



SHIRE OF YORK

## NOTICE OF MEETING

Dear Committee Members

I respectfully advise that the AUDIT AND RISK COMMITTEE MEETING will be held in Council Chambers, York Town Hall, York on Tuesday, 8 September 2020, commencing at 3.00pm.

MEETING AGENDA ATTACHED

*Chris Linnell*

CHRIS LINNELL  
CHIEF EXECUTIVE OFFICER  
Date: 4 September 2020

---

👉 PLEASE READ THE FOLLOWING IMPORTANT DISCLAIMER BEFORE PROCEEDING 👈

Any plans or documents in agendas and minutes may be subject to copyright. The express permission of the copyright owner must be obtained before copying any copyright material.

Any statement, comment or decision made at a Council meeting regarding any application for an approval, consent or licence, including a resolution of approval, is not effective as an approval of any application and must not be relied upon as such.

Any person or entity who has an application before the Shire of York must obtain, and should only rely on, written notice of the Shire of York's decision and any conditions attaching to the decision and cannot treat as an approval anything said or done at a Council meeting.

Any advice provided by an employee of the Shire of York on the operation of a written law, or the performance of a function by the Shire of York, is provided in the capacity of an employee, and to the best of that person's knowledge and ability. It does not constitute, and should not be relied upon, as a legal advice or representation by the Shire of York. Any advice on a matter of law, or anything sought to be relied upon as a representation by the Shire of York should be sought in writing and should make clear the purpose of the request. Any plans or documents in Agendas and Minutes may be subject to copyright.

<p><b>MISSION STATEMENT</b> <i>"Building on our history to create our future"</i></p>
---

## Order Of Business

<b>1</b>	<b>Opening .....</b>	<b>3</b>
1.1	Declaration of Opening.....	3
1.2	Disclaimer .....	3
1.3	Standing Orders .....	3
1.4	Announcement of Visitors .....	3
1.5	Declarations of Interest that Might Cause a Conflict .....	3
1.6	Declaration of Financial Interests .....	3
1.7	Disclosure of Interests that may affect Impartiality.....	3
<b>2</b>	<b>Attendance .....</b>	<b>4</b>
2.1	Members .....	4
2.2	Staff .....	4
2.3	Apologies .....	4
2.4	Leave of Absence Previously Approved .....	4
<b>3</b>	<b>Applications for Leave of Absence .....</b>	<b>4</b>
<b>4</b>	<b>Presentations .....</b>	<b>4</b>
<b>5</b>	<b>Confirmation of Minutes of Previous Meetings .....</b>	<b>4</b>
<b>6</b>	<b>Announcements by Presiding Member without Discussion.....</b>	<b>4</b>
<b>7</b>	<b>Officer's Reports.....</b>	<b>5</b>
7.1	OSH Audit Assessment Report .....	5
7.2	Risk Management Update as at 30 June 2020 .....	25
7.3	Audit Regulation 17 Review and Financial Management Review .....	32
<b>8</b>	<b>Motions of which Previous Notice has been given .....</b>	<b>51</b>
<b>9</b>	<b>Questions from Members without Notice .....</b>	<b>51</b>
<b>10</b>	<b>Business of an Urgent Nature Introduced by Decision of the Meeting.....</b>	<b>51</b>
<b>11</b>	<b>Closure .....</b>	<b>51</b>

The York Shire Council acknowledges the traditional owners of the land on which this meeting will be held.

## 1 OPENING

### 1.1 Declaration of Opening

### 1.2 Disclaimer

The Presiding Member advises the following:

*"I wish to draw attention to the Disclaimer Notice contained within the agenda document and advise members of the public that any decisions made at the meeting today, can be revoked, pursuant to the Local Government Act 1995.*

*Therefore members of the public should not rely on any decisions until formal notification in writing by Council has been received. Any plans or documents in agendas and minutes may be subject to copyright. The express permission of the copyright owner must be obtained before copying any copyright material."*

### 1.3 Standing Orders

### 1.4 Announcement of Visitors

### 1.5 Declarations of Interest that Might Cause a Conflict

Councillors/Staff are reminded of the requirements of s5.65 of the Local Government Act 1995, to disclose any interest during the meeting when the matter is discussed and also of the requirement to disclose an interest affecting impartiality under the Shire of York's Code of Conduct.

Name	Item No & Title	Nature of Interest (and extent, where appropriate)

### 1.6 Declaration of Financial Interests

A declaration under this section requires that the nature of the interest must be disclosed. Consequently a member who has made a declaration must not preside, participate in, or be present during any discussion or decision making procedure relating to the matter the subject of the declaration.

Other members may allow participation of the declarant if the member further discloses the extent of the interest and the other members decide that the interest is trivial or insignificant or is common to a significant number of electors or ratepayers.

Name	Item No & Title	Nature of Interest (and extent, where appropriate)

### 1.7 Disclosure of Interests that may affect Impartiality

Councillors and staff are required (Code of Conduct), in addition to declaring any financial interest, to declare any interest that might cause a conflict. The member/employee is also encouraged to disclose the nature of the interest. The member/employee must consider the nature and extent of the interest and whether it will affect

their impartiality. If the member/employee declares that their impartiality will not be affected then they may participate in the decision making process.

Name	Item No & Title	Nature of Interest (and extent, where appropriate)

## **2 ATTENDANCE**

2.1 Members

2.2 Staff

2.3 Apologies

2.4 Leave of Absence Previously Approved

## **3 APPLICATIONS FOR LEAVE OF ABSENCE**

## **4 PRESENTATIONS**

## **5 CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS**

Audit and Risk Committee Meeting - 9 June 2020

Confirmation

That the minutes of the Audit and Risk Committee Meeting held on 9 June 2020 be confirmed as a correct record of proceedings.

## **6 ANNOUNCEMENTS BY PRESIDING MEMBER WITHOUT DISCUSSION**



## **7 OFFICER'S REPORTS**

### **7.1 OSH AUDIT ASSESSMENT REPORT**

**File Number:** PE.OHS.4

**Author:** Darren Wallace, Executive Manager, Infrastructure & Development Services

**Authoriser:** Chris Linnell, Chief Executive Officer

**Previously before Council:** NA

**Appendices:** 1. 3 Steps to Safety Program, Step 1 Assessment Report

#### **NATURE OF COUNCIL'S ROLE IN THE MATTER**

Executive

#### **PURPOSE OF REPORT**

Inform the Council of the progress made in the Shires overall Occupational Safety practices and the outcome of the recent assessment report.

#### **BACKGROUND**

The '3 Steps to Safety' program was established to recognise and meet the needs of Local Government with the aim of driving safety performance and minimising claim exposure. The attached report (appendix 1) is the outcome of Step 1 of that program, which is a safety check using a checklist and workplace inspections.

#### **COMMENTS AND DETAILS**

The Shire received a score of 53/80 or 66%. This clearly shows there is a need for improvement. However, the score is a marked improvement on our previous score (2017) of 17/80 or 21%.

The following is a summary of the 2017 and 2020 Audit results. A full copy of the Audit report is attached as appendix 1.

As can be seen there has been significant improvement in all the audited categories. This reflects the effort put in by all Shire Staff and the importance placed on OSH practices by all staff, including previous management.

The improvements have been primarily driven by Sharla Simunov, who is the Shire designated Safety Officer, along with her other duties. I would also like to acknowledge the support of the Local Government Insurance Scheme (LGIS) in the process.

In particular I would like to commend the Shires outdoor staff for embracing the safety cultural. In particular, completing the extra paperwork required to record and document the safety processes.

Step 2 of the '3 Steps to Safety' program involves the development of an OSH Action Plan between the Shire of York and LGIS. This action plan sets the actions to be taken to address the areas requiring improvement. The development of the Action Plan is well underway and is anticipated to be presented to the OSH Committee in October 2020.

Step 3 involves the Shire of York implementing the agreed actions with the assistance of LGIS through mentoring, assisting and providing templates as required. Some of the actions previously identified, that will carry over to the new Action Plan, are currently being implemented.

**2017 Audit Result**

Category	Score
Management Commitment	4/16
Consultation	7/16
Hazard Management and Safe Work Procedures	1/16
Training and Supervision	5/16
Reporting and Monitoring	0/16
<b>Total</b>	<b>17/80</b>
<b>Overall Score</b>	<b>21%</b>

**2020 Audit Result**

Category	Score
Management Commitment	10/16
Consultation	10/16
Hazard Management and Safe Work Procedures	9/16
Training and Supervision	11/16
Reporting and Monitoring	13/16
<b>Total</b>	<b>53/80</b>
<b>Overall Score</b>	<b>66%</b>

**OPTIONS**

That Council

1. Accepts the '3 Steps to Safety' Program Step 1 Assessment Report prepared by LGIS, and acknowledge the work of the Shires Safety Officer and Depot Staff in achieving a significantly higher score than the last assessment; or
2. Accepts the '3 Steps to Safety' Program Step 1 Assessment Report prepared by LGIS; or
3. Questions the validity of the 3 Steps to Safety Program Step 1 Assessment Report and request that LGIS undertake a new review.

