



AUDIT COMMITTEE MEETING
AGENDA

15 MARCH 2018

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CITY OF GREATER GERALDTON

**AUDIT COMMITTEE MEETING
TO BE HELD ON TUESDAY 15 MARCH 2018 AT 3.30PM
IN THE COMMITTEE MEETING ROOM – CIVIC CENTRE**

A G E N D A

1 DECLARATION OF OPENING

2 ATTENDANCE

Present:

Officers:

By Invitation:

Apologies: Cr Mcilwaine

Leave of Absence:

3 ELECTION OF CHAIRPERSON

4 ELECTION OF DEPUTY CHAIRPERSON

5 CONFIRMATION OF PREVIOUS MINUTES

Recommendation: That the minutes of the City of Greater Geraldton Audit Committee meeting held on 2 October 2017 as attached be accepted as a true and correct record of proceedings.

6 ITEMS FOR AUDIT COMMITTEE REVIEW

AC059	REVIEW OF AUDIT COMMITTEE CHARTER
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AGENDA REFERENCE:	D-17-92100
AUTHOR:	M Adam, Governance Coordinator
EXECUTIVE:	B Davis, Director Corporate and Commercial Services
DATE OF REPORT:	5 January 2018
FILE REFERENCE:	GO/11/0020
ATTACHMENTS:	Yes (x2) A. Audit Committee Charter B. A Guide to Local Government Auditing Reforms

EXECUTIVE SUMMARY:

The purpose of this report is for the newly elected Audit Committee members to review the Audit Committee Charter with a view to gaining understanding of the charter. It also provides opportunity for the Committee to identify any desired changes to the charter, for recommendation to Council, should the Committee wish to do so.

EXECUTIVE RECOMMENDATION:

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act RESOLVES to:

1. ENDORSE the Audit Committee Charter; and
2. RECOMMEND to Council proposed amendments to the Audit Committee Charter as determined by the Audit Committee.

PROPONENT:

The proponent is the City of Greater Geraldton

BACKGROUND:

The Audit Committee Charter approved by Council is attached for the purpose of deliberation and discussion by the newly elected Audit Committee, to ensure that Audit Committee Members have shared understanding of the role of the Committee.

At the Ordinary Meeting of Council on 21 November 2017 Item CEO048 Council resolved as follows;

Part B

That the Council by Absolute Majority under Section 5.8 of the Local Government Act 1995 RESOLVES to:

1. *AMEND the Terms of Reference to reflect Elected Members membership as resolved in Part C;*
2. *REQUIRE each internal Council Committee at the first meeting held following this resolution to:*

- a. *APPOINT* by Committee resolution an Elected Member as Chairperson, and Elected Member as a proxy Chairperson for the Committee; and
- b. *REVIEW* the terms of reference of the Committee and report to Council any required changes in relation to membership of the Committee.

Part C That the Council by Absolute Majority under Section 5.8 of the Local Government Act 1995 RESOLVES to:

1. *APPOINT* the following elected members to the following Committees;
 - b. *City of Greater Geraldton Audit Committee:*
 - i. *Mayor S Van Styn*
 - ii. *Cr N McIlwaine*
 - iii. *Cr D Caudwell*
 - iv. *Cr L Freer*

The Current Audit Committee Charter is based on the model terms of reference provided by the Department of Local Government, Sport and Cultural initiatives, in Guideline 09 *Audit in Local Government* (September 2013).

On 1 September 2017 the *Local Government Amendment (Auditing) Act 2017* received assent. This act amended the *Local Government Act 1995*, to provide for the auditing of local governments by the Auditor General, and for related purposes.

The *Local Government Amendment (Auditing) Act 2017* changes the role of the Audit committee through the following provisions:

7.3 Appointment of Auditors

(1A) A local government cannot appoint a person to be its auditor after commencement day.

(Note commencement day is 28 October 2017)

1.4 Terms used

Auditor means –

- (a) *In relation to an audit, other than a performance audit*
 - (i) *In relation to a local government that has an audit contract that is in force – a person for the time being appointed under Part 7 Division 2 to be the auditor of the local government ; and*
 - (ii) *In relation to a local government that does not have an audit contract that is in force – the Auditor General*
- (b) *In relation to a performance audit – the Auditor General*

The Department has issued a Guide to Auditing Reforms (attached) with advice that future changes to *the Local Government Audit Regulations 1996* will revise the role and functions of a local governments Audit Committee. However the changes have not yet been finalised.

It is therefore suggested that the Audit Committee may consider the following amendments to the Audit Committee Charter, for recommendation to Council

in conjunction with any additional amendments proposed by the Committee, with future review of the Audit Committee Charter being undertaken following the amendments to the *Local Government Audit Regulations 1996*.

Audit Committee Charter – amendments for consideration

Provision	Current	Suggested	Reference/ comment
4. Meetings			
4.1	The committee shall meet at least quarterly.	The committee shall meet up to four times annually.	The number of Audit Committee meetings is a function of the relevant Audit Committee matters, for consideration. It is for the Committee to decide on the number of meetings per annum. In recent years the Committee has met between two to three times annually.
6. Duties and Responsibilities			
6.1(b)	Develop and recommend to Council an appropriate process for the selection and appointment of a person as the local governments auditor	Delete this subsection	<i>7.3 (1A) A local government cannot appoint a person to be its auditor after commencement day.</i>
6.1(c)	Develop and recommend to Council <ul style="list-style-type: none"> • A list of those matters to be audited; and • the scope of the audit to be undertaken. 	Delete this subsection	<i>7.3 (1A) A local government cannot appoint a person to be its auditor after commencement day</i> This relates to the external audit and the Auditor General determines the program of audit.
6(d)	Recommend to Council the person or persons to be appointed as auditor	Delete this subsection	<i>7.3 (1A) A local government cannot appoint a person to be its auditor after commencement day</i>
6(e)	Develop and recommend to Council a written agreement for the appointment of the external auditor. The agreement is to include	Delete: <ul style="list-style-type: none"> • The objectives of the audit; • The scope of the audit; • a plan of the audit; 	<i>7.8(1) Subject to this part and to any regulations , the appointment of an person as auditor of a local government is to be made by agreement in writing on such terms and conditions, including the remuneration and</i>

	<ul style="list-style-type: none"> • The objectives of the audit; • The scope of the audit; • a plan of the audit; • details of the remuneration and expenses to be paid to the auditor; and • the method to be used by the local government to communicate with and supply information to , the auditor 		<p><i>expenses of the person to be appointed ,as agreed between that person and the local government</i></p>
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COMMUNITY, ENVIRONMENT, ECONOMY AND GOVERNANCE ISSUES:

Community:

There are no community impacts.

Environment:

There are no environment impact.

Economy:

There are no economic impacts.

Governance:

An audit committee plays a key role in assisting a local government to fulfil its governance and oversight responsibilities in relation to financial reporting, internal control structure, risk management systems, legislative compliance, ethical accountability and the internal and external audit functions. Clear and comprehensive terms of reference, setting out the committee's roles and responsibilities, are therefore essential.

RELEVANT PRECEDENTS:

The City of Greater Geraldton Audit Committee previously reviewed its Charter on 21 February 2017 AC052.

COMMUNITY/COUNCILLOR CONSULTATION:

There has been no community/councillor consultation.

LEGISLATIVE/POLICY IMPLICATIONS:

Local Government Act 1995 s. 7.13(1)

FINANCIAL AND RESOURCE IMPLICATIONS:

There are no financial or resource implications.

INTEGRATED PLANNING LINKS:

Title: Governance	Good Governance & Leadership
Strategy 4.5.2	Ensuring finance and governance policies, procedures and activities align with legislative requirements and best practice

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT

The Audit Committee is required by Council Resolution of 28 November 2017 (CEO048) to Review its terms of reference. Any changes to the Audit Committee Charter proposed by the Committee will be required to be submitted to Council for approval

ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS

The Committee may choose to simply discuss the Charter with the view to enhancing understanding by newly elected Committee Members. The Committee may also choose to discuss and recommend changes to the charter, for consideration by Council. Note that the Committee is able to seek a review of its Charter at a future time.



AUDIT COMMITTEE CHARTER

DRAFT

Audit Committee Charter

1. Objectives of Audit Committees

- 1.1. The primary objective of the audit committee is to accept responsibility for the annual external audit and liaise with the local government's auditor so that Council can be satisfied with the performance of the local government in managing its financial affairs.
- 1.2. Reports from the committee will assist Council in discharging its legislative responsibilities of controlling the local government's affairs, determining the local government's policies and overseeing the allocation of the local government's finances and resources. The committee will ensure openness in the local government's financial reporting and will liaise with the CEO to ensure the effective and efficient management of the local government's financial accounting systems and compliance with legislation.
- 1.3. The committee is to facilitate –
 - the enhancement of the credibility and objectivity of internal and external financial reporting;
 - effective management of financial and other risks and the protection of Council assets;
 - compliance with laws and regulations as well as use of best practice guidelines relative to audit, risk management, internal control and legislative compliance;
 - the coordination of the internal audit function with the external audit; and
 - the provision of an effective means of communication between the external auditor, internal auditor, the CEO and the Council.
- 1.4. The committee at the time of the mid-year budget review will review the financial performance of the Council and identify any variance due to the failure of lack of internal controls.

2. Powers of the Audit Committee

- 2.1 The Audit committee is to report to Council and provide appropriate advice and recommendations on matters relevant to its term of reference. This is in order to facilitate informed decision-making by Council in relation to the legislative functions and duties of the local government that have not been delegated to the CEO.
- 2.2 The committee is a formally appointed committee of council and is responsible to that body. The committee does not have executive powers or authority to implement actions in areas over which the CEO has legislative responsibility and does not have any delegated financial responsibility. The committee does not have any management functions and cannot involve itself in management processes or procedures.

3 Membership

- 3.1 The committee will consist of four elected members and a proxy elected member. All members shall have full voting rights.
- 3.2 The CEO and employees are not members of the committee.
- 3.3 The CEO or his/her nominee is to be available to attend meetings to provide advice and guidance to the committee.
- 3.4 The local government shall provide secretarial and administrative support to the committee.
- 3.5 The Chairperson shall be recommended by the Audit Committee and appointed by Council.

4. Meetings

- 4.1. The committee shall meet up to four times annually.
- 4.2. Additional meetings shall be convened at the discretion of the presiding person.

