner:	N/A
Author/s:	Vicki Morris – Manager Corporate and Community
Authorising Officer:	Ian D’Arcy – CEO
Declaration of Interest:	The author and the authorising Officer have an operational interest in this item.
Voting Requirements:	Simple Majority
Previous Report:	N/A

Summary of Item:

Record keeping and information management is a fundamental part of the governance framework for the Shire. The Shire is required to comply with all aspects of the *State Records Act 2000* and in doing so must ensure that both staff and elected members are made aware of their obligations under the relevant legislation.

The State Records Office (SRO) recently updated their advice to local government (September 2019) and this is attached (Attachment 7.12.19A) for the benefit of elected members.

Description of Proposal:

N/A

Background:

The Information Management advice note issued by the SRO provides an overview of the obligations for local government to keep and preserve records and information. The advice includes how and why elected members must comply with the requirements across all forms of information that they either receive or create as part of their role as an elected member.

Managing information especially that which is received from residents or rate payers directly, is an important part of an elected member’s role to keep in touch with the community. However, the records received and created by elected members as part of their role fall under the record keeping and information management obligations and requirements as set down by the SRO.

It is important to understand the types of records that elected members may receive will range from emails through to hand written letters or cards. All of this information is important because irrespective of format (e.g. an email or hard copy letter), the matters will (likely) relate to the business of the Shire.

As noted in the advice note, any information created or received by an elected member (or the organisation) in the course of conducting Shire business is considered to be a record.

Consultation:

N/A

Statutory Environment:

The State Records Act 2000

The Local Government Act 1995

Relevant Plans and Policy:

Policy Number - 2.27 Records Information Management Policy

Policy Number – 2.35 Information Security

Financial Implications:

There are no financial implications arising from this report – the report is for information only.

Risk Assessment:

The misuse of information can impact on several areas of the business including; the reputation of the Shire, damage to the integrity of the information (and the organisation), the availability of information (business continuity) or information could be corrupt (often caused by scams, virus and other crypto-issues).

It is encumbered upon elected members to ensure that the information they generate or receive, as part of their role, is capture by the Administration to ensure that the Shire has a record of such activity.

The Shire has recently improved its IT capabilities and committed financial funds to ensure that systems and processes are created to ensure good record keeping practices.

Community & Strategic Objectives:

This report aligns with the Corporate Compendium – Record Keeping & Good Governance.

Comment

This report is to raise awareness of the importance of keeping records and to highlight, to elected members, the reasons why keeping records is critical to the operations of the Shire.

OFFICER'S RECOMMENDATION

That the Audit and Risk Committee;

1. Notes the Information Management Advice issued by the State Records Office in September 2019; and
2. Acknowledges that elected members have a responsibility for creating and keeping records relating to their role in accordance with the State Records Act 2000.

(Simple majority vote required)

COMMITTEE RESOLUTION

MOVED Cr Walker SECONDED Cr Macnab

That the Audit and Risk Committee;

- 1. Notes the Information Management Advice issued by the State Records Office in September 2019; and***
- 2. Acknowledges that elected members have a responsibility for creating and keeping records relating to their role in accordance with the State Records Act 2000.***

CARRIED BY SIMPLE MAJORITY VOTE 3-0

Attachments

7.12.19A - Records Keeping basics.



RECORDKEEPING BASICS

This guide provides basic information for creating and managing records for Western Australian State and local government organisations. Non-government organisations may also find this guide useful for developing records management programs.

Special note: Royal Commission into Institutional Responses to Child Sexual Abuse (2017)

Some recommendations from this Royal Commission relate to creating and keeping records of child sexual abuse cases or allegations, and records that may become relevant to future cases or allegations. Organisations should consider what information needs to be retained, based on the level of their activities or services involving children.

[More information: Guidance for identifying and retaining records which may become relevant to an actual or alleged incident of child sexual abuse](#)

1. What is a record?

Information that is created or received by an organisation in the course of its business is a record. Records may be in any format that can be read and understood, such as: paper files and documents, emails, spreadsheets, PDFs, databases, photographs, maps, tape recordings, text messages from mobiles, and social media posts.

