



AGENDA

Audit and Risk Management Committee Meeting Friday, 30 October 2020

I hereby give notice that an Audit and Risk Management Committee Meeting will be held on:

Date: Friday, 30 October 2020

Time: 8.00am

**Location: Town of Claremont
Claremont Council Chambers
308 Stirling Highway, Claremont**

**Liz Ledger
Chief Executive Officer**

DISCLAIMER

Persons present at this meeting are cautioned against taking any action as a result of any Committee recommendations until such time as those recommendations have been considered by Council and the minutes of that Council meeting confirmed.

Order Of Business

1	Declaration of Opening / Announcement of Visitors.....	5
2	Record of Attendance / Apologies.....	5
3	Disclosure of Interests	5
4	Confirmation of Minutes of Previous Meeting	5
5	Presentation.....	5
6	Reports of the CEO	6
6.1	2019-2020 Annual Financial Statements, Interim Audit Report and Findings	6
6.2	Update on Regulation 17 Audit recommendations.....	38
7	Other Business	92
8	New Business of an Urgent Nature Approved by the Presiding Person or by Decision of Meeting	92
9	Future Meetings of Committee.....	92
10	Declaration of Closure of Meeting	92

1 DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

2 RECORD OF ATTENDANCE / APOLOGIES

3 DISCLOSURE OF INTERESTS

4 CONFIRMATION OF MINUTES OF PREVIOUS MEETING

That the minutes of the Audit and Risk Management Committee Meeting held on 29 May 2020 be confirmed.

5 PRESENTATION

Nil

6 REPORTS OF THE CEO

6.1 2019-2020 ANNUAL FINANCIAL STATEMENTS, INTERIM AUDIT REPORT AND FINDINGS

File Number: FIM/00070-05, D-20-34251

Author: Andrew Smith, Director Infrastructure and Financial Management

Authoriser: Liz Ledger, Chief Executive Officer

Attachments: 1. Interim Audit Management Letter

PURPOSE

To present the Interim Audit Results for the Year Ended 30 June 2020 for review by the Audit and Risk Management Committee.

BACKGROUND

The *Local Government Amendment (Auditing) Act 2017* was proclaimed on 28 October 2017, giving the Auditor General the mandate to audit all Western Australian local government entities.

The Act allowed the Office of the Auditor General (OAG) to begin performance with responsibility for financial audits to transition over 4 years, as each local government's existing audit contracts expire.

By the 2020-21 financial year, all local government entities are audited by the OAG. The Town's audit contract with Moore Stephens expired at the conclusion of the 2017-18 audit, which resulted in the OAG becoming responsible for all future financial audits, beginning with the 2018-19 financial year.

In February 2019, the OAG confirmed this arrangement with the Town, outlining each party's respective responsibilities, together with the audit objective and scope.

On 8 May 2020, RSM Australia met with the Audit and Risk Committee, as the appointed auditors on behalf of the Office of the Auditor General, to outline the audit strategy for the 2019-20 financial year.

The strategy outlined the following timeframe for the delivery of the audit process;

17 TIMETABLE

Phase	Task	Indicative timeframe ⁽¹⁾	Action
Planning	Pre-planning meeting to review and update the overall audit approach and plan	24 March 2020	RSM
	Issue draft 2020 APM to the Town for commentary	3 April 2020	RSM
	Entrance meeting with the Council, CEO and Audit Committee for the presentation and discussion of final APM	8 May 2020	RSM Town
Interim audit fieldwork	Issuing of Interim Audit Preparation Checklist to the Town	24 April 2020	RSM
	Based on risk assessment, performance of cyclical controls testing, walkthrough of major business cycles and review of key reconciliation procedures for the 9 months ended 31 March 2020	11 – 15 May 2020	RSM
	Performance of substantive tests for revenue and expenditure cycles for the 9 months ended 31 March 2020		
	Assessment of status of Management Letter points raised for the prior year		
Interim audit reporting	Interim audit findings meeting with the OAG, RSM and the Director Corporate and Compliance and Manager Finance to discuss any significant control matters surrounding the major transaction cycles and content of the management letter, if any	15 June 2020	RSM OAG Town
	Issue of the draft Interim Audit Management Letter to the OAG for consideration and comment	15 June 2020	RSM OAG
	Issue the draft Interim Audit Management Letter to the Town for consideration and comment	19 June 2020	RSM Town
	Return of draft Interim Audit Management Letter to RSM with commentary	24 June 2020	Town
	Issue the Interim Audit Management Letter to the OAG	25 June 2020	RSM
Draft financial report	The Town submits shell financial report to RSM for review and comment	20 July 2020	Town
	Town to submit draft financial report as per the Act deadline.	25 September 2020	Town
Final audit fieldwork	Issuing of Final Audit Preparation Checklist	31 July 2020	RSM
	Provision of trial balance as at 30 June 2020 to RSM	25 September 2020	Town

Phase	Task	Indicative timeframe ⁽¹⁾	Action
	Performance of substantive tests for revenue and expenditure cycles for the 3 months ended 30 June 2020	6 – 9 October 2020	RSM
	Performance of substantive tests for balance sheet accounts as at year end		
Final audit reporting	Final audit findings meeting with the Director Corporate and Compliance, Manager Finance, the OAG and RSM to discuss any significant accounting issues and findings noted during the final audit. If there are significant, unresolved matters, then a meeting will also be held with the Council and CEO.	October 2020	RSM OAG Town
	Issue the draft Final Audit Management Letter for the year ended 30 June 2020 to the OAG for consideration and comment	October 2020	RSM OAG
	Issue the draft Final Audit Management Letter for the year ended 30 June 2020 to the Town for consideration and comment	October 2020	RSM Town
	Return draft Final Audit Management Letter for the year ended 30 June 2020 to RSM with commentary	October 2020	Town
	Issue the Final Audit Management Letter to the OAG	October 2020	RSM
	Preparation of OAG Signing Review Memorandum	October 2020	RSM
	Review of audit file by OAG	October 2020	OAG
	Audit Closing Report Issued	November 2020	RSM
	Final audit exit meeting with the Town	November 2020	RSM OAG Town
	Issue final Management Representation Letter and approve Financial Report	November 2020	Town
	Independent Contract Auditor's Report Issued	November 2020	RSM
	OAG to sign and Issue the Auditor's Report	November 2020	OAG

(1) The above dates are tentative at this stage and are subject to amendment as a result of staff availability from the Town and OAG due to COVID-19.

As can be seen, the interim audit timeframe slipped in terms of delivery timeframes as stipulated by the auditors, however despite this, the auditors remained confident that this would have no material impact on the final audit delivery or the ability of the Town to complete its annual report or conduct its annual meeting of electors.

This was validated by the Final Audit being commenced on site at the Town on Monday 5 October 2020.

As detailed in the Auditors Audit Strategy Memorandum as presented by the OAG to the Audit and Risk Management Committee (ARMC) at its meeting of 8 May 2020, the audit includes the conduct of an interim audit, and issue of an interim management report, for any matters need to be reported.

The Draft Management Letter arising from the Interim Audit was received by the Town on the 22nd of September 2020.

Responses were provided to the auditors in respect to the matters as raised and as a result some minor changes were made to the draft letter to reflect this feedback.

The attached Management Letter is the final version of that document following consideration of feedback by the auditors and presentation to the OAG.

DISCUSSION

As detailed within the report (Attachment 1) the OAG has identified a number of matters through this interim audit, the greatest proportion relating to Information Technology (items 1-11) with items 12-15 related to financial management.

Whilst management comments in response to these issues (as provided by the Town) including corrective action is provided within the OAG Report, the following additional comments are provided for those matters where further explanation is considered appropriate or the management comment does not effectively provide sufficient context to the Committee;

Impact of changes to accounting standards

Finding

Several significant changes have occurred to Australian Accounting Standards, which are applicable to the Town in 2019-20 financial year. However, during the audit it was noted that the Town has not finalised its assessment of the implication of the following new accounting standards for the 2019-20 financial year:

Comment

AASB 16

The draft Management letter states “non-compliance with the new accounting standards and the resulting misstatement in revenue and disclosure deficiency for AASB 16”.

In 18/19 the Town of Claremont (TOC) determined that the introduction of AASB 16 did not have a material impact and the Town did not recognise any leases under AASB 16. This was subject to audit and no issue was raised with this conclusion by the OAG.

In the development of the 2019/20 statements the Town has taken the opportunity to review this position. The Town has concluded that there are 2 types of leases in operation at the Town, which might be considered relevant to AASB 16. These are IT leases, for hardware and equipment, and the lease of a storage unit associated with the museum facility.

Review of these leases has indicated that as at 30 June 2020, the lease of the storage facility has a remaining period of 8 months (to February 2021) and therefore is not subject to the provisions of AASB 16 as the period of the lease is less than 12 months.

By comparison the IT leases are anticipated to extend beyond this 12 month period, and as such, in the interim 19/20 statements we have indicated in our AASB 16 Memo template that we are intending to include the operating leases related to IT.

The auditors confirmed that this conclusion and the Town’s treatment of AASB 16 was correct, however chose to retain reference to this standard on the Management letter.

AASB 15

The Town acknowledges that the application of AASB 15 was the subject of many questions and answers during the interim audit, as the Town again sought to more appropriately review the assumptions made in the 18/19 statements with respect to this Standard.

In the audited 18/19 statements, the provision of AASB 15 was reflected as follows;

Note	AA SB 118 carrying amount 30 June 2019 \$	Reclassification per reserve balances \$	AA SB 15 carrying amount 01 July 2019 \$
Contract liabilities non-current			
Unspent grants/contributions	0	408,252	408,252
Developer contributions	0	322,954	322,954
Cash in lieu of parking	0	541,763	541,763
Adjustment to retained surplus from adoption of AASB 15	28(d)	(1,272,969)	

In the lead up to the development of the interim 2019/20 statements, the Town again reviewed the assumptions made within this declaration.

This review included a major review of historical development applications, the relevant Town Planning Scheme (TPS) and Council meeting minutes from many years prior.

Of the amounts shown in 2018/19 the Unspent Grants/Contributions, were found to be related to a direct contribution from a single developer in 2011/12, with the balance indicating what was residual after expenses had been withdrawn.

The manner in which these funds were provided by the developer, and the conditions of the Development Application at that time, did not provide, in the Town's opinion, sufficient specificity in the obligations to the Town to determine these to be contract liabilities.

The amount shown as Developer Contributions, was discovered to be direct deposits made by the Council to the Parking Reserve fund, over the life of that fund, without any relevance at all to any developer or any condition of approval, arising from a Development Application.

As such these funds are reflected in the restricted cash at bank statements (the Reserve Fund), they are in no way related to AASB 15.

The last of the 3 items relates to cash in lieu of parking, which are contributions made by developers as conditions of approval for Development Applications, in lieu of providing parking on site to satisfy the DA conditions, and the relevant clause of the Town Planning Scheme (clause 33.2).

Again, the conditions that were applied to the manner in which these funds were deposited, failed to suggest sufficient specificity in the obligations to the Town to determine these to be contract liabilities.

Ultimately the Town is of the opinion that AASB 15 is not applicable to these funds and as such this should be reflected in the statements.

These conclusions were independently assessed and agreed with Moore Stephens who also concluded that no declaration under AASB 15 was required.

The auditors confirmed that this conclusion and the Town's treatment of AASB 15 was correct, however chose to retain reference to this standard on the Management letter.

AASB 1058

In respect to AASB 1058, during the interim audit, this was the subject of a number of questions in respect to how this Standard applied to;

- Pre-paid rates
- Volunteer activities of the "Friends of Lake Claremont", and
- Contributions towards fixed assets

In respect to prepaid rates, as with the above standards, this issue was again the subject of a number of questions during the interim audit.

In the 2018/19 audited statements, the Town made the following comment;

Prepaid rates are, until the taxable event for the rates has occurred, refundable at the request of the ratepayer. Therefore the rates received in advance give rise to a financial liability that is within the scope of AASB 9. On 1 July 2019 the prepaid rates will be recognised as a financial asset and a related amount recognised as a financial liability and no income recognised by the Town. When the taxable event occurs the financial liability will be extinguished and the Town will recognise income for the prepaid rates that have not been refunded.

The practical application of this statement was through the processing of a journal, undertaken in the same manner as it had been processed for a number of years.

In the development of the draft 2019/20 statements, the Town again reviewed this practice, and with advice from Moore Stephens, the methodology used to bring the pre-paid rates to account was varied considerably, however the outcome of this is that pre-paid rates will still be recognised as a financial asset and a related amount as a financial liability.

As a result with respect to pre-paid rates, the comment in respect to AASB 1058 in the draft 2019/20 statements is intended to remain the same as 2018/19.

In respect to both Volunteer Activities and Contributions to Fixed Assets, both of these were the subject of questions during the interim audit, and for these answers were provided.

The auditors confirmed that this conclusion and the Town's treatment of AASB 1058 was correct, however chose to retain reference to this standard on the Management letter.

It is also relevant to consider that the scope of this interim audit and its particular reference to Information Technology was an industry wide audit focus and priority arising from the OAG's office.

A similar such priority was placed on an audit of Human Resources 12 months ago, however as the Town had been one of the local governments selected by the OAG for pre audit assessment (which then informed the methods that would be applied in auditing other local governments), the interim audit for 2018/19 did not include any content in respect to HR, as these matters had been satisfied during the pre-audit assessment.

Discussion with the Director Governance and People has revealed that whilst there are considerable matters raised within Items 1-12 in the Management Letter relating to Information Technology, many of these matters are uniformly shared by many local governments following the recent interim audits being completed.

Further, that the Director Governance and People and IT department had already undertaken a review of the OAG audit findings in *Information Systems Audit report 2020-Local Government Entities* as against the Town's information system. The OAG report summarises the *results of the 2019 cycle of information systems audits at 10 local government entities. The report found that all 10 local government entities had significant shortcomings in their information security practices. And that entities need to seriously consider these standards and the recommendations in this report to improve information security practices and protect the confidentiality, integrity and availability of information and systems.*

The Town had already identified a number of gaps and prior to the audit, work had already commenced within the IT department on formalising the relevant policies and procedures and making business improvements. An additional part time staff member commenced on 18 August 2020, following an allocation for this during the budget process, to assist in completing this work. This Officer joins 2 fulltime employees; a business systems analyst and a network systems administrator.

Many local governments, in workshops that were held following the interim audit, raised concerns that IT and resourcing standards applicable to very large Councils with comparatively unlimited IT budgets are being applied to smaller local governments. It is hoped that through this feedback the OAG will recognise that a uniform approach to some of these issues may simply not be possible or achievable in a short period of time, due to funding and budget restrictions.

PAST RESOLUTIONS

Audit and Risk Management Committee 8 May 2020;

That the Audit & Risk Management Committee notes the audit strategy for 2019-20.

FINANCIAL AND STAFF IMPLICATIONS

Resource requirements in respect to audit fees are in accordance with existing budgetary allocation.

POLICY AND STATUTORY IMPLICATIONS

Local Government Act 1995: Part 7 - Audit

Local Government (Audit) Regulations 1996: Cl. 9 - Performance of Audit; Cl. 10 – Report by Auditor

COMMUNICATION / CONSULTATION

The Audit Plan as tabled by RSM Australia at the Audit and Risk Committee of 8 May 2020 outlined that the interim audit report would be subject to engagement between the Auditors and the Town of Claremont.

The report is therefore the result of these meetings being held and the feedback from the auditors in respect to the interim audit.

STRATEGIC COMMUNITY PLAN**Leadership and Governance**

We are an open and accountable local government; a leader in community service standards.

- Manage our finances responsibly and improve financial sustainability.

URGENCY

To support the Audit timeline.

VOTING REQUIREMENTS

Simple Majority decision of Council (*More than half the elected members present are required to vote in favour*).

OFFICER RECOMMENDATION

That the Audit and Risk Committee notes the interim audit report for the 2019-20 financial year.

1. INDEX OF FINDINGS	2. RATING		
	3. Significant	4. Moderate	5. Minor
6. Findings identified in the current audit			
1. IT governance – policies and procedures	7. ✓	8.	9.
2. NAV finance system – user access management	10. ✓	11.	12.
3. Change management	13. ✓	14.	15.
4. Physical and environmental security	16. ✓	17.	18.
5. IT strategy and IT operational plan	19.	20. ✓	21.
6. Network - user access management	22.	23. ✓	24.
7. NAV database – user access management	25.	26. ✓	27.
8. Business continuity and incident management	28.	29. ✓	30.
9. Vulnerability management	31.	32. ✓	33.
10. Virus protection and security monitoring	34.	35.	36. ✓
11. Network password management	37.	38.	39. ✓
12. Impact of changes to accounting standards	40. ✓	41.	42.
13. Reviews of financial management systems and procedures	43.	44. ✓	45.
46. Findings identified in prior audits			
14. Borrowing reconciliations	47.	48.	49. ✓
15. Authorisation and review of journals	50. ✓	51.	52.

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 consider 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.
- 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.

FINDINGS IDENTIFIED IN THE CURRENT AUDIT**1 IT governance - policies and procedures****Finding**

During our audit we noted that the Town's overall IT governance and infrastructure management is not fully effective. We found that:

- The Town does not have formal policies / procedures / guidelines / governance documents for the following key IT functional areas or processes:
 - Information and Data Classification
 - Acceptable Use of IT Systems
 - IT Service Management
 - IT Cyber Security

We also noted that formal documents maintained by the IT department are not appropriately governed and outlined in a standard format.

Formally endorsed and up to date policies / procedures / guidelines / governance documents help staff to support management expectations and governance structures of the Town of Claremont.

Rating: Significant**Implication**

There is a risk that informal or missing policies / procedures / guidelines / governance documents may not be able to support the needs of the Town and staff may not be fulfilling management expectations.

Recommendation

The Town should:

- Review, approve and publish policies / procedures / guidelines and governance documents as required and ensure that these documents are appropriately governed
- Periodically review and update policies / procedures / guidelines and governance documents following any relevant internal or external changes.
- Relevant policies / procedures / guidelines and governance documents should be documented.

Management comment

The Town accepts the recommendations.

The Town has independently and prior to this audit, reviewed the Information Systems Audit Report 2020 – Local Government Entities (WA Auditor General). As a result the Town had prior to this audit commenced drafting the following:

- Information Technology Policy Framework;
- Information Technology – Governance Policy;
- Acceptable Use of Information Technology Policy;
- Information Security Policy;

- Information Technology Continuity and Disaster Recovery Plan.