5. Reporting

- 5.1. Reports and recommendations of each committee meeting shall be presented to the next ordinary meeting of the Council.
- 5.2. The committee shall report annually to the Council summarising its activities during the previous financial year.

6 Duties and Responsibilities

6.1 The duties and responsibilities of the committee will be –

- a. Provide guidance and assistance to Council as to the carrying out the functions of the local government in relation to audits;
- b. Meet with the auditor once in each year on behalf of Council, in accordance with s.7.12A(2) of the *Local Government Act 1995*, and provide a report to Council on the matters discussed and outcome of those discussions.
- c. Liaise with the CEO to ensure that the local government does everything in its power to –
 - assist the auditor to conduct the audit and carry out his or her other duties under the *Local Government Act 1995*; and
 - ensure that audits are conducted successfully and expeditiously;
- d. Examine the reports of the auditor after receiving a report from the CEO on the matters and –
 - determine if any matters raised require action to be taken by the local government; and
 - ensure that appropriate action is taken in respect of those matters;
- e. Review the report prepared by the CEO on any actions taken in respect of any matters raised in the report of the auditor and presenting the report to Council for adoption prior to the end of the next financial year or 6 months after the last report prepared by the auditor is received, whichever is the latest in time;
- f. Review the scope of the audit plan and program and its effectiveness;
- g. Review the appropriateness of special internal audit assignments undertaken by internal audit at the request of Council or CEO (see reference to internal audit page 14);
- h. Review the level of resources allocated to internal audit and the scope of its authority;
- i. Review reports of internal audits, monitor the implementation of recommendations made by the audit and review the extent to which Council and management reacts to matters raised;
- j. Facilitate liaison between the internal and external auditor to promote compatibility, to the extent appropriate, between their audit programs;
- k. Review the local government's draft annual financial report, focusing on –
 - accounting policies and practices;
 - changes to accounting policies and practices;
 - the process used in making significant accounting estimates;
 - significant adjustments to the financial report (if any) arising from the audit process;
 - compliance with accounting standards and other reporting requirements; and
 - significant variances from prior years;
- l. Consider and recommend adoption of the annual financial report to Council. Review any significant changes that may arise subsequent to any such recommendation but before the annual financial report is signed;
- m. Address issues brought to the attention of the committee, including responding to requests from Council for advice that are within the parameters of the committee's terms of reference;

- n. Seek information or obtain expert advice through the CEO on matters of concern within the scope of the committee's terms of reference following authorisation from the Council.
- o. Review the annual Compliance Audit Return and report to the council the results of that review, and
- p. Consider the CEO's biennial reviews of the appropriateness and effectiveness of the local government's systems and procedures in regard to risk management, internal control and legislative compliance, required to be provided to the committee, and report to the council the results of those reviews.

7. Internal Audit

- 7.1. Many local governments have recognised the need to improve their internal auditing processes, and have moved to either employ an internal auditor or contract out the internal audit function.
- 7.2. Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.
- 7.3. The scope of an internal audit would be determined by the Audit committee, with input from the CEO, based on the size of the local government's internal operations and the level of compliance to be achieved. The role differs from that of the external auditor who is appointed by council on the recommendation of the Audit Committee, to report independently to it, through the mayor/president and the CEO, on the annual financial statements. The external auditor's primary role is to decide whether the annual financial statements of a local government are free of material misstatement.
- 7.4. There are certain functions of the internal audit that complement the external auditor's role. As the external auditor plans for an effective audit they need to assess and determine whether to include the scope, procedures and outcomes of the internal audit. The CEO must refer all internal audit reports to the Audit Committee for consideration.
- 7.5. An internal auditor's activities should typically include the following:
- a. review of the internal control structure, monitoring the operations of the information system and internal controls and providing recommendations for improvements
 - b. a risk assessment with the intention of minimising exposure to all forms of risk on the local government;
 - c. examination of financial and operating information that includes detailed testing of transactions, balances and procedures;
 - d. a review of the efficiency and effectiveness of operations and services including non-financial controls of a local government;
 - e. a review of compliance with management policies and directives and any other internal requirements;
 - f. review of the annual Compliance Audit Return, and
 - g. assist in the CEO's biennial reviews of the appropriateness and effectiveness of the local government's systems and procedures in regard to risk management, internal control and legislative compliance.
 - h. specific tasks requested by management.
- 7.6. For local government, the internal auditor should report functionally to the audit committee and administratively to the CEO. It should be remembered that pursuant to section 5.41 of the Act, the CEO is responsible for the day-to-day management of council activities including the direction of staff and implicitly the internal audit function. The CEO may choose to delegate this responsibility provided always that the delegation does not directly or indirectly interfere with the ability of the Internal Auditor to conduct an internal audit function free from interference.

- 7.7. A clear and properly defined reporting relationship ensures that the internal auditor is empowered to perform their role working with management. The direct reporting line to the audit committee also acts as an adequate safeguard in the event of a serious breakdown in internal controls or internal control culture at senior levels in the organisation.
- 7.8. While it is recognised that smaller councils may not be able to justify a full-time internal auditor, a small size of operation does not justify forgoing internal audit altogether. If audit committee or management is of the view that the employment of an independent internal auditor either full-time or part-time is not warranted, it may request the council to have the internal audit function undertaken as necessary by an external contractor, or expand the role of its external auditor.
- 7.9. The external auditor or his or her professional company should only undertake internal audit functions that complement the external audit and do not cloud the objectivity and independence of the external audit. An external auditor must not audit information prepared by them or their accounting practice, as this is considered incompatible with the standard of independence.
- 7.10. Local governments that do not establish an internal audit process but require a review of the financial management systems and procedures, may decide to use the services of the external auditor for that purpose. Such reviews are to be undertaken every four years in accordance with regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996*.
- 7.11. The review of financial management systems and procedures provides the external auditor with greater assurance of systems and procedures used to prepare the annual financial statements, and whether they provide information free of material misstatement.



Department of
**Local Government, Sport
and Cultural Industries**

A Guide to Local Government Auditing Reforms

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September 2017

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All or part of this document may be copied. Due recognition of source would be appreciated. If you would like more information please contact the Department of Local Government, Sport and Cultural Industries.

A Guide to Local Government Auditing Reforms

Introduction

On 24 August 2017, amendments to the *Local Government Act 1995* were passed by State Parliament that will enable the Auditor General to audit council finances and performance. The reforms will result in changes to the way local government audits are conducted.

This guide has been prepared by the Department of Local Government, Sport and Cultural Industries (the Department) to inform local governments and auditors about the changes.

Major changes

Auditor General will be responsible for financial and supplementary audits

The reforms expand the Auditor General's scope of powers to undertake and report on local government financial audits and provide for the independent oversight of the local government sector.

The Auditor General will take over responsibility for financial audits on a transitional basis as existing audit contracts expire. From 2020-21, all local governments will be audited by the Auditor General, regardless of whether their auditing contracts have expired.

The Department has received advice that this termination requirement will not expose the State, the Director General, or local governments to any liability if audit contracts are cancelled as a result of the changes.

Following commencement of the legislation, a local government cannot appoint a person to be its auditor.

The Auditor General will be able to contract out some or all of the financial audits but all audits will be done under the supervision of the Auditor General.

As is currently the case, local governments will be responsible for meeting the costs of financial audits. The Auditor General will determine the fees for a financial audit.

During the transition, the Department will publish the status of each local government's audit arrangements. This will provide transparency so that members of the community are aware of whether or not the Auditor General has responsibility for a local government audit or not.

Regional subsidiaries and regional councils will be audited by the Auditor General in the same way as local governments. The Auditor General will have the power to dispense with a financial audit of a local government or regional subsidiary where the Auditor General believes this is appropriate.

The Auditor General must consult with the Minister for Local Government before exercising this power. This could be used, for example, if a regional council has ceased to operate but has not yet been wound up. If this power is exercised, the Auditor General must notify the Parliament's Public Accounts Committee and the Estimates and Financial Operations Committee.

The Auditor General must give the report on the financial audit to the Mayor or President of the local government, the CEO of the local government, and the Minister for Local Government.

New category of audits: performance audits

The reforms introduce a new category of audits; performance audits. These audits examine the economy, efficiency, and effectiveness of programs and organisations, including compliance with legislative provisions and internal policies.

The new legislation gives the Auditor General the power to conduct such audits, which may focus on a particular issue or theme, such as procurement practices, and may include individual or multiple local governments and related bodies. This is in line with the approach adopted in other jurisdictions and for State Government agencies. Performance audits will be paid for by the State Government.

Performance audit reports will be submitted to both Houses of Parliament for the Public Accounts Committee and the Estimates and Financial Operations Committee. The report is also provided to the relevant local government.

Publication of financial reports

Commencing with their 2017-18 annual report, local governments will be required to publish the annual report, including audit reports, on the local government's official website within 14 days after the report has been accepted by the local government.

Local governments will be required to publish their annual report online regardless of who undertakes the audit.

Local government duties with respect to audits

Legislation now requires local governments to examine an audit report it receives and implement appropriate action in respect to the significant matters raised.

Local governments must prepare a report addressing the significant matters identified in the report and state what action the local government has taken or intends to take. This report must be provided to the Minister within three months of receiving the audit

report. Within 14 days after the local government gives the report to the Minister, the CEO must publish a copy of the report on its official website.

Role of the Audit Committee

Changes to the Local Government (Audit) Regulations 1996 will revise the role and functions of a local government's Audit Committee. These changes are discussed in detail below.

Amendments to the Local Government (Financial Management) Regulations 1996

The following amendments to the Local Government (Financial Management) Regulations 1996 and Local Government (Audit) Regulations 1996 are being prepared.

Timeframe for review of financial management systems

Regulation 5 regarding the CEO's duties as to financial management will be amended to require the CEO to undertake a review of the appropriateness and effectiveness of the financial management systems and procedures from no less than once in every four financial years to no less than three financial years. This change in combination with amendments to the provisions in the Audit Regulations related to reviewing auditing systems, will achieve greater consistency.

Assets valued under \$5,000

Amendments to Regulation 17A will exclude assets in a local government annual financial report valued under \$5,000. In order to ensure effective asset management of low value assets that are susceptible to theft or loss, local governments will be required to maintain a property register of portable and attractive items. This change brings local governments in line with State Government agencies as specified in Treasurer's Instruction 410 Record of Assets.