2. Why should my organisation keep records?

A well-run organisation relies on well-managed information. Records are the basis of good information. They provide evidence of what an organisation has done, and why. Keeping full and accurate business records means an organisation can account for its actions, report on its activities and defend itself to external parties, if necessary, while making informed and consistent decisions. Over time business records become the corporate memory, or history, of an organisation.

State and local government organisations in WA must comply with recordkeeping requirements in the *State Records Act 2000*, as detailed in an approved Recordkeeping Plan. This Act does **not** apply to non-government organisations.

[More information: Recordkeeping Responsibilities and You information sheet](#)

3. Who should create and keep records?

All employees, including temporary staff, contract staff, volunteers, local government councillors and Board members, must ensure records of business activities, transactions, communications and decisions are captured as an official record. Dedicated information management staff may be responsible for duties such as collecting mail, registering correspondence, maintaining relevant information systems, and arranging for disposal of records that are no longer required.



4. Why have recordkeeping policies and procedures?

Well-run organisations have good information management based on clear recordkeeping policies and procedures. Policies should set out an organisation's expectations for making full and accurate records of its business. These should indicate which staff positions are responsible for creating and managing business records. Standard operating procedures provide clear instructions regarding recordkeeping tasks and staff responsibilities.

5. What should be recorded?

An organisation should record actions, decisions, and commitments arising from communications or meetings, whether internal or external, formal or informal.

Ask yourself the following questions – if you have one or more “yes” answers, a record should be created.

- Does the matter relate to my work?
- Did I write, receive or send this in the course of my work?
- Do I need to take any action, such as reply to someone?
- Is this something I have used to do my work or to reach a decision?
- Will I, or my organisation, need this information in the future?

Examples of records might include:

- Meeting agenda and minutes
- A file note of a meeting to discuss a specific issue
- An email from a manager, authorising purchase of an item
- A letter sent to a client in response to a query
- An email raising a workplace safety issue
- A social media post about changes to the organisation's services

Special note: Royal Commission into Institutional Responses to Child Sexual Abuse

Organisations must carefully consider what sorts of records may be relevant to an actual or alleged incident of child sexual abuse and retain them accordingly.

More information: [Guidance for identifying and retaining records which may become relevant to an actual or alleged incident of child sexual abuse](#)

6. How do I make a record?

Records can be kept in the format in which they are created (such as letters, spreadsheets, forms or emails). In some cases, you may need to create a record manually, particularly for important conversations or telephone calls. Make a file note as soon as possible after an important conversation or meeting so all relevant information can be captured, including:

- **Details of meeting or conversation** – date, time, type of communication, names of people involved and organisations represented
- **Content of meeting or conversation** – topics discussed, any decisions or commitments made, actions required
- **Other details** – author, file number, date written



7. Do I need to keep a hard copy or electronic record?

The *State Records Act* does **not** require records to be kept in any particular form. Records can be kept digitally, or in paper, or as a combination of the two. There is no need to print digital records unless the organisation has a specific business requirement to do so.

Organisations can digitise, or scan, paper records to improve access to them, or to save physical storage space. Digitisation can be an expensive and/or time-consuming process, so consider costs against potential benefits before starting a scanning project.

For Western Australian State and local government organisations: If you intend to destroy the original record after scanning, the SRO's *General Disposal Authority for Source Records* must be followed.

More information: [General Disposal Authority for Source Records](#), [Digitisation Specification](#)

8. How do I manage records?

To establish a recordkeeping program in your organisation, these basic activities should be considered:

Correspondence capture: Organisations should keep a record of any correspondence that they send or receive, whether hard copy or digital. This provides evidence of this correspondence and enables it to be retrieved as needed. Correspondence can be recorded in a register or spreadsheet, or another business information system. The register should contain details such as: sender, recipient, date received, subject matter and file reference.

Naming and Filing: When creating documents it is important to name them consistently so your organisation can easily identify and retrieve them in future. When filing records, similar matters or issues should be grouped together.

More information: [Document Naming Conventions Information Sheet](#)

Digital records: Most organisations create digital records. These may be created and kept in a business information system such as an Electronic Document and Records Management System, a Customer Relationship System, or other software. Whichever is used, it is important to have processes in place to ensure that digital information remains complete, secure, accessible and reliable.