The Town has prior to this audit employed an additional staff member in IT to dedicate more resources to preparation of policies and procedures and to expedite the process.

The Town is also reviewing its IT assets and preparing a strategic plan for Executive approval.

Responsible person: Director Governance & People

Completion date: The drafting of policies and procedures has already commenced.

30 June 2021 for completion and approval of policies and procedures.

2 NAV finance system – user access management

Finding

We found the following relating to the user management of the MS Dynamics NAV finance system:

- 5 out of 7 administrative accounts are assigned to functional users from the finance department. For example, finance manager, finance officer and coordinator finance. This privileged access could lead to potential segregation of duties conflicts.
- The Town does not have a formal application access management policy or procedure in place to perform periodic user access reviews for active network administrator and user accounts.
- Although the Town's MS Dynamics NAV finance system is configured to log user account activities, we found these are not actively monitored or reviewed.
- 2 out of 5 generic accounts were still active that should have been disabled. We acknowledged that these accounts were disabled by the Town after it was identified during the audit.

Appropriate application of the Town's processes for application user access management helps to prevent inappropriate or unauthorised access to the Town's IT systems and information.

Rating: Significant

Implication

There is an increased risk of inappropriate or unauthorised access to the Town's IT systems and information. This could breach segregation of duties requirements, impacting confidentiality, integrity and availability of the Town's systems and information.

Recommendation

In relation to the MS Dynamics NAV finance system, the Town should:

- Develop, document and implement a formal application account management and review process and policy.
- Regularly review and monitor user access (including administrative accounts) to the application to ensure it is still appropriate and needed. Appropriate records of these reviews should be retained and accounts not needed should be removed or disabled.
- Implement a process to ensure that generic user accounts are provisioned, reviewed and terminated.
- Implement an effective process to regularly review the segregation of duties within the system. This process should ensure roles and privileges, which have been assigned, are appropriately segregated and privileged access should be restricted to IT staff and not be used for business as usual activities by operational / finance staff.

Management comment:

The Town accepts the following recommendation:

- Develop, document and implement a formal application account management and review process and policy.

The Town has prior to this audit employed an additional staff member in IT to dedicate more resources to preparation of policies and procedures and to expedite the process. With regards to the following recommendations:

- Implement a process to ensure that generic user accounts are provisioned, reviewed and terminated.
- Regularly review and monitor user access (including administrative accounts) to the application to ensure it is still appropriate and needed. Appropriate records of these reviews should be retained and accounts not needed should be removed or disabled.

All requests are recorded through the IT service requests. The IT team will formalise this process.

- Implement an effective process to regularly review the segregation of duties within the system. This process should ensure roles and privileges, which have been assigned, are appropriately segregated and privileged access should be restricted to IT staff and not be used for business as usual activities by operational / finance staff.

Access to NAV is more broadly controlled by Active Directory (AD). If an account is inactive within AD, then that account cannot access NAV irrespective of the access level defined within NAV. This applies to generic accounts, which are only used for vendor support or training purposes. Vendor access is controlled via AD, with short-termed passwords provided for the duration of a support activity.

At the time of the audit, of the 7 staff with transaction permissions defined by the group "Finance", two were Executives, two were from IT support and the remaining 3 constitute the operational Finance Team (as identified above). The Finance team only comprises 3 team members.

The Town perceives no issues with segregation of duties within such a small team (3 people) and this access is required from an organisational and practical perspective.

All permissions are removed immediately a staff member is terminated, via AD as detailed above.

All staff are denied access upon completion of their engagements (the same applies to third party support staff). The Town will formalise the engagement/disengagement process.

Responsible person: Director Governance & People

Completion date: The drafting of policies and procedures has already commenced.

30 June 2021 for completion and approval of policies and procedures and formalising of existing practices.

3 Change management

Finding

The following weaknesses were identified during our review of IT systems change management framework and procedures:

- The Town does not have a formal change management framework and procedures for managing system or application changes.
- Changes are not consistently managed / recorded within the Town's Service Desk Plus portal, which may result in changes not being recorded.
- During our review of a project update report, which outlines all business system upgrades, we could not ascertain if these upgrades had been performed as no evidence of upgrades are maintained.

An effective change management framework and procedures can help guide the Town on how to effectively backout from unsuccessful IT system changes, and manage the risk of unplanned downtime or loss of information.

Rating: Significant

Implication

Failure to have a formal change management framework and procedures, increases the risk of the Town experiencing significant inconsistencies in its change management process with possibility of errors and unauthorised changes to the network and applications.

Recommendation

The Town should implement a formal change management framework and procedures to help ensure:

- Changes are appropriately reviewed, approved and have a risk and impact analysis performed.
- Release and back out plans are defined for promoting new versions into production.
- That the test environment reflects the production environment as appropriate and that the test environment is isolated.
- User Acceptance Testing (UAT) and stress tests are performed.
- Changes into production are segregated from development personnel and restricted to authorised users.
- Post-implementation reviews are performed and documented as required.

Management comment

These recommendations are acknowledged. The Town will assess its Change Management needs against the ITSM framework, and will formalise a Change Management process that is practical and manageable for the Town bearing in mind risk, budget and size.

Responsible person: Director Governance & People

Completion date: Investigation promptly and completion by 30 June 2021.

4 Physical and environmental security

Finding

During the audit, we noted that the Town has not formally documented its policies or procedures for the management of physical and environmental security at the primary and secondary data centre locations.

We found the following deficiencies in the physical and environmental security management of the datacentre located at the Council building:

- Closed Circuit Television (CCTV) cameras are used within the building entrance, but not to monitor the server room.
- The server cabinets are not locked and secured.
- No raised floors or water flooding mechanisms are in place to protect equipment.
- No fire extinguisher or fire suppression system is installed within the server room. However, a fire extinguisher is located outside the server room.
- The server room is constructed by combustible “Dry-walling” and several non-IT related items placed in the server room (e.g. suitcase, Christmas reef, box files and wooden boards/planks).
- The air conditioning unit utilised as the main cooling system is powered from the main circuit with no backup power or monitoring.
- No server room access logs are kept for visits to the server room.
- No fire instructions or emergency contact numbers are available in the server room.
- Server room wiring and cables are not protected and organised.
- The Disaster Recovery site and primary server room are located within 1 kilometre from each other increasing the risk of both sites failing during a disaster.

Appropriate physical and environmental controls will help the Town prevent its systems from unauthorised access and potential failures while maintaining confidentiality, integrity and availability of its critical systems and resources.

Rating: Significant

Implication

Without appropriate controls in place to manage the physical and environmental controls, there is an increased risk of inappropriate, unauthorised access and potential failure of critical hardware to support key infrastructure or systems. This could impact the confidentiality, integrity and availability of the Town’s systems or information.

Recommendation

The Town should:

- Formally document its policies or procedures for the management of physical and environmental security at the primary and secondary data centre locations.
- Investigate and implement appropriate physical security measures to protect the datacentre against unauthorised access and damage.

- Investigate and implement appropriate environmental measures to protect physical sites and the datacentre against environmental threats and damage.
- Consider relocating the disaster recovery site to ensure availability when required.

Management comment

The Town accepts the following recommendations:

- Formally document its policies or procedures for the management of physical and environmental security at the primary and secondary data centre locations.

The Town has prior to this audit employed an additional staff member in IT to dedicate more resources to preparation of policies and procedures and to expedite it.

With regards to the following recommendations

- Investigate appropriate physical security measures to protect the datacentre against unauthorised access and damage.
- Consider relocating the disaster recovery site to ensure availability when required.

The primary server room is locked and access is restricted only to master key holders, e.g. Executives, IT and Building Management. Access is not currently monitored. The Town will create a log recording external visitors access to the server room (to be accompanied by Town staff).

The secondary server room is not secured in its own right, but is within a secure building. The Town will investigate options for greater level of access control to the secondary server site.

Further security measures for both rooms will be investigated. The Town will assess security measures bearing in mind risk, budget and operations.

Fire instructions and emergency contact numbers will be displayed in the server room.

In relation to the suggestion to move the secondary server room, it is to be noted that its DR capabilities include having redundant servers, redundant RAID 6 storage devices, redundant UPS, and three levels of backups are held across two locations, with one being off-site.

Although the two server sites are within a kilometre of each other, they are on separate power grids. The Town will investigate alternative locations bearing in mind risk, budget and operations.

- Investigate and implement appropriate environmental measures to protect physical sites and the datacentre against environmental threats and damage.

The comments regarding flooding and fire relate to the buildings in general, and should be considered in a wider context, that of business continuity. The Town has a business continuity, disaster recovery plan and an approved record keeping plan.

The Town is currently reviewing its IP WAN, server load sharing and failover capabilities.

The Town will assess environmental measures bearing in mind risk, budget and operations.

Responsible person: Director Governance & People

Completion date:

The drafting of policies and procedures has already commenced.

30 June 2021 for completion and approval of policies and procedures and further investigation.

5 IT strategy and IT operational plan

Finding

We noted that the Town does not have an up to date IT strategic or IT operational plan, which are aligned to the overall business strategy. We acknowledge that the Town has developed an annual IT budget. However, the IT budget does not reflect clear alignment with the objectives detailed in the Town's business strategy.

An effective IT strategy and IT operational plan will help to ensure that the Town's IT function and associated budget are aligned with the Town's overall business objectives and increases the likelihood of achieving the goals set out in the Town's business strategy.

Rating: Moderate

Implication

Failure to have an effective IT strategy and IT operation plan increases the risk of the Town's IT function not being fully aligned with its business strategies and may result in sub-optimal achievement of the Town's business objectives.

Recommendations

The Town should develop, document and regularly review its IT strategy and IT operational plan to ensure clear alignment with the Town's overall business and operational objectives and requirements.

Management comment:

The Town accepts this recommendation.

The Town has prior to this audit employed an additional staff member in IT to dedicate more resources to preparation of policies and procedures and to expedite it.

Responsible position: Director Governance & People

Completion date: The drafting of policies and procedures has already commenced.

30 June 2021 for completion and approval of policies and procedures.

6 Network – user access management

Finding

We noted the following weaknesses in the Town's network access management processes:

- The Town does not have a formal network access management policy or procedure which requires periodic user access reviews for active network administrator and user accounts.
- Although the Town's network is configured to produce administrative user account logs, these logs are not actively monitored or reviewed.
- 81 out of 259 active network user accounts have not logged into the systems in the last 6 months of which:
 - 65 are generic accounts
 - 16 are specific users
- 3 out of 259 active network users were active in the Town's network but were not found in the current employee list. We acknowledged that these accounts were disabled by the Town after they were identified during the audit.
- 1 out of 42 terminated employees was still active in the Town's network. However, this user was not active in the MS Dynamics NAV finance system.
- While reviewing 63 active generic / default user accounts within the Town's network, we found:
 - 1 generic account was still active that should have been disabled. We acknowledged that this account was disabled by the Town after it was identified during the audit.
 - 7 generic accounts where the need or purpose of these accounts could not be determined and are under review.
 - 7 new generic accounts were created within the Active Directory (AD) during the audit period, without relevant evidences for request and approval.

Appropriate processes to manage network user accounts, helps to prevent inappropriate or unauthorised access to the Town's IT systems and information.

Rating: Moderate

Implication

Without appropriate user access management controls in place there is an increased risk of inappropriate or unauthorised access to the Town's IT systems and information. This could impact the confidentiality, integrity and availability of the Town's information.

Recommendations

The Town should:

- Develop, document and implement a formal network account management process and policy.
- Regularly review and monitor user access (including administrative accounts) to the network to ensure it is still appropriate and needed. Appropriate records of these reviews should be retained and accounts not needed should be removed or disabled.

- Implement a process ensure that generic user accounts are provisioned, reviewed and terminated.

Management comment:

The Town accepts the following recommendations

- Develop, document and implement a formal network account management process and policy.

The Town has prior to this audit employed an additional staff member in IT to dedicate more resources to preparation of policies and procedures and to expedite it.

With regards to the following recommendations:

- Regularly review and monitor user access (including administrative accounts) to the network to ensure it is still appropriate and needed. Appropriate records of these reviews should be retained and accounts not needed should be removed or disabled.
- Implement a process ensure that generic user accounts are provisioned, reviewed and terminated.

All requests are recorded through the IT service requests. The IT team will formalise and record this process better.

All staff are denied access upon completion of their engagements (the same applies to third party support staff). The Town will formalise the engagement/disengagement process.

Responsible position: Director Governance & People

Completion date: The drafting of policies and procedures has already commenced.

30 June 2021 for completion and approval of policies and procedures and formalising of existing practices.

7 NAV database - user access management

Finding

We found the following relating to the user management of the MS Dynamics NAV Database system:

- The Town does not have a formal database access management policy or procedure to manage endpoint devices and remote port configurations.
- The Town does not have a formal periodic user access review process in place for active database administrative user accounts.
- The current server version installed by the Town is outdated (SQL Server 2012 standard edition) and will soon be unsupported by the vendor.
- 8 extended stored procedures are not restricted to “sysadmin” access and are open to public users. This will allow SQL server users to execute functions external to the server increasing the risk of users gaining unauthorised access to the operating system or changing security information including the registry for Windows NT operating server administrative password for the database
- 16 database administrative / privileged users accounts of which:
 - 2 where the need or purpose of these accounts could not be determined and are under review.
 - 2 administrative accounts have not changed their passwords in the last 6 months.

Appropriate database user access management controls help to strengthen the Town’s overall IT systems and ensure confidentiality, integrity and availability of the Town’s information.

Rating: Moderate

Implication

Without appropriate processes to manage database security procedures, including the number of administrative accounts within the database environment, there is an increased risk of inappropriate or unauthorised access to the Town’s IT systems and information. This could impact the confidentiality, integrity and availability of the Town’s information.

Recommendation

In relation to the Dynamics NAV Database system, the Town should:

- Develop, document and implement a formal database account management and review policy and procedures.
- Consider upgrading to latest database versions to ensure adequate database protection.
- Review and implement relevant security controls within the database system, which should include:
 - Limit and restrict database users as appropriate.
 - Periodically review user access and activities performed.
 - Restrict access of registry extended stored procedures to administrative accounts.
 - Implement a password revision and reset policy for all database and administrative accounts.

Management comment

The Town accepts the following recommendations:

- Develop, document and implement a formal database account management and review policy and procedures.
- Consider upgrading to latest database versions to ensure adequate database protection.

The Town is in the process of upgrading to the latest version of Business Central using a difference service provider. The Town will ensure that all accounts are justified and documented in the new environment.

- Review and implement relevant security controls within the database system, which should include:
 - Limit and restrict database users as appropriate.
 - Periodically review user access and activities performed.
 - Restrict access of registry extended stored procedures to administrative accounts.
 - Implement a password revision and reset policy for all database and administrative accounts.

The Town has two IT staff that have Administrator access to the NAV SQL databases. The remaining accounts are service accounts either used by NAV itself, or to facilitate interfaces to other application systems.

Responsible person: Director Governance & People

Completion date:

The drafting of policies and procedures has already commenced.

30 June 2021 for completion and approval of policies and procedures.

The upgrade to Business Central is scheduled for later this year.

8 Business continuity and incident management

Finding

We identified that the Town's business continuity and incident management arrangements are not fully developed and may not be effective.

Business continuity

During the audit we found:

- The Town does not have a Disaster Recovery Plan.
- The Town has not conducted or scheduled any disaster recovery or business continuity testing.
- The Town has not provided training to ensure the effectiveness of its business continuity procedures.
- Although the Town has a backup plan in place, the plan has not been formally reviewed and endorsed.

Incident management

During the audit we found:

- The Town has not performed a Business Impact Assessment and does not have documented policies or procedures for incident management or response processes.
- Roles and responsibilities for information security incident management have not been defined, security incident response testing is not performed and incidents are not tracked and documented for future reference.

With appropriate business continuity arrangements, the Town can enhance its ability to effectively recover critical services in line with business requirements without affecting its key operations and business functions to its internal and external clients.

Rating: Moderate

Implication

Failure to have appropriate continuity arrangements, increases the risk of the Town not being able to recover critical services in a timely manner, in line with business requirements. This could affect the Town's ability to provide key operations and business functions.

Recommendation

The Town should:

- Document, review, approve and publish its business continuity and incident management arrangements.
- Perform and document a Business Impact Assessment to identify the recovery requirements of the business in the event of an incident for the Town to continue to meet its objectives.
- Develop, review and endorse a Disaster Recovery Plan. To help maintain the effectiveness of the Disaster Recovery Plan, it should be regularly reviewed and tested.
- Conduct regular training to ensure optimisation of its business continuity and incident management arrangements.

- Develop, document and implement a formal incident management policy and procedures.

Management comment

The Town has a Business Continuity Plan and Emergency Management Procedures.

The Town accepts the following recommendations:

- Document, review, approve and publish its business continuity and incident management arrangements.
- Perform and document a Business Impact Assessment to identify the recovery requirements of the business in the event of an incident for the Town to continue to meet its objectives.
- Develop, review and endorse a Disaster Recovery Plan specific. To help maintain the effectiveness of the Disaster Recovery Plan, it should be reviewed and tested.
- Conduct training to ensure optimisation of its business continuity and incident management arrangements.
- Develop, document and implement a formal incident management policy and procedures

The Town has commenced the development of an IT Disaster Recovery Plan that will dovetail into the broader Business Continuity Plan. Once complete, a full test will be scheduled.

Responsible person: Director Governance & People

Completion date:

The drafting of policies and procedures has already commenced.

30 June 2021 for completion and approval of policies and procedures.

9 Vulnerability management

Finding

During our audit we found that:

- The Town does not have formal vulnerability management policies, processes or procedures in place to outline the requirement to conduct regular vulnerability assessments.
- There is no documented policy or process in place to ensure that system updates and security patches to known vulnerabilities are installed consistently and regularly.

However, we acknowledge that the Town performs regularly upgrade of its operating, application and database environment but this is not a formal process to ensure successful and accurate upgrades.

Effective vulnerability management policies, processes and documented procedures help manage the Town's risk not being able to maintain an effective and secure cyber security posture.

Rating: Moderate

Implication

Failure to have effective vulnerability management policies, processes and procedures increases risk that the Town will not be able to maintain an effective and secure cyber security posture. This could lead to potential cyber breaches, downtime, and loss / exposure of critical systems or information.