Timeframe for local governments to revalue assets

Regulation 17A(4)(b) will be amended to set the timeframe for local governments to revalue their assets to between three and five years, which is consistent with Australian Accounting Standards Board standard 116: Property, Plant and Equipment.

Amendments to the Local Government (Audit) Regulations 1996

Role of the Audit Committee

With the transfer of auditing to the Auditor General, local government Audit Committees will have a new and important role.

The role of the Audit Committee will be amended so that the Audit Committee will have greater involvement in assisting the CEO to carry out the review under Regulation 17 of the Audit Regulations of systems and procedures concerning risk management, internal control, and legislative compliance.

This will include helping the CEO to formulate recommendations to council to address issues identified in the reviews. The Audit Committee will also support the auditor as required and have functions to oversee:

- the implementation of audit recommendations made by the auditor, which have been accepted by council; and
- accepted recommendations arising from reviews of local government systems and procedures.

These roles reflect the importance of the Audit Committee as a section of council charged with specific responsibilities to scrutinise performance and financial management. The regulations continue to allow for external membership of Audit Committees. Councils are encouraged to consider inviting appropriate people with expertise in financial management and audit to be members of their Audit Committee.

Role of the council assisting the auditor

Local governments will be required to provide the auditor with a copy of their adopted Long Term Financial Plan, Asset Management Plan, Corporate Business Plan and Strategic Community Plan.

Timeframe for reviewing audit systems and procedures

An amendment to Regulation 17(2) will require the CEO to undertake a review of audit systems and procedures no less than once in every three financial years. This change will introduce consistency in CEO responsibilities to review financial management and audit systems and procedures in a timely manner.

Further information and liaison

The Auditor General has informed the Department that he intends to commence liaising with local governments in October regarding the transfer of responsibility.

For more information, please contact:

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AC060	EXTERNAL MEMBER OF AUDIT COMMITTEE
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AGENDA REFERENCE:	D-17-92578
AUTHOR:	M Adam, Governance Coordinator
EXECUTIVE:	B Davis, Director Corporate and Commercial Services
DATE OF REPORT:	5 January 2018
FILE REFERENCE:	GO/11/0020
ATTACHMENTS:	Yes (x2) A. Expression of Interest B. Information Package External Audit Committee Member

EXECUTIVE SUMMARY:

This report seeks Audit Committee approval for public advertising of an expression of interest for an external member of the Audit Committee, and subsequent selection of an external member, for recommendation to Council.

EXECUTIVE RECOMMENDATION:

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act RESOLVES to:

1. ADVERTISE for expression of interest for an external member of the Audit Committee;
2. REQUIRE the evaluation of submissions by potential members to be undertaken by the Mayor, a Councillor who is a member of the Audit Committee and the Chief Executive Officer, with a recommendation to be made, for review by members of the Audit Committee; and
3. RECOMMEND to Council, the appointment of the selected applicant, for Council approval as an external member of the Audit Committee.

PROPONENT:

The proponent is the City of Greater Geraldton

BACKGROUND:

An Expression of Interest for an independent member of the Audit Committee (EOI) 31 1314 was advertised on 22 February 2014 seeking expressions of interest from experienced Senior Accounting and Audit Professionals to become an external member of the Audit Committee. An evaluation of submissions was undertaken by the Mayor, a Councillor member of the Audit Committee and the Chief Executive Officer, and a recommendation on the appointment of an external member was made to Council.

On 22 April 2014 (CCS043) Mr Travis Bate was appointed by Council as an external member of the Audit Committee, for a period of two years. On 25 January 2016 (CCS155) Council endorsed the re appointment of Mr Bate for a further term ending on the next Ordinary Election day of the Council (21 October 2017).

Paragraph 3 of the Audit Committee Charter, makes provisions for the appointment of one external person to the Audit Committee. Appointment is to be made by way of public advertising and endorsement by Council.

The Audit Committee was re-established on 28 November 2017, following the Ordinary Election on 21 October 2017, (CEO 048), and a vacancy now exists for an external member of the Committee.

COMMUNITY, ENVIRONMENT, ECONOMY AND GOVERNANCE ISSUES:

Community:

There are no community impacts.

Environment:

There are no environment impact.

Economy:

There are no economic impacts.

Governance:

Section 7.1A (2) of the *Local Government Act 1995* requires that a Local Government Audit Committee is to have at least 3 members, the majority of whom are councillors. Sub paragraph 3.1 of the Audit Committee Charter provides that the Audit Committee will consist of four members with three elected members and one external member, and that all members will have full voting rights.

RELEVANT PRECEDENTS:

Previously on 4 April 2014 (CCS043) Council appointed an independent member of the Audit Committee for two years. This was extended on 25 January 2016 for a further term ending on the next Ordinary Election day of Council (21 October 2017).

COMMUNITY/COUNCILLOR CONSULTATION:

There has been no community/councillor consultation.

LEGISLATIVE/POLICY IMPLICATIONS:

Local Government Act 1995 s. 7.13(1)

FINANCIAL AND RESOURCE IMPLICATIONS:

There are no financial or resource implications.

INTEGRATED PLANNING LINKS:

Title: Governance	Good Governance & Leadership
Strategy 4.5.2	Ensuring finance and governance policies, procedures and activities align with legislative requirements and best practice

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT:

The Audit Committee Charter, subparagraph 3.2, requires that an external member appointed to the Committee shall have business or financial management / reporting knowledge and experience, and be conversant with financial and other reporting requirements. The appointment of an external member to the Committee provides independent expertise to support the role of the Audit Committee in the functions under the *Local Government (Audit) Regulations 1996*, to provide guidance and assistance in the carrying out of functions under Part 7 of the Act (r.16) review Compliance Audits (r.14), review reports on risk management, internal control and legislative compliance, and report to Council (r.16).

ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:

There were no alternative options considered by City Officers. It is a matter for the Audit Committee to determine the method of selection of an external member for the Committee.



Notice of Expressions of interest

The City of Greater Geraldton is inviting expressions of interest from experienced Senior Accounting and Audit Professionals to become a member of the City's Audit Committee as an external member. To be considered for this position, you must be either a Certified Practising Accountant or a Chartered Accountant.

The Audit Committee plays a key role in assisting the City to fulfil its governance and oversight responsibilities in relation to financial reporting, internal control structure, risk management systems, legislative compliance, ethical accountability and the internal and external audit functions.

Please contact Bob Davis, Director Corporate & Commercial Services on 9956 6990 for more details and a copy of the Committee terms of reference and the Department of Local Government's Guideline for Audit in Local Government.

All written submissions must include details of hourly fees chargeable for provision of professional services and any expenses that would be sought to be recovered as costs of attendance at committee meetings and should be received by close of business on _____

Submissions can be forwarded by email to council@cgg.wa.gov.au or posted to City of Greater Geraldton, PO Box 101, Geraldton 6531.

Ross McKim

Chief Executive Officer



City of Greater Geraldton Information Package

External Member - Audit Committee

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Role Description: External Member Audit Committee City of Greater Geraldton Council

Council is seeking to appoint an external member to its Audit Committee for a period of two years. The Audit Committee comprises one external member and four elected members, all of whom have full voting rights.

Council is seeking to appoint an external member with broad senior business, audit and/or financial reporting/management knowledge and experience. Applicants must also be able to demonstrate a well-developed ability to apply appropriate analytical and strategic management skills. Formal qualifications and previous audit committee or board experience will be well regarded.

Remuneration for an external member will be commensurate with the expertise and knowledge of the applicant.

Background

The City of Greater Geraldton Council's Audit Committee is an advisory Committee to Council established pursuant to section 7.1A of the Local Government Act 1995. The primary objective of the Audit Committee is to assist Council in the effective conduct of its responsibilities for financial reporting, management of risks, maintaining a reliable system of internal controls and facilitating the organisation's ethical development.

As part of Council's governance obligations to its community, Council has constituted the Audit Committee to assist Council in discharging its oversight responsibilities in relation to the following matters:

- Financial reporting process to ensure balance, transparency and integrity of published financial information;
- The effectiveness of the City's internal control and risk management systems;
- The effectiveness of the internal audit function;
- The independent external audit process, to be undertaken by or on behalf of the Auditor General of WA;
- The City's process for monitoring compliance with legislation and regulation and policies affecting financial reporting;
- Key policies impacting the effectiveness of the City's governance framework, including the Code of Ethics, Fraud Policy, Public Interest Disclosure Policy etc.

Anticipated Time Commitment

The Audit Committee normally meets four times per year.

At times there will be other meetings to finalise the City's financial statements or annual reports.

It is anticipated that the demand on individual members will be approximately 4 hours per meeting cycle. This will comprise meeting preparation, attendance at Audit Committee meetings and other input as may be required from time to time.

Council Profile

The City is located 424 km north of Perth, between the Indian Ocean and stretching 180 kilometers inland to Mullewa and is the fast developing Mid-West region.

The region encompasses 12,500 square kilometers, services a population of approximately 40,000 people and annually receives over 400,000 visitors.

The City employs about 300 full time employees and provides the full range of local government functions and services to rural, city and coastal communities.

The range of industries operating within our region includes fishing, marine services, agriculture and support services, mining, minerals processing, light manufacturing, machinery services, retail, professional services, transport and logistics, tourism and hospitality. The city is the primary regional hub for education and health services, has a major export seaport, and a regular passenger transport Airport.

Independence

To be eligible to be an external member of the City of Greater Geraldton's Audit Committee, the individual must be free from any conflict of interest and any business or other relationship that could, or could reasonably be perceived to materially interfere with the member's ability to act in the best interests of Council. These conflicts of interests refer to (but are not limited to) commitments and provision of paid services to the City of Greater Geraldton.

Being a ratepayer of the City of Greater Geraldton does not of itself constitute a conflict of interest for an individual.

Scope and Responsibilities

1. Actively and constructively contribute towards the Audit Committee's performance through the provision of professional, independent and objective advice in respect of the delivery of the Audit Committee Charter.
2. Provide independent advice on internal audit, governance and risk management plans and other reports as required;
3. Provide objective advice on the City's processes, procedures or internal control mechanisms;

4. Provide analysis and constructive comment on particular projects, reports, briefings, options or issues papers as required; and
5. Adequately prepare for and attend all Council Audit Committee meetings.