**IMPLICATIONS TO CONSIDER****Consultative**

No consultation was undertaken as part of this report.

**Strategic**

5.3.1 Deliver continuous improvement in all areas of the Shires governance.

**Policy Related**

The Shires policy, G1.10 WORKFORCE and HUMAN RESOURCES

An Occupational Safety and Health Policy is currently being developed as part of the identified Action Plan.

**Financial**

Poor OSH practices may have financial impacts with increased insurance claims and increased insurance premiums.

**Legal and Statutory**

Occupational Safety and Health Act 1984 and the Occupational Safety and Health Regulations 1996, set out the Shire's and Shire Staff's responsibilities and duty of care for safety and health at the workplace.

**Risk Related**

Poor OSH practices are a significant financial risk exposing the Shire to increased insurance claims and increased insurance premiums. Poor OSH practices are also a reputational risk. Where the Shire's standing in the community maybe questioned and the Shire may not be seen as an employer of choice.

**Workforce**

All staff members have OSH responsibilities.

**VOTING REQUIREMENTS**

**Absolute Majority: No**

**RECOMMENDATION**

That Council

1. Accepts the '3 Steps to Safety' Program Step 1 Assessment Report prepared by LGIS.
2. Requests the CEO formally acknowledge the work of the Shire's Safety Officer and Depot Staff in achieving a significantly higher score that the last assessment.



3 Steps to Safety Program  
Step 1 Assessment Report  
14 August 2020

Shire of York



## Table of Contents

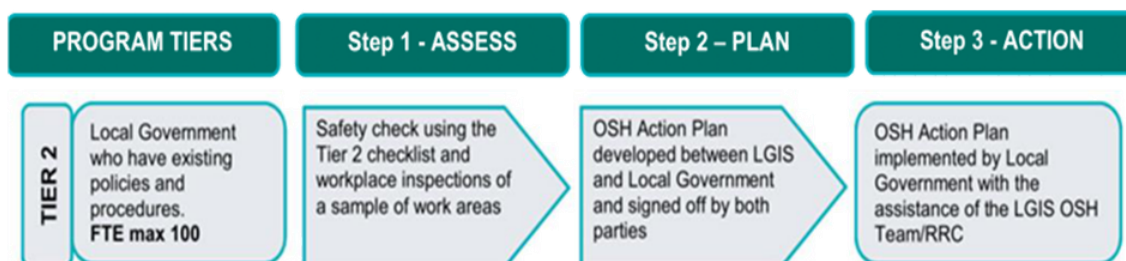
Introduction .....	2
Program Summary .....	2
Verification Report.....	2
Verification Details.....	2
Assessment Methodology .....	2
Limitations .....	2
1.0 Management Commitment.....	3
2.0 Consultation .....	5
3.0 Hazard Management and Safe Work Procedures .....	7
4.0 Training and Supervision .....	9
5.0 Reporting and Monitoring .....	11
Scores .....	13
Next Step .....	14
Acknowledgements.....	14



## Introduction

The 3 Steps to Safety program was established to recognise and meet the needs of Local Government with the aim of driving safety performance and minimising claim exposure. This report is the outcome of Step 1 of that program. The next steps are included at the end of this report.

### Program Summary



### Verification Report

The purpose of this report is to provide the Shire of York with a summary of the assessment findings.

### Verification Details

The verification activity was undertaken by Katherine Kempin (Senior OSH Consultant). The Shire of York was represented by Sharla Simunov (Technical Services Officer) for the duration of the verification activity. This report has been peer reviewed by Emma Horsefield (OSH Program Manager) at LGIS.

The assessment was undertaken on 4 August 2020. The sites visited as part of the activity were the Administration and Library Building, Depot and Visitor Centre.

### Assessment Methodology

All evidence for this assessment was examined and verified on site through examination of documents, workplace inspections and interviews with workers from the Shire of York. The assessment was undertaken against the Tier 2 OSH Checklist using the LGIS scoring methodology.

Finding	Score	Definition
<b>Satisfactory</b>	2	Where the organisation has fulfilled the requirement
<b>Insufficient</b>	1	Where the organisation has fulfilled some of the requirements but not all of it
<b>Unsatisfactory</b>	0	Where the organisation has not fulfilled the requirement

### Limitations

This assessment was undertaken as part of LGIS' 3 Steps to Safety program. It should not be relied upon for any assurance of legislative compliance. This assessment does not protect against enforcement action against the Shire of York by any regulatory authority including WorkSafe.



## 1.0 Management Commitment

Requirement		Comments	Score
1.1	There is an OSH Policy that demonstrates their commitment to safety	<p>The Shire has developed an <i>Occupational Safety and Health Policy (H1.1)</i> that identifies the organisations commitment to safety and health, it is currently in draft awaiting feedback from the OSH Working Group (OSHWG).</p> <p><b>Recommendation:</b></p> <ul style="list-style-type: none"> <li>Continue with the <i>Occupational Safety and Health Policy</i> review for implementation.</li> </ul>	1
1.2	The OSH Policy is endorsed and communicated	<p>The <i>Occupational Safety and Health Policy</i> is currently being reviewed by the OSHWG and CEO before endorsement.</p> <p><b>Recommendation:</b></p> <ul style="list-style-type: none"> <li>Continue with the <i>Occupational Safety and Health Policy</i> review and ensure the CEO endorses the policy and it is effectively communicated to the workforce.</li> </ul>	1
1.3	The OSH Policy gets reviewed at regular intervals	<p>The <i>Occupational Safety and Health Policy</i> is not currently reviewed at regular intervals.</p> <p><b>Recommendation:</b></p> <ul style="list-style-type: none"> <li>Develop a process for the regular review of the <i>Occupational Safety and Health Policy</i> to ensure it is reflective for the organisations commitment to safety and health.</li> </ul>	0
1.4	OSH responsibilities are documented at all levels	Position descriptions identify safety and health responsibilities at all levels and discussions had with workers demonstrated an understanding of their role responsibilities.	2
1.5	Managers and Supervisors are held accountable for OSH	Managers and supervisors are held accountable for safety and health through OSHWG, EMG, Risk Working Group (RWG) and within the performance review process.	2
1.6	Resources are allocated to meet OSH responsibilities	The Shire has allocated a budget from safety and health that covers such things as training, personal protective equipment (PPE), uniforms, plant and equipment and specialist consultants. OSH representatives have been appointed across the Shire for workers to be represented in safety and health matters.	2





1.7	Resources get reviewed to ensure they are sufficient	<p>Safety and health budget allocations are regularly reviewed on a bi-annually basis however personnel resourcing is not regularly reviewed.</p> <p><b>Recommendation:</b></p> <ul style="list-style-type: none"> <li>Develop a process for the regular review of OSH personnel resourcing to ensure it is sufficient for the Shire's requirements.</li> </ul>	1
1.8	The organisations approach to OSH is planned	<p>An <i>OSH Management Plan 2020</i> has been developed that includes safety and health objectives and targets applicable to the Shire, however it is currently under review for endorsement by EMG and OSHWG.</p> <p><b>Recommendation:</b></p> <ul style="list-style-type: none"> <li>Continue with the <i>OSH Management Plan 2020</i> review and ensure that once approved it is effectively implemented.</li> </ul>	1

**Management Commitment Score: 10/16**





## 2.0 Consultation

Requirement		Comments	Score
2.1	Consultation arrangements are in place	<p>Safety and health is an agenda item on toolbox, OSHWG, RWG and EMG meetings where minutes are maintained. <i>Terms of Reference</i> and <i>Consultation and Communication</i> procedures have been developed to support this process however, both of these documents are currently in draft.</p> <p><b>Recommendation:</b></p> <ul style="list-style-type: none"> <li>Continue with the documentation review and implementation process.</li> </ul>	1
2.2	These arrangements have been agreed to with workers and have been communicated to them	<p>Consultation and communication processes were in affect through meeting minutes and display of safety and health information on staff noticeboards however it could not be determined if workers had been consulted in the current process.</p> <p><b>Recommendation:</b></p> <ul style="list-style-type: none"> <li>Continue with the documentation review process with relevant stakeholders.</li> </ul>	1
2.3	Workers are provided training on the consultation arrangements, including legislative training where required	<p>OSH representatives are provided with suitable training for their role and discussions had with workers confirmed that they are verbally instructed on the Shire's consultation arrangements at induction however, induction training records do not identify consultation content discussed.</p> <p><b>Recommendation:</b></p> <ul style="list-style-type: none"> <li>Once reviewed, ensure that the consultation and communication procedural requirements have been effectively communicated to the workforce and demonstrated within the induction recordkeeping processes.</li> </ul>	1
2.4	When used, contractors are consulted about OSH issues	<p>Contractors undertake an online and onsite OSH inductions that includes the consultation requirements between both parties for safety and health issues.</p>	2