Recommendation

The Town should define, document and implement vulnerability management policies, processes and procedures. These should include the requirement for periodic security testing, vulnerability assessments and processes to mitigate identified security weaknesses or improvements.

Management comment

The findings identify that the Town keeps its devices patched and protected.

Operating system and anti-virus updates are frequent and irregular.

The Town has just installed a new firewall and VPN software.

Responsible person: Director Governance & People

Completion date: Ongoing review.

10 Virus protection and security monitoring

Finding

We found that the Town's security monitoring, anti malware and virus prevention management processes needs improvement:

- The Town does not have a formalised security event monitoring and review process in place to identify, review or monitor user activity or security events.
- The Town does not have a formalised anti-malware policy or procedures in place to review and monitor virus and malware protection.

We acknowledge that the Town has an updated virus protection tool in place. However, we found that 1 out of 142 active endpoint systems did not have the virus protection enabled.

Effective security monitoring, virus protection and security management policies, processes and documented procedures help manage the Town's risk of not being able to maintain an effective and secure cyber security posture.

Rating: Minor

Implication

Without effective network security devices, system logging and proactive monitoring of malicious activities and viruses within the network and key application systems, the Town may not be able to prevent, detect and react to security events or potential breaches in a timely manner.

Recommendation

The Town should:

- Develop, document and implement a formal anti-malware and virus management review policy and procedures.
- Document and formalise processes to monitor and review system security event logs.
- Regularly review and implement up to date anti malware technology on all systems.

Management comment:

The Town accepts the following recommendations:

- Develop, document and implement a formal anti-malware and virus management review policy and procedures.

In relation to the following recommendation:

- Document and formalise processes to monitor and review system security event logs.
- Regularly review and implement up to date anti malware technology on all systems.

Anti-virus software can only be installed when a device is switched on. The 1 out of 142 devices was updated as soon as it came back on-line.

The Town uses Sophos anti-virus software at two levels:

- In the cloud, to scan and potentially block all incoming, external emails.

- Locally, to scan for viruses, etc. on devices. If anything is detected, Sophos triggers and email to the IT Administrator email account.

IT are aware of any suspicious activity.

IT were unable to provide a local-level email sample during the audit since no suspicious activity had been detected.

Responsible person: Director Governance & People

Completion date: 30 June 2021 for completion of policies and procedures.

11 Network password management

Finding

During our review of the Town's password management controls, we identified that:

- The Town does not have a formal policy that requires strong password settings.
- Password parameters configured in the Town's network (active directory) are not fully aligned with good practise relating to password length, expiry, and history.

Effective password management policies, processes and procedures helps the Town to maintain an effective, secure IT environment.

Rating: Minor

Implication

Without adequate password management protocols and procedures, there is an increased risk of unauthorised access or compromises to network and system security. The network and systems may become susceptible to potential security breaches, such as password cracking, brute force or social engineering attacks.

Recommendation

The Town should develop, document and implement a formal password management policy and ensure it aligns to better practice guidelines.

Management comment

The Town accepts the recommendation.

The Town will deploy stricter password complexity rules.

Responsible person: Director Governance & People

Completion date: 30 October 2020 for stricter password complexity rules and guidelines for staff.

30 June 2021 for completion of policies and procedures.

12 Impact of changes to accounting standards

Finding

Several significant changes have occurred to Australian Accounting Standards, which are applicable to the Town in 2019-20 financial year. However, during the audit it was noted that the Town has not finalised its assessment of the implication of the following new accounting standards for the 2019-20 financial year:

- AASB 16 *Leases*;
- AASB 15 *Revenue from Contracts with Customers*; and
- AASB 1058 *Income of Not-for-Profit Entities*

Rating: Significant

Implication

Failure to be ready and prepared for these new accounting standards could delay the timely preparation of the annual financial report and cause additional audit work resulting in increased audit costs associated with these new standards. The implication also includes non-compliance with the new accounting standards and the resulting misstatement in revenue and disclosure deficiency for AASB 16.

Recommendation

The Town should complete its assessment of the impact of the new accounting standards and, if required, seek external consultation to reduce the risk of delays and additional costs. The assessment should include detailed revenue recognition amount, measure the impact on adoption of the new AASBs and process the appropriate adjustments in the accounts.

Management comment

These assessments have now been completed and addressed.

Subsequent to the initial interim audit findings, the Town spent considerable time reviewing prior year assumptions, and how particular matters were recorded in the Notes to the Annual Financial Statements.

These reviews resulted in significant changes being made to the manner in which matters were recorded relative to AASB 15,16 and 1058, findings that were independently ratified by accounting advice and assessed and agreed by the Auditors as appropriate.

Responsible person: Andrew Smith, Director, Infrastructure and Financial Management

Completion date: Completed

13 Reviews of financial management systems and procedures

Finding

Regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996* requires the Chief Executive Officer to undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the Town regularly (and not less than once in every three financial years) and report to the Town the results of those reviews.

During the audit it was noted that the most recent regulation 5(2)(c) reviews were undertaken in June 2015.

Rating: Moderate

Implication

Failure to comply with regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996* increases the risk of the Town having inappropriate financial management systems and ineffective procedures.

Recommendation

In accordance with regulation 5(2)(c), the Town should undertake the Regulation 5(2)(c) reviews as soon as possible to ensure the appropriateness and effectiveness of the financial management systems and procedures.

Management comment

This is acknowledged. The town has not complied with the provision of Regulation 5(2)(c) in respect to the review of financial management systems.

In response to this finding the Town has immediately developed a Scope of Works to undertake this review in the immediate term.

Responsible person: Andrew Smith, Director, Infrastructure and Financial Management

Completion date: 31 March 2021

14 Borrowing reconciliations

Finding

Regular reconciliations of subsidiary ledgers to the general ledgers in the finance systems are a key control for helping to ensure that financial data is completely and accurately reflected in the general ledger and that financial reports present a true and fair view.

During our audit we noted that the borrowings subsidiary register has not been reconciled to corresponding general ledger control account since 30 June 2019.

A similar finding was raised during the 2018-19 financial audit and the following management comment was received:

53. 2018-19 Management Comment

54. With only five loans, all of with semi-annual payments, quarterly reconciliations might be considered excessive with no real benefit provided.

55. Borrowing reconciliations are performed at the end of each financial year and checked against the loan outstanding report provided by our (only) lender.

56. Forecast of borrowing movements and interest between the beginning and the end of the current financial year is also performed at budget preparation time.

57. We propose to now include a second borrowings reconciliation as part of our mid-year review process

58. Responsible Person: Hitesh Hans

59. Completion Date: 18 June 2019

Rating: Minor

Implication

Failure to regularly review and reconcile the borrowings subsidiary ledger to the general ledger in the finance systems can result in errors or omissions being undetected for a long period and increase the risk of misstatements in the Town's periodic financial reports.

Recommendation

To help ensure the balance of the Town's borrowings are correctly reflected in the general ledger and the Town's periodic financial reports, the Town should perform regular reviews and reconciliations of the borrowings subsidiary ledger to the general ledger in the finance systems.

Management comment

The Town only has 5 loans all of which are held with WATC, upon which payments are made 6 monthly. The current practice of annually reconciling the loan statement was considered appropriate, given the low number of transactions that occurred during the year, however changing this to a 6 monthly reconciliation to correspond with the payment frequency is recognised and will be adopted.

Responsible person: Andrew Smith, Director, Infrastructure and Financial Management

Completion date: Immediate

FINDINGS IDENTIFIED IN PRIOR AUDITS**15 Authorisation and review of journals****Finding**

During our audit, we noted that there is no evidence to show that journal entries are subject to independent authorisation and review by an independent officer.

A similar finding was raised during the 2018-19 financial audit and the following management comment was received:

60. 2018-19 Management Comment

61. Typically most journals relate to adjusting incorrect cost allocation, accruals and end of month journals. We have and can demonstrate that journals are currently being reviewed by two officers (Finance Officer/Senior Finance Officer and Manager Finance) electronically.

62. To address evidence concerns, the process has been amended to record the name and date of the officers on these electronic documents. A second layer of review will also be added through the monthly submission of the journals through our records system, to the Director Corporate and Governance.

63. Responsible Person: Hitesh Hans

64. Completion Date: 18 June 2019

Rating: Significant**Implication**

Accounting journals can represent significant adjustments to previously approved accounting transactions and should therefore be appropriately authorised and reviewed. If journals are not independently reviewed or supported by appropriate documentation or calculations, there is an increased risk that unauthorised journals can be processed, and funds could be misappropriated, or financial reports exposed to the risk of fraud.

Recommendation

To help maintain the integrity of the accounting information, journal entries should be authorised prior to posting and reviewed by an independent officer after posting. Evidence of the authorisation and review should be retained.

Management comment

It is acknowledged that this commitment was provided in the prior financial year yet not undertaken or completed as committed.

Steps have been taken since the interim audit's initial findings and prior to this management letter item being provided that have sought to address these issues and the manner in which, and the over use, of general ledger journals.

Many of these issues appear to relate to the structure of the GL accountings systems in place that has created an obligation to process journals to reflect transaction types. This is clearly an undesirable practice and the Town will work actively to resolve this practice.

Responsible person: Andrew Smith, Director, Infrastructure and Financial Management

Completion date: 30 June 2021

6.2 UPDATE ON REGULATION 17 AUDIT RECOMMENDATIONS**File Number:** GOV/00054, D-20-22807**Author:** Bree Websdale, Director Governance and People**Authoriser:** Liz Ledger, Chief Executive Officer

Attachments:

1. Regulation 17 Report
2. Public Interest Disclosure lodgement form
3. Compliance Management Calendar

PURPOSE

To provide the Audit and Risk Committee with an update on the recommendations from the audit undertaken pursuant to Regulation 17 of the *Local Government (Audit) Regulations 1996*.

BACKGROUND

Local Government (Audit) Regulations 1996, Regulation 17 prescribes a number of matters that are to be reviewed by a local governments Audit and Risk Management Committee.

Regulation 17 provides:

- (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.*

The review was conducted by consultant, Avant Edge Consulting.

A copy of the report dated 21 May 2020 is attachment 1.

The report outlined 16 improvement opportunities for the Town. This report sets out progress of the Town on a number of the findings.

DISCUSSION**Risk Register**

Finding 1: Need to Update the Town's Risk Register	Recommendation
<p>The Town has in place a risk management system (a process by which both strategic and operational risks are identified for ongoing management and review) via the establishment of an integrated risk register. However, the risk register was last updated in August 2018 and is not fully completed and now requires updating.</p>	<p>The Town's integrated risk register be updated and completed as soon as possible and regularly reviewed to ensure any new strategic and operational risks to the Town can be identified and appropriate actions put in place to mitigate such risks.</p> <p>Also, that the updated and completed integrated risk register should be presented at</p>

	the Audit and Risk Management Committee for approval on an annual basis.
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The Town's governance and risk co-ordinator commenced on 28 July 2020. The position was vacant between 4 June and 28 July 2020.

A risk policy and procedures review has been commenced.

The following documents have been reviewed and revised to ensure consistency and ease of use for users as well as integrating their use into business:

- LG534 Risk Management Policy;
- Integrated Risk Management Framework;
- Risk Matrix.

A draft Risk Management Plan template has also been prepared which reflects the updates to the above risk documents. All documents will be presented to the Executive Team for review and then the Audit and Risk Committee for approval.

The documents will then be reviewed at least annually.

The risk register will be reviewed and updated once the governing documents are approved.

It is also intended to provide further training to staff on Risk and preparing risk assessments.

Policies

Finding 14: Need to Update the Town Policy Manual	Recommendation
<p>The policy manual does not provide appropriate policy guidance in regards to the following key processes:</p> <ul style="list-style-type: none"> • Complaints Management • Risk Management • Cash Receipting and Banking • Legislative Compliance 	<p>The Town, via the Governance unit review the Town's Policy Manual to include the following processes and any other policies that have been identified as part of this review report that need to be included in the Town's Policy Manual.</p> <ul style="list-style-type: none"> • Complaints Management • Risk Management • Cash Receipting and Banking • Legislative Compliance
Finding 2: Need to Develop a Fraud Prevention Policy	Recommendation
<p>The Town does not currently have in place a "Fraud Prevention Policy" or a "Whistle blower Policy. Such a policy would outline the importance and responsibility that all staff have in the Town have in ensuring that fraud is prevented through proper adherence and compliance with existing management controls".</p> <p>We understand that the Town is currently in the process of developing such policies</p>	<p>The Town develop a formal "Fraud Prevention Policy" and guidelines to empower staff prevent the occurrence of fraud and to report suspected fraud.</p> <p>The Town also give consideration to developing a "Whistle Blower Policy" and guidelines in order to protect staff confidentiality when staff need to report suspected fraudulent activity.</p>

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A detailed review of the entire Policy manual is in progress by the governance team in conjunction with appropriate business units. This involves a review of current policies and preparation of new policies.

Once finalised, the entire policy manual will then be reviewed by the executive team before being presented to Council (scheduled for late November or December 2020).

The governance team review the policy manual at least annually.

The policy manual will include the recommended policies:

- Complaints Management. A draft has been prepared.
- Risk Management. A draft has been prepared as well as an Integrated Risk Management Framework and Risk Management Plan template (referred to above).
- Compliance. A draft has been prepared.
- Cash Receipting and Banking. The existing, Banks Accounts Policy LG530 will be reviewed and update as required.
- Fraud Prevention. A draft is underway. Information covering pragmatic fraud controls are currently being considered for inclusion.
- A Public Interest Disclosures Policy has been prepared and includes whistle-blower subject content within a single document.

The Town's website has been updated to include the following information in relation to Public Interest Disclosure

The Public Interest Disclosures Act 2003 facilitates the disclosure of public interest information and provides protection for those making such disclosures and those who are the subject of disclosures. The Town of Claremont is committed to the aims and objectives of the Public Interest Disclosure Act.

The Town does not tolerate corrupt or other improper conduct, including mismanagement of public resources and strongly supports disclosures being made in respect of conduct which is potentially corrupt or otherwise improper. The Town will take all reasonable steps to provide protection to anyone who makes such disclosures from any detrimental action in reprisal for the making of a public interest disclosure. Public interest disclosure is a disclosure which is made by a person who discloses to a proper authority (in local government that is the Public Interest Disclosure (PID) officer), information which tends to show past, present or proposed future wrongdoing by a public body when performing a public function. The Public Interest Disclosure Act 2003 facilitates the disclosure of public interest information by providing protection for those who make disclosures and those who are the subject of disclosures. You can make public interest disclosures (PID) about improper conduct in public authorities that include State government agencies and departments, local governments (including the Town of Claremont), and bodies established under a written law for a public purpose, such as a public university.

Who can make a disclosure?

Any person can make a disclosure if they believe something is wrong with the way a public body has acted, is acting or is going to act. A disclosure is more than a general complaint or dissatisfaction with a service or a decision, and it is more than a personal grievance. In order to be covered by the Act, the information needs to relate to a matter of public interest. You should also consider whether you have reasonable grounds to believe the information you are thinking of disclosing is true, or otherwise you believe it to be true.

What should be disclosed/reported?

A disclosure must show the public body's involvement in one or more of the following:

- Improper conduct;

- *An act or omission that constitutes an offence under State Law including corruption;*
- *Substantial unauthorised or Irregular use of, or substantial mismanagement of, public resources;*
- *Conduct that involves a substantial and specific risk of injury to public health, prejudice to public safety or harm to the environment.*
- *A matter of administration that can be investigated under Section 14 of the Parliamentary Commissioner Act 1971.*

Before making a disclosure, it is important that you are aware of the rights and responsibilities imposed on disclosers and others under the Act. It is a serious offence to make a disclosure that you know or suspect is false, trivial, vexatious, misleading or tied to any personal agenda. If you know the information in the disclosure is false or misleading, or you are reckless about the information, it will be considered an offence and could attract a penalty of \$12,000 or one year of imprisonment. If you choose to make your disclosure under the Act you must ensure you do not discuss the matter with anyone other than the PID Officer or the person conducting the investigation. You may lose your immunity under the Act and breach the confidentiality provisions which may incur a penalty if you do.

How to make a disclosure

Before making a disclosure you should contact the PID officer to find out more about:

- *how to make the disclosure and who you should disclose to;*
- *your rights and responsibilities;*
- *the protections that will apply; and*
- *whether the information you have is covered by the Act.*

The Town of Claremont's PID officer details are provided on the website:

*Bree Websdale, Director Governance and People
Town of Claremont
308 Stirling Highway, Claremont, WA 6010
PO Box 54 Claremont WA 6910
ph +61 8 9285 4300
bwebsdale@claremont.wa.gov.au*

On receipt of a disclosure of public interest the PID Officer shall comply with its obligations under the Act. For further information regarding Public Interest Disclosures please see the Public Sector Commission website.

The public interest disclosure lodgement form is attached (Attachment 2).

It is also intended to provide further staff training and guidance on Whistle Blowing, Fraud Prevention and Public Interest Disclosure.

Compliance Checklist

Finding 15: Need to Develop a Legislative Compliance Checklist	Recommendation
<p>The Town's current legislative compliance program could be improved.</p> <p>The Town currently relies on the annual Compliance Audit Return (CAR) and the Comprehensive Compliance Register to identify and monitor compliance.</p>	<p>The Governance unit give consideration to develop various legislative compliance program checklists which can be distributed to the applicable operational areas for them to undertake a self-compliance assessment, say on an annual basis of their compliance level.</p> <p>Once completed the legislative compliance program compliance checklists should be</p>

Although the (CAR) and the Comprehensive Compliance Register are appropriate to assess legislative compliance, it does not cater for all the legislative areas that require compliance under the Local government Act 1995, the Local Government (Functions & General) Regulations 1996 and the Local Government (Audit) Regulations 1996.	signed-off by the relevant operational Managers and their Director as evidence that they have undertaken the compliance checks and that any non-compliance matters have been actioned and returned to the governance area.
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A detailed compliance calendar review has been undertaken. This has incorporated best practice guidance from WALGA into the existing compliance activities undertaken by the Town.

Compliance activities are shared with the functional responsible person each month to monitor completion/compliance and also to maintain a central register. Attachment 3 is a copy of the compliance calendar.

Procurement

Findings 3, 5 and 6 all relate to procurement.