Criteria for Appointment

In addition to the freedom of any conflicts of interest, the criteria for appointment to the position is as follows:

- Competency in the analysis and interpretation of accounts and financial reports, audit reports and complex management reviews in a diverse organisation.
- Knowledge and understanding of the external audit process and its independent attest function.
- Knowledge of internal auditing purposes and processes, especially its strategic aspects and its integration into broader governance and management control framework.
- Demonstrated strategic conceptual analytical and creative skills with the ability to develop and make sound independent and objective judgements.
- Capacity to commit to the workload required and to attend Committee meetings.

Indicative Timetable

Position Advertised	March 2018
Closing Date for Applications	April 2018
Evaluation and Shortlisting	April 2018
Intended Interviews	April 2018
Recommendation for Appointment to Council	May 2018
First Audit Committee Meeting	To be advised -2018

Submission of Applications

Applicants are requested to submit their applications with a covering letter and resume and encouraged to complete the pro forma template attached

Please submit applications via email to: council@cgg.wa.gov.au.

or

Chief Executive Officer
City of Greater Geraldton
PO Box 101
Geraldton WA 6531

Response Template – External Member – CGG Audit Committee

Applicant's Information

Name and address of Applicant:	Qualifications and relevant memberships:
Mobile:	Email:
Telephone:	Date:

1. Summary

Provide a brief summary of the key factors which make your appointment appropriate.

2. Freedom from any Conflict of Interest

Please confirm that you do not have any conflicts of interest that could be perceived to materially interfere with your ability to act in the best interests of Council.

3. Selection Criteria

Please provide a short statement of how your skills, knowledge and abilities address the selection criteria outlined in the Information Pack – Criteria for Appointment.

- 1.1 Financial analytical skills
- 1.2 Knowledge of External Audit, Internal Audit, Management Control and Governance Frameworks
- 1.3 Demonstrated strategic skills
- 1.4 Capacity to undertake role

4. Any Other Matters

Detail any matters which have not been covered in previous sections, which you believe need to be taken into consideration when evaluating your application.

5. Referees

List at least 2 Referees.

Name & Contact Details

AC061	COMPLIANCE AUDIT RETURN 2017
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AGENDA REFERENCE:	D-17-91937
AUTHOR:	M Adam, Governance Coordinator
EXECUTIVE:	B Davis, Director Corporate and Commercial Services
DATE OF REPORT:	5 January 2018
FILE REFERENCE:	GO/11/0020
ATTACHMENTS:	Yes (x1) Compliance Audit Return 2017

EXECUTIVE SUMMARY:

The purpose of this report is to submit the 2017 Compliance Audit Return (CAR) to the Audit Committee for review.

EXECUTIVE RECOMMENDATION:

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act RESOLVES to:

1. ENDORSE the results of the Compliance Audit Return 2017; and
2. REPORT the results of the Compliance Audit Return 2017 to Council at the Ordinary meeting to be held on 27 March 2018.

PROPONENT:

The proponent is the City of Greater Geraldton

BACKGROUND:

In accordance with section 7.13(1) of the *Local Government Act 1995* and the *Local Government (Audit) Regulations 1996*, the City is required to complete a Compliance Audit Return in relation to the period 1 January 2017 to 31 December 2017 against the requirements set out in the CAR.

The 2017 CAR continues in a reduced format, with the areas of compliance which are included being restricted to those considered high risk.

COMMUNITY, ENVIRONMENT, ECONOMY AND GOVERNANCE ISSUES:**Community:**

There are no community impacts.

Environment:

There are no environment impact.

Economy:

There are no economic impacts.

Governance:

Review of the Compliance Audit return by the Audit Committee is a regulatory requirement under the provisions of the *Local Government (Audit) Regulations 1996 r.14*

RELEVANT PRECEDENTS:

The Audit Committee reviewed the 2016 Compliance Audit Return for the City of Greater Geraldton on 21 February 2017, AC047.

COMMUNITY/COUNCILLOR CONSULTATION:

There has been no community/councillor consultation.

LEGISLATIVE/POLICY IMPLICATIONS:

Local Government Act 1995 s. 7.13(1)

Local Government (Audit) Regulations 1996 r. 14

14. Compliance audits by local governments

- (1) *A local government is to carry out a compliance audit for the period 1 January to 31 December in each year.*
- (2) *After carrying out a compliance audit the local government is to prepare a compliance audit return in a form approved by the Minister.*
- (3A) *The local government's audit committee is to review the compliance audit return and is to report to the council the results of that review.*
- (3) *After the audit committee has reported to the council under subregulation (3A), the compliance audit return is to be —*
 - (a) *presented to the council at a meeting of the council; and*
 - (b) *adopted by the council; and*
 - (c) *recorded in the minutes of the meeting at which it is adopted.*

FINANCIAL AND RESOURCE IMPLICATIONS:

There are no financial or resource implications.

INTEGRATED PLANNING LINKS:

Title: Governance	Good Governance & Leadership
Strategy 4.5.2	Ensuring finance and governance policies, procedures and activities align with legislative requirements and best practice

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT

The CAR is a statutory compliance requirement for local governments and requires a review first by the Audit Committee and then a report to Council for adoption before being submitted to the Department of Local Government, Sport and Cultural Initiatives. The City is required to provide this to the Department prior to 31 March 2017.

The Audit Committee does not have the option not to review the CAR as it would therefore be non-compliant with the *Local Government Act 1995* and associated regulations.

ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS

No alternatives have been considered.



Department of
**Local Government, Sport
and Cultural Industries**

Greater Geraldton - Compliance Audit Return 2017

Certified Copy of Return

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

Commercial Enterprises by Local Governments					
No	Reference	Question	Response	Comments	Respondent
1	s3.59(2)(a)(b)(c) F&G Reg 7,9	Has the local government prepared a business plan for each major trading undertaking in 2017.	No	The City of Greater Geraldton has no major trading undertakings	Bob Davis
2	s3.59(2)(a)(b)(c) F&G Reg 7,10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2017.	N/A	The City of Greater Geraldton has no major land transactions	Laura MacLeod
3	s3.59(2)(a)(b)(c) F&G Reg 7,10	Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2017.	N/A		Laura MacLeod
4	s3.59(4)	Has the local government given Statewide public notice of each proposal to commence a major trading undertaking or enter into a major land transaction for 2017.	N/A		Laura MacLeod
5	s3.59(5)	Did the Council, during 2017, resolve to proceed with each major land transaction or trading undertaking by absolute majority.	N/A		Laura MacLeod



Delegation of Power / Duty					
No	Reference	Question	Response	Comments	Respondent
1	s5.16, 5.17, 5.18	Were all delegations to committees resolved by absolute majority.	Yes		Margot Adam
2	s5.16, 5.17, 5.18	Were all delegations to committees in writing.	Yes		Margot Adam
3	s5.16, 5.17, 5.18	Were all delegations to committees within the limits specified in section 5.17.	Yes		Margot Adam
4	s5.16, 5.17, 5.18	Were all delegations to committees recorded in a register of delegations.	Yes		Margot Adam
5	s5.18	Has Council reviewed delegations to its committees in the 2016/2017 financial year.	Yes		Margot Adam
6	s5.42(1),5.43 Admin Reg 18G	Did the powers and duties of the Council delegated to the CEO exclude those as listed in section 5.43 of the Act.	Yes		Margot Adam
7	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO resolved by an absolute majority.	Yes		Margot Adam
8	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO in writing.	Yes		Margot Adam
9	s5.44(2)	Were all delegations by the CEO to any employee in writing.	Yes		Margot Adam
10	s5.45(1)(b)	Were all decisions by the Council to amend or revoke a delegation made by absolute majority.	Yes		Margot Adam
11	s5.46(1)	Has the CEO kept a register of all delegations made under the Act to him and to other employees.	Yes		Margot Adam
12	s5.46(2)	Were all delegations made under Division 4 of Part 5 of the Act reviewed by the delegator at least once during the 2016/2017 financial year.	Yes		Margot Adam
13	s5.46(3) Admin Reg 19	Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record as required.	Yes		Margot Adam

Disclosure of Interest					
No	Reference	Question	Response	Comments	Respondent
1	s5.67	If a member disclosed an interest, did he/she ensure that they did not remain present to participate in any discussion or decision-making procedure relating to the matter in which the interest was disclosed (not including participation approvals granted under s5.68).	Yes		Sheri Moulds
2	s5.68(2)	Were all decisions made under section 5.68(1), and the extent of participation allowed, recorded in the minutes of Council and Committee meetings.	Yes		Sheri Moulds



No	Reference	Question	Response	Comments	Respondent
3	s5.73	Were disclosures under section 5.65 or 5.70 recorded in the minutes of the meeting at which the disclosure was made.	Yes		Sheri Moulds
4	s5.75(1) Admin Reg 22 Form 2	Was a primary return lodged by all newly elected members within three months of their start day.	Yes		Margot Adam
5	s5.75(1) Admin Reg 22 Form 2	Was a primary return lodged by all newly designated employees within three months of their start day.	Yes		Margot Adam
6	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all continuing elected members by 31 August 2017.	Yes		Margot Adam
7	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all designated employees by 31 August 2017.	Yes		Margot Adam
8	s5.77	On receipt of a primary or annual return, did the CEO, (or the Mayor/ President in the case of the CEO's return) on all occasions, give written acknowledgment of having received the return.	Yes		Margot Adam
9	s5.88(1)(2) Admin Reg 28	Did the CEO keep a register of financial interests which contained the returns lodged under section 5.75 and 5.76	Yes		Margot Adam
10	s5.88(1)(2) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70 and 5.71, in the form prescribed in Administration Regulation 28.	Yes		Sheri Moulds
11	s5.88 (3)	Has the CEO removed all returns from the register when a person ceased to be a person required to lodge a return under section 5.75 or 5.76.	Yes		Margot Adam
12	s5.88(4)	Have all returns lodged under section 5.75 or 5.76 and removed from the register, been kept for a period of at least five years, after the person who lodged the return ceased to be a council member or designated employee.	Yes		Margot Adam
13	s5.103 Admin Reg 34C & Rules of Conduct Reg 11	Where an elected member or an employee disclosed an interest in a matter discussed at a Council or committee meeting where there was a reasonable belief that the impartiality of the person having the interest would be adversely affected, was it recorded in the minutes.	Yes		Sheri Moulds
14	s5.70(2)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to the Council or a Committee, did that person disclose the nature of that interest when giving the advice or report.	Yes		Sheri Moulds