2.5	Records of consultation are kept for workers and contractors	<p>The Shire were unable to demonstrate that consultation and is effectively and consistently recorded across the organisation. Consultation records are not maintained for inside workers and contractors.</p> <p><b>Recommendation:</b></p> <ul style="list-style-type: none"> <li>Develop a process for consultation and communication practices to be captured and recorded for all workers and contractors.</li> </ul>	1
2.6	Consultation arrangements are reviewed to ensure they remain effective	<p>The consultation and communication process is currently in draft under review.</p> <p><b>Recommendation:</b></p> <ul style="list-style-type: none"> <li>Continue to finalise the review and ensure the consultation and communication process includes a review processes.</li> </ul>	1
2.7	Senior management are involved in consultation arrangements	Senior management are involved in the consultation review process.	2
2.8	Managers/Supervisors are aware of the Issue Resolution process	<p>Discussions had with senior management confirmed an understanding of the issue resolution process however the procedure is still in draft.</p> <p><b>Recommendation:</b></p> <ul style="list-style-type: none"> <li>Continue finalising the review of the issue resolution process and ensure it is effectively communicated to workers and volunteers.</li> </ul>	1

**Consultation Score: 10/16**



### 3.0 Hazard Management and Safe Work Procedures

Requirement		Comments	Score
3.1	There is a process for identifying, assessing and controlling hazards	<p>Workers identify hazards through incident reports, workplace inspections, SWMS and Take 5's however the <i>3.4 Reporting – Hazard Identification, Risk Assessment and Risk Control Procedure</i> is still in draft.</p> <p><b>Recommendation:</b></p> <ul style="list-style-type: none"> <li>Continue finalising the <i>3.4 Reporting</i> procedure and ensure workers and volunteers are trained in the process.</li> </ul>	1
3.2	Controls have been implemented for identified hazards.	Incident report forms, SWMS and meeting minutes records the implementation of hazard controls.	2
3.3	SWP / SWMS / JSA's are developed for tasks with significant safety risks	<p>SWMS have been developed and implemented for tasks with significant safety and health risks.</p> <p><b>Recommendation:</b></p> <ul style="list-style-type: none"> <li>Develop safety procedures in other areas where safety issues are identified to ensure workers understand how to perform tasks safely.</li> </ul>	2
3.4	SWP / SWMS / JSA's get reviewed to ensure they remain appropriate	Discussions had with workers as well as the review of SWMS documentation confirmed that workers regularly review SWMS at least annually, post incident, new starter or other times as identified to ensure they are relevant to the task and any changes recorded.	2
3.5	Emergency situations have been identified and diagrams and procedures are in place	Emergency situations applicable to the workplaces have been identified. Diagrams and procedures have been developed and displayed in the workplace. Emergency wardens are regularly trained and drills conducted at least annually.	2
3.6	Implemented controls get reviewed to ensure they are effective	<p>Discussions had with workers confirmed that implemented controls are reviewed for effectiveness however this is not yet documented.</p> <p><b>Recommendation:</b></p> <ul style="list-style-type: none"> <li>Develop a process for control measures to be evaluated and reviewed for effectiveness and this is effectively recorded e.g. incident control register.</li> </ul>	0



3.7	There are documented procedures for the management of contractors	<p>There are currently no documented procedures in place as they are all in draft.</p> <p><b>Recommendation:</b></p> <ul style="list-style-type: none"><li>▪ Complete the review of the <i>Contractor Management Procedure</i> and ensure it is effectively implemented within the workplace, including education and awareness.</li></ul>	0
3.8	Contractor's safety performance is monitored	<p>It could not be demonstrated that contractor safety performance is monitored.</p> <p><b>Recommendation:</b></p> <ul style="list-style-type: none"><li>▪ Ensure the <i>Contractor Management Procedure</i> includes a review process and it is recorded.</li></ul>	0

**Hazard Management and Safe Work Procedures Score: 9/16**



## 4.0 Training and Supervision

Requirement		Comments	Score
4.1	The training requirements of all workers has been identified	<p>The performance review process identifies training. Position descriptions have a general training requirement regarding licencing and qualifications to be held. A training needs analysis/matrix has not yet been developed.</p> <p><b>Recommendation:</b></p> <ul style="list-style-type: none"> <li>Develop a training needs analysis/matrix to clearly demonstrate training requirements relevant to each position.</li> </ul>	1
4.2	Workers are provided training in their roles and activities	<p>Workers attend OSH Inductions and records of training undertaken is reflected within the <i>Training Register</i> however without undertaking a training needs analysis of all positions it is unknown if there are any gaps in training.</p> <p><b>Recommendation</b></p> <ul style="list-style-type: none"> <li>Once training requirements for all positions has been suitable identified, ensure training is provided.</li> </ul>	1
4.3	Workers are provided supervision to ensure they perform their work safely	<p>Supervisors have been deemed to have the required knowledge, skills and experience to appropriately supervise workers and the activities being performed. Discussions had with workers confirmed supervision is suitable for their role.</p>	2
4.4	Information is provided to workers to ensure they perform their work safely (E.g. MSDS, plant and equipment manuals)	<p>The Shire has MSDS registers in place, however it was evident that risk assessments have not been conducted.</p> <p><b>Recommendation:</b></p> <ul style="list-style-type: none"> <li>Ensure workers who use hazardous substances complete risk assessments.</li> </ul>	1
4.5	Documented training procedures are in place	<p>The Shire has implemented an <i>Employee/Volunteer Training and Development Procedure</i>.</p>	2



4.6	The training program gets reviewed to ensure it remains appropriate	<p>The training program is currently being reviewed with the budget by EMG and considers worker evaluation feedback obtained within the performance review process as well as Shire training evaluations however it could not be determined if reviews have occurred in previous years.</p> <p><b>Recommendation:</b></p> <ul style="list-style-type: none"> <li>Ensure the training program review is effectively recorded to demonstrate its effectiveness for safety and health to be maintained at the Shire.</li> </ul>	1
4.7	Training is delivered by people with appropriate knowledge, skills and experience	<p>Training is delivered by suitably qualified personnel and Registered Training Organisations (RTO) where possible however trainer requirements are not specified within the training procedure i.e. what information will be sourced from the trainer to confirm their credentials.</p> <p><b>Recommendation</b></p> <ul style="list-style-type: none"> <li>Ensure trainer requirements are identified and assessed for suitability within the <i>Employee/Volunteer Training and Development Procedure</i> and these records are maintained.</li> </ul>	1
4.8	Records of training are kept	<p>Training records are kept and maintained within worker personnel file and the <i>Training Register</i>.</p>	2

**Training and Supervision Score: 11/16**





## 5.0 Reporting and Monitoring

Requirement		Comments	Score
5.1	Procedures for reporting hazards and incidents are in place and have been communicated to workers	<i>Hazard identification, Risk Assessment and Risk Control Procedure</i> and <i>Incident Reporting and Investigation Procedure</i> have been implemented, communicated and is known to workers.	2
5.2	When reported, hazards and incidents are acted upon in a timely fashion	Completed incident report forms as well as discussions had with workers confirmed that reported hazards and incidents are acted upon in a timely manner. OSHWG minutes also identify timely action to reported incidents.	2
5.3	The organisation is aware of WorkSafe incident notification requirements	Discussions had with senior management confirmed awareness to WorkSafe incident notification reporting requirements which is also included within the draft <i>Issue Resolution Procedure</i> .  <b>Recommendation:</b> <ul style="list-style-type: none"><li>Continue with the review of the draft Issue Resolution Procedure and ensure it is effectively implemented throughout the workforce.</li></ul>	1
5.4	Incident and hazard reports are kept on file	Although incident reports are maintained, they are kept within personnel files where access is restricted to key personnel who may require the information at a later date/once filed.  <b>Recommendation:</b> <ul style="list-style-type: none"><li>Ensure incident reports are accessible to key personnel who are required to reference the reports for such occurrences as investigation review, trend analysis, safety and health system assessment, control measure evaluation. It is not recommended that incident reports be used against workers as part of the performance management process.</li></ul>	1
5.5	Hazards and incidents are monitored by Management	Hazards and incidents are monitored by senior management within regular meetings where safety and health is an agenda item and meetings are maintained.	2
5.6	There is an incident investigation procedure	An <i>Incident Investigation Procedure</i> has been developed and implemented at the Shire.	2



5.7	Senior management monitor safety performance on a regular basis	Senior management regularly monitor safety performance within staff meetings where minutes are maintained.	2
5.8	Remedial action is taken if performance drops	<p>Although safety and health is being monitored by senior management, safety and health performance measures are in the early stages of collation and remedial action has not yet been required.</p> <p><b>Recommendation:</b></p> <ul style="list-style-type: none"><li>Continue to further develop and monitor safety and health performance measures, as it relates to the Shire's objectives and targets that the process is effectively recorded.</li></ul>	1

**Reporting and Monitoring Score: 13/16**





## Scores

Category	Score
Management Commitment	10/16
Consultation	10/16
Hazard Management and Safe Work Procedures	9/16
Training and Supervision	11/16
Reporting and Monitoring	13/16
<b>Total</b>	<b>53/80</b>
<b>Overall Score</b>	<b>66%</b>



## Next Step

Step 2 of the 3 *Steps to Safety* program involves the development of an OSH Action Plan between the Shire of York and LGIS. This action plan sets the actions to be taken to address the areas requiring improvement.