Finding 3: Need for Centralised Procurement Monitoring	Recommendation
The Town's procurement process is decentralised and as such all procurement decisions and actions are managed by the various operational areas based on their procurement needs. Although the Town's procurement policy is outlined in the Town's Policy Manual, other than the Manual, there is no formal centralised procurement team or area to provide procurement guidance to the various operational areas nor is there any formal monitoring role set up to ensure proper procurement policy and processes are consistently complied with.	<p>The Town, via possibly the Governance area, give consideration to developing a "Supplier Expenditure > \$50,000" report. This cumulative report should be obtained from the Council First system, each month, listing the names of all suppliers used by the Town that have accumulated greater than \$50,000 in payments from the supply of goods and services.</p> <p>All suppliers with an accumulated amount greater than \$50,000 should be investigated to determine how such services were procured either via an RFQ, RFT or via a WALGA supplier panel in line with Town policy and legislative requirements.</p> <p>That a "Procurement Quality Checklist" document be developed by the Town to be completed by each officer within each operational area responsible for procurement of the Towns goods and services via RFQ's and RFT's.</p> <p>The Checklist should include a listing of all key procurement stages that are required to be complied with when procuring</p>
Finding 5: Need for Detailed Work Procedures and Guidelines to be Established	Recommendation
The Town does not have in place formal written procurement work procedures that would provide	The Town give consideration to creating formal written work procedures and

greater guidance to officers within operational areas responsible for procurement of the Town's goods and services.	guidelines in regards to all elements of the procurement activity
Finding 6: Need to Update the Town's Tender Register	Recommendation
<p>The current tender register does not comply with some of the information requirements as outlined under Part 4 of the Local Government (Functions and General) Regulations 1996.</p> <p>These include Sections 17(2) (c) (iii) and 17(2) (d) & (e). 17(2) (c) (iii) – relates to reporting a list of acceptable tenders that submitted a tender and were assessed as part of the tender process 17(2) (d) & (e) – relates to reporting in the tender register a copy of the notice of invitation to tender and the name of each tender whose tender has been opened.</p>	<p>The Town investigate these non-compliances and ensure the tender register is adjusted accordingly in regards to the requirements of Sections 17(2) (c) (iii), 17(2) 9D) and (e).</p> <p>Consideration should also be given to include Section 20(1) and (2) and 21A of Part 4 of the <i>Local Government (Functions and General) Regulations 1996</i>.</p>

A new role, procurement officer was approved by Council. It has been budgeted for 2 days per week. The officer commenced with the Town on 7 October 2020. She has a Bachelor of Commerce (major in Corporate Finance and Management) and was most recently was working for a global accounting firm as a senior consultant in the governance, risk and controls advisory team.

The officer is supervised by the Manager of Finance and is responsible for (amongst other tasks):

1. Providing quality and timely procurement advice and services that ensures organisational compliance and enables the planning, measurement and control of the Town's operations.
2. Provide stakeholders with support and guidance throughout the tender/quotation process.
3. Create, review and periodically update and improve templates for use in the tender/quotation process.
4. Maintain, manage and review the Town's Tender and Request for Quotation Register/s.
5. Implement and manage end of contract supplier performance appraisals.
6. Assist with completion of the Compliance Audit Return.
7. Review/monitor purchase orders for correct procurement processes.
8. Perform end of month tasks including purchase order breach reporting and outstanding purchase order reporting/monitoring
9. Provide education, guidance and support to staff and business units to help identify and reduce risks associated with purchasing, procurement, contract management and internal controls across the Town.
10. Provide guidance and advice in respect to tender and quotation assessment panels, including declaration of interest obligations and best practice methodologies.
11. Establish work procedures that provide greater guidance to officers responsible for procurement of goods and services, including contract management.
12. Support the development, review, and implementation of the Procurement Policies.
13. Perform procurement inductions for new staff.
14. Provide refresher procurement training for all staff.

An update on the Town's progress in relation to procurement will be provided at a future Audit and Risk Committee meeting.

Cash Handling

Finding 12: Need Safer Process for Cash in Transit	Recommendation
<p>The Town currently has cash receipting facilities at the Administration building, Library and the Aquatic Centre.</p> <p>We understand that all banking of cash and cheques is undertaken by staff at these centres and the Town does not use armed guard security services to collect and deliver cash and cheques to the Town's bank.</p>	<p>The Town reassess the potential risk associated with staff carrying cash to the bank versus the associated cost of using armed security services.</p>

Aquatic Centre

In December 2018, a review of cash handling at the Aquatic Centre was undertaken. The Town investigated and subsequently moved from Armguard collecting cash to staff undertaking banking. Armguard was costing the Town approximately \$3,500 per year.

Since February 2019, staff at the centre have delivered any cash takings to the bank without incident.

The following is the current situation at the centre:

1. The majority of customers pay electronically.
2. The centre operates with two safes, one safe is used as a day safe where the change float (\$200) is kept. The second safe is where the daily takings are kept. The safe is locked at all times when not in use.
3. The centre is fitted with CCTV cameras in reception including on the main tills, safe and counting station.
4. Staff are trained in cash handling to reduce the risk in this area. There is also a work procedure.
5. Staff bank at least twice a week, dependant on levels of cash received. The average amount taken to the bank is \$300 or less.
6. The days and times alternate when the cash is taken to the bank.
7. The staff member drives to the bank to minimise the chance of theft during transportation.
8. Only two staff know when the cash is being taken to the bank.

The audit report stated *"Security over point of sale systems for the receipting of cash is essential not only for the safeguarding of cash but for the overall safety of staff who operate those systems. As such all point of sale systems where cash is receipted should be protected by CCTV cameras and duress alarms"*.

The centre has duress alarms in the reception office. These alarms are tested. The centre is also fitted with CCTV cameras on the main tills, safe and counting station. Further:

1. The Town has procedures for armed hold up and theft.
2. The reception area is secure with both doors able to be locked closed.
3. The reception area is always staffed.

4. The till draw is closed when not in use.
5. The counting area is secure and both doors are locked close to restrict access. The counting area is screened for the public.
6. The counting is carried out on different days and times to minimise routine.
7. Staff are trained in cash handling.

The Town has assessed the potential risk associated with staff carrying cash to the bank versus the associated cost of using armed security services. The Town is satisfied with the current arrangements and recommend they remain in place.

PAST RESOLUTIONS

Audit and Risk Management Committee, 29 May 2020

COMMITTEE RESOLUTION 007/20

That the Audit and Risk Management Committee with respect to the Review of Risk Management, Legislative Compliance and Internal Controls recommend Council to:

1. Note the Chief Executive Officer (CEO)'s Report (as per Attachment 1); and
2. Request the CEO to present the progress of the recommendations on a quarterly basis.

CARRIED

FINANCIAL AND STAFF IMPLICATIONS

Resource requirements are in accordance with existing budgetary allocation.

POLICY AND STATUTORY IMPLICATIONS

Local Government (Audit) Regulations 1996

COMMUNICATION / CONSULTATION

There has been no consultation outside of the Town administration.

STRATEGIC COMMUNITY PLAN

Leadership and Governance

We are an open and accountable local government; a leader in community service standards.

- Demonstrate a high standard of governance, accountability, management and strategic planning.
- Manage our finances responsibly and improve financial sustainability.
- Continually assess our performance and implement initiatives that drive continuous improvement.

URGENCY

Nil

VOTING REQUIREMENTS

Simple Majority decision of Council (*More than half the elected members present are required to vote in favour*).

OFFICER RECOMMENDATION

That the Audit and Risk Committee notes the contents of this report.

**AUDIT & ASSURANCE SERVICES**

Liability limited by a scheme approved under Professional Standards Legislation

21 May 2020

CEO
Town of Claremont
Number One Claremont
308 Stirling Highway
CLAREMONT WA 6010

Dear Ms Ledger

Please find attached our final review report on the Regulation 17 review of the Town of Claremont.

As per Regulation 17(1), (2) and (3) of the Local Government (Audit) Regulations 1996, the CEO is required to undertake a review, at least once every 3 financial years, of the following processes:

- Risk Management;
- Internal Control;
- Legislative Compliance.

Our review report details our findings and recommendations which includes management comments in regards to our findings and recommendations.

We would like to thank your staff for their positive cooperation provided to us during the conduct of this review especially in light of the COVID 19 distancing restrictions which applied throughout this review process.

Yours sincerely

Santo Casilli FCPA MIIA (Aust.)
Director

Avant Edge Consulting

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Town of Claremont

Regulation 17 Review

21 May 2020

Final Review Report

(Review in Confidence)

Avant Edge Consulting
Certified Practising Accountant

Liability limited by a scheme approved under Professional Standards Legislation

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Table of Contents

Executive Management Summary.....4
Detailed Findings and Recommendations10
Appendix A – Risk Criteria Matrix29

Executive Management Summary

As per Regulation 17(1), (2) and (3) of the *Local Government (Audit) Regulations* 1996, the Chief Executive Officer (**CEO**) is required to undertake a review, at least once every 3 financial years, of the following processes:

- Risk Management;
- Internal Control; and
- Legislative Compliance.

The Town of Claremont (**the Town**) uses Council First as its accounting system and has a Policy Manual (last updated 18 December 2018 but currently undergoing a review) governing its operational processes.

SCOPE AND METHODOLOGY

Our review was conducted in accordance with ASAE 3500 – Assurance Engagement Other Than Audits or Reviews of Historical Financial Information.

The review undertook the following approach:

- Discussions were held with relevant staff to understand the processes and the management controls currently in place. Communications were held with the Manager Governance, Manager Finance and Manager Human Resources throughout the review process.
- Assessed the adequacy of key management controls currently in place over the risk management, accounts payable, cash receipting, payroll, staff recruitment and procurement functions and evaluated those controls to determine their appropriateness and also to identify areas for control process improvement.
- Due to the COVID 19 Government imposed social distancing rules and the subsequent closure of the Town's administration and out centres such as the Library and Aquatic Centre and staff working from home, all information was requested and received via email and via phone contact.

OUR WORK PROGRAM

Our work incorporated the following areas for review as required under Regulation 17:

1. RISK MANAGEMENT

- a. Governance Framework is in place and endorsed by the Audit and Risk Management Committee.
- b. A formal governance unit exists.
- c. Risk Management and governance policies are in place and have been endorsed by the Audit and Risk Management Committee/Council.
- d. An Operational and Strategic Risk Register is in place and is constantly reviewed and updated.
- e. Regular development of risk reports and actions to address risks are identified and actioned.

Regulation 17 Review**Town of Claremont**

- f. Fraud Risk Identification and Prevention policies are in place including a Whistle Blower policy.
- g. An effective Audit and Risk Management Committee exists and proper Committee processes are followed.

2. INTERNAL CONTROL

- a. Delegation of Authority is in place, up to date and reviewed regularly.
- b. Proper and formal documented policies (guidelines and procedures) are in place and are kept up to date.
- c. Internal assessment of control processes exists e.g. via an internal audit function or by the Town's Governance area.
- d. Assessed the work undertaken by the Town's external Auditors re the review of the town's control environment.
- e. Proper segregation of duties and management controls exist in relation to the following key accounting processes:
 - o Accounts payable;
 - o Cash collection, receipting and reconciliation;
 - o General Ledger reconciliation and checking functions;
 - o Payroll;
 - o Staff recruitment and staff performance appraisals;
 - o Procurement.

3. LEGISLATIVE COMPLIANCE

- a. The Compliance Audit Return (CAR) is properly completed each year and any non-compliance matters are investigated promptly.
- b. Legislative compliance is monitored and regularly reviewed to ensure compliance.

CONCLUSION

Based on our assessment of the management controls and processes that exist at the Town in regards to the above 3 key areas of the Regulation 17 review, we noted a number of areas that require process improvement. We believe that management implementation of the process improvements that we have identified as part of our review will strengthen existing management controls currently in place and will also improve overall governance within the Town's operations.

We are happy to report that there were no high risk matters that would require immediate attention by the Town Management.

The matters raised in this report are only those which came to our attention during the course of performing our review and may not necessarily be a comprehensive statement of all the possible process improvement options that may be made in relation to the Risk Management, Internal Control and Legislative Compliance matters.

Our review report is provided to the Town in order for the Town to meet their statutory obligations under Regulation 17 and as such we do not encourage this report to be used for any other purpose.

In relation to the above areas that formed part of our review, we wish to provide a summary of our findings. Our proposed recommendations in regards to each finding, including management comments as to action to be taken against each of the findings and

recommendations, have been included in the “Detailed Findings and Recommendations” section of this report:

RISK MANAGEMENT

The Town currently does have in place a final and endorsed Risk Management Framework which outlines the Town’s risk identification systems and policies and outlines how the Town will manage its risks. The Town has in place a risk management system (a process by which both strategic and operational risks are identified for ongoing management and review) via the establishment of an integrated risk register. However, the risk register was last updated in August 2018 and needs to be updated. The Town’s governance position became vacant in late 2018 with the new incumbent commencing early 2020.

The Town does not currently have in place a “Fraud Prevention Policy” and a “Whistle Blower Policy”. We understand these two policies are being drafted by the Town as they were identified as required as part of the policy manual review being undertaken. Such policies outline the importance and responsibility that all staff in the Town have in ensuring that fraud is prevented through proper adherence and compliance with existing management controls and that where fraud is suspected that it is reported for investigation.

INTERNAL CONTROL

Procurement

The Town’s procurement process requires improvement. The following should be considered by management:

1. Monitoring the Town’s procurement process.

The Town’s procurement process is decentralised and as such all procurement decisions and actions are managed by the various operational areas based on their procurement needs. Although the Town’s procurement policy is outlined in the Town’s Policy Manual (LG509, “Procurement”) and in process maps, other than the policy there is no formal centralised procurement team or area whose sole role is to provide procurement guidance to the various operational areas nor is there any formal monitoring role set up to ensure proper procurement policy and processes are being consistently complied with.

As part of our review and our discussions with two contract managers we were unable to be satisfied that conflict of interest declarations were being provided by selection panel members at all times, supplier contracts were being effectively managed throughout the contract period and that RFQ or RFT processes were being properly complied with at all times when seeking quotations.

The current tender register is set up correctly but as procurement is not centralised it requires each operational area to complete and document each part of the procurement process as required under the Part 4 *Local Government (Functions and General) Regulations* 1996. However, on review, the tender register has not been completed in full by each operational area. We recommended that the Town follow up each operational area and establish whether these are instances of non-compliances or failure to complete the tender register.

In addition, we believe that consideration should also be given to include, even though these requirements may not be applicable to the Town, in the Towns Policy Manual (under the procurement policy) the requirements of Section 20(1) and (2) and 21A.

Regulation 17 Review**Town of Claremont****2. Implementing end of contract supplier performance appraisals work procedures**

The establishment of Contract Management procedural guidelines is an important and essential element in ensuring that contracted suppliers comply with their contractual obligations, provide goods and services to a high quality and charge for such goods and services in accordance with the agreed and quoted price rate. Further, end of contract supplier performance appraisals allows the Town to evaluate the quality of services provided and to determine whether the supplier should be sought again for future work for the Town.

3. Establishing work procedures

The Town does not have in place formal written procurement work procedures that would provide greater guidance to officers within operational areas responsible for procurement of the Town's goods and services. For example, there are no work procedures or work guidelines governing contract management process relating to the need to ensure supplier insurances are sought annually for each of the contract terms, end of contract supplier performance appraisals, panel selection team members signing off the final tender assessments, the need for conflict of interest declarations to be signed by each panel member and the tender opening process.

The Town has recently required all staff to complete a WALGA training module on Procurement and staff have access to the WALGA procurement tool kit.

Accounts Payable

The Town's accounts payable process requires improvement. The following should be considered by management:

1. Policies to reference work procedures

The Town Policy Manual does not reference key accounts payable work procedures relating to new supplier creation and maintenance of supplier details as below:

- a. Creation of a new supplier process;
- b. Changing a supplier's legal name and bank account details process;
- c. Managing inactive suppliers;
- d. Independent checking of modifications made to the supplier database.

2. Purchase Orders

The Town is required to initiate an approved purchase order at the time a supplier is contracted to provide goods and services. Our review found that in many cases the purchase order is being initiated and approved at the stage the Town receives a supplier invoice for payment processing. Issuing of an approved purchase order at the time of receiving the supplier's invoice undermines the management control effect of using purchase orders. Purchase orders provide the necessary authorisation to commit the Town to a future payment and therefore its use is more effective at the time of awarding a supplier contract.

The Town Policy Manual should also make it clear as to when a purchase order should or should not be raised. Purchase Orders are an effective control mechanism for the approval of purchases relating to goods and services. However, purchase orders are not required for administrative type payments such as Synergy bills, Water Corporation bills, staff

Regulation 17 Review**Town of Claremont**

reimbursements etc. or for regular ongoing payments such as loan payments. In most cases these are ongoing operational day to day payments.

The Town's Policy Manual does not clearly provide for the process to follow where there is a purchase order/supplier invoice matching variance. Although, we understand, at present any variations between the approved \$ value of a purchase order and the matching supplier invoices requires further authorisation prior to payment, there is no variance tolerability. That is, should there be a variance of say 5% or up to \$100 between the purchase order approved value and the supplier invoice value, the invoice can be paid without further authorisation.

3. Creating Purchase Invoices process

When the Finance area is required to create a purchase invoice (loan repayments and other similar administrative type payments) which requires payment via a direct deposit, we understand that the Finance Officer creates a Direct Deposit Request Form which is signed by the Manager Finance and also by the Director Corporate & Compliance. If the direct deposit amount is over \$150,000 (as per the authority limits) the Form is also required to be authorised by the CEO. The purchase invoice is then created electronically and is again also required to be authorised by the Manager Finance and the Director Corporate & Compliance (based on their Delegated \$ limits) or the CEO if over \$150,000.

We assessed this process as part of our review and have formed a conclusion that the process is inefficient and incorporates too many unnecessary approval levels.

Cash receipting

The Town's cash receipting and control over cash handling process requires improvement. The following should be considered by management:

1. Cash Receipting and security

The Town currently has cash receipting facilities at the Administration building, Library and the Aquatic Centre. We understand that all banking of cash and cheques is undertaken by staff at these centres and the Town does not use armed guard security services. We consider that staff carrying cash directly to the bank is highly risky and puts the Town staff under unnecessary risk during cash in transit.