No	Reference	Question	Response	Comments	Respondent
15	s5.70(3)	Where an employee disclosed an interest under s5.70(2), did that person also disclose the extent of that interest when required to do so by the Council or a Committee.	Yes		Sheri Moulds
16	s5.103(3) Admin Reg 34B	Has the CEO kept a register of all notifiable gifts received by Council members and employees.	Yes		Margot Adam

Disposal of Property

No	Reference	Question	Response	Comments	Respondent
1	s3.58(3)	Was local public notice given prior to disposal for any property not disposed of by public auction or tender (except where excluded by Section 3.58(5)).	Yes		Laura MacLeod
2	s3.58(4)	Where the local government disposed of property under section 3.58(3), did it provide details, as prescribed by section 3.58(4), in the required local public notice for each disposal of property.	Yes		Laura MacLeod

Elections

No	Reference	Question	Response	Comments	Respondent
1	Elect Reg 30G (1)	Did the CEO establish and maintain an electoral gift register and ensure that all 'disclosure of gifts' forms completed by candidates and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the candidates.	Yes		Margot Adam

Finance

No	Reference	Question	Response	Comments	Respondent
1	s7.1A	Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the Act.	Yes		Paul Radalj
2	s7.1B	Where a local government determined to delegate to its audit committee any powers or duties under Part 7 of the Act, did it do so by absolute majority.	N/A	The Audit committee has no delagated powers under Part 7 of the Act.	Paul Radalj
3	s7.3	Was the person(s) appointed by the local government to be its auditor, a registered company auditor.	Yes		Paul Radalj
4	s7.3, 7.6(3)	Was the person or persons appointed by the local government to be its auditor, appointed by an absolute majority decision of Council.	Yes		Paul Radalj



Department of
**Local Government, Sport
and Cultural Industries**

No	Reference	Question	Response	Comments	Respondent
5	Audit Reg 10	Was the Auditor's report for the financial year ended 30 June 2017 received by the local government within 30 days of completion of the audit.	Yes		Paul Radalj
6	s7.9(1)	Was the Auditor's report for the financial year ended 30 June 2017 received by the local government by 31 December 2017.	Yes		Paul Radalj
7	S7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under s7.9 (1) of the Act required action to be taken by the local government, was that action undertaken.	N/A	No matters raised in the auditors report	Paul Radalj
8	S7.12A (4)	Where the local government determined that matters raised in the auditor's report (prepared under s7.9 (1) of the Act) required action to be taken by the local government, was a report prepared on any actions undertaken.	N/A		Paul Radalj
9	S7.12A (4)	Where the local government determined that matters raised in the auditor's report (prepared under s7.9 (1) of the Act) required action to be taken by the local government, was a copy of the report forwarded to the Minister by the end of the financial year or 6 months after the last report prepared under s7.9 was received by the local government whichever was the latest in time.	N/A		Paul Radalj
10	Audit Reg 7	Did the agreement between the local government and its auditor include the objectives of the audit.	Yes		Paul Radalj
11	Audit Reg 7	Did the agreement between the local government and its auditor include the scope of the audit.	Yes		Paul Radalj
12	Audit Reg 7	Did the agreement between the local government and its auditor include a plan for the audit.	Yes		Paul Radalj
13	Audit Reg 7	Did the agreement between the local government and its auditor include details of the remuneration and expenses to be paid to the auditor.	Yes		Paul Radalj
14	Audit Reg 7	Did the agreement between the local government and its auditor include the method to be used by the local government to communicate with, and supply information to, the auditor.	Yes		Paul Radalj



Integrated Planning and Reporting					
No	Reference	Question	Response	Comments	Respondent
1	s5.56 Admin Reg 19DA (6) Audit Reg 9A (2)(a)	Has the local government adopted a Corporate Business Plan. If Yes, please provide adoption date of the most recent Plan in Comments. This question is optional, answer N/A if you choose not to respond.	Yes	27th June 2017	Paul Radalj
2	s5.56 Admin Reg 19DA (6) Audit Reg 9A (2)(a)	Has the local government adopted a modification to the most recent Corporate Business Plan. If Yes, please provide adoption date in Comments. This question is optional, answer N/A if you choose not to respond.	N/A		Paul Radalj
3	s5.56 Admin Reg 19C (7) Audit Reg 9A (2)(b)	Has the local government adopted a Strategic Community Plan. If Yes, please provide adoption date of the most recent Plan in Comments. This question is optional, answer N/A if you choose not to respond.	Yes	27th June 2017	Paul Radalj
4	s5.56 Admin Reg 19C (7) Audit Reg 9A (2)(b)	Has the local government adopted a modification to the most recent Strategic Community Plan. If Yes, please provide adoption date in Comments. This question is optional, answer N/A if you choose not to respond.	N/A		Paul Radalj
5	S5.56 Audit Reg 9A (2)(c)	Has the local government adopted an Asset Management Plan. If Yes, in Comments please provide date of the most recent Plan, plus if adopted or endorsed by Council the date of adoption or endorsement. This question is optional, answer N/A if you choose not to respond.	N/A		Paul Radalj
6	S5.56 Audit Reg 9A (2)(d)	Has the local government adopted a Long Term Financial Plan. If Yes, in Comments please provide date of the most recent Plan, plus if adopted or endorsed by Council the date of adoption or endorsement. This question is optional, answer N/A if you choose not to respond.	Yes	27th June 2017	Paul Radalj
7	S5.56 Audit Reg 9A (2)(e)	Has the local government adopted a Workforce Plan. If Yes, in Comments please provide date of the most recent Plan plus if adopted or endorsed by Council the date of adoption or endorsement. This question is optional, answer N/A if you choose not to respond.	N/A		Paul Radalj



Local Government Employees					
No	Reference	Question	Response	Comments	Respondent
1	Admin Reg 18C	Did the local government approve the process to be used for the selection and appointment of the CEO before the position of CEO was advertised.	Yes		Jeff Graham
2	s5.36(4) s5.37(3), Admin Reg 18A	Were all vacancies for the position of CEO and other designated senior employees advertised and did the advertising comply with s.5.36(4), 5.37(3) and Admin Reg 18A.	Yes		Jeff Graham
3	Admin Reg 18F	Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position of CEO under section 5.36(4).	Yes		Jeff Graham
4	Admin Regs 18E	Did the local government ensure checks were carried out to confirm that the information in an application for employment was true (applicable to CEO only).	Yes	Performed by a third party Lester Blades Recruiting	Jeff Graham
5	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss a designated senior employee.	N/A	There are no designated senior employees	Jeff Graham



Official Conduct					
No	Reference	Question	Response	Comments	Respondent
1	s5.120	Where the CEO is not the complaints officer, has the local government designated a senior employee, as defined under s5.37, to be its complaints officer.	N/A	The CEO is the complaints officer	Margot Adam
2	s5.121(1)	Has the complaints officer for the local government maintained a register of complaints which records all complaints that result in action under s5.110(6)(b) or (c).	Yes		Margot Adam
3	s5.121(2)(a)	Does the complaints register maintained by the complaints officer include provision for recording of the name of the council member about whom the complaint is made.	Yes		Margot Adam
4	s5.121(2)(b)	Does the complaints register maintained by the complaints officer include provision for recording the name of the person who makes the complaint.	Yes		Margot Adam
5	s5.121(2)(c)	Does the complaints register maintained by the complaints officer include provision for recording a description of the minor breach that the standards panel finds has occurred.	Yes		Margot Adam
6	s5.121(2)(d)	Does the complaints register maintained by the complaints officer include the provision to record details of the action taken under s5.110(6)(b) or (c).	Yes		Margot Adam

Tenders for Providing Goods and Services					
No	Reference	Question	Response	Comments	Respondent
1	s3.57 F&G Reg 11	Did the local government invite tenders on all occasions (before entering into contracts for the supply of goods or services) where the consideration under the contract was, or was expected to be, worth more than the consideration stated in Regulation 11(1) of the Local Government (Functions & General) Regulations (Subject to Functions and General Regulation 11(2)).	Yes	Excluding tender exempt purchases	Brodie Pearce
2	F&G Reg 12	Did the local government comply with F&G Reg 12 when deciding to enter into multiple contracts rather than inviting tenders for a single contract.	N/A		Brodie Pearce
3	F&G Reg 14(1) & (3)	Did the local government invite tenders via Statewide public notice.	Yes		Brodie Pearce
4	F&G Reg 14 & 15	Did the local government's advertising and tender documentation comply with F&G Regs 14, 15 & 16.	Yes		Brodie Pearce



Department of
**Local Government, Sport
and Cultural Industries**

No	Reference	Question	Response	Comments	Respondent
5	F&G Reg 14(5)	If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents or each acceptable tenderer, notice of the variation.	Yes		Brodie Pearce
6	F&G Reg 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of F&G Reg 16.	Yes		Brodie Pearce
7	F&G Reg 18(1)	Did the local government reject the tenders that were not submitted at the place, and within the time specified in the invitation to tender.	Yes		Brodie Pearce
8	F&G Reg 18 (4)	In relation to the tenders that were not rejected, did the local government assess which tender to accept and which tender was most advantageous to the local government to accept, by means of written evaluation criteria.	Yes		Brodie Pearce
9	F&G Reg 17	Did the information recorded in the local government's tender register comply with the requirements of F&G Reg 17.	Yes		Brodie Pearce
10	F&G Reg 19	Was each tenderer sent written notice advising particulars of the successful tender or advising that no tender was accepted.	Yes		Brodie Pearce
11	F&G Reg 21 & 22	Did the local governments's advertising and expression of interest documentation comply with the requirements of F&G Regs 21 and 22.	N/A	There were no expressions of interest for 2017	Brodie Pearce
12	F&G Reg 23(1)	Did the local government reject the expressions of interest that were not submitted at the place and within the time specified in the notice.	N/A		Brodie Pearce
13	F&G Reg 23(4)	After the local government considered expressions of interest, did the CEO list each person considered capable of satisfactorily supplying goods or services.	N/A		Brodie Pearce
14	F&G Reg 24	Was each person who submitted an expression of interest, given a notice in writing in accordance with Functions & General Regulation 24.	N/A		Brodie Pearce
15	F&G Reg 24AD(2)	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice.	N/A	The City did not invite applicants for panels in 2017	Brodie Pearce
16	F&G Reg 24AD(4) & 24AE	Did the local government's advertising and panel documentation comply with F&G Regs 24AD(4) & 24AE.	N/A		Brodie Pearce