Step 3 involves the Shire of York implementing the agreed actions with the assistance of LGIS through mentoring, assisting and providing templates as required.

As the Shire of York is part of the regional risk program, Chiara Acciano will take carriage of working with you on the development and implementation of the OSH Action Plan.

## Acknowledgements

LGIS would like to thank the Shire of York for their hospitality during the assessment. This appreciation is extended to all personnel who were involved in the activity, who made themselves available or prepared and presented documents.



### **Report/Proposal Disclaimer**

Every effort has been taken by LGIS to ensure that the commentary and recommendations contained in this communication are appropriate for consideration and implementation by the recipient. Any recommendation, advice and information contained within this report given in good faith and is based on sources believed to be reliable and accurate at the time of preparation and publication of this report. LGIS and their respective officers, employees and agents do not accept legal liability or responsibility for the content of the recommendations, advice and information; nor does LGIS accept responsibility for any consequential loss or damage arising from its application, use and reliance. A change in circumstances occurring after initial inspection, assessment, analysis, consultation, preparation or production of this report by LGIS and its respective officers, employees and agents may impact upon the accuracy and relevance of the recommendation, advice and information contained therein. Any recommendation, advice or information does not constitute legal or financial advice. Please consult your advisors before acting on any recommendation, advice or information within this report.

### **Proprietary Nature of Report or Proposal**

This report or proposal is prepared for the sole and exclusive use of the party or City ('the recipient') to which it is addressed. Therefore, this document is considered proprietary to LGIS and may not be made available to anyone other than the recipient or person(s) within the recipient's City who are designated to assess, evaluate or implement the content of this report or proposal. LGIS publications may be made available to other persons or local government only with permission of LGIS.

### **© Copyright**

All rights reserved. No part of this document may be reproduced or transmitted in any form by any means, electronic or mechanical, including photocopying and recording, or by an information storage or retrieval system, except as may be permitted, in writing, by LGIS.

**LGIS Risk Management**

ABN 96 085 720 056

Level 3

170 Railway Pde,

WEST LEEDERVILLE, WA 6007

Tel +61 8 9483 8888

Fax +61 8 9483 8898

**CONTACTS****Katherine Kempin**

Senior OSH Consultant

Tel : + 61 (8) 9483 8875

Mob: +61 409 770 789

[katherine.kempin@lgiswa.com.au](mailto:katherine.kempin@lgiswa.com.au)**OSH Department**

Tel : + 61 (8) 9483 8888

[oshwa@lgiswa.com.au](mailto:oshwa@lgiswa.com.au)

**7.2 RISK MANAGEMENT UPDATE AS AT 30 JUNE 2020**

<b>File Number:</b>	<b>OR.CMA.8.1; FI.FRP.6; OR.MTG.3.2</b>
<b>Author:</b>	<b>Tabitha Bateman, Finance Manager</b>
<b>Authoriser:</b>	<b>Chris Linnell, Chief Executive Officer</b>
<b>Previously before Council:</b>	<b>Not applicable</b>
<b>Appendices:</b>	<b>1. Risk Dashboard Update as at 30 June 2020</b>

**NATURE OF COMMITTEE'S ROLE IN THE MATTER**

Executive

**PURPOSE OF REPORT**

This report provides the Audit and Risk Committee with an update regarding progress on the Shire's Risk Management.

**BACKGROUND**

An internal Risk Working Group (RWG) was formed so that officers from across the organisation could meet regularly to monitor the progress against the Risk Improvement Plan, Risk Management Framework and Register. Further, the RWG is responsible for implementation of timely and effective remedial measures to address risk management deficiencies.

Officers committed to presenting a Risk Management update on a six-monthly basis as at June and December each year. The Risk Management Framework was developed to address various Regulation 17 audit recommendations aimed at improving the Shire's risk management. In addition to the Reg 17 Review undertaken in 2017, and as a result of the findings of the 2018/19 Financial Audit, officers have further incorporated better practice recommendations provided by the Office of the Auditor-General into the risk register.

This report presents an update of risks identified and addressed across the organisation for consideration and recommendation to Council.

**COMMENTS AND DETAILS**

The Risk Working Group (RWG) meets bi-monthly to review and update the risk register and prioritise actions giving consideration to potential organisational opportunities and the adverse effects that could result. The Risk Working Group monitors these risks so that organisational objectives can be achieved giving consideration to the Shire's appetite for risk.

Since the last Risk update (presented to the Audit and Risk Committee in March 2020), significant focus has been placed around the current State of Emergency and the COVID-19 pandemic. The pandemic has necessitated a reprioritisation of Council projects and services in line with financial constraints and considerations, resulting in less than expected progress on the Risk Register. Whilst full recovery from COVID may be some way off, officers have attempted to achieve a balance between continuing to operate and provide good governance, whilst protecting and supporting the welfare of the workforce and community.

The dashboard report attached details a total of 71 actions that have either been completed (15), are still in progress or ongoing (29) or are new actions (27) to be implemented. Incomplete items previously reported and due for completion by June 2020 have been highlighted orange in the attachment to identify re-scheduled projects.

### Asset Sustainability Practices

Whilst documentation of an effective maintenance program continues to be an ongoing priority, a number of tasks relating to asset management had to be re-scheduled as a result of COVID-19 safety practices taking precedence. These tasks included finalisation of the plant replacement program, the development of documented asset management procedures and formalisation of the Asset Disposal process.

In addition to the above, officers will be preparing an Open Space Asset Management Plan which will be incorporated into the Property Asset Management Plan, details of which will effectively inform the Long-Term Financial Plan due to be updated in 2020/21.

### Business and Community Disruption and the IT environment

Since the State of Emergency was imposed, significant focus has been around managing the community's levels of elevated stress and uncertainty and workplace safety for Shire employees. In March 2020, Council adopted a COVID-specific Business Continuity Plan (BCP) to assist management of matters such as business continuity and levels of service, redeployment of staff, and adapting to different ways of working. These measures required significant resources to be allocated to IT security and improved control over the IT environment to manage working from home arrangements and internet communications. Consequently, the development of an organisational BCP, originally expected to be completed by June 2020, has been re-scheduled for completion in December 2020.

Following this, the IT Disaster Recovery Plan will be reviewed to ensure alliance with the BCP and a regular testing regime implemented in accordance with the recommendations from the Office of the Auditor-General's recent 'Information Systems Audit Report 2020'. This focus audit and the recommendations provided within, provides useful reference that will be adapted to suit the Shire's needs and improve the management of information security and cyber risks.

### Staff Training

Regular staff training enhances efficiencies and helps to mitigate the risk of non-compliance with Council policies and procedures. The annual training program was developed to include mandatory refresher training covering areas such as procurement, records management and compliance with relevant legislation. In addition, training requests are submitted as part of the budget planning process and funds allocated accordingly based on needs and priority. This year, refresher training for procurement is scheduled for 16 September 2020 and will focus on local procurement and contract management.

### Occupational Safety and Health

As reported with the December 2019 risk update, an Occupational Safety and Health (OSH) Working Group was formed and bi-monthly meetings are held immediately prior to the Risk Working Group meetings. Unfortunately, due to delays with training organisers, officers are awaiting confirmation for training dates anticipated for October 2020. In the meantime, the Group has been working on finalising a suite of policies and procedures including the OSH Management Plan which are the subject of another report within this agenda.

During August 2020, LGIS undertook an OSH audit of the Shire facilities and practices. The results of the audit were complementary of the work undertaken by the OSH Working Group with the results showing great improvement on the previous audit. Recommendations arising from the audit will form part of an improvement plan to further advance the standard of OSH Management within the Shire.

### Ongoing / Superseded Actions

It is acknowledged that some actions were not completed as planned which, in many cases, can be attributed to the additional workload and necessary re-prioritisation of projects brought on as a result of the coronavirus pandemic. Furthermore, where budget allocations were anticipated for the 2020/21 financial year, these have been re-scheduled for future budgets due to limited resources.

**New actions**

Moving forward, continued focus will be given to the development and improvement of policies and procedures and regular training opportunities across the organisation. In addition, staff will be prioritising further development in the following areas;

- Developing good records management practices and culture to ensure compliance with the State Records Act.
- IT Security and Cyber Risk controls.
- Occupational Safety and Health policies and procedures.
- Recommendations and improvements highlighted in the Financial Audit Management Letter.
- Development of an improvement plan to incorporate findings from the Financial Management Review and Audit Reg 17 Review.
- Recruitment and development and procedures for the Container Deposit Site.
- Organisational Business Continuity Plan.
- Development of a Fraud and Corruption Control Plan.