Security over point of sale systems for the receipting of cash is essential not only for the safeguarding of cash but for the overall safety of staff who operate those systems. As such all point of sale systems where cash is receipted should be protected by CCTV cameras and duress alarms. During our review we were unable to physically visit the Library and the Aquatic Centre in order to sight the existence of these security features due to the closure of these sites as part of the COVID 19 social distancing restrictions. I have been advised that:

- The Library has two duress alarms at the point of sale. The CCTV is on the outside of the Library.
- The Aquatic Centre has a duress alarm in the reception office. The centre is also fitted with CCTV cameras on the main tills, safe and counting station. Further, the Town has applied for a grant to cover additional CCTV to cover the front and entrance of the Aquatic Centre.

We have recommended that the Town ensure that wherever cash is being receipted that there exists a working CCTV camera and duress alarms in place.

Regulation 17 Review

Town of Claremont

2. Policy Manual

There are some key policies that are not included in the Town's Policy Manual. The policy manual does not provide appropriate policy guidance in regards to the following key processes:

- a. Complaints Management (We note the Town has a Customer Experience Charter);
- b. Risk Management;
- c. Cash Receipting and Banking; and
- d. Legislative Compliance.

LEGISLATIVE COMPLIANCE

1. Compliance Checklist

The Town has a comprehensive compliance calendar which is in the process of being updated by the Governance & Risk and Finance teams. This tracks all activities and actions required to ensure compliance with all legislative requirements associated with the *Local Government Act 1995*, the *Local Government (Functions & General) Regulations 1996* and the *Local Government (Audit) Regulations 1996*.

The annual Compliance Audit Return (**CAR**) is undertaken by the Governance unit (in consultation with all relevant operational areas as required) and reported through the Audit and Risk Management Committee prior to being tabled at Council.

Although the CAR and the comprehensive compliance calendar are appropriate to assess legislative compliance, it does not cater for all the legislative areas that require compliance. We have recommended the Governance unit develop various legislative compliance program checklists which can be distributed to the relevant operational areas for them to undertake a self-compliance assessment, say on an annual basis. Once completed the legislative compliance program compliance checklists should be signed-off by the relevant Managers and their Director as evidence that they have undertaken the compliance checks.

2. Internal Audit Activity

The Town does not have in place a dedicated Internal Audit Activity which is able to undertake routine internal control assurance work. Such an activity would be responsible for reporting their assurance findings and recommendations directly to the Audit and Risk Management Committee to provide comfort to the Committee in meeting their responsibilities and obligations. The establishment of an Internal Audit Activity would also allow the Town to meet its legislative obligations in regards to the *Local Government (Financial Management) Regulations 1996*, 5(2) (c) review and *Local Government (Audit) Regulation 1996*, Regulation 17 review requirements. The Internal Audit Activity can be established either as an inhouse function or outsourced via a reputable accounting/audit firm who specialise in providing Internal Audit services.

Santo Casilli FCPA
Director

21 May 2020

**Avant Edge Consulting**

Regulation 17 Review

Town of Claremont

Detailed Findings and Recommendations

Regulation 17 Review

Town of Claremont

Audited Area: Risk Management
Audited Activity: Risk Management Process

Finding	Implication	Recommendation	Management Comments
1.0 Need to Update the Town's Risk Register <p>The Town has in place a risk management system (a process by which both strategic and operational risks are identified for ongoing management and review) via the establishment of an integrated risk register. However, the risk register was last updated in August 2018 and is not fully completed and now requires updating.</p>	<p>Risk: Medium</p> <ul style="list-style-type: none"> In the absence of an up to date and regularly reviewed risk register process the Town's risks would not be able to be effectively mitigated and any new risks identified. The integrated risk register in the absence of identified risk actions may not be effective in mitigating risk. 	<p>We recommend that:</p> <ul style="list-style-type: none"> The Town's integrated risk register be updated and completed as soon as possible and regularly reviewed to ensure any new strategic and operational risks to the Town can be identified and appropriate actions put in place to mitigate such risks. Also, that the updated and completed integrated risk register should be presented at the Audit and Risk Management Committee for approval on an annual basis. 	<p>Responsibility: Director Governance & People</p> <p>Management Comments: Agree</p>

Regulation 17 Review

Town of Claremont

Audited Area: Risk Management
Audited Activity: Risk Management Policies

Finding	Implication	Recommendation	Management Comments
<p>2.0 Need to Develop a Fraud Prevention Policy</p> <p>The Town does not currently have in place a "Fraud Prevention Policy" or a "Whistle blower Policy. Such a policy would outline the importance and responsibility that all staff have in the Town have in ensuring that fraud is prevented through proper adherence and compliance with existing management controls.</p> <p>"</p> <p>We understand that the Town is currently in the process of developing such policies</p>	<p>Risk: Low</p> <ul style="list-style-type: none"> In the absence of a fraud prevention policy and process the Town staff would not be empowered to report where possible fraud is suspected and reported for investigation. 	<p>We recommend that:</p> <ul style="list-style-type: none"> the Town develop a formal "Fraud Prevention Policy" and guidelines to empower staff prevent the occurrence of fraud and to report suspected fraud. the Town also give consideration to developing a "Whistle Blower Policy" and guidelines in order to protect staff confidentiality when staff need to report suspected fraudulent activity. 	<p>Responsibility: Director Governance & People Director Corporate & Compliance</p> <p>Management Comments: Agree</p>

Regulation 17 Review

Town of Claremont

Audited Area: Internal Control
Audited Activity: Procurement

Finding	Implication	Recommendation	Management Comments
<p>3.0 Need for Centralised Procurement Monitoring</p> <p>The Town's procurement process is decentralised and as such all procurement decisions and actions are managed by the various operational areas based on their procurement needs. Although the Town's procurement policy is outlined in the Town's Policy Manual, other than the Manual, there is no formal centralised procurement team or area to provide procurement guidance to the various operational areas nor is there any formal monitoring role set up to ensure proper procurement policy and processes are consistently complied with.</p> <p>we were also unable to conclude that all procurement activity at the Town is strictly adhering to a proper process in line with the Town's Policy Manual and or in line with the <i>Local Government Act 1995 and the Local Government (Functions and General) Regulations 1996 requirements</i>.</p> <p>For example, we were unable to be satisfied of the following:</p> <ul style="list-style-type: none"> • conflict of interest declarations was provided by selection panel members at all times, 	<p>Risk: Medium</p> <ul style="list-style-type: none"> • No effective process in place to monitor whether goods and services procured from a supplier were properly procured via an RFQ or RFT process could lead to possible non-compliance or inconsistencies in the procurement process. 	<p>We recommend that:</p> <ul style="list-style-type: none"> • the Town, via possibly the Governance area, give consideration to developing a "Supplier Expenditure > \$50,000" report. This cumulative report should be obtained from the Council First system, each month, listing the names of all suppliers used by the Town that have accumulated greater than \$50,000 in payments from the supply of goods and services. • all suppliers with an accumulated amount greater than \$50,000 should be investigated to determine how such services were procured either via an RFQ, RFT or via a WALGA supplier panel in line with Town policy and legislative requirements. • that a "Procurement Quality Checklist" document be developed by the Town to be completed by each officer within each operational area responsible for procurement of the Towns goods and services via RFQ's and RFT's. • the Checklist should include a listing of all key procurement stages that are required to be complied with when procuring 	<p>Responsibility: Executive Team</p> <p>Management Comments:</p> <p>Agree. This will require resources and training to perform this function effectively. Future action will depend on budget and resource availability.</p>

Regulation 17 Review**Town of Claremont**

Finding	Implication	Recommendation	Management Comments
<ul style="list-style-type: none">• supplier contracts were being effectively managed throughout the contract period,• RFQ's and RFT's were being properly advertised and enacted on a timely basis once supply contracts had ended.		goods and services via RFQ's and RFT's. The Checklist should be signed off by both the relevant procurement officer and the relevant Delegated officer as evidence that proper procurement process was followed in line with the Town's procurement policy and Local government Act and Regulation requirements	

Regulation 17 Review

Town of Claremont

Audited Area: Internal Control

Audited Activity: Procurement

Finding	Implication	Recommendation	Management Comments
4.0 Need for Contract Management Guidelines to be Established Although the Town's Policy Manual outlines the procurement policies, the Town Policy Manual does not reference any formal guidelines in regards to Contract Management process.	Risk: Medium <ul style="list-style-type: none"> no guarantee that contracted suppliers comply with their contractual obligations, provide goods and services to a high quality and charge for such goods and services in accordance with the agreed and quoted price rate. 	We recommend that: <ul style="list-style-type: none"> contract management guidelines be developed and referenced within the Town Policy Manual. Incorporate end of contract supplier performance appraisals. 	Responsibility: Executive Team Management Comments: Agree that contractor management guidelines should be drafted. Agree that contractor supplied performance appraisals should be conducted.

Regulation 17 Review

Town of Claremont

Audited Area: Internal Control**Audited Activity: Procurement**

Finding	Implication	Recommendation	Management Comments
<p>5.0 Need for Detailed Work Procedures and Guidelines to be Established.</p> <p>The Town does not have in place formal written procurement work procedures that would provide greater guidance to officers within operational areas responsible for procurement of the Town's goods and services.</p> <p>For example, there are no work procedures or work guidelines governing:</p> <ul style="list-style-type: none"> • panel selection team signing off the final tender assessments and supplier recommendations, • signed conflict of interest declarations by each panel member, • tender opening process. We have recommended that the Town give consideration to creating formal written procedures and guidelines in regards to all elements of the procurement activity 	<p>Risk: Medium</p> <ul style="list-style-type: none"> • inconsistency in the procurement practices adopted by various operational areas. 	<p>We recommend that:</p> <ul style="list-style-type: none"> • the Town give consideration to creating formal written work procedures and guidelines in regards to all elements of the procurement activity 	<p>Responsibility: Executive Team</p> <p>Management Comments:</p> <p>Agree, this will require dedicated resources. Future action is dependent on resourcing and budget availability.</p>

Regulation 17 Review

Town of Claremont

Audited Area: Internal Control**Audited Activity: Procurement**

Finding	Implication	Recommendation	Management Comments
<p>6.0 Need for Tender Register Information to be Compliant.</p> <p>The current tender register does not comply with some of the information requirements as outlined under Part 4 of the Local Government (Functions and General) Regulations 1996.</p> <p>These include Sections 17(2) (c) (iii) and 17(2) (d) & (e).</p> <p>17(2) (c) (iii) – relates to reporting a list of acceptable tenders that submitted a tender and were assessed as part of the tender process</p> <p>17(2) (d) & (e) – relates to reporting in the tender register a copy of the notice of invitation to tender and the name of each tender whose tender has been opened.</p>	<p>Risk: Low</p> <ul style="list-style-type: none"> non-compliance with Local Government (Functions and General) Regulations 1996 	<p>We recommend that:</p> <ul style="list-style-type: none"> the Town investigate these non-compliances and ensure the tender register is adjusted accordingly in regards to the requirements of Sections 17(2) (c) (iii), 17(2) 9D) and (e). consideration should also be given to include Section 20(1) and (2) and 21A of Part 4 of the Local Government (Functions and General) Regulations 1996. 	<p>Responsibility: Director Governance & People</p> <p>Management Comments: Agree an investigation of non-compliance is required and the register to be adjusted.</p>

Regulation 17 Review

Town of Claremont

Audited Area: Internal Control
Audited Activity: Accounts Payable

Finding	Implication	Recommendation	Management Comments
<p>7.0 Need for Accounts Payable Policies to be revamped and improved.</p> <p>The Town Policy Manual does not clearly reference key accounts payable work procedures relating to:</p> <ol style="list-style-type: none"> Creation of a new supplier process Changing a supplier's legal name and bank account details process Managing inactive suppliers Independent checking of modifications made to the supplier database 	<p>Risk: Medium</p> <ul style="list-style-type: none"> Provides for inconsistency in dealing with supplier creation and changes to supplier data base information 	<p>We recommend that the Town Policy Manual be updated to reference the following:</p> <ol style="list-style-type: none"> work procedures for new supplier creation and changes to supplier legal name and bank account details New suppliers can only be created upon receipt of a "New Supplier Creation Approval Form" which details the supplier's legal name and trading name, ABN, bank account details and signed by the supplier. User access in Council First for creating a new supplier, should be restricted to only finance staff excluding bonds refund recipients) and to be approved by the Manager Finance and/or Director Corporate & Compliance. Where the Manager Finance has created the new supplier then, for proper segregation of duties, the new supplier creation should be approved by the Director Corporate & Compliance. All requests for change of a supplier's legal name and/or bank account must be provided in writing and signed, either from the supplier's email (clearly showing their company/business logo and/or name) or by post on the supplier's business letterhead and supported with evidence of new legal name and/or new bank account details as an additional control measure that the 	<p>Responsibility: Director Corporate & Compliance</p> <p>Management Comments:</p> <p>Agreed for points 1-4a including a new form to comply with segregation of duties prior to the Finance Team adding/amending.</p> <p>A supplier modification report is currently provided on a weekly basis on the EFT payment, reviewed by MF.</p>

Regulation 17 Review

Town of Claremont

Finding	Implication	Recommendation	Management Comments
		Town establish from Council First system, a monthly "Supplier Modification Report" which lists all modifications/changes that have occurred to a supplier, in a given month, which should be independently checked on a sample basis and signed off by the Director Corporate & Compliance	

Regulation 17 Review

Town of Claremont

Audited Area: Internal Control**Audited Activity: Procurement/Accounts Payable**

Finding	Implication	Recommendation	Management Comments
8.0 Need to Ensure Proper Use of Purchase Orders. The Town is required to initiate an approved purchase order at the time a supplier is contracted to provide goods and services. Our review found that in most cases the purchase order is being initiated and approved at the stage the Town receives a supplier invoice for payment processing. Purchase orders provide the necessary authorisation to commit the Town to a future payment and therefore its use is more effective at the time of awarding a supplier contract.	Risk: Medium <ul style="list-style-type: none"> Issuing of an approved purchase order at the time of receiving the supplier's invoice undermines the management control effect of using purchase orders and the proper authorisation of purchase orders at the time a supplier is contracted. Increases the possibility of fraudulent action. 	We recommend that: <ul style="list-style-type: none"> the Town clarify its policy and guidelines in regards to the proper use and approval of purchase orders to ensure that all purchase orders are initiated and approved at the date a supplier quote is accepted and/or a supplier contract for the supply of goods and services is enacted. A copy of the approved purchase order should be issued to the supplier at date of accepting their quote clearly stating that the supplier is required to state the purchase order number on their invoices. 	Responsibility: Director Corporate & Compliance Management Comments: Agree. LG509 Procurement Policy is currently under review due to recent legislative changes. Finance procedures to be reviewed and updated.

Regulation 17 Review

Town of Claremont

Audited Area: Internal Control**Audited Activity: Procurement/Accounts Payable**

Finding	Implication	Recommendation	Management Comments
<p>9.0 Purchase Orders not Required for Administrative Type Payments.</p> <p>The Town Policy Manual should make it clear as to when a purchase order should or should not be raised.</p> <p>Purchase Orders are an effective control mechanism for the approval of purchases relating to goods and services. However, we do not consider that purchase orders are required for administrative type payments such as Synergy bills, Water Corporation bills, staff reimbursements etc or for regular ongoing payments such as loan payments. In most cases these are ongoing operational day to day payments.</p> <p>We understand that purchase orders are at times also being requested by Finance for these administrative type payments.</p>	<p>Risk: Low</p> <ul style="list-style-type: none"> Raising of purchase orders for day to day administrative type payments do not provide any additional control benefit. 	<p>We recommend that:</p> <ul style="list-style-type: none"> the Town Policy Manual also include, as part of the policy in regards to proper use of purchase orders, clarification as to types of administrative payments where purchase orders are not required for the payment of such invoices. 	<p>Responsibility: Director Corporate & Compliance</p> <p>Management Comments:</p> <p>Agree. To be implemented into Finance Procedures.</p>

Regulation 17 Review

Town of Claremont

Audited Area: Internal Control**Audited Activity: Procurement/Accounts Payable**

Finding	Implication	Recommendation	Management Comments
<p>10.0 Need to Establish Purchase Order/Invoice Matching Variance Tolerance Levels.</p> <p>The Town's Policy Manual does not clearly provide for the process to follow for the matching of an approved purchase order and a supplier invoice nor where there is a purchase order/supplier invoice matching variance.</p> <p>Although, we understand, at present any variations that is determined between the approved \$ value of a purchase order and the matching supplier invoice \$ value requires further authorisation prior to payment, there is no variance tolerability.</p> <p>That is, should there be a variance of say 5% or up to \$100 between the purchase order approved value and the supplier invoice value, the invoice can be paid without further authorisation.</p>	<p>Risk: Low</p> <ul style="list-style-type: none"> provides a more efficient process based on risk management principles. 	<p>We recommend that:</p> <ul style="list-style-type: none"> In order to make the process more efficient, the Town should give consideration to establishing a suitable \$ and % variance that if met as part of the matching process, would not require further approval prior to payment. The Town Policy Manual should also clearly incorporate this variance policy and ensure the following processes are also clearly defined: Matching process between purchase order and supplier invoice Approval of supplier invoice variations 	<p>Responsibility: Director Corporate & Compliance.</p> <p>Management Comments:</p> <p>Agree and to be explored with new system. Preference for this to be incorporated into a Finance Work Procedures as opposed to a policy.</p> <p>Process of purchase order and invoice to be updated in existing Finance Procedures.</p>

Regulation 17 Review

Town of Claremont

Audited Area: Internal Control
Audited Activity: Accounts Payable

Finding	Implication	Recommendation	Management Comments
<p>11.0 Need to Address Overuse of Authorisation Controls when Creating Purchase Invoices.</p> <p>When the Finance area is required to create a purchase invoice (loan repayments and other similar administrative type payments) which requires payment via a direct deposit, we understand that the Finance Officer creates a Direct Deposit Request Form which is signed by the Manager Finance and also by the Director Corporate & Compliance. If the direct deposit amount is over \$150,000 (as per the authority limits) the Form is also required to be authorised by the CEO. The purchase invoice is then created electronically and is again also required to be authorised by the Manager Finance and the Director Corporate & Compliance (based on their Delegated \$ limits) or the CEO if over \$150,000. After subsequent approvals have been given the purchase invoice is included in the payment run, which again requires approval by the Manager Finance or the Director Corporate & Compliance (based on their Delegated \$ limits as cheque signatories) or the CEO if over \$150,000. We assessed this process as part of our review and have formed a conclusion that the process is inefficient and incorporates too many unnecessary approval levels.</p>	<p>Risk: Low</p> <ul style="list-style-type: none"> Inefficient and unnecessary over use of authorisation control. 	<p>We recommend that the town give consideration to adopting the following authorisation process when dealing with creation of purchase invoices:</p> <ul style="list-style-type: none"> Requesting Officer - creates direct deposit request form Supervisor/Manager of Requesting Officer - authorises the direct deposit request form which gives authority for the Finance Officer to create a purchase invoice, regardless of the \$ amount. Finance Officer - creates the purchase invoice in Council First system Relevant position - provides electronic authorisation of the purchase invoice in Council First system based on financial authority levels. 	<p>Responsibility: Director Corporate & Compliance</p> <p>Management Comments:</p> <p>Agree need to simplify this process and the Town will implement this new suggested process into its internal work procedures as well as disseminate to all staff.</p>

Regulation 17 Review

Town of Claremont

Audited Area: Internal Control**Audited Activity: Cash Handling**

Finding	Implication	Recommendation	Management Comments
12.0. Need Safer Process for Cash in Transit The Town currently has cash receipting facilities at the Administration building, Library and the Aquatic Centre. We understand that all banking of cash and cheques is undertaken by staff at these centres and the Town does not use armed guard security services to collect and deliver cash and cheques to the Town's bank.	Risk: Medium <ul style="list-style-type: none"> staff carrying cash directly to the bank is highly risky and puts the Town staff under unnecessary potential risk during cash in transit. 	We recommend that <ul style="list-style-type: none"> the Town reassess the potential risk associated with staff carrying cash to the bank versus the associated cost of using armed security services. 	Responsibility: Director Corporate & Compliance Management Comments: Agree. Risks to be considered by the Town as against cost implications.