Be aware that digital storage may be cheap but digital records will need to be consciously managed and migrated over time to ensure they can still be read and used. There will also be ongoing costs for backups and maintenance, and these may increase substantially over time as the volume of data increases.

More information: [Business Information Systems Information Sheet](#), [Management of Digital Records guideline](#)

Storage and Access: Consider who needs to access which records and where they can best be securely kept. Access to some records, such as confidential or sensitive matters, may need to be restricted to certain people or positions. Any specific access provisions should be formally documented.



Records should be kept in suitable storage, which should offer protection from potentially harmful environmental conditions. You might need to consider issues such as appropriate shelving or cabinets, fire protection, and security. If needed, onsite or commercial providers may be used for physical and digital storage.

More information: [Common Use Arrangement for Storage, Retrieval, Destruction and Digitisation of Paper and Electronic Records](#) (Department of Finance website)

Disaster Management: Records can be damaged or lost to fire, floods, mould, insects, computer viruses or vandalism. What would happen if you lost your business records? Your organisation should have a disaster management plan to ensure your organisation's records are protected.

Training: Consider how to make staff and volunteers aware of recordkeeping responsibilities and processes. This may form part of the induction when new people join the organisation, or as part of a regular training program, or both.

Training methods should suit your organisation's size and resources, and might include face-to-face sessions (group or individual), updates at staff meetings, email circulars, and/or external training courses.

9. How long do records need to be kept?

The purpose of a record will determine how long you need to keep it. Most records do not have permanent value, but disposal of records can only be done using an approved disposal authority. Depending on the information in the record, you should use the appropriate General Disposal Authority published by the SRO, or a Retention and Disposal Authority specific to your organisation.

For non-government organisations: Disposal of records should be done in line with an agreed, documented policy or set of rules. The SRO's General Disposal Authorities cover common administration disposal rules which can be used as a guide.

10. How do I destroy records?

The organisation's principal/chief officer, or delegate, must sign off on lists of records to be destroyed. Destruction must be done in accordance with agreed business rules.

Records must be destroyed to the extent that no information can be recovered. This is particularly important if computers or other equipment are being sold or re-used.

Hard copy records can be shredded or pulped. Digital records can be destroyed by deliberately altering the data or by physically destroying the storage medium.

More information: [Sanitizing Digital Media and Devices guideline](#)

11. Questions?

If you have any other questions about recordkeeping, please contact the State Information Management Team.

Email: sro@sro.wa.gov.au
Telephone: 9427 3661



Recordkeeping Responsibilities and You

The *State Records Act 2000* (the Act) governs recordkeeping within State and local government organizations in Western Australia. Under the Act, every employee of a government organization (including temporary staff and contractors) will have some responsibility for creating and keeping records relating to their work.

What is a record?

A **record** can be defined as any record of information, in any medium, including letters, files, emails, word processed documents, databases, photographs, text messages, and social media posts relevant to the business of the organization. **Government records** are those records created or received by a government organization, or by an employee or contractor in the course of their work for that organization.

Why do I need to keep records?

Records provide evidence of what an organization has done, and why. Keeping records of business activity enables an organization to account for its actions, meet legislative requirements, and make informed and consistent decisions.

What are my responsibilities as a government employee?

Every employee of a government organization (including temporary staff, contractors and consultants) has a responsibility to create records of their work for the government organization. While specific responsibilities will differ depending on the work role, employees should ensure that records of their activities, transactions and decisions are captured onto the official record.

When should I create a record?

A record should be created when an activity or transaction takes place, or a decision is made, which relates to the organization's business activity. If you are not sure whether to create a record, **ask yourself:**

- Does the matter relate to my work?
- Did I write, receive or send this in the course of my work?
- Is action required?
- Is this something I have used to do my work or to reach a decision?
- Will I need this information again?
- Will someone else need this information at some stage?

If the answer is "yes" to any one of these questions, a record should be created.

What do I do with records once they are created?

Records of business activity should be entered into the organization's official recordkeeping system. By doing this, records relating to particular work matters are kept together and are available for all relevant staff to refer to.

How long do I need to keep records?

Records can only be disposed of in accordance with a disposal authority that has been approved by the State Records Commission. It is illegal to dispose of records unless authorized to do so.

Further information: For assistance with recordkeeping responsibilities specific to your work, please contact the Records Manager within your organization or the State Records Office on (08) 9427 3661 or via email at sro@sro.wa.gov.au.