For those areas not funded in the 2020/21 Budget, project briefs will be prepared where necessary, prioritised accordingly and presented at a budget workshop for discussion prior to inclusion in the 2021/22 budget.

**OPTIONS**

The Committee could recommend that Council requests the Chief Executive Officer to ensure all issues have been dealt with within a certain timeframe. However, officers have focused on those issues that present the highest risk to the Shire for immediate action within current resources and will continue to work through the remaining issues on the same basis.

**IMPLICATIONS TO CONSIDER****Consultative**

LGIS

OSH and Risk Working Group

Office of the Auditor General

**Strategic*****Theme 5: Strong Leadership and Governance***

- The Council supported by the administration is strategic, effective and informed in its decision-making
- The Shire exercises responsible guardianship of the community's assets

**Policy Related**

G4.6 *Risk Assessment and Management*

**Financial**

Financial implications of the proposed risk mitigation strategies are presented to Council as they emerge and inform the annual budget process.

**Legal and Statutory**

***Local Government (Audit) Regulations 1996***

***17 . CEO to review certain systems and procedures***

- (1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —
  - (a) risk management; and
  - (b) internal control; and
  - (c) legislative compliance.
- (2) The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.
- (3) The CEO is to report to the audit committee the results of that review.

**Risk Related**

The development and regular update of an organisational Risk Register is in itself a risk management tool.

**Workforce**

It is proposed that risk mitigation actions are undertaken within current resources. Where additional resources are required, this will be identified and submitted as part of the annual budget process.

**VOTING REQUIREMENTS**

**Absolute Majority: No**

**RECOMMENDATION**

That the Audit and Risk Committee recommends that Council:

1. Receives the Shire of York Risk Register Dashboard Report as at 30 June 2020 as attached to this report.
2. Notes the progress made to date regarding the actions contained in the Risk Register.



### Shire of York Risk Dashboard Report June 2020

Asset Sustainability practices		Risk	Control
		Moderate	Adequate
Failure or reduction in service of infrastructure assets, plant, equipment or machinery. These include fleet, buildings, roads and playgrounds and all other assets during their lifecycle from procurement to disposal.			
Actions	Due Date	Responsibility	
Maintenance and repairs to be documented as part of AMP's	Ongoing	ETO	
Develop asset replacement program for capital equipment and vehicles	Sep-20	EMIDS/WC	
Develop and implement asset management processes	Oct-20	DSC	
Formalise Asset Disposal Process	Dec-20	EMIDS	
Develop and implement Insurance Claims Checklist	Dec-20	IT/P	
Open Space Asset Management Plan to be prepared	Mar-21	EMIDS	

Business & Community disruption		Risk	Control
		Moderate	Effective
Failure to adequately prepare and respond to events that cause disruption to the local community and / or normal business activities. This could be a natural disaster, weather event, or an act carried out by an external party (e.g. sabotage / terrorism).			
Actions	Due Date	Responsibility	
Schedule testing of IT Security Plan and Business Continuity Framework procedures for effectiveness	Complete	IT/P	
Develop organisational Business Continuity Plan in consultation with LGIS	Dec-20	RC	
Investigate the installation of infrastructure to facilitate hire of a generator in the event of an emergency	Feb-21	DSC	
Review IT Disaster Recovery Plan	Jun-21	IT/P	

Failure to fulfil Compliance requirements (statutory, regulatory)		Risk	Control
		Moderate	Effective
Failure to correctly identify, interpret, assess, respond and communicate laws and regulations as a result of an inadequate compliance framework. This includes, new or proposed regulatory and legislative changes, in addition to the failure to maintain updated internal & public domain legal documentation.			
Actions	Due Date	Responsibility	
Review the Risk Register bi-annually	Ongoing	EMCCS	
Undertake training for staff that includes refresher training on policies and procedures including changes to the Local Government Act.	Ongoing	EMCCS	
Establish an OSH Working Group separate to Risk Working Group.	Complete	EMIDS	
Undertake training for elected OSH Representatives.	Oct-20	EMIDS	
Review Compliance Calendar and report to AARC	Dec-20	EMCCS	

Document Management processes		Risk	Control
		Moderate	Effective
Failure to adequately capture, store, archive, retrieve, provide or dispose of documentation.			
Actions	Due Date	Responsibility	
Address the need for more procedures to ensure there staff accountability	Ongoing	AGC	
Develop a culture of good record-keeping	Ongoing	EMG	
Develop succession planning strategies	Ongoing	EMCCS	
Investigate Records storage options for 2020/21 budget.	Complete	AGC	
Investigate software options for records digitisation and disposal.	Complete	AGC	
Update the Records Management Plan	Dec-20	AGC	
Prepare project brief for records digitisation and disposal for consideration in 21/22 budget	Mar-21	AGC	

Employment practices		Risk	Control
		Moderate	Adequate
Failure to effectively manage and lead human resources (full-time, part-time, casuals, temporary and volunteers).			
Actions	Due Date	Responsibility	
Review Performance Management Process annually	Ongoing	EMCCS	
Ensure annual budget allocation to subscribe to WALGA HR assistance services	Ongoing	EMCCS	
Develop and implement annual training program for staff that includes refresher training on policies and procedures	Ongoing	EMCCS	
Update Uniform Policy with consideration to OSH	Complete	EMG	
Review Workforce Plan	Apr-20	EMCCS	
Develop Heat Management Policy for staff consultation	Sep-20	EMIDS/OSH	
Develop and implement improvements for internal communication	Sep-20	EMG	
Implement OSH Management Plans	Sep-20	EMIDS/OSH	

Engagement practices		Risk	Control
		Low	Effective
Failure to maintain effective working relationships with the Community (including local Media), Stakeholders, Key Private Sector Companies, Government Agencies and / or Elected Members. This includes activities where communication, feedback or consultation is required and where it is in the best interests to do so.			
Actions	Due Date	Responsibility	
Provide progress report on actions to date for 2020/21 budget planning	Complete	PO	
Undertake Residents' Satisfaction Survey	Dec-20	EMG	
Review Social Media Strategy	Jun-21	EMCCS	
Implement the actions contained in the Disability Access and Inclusion Plan	Jun-22	All staff	

**Shire of York  
Risk Dashboard Report  
June 2020**

Environment management			Risk	Control
			Moderate	Adequate
Inadequate prevention, identification, enforcement and management of environmental issues.				
Actions	Due Date	Responsibility		
Undertake mosquito fogging on an as needs basis.	Ongoing	EHO		
Develop and implement procedures for the use of hazardous chemicals to include strategies for community consultation	Complete	EMIDS		
Undertake recruitment process for Containers for Change site	Sep-20	EMIDS		
Implement regular street sweeping program to address bird droppings in CBD	Oct-20	WC		

Errors, omissions & delays			Risk	Control
			Moderate	Effective
Errors, omissions or delays in operational activities as a result of unintentional errors or failure to follow due process including incomplete, inadequate or inaccuracies in advisory activities to customers or internal staff.				
Actions	Due Date	Responsibility		
Review Final Audit Management Letter and implement recommendations made	Complete	FM		
Review Interim Audit Management Letter and implement recommendations made	Dec-20	FM		
Develop improvement plan based on findings of FMR and Audit Reg 17 Reviews	Sep-20	FM		

External theft & fraud (Including Cyber)			Risk	Control
			High	Adequate
Loss of funds, assets, data or unauthorised access, (whether attempted or successful) by external parties, through any means (including electronic).				
Actions	Due Date	Responsibility		
Update registers of users, key/toggle holders including access to depot	Annually	IT/P / TSO		
Review procedures and provide refresher training on cash handling	Annually	FM		
Develop robust procedures for administration of York Dollars	Jul-20	AGC		
Develop cash handling procedures for Container Deposit Site	Sep-20	FM		
Install lighting and security at Old Recreation Centre	Dec-20	EMIDS		
Document clear internal processes and systems to report any potential fraud, that include anonymous reporting	Dec-20	EMCCS		

Management of Facilities / Venues / Events			Risk	Control
			Low	Adequate
Failure to effectively manage the day to day operations of facilities, venues and / or events.				
Actions	Due Date	Responsibility		
Social distancing measures and signage to be displayed in all Shire facilities	Ongoing	DSC		
Maintain and record COVID-19 cleaning regime	Ongoing	EHO		
Investigate online booking system to be integrated into Shire website for community bookings	Feb-20	AGC		
COVID-19 Safety Plans to be prepared for Shire venues	Mar-20	DSC/AGC		
Review signage for all venues giving consideration to the Access and Inclusion Audit	Dec-20	DSC/PMO		