Regulation 17 Review

Town of Claremont

Audited Area: Internal Control**Audited Activity: Cash Handling**

Finding	Implication	Recommendation	Management Comments
13.0 Use of CCTV and Duress Alarms Security over point of sale systems for the receipting of cash is essential not only for the safeguarding of cash but for the overall safety of staff who operate those systems. As such all point of sale systems where cash is receipted should be protected by CCTV cameras and duress alarms. During our review we were unable to physically visit the Library and the Aquatic Centre in order to sight the existence of these security features due to the closure of these sites as part of the COVID 19 social distancing restrictions nor were we able to determine whether these devices, if fitted, were operational.	Risk: Low <ul style="list-style-type: none"> Inactive or non-existent CCTV and duress alarms could put Town staff at risk. 	We recommend that <ul style="list-style-type: none"> the Town ensure that wherever cash is being receipted that there exists a working CCTV camera and duress alarms in place. 	Responsibility: Director Corporate & Compliance Management Comments: Agree. Risks to be considered by the Town as against cost implications.

Regulation 17 Review

Town of Claremont

Audited Area: Internal Control**Audited Activity: General**

Finding	Implication	Recommendation	Management Comments
14.0. Need to Update the Town Policy Manual The policy manual does not provide appropriate policy guidance in regards to the following key processes: <ul style="list-style-type: none"> ○ Complaints Management ○ Risk Management ○ Cash Receipting and Banking ○ Legislative Compliance The Town does have in place a Customer Experience Charter.	Risk: Low <ul style="list-style-type: none"> • Inappropriate guidelines for staff to follow. 	We recommend that <ul style="list-style-type: none"> • the Town, via the Governance unit review the Town's Policy Manual to include the following processes and any other policies that have been identified as part of this review report that need to be included in the Town's Policy Manual. ○ Complaints Management ○ Risk Management ○ Cash Receipting and Banking ○ Legislative Compliance 	Responsibility: Director Governance & People Management Comments: Agree. Review of Policy Manual is in progress

Regulation 17 Review

Town of Claremont

Audited Area: Legislative Compliance
Audited Activity: Compliance

Finding	Implication	Recommendation	Management Comments
<p>15.0. Need to Develop a Legislative Compliance Checklist</p> <p>The Town's current legislative compliance program could be improved. The Town currently relies on the annual Compliance Audit Return (CAR) and the Comprehensive Compliance Register to identify and monitor compliance.</p> <p>Although the (CAR) and the Comprehensive Compliance Register are appropriate to assess legislative compliance, it does not cater for all the legislative areas that require compliance under the Local government Act 1995, the Local Government (Functions & General) Regulations 1996 and the Local Government (Audit) Regulations 1996.</p>	<p>Risk: Medium</p> <ul style="list-style-type: none"> The Town may not be complying with legislative compliance without formal detection. 	<p>We recommend that:</p> <ul style="list-style-type: none"> the Governance unit give consideration to develop various legislative compliance program checklists which can be distributed to the applicable operational areas for them to undertake a self-compliance assessment, say on an annual basis of their compliance level. Once completed the legislative compliance program compliance checklists should be signed-off by the relevant operational Managers and their Director as evidence that they have undertaken the compliance checks and that any non-compliance matters have been actioned and returned to the governance area. 	<p>Responsibility: Director Governance & People</p> <p>Management Comments: To be considered further</p>

Regulation 17 Review

Town of Claremont

Audited Area: Legislative Compliance**Audited Activity: Audit Function**

Finding	Implication	Recommendation	Management Comments
<p>16.0. Need to Establish an Internal Audit Activity for the Town</p> <p>The Town does not have in place a dedicated Internal Audit Activity which is able to undertake routine risk management, internal control and legislative compliance audits. Such an activity, should it be established, would be responsible for reporting their findings and recommendations directly to the Audit and Risk Management Committee assisting the Audit and Risk Management Committee in meeting their governance responsibilities. Although The town's annual financial statements auditors do undertake control assessments, these relate mainly to finance related processes and are limited only in relation to such processes impacting on the accuracy of the reported financial statement figures. The Internal Audit Activity can be established either as an inhouse function or outsourced to a reputable accounting/audit firms who specialise in providing Internal Audit services.</p>	<p>Risk: Medium</p> <ul style="list-style-type: none"> In the absence of an effective Internal Audit Activity, the Town is unable to obtain assurance that management controls continue to operate satisfactorily, the Towns policies continue to be effective and complied with and that the Town's risks are being properly identified and managed. 	<p>We recommend that:</p> <ul style="list-style-type: none"> The Town CEO, through the Governance unit and the Audit and Risk Management Committee give consideration to the establishment of an Internal Audit Activity for the Town. Consideration be given to establishing a 3 year internal audit program, endorsed by the Audit and Risk Management Committee, made up of potential audits to be carried out based on the Town's identified strategic and operational risks. 	<p>Responsibility: CEO, Director Governance & People and Audit and Risk Management Committee</p> <p>Management Comments: To be considered further</p>

Regulation 17 Review

Town of Claremont

Appendix A – Risk Criteria Matrix

The following risk criteria were used to assess level of risk on findings included in the Review Report.

Risk Assessment Matrix

Likelihood of Risk:

Rating	Description	Frequency
1	Rare – May occur, only in exceptional circumstances	< once in 15 years
2	Unlikely – Could occur at some time	At least once in 10 years
3	Possible – Should occur at some time	At least once in 3 years
4	Likely – Will probably occur in most circumstances	At least once per year
5	Almost Certain – Expected to occur in most circumstances	> once per year

Consequence of Risk:

Description	Health	Financial Loss	Operation	Compliance	Reputation	Project
1. Insignificant	No injuries or illness	<\$50,000	Little Impact	Minor breach of policy, or process requiring approval or variance	Unsubstantiated, low impact, low profile or no news item.	Small variation to cost, timeliness, scope or quality of objectives and required outcomes.
2. Minor	First Aid treatment	\$50,000 to \$250,000	Inconvenient Delays	Breach of policy, process or legislation requiring attention of minimal damage control	Substantiated, low impact, low news profile.	5-10% increase in time or cost or variation to scope objective requiring approval
3. Moderate	Medical treatment required	\$250,000 to \$1 million	Significant delays to major deliverables	Breach requiring internal investigation, treatment or moderate damage control	Substantiated, public embarrassment, moderate impact, moderate news profile.	10-20% increase in time or cost or variation to scope objective requiring Senior Management approval
4. Significant	Death or extensive injuries	\$1 million to \$3 million	Non achievement of major deliverables	Breach resulting in external investigation or third party actions resulting in tangible loss and damage to reputation	Substantiated, public embarrassment, moderate impact, high news profile and 3 rd party actions.	20-50% increase in time or cost or significant variation to scope objective requiring restructure of project and Senior Management or Council approval
5. Severe	Multiple deaths or sever permanent disabilities	>\$3 million	Non achievement of major deliverables	Breach resulting in external investigation or third party actions resulting in significant tangible loss and damage to reputation	Substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile, 3 rd party actions.	>50% increase in time or cost or inability to meet project objectives requiring the project to be abandoned or redeveloped

Risk Exposure:

Risk = Likelihood x Consequence

Score	Level of Risk	Score	Level of Risk	Score	Level of Risk
1 - 8	Low	9 - 19	Medium	20 - 25	High



Public interest disclosure lodgement form

Public Interest Disclosure Act 2003

The Town of Claremont strongly encourages anyone thinking about making a public interest disclosure to seek out a nominated proper authority to discuss their issues first. Our Public Interest Disclosure (PID) Officer(s) is:

Position	Director Governance and People
Name of PID Officer	Bree Websdale
Contact details	9285 4300, bwebsdale@claremont.wa.gov.au

Ensure you understand your rights and responsibilities under the *Public Interest Disclosure Act 2003* (PID Act) before you sign this lodgement form. You may wish to seek external legal advice about those rights and responsibilities. Lodge your public interest disclosure form with The Town of Claremont's proper authority (PID Officer), not the Public Sector Commission.

Personal details

Family name					
Given name					
Title	<input type="checkbox"/> Mr	<input type="checkbox"/> Ms	<input type="checkbox"/> Mrs	<input type="checkbox"/> Dr	<input type="checkbox"/> Other
Address					
Work phone					
Mobile					
Email					

- ☐ I wish to make an anonymous public interest disclosure. I understand that:
- I will not receive any information about what happens to this disclosure
 - it may be more difficult for the proper authority to look into the matter(s) as they cannot come back to me for further information
 - it may be more difficult for the proper authority/public authority to protect me
 - this anonymous disclosure may not prevent me from being identified during any investigation or when action is being taken.

Categories of public interest information

Tick relevant box(es)

Improper conduct	<input type="checkbox"/>
An offence under written State law	<input type="checkbox"/>
Substantial unauthorised or irregular use of, or substantial mismanagement of, public resources	<input type="checkbox"/>

Conduct involving a substantial and specific risk of injury to public health, or prejudice to public safety or harm to the environment	<input type="checkbox"/>
Administration matter(s) affecting you personally	<input type="checkbox"/>

Disclosure details

Name of the public authority(ies) the disclosure relates to	
Do you work for a public authority?	<input type="checkbox"/> Yes <input type="checkbox"/> No If yes, which public authority and what is your position title?
Does the disclosure relate to one or more individuals?	<input type="checkbox"/> Yes <input type="checkbox"/> No If yes, provide name(s) and position(s) held by person(s) in the public authority
When did the alleged events occur?	
Summary of the matters to disclose	

Additional information

Description of any documents provided or names of witnesses	
Have you reported this information to any other person or agency?	<input type="checkbox"/> Yes <input type="checkbox"/> No
If yes, did you report this information as a Public Interest Disclosure matter?	<input type="checkbox"/> Yes <input type="checkbox"/> No If yes, please provide details

You should read the following information and sign this form prior to lodgement.

Acknowledgement

I believe on reasonable grounds that the information contained in this disclosure is or may be true.
I have been informed and I am aware that:

- I will commit an offence under section 24 of the PID Act, if I know that the information contained in this disclosure is false or misleading in a material particular, or I am reckless as

to whether it is false or misleading in a material particular.

Penalty: \$12 000 or imprisonment for one (1) year.

- I will forfeit the protection provided by section 13 of the PID Act, if I fail, without reasonable excuse, to assist a person investigating the matter by supplying requested information (s17).
- I will forfeit the protection provided by section 13 of the PID Act, if I subsequently disclose this information to any person other than a proper authority under the PID Act (s17).
- I will commit an offence, if I subsequently make a disclosure of information that might identify or tend to identify anyone as a person in respect of whom this disclosure has been made under the PID Act, except in accordance with section 16(3) of the PID Act.

Penalty: \$24 000 or imprisonment for two (2) years.

- I cannot withdraw my disclosure after I have made it.

Authorisation	
Discloser's signature	
Date	

Month	Process Owner	Election Year Processes	Activity Description	Statutory Reference	Section	Schedule	Completed	Comments
January	Director Infrastructure and Financial Management NOTE ONLY - Option A Not Used.		Emergency Services Levy - Option A Remittance Due by: 21st of the month Option A Remittance Report - see Form B Schedule 5 and ESL Assessment Profile Return Form A	DFES - ESL Manual of Operating Procedures	Clause 5.13	Monthly		Action Taken: Date Completed: Evidence/ References:
January	Director Infrastructure and Assets		Revaluation of Assets - Plant and Equipment - Commence Work LG must revalue all assets within the Plant and Equipment Class by the expiry of each 3 yearly interval after 30 June 2016	Local Government Act 1995	FM.Reg.17A(4)	3-yearly Next Due: 30 June 2022		Action Taken: Date Completed: Evidence/ References:
January	Director Infrastructure and Assets		Revaluation of Assets - Land, Buildings and Infrastructure - Commence Work LG must revalue all assets within the Land Building and Infrastructure Class by the expiry of each 3-yearly interval after 30 June 2017	Local Government Act 1995	FM.Reg.17A(4)	3-yearly Next Due: 30 June 2020		Action Taken: Date Completed: Evidence/ References:
January	Director Infrastructure and Assets		Revaluation of Assets - All Other Classes of Assets - Commence Work LG must revalue all other classes of assets (other than, Plant and Equipment and Land Building and Infrastructure classes) by the expiry of each 3-yearly interval after 30 June 2018	Local Government Act 1995	FM.Reg.17A(4)	3-yearly Next Due: 30 June 2021		Action Taken: Date Completed: Evidence/ References:
January	Director Planning and Development Annette, Josh, Heather		Valuer General Information Due 14th day of each month - providing schedules of: • building licenses issued • building license works completed • registered plans and amendments under the Strata Titles Act 1985	Valuation of Land Act 1978	s37	Monthly		Action Taken: Date Completed: Evidence/ References:
January	Director Governance and People		Council / Committee Meeting Schedule - At least once per year, give Local Public Notice of the meeting schedule for next 12 months	Local Government Act 1995	s5.25(1)(g) Admin.Reg. 12	Annual		Action Taken: Date Completed: Evidence/ References:
January	Chief Executive Officer		Review and confirm designated Employees (if any)	Local Government Act 1995	s5.37	Annual		Action Taken: Nil Date Completed: N/A Evidence/ References: No designated employees
January	Governance Officer		Update gifts and contribution to travel register with new entries, including election and notifiable gifts	Local Government Act 1995 Local Government (Administration) Regulations 1996	s5.62(2) Reg.34B	Monthly		Action Taken: Date Completed: Evidence/ References: D-17-25123
January	Governance Officer		Primary (financial) returns - due 3 months from Swearing-in Ceremony of newly Elected Members (due January) Mayor to sign CEO's acknowledgement	Local Government Act 1995	s5.75	Biennial election year		Action Taken: Nil Date Completed: N/A Evidence/ References:
January	Governance Officer		Primary (financial) returns - due 3 months from appointment of officer. CEO to sign acknowledgement	Local Government Act 1995	s5.75	Monthly		Action Taken: Nil Date Completed: N/A Evidence/ References: No appointments
January	Director Governance and People		Primary Returns - Request Primary Return from any new employee who is a Designated Employee. Return must be received by CEO within 3 months of the person's start day	Local Government Act 1995	s5.75	Bi-monthly		Action Taken: Date Completed: Evidence/ References:

January	Director Corporate and Governance Governance Officer		Financial Interests Register - Review Review register to remove Primary and Annual Returns (not other interest disclosures) from the Financial Interest Register that relate to persons who are no longer Designated Employees (resigned or changed roles) or for Elected Members who have resigned. Returns that are removed are to be kept by the CEO as LG Record for at least 5 years after the person ceased to be a Designated Employee.	Local Government Act 1995	s5.88(3)(4)	Bi-monthly		
January	Manager Governance & Risk		Compliance Audit Return - commence process. Due to Audit and Risk Management Committee (February). Due to OCM (March). Due to DLGC by 31 March	Local Government Act 1995	s7.13(1)(i)	Annual		Action Taken: Complete Date Completed: 20/02/19 Evidence/ References: D-19-05257
January	Executive Assistant		Send invitations to Conferrals and VIP's for Citizenship ceremony			6 weeks prior		Action Taken: Invitation sent Date Completed: 23/1/19 Evidence/ References: CRD/00003-02
February	Director Infrastructure and Financial Management NOTE ONLY - Option A Not Used.		Emergency Services Levy - Option A Remittance Due by: 21st of the month Option A Remittance Report - see Form B Schedule 5 and ESL Assessment Profile Return Form A	DFES - ESL Manual of Operating Procedures	Clause 5.13	Monthly		Action Taken: Date Completed: Evidence/ References:
February	Manager Community Services John Balcombe		Owners of all impounded vehicles are identified and notified within seven days.	Local Government Act 1995	s3.40A(2)	Monthly		Action Taken: Date: Evidence/ References:
February	Manager Finance		Mid-year budget review Email to annualbudget@dlgc.wa.gov.au	Local Government (Financial Management) Regulations 1996	s33A	Annual		Action Taken: Adopted 19/2/19 RN 14/19 - Uploaded into DLG Smarthub Date Completed: 20/2/19 Evidence/ References: Smarthub portal www.dlgsc.wa.gov.au
February	Director Planning and Development Annette, Josh, Heather		Valuer General Information Due 14th day of each month - providing schedules of: • building licenses issued • building license works completed • registered plans and amendments under the Strata Titles Act 1985	Valuation of Land Act 1978	s37	Monthly		Action Taken: Date Completed: Evidence/ References:
February	Governance Officer		Update gifts and contribution to travel register with new entries, including election and notifiable gifts	Local Government Act 1995 Local Government (Administration) Regulations 1996	s5.62(2) Reg.3.48	Monthly		Action Taken: Ongoing Date Completed: Ongoing Evidence/ References: D-17-25123
February	Governance Officer		Primary (financial) returns - due 3 months from appointment of officer. CEO to sign acknowledgement	Local Government Act 1995	s5.75	Monthly		Action Taken: DI Date Completed: 21/2/19 Evidence/ References: Director Infrastructure appointed January 2019 (D-19-07618)
February	Manager Finance		Review of annual fees and charges - required for consideration at OCM Due April Note: fees can't be higher than costs	Local Government Act 1995	s6.16 s6.17(3)	Annual		Action Taken: Prepared for EM Budget Forum 29/4/19 Date Completed: 29/3/19 Evidence/ References: Budget Forum 2 papers