9.12.19 ANNUAL REPORT FOR 2018/2019	
File No:	ADM 0117
Date of Meeting:	05 December 2019
Location/Address:	Not Applicable
Name of Applicant:	Shire of Brookton
Name of Owner:	Shire of Brookton
Author/s:	Kelly D’Arcy –Corporate Business Officer Compliance & Finance
Authorising Officer:	Vicki Morris – Deputy Chief Executive Officer
Declaration of Interest:	The author and authorizing officer have no interest in this item.
Voting Requirements:	Absolute Majority
Previous Report:	Nil

Summary of Item:

The 2018/19 Annual Report outlines the Shire’s achievements against its Strategic Community Plan, financial performance and notes key activities contained within the Corporate Business Plan. This item seeks the Audit and Risk Committee’s approval to resolve to adopt the 2018/19 Annual Report (including the 2018/2019 audited Financials) and to recommend the date for the annual general meeting of electors.

The Annual Report is presented in ***Attachment 9.12.19A provided under separate cover.***

Description of Proposal:

The Audit and Risk Committee recommend to Council that the 2018/2019 Annual Report be endorsed and adopted.

Background:

The Annual Report contains information as required under section 5.53 of the *Local Government Act 1995* including (but not limited to) the following:

- A report from the President
- A report from the Chief Executive Officer
- An overview of the plan for the future of the Shire (in accordance with Section 5.56 of the *Local Government Act 1995*)
- The financial report for the relevant financial year
- A report made under section 29 (2) of the *Disability Services Act 1993*
- Details of entries made under section 5.121, in the register of complaints
- The auditor’s report for the financial year

The on-site audit was conducted by the Office of the Auditor General (OAG) from 23 September to 26 September 2019 and again from 7 October to 10 October 2019. The Annual Financial Report was finalised and submitted to the Auditors on Wednesday 25 September 2019. Following post audit adjustments, the Audited Annual Financial Report was received on Thursday 28 November 2019.

Should the 2018/19 Annual Report be endorsed, it is intended that local public notice be published advising the availability of the 2018/19 Annual Report and of the Annual Electors Meeting.

Consultation:

Consultation was undertaken with the Shires Auditors – the OAG, the Shire President, the Chief

Executive Officer, the Deputy Chief Executive Officer and the Shire of Brookton's Finance Department.

Statutory Environment:

Section 5.53 of the *Local Government Act 1995* (the Act) outlines the minimum requirements of an Annual Report. Section 5.54 states that a local government must accept an annual report by 31 December of each year by absolute majority.

The Annual Financial Report is prepared in accordance with Australian Accounting Standards, the *Local Government Act 1995*, and the *Local Government (Financial Management) Regulations 1996*.

Sections 5.27 and 5.29 of the Act outline the procedure for convening an electors meeting, including holding the meeting no more than 56 days from when the Annual Report was adopted.

Relevant Plans and Policy:

There are no Council Policy implications that are relevant to this item

Financial Implications:

The availability of the Annual Report and the date for the annual general meeting of electors will be advertised in the Brookton Telegraph Notes. There will be no cost associated with this.

A limited number of hard copy annual reports will be printed and funded under the existing printing and stationery budget.

Risk Assessment:

There is a risk that should the Annual Report not be adopted within the timeframes outlined, Council may be in breach of the *Local Government Act 1995* and relevant subsidiary legislation.

Community & Strategic Objectives:

Pursuant to the Strategic Community Plan, the Shire is to provide high quality corporate governance, accountability and compliance.

Comment

The Office of the Auditor General plan to issue an exit brief (summary of the audit) as well as a management letter for the final audit. The OAG will present and provide commentary on both the exit brief and the management letter.

The implication of this is that in the auditor's opinion the Shire's financial report is in accordance with the *Local Government Act 1995* and the *Local Government (Financial Management) Regulations 1996*, and:

- a) gives a true and fair view of the Shire's financial position as at 30 June 2019 and of its financial performance and its cash flows for the year ended on that date; and
- b) complies with the Australian Accounting Standards.