Department of
**Local Government, Sport
and Cultural Industries**

No	Reference	Question	Response	Comments	Respondent
17	F&G Reg 24AF	Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of F&G Reg 16 as if the reference in that regulation to a tender were a reference to a panel application.	N/A		Brodie Pearce
18	F&G Reg 24AD(6)	If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application, notice of the variation.	N/A		Brodie Pearce
19	F&G Reg 24AH(1)	Did the local government reject the applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time specified in the invitation for applications.	N/A		Brodie Pearce
20	F&G Reg 24AH(3)	In relation to the applications that were not rejected, did the local government assess which application (s) to accept and which application(s) were most advantageous to the local government to accept, by means of written evaluation criteria.	N/A		Brodie Pearce
21	F&G Reg 24AG	Did the information recorded in the local government's tender register about panels of pre-qualified suppliers, comply with the requirements of F&G Reg 24AG.	N/A		Brodie Pearce
22	F&G Reg 24AI	Did the local government send each person who submitted an application, written notice advising if the person's application was accepted and they are to be part of a panel of pre-qualified suppliers, or, that the application was not accepted.	N/A		Brodie Pearce
23	F&G Reg 24E	Where the local government gave a regional price preference in relation to a tender process, did the local government comply with the requirements of F&G Reg 24E in relation to the preparation of a regional price preference policy (only if a policy had not been previously adopted by Council).	Yes		Brodie Pearce
24	F&G Reg 24F	Did the local government comply with the requirements of F&G Reg 24F in relation to an adopted regional price preference policy.	N/A	This is a long standing policy	Brodie Pearce
25	F&G Reg 11A	Does the local government have a current purchasing policy in relation to contracts for other persons to supply goods or services where the consideration under the contract is, or is expected to be, \$150,000 or less.	Yes		Brodie Pearce



Department of
**Local Government, Sport
and Cultural Industries**

I certify this Compliance Audit return has been adopted by Council at its meeting on _____

Signed Mayor / President, Greater Geraldton

Signed CEO, Greater Geraldton

AC062	BUSINESS CONTINUITY – GENERATOR CONNECTIVITY
-------	----------------------------------------------

AGENDA REFERENCE:	D-18-009043
AUTHOR:	B Wilson, Acting Manager Engineering Services
EXECUTIVE:	R McKim, Chief Executive Officer
DATE OF REPORT:	24 January 2018
FILE REFERENCE:	GO/11/0020
ATTACHMENTS:	No

EXECUTIVE SUMMARY:

The intent of this report is to provide the Audit Committee with awareness of actions undertaken in support of the City's Business Continuity arrangements and reliability of operations to the community.

EXECUTIVE RECOMMENDATION:

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act 1995 RESOLVES to:

1. NOTE the works undertaken to improve the City's ability to respond to power outages and emergency events.

PROPONENT:

The proponent is the City of Greater Geraldton.

BACKGROUND:

Five City-owned facilities have been upgraded to enable the prompt connection of an electrical generator in the event of a power failure (by the Western Power supply network). These facilities augment existing buildings with generator connectivity, including the Emergency Coordination Centre, Geraldton Airport, Geraldton Depot and the Meru Waste Management facility.

Mullewa Administration Office, Mullewa – this facility was upgraded for generator connectivity, to enable the continuity of operations. In addition to being a staff work location, the Administration Office provides a customer service point, public library and driver & vehicle licensing services to the community. Generator connectivity enables all these services to continue in the event of a power loss.

Mullewa Recreation Centre, Mullewa – this facility was upgraded for generator connectivity, to enable its' use as an evacuation centre, where an incident generally affects Mullewa-based residents. The provision of this connectivity will also enable other uses, such as a welfare site in the event of a heatwave, owing to the facilities' air-conditioning and refrigeration appliances. An agreement has been signed with the Department of Communities for their use of this facility during emergencies.

Mullewa Swimming Pool, Mullewa – this facility was upgraded for generator connectivity, to enable the ongoing provision of this service to the Mullewa community. Particularly during summer, the Mullewa community can frequently

experience power outages, subsequently affecting most manual or refrigerate methods of keeping cool. The ability for the Swimming Pool to remain operational provides an ongoing means of recreation and reprieve to community members from the routinely 40°C+ days.

Queen Elizabeth II Centre, Geraldton – this facility was upgraded for generator connectivity owing to its use as an evacuation centre, in the event of an emergency which displaces residents from their homes (such as bushfire or flooding). This facility is the City's default evacuation centre, and an agreement has been signed with the Department of Communities for their use of this facility during emergencies. This project also facilitated the installation of air-conditioners in the facility, further enhancing the buildings usefulness both during and outside of emergencies.

Walkaway Recreation Centre, Walkaway – similar to the Mullewa Recreation Centre facility, the Walkaway Recreation Centre was upgraded for generator connectivity, to enable its' use as an evacuation centre, where an incident generally affects Walkaway-based residents. An agreement has been signed with the Department of Communities for their use of this facility during emergencies.

COMMUNITY, ENVIRONMENT, ECONOMY AND GOVERNANCE ISSUES:

Community:

Generator connectivity at the Mullewa Swimming Pool and Mullewa Administration Office provides a redundancy to these important community services, particularly over summer when the temperature in Mullewa routinely exceeds 40°C. During Jan & Feb 2015 the Mullewa community experienced 9 power outages over a 3-week period, where residents, business operators, government and essential services were without power for almost 90 hours during this period. During Feb - Apr 2016, 13 power outages were experienced owing to planned works and un-planned network failures.

During a power outage, the Mullewa Pool was previously forced to cease operation, owing to an inability to cycle, filter and dose water at appropriate rates, and with relevant chemicals. Generator connectivity now enables both the Pool and Administration Office to continue to operate during power outages.

Environment:

There are no environment impacts.

Economy:

The works discussed in this paper will improve the region's ability to respond to and recover from power outages and emergency events. This capability makes the regional economy more resilient.

Governance:

As a trial, City owned generators are located at the Mullewa Administration Office and Swimming Pool over the summer period (when power outages are historically most likely).

During non-Summer months, generators will be securely stored, but available for deployment to each of the five aforementioned facilities, in response to an impending or actual event/incident.

The City has a number of small to mid-size (50kVa) generator. These generators fulfil most of the City's requirements throughout the year. These generators are frequently used for community events / celebrations, construction project requirements and in emergencies.

If a large generator is required (100kVa), it would need to be hired in.

The following facilities remain without generator connectivity:

- Civic Centre, Geraldton
- Aquarena, Geraldton
- Community Nursery, Geraldton
- Geraldton Art Gallery
- Mullewa Depot
- Multi-Purpose Centre, Geraldton
- Visitors' Centre, Geraldton

RELEVANT PRECEDENTS:

The Audit Committee regularly reviews reports relating to the auditing processes of the City and the Audit function, (AC045 Audit report Actions 3 October 2016).

COMMUNITY/COUNCILLOR CONSULTATION:

These projects were undertaken as a result of significant community appeal and concern in relation to the unreliability of power supply in the Mullewa area. The City has met with Western Power representatives on multiple occasions over several years to continue to highlight this issue and lobby for resolution on behalf of the Mullewa community.

LEGISLATIVE/POLICY IMPLICATIONS:

Under the provisions of the *Local Government (Audit) Regulations 1996* regulation 16 and 17, the Audit Committee is to review the CEO's report in relation to risk management, internal control and legislative compliance. Operational Guideline 09 Audit in Local Government (Department of Local Government Sport and Cultural Initiatives) provides that good audit committee practices are to include reviewing whether the local government has a current and effective business continuity plan.

FINANCIAL AND RESOURCE IMPLICATIONS:

Upgrading of the Mullewa Administration Office and Swimming Pool was completed at a value of \$13,863. The upgrading of the Mullewa Recreation Centre, Queen Elizabeth II Centre and the Walkaway Recreation Centre cost approx. \$18,500.

The City presently has 6 generators of varying capacity, which would be utilised in the first instance to provide power generation to facilities with generator connectivity. Subsequent requirements may force temporary hire.

INTEGRATED PLANNING LINKS:

Title: Governance	Good Governance & Leadership
Strategy 4.5.2	Ensuring finance and governance policies, procedures and activities align with legislative requirements and best practice

REGIONAL OUTCOMES:

The works discussed in this paper will improve the region's ability to respond to and recover from power outages and emergency events. This capability makes the regional economy more resilient.

RISK MANAGEMENT

The actions taken this financial year will go some way to mitigate emergency situations within the Geraldton region. However further works are required.

ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS

This report is for Audit Committee awareness only.

AC063	BUSINESS CONTINUITY MANAGEMENT IMPLEMENTATION PROGRAM
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AGENDA REFERENCE:	D-18-014770
AUTHOR:	B Pearce, Coordinator Procurement & Risk
EXECUTIVE:	B Davis, Director Corporate & Commercial Services
DATE OF REPORT:	21 February 2018
FILE REFERENCE:	RM/6/0012
ATTACHMENTS:	Yes (x4)
	A. Draft New Council Policy CP 4.25 Business Continuity Management
	B. BCM Procedures v1
	C. BCM Event Response Plan v1
	D. BCM Sub Plan Template v1

EXECUTIVE SUMMARY:

This report provides an overview of newly commenced Business Continuity Management Implementation Program.

EXECUTIVE RECOMMENDATION;

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act RESOLVES to:

1. NOTE the Business Continuity Management Implementation Program; and
2. REQUIRE the CEO to hold a BCP exercise in accordance with the implementation program;
 - a. Require a report be provided to the Audit Committee on the completion of a BCM exercise.

PROPONENT:

The proponent is the City of Greater Geraldton.

BACKGROUND:

As per the Risk Management Report item AC055, considered by the Audit Committee on 2 October 2017, the City has completed a detailed review and update to the City's Risk Management Framework. This review highlighted areas of improvement in how risk is managed. These improvements required an update to the Business Continuity Management (BCM) framework at the City.

The City as part of the review and update of BCM undertook detailed research into BCM process, templates and frameworks across state and local government sectors. This research ultimately found that the QLD state government BCM framework and guidelines provided an excellent model that would best enable the City to establish effective BCM. The City (using the QLD BCM model) has now completed a review and rework of the City's BCM framework.