IT or communication systems and infrastructure			Risk	Control
			Moderate	Adequate
Disruption, financial loss or damage to reputation from a failure of information technology systems. Instability, degradation of performance, or other failure of IT or communication system or infrastructure causing the inability to continue business activities and provide services to the community. This may or may not result in IT Disaster Recovery Plans being invoked.				
Actions	Due Date	Responsibility		
Review levels of access to Synergy and implement changes	Jan-20	IT/P / EMG		
Migrate email addresses from role-based to individual officers	Dec-20	IT/P		
Review physical security of server room	Dec-20	IT/P		
Implement regular testing regime for effectiveness of IT Disaster Recovery Plan	Jun-21	IT/P		

Misconduct			Risk	Control
			Moderate	Adequate
Intentional activities intended to circumvent the Code of Conduct or activities in excess of authority, which circumvent endorsed policies, procedures or delegated authority.				
Actions	Due Date	Responsibility		
Review stocktaking procedures for minor plant and equipment	Oct-20	FM		
Develop a Fraud and Corruption Control Plan for review every 2 years	Dec-20	EMG		
Develop and implement a periodic fraud awareness training program for all staff	Dec-20	EMCCS		

### Shire of York Risk Dashboard Report June 2020

Project / Change management			Risk	Control
			Moderate	Adequate
Inadequate analysis, design, delivery and / or status reporting of change initiatives, resulting in additional expenses, time delays or scope changes.				
Actions	Due Date	Responsibility		
Undertake refresher training for all staff in relation to procurement and project management	Sep-20	FM		
Incorporate review of grants register into quarterly FACR processes	Sep-20	FM		

Safety and Security practices			Risk	Control
			Moderate	Adequate
Non-compliance with the Occupation Safety & Health Act, associated regulations and standards. It is also the inability to ensure the physical security requirements of staff, contractors and visitors. Other considerations are negligence or carelessness.				
Actions	Due Date	Responsibility		
Seek quotes for new YRCC and Gym access and arrange installation	Complete	IT/IR/PM		
Review Safety Wardens at outstations and provide training	Dec-20	EMIDS		
Adopt the OSH Policy and Safety Manuals for staff	Sep-20	EMCCS		
Undertake training in OSH policies	Oct-20	EMIDS		
Implement action plan incorporating results of OSH Audit	Nov-20	TSO		
Develop procedures for the implementation of the Alcohol & Other Drugs Policy	Jun-21	EMCCS / OSH		

Supplier / Contract management			Risk	Control
			Moderate	Adequate
Inadequate management of external Suppliers, Contractors, IT Vendors or Consultants engaged for core operations. This includes issues that arise from the ongoing supply of services or failures in contract management & monitoring processes.				
Actions	Due Date	Responsibility		
Seek explanations for non-compliance and provide information on PO before authorisation	Ongoing	EMG		
Implement procedures for online contractor inductions	Complete	TSO		
Develop and implement a process for progress reporting on Shire contracts	Complete	EMIDS		
Implement regular monitoring of contracts register	Oct-20	AGC		

Acronym	Responsible Officer
AGC	Administration and Governance Coordinator
CEDO	Community Economic Development Officer
DAO	Depot Administration Officer
DSC	Development Services Coordinator
EEDO	Events and Economic Development Officer
EHO	Environmental Health Officer
EMCCS	Executive Manager Corporate and Community Services
EMG	Executive Management Group
EMIDS	Executive Manager Infrastructure and Development Services
ESOCCS	Executive Support Officer Corporate and Community Services
ETO	Engineering Technical Officer
FM	Finance Manager
IT/P	Information Technology/Payroll Coordinator
MC	Museum Curator
OSH	Occupational Safety and Health Working Group
PMO	Property Maintenance Officer
PO	Projects Officer
RC	Risk Coordinator
TSO	Technical Services Officer
WC	Works Coordinator

### 7.3 AUDIT REGULATION 17 REVIEW AND FINANCIAL MANAGEMENT REVIEW

<b>File Number:</b>	<b>FI.FRP.6</b>
<b>Author:</b>	<b>Tabitha Bateman, Finance Manager</b>
<b>Authoriser:</b>	<b>Chris Linnell, Chief Executive Officer</b>
<b>Previously before Council:</b>	<b>Not applicable</b>
<b>Appendices:</b>	<b>1. Draft Shire of York FMR and Reg 17 Review Report</b>

#### NATURE OF COMMITTEE'S ROLE IN THE MATTER

Executive

#### PURPOSE OF REPORT

This report presents the outcomes of the Audit Regulation 17 Review and Financial Management Review undertaken by Butler Settineri for the Committee's consideration and recommendation to Council.

#### BACKGROUND

Regulation 17 of the *Local Government (Audit) Regulations 1996* requires the Chief Executive Officer (CEO) to review and report to the Audit Committee on the effectiveness of the systems and procedures regarding risk management, internal control and legislative compliance. The Department's *Audit in Local Government Guideline* No. 9 advises that the review can be undertaken either on an internal or external audit basis.

In accordance with regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996*, the Chief Executive Officer is required to; "undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly and report to the local government the results of those reviews".

Previously, the Audit Regulation 17 review (AR17R) was required to be carried out every two years and the Financial Management Regulation 5 review (FMR) every four years. However, on 26 June 2018, the above regulations were amended to reflect the requirement for both reviews to be carried out every three years.

Both of the above reviews were last carried out for the Shire of York in 2017 by external consultants and reported to Council. Following changes to the legislation Council resolved at its Ordinary Council Meeting held March 2019, to undertake the next Audit Regulation 17 review in the 2019/20 financial year concurrently with the Financial Management Regulation 5 review.

Quotes were sought in February 2020 from suitably qualified consultants to conduct the reviews in accordance with the proposed timeframe. Accordingly, Butler Settineri were appointed based on the outcomes of the evaluation process. Unfortunately, restrictions imposed as a result of the coronavirus pandemic prevented auditors from attending the Shire offices in accordance with the agreed timeframes and the final report would not be received on 1 June 2020 as anticipated.

Phase 3 of the COVID-19 Roadmap, introduced 6 June 2020, saw the easing of restrictions and regional borders opened. Consequently, auditors from Butler Settineri attended the Shire offices to undertake their field work 20-24 July 2020. The draft report attached at Appendix 1 was received 28 August 2020.

Officers have considered the recommendations received as a result of the reviews and will be developing an improvement plan to address the items based on levels of risk. It is proposed that the improvement plan is presented to the Audit and Risk Committee in December 2020 and on a six-monthly basis thereafter.

## COMMENTS AND DETAILS

Pursuant to Audit Reg 17 and Financial Management Reg 5, Butler Settineri reviewed the appropriateness and effectiveness of the Shire's policies, processes, procedures and controls by performing system walkthroughs, enquiry, inspection and observation. The reviews were undertaken within the context of identified internal and external influences and the Shire's appetite for risk.

At the close of the review, the auditors provided a draft report to identify specific key risk areas and potential improvement recommendations. It was noted that while the Shire generally has adequate policies and procedures in place to ensure effective risk management, some policies required review. More specifically, the Shire's Policy G4.7 Internal Control required updating to reflect changes to legislation in relation to the regularity the Reg 17 and FMR reviews. Policy G3.2 Fraud, Corruption and Misconduct Prevention states the Shire will develop and maintain a Fraud, Corruption and Misconduct Prevention Framework and Plan (FCMP Plan) to be reviewed at least every two years. To date, the FCMP has not been developed. Officers are proposing that this be undertaken by an independent third party to provide transparency to the process.

Officers are seeking feedback from the Audit and Risk Committee on the draft report prior to finalisation and presentation to Council. Officers have taken steps to address those matters which represent a higher risk to the organisation and welcome the guidance this Review provides for future operations.

## OPTIONS

Option 1 – The Audit and Risk Committee could recommend to Council that these improvements be undertaken in-house within the current resources, having regard for the significance of the risks identified but also the day to day workload of officers. Officers are confident that the improvements recommended can be fully implemented during the 2020/21 financial year.

Option 2 – The Audit and Risk Committee could recommend that all actions are implemented by an independent consultant, noting that while this would enable the suggested policies, procedures and controls to be developed in a more timely and consistent manner, a budget amendment would be required in order to fund this.

Option 3 – Noting the progress made to date to address a number of risks identified during the reviews, the Audit and Risk Committee could recommend outsourcing specifically the preparation and implementation of a Fraud, Corruption and Control Framework and Plan. Officers are of the opinion that engaging a third party to prepare and develop the FCMP, will provide a more transparent approach. Funds are available in the 2020/21 budget within GL42169.

Officers are recommending Option 3.

## IMPLICATIONS TO CONSIDER

### Consultative

Butler Settineri worked with various Shire officers to collect and review the information required to undertake the Audit Reg 17 Review and Financial Management Review.

### Strategic

#### *Theme 5: Strong Leadership and Governance*

- The Council supported by the administration is strategic, effective and informed in its decision-making
- The Shire exercises responsible guardianship of the community's assets

### Policy Related

Butler Settineri reviewed the Shire's Policy Manual during their review. Recommendations are included within their report for the development and/or amendment of existing policies which will be undertaken in accordance with the prioritisation of each action.