February	Director Infrastructure and Assets		Rate Exempted Properties - Review In preparation for next financial year, review previously approved rate exempt properties to determine if the basis of exemption remains unchanged. Advise owners where status is changed or approval has expired.	Local Government Act 1995	s6.26(2)	Annual		Action Taken: Date Completed: Evidence/ References:
February	Manager Governance & Risk		Compliance Audit Return - OCM report and certification due to DLGC 31 March	Local Government Act 1995	s7.13(1)(i)	Annual		Action Taken: Date Completed: Evidence/ References:
February	Director Governance and People		Compliance Audit Return - Finalise Audit Complete the Compliance Audit Return as an internal audit and prepare Council report for consideration via Audit Committee.	Local Government Act 1995	s7.13(1)(i) Audit Regs. 13, 14 and 15	Annual		Action Taken: Date Completed: Evidence/ References:
February	Coordinator Governance & Risk		Coordinate Policy Manual Review			Annual	ONGOING	Action Taken: Date Completed: Evidence/ References:
February	Director Governance and People		Authorised Persons - Review Review the LG's authorised persons to ensure authorisations are accurate, valid and the correct certificates of authorisation and / or identity cards have been issued	Various		Annual		Action Taken: Date Completed: Evidence/ References:
February	Director Governance and People		Elected Member Payments	Local Government Act 1995	s5.99	Quarterly (March, June, September, December)		Action Taken: Date Completed: Evidence/ References:
March	Director Infrastructure and Financial Management NOTE ONLY - Option A Not Used.		Emergency Services Levy - Option A Remittance Due by: 21st of the month Option A Remittance Report - see Form B Schedule 5 and ESL Assessment Profile Return Form A	DFES - ESL Manual of Operating Procedures	Clause 5.13	Monthly		Action Taken: Date Completed: Evidence/ References:
March	Manager Community Services John Balcombe		Western Central LEMC/LEMAC Meeting to be held quarterly in accordance with the Act	Emergency Management Act 2005	N/A	Quarterly (March, June, September, December)		Action Taken: Date Completed: Evidence/ References:
March	Senior Finance Officer		Authorised officers - purchasing and requisitions: review listing and processes	Local Government (Financial Management) Regulations 1996	Reg 5	Quarterly (March, June, September, December)		Action Taken: CEO Approved Date Completed: 4/4/19 Evidence/ References: D-19-11075
March	Coordinator Governance & Risk		Elected Members - Review Meeting Attendance Register - check EMs have not been absent for 3 consecutive meetings without Leave of Absence being granted	Local Government Act 1995	s2.25	Quarterly (March, June, September, December)		Action Taken: Date Completed: Evidence/ References:
March	Manager Community Services John Balcombe		Owners of all impounded vehicles are identified and notified within seven days.	Local Government Act 1995	s3.40A(2)	Monthly		Action Taken: No vehicles were deemed abandoned. Date Completed: 31/03/2019 Evidence/ References:
March	Director Planning and Development Annette, Josh, Heather		Valuer General Information Due 14th day of each month - providing schedules of: • building licenses issued • building license works completed • registered plans and amendments under the Strata Titles Act 1985	Valuation of Land Act 1978	s37	Monthly		Action Taken: Date Completed: Evidence/ References:
March	Director Governance and People		Primary Returns - Request Primary Return from any new employee who is a Designated Employee. Return must be received by CEO within 3 months of the person's start day	Local Government Act 1995	s5.75	Bi-monthly		Action Taken: Date Completed: Evidence/ References:

March	Director Corporate and Governance Governance Officer		Financial Interests Register - Review Register to remove Primary and Annual Returns (not other interest disclosures) from the Financial Interest Register that relate to persons who are no longer Designated Employees (resigned or changed roles) or for Elected Members who have resigned. Returns that are removed are to be kept by the CEO as LG Record for at least 5 years after the person ceased to be a Designated Employee.	Local Government Act 1995	s5.88(3)(4)	Bi-monthly		
March	Director Governance and People		Compliance Audit Return - Report to EMT on update of progress with implementation of remedial Action (if any)	Local Government Act 1995	s7.13(1)(i)	Annual		Action Taken: Date Completed: Evidence/ References:
March	Director Governance and People		Compliance Audit Return - Report to Audit Committee Compliance Audit Return, report considered by Audit Committee, with recommendations to Council. Note - Schedule Committee / Council consideration with sufficient time to enable submission to DLGSCI by 31 March	Local Government Act 1995	s7.13(1)(i) Audit Regs. 13, 14 and 15	Annual		Action Taken: Date Completed: Evidence/ References:
March	Director Governance and People		Compliance Audit Return - Report to DLGSCI Compliance Audit Return certified by CEO and President / Mayor. Copy of Compliance Audit Return and Council report / minutes provided to Executive Director of DLGSCI DUE: 31 March	Local Government Act 1995	s7.13(1)(i) Audit Regs. 13, 14 and 15	Annual		Action Taken: Date Completed: Evidence/ References:
March	Director Infrastructure and Financial Management		Emergency Services Levy - Option B Payment Due Due by: 21 December and ESL Assessment Profile Return Form A	DFES - ESL Manual of Operating Procedures		Quarterly (March, June, September, December)		Action Taken: Date Completed: Evidence/ References:
April	Director Infrastructure and Financial Management NOTE ONLY - Option A Not Used.		Emergency Services Levy - Option A Remittance Due by: 21st of the month Option A Remittance Report - see Form B Schedule 5 and ESL Assessment Profile Return Form A	DFES - ESL Manual of Operating Procedures	Clause 5.13	Monthly		Action Taken: Date Completed: Evidence/ References:
April	Manager Community Services John Balcombe		Owners of all impounded vehicles are identified and notified within seven days.	Local Government Act 1995	s3.40A(2)	Monthly		Action Taken: No vehicles abandoned Date Completed: 30/04/2019 Evidence/ References:
April	Director Planning and Development Annette, Josh, Heather		Valuer General Information Due 14th day of each month - providing schedules of: • building licenses issued • building license works completed • registered plans and amendments under the Strata Titles Act 1985	Valuation of Land Act 1978	s37	Monthly		Action Taken: Date Completed: Evidence/ References:
April	Governance Officer		Update gifts and contribution to travel register with new entries, including election and notifiable gifts	Local Government Act 1995 Local Government (Administration) Regulations 1996	s5.62(2) Reg.3.48	Monthly		Action Taken: Ongoing Date Completed: Ongoing Evidence/ References: D-17-25123
April	Executive Management Team		Review of annual fees and charges – required for consideration at OCM	Local Government Act 1995	s6.16	Annual		Action Taken: EM Budget Forum 29/4/19 Date Completed: EM Draft Budget Meeting 4/6/19 Evidence/ References: OCM resolution
August	Coordinator Governance & Risk		Coordinate Policy Manual Review			Annual		Action Taken: In progress. Target date: November 2020 Date Completed: Evidence/ References:

May	Director Infrastructure and Financial Management NOTE ONLY - Option A Not Used.		Emergency Services Levy - Option A Remittance Due by: 21st of the month Option A Remittance Report - see Form B Schedule 5 and ESL Assessment Profile Return Form A	DFES - ESL Manual of Operating Procedures	Clause 5.13	Monthly		Action Taken: Date Completed: Evidence/ References:
May	Manager Community Services John Balcombe		Owners of all impounded vehicles are identified and notified within seven days.	Local Government Act 1995	s3.40A(2)	Monthly		Action Taken: No vehicles abandoned Date Completed: 31/05/2019 Evidence/ References:
May	Director Planning and Development Annette, Josh, Heather		Valuer General Information Due 14th day of each month - providing schedules of: • building licenses issued • building license works completed • registered plans and amendments under the Strata Titles Act 1985	Valuation of Land Act 1978	s37	Monthly		Action Taken: Date Completed: Evidence/ References:
May	All officers with Delegated Authority		Complete exercise of delegations for the prior month	Local Government Act 1995	s5.46(3)	Monthly		Action Taken: DA Register Review Date Completed: 15 May 2019 Evidence/ References: D-18-27087
May	Governance Officer		Update gift registers with new entries, includes election gifts and notifiable gifts	Local Government Act 1995 and Local Government (Administration) Regulations 1996	s5.62(2) Reg.34B	Monthly		Action Taken: Ongoing Date Completed: Ongoing Evidence/ References: D-17-25123
May	Director Governance and People		Primary Returns - Request Primary Return from any new employee who is a Designated Employee. Return must be received by CEO within 3 months of the person's start day	Local Government Act 1995	s5.75	Bi-monthly		Action Taken: Date Completed: Evidence/ References:
May	Director Corporate and Governance Governance Officer		Financial Interests Register - Review Register to remove Primary and Annual Returns (not other interest disclosures) from the Financial Interest Register that relate to persons who are no longer Designated Employees (resigned or changed roles) or for Elected Members who have resigned. Returns that are removed are to be kept by the CEO as LG Record for at least 5 years after the person ceased to be a Designated Employee.	Local Government Act 1995	s5.88(3)(4)	Bi-monthly		
May	Manager Finance		Fees and Charges Review - Prepare Draft for report to Financial Management, Audit and Risk Management Committee	Local Government Act 1995	s6.16	Annual		Action Taken: EM Budget Forum 29/4/19 Date Completed: EM Draft Budget Meeting 4/6/19 Evidence/ References: OCM resolution
May	Governance Officer		Authorised officer listing - review Due 30 June	Local Government Act 1995	s9.10 s9.29	Annual		Action Taken: Date Completed: Evidence/ References:
May	Director Governance and People		Elected Member Payments	Local Government Act 1995	s5.99	Quarterly (March, June, September, December)		Action Taken: Date Completed: Evidence/ References:
June	Director Infrastructure and Financial Management NOTE ONLY - Option A Not Used.		Emergency Services Levy - Option A Remittance Due by: 21st of the month Option A Remittance Report - see Form B Schedule 5 and ESL Assessment Profile Return Form A	DFES - ESL Manual of Operating Procedures	Clause 5.13	Monthly		Action Taken: Date Completed: Evidence/ References:
June	Manager Community Services John Balcombe		Western Central LEMC /LEMAC Meeting to be held quarterly in accordance with the Act	Emergency Management Act 2005	N/A	Quarterly (March, June, September, December)		Action Taken: Date Completed: Evidence/ References:
June	Senior Records Officer		FOI Annual Statistical Data - Response to Information Commissioner Due by: 30 June	Freedom of Information Act 1992	s111(3)	Annual	Completed	Email Link Date Completed: Evidence/ References:

June	Coordinator Governance & Risk		Elected Members - Review Meeting Attendance Register - check EMs have not been absent for 3 consecutive meetings without Leave of Absence being granted	Local Government Act 1995	s2.25	Quarterly (March, June, September, December)		Action Taken: Date Completed: Evidence/ References:
June	Senior Ranger		Owners of all impounded vehicles are identified and notified within seven days.	Local Government Act 1995	s3.40A(2)	Monthly	Completed	Action Taken: No vehicles abandoned. Date Completed: 30/06/19 Evidence/ References:
June	Director Planning and Development Annette, Josh, Heather		Valuer General Information Due 14th day of each month - providing schedules of: • building licenses issued • building license works completed • registered plans and amendments under the Strata Titles Act 1985	Valuation of Land Act 1978	s37	Monthly		Action Taken: Date Completed: Evidence/ References:
June	Senior Ranger		Western Central LEMC meeting held	Emergency Management Act 2005	s38	Quarterly (March, June, September, December)	Completed	Action Taken: Meeting held on 6 June 2019 Date Completed: Evidence/ References:
June			Appoint Bush Fire Control Officers - Review appointments and update if necessary	Bush Fires Act 1954	s38	Annual		Action Taken: Date Completed: Evidence/ References:
June	Manager Governance & Risk		Report on Elected Member Training Due by: 31 July LG must prepare a report on the training completed by Council members in the previous financial year. CEO must publish the report on the LG's website within one month of the end of the financial year.	Local Government Act	s5.127	Annual	In Progress	Action Taken: Register compiled and published to Town website Date Completed: 11/08/2020 Evidence/ References: Published to website
June	Manager Governance & Risk		Delegated Authority Register Review	Local Government Act 1995	s5.18 s5.46	Annual	COMMENCED	Action Taken: Review commenced Date Completed: To be presented to 18/6/19 OCM References: OCM Resolution 18/6/19 -
June	Coordinator Property and Leasing		Complete Exercise of Delegation for prior month Rate Payment agreements	Local Government Act 1995	s5.46(3)	Monthly	Not complete	Action Taken: None Date Completed: Evidence/ References:
June	Governance Officer		Update gift registers with new entries, includes election gifts and notifiable gifts	Local Government Act 1995 and Local Government (Administration) Regulations 1996	s5.62(2) Reg.34B	Monthly		Action Taken: ongoing Date Completed: ongoing Evidence/ References: D-17-25123
June	Director Corporate and Compliance		Fees and Charges Review - Council to adopt with Budget	Local Government Act 1995	s6.16	Annual	Completed	Action Taken: Adopted OCM 18/6/19 Date Completed: 18/06/19 Evidence/ References: Council Minutes
June	Manager Finance		Fees and charges adopted by Budget. Local Public Notice required before fees and charges come into effect.	Local Government Act 1995	s6.19	Annual	COMPLETED	Action Taken: EM Budget Forum 20 May 2019 Date Completed: OCM Draft Budget adopted for advertising 4/6/19 Evidence/ References: OCM resolution
June	Director Corporate and Governance		Annual Budget - During period 1 June to 31 August, Local Government is to prepare and adopt, by absolute majority, an Annual Budget for the next financial year.	Local Government Act 1995	s6.2(1)	Annual	COMPLETED	Action Taken: UPLOADED TO LG PORTAL Date Completed: 19/6/19 Evidence/ References: smarthumb
June	Director Infrastructure and Assets		Financial Reporting - Material Variances Each Financial Year, a LG is to adopt a percentage or value, calculated in accordance with AAS, to be used in statements of financial activity for reporting material variances. (adopt and apply in the following Financial Year)	Local Government Act 1995	s6.4 FM.Reg.34(5)	Annual		Action Taken: Date Completed: Evidence/ References:

June	Director Governance and People		Decision Objection and Review Rights - Internal Audit Review the LG's template permits, licences, notices and approval letters issued under the Act and Local Laws to ensure they include advice to the recipient of their objection and review rights.	Local Government Act 1995	s9.4	Annual		Action Taken: Date Completed: Evidence/ References:
June	Director Infrastructure and Financial Management		Emergency Services Levy - Option B Payment Due Due by: 21 December and ESL Assessment Profile Return Form A	DFES - ESL Manual of Operating Procedures		Quarterly (March, June, September, December)		Action Taken: Date Completed: Evidence/ References:
July	Records Officer - Sherralee		Record Compliance Reporting - Must report in writing to the Commission as required	State Records Act 2000	s29(1)			Action Taken: Date Completed: Evidence/ References:
July	Records Officer - Sherralee		Record Keeping Plan - Audit. To be reviewed within 5 years of previous approval. Report to be issued to Commission	State Records Act 2000	s28(5)(6)	5 yearly		Action Taken: Date Completed: Evidence/ References:
July	Director Infrastructure and Financial Management NOTE ONLY - Option A Not Used.		Emergency Services Levy - Option A Remittance Due by: 21st of the month Option A Remittance Report - see Form B Schedule 5 and ESL Assessment Profile Return Form A	DFES - ESL Manual of Operating Procedures	Clause 5.13	Monthly		Action Taken: Date Completed: Evidence/ References:
July	Director Corporate and Compliance		Ensure that the new financial year's rates are levied on the computer system after budget has been adopted	Local Government Act 1995 Local Government Regulations 1996	Part 6 & FM Regs 5	Annual		Action Taken: rates strike completed Date Completed: 01/07/19 Evidence/ References: propertywise
July	Manager Environmental Health		To report on the local government enforcement agencies performance of functions under the Food Act 2008 (WA) (the Food Act) e.g. How many inspections undertaken, infringement or notices issued, etc. Reporting has been combined and must be submitted online by 31 August.	Food Act 2008 Public Health Act 2016	s121(1) s22(1)	Annually to Department of Health (Financial Year). Due by 31 August		Action Taken: Date Completed: Evidence/ References:
July	Executive Management Team		Local Law Review	Local Government Act 1995	s3.16(1)	8-yearly	In progress	Action Taken: Underway Date Completed: Underway Evidence/ References: Waste Amendment LL being reviewed LAW/00103
July	Director Planning and Development Annette, Josh, Heather		Valuer General Information Due 14th day of each month - providing schedules of: • building licenses issued • building license works completed • registered plans and amendments under the Strata Titles Act 1985	Valuation of Land Act 1978	s37	Monthly		Action Taken: Date Completed: Evidence/ References:
July	Governance Officer		Annual CEO performance review. To be completed by 1 July 2020 - for the previous financial year	Local Government Act 1995 and Local Government (Administration) Regulations 1996	s5.38, 5.39 Reg 180	Annual		Action Taken: Date Completed: Evidence/ References:
July	Director Governance and People		Primary Returns - Request Primary Return from any new employee who is a Designated Employee. Return must be received by CEO within 3 months of the person's start day	Local Government Act 1995	s5.75	Bi-monthly		Action Taken: Date Completed: Evidence/ References:
July	Governance Officer		Annual Returns distributed to Councillors and relevant staff. To be sent 1 July 2020 - Completed by 31 October 2020	Local Government Act 1995	s5.76	Annual	Completed	Action Taken: 1/8/2020 Date Completed: 2/9/2020 Evidence/ References: Saved to GOV/00059-02