The proposed new BCM framework is made up of the following components:

- 1 Draft New Council Policy CP 4.25 Business Continuity Management**
 - 1.1 Head of power for BCM at the City.
- 2 BCM Procedures v 1**
 - 2.1 Central procedure detailing development processes, roles and responsibilities and structure for the BCM Framework.
- 3 BCM Event Response Plan v 1**
 - 3.1 Executive Management Team Plan for managing a critical event.
- 4 BCM Sub Plan Template v 1**
 - 4.1 Department level BCM sub plan which directions the departmental return to business as usual in support of the main Event response plan.

Due to the update to the BCM framework the prior timeframes for a full BCM exercise could not be achieved. The City instead reviewed and prioritised the testing of core BCM resilience capability as per the ICT disaster recovery testing and the backup generator capability.

The full development and implementation of City wide BCM will follow the below implementation program.

BCP PROJECT PLAN TIMEFRAME	DUE DATE
1. BCP template /format for presentation to CCS & CEO -Manager Presentation of new BCP documentation	February
2. BCP template /format for presentation to Audit Committee	March
3. Prepopulate BCP <ul style="list-style-type: none"> • Review mandatory/non-mandatory functions • Confirm required Departments requiring full BCP Sub-Plans (preliminary numbers 15-20 sub-plans required departments/teams whose function are critical in some way) 	April/May
4. Workshops with Departments	May/June
5. Review and validate content <ul style="list-style-type: none"> • Resource allocation assessed • EMT approves resource allocation • LGIS review and verification of BCM 	July
6. EMT Approval of plan	August
7. Exercise Plan	August
8. Update plan from Lessons learnt	September

COMMUNITY, ENVIRONMENT, ECONOMY AND GOVERNANCE ISSUES:**Community:**

There are no community impacts.

Environment:

There are no environmental impacts.

Economy:

There are no economic impacts.

Governance:

There are no governance impacts.

RELEVANT PRECEDENTS:

This item has the following relevant precedents:

- AC039 – Status of City Risk Management Activities
- AC044 – Status of Risk Management & Compliance Activities
- AC056 – Status of Business Continuity Plan

COMMUNITY/COUNCILLOR CONSULTATION:

There has been no community/councillor consultation.

LEGISLATIVE/POLICY IMPLICATIONS:

This item has compliance and policy implications as follows:

- *Local Government (Audit) Regulations 1996* Regulation 17
- Department of Local Government & Communities Integrated Planning
- City of Greater Geraldton Risk Management Framework
- Council Policy 4.7 Risk Management

FINANCIAL AND RESOURCE IMPLICATIONS:

There are no financial or resource implications.

INTEGRATED PLANNING LINKS:

Title: Governance	4.5 Good Governance & Leadership
Strategy 4.5.2	Ensuring finance and governance policies, procedures and activities align with legislative requirements and best practice

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT

The BCP is a major risk mitigation to the disruption to City operations. Its successful implementation has better equipped the City to deal with a potential disruption.

ALTERNATIVE OPTIONS CONSIDERED

Officers considered maintaining the earlier versions of the BCM. However, this option was ultimately rejected due to the detailed review of the Risk Management Framework which required an update to the BCM framework.

City of Greater Geraldton

CP 4.25 BUSINESS CONTINUITY MANAGEMENT

SUSTAINABILITY THEMEGovernance

OBJECTIVES

The Business Continuity Management Policy has been developed in conjunction with the City's Risk Management Framework to assist the City prepare for major disruptive events to its operations.

POLICY STATEMENT

The Policy defines the City's approach to business continuity management and the principles by which business continuity plans will be developed and maintained.

POLICY DETAILS**1. Business Continuity Planning**

The objective of business continuity management is to minimise the impact of a disruptive event on critical operations and the delivery of services to the community by ensuring that the organisation develops an effective Business Continuity Framework and that relevant Business Continuity Plans are in place. Examples of disruptive events include: natural disasters; fire or flood damage to the City facilities; IT business systems failure; and telecommunications failure.

A key aim of the City's Business Continuity Management Framework is to;

- 1.1.** Increase organisational resilience by undertaking specific actions to strengthen the City's adaptive capability for managing sudden and significant change;
- 1.2.** Continue to deliver critical business functions and services in a disruptive event or disaster;
- 1.3.** Effect recovery with as little down time and negative impact as possible; and
- 1.4.** Recognise and act on improvement opportunities inherent in an improved understanding of the City's core business processes and objectives.

The City's Business Continuity Framework is made up of the following,

- 1.5.** Business Continuity Management Policy - defines the City's approach to business continuity management and the principles by which business continuity plans will be developed and maintained within the organisation.

- 1.6. Business Continuity Plan - provides the required detail for the coordination and management of the organisation during a significant disruptive event, the process for relevant business continuity plan activation and deactivation, and detail regarding BCP training and exercise requirements to ensure preparedness for disruptive events.
- 1.7. Departmental Business Continuity Sub-Plans - considers the impact of disruptive events on critical operations and documents procedures to allow continuity of services in the event of significant disruption.

2. Approach to Business Continuity Management

Business Continuity Management at the City will align to the AS/NZS 5050:2010 Business Continuity – Managing Disruption-Related Risk Standard, which was developed to assist organisations maintain continuity of their operations through effective management of disruption-related risk. This will equip the organisation with the capacity to

- 2.1. Stabilise any disruptive effects as soon as possible;
- 2.2. Safeguard the City's assets, including people, property and financial resources;
- 2.3. Continue and/or quickly resume those operations that are most critical to the City's objectives to ensure the delivery of essential services to the community;
- 2.4. Expedite a return to normal operations and recovery; and
- 2.5. Capitalise on any opportunities created by an event.

KEY TERM DEFINITIONS

ROLES AND RESPONSIBILITIES

The Executive Management Team are responsible for overseeing Business Continuity Management across the organisation.

The Corporate Services department is responsible for the coordination of business continuity management including the oversight of appropriate documentation, training, coordinating testing and monitoring of the Business Continuity Management Framework.

Managers are the Departmental Business Continuity Sub-Plans owners whom have responsibility for undertaking business impact analysis and ensuring that all critical functions under their responsibility have Business Continuity Plans established, maintained and reviewed. The Corporate Services team will assist with this process.

Each critical function within a Department will have an appointed Business Continuity Plan owner who has the responsibility for actioning continuity arrangements when a critical function is interrupted. The owner must also ensure that relevant employees are aware of and trained in the actioning of the plan.

WORKPLACE INFORMATION

CP 4.7 Risk Management Policy

City of Greater Geraldton Risk Management Framework

City Business Continuity Plan

AS/NZS 31000:2009 Risk Management – Principles and Guidelines

AS/NZS 5050:2010 Business continuity – Managing disruption-related risk

POLICY ADMINISTRATION

Directorate		Officer	Review Cycle	Next Due
Corporate and Commercial Services		Manager Corporate Services	Biennial	XXXX
Version	Decision Reference	Synopsis		
1.	CCS123 – XX XXX XXXX	New Policy designed to support CP 4.7 Risk Management Policy		



AC063 - B

Business Continuity Management Procedures

DOCUMENT ADMINISTRATION

Directorate		Officer	Review Cycle	Next Due
Corporate and Commercial Services		Manager Corporate Services	Annually	XX XXX XXXX
Version	Decision Reference	Date	Comment (if applicable)	
1.	EMT XX XXX XXXX	XX XXX XXXX	Newly developed document,	

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Introduction

This Procedure is designed to provide the management and staff of the City of Greater Geraldton (“the City”) with the information and tools necessary for a robust and effective Business Continuity Management (BCM) Framework (“Framework”).

Its aim is the delivery of a standardised, consistent approach to event and Business Continuity Management, whilst providing a best practice methodology that fits within the City’s overarching Risk Management Framework.

This document sets out the governance framework to ensure a sustainable state of preparedness and the management principles to be followed should any event cause, or threaten to cause, serious impact to the operations of the City.

It provides a process to facilitate organised decision-making in the event of a major Event that might otherwise be chaotic, to:

- Protect safety of staff, visitors and the community.
- Provide flexible responses to a variety of incidents.
- Assist decision making in a potentially uncertain and stressful environment.
- Manage and minimise the consequence of incidents to the City’s operations.

The City of Greater Geraldton ‘**BCM Event Response Plan**’ and supporting ‘**BCM Sub-Plans**’, developed in conjunction with this Framework Procedure, documents the response strategies to be followed by the City of Greater Geraldton to respond, recover, resume and restore to a pre-defined level of operation following disruption.

Scope

The City should maintain an up-to-date and fit-for-purpose Business Continuity Response Plan. Each Departments shall ensure their individual BCM Sub-Plans remains up-to-date and fit-for-purpose.

Business Continuity should form part of every project and at all stages of a Change Management Process within the City in order to mitigate any associated risks.

The impact of a project upon existing Business Continuity arrangements and any Change Management Processes must include an element of Business Continuity Management to ensure their effects are incorporated into recovery arrangements and requirements.

Consequently, the procedures in this Procedure apply to all areas under the control of the City.

Emergency Response procedures such as evacuation and associated activities are considered under Occupational Health & Safety constraints and consequently do not fall within scope. The Business Continuity Plans will however provide information of current procedures for reference purposes.

Assumptions

Business Continuity Management principles assume that all external hazard management agencies respond as per normal.

Event Management

The City defines an Event as

- Threatens the health and safety of staff, visitors and/or community and/or;
- Has the potential to disrupt critical activities for more than one business day and/or;
- Crosses over the responsibilities of more than one Directorate.

Event may result from single or multiple events; be accidental, intentional or an act of nature; occur suddenly or have an extended lead time.