**Financial**

A budget allocation was provided for this work (GL 42169) in the 2019/20 financial year however, due to delays to the works schedule an allocation was carried forward in the 2020/21 adopted budget.

**Legal and Statutory*****Local Government (Audit) Regulations 1996******17. CEO to review certain systems and procedures***

- (1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —
  - (a) risk management; and
  - (b) internal control; and
  - (c) legislative compliance.
- (2) The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.
- (3) The CEO is to report to the audit committee the results of that review.

***Local Government (Financial Management) Regulations 1996******5. CEO's duties as to financial management***

- (2) The CEO is to –
  - (a) ensure that the resources of the local government are effectively and efficiently managed; and
  - (b) assist the council to undertake reviews of fees and charges regularly (and not less than once in every financial year); and
- (c) undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 3 financial years) and report to the local government the results of those reviews.

**Risk Related**

The Audit Reg 17 Report provides a risk rating for each of the matters identified. As outlined above, officers have prioritised action relating to those matters based on levels of risk.

**Workforce**

The recommended improvements can be managed with existing resources.

**VOTING REQUIREMENTS**

**Absolute Majority: No**

**RECOMMENDATION**

That the Audit and Risk Committee recommends that Council:

1. Receives the draft Audit Regulation 17 Review and Financial Management Review undertaken by Butler Settineri in accordance with Regulation 17 of the Local Government (Audit) Regulations 1996 and Regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996 as attached to this report.
2. Requests the Chief Executive Officer to engage a suitably qualified third party to prepare a Fraud, Corruption and Control Framework and Plan in accordance with the requirements of Policy G3.2 Fraud, Corruption and Misconduct Prevention.
3. Requests the Chief Executive Officer to report back to the Audit Committee in December 2020 with an Improvement Implementation Plan and report on progress made on a six-monthly basis thereafter.



A background photograph showing three business professionals in a meeting. A man with a beard and a woman are smiling and looking at a laptop screen. Another person's hand is visible in the foreground, pointing at the screen. The setting appears to be a modern office or cafe with colorful pendant lights.

## REGULATION 17 REVIEW & FINANCIAL MANAGEMENT REVIEW

**Real People.**  
***Better Business***

SHIRE OF YORK

[www.butlersettineri.com.au](http://www.butlersettineri.com.au)



## Table of Contents

Disclaimer.....	2
Executive Summary .....	3
1.1 Background .....	3
1.2 Review objectives and scope.....	3
1.2.1 Risk Management, Legislative Compliance and Internal Controls Review.....	3
1.2.2 Financial Management Review .....	5
1.3 Outcomes .....	6
1.3.1 Risk Management, Legislative Compliance and Internal Controls Review.....	6
1.3.2 Financial Management Review .....	6
Appendix A: Recommended Improvements .....	7
Appendix B List of Policies, Procedures and Plans Covered By This Review .....	12



## DISCLAIMER

This report is provided in accordance with the Agreed upon procedures engagement letter dated 15 June 2020 and is subject to its terms and conditions.

Our work was limited to that described in this report and was performed in accordance with ASRS 4400 as issued by AUASB. It did not constitute an examination or a review in accordance with generally accepted auditing standards or assurance standards. Accordingly, we provide no opinion or other form of assurance with respect to our work or the information upon which our work was based. We did not audit or otherwise verify the information supplied to us in connection with this review, except to the extent specified in this report.

Our work was based only on the information made available up to the date of the review. Accordingly, changes in circumstances after this date or the availability of other information could affect our findings

This report is intended solely for Shire of York's internal use and benefit and may not be relied on by any other party. We accept no liability or responsibility to any other party who gains access to this report.



## EXECUTIVE SUMMARY

### 1.1 Background

As outlined in our engagement letter dated 15 June 2020, you engaged us to perform a review of the Shire's compliance with Local Government laws and regulations and the review of the appropriateness and effectiveness of the Shire's systems and procedures in relation to risk management and internal control.

The Shire of York is a local government based in Western Australia. It is governed by six (6) Councilors and the CEO of the Shire. Council is responsible for planning and making decisions on policies and developments affecting the area.

At the time of the review, the Shire employed approximately sixty four (64) staff to implement the Council's decisions, run its day-to-day operations and provide a range of programs and services for the community.

As required by Regulation 17 of the Local Government (Audit) Regulations 1996, the Chief Executive Officer ("CEO") is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to risk management, internal control and legislative compliance.

As required by Regulation 5(2) of the Local Government (Financial Management) Regulations 1996, the Chief Executive Officer ("CEO") is to review the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly. The CEO is also required to report to the audit committee the results of this review.

The CEO outsourced the above reviews and engaged Butler Settineri (Audit) Pty Ltd to conduct the reviews on his behalf. We were engaged on 19 June 2020 and we performed the engagement in July 2020 and have included the results of both reviews in this report.

### 1.2 Review objectives and scope

The objective of this review is assess the Shire's compliance with Local Government laws and regulations through enquiry, inspection and observation and review the appropriateness and effectiveness of the Shire's system and procedures in relation to risk management, internal control and financial management systems by performing system walkthroughs, enquiry, inspection and observation.

The scope included review of the policies, procedures and plans in the areas and cycles described in Appendix B to this report.

#### 1.2.1 Risk Management, Legislative Compliance and Internal Controls Review

Our procedures for the review as required by regulation 17 of the *Local Government (Audit) Regulations 1996*, on behalf of the CEO encompassed the following:

- A review of the risk management systems policies, procedures and plans in place;
- Evaluate the non-financial/operational internal control systems and procedures in place;
- Assess systems and procedures for maintaining legislative compliance; and
- Prepare a report of matters identified during the review to assist the CEO assess the appropriateness and effectiveness of the relevant systems and procedures in accordance with regulation 17 of the *Local Government (Audit) Regulations 1996*.

We applied the following methodology:

- Conducted onsite interviews with key personnel involved in risk management, financial management and legislative compliance;
- Risk Management:
  - review policies, procedures and plans;
  - assess the adequacy of management's risk identification process;
  - review the risk register to determine whether appropriate risks identified have been adequately rated and mitigated;
  - review the adequacy of the Shire's frameworks for monitoring and reporting;
  - review business continuity policies and processes;
  - assess whether the Shire's has insurance cover; and
  - review the Shire's policies and processes in relation to fraud identification and misconduct risk management.
- Internal controls:
  - review of the Shire's documented procedures;
  - assessment of segregation of duties;
  - review of the adequacy of the Shire's delegation of authority;
  - assess the effectiveness and adherence to policies; and
  - assess the Shire's control environment in relation to information technology.
- Legislative Compliance – review the Shires processes in relation to:
  - monitoring and capturing of compliance issues;
  - updates of information;
  - information and data management; and
  - complaints management.

### 1.2.2 Financial Management Review

As agreed in our engagement letter, our examination covered the period 1 July 2019 to 30 June 2020. We examined the following financial systems and procedures of the Shire:

- Revenue – Rates, Fees and Charges and Receivables;
- Expenditure – Procurement, Payments, Credit Cards, EFT's, Cost Control, Overhead Allocation and Salaries and Wages;
- Assets – Asset Register Maintenance, Additions and Disposals, Depreciation and Safe Guarding of Assets;
- General – General Journals, Bank Reconciliations, Record Keeping, Authorisations and Delegations;
- Compliance – GST, FBT, Minute and Meetings, Registers, Delegations and Audit Committee;
- Statutory Documents – Annual Budget, Financial Report and Policies and Procedures.

We applied the following methodology:

- We obtained a list of all the policies and procedures as documented by the Shire;
- We compared this listing and the relevant areas covered by these policies to the Local Government Act and Regulations, in particular the Local Government (Financial Management) Regulations, as amended from time to time;
- We noted areas of concern, in particular where we identified a lack of documented policies and procedures, or where documented policies and procedures deviated from the requirements of the Regulations;
- We performed walkthroughs of all significant transaction cycles. Our decision to perform a walkthrough was based on the significance of a particular cycle in terms of either the dollar value it represented in the annual financial statements (reference year 2019/20) or the strategic importance as noted in the Regulations or discussions from management;
- From these walkthroughs we noted areas of concern for discussion with management. Areas of concern include any significant deviation from the documented framework, or where the current framework did not address key risk areas;
- From the work performed above, we prepared a draft report to identify specific key risk areas and potential improvement recommendations.



### 1.3 Outcomes

#### 1.3.1 Risk Management, Legislative Compliance and Internal Controls Review

We found that the Shire's has adequate policies and procedures in place that ensure that the Shire has an effective risk management framework which identifies risks and improvements through out the Shire's key business areas.

The Shire also has adequate policies and procedures in place for internal controls and compliance with legislation; however we do have some recommendations for improvements.

#### 1.3.2 Financial Management Review

From the work performed during our review, we note that the financial management framework is generally in good order.