OFFICER RECOMMENDATION

That the Audit and Risk Committee Recommend to Council that:

1. In accordance with Sections 5.53 and 5.54 of the Local Government Act, 1995, endorses and accepts the Shire of Brookton Annual Report 2018/2019 for the 2018/2019 financial year;
2. That the Chief Executive Officer be authorised to give public notice of the availability of the Annual Report in accordance with Section 5.55 of the Local Government Act, 1995;
3. Receive the Management Report from the Office of the Auditor General for the Year Ended 30 June 2019 and
4. Advertise the Annual General Meeting of Electors to be held on Thursday 13 February 2020 commencing at 6.00pm, at the Shire Administration Office, 14 White Street Brookton in Council Chambers.

(Absolute Majority Vote Required)

ACM 12.19-05

COMMITTEE RESOLUTION

MOVED Cr Walker SECONDED Cr Macnab

That the Audit and Risk Committee Recommend to Council that:

- 1. In accordance with Sections 5.53 and 5.54 of the Local Government Act, 1995, endorses and accepts the Shire of Brookton Annual Report 2018/2019 for the 2018/2019 financial year;***
- 2. That the Chief Executive Officer be authorised to give public notice of the availability of the Annual Report in accordance with Section 5.55 of the Local Government Act, 1995;***
- 3. Receive the Management Report from the Office of the Auditor General for the Year Ended 30 June 2019 and***
- 4. Advertise the Annual General Meeting of Electors to be held on Thursday 13 February 2020 commencing at 6.00pm, at the Shire Administration Office, 14 White Street Brookton in Council Chambers.***

CARRIED BY ABSOLUTE MAJORITY VOTE 3-0

Attachments

Attachment 10.12.19A – 2018/2019 Annual Report (provided under separate cover)

10.12.19	ELECTED MEMBERS MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN
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11.12.19	NEW BUSINESS OF AN URGENT NATURE INTRODUCED BY DECISION OF MEETING
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ACM 12.19-06**COMMITTEE RESOLUTION****MOVED Cr Macnab SECONDED Cr Walker**

That the Audit Committee consider an item of urgent new business under item 11.12.19.01.

CARRIED BY SIMPLE MAJORITY VOTE 5-0

11.12.19.01	DRAFT ANNUAL BUDGET PREPARATION PROGRAM
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File No:	N/A
Date of Meeting:	5 December 2019
Location/Address:	N/A
Name of Applicant:	N/A
Name of Owner:	Shire of Brookton
Author/s:	Ian D'Arcy – Chief Executive Officer
Authorising Officer:	As above
Declaration of Interest:	The author has an operational interest in this matter
Voting Requirements:	Simple Majority
Previous Report:	N/A

Summary of Item:

This item relates to a draft program for preparation of the annual budget, that if supported will be converted to a formal procedure that aligns to Council Policy 2.16 – Significant Accounting Policies.

A copy of draft program is offered in the body of this report for the Audit and Risk Committee's review.

Description of Proposal:

As above.

Background:

This matter has arisen due to a lack of clarity in previous years over the methodology in preparing the annual budget being well understood. In light of this, the Shire President requested a procedure be prepared that depicts the process to be followed, for consideration by the Audit and Risk Committee.

Accordingly, this report presents an indicative and fluid process to preparing the annual budget for review and discussion.

Consultation:

Consultation has only occurred on this matter between the Senior Corporate Business Officer, the Shire President and Chief Executive Officer.

Statutory Environment:

This matter relates to Part 6; Division 2; Section 6.2 (Local Government to Prepare Annual Budget) of the *Local Government Act, 1995*.

Relevant Plans and Policy:

This policy has been prepared in consideration of Council Policy 2.16 – Significant Accounting Policies.

Financial Implications:

There is no direct financial implication as this matter involves staff and Councillor's time already accounted for in the current municipal budget through the allocation of salary and wages, and elected member sitting fees.

Risk Assessment:

The risk of no documented methodology is assessed as 'High' against the Risk Matrix Table below. In the past it has become evident that items for consideration have been either over looked or omitted at an officer level due to poor understanding of the process, which in turn has led to a level inefficiency. Similarly, it is reasonable for Councillors to have a sound understanding of the process given the onus placed on elected members to be fiscally responsible with public funds.