July	Director Governance & People Governance Officer		Financial Interests Register - Review Review register to remove Primary and Annual Returns (not other interest disclosures) from the Financial Interest Register that relate to persons who are no longer Designated Employees (resigned or changed roles) or for Elected Members who have resigned. Returns that are removed are to be kept by the CEO as LG Record for at least 5 years after the person ceased to be a Designated Employee.	Local Government Act 1995	s5.88(3)(4)	Bi-monthly		
July	Rates Officer		Issue rate notices	Local Government Act 1995 Financial Management Regulations 1996	s6.41(1)	Annual	Completed	Action Taken: Notices issued Date Completed: Evidence/ References:
August	Director Infrastructure and Financial Management NOTE ONLY - Option A Not Used.		Emergency Services Levy - Option A Remittance Due by: 21st of the month Option A Remittance Report - see Form B Schedule 5 and ESL Assessment Profile Return Form A	DFES - ESL Manual of Operating Procedures	Clause 5.13	Monthly		Action Taken: Date Completed: Evidence/ References:
August	Governance Officer		Related Party Disclosures distributed to Councillors and relevant staff. To be sent 1 July 2020 - Completed by 31 October 2020	AA5B 124 Related Party Disclosures	N/A	Annual	Completed	Action Taken: Returns received and confirmation letters issued. Date Completed: 27 August 2020 Evidence/ References: Saved to GOV/00072
August	Senior Ranger - John		Owners of all impounded vehicles are identified and notified within seven days.	Local Government Act 1995	s3.40A(2)	Monthly		Action Taken: Date Completed: Evidence/ References:
August	Director Planning and Development Annette, Josh, Heather		Valuer General Information Due 14th day of each month - providing schedules of: • building licenses issued • building license works completed • registered plans and amendments under the Strata Titles Act 1985	Valuation of Land Act 1978	s37	Monthly		Action Taken: Date Completed: Evidence/ References:
August	Coordinator Governance & Risk		Local Law Review	Local Government Act 1995	s4.39(2)	8-yearly		Action Taken: Date Completed: Evidence/ References:
August	All officers with Delegated Authority - Managed by Governance Officer		Complete exercise of delegations for the prior month	Local Government Act 1995	s5.46(3)	Monthly		Action Taken: Date Completed: Evidence/ References: D-18-27087
August	Governance Officer		Update gift registers with new entries, includes election gifts and notifiable gifts	Local Government Act 1995 and Local Government (Administration) Regulations 1996	s5.62(2) Reg.348	Monthly		Action Taken: Ongoing Date Completed: Ongoing Evidence/ References: D-17-25123
August	Director Governance and People		Annual Returns - Elected Members and Designated Employees to provide an Annual Return by no later than 31 August CEO's Annual Return must be lodged with the President / Mayor.	Local Government Act 1995	s5.76(1)	Biennial. Next due 2021	Completed	Action Taken: 1/8/2020 Date Completed: 2/9/2020 Evidence/ References: Saved to GOV/00059-02
August	Director Governance and People		Elected Member Payments	Local Government Act 1995	s5.99	Quarterly (March, June, September, December)	Completed	Action Taken: Payments completed and pmt advice issued Date Completed: 2/9/2020 Evidence/ References:
August	Marketing Coordinator CEO		Commence Annual Report Process - To be accepted by Council 31 December.	Local Government Act 1995	s5.53	Annual		Action Taken: Commenced Date Completed: August 2020 Evidence/ References: NA
September	Director Infrastructure and Financial Management NOTE ONLY - Option A Not Used.		Emergency Services Levy - Option A Remittance Due by: 21st of the month Option A Remittance Report - see Form B Schedule 5 and ESL Assessment Profile Return Form A	DFES - ESL Manual of Operating Procedures	Clause 5.13	Monthly		Action Taken: Nil Date Completed: September 2020 Evidence/ References: Option B utilised. Payment quarterly.

September	Manager Community Services John Balcombe		Western Central LEMC /LEMAC Meeting to be held quarterly in accordance with the Act	Emergency Management Act 2005	N/A	Quarterly (March, June, September, December)		Action Taken: Meeting held Peppermint Grove Shire. Date Completed: 3 September 2020 Evidence/ References: Confirmed with John Balcombe.
September	Coordinator Governance & Risk		Elected Members - Review Meeting Attendance Register - check EMs have not been absent for 3 (months) consecutive meetings without Leave of Absence being granted	Local Government Act 1995	s2.25	Quarterly (March, June, September, December)	Completed	Action Taken: Confirmed. Date Completed: Register Published to Quill. Evidence/ References: 5: Elected Member Summary of OCM Attendance
September	Manager Community Services John Balcombe		Owners of all impounded vehicles are identified and notified within seven days.	Local Government Act 1995	s3.40A(2)	Monthly	Completed	Action: No vehicles were impounded. Date Completed: 7 October 2020 Evidence/ References: Confirmed with John Balcombe.
September	Director Planning and Development Annette, Josh, Heather		Valuer General Information Due 14th day of each month - providing schedules of: • building licenses issued • building license works completed • registered plans and amendments under the Strata Titles Act 1985	Valuation of Land Act 1978	s37	Monthly	Completed	Action Taken: Date Completed: Evidence/ References:
September	Coordinator Governance & Risk		Local Law Review	Local Government Act 1995	s4.39(2)	8-yearly	Commence post Policy Manual Review.	Action Taken: Date Completed: Evidence/ References:
September	CEO		Last day for the CEO to prepare and certify an owners and occupiers roll for the election. Last day for Electoral Commissioner to certify a residents roll	Local Government Act 1995	s4.41(1) s4.40(2)	Biennial. Next due 2021	Not applicable 2020	Action Taken: Date Completed: Evidence/ References:
September	Rates Officer Anne		Complete exercise of delegation for prior month rate payment agreements	Local Government Act 1995	s5.46(3)	Monthly	Anne to provide update once completed	Action Taken: Date Completed: Evidence/ References:
September	Governance Officer		Update gift registers with new entries, includes election gifts and notifiable gifts	Local Government Act 1995 and Local Government (Administration) Regulations 1996	s5.62(2) Reg.34B	Monthly	Completed	Action Taken: Reviewed Register. Published to TOC Date Completed: 20/08/2020 Evidence/ References: D-17-25123
September	Director Governance and People		Primary Returns - Request Primary Return from any new employee who is a Designated Employee. Return must be received by CEO within 3 months of the person's start day	Local Government Act 1995	s5.75	Bi-monthly	Completed	Action Taken: Returns lodged and confirmation provided Date Completed: 26/8/2020 Evidence/ References: D:20-38052
September	Director Corporate and Governance Governance Officer		Financial Interests Register - Review Review register to remove Primary and Annual Returns (not other interest disclosures) from the Financial Interest Register that relate to persons who are no longer Designated Employees (resigned or changed roles) or for Elected Members who have resigned. Returns that are removed are to be kept by the CEO as LG Record for at least 5 years after the person ceased to be a Designated Employee.	Local Government Act 1995	s5.88(3)(4)	Bi-monthly	Completed	Action Taken: Returns lodged and confirmation provided Date Completed: 26/8/2020 Evidence/ References: D:20-38052
September	Manager Finance		Financial Report to be submitted to Auditor.	Local Government Act 1995	s6.4(3)	Annual	COMPLETED	Action Taken: Report submitted to Auditor. Date Completed: 30 September 2020 Evidence/ References:
September	Director Infrastructure and Financial Management		Emergency Services Levy - Option B Payment Due Due by: 21 December and ESL Assessment Profile Return Form A	DFES - ESL Manual of Operating Procedures		Quarterly (March, June, September, December)		Action Taken: Date Completed: Evidence/ References:

October	Director Infrastructure and Financial Management NOTE ONLY - Option A Not Used.		Emergency Services Levy - Option A Remittance Due by: 21st of the month Option A Remittance Report - see Form B Schedule 5 and ESL Assessment Profile Return Form A	DFES - ESL Manual of Operating Procedures	Clause 5.13	Monthly		Action Taken: Date Completed: Evidence/ References:
October	Manager Community Services John Balcombe		Dog and cat registrations.	Dog Act 1976 Cat Regulations 2012	s15(2)(a) s12(2)(ii)	Yearly (October)	Pending	Action Taken: General audit door knock being performed. Date Completed: October Evidence/ References:
October	Executive Team		Local Law Review	Local Government Act 1995	s3.16(1)	8-yearly	Pending	Action Taken: Date Completed: Evidence/ References:
October	Manager Community Services John Balcombe		Owners of all impounded vehicles are identified and notified within seven days.	Local Government Act 1995	s3.40A(2)	Monthly		Action Taken: No vehicles impounded Date Completed: 31/10/2019 Evidence/ References:
October	Director Planning and Development Annette, Josh, Heather		Valuer General Information Due 14th day of each month - providing schedules of: • building licenses issued • building license works completed • registered plans and amendments under the Strata Titles Act 1985	Valuation of Land Act 1978	s37	Monthly		Action Taken: Date Completed: Evidence/ References:
October	Manager Governance & Risk		Delegated Authority Register Review	Local Government Act 1995	s5.18	Annual		Action Taken: Date Completed: Evidence/ References:
October	Manager HR		Audit completion of CEO and Staff Development Reviews	Local Government Act 1995	s5.38	Annual		Action Taken: Date Completed: Evidence/ References:
October	CEO		CEO Authority to Speak on behalf of the LG if new Mayor is elected, seek / obtain written authority from Mayor for CEO to speak on behalf of the Local Government.	Local Government Act 1995	s5.41(f)	Biennial. Next due 2021	Not applicable 2020	Action Taken: Date Completed: Evidence/ References:
October	CEO		Receive Annual Financial Statements and Auditors Report	Local Government Act 1995	s5.54	Annual		Action Taken: Date Completed: Evidence/ References:
October	Rates Officer		Complete Exercise of Delegation for prior month Rate Payment agreements	Local Government Act 1995	s5.46(3)	Monthly		Action Taken: Date Completed: Evidence/ References:
October	Director Corporate and Governance Governance Officer		Update gift registers with new entries, includes election gifts and notifiable gifts	Local Government Act 1995 and Local Government (Administration) Regulations 1996	s5.62(2) Reg. 34B	Monthly		Action Taken: Date Completed: Evidence/ References:
October	Coordinator Governance & Risk		Financial Interests Register - Review • Review register to remove Primary and Annual Returns (not other interest disclosures) from the Financial Interest Register that relate to persons who are no longer Designated Employees (resigned or changed roles). • Returns that are removed are to be kept by the CEO as LG Record for at least 5 years after the person ceased to be a Designated Employee.	Local Government Act 1995	s5.88(3)(4)	Biennial. Next due 2021		Action Taken: Date Completed: Evidence/ References:
October	Coordinator Governance & Risk		Gift Register - Review After a person ceases to be an Elected Member [s.5.87A] or CEO [s.5.87B] required to disclose gifts, the CEO is required to remove from the register all records relating to that person. These records must be retained as LG records for a period of at least 5-years and be made available for public inspection.	Local Government Act 1995	s5.89A(6) & (7)	Biennial. Next due 2021		Action Taken: Date Completed: Evidence/ References:

October	Rates Officer		Issue rate instalment notices	Local Government Act 1995	s6.45(1)(a)	Bi-Monthly		Action Taken: Date Completed: Evidence/ References:
October	CEO		Compile Annual Report.	Local Government Act 1995	s5.53	Annual		Action Taken: Date Completed: Evidence/ References:
October	CEO		Annual Report and Auditors Report to be accepted by Council by 31 December.	Local Government Act 1995	s5.54	Annual		Action Taken: Date Completed: Evidence/ References:
November	CEO, Director Governance and People		Annual Report to be sent to Health Dept, Dept of Local Govt and the 'Serial' Section (Legal Documents) State Library	Local Government Act 1995	N/A	Annual		Action Taken: Date Completed: Evidence/ References:
November	CEO		Annual Electors' Meeting - to be held within 56 days of adoption of Annual Report	Local Government Act 1995 and Policy 14-PL-001	s5.27	Annual		Action Taken: Date Completed: Evidence/ References:
November	Director Infrastructure and Financial Management NOTE ONLY - Option A Not Used.		Emergency Services Levy - Option A Remittance Due by: 21st of the month Option A Remittance Report - see Form B Schedule 5 and ESL Assessment Profile Return Form A	DFES - ESL Manual of Operating Procedures	Clause 5.13	Monthly		Action Taken: Date Completed: Evidence/ References:
November	Manager Engineering		Commence WA Local Government Grants Commission Road Information Return - Due December 2018	Local Government Grants Act 1978	s12(4)	Annual		Action Taken: Date Completed: Evidence/ References:
November	Rates Officer		Submit deferred interest claim to the Office of State Revenue for rates and ESL deferred claims	Rates and Charges (Rebates and Deferments) Act 1992	s16(1)	Annual		Action Taken: Date Completed: Evidence/ References:
November	Executive Team		Local Law Review	Local Government Act 1995	s3.16(1)	8-yearly		Action Taken: Date Completed: Evidence/ References:
November	Manager Community Services John Balcombe		Owners of all impounded vehicles are identified and notified within seven days.	Local Government Act 1995	s3.40A(2)	Monthly		Action Taken: Date Completed: Evidence/ References:
November	Director Planning and Development Annette, Josh, Heather		Valuer General Information Due 14th day of each month - providing schedules of: • building licenses issued • building license works completed • registered plans and amendments under the Strata Titles Act 1985	Valuation of Land Act 1978	s37	Monthly		Action Taken: Date Completed: Evidence/ References:
November	CEO		Policy Review - Code of Conduct Following each Election - provide Council report to enable the 'new' Council to review and adopt the Code of Conduct.	Local Government Act 1995	s5.103 s5.104 Admin. Regs. Part 9 Rules of Conduct Regs.	Biennial. Next due 2021		Action Taken: Date Completed: Evidence/ References:
November	CEO		Annual Report - OCM Report	Local Government Act 1995	s5.53	Annual		Action Taken: Date Completed: Evidence/ References:
November	CEO		Annual Electors' Meeting Notice Local Public Notice at least 14 days prior	Local Government Act 1995	s5.29	Annual		Action Taken: Date Completed: Evidence/ References:
November	Director Corporate and Governance Governance Officer		Compile responses for Public Question Time at Annual Electors' Meeting	Local Government Act 1995	s5.33	Annual		Action Taken: Date Completed: Evidence/ References:
November	Manager HR		Staff Development Reviews - Currency of PD's, Quals, Action Plan, etc. Completion by end of November 2018.	Local Government Act 1995	s5.38	Annual		Action Taken: Date Completed: Evidence/ References:
November	Rates Officer		Complete Exercise of Delegation for prior month Rate Payment agreements	Local Government Act 1995	s5.46(3)	Monthly		Action Taken: Date Completed: Evidence/ References:

November	Communications Coordinator		Adoption of Annual Report - advertise Local Public Notice	Local Government Act 1995	s5.55	Annual		Action Taken: Date Completed: Evidence/ References:
November	CEO		Update gift registers with new entries, includes election gifts and notifiable gifts	Local Government Act 1995 and Local Government (Administration) Regulations 1996	s5.62(2) Reg.34B	Monthly		Action Taken: Date Completed: Evidence/ References:
November	Director Governance and People		Primary Returns - Request Primary Return from any new employee who is a Designated Employee. Return must be received by CEO within 3 months of the person's start day	Local Government Act 1995	s5.75	Bi-monthly		Action Taken: Date Completed: Evidence/ References:
November	Director Corporate and Governance Governance Officer		Financial Interests Register - Review Register to remove Primary and Annual Returns (not other interest disclosures) from the Financial Interests Register that relate to persons who are no longer Designated Employees (resigned or changed roles) or for Elected Members who have resigned. Returns that are removed are to be kept by the CEO as LG Record for at least 5 years after the person ceased to be a Designated Employee.	Local Government Act 1995	s5.88(3)(4)	Bi-monthly		Action Taken: Date Completed: Evidence/ References:
November	Director Corporate and Compliance Manager Finance		Annual Auditors Report - OCM Report	Local Government Act 1995	s7.12A(4)	Annual		Action Taken: Date Completed: Evidence/ References:
November	Director Governance and People		Elected Member Payments	Local Government Act 1995	s5.99	Quarterly (March, June, September, December)		Action Taken: Date Completed: Evidence/ References:
December	Director Infrastructure and Financial Management NOTE ONLY - Option A Not Used.		Emergency Services Levy - Option A Remittance Due by: 21st of the month Option A Remittance Report - see Form B Schedule 5 and ESL Assessment Profile Return Form A	DFES - ESL Manual of Operating Procedures	Clause 5.13	Monthly		Action Taken: Date Completed: Evidence/ References:
December	Manager Community Services John Balcombe		Western Central LEMC /LEMAC Meeting to be held quarterly in accordance with the Act	Emergency Management Act 2005	N/A	Quarterly (March, June, September, December)		Action Taken: Date Completed: Evidence/ References:
December	Manager Engineering		Complete WA Local Government Grants Commission Road Information Return - by due date advised by Grants Commission	Local Government Grants Act 1978	s12(4)	Annual		Action Taken: Date Completed: Evidence/ References:
December	Executive Manager Infrastructure		Complete WA Local Government Grants Commission Road Information Return - by due date advised by Grants Commission	Local Government Grants Act 1978	s12(4)	Annual		Action Taken: Date Completed: Evidence/ References:
December	Coordinator Governance & Risk		Elected Members - Review Meeting Attendance Register - check EMs have not been absent for 3 consecutive meetings without Leave of Absence being granted	Local Government Act 1995	s2.25	Quarterly (March, June, September, December)		Action Taken: Date Completed: Evidence/ References:
December	Manager Finance		Mid year Budget Review between 1 Jan - 31 March. To be submitted 30 days after Council determination. Email to budgetreview@dlgc.wa.gov.au	Local Government (Financial Management) Regulations 1996	s33A	Annual		Action Taken: Date Completed: Evidence/ References:
December	Director Planning and Development Annette, Josh, Heather		Valuer General Information Due 14th day of each month - providing schedules of: • building licenses issued • building license works completed • registered plans and amendments under the Strata Titles Act 1985	Valuation of Land Act 1978	s37	Monthly		Action Taken: Date Completed: Evidence/ References:
December	Communications Coordinator		Advertise Office Closure on Website and in Local Papers	Local Government (Administration) Regulations 1996	s5.25(1)6 Reg.12	Annual		Action Taken: Date Completed: Evidence/ References:

[illegible]

7 OTHER BUSINESS

8 NEW BUSINESS OF AN URGENT NATURE APPROVED BY THE PRESIDING PERSON OR BY DECISION OF MEETING

9 FUTURE MEETINGS OF COMMITTEE

Audit and Risk Management Committee Meeting, at

10 DECLARATION OF CLOSURE OF MEETING