In particular, we found that all major controls in relation to financial controls for the receipting of monies, safeguarding of assets and control over expenditure are in place and functional.

Therefore, all our findings in relation to these areas are categorised as "Moderate" or "Minor", which indicate a generally good system of internal control.

Our detailed recommendations for improvement identified during our review can be found in Appendix A of this report.

These recommendations have been discussed with management and action plans to address these risks within acceptable timeframes were agreed on.

We would like to take this opportunity to thank all staff involved in this review for their courteous assistance, in particular Tabitha and the rest of the administration and finance team.

BUTLER SETTINERI (AUDIT) PTY LTD

MARIUS VAN DER MERWE CA  
Director

Date: 26 August 2020


## APPENDIX A: RECOMMENDED IMPROVEMENTS

### RISK RATINGS

The Ratings in this Appendix 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).

Risk ratings have been assigned to issues raised in this report as follows:

<b>Control is Inadequate</b>	<b>Extreme</b>	Can be expected to occur in most circumstances; more than 75% chance of occurring; complex process with minimal checks & balances; impacting factors outside the control of the organisation. Those findings where there is potentially an extreme risk to the entity should the finding not be addressed by the entity promptly.
	<b>Significant</b>	Will probably occur in most circumstances; 50-75% chance of occurring; complex process with some checks & balances; impacting factors outside the control of the organisation. Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly.
	<b>Moderate</b>	Might occur at some time; 25 – 50% chance of occurring; previous audits/reports indicate non-compliance; complex process with extensive checks & balances; impacting factors outside control of organisation. Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.
<b>Control is Adequate</b>	<b>Minor</b>	Could occur at some time; less than 25% chance of occurring; non-complex process &/or existence of checks and balances. Those findings that are not of primary concern but still warrant action being taken.



CEO	Chief Executive Officer
FM	Finance Manager
FO	Finance Officer
PO	Payroll Officer
RO	Records Officer
CSO	Customer Service Officer


## Risk Management, Legislative Compliance and Internal Controls Review

Policy/Plan	Audit Findings/Comment	Rating	Recommendation	Management Comment
Records Strategic Plan	The Records Strategic Plan aims to ensure that the Shire's practices result in information that supports business and satisfies our legal and stakeholder requirements. The Plan has not been finalised by the Shire.	Moderate	The Records Strategic Management Plan should be finalised and implemented.	
Internal Control Policy	Policy refers to a Financial Management Review to be completed every 4 years. The regulation has changed and the requirement is now every 3 years.	Moderate	The policy must be updated to comply with Regulation 5(2) of the Local Government (Financial Management) Regulations 1996.	
Fraud, Corruption and Misconduct Prevention Policy	The policy sets out the requirements for the Shire to produce and maintain a Fraud, Corruption and Misconduct Prevention Framework and Plan and requirements for reporting to Council and external agencies. The Shire has not drafted the Fraud, Corruption and Misconduct Prevention Framework and Plan.	Moderate	Management must prepare the FCMP Plan in accordance with the requirements stated in the policy.	




## Financial Management Review

Accounting Cycle	Audit Findings/Comment	Rating	Recommendation	Management Comment
Supplier Master File Changes	We note that when we reviewed the supplier master file in Synergy a supplier's ABN was incorrect. After inspecting the documents we found that the supplier had provided the changes to the ABN details but this was not updated in the system correctly.	Moderate	We recommend all changes in the supplier masterfile audit trail is agreed to the supplier change form by the Finance Manager when changes are reviewed and this must be evidenced by marking the changes checked to the update form.	
Payroll Master File Changes	We note that all new or changes to employee data is presented for review by the Payroll Officer attaching the approved change form to the employee's timesheet. As this process is manual there is a risk that changes are not reviewed if the form is not attached.	Moderate	We recommend that an audit trail of all changes made in the payroll master file is generated from the system for each pay run. The changes should be agreed by the Payroll Officer to the forms provided and the Financial Manager must review the audit trail to ensure that all changes are supported by authorised forms and were accurately made.	
Payroll	We noted that when employees wage rates change as a result of the annual increase in the award rates, no letters are provided to employees informing them of the change in their wage rate.	Minor - Moderate	We recommend that changes to employee wage rates are communicated to employees in writing a week prior to the award increases being changed in the system. Informing employees in writing of changes to wages rates ensures that the reason for the increase has been clearly communicated and the employees file is updated with the current rate of pay.	



Manual Journals	We noted that due to employees working from home as a result of COVID-19, there was no evidence provided that the manual journals processed by the Finance Officer was reviewed by the Financial Manager as per normal practice that was evidenced in other months.	Moderate	We recommend that where electronic means are used to review documents an electronic signature stamp with the date is used to evidence the review.	
Plant Overhead Recovery Rates	We reviewed the plant overhead recovery rates and noted that the rate used for Grant Funded projects was lower than the rate used for Council funded projects. A lower rate results in the grant funded project not incurring the actual cost of the plant. The financial reporting of the actual costs of the project will not be accurate and could result in the Shire reporting an inaccurate underspend on a grant.	Moderate	We recommend that Management review the plant recovery rate used for grant funded projects to ensure that the actual and not discounted costs are reported on the project.	



IT Control Environment	<p>We note that the Server Room contains a server cabinet that is locked, as well as racks of communication and network equipment that is not secured in a cabinet. The Server Room door is not locked and in the evening the door is left open as the air conditioning unit is switched off to save costs.</p> <p>Access to the communication and network equipment is not restricted and this could lead to damage to equipment, loss of business as a result of network downtime and financial loss if the telecommunication and network equipment is accessed for personal use.</p>	Moderate	<p>We recommend that the server room door is locked and the key are kept by authorised employees only.</p>	
------------------------	---	----------	--	--

## APPENDIX B LIST OF POLICIES, PROCEDURES AND PLANS COVERED BY THIS REVIEW

### Shire Policies included in the Policy Manual Reviewed November 2019


- » CP 1.5 Compliance
- » F1.1 Revenue Collection
- » F1.2 Procurement
- » F1.5 Authority To Make Payments From Trust and Municipal Funds
- » F1.6 Corporate Credit Card
- » G1.8 Record Keeping
- » G1.10 Workforce and Human Resources
- » G2.1 Comprehensive Complaints Response
- » G3.2 Fraud, Corruption and Misconduct Prevention
- » G4.1 Integrated Planning and Reporting: (Planning)
- » G4.2 Integrated Planning and Reporting: (Reporting)
- » G4.4 External Grants : Procurement and Management
- » G4.5 Asset Management
- » G4.6 Risk Assessment and Management
- » G4.7 Internal Control
- » G4.8 Legislative Compliance

### Other Shire Polices, Procedures and Plans

- » Delegation Authority Register
- » Management Procedure : Creditors Payments
- » Management Procedure : New Creditors and updates
- » Management Procedure : Variation to Purchase Orders
- » Management Procedure : IGA Purchasing
- » Management Procedure : Statement of Business Ethics
- » Operating Procedures : Payroll Processing
- » Risk Management Framework
- » Risk Register
- » Strategic Plan
- » Strategic Community Plan
- » Business Continuity Plan COVID 19

### Legislative Compliance

- » Local Government (Audit) Regulations 1996  
*Regulation 7, Regulation 10 and Regulation 17*
- » Section 7 of the Department of Local Government Accounting Manual
- » Local Government (Elections) Regulation 1996  
*Part 5A Disclosure of gifts-30G register*
- » Local Government (Administration) Regulation 1996  
*Part 4 Local Government Employees-Regulation 18A to 18G*

- 
- » Local Government Act 1995
    - Section 6.4*
    - Section 5.16 to 5.18A*
    - Section 5.36 to 5.37*
    - Section 5.45 to 5.46*
    - Section 5.67 to 5.68*
    - Section 5.73 to 5.77*
    - Section 5.88*
    - Section 5.103*
    - Section 5.120 to 5.121*
    - Section 3.57 to 3.58*
    - Section 7.1A to 7.1C*
    - Section 7.3*
    - Section 7.9*
    - Section 7.12*
  - » Local Government (Functions and General) Regulations 1996
    - Part 4 Provision of goods and services – Regulation*
    - Part 3 Commercial enterprises by local governments*
  - » Local Government (Financial Management) Regulations 1996
    - Regulation 5 to Regulation 13*
    - Regulation 34*



**Address**

Unit 16, First Floor  
Spectrum Offices  
100 Railway Road (Cnr Hay Street)  
SUBIACO WA 6008

**Postal Address**

Locked Bag 18  
Subiaco WA 6904

**Phone**

(08) 6389 5222

[www.butlersettineri.com.au](http://www.butlersettineri.com.au)

**BUTLER  SETTINERI**  
*Real People. Better Business*

**8 MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN**

Nil

**9 QUESTIONS FROM MEMBERS WITHOUT NOTICE**

**10 BUSINESS OF AN URGENT NATURE INTRODUCED BY DECISION OF THE MEETING**

**11 CLOSURE**