Consequence	Insignificant	Minor	Moderate	Major	Extreme
Likelihood					
Almost Certain	Medium	High	High	Severe	Severe
Likely	Low	Medium	High	High	Severe
Possible	Low	Medium	Medium	High	High
Unlikely	Low	Low	Medium	Medium	High
Rare	Low	Low	Low	Low	Medium

Risk Rating	Action
LOW	Monitor for continuous improvement.
MEDIUM	Comply with risk reduction measures to keep risk as low as reasonably practical.
HIGH	Review risk reduction and take additional measures to ensure risk is as low as reasonably achievable.
SEVERE	Unacceptable. Risk reduction measures must be implemented before proceeding.

Community & Strategic Objectives:

That matter aligns to the Corporate Business Plan Corporate Compendium under:

Business Function 18: Financial Control

Action 18.1: Prepare annual budget/conduct statutory budget reviews

Comment

The following is an indicative understanding of the time frame, functions and responsible persons involved in the annual budget preparation to be incorporated into a more detailed procedure. Of note is:

- a) The time frame is somewhat fluid and subject to 'slippage', with the final date for adoption being 31st August each year in accordance with the provisions of Section 6.2 of the *Local Government Act, 1995*.
- b) The procedure will need to be amended from time to time as the Council's Integrated Planning and Reporting framework is progress to include the Asset Management Plan, Workforce Plan and Long Term Financial Plan, all of which are informing documents to the annual budget preparation.

Annual Budget Preparation Program

Month	Function	Week	Responsibility
February	• Salaries and wages	Week 1 - 2	CEO/Managers
	• Review depreciation	Week 2	SCBO
	• Review plant allocations	Week 2	SCBO
	• Review ABC allocations	Week 3	SCBO
	• Budget requests	Week 2 - 4	Staff/Councillors
March	• Create budget workbook	Week 1	SCBO
	• Commence data input	Week 1 - 4	SCBO
	• Review fees and charges	Week 2 - 3	SCBO
	• Review financial reserves	Week 3 - 4	SCBO
	• Review capital items	Week 4	CEO/Managers
April	• Data input (Con't)	Week 1 - 4	SCBO
	• Review capital items (Con't)	Week 1 - 2	CEO/Managers/SCBO
	• Workshop – Fees & charges	Week 2	Staff/Councillors
	- Set increase – rates	Week 2	
	- Set increase – rubbish & sewerage	Week 2	
May	• Model rates	Week 3	CBOF
May	• Data input (Con't)	Week 1 - 4	SCBO
	• Workshop – First review of draft	Week 1	Staff/Councillors
June	• Data input (Con't)	Week 1 – 4	SCBO
	• Confirmation of grants income	Week 1	SCBO
	• Consolidate carry forward position	Week 4	SCBO
	• Workshop – Second review of draft	Week 4	Staff/Councillors
July	• Council Meeting – Budget adoption	Week 3	Staff/Councillors
August	• Budget notification to LG Dept.	Week 1	SCBO

CEO means Chief Executive Officer

Managers means Manager of Infrastructure and Emergency; Manager Corporate and Community

SCBO means Senior Corporate Business Officer

CBOF means Corporate Business Officer – Finance

OFFICER RECOMMENDATION

That the Audit and Risk Committee, following review, endorses the Annual Budget Preparation Program as presented in the body of this report and requests a formal procedure be prepared that reflects this program and aligns to Council Policy 2.16 – Significant Accounting Policies.

An amendment to the officer's recommendation was suggested for the wording to be "Annual Budget Preparation Guide" as opposed to "program".

(Simple majority vote required)

ACM 12.19-07

COMMITTEE RESOLUTION

MOVED Cr Macnab SECONDED Cr Walker

That the Audit and Risk Committee, following review, endorses the Annual Budget Preparation Guide as presented in the body of this report and requests a formal procedure be prepared that reflects this program and aligns to Council Policy 2.16 – Significant Accounting Policies.

CARRIED BY SIMPLE MAJORITY VOTE 3-0

(Note to Minute: The Audit Risk Committee changed the Officer Recommendation by amending the title from 'Annual Budget Preparation Program' to 'Annual Budget Preparation Guide' as it was acknowledged many factors may influence the timeline in preparing the annual budget.)

12.12.19 CLOSURE OF MEETING

There being no further business the meeting was closed at 3.49pm.