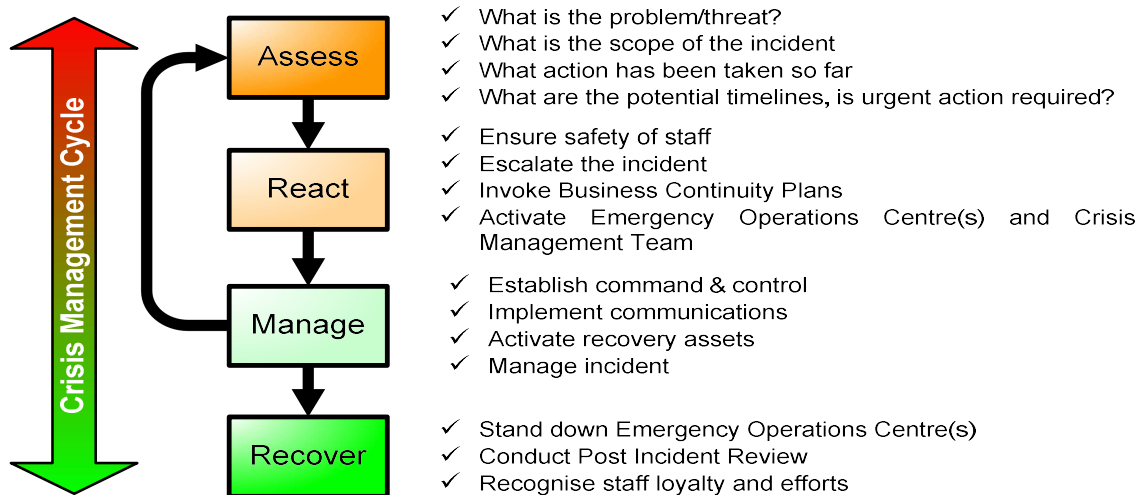
It is important to note that Event response and Event management is dictated by the impact the event has or may have on the City and not by the event itself. The City’s BCM Event Reponses Plan extends this principle to respond to the following impacts;

- Loss of (or access to) buildings or infrastructure
- Loss of ICT Systems or Power
- Loss of key staff
- Loss of key suppliers

Therefore, during any event the City will seek to:

- **Before all else**, establish the safety and wellbeing of staff, visitors and the community.
- Provide assurance to the community that the City’s operations and service to residents remain strong and viable.
- Provide regular, concise and meaningful communications internally and externally.
- Work together as a team demonstrating the City’s principles and values to swiftly return the impacted Departments to normality.

Event Management is a scalable cyclical process, of which there are four generic phases.



Flexibility is required at all times.

Within the Event Management Cycle, it is appropriate to continually re-assess the situation and modify the response, which will result in a different set of **reactions**, and tasks to **manage** the incident, leading to the ultimate **recovery** of the business.

For example, the initial assessment of an event may lead to reaction and management phases that subsequently prove to be inadequate, or the scale and nature of the Event may change.

Event Response

Before an event there are opportunities to implement proactive controls that can make potentially disruptive events less likely or less severe, as well as making preparations for contingencies to be activated only once an event commences. The contingent controls implemented are aimed at reducing the scale and effects of disruption, returning to routine operations and a full recovery as soon as possible and seizing any opportunities that may arise.

Command and Control

It is always preferable to over-react to an incident, and then scale down the response, than to underestimate the level of response required.

Under normal circumstances, Departments manage their own recovery in accordance with the pre-planning in their Business Continuity Plans, with support from the relevant support areas. Effectively, a 'small' event involving a single Department would be managed by the specific Manager.

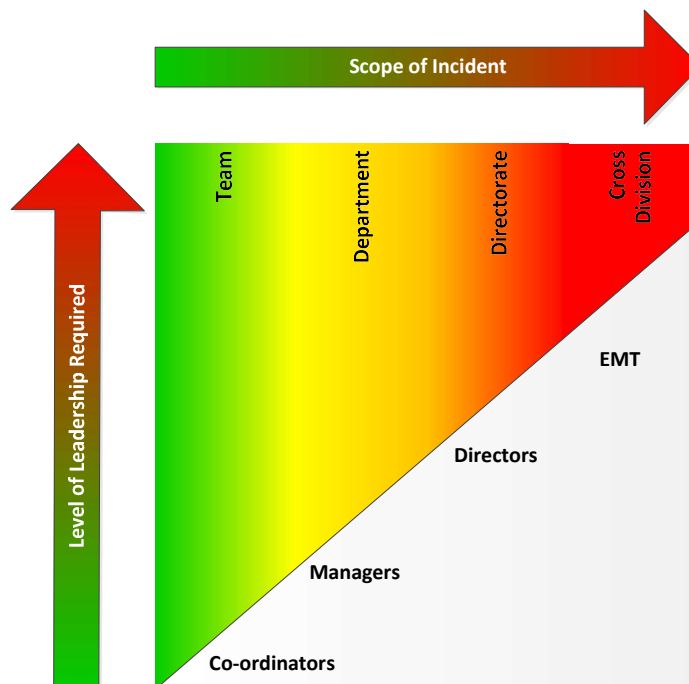
As the real or potential impact increases, the command and control of any situation should be escalated up the City's management structure and should be based upon the existing management reporting lines.

When an event reaches a point where its effects become material to the City or crosses inter-Directorate boundaries, the 'Executive Management Team' (EMT) will be convened to provide strategic leadership of the Event to minimise the impact on the City's operations and public image.

As shown below, higher levels of control may be invoked in response to the assessment of the situation or threat.

If the City is exposed to a situation that threatens the safety of staff, the loss of premises or any other situation that could result in a material impact for the City, then the situation should be **immediately** escalated.

If any doubt exists as to the level of potential impact, it is recommended that escalation occurs.



Event Communications

Event Communications Role Descriptions

No one is permitted to represent the City without prior approval from the Executive Management Team. All interviews, with any media outlet, are to be coordinated by the Communications team.

The following is a list of Key Staff and their roles with regard to Event Communications.

Mayor

The Mayor is the City's official spokesperson on all non-operational issues in a Event management situation and plays a key role in developing City messages.

Chief Executive Officer

The CEO is the City's official spokesperson on all operational issues in a Event management situation. In the CEO's absence the Executive acting as CEO must be able to take on the role of official spokesperson.

Executive Management Team

Executives are responsible for ensuring all staff are fully briefed and aware of the requirements of this communications plan.

Communications Team

All media inquiries on any issue are to be referred to Communications.

The City is committed to delivering accurate, timely and relevant information to the community, media, councillors, staff, the public and other stakeholders.

It is absolutely crucial for responses to the media to be accurate, truthful and open. The City's long-term reputation for truthfulness outweighs any short-term gain.

If the City is experiencing intense media coverage, it is essential for the Communications Team professionals to have all the information necessary to frame correct responses, so it is incumbent on staff to supply all relevant information. The most common error is for staff to not include a piece of information because they think it is not relevant.

Access to all information – including confidential material where required – is absolutely crucial in the shaping of correct responses. Cover-ups ALWAYS attract more damaging coverage than an initial misstep.

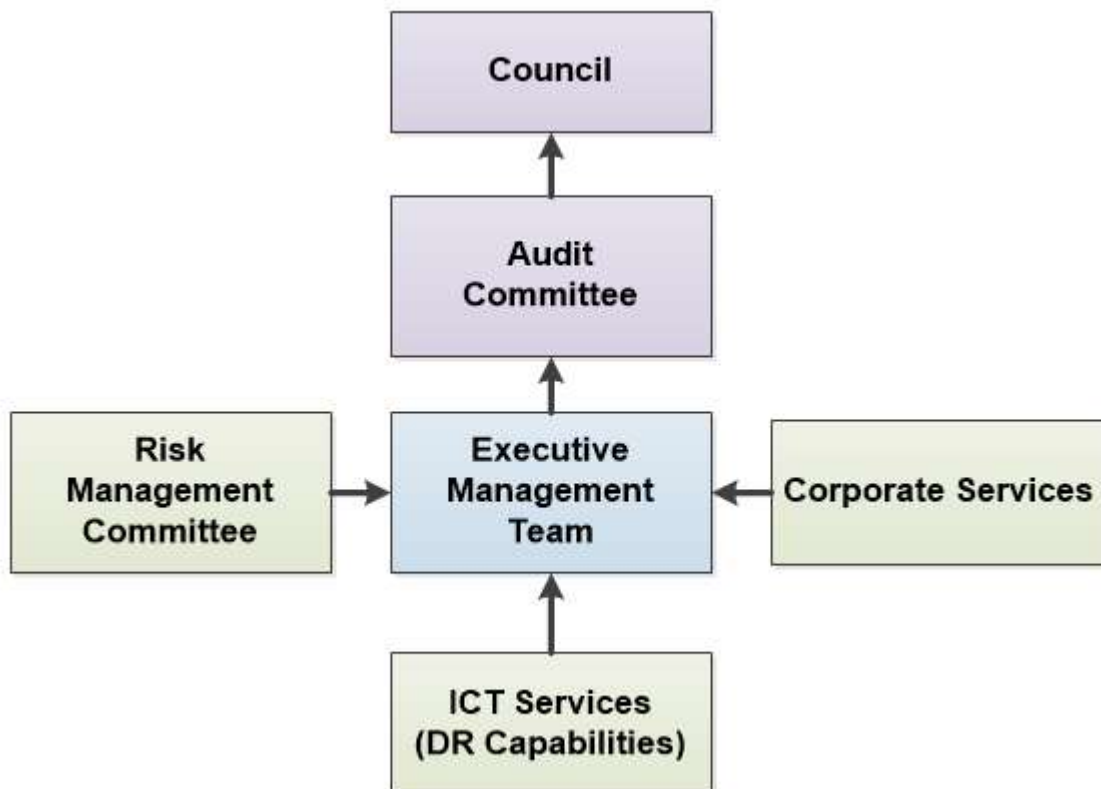
To assist in this process, any area with responsibility for an issue likely to result in media coverage should report the relevant information to the Communications Team or the Executive Management Team with urgency.

Business Continuity Management

Business Continuity Management is an integrated process that encompasses the following two main elements:

- **Management Practices**
 - Defining, reviewing and consistently improving the Framework and how it will be implemented, controlled and validated.
 - The integration of Business Continuity into business-as-usual activities and organisational culture.
- **Technical Practices**
 - The ongoing review and assessment of the City's objectives, functions and environmental constraints against operations.
 - Identification and enablement of appropriate strategies and processes to determine how best to recover from business disruption.
 - Maintaining documented plans around the current strategies and processes.
 - Validating, through exercise and formal review that this program meets the key objectives.

Business Continuity Governance Structure



Governance Roles & Responsibilities

Executive Management Team

The Executive Management Team is responsible for:

- Regular oversight of the Risk Management Framework, including the Business Continuity Program.
- Sharing best practice to improve the overall Business Continuity process.
- Advocating cross-Directorate activities such as plan strategies and exercises where applicable.

Council

Council is responsible for:

- Reviewing and approving the City's overall business strategies, risk management strategies, risk appetite, frameworks and policies for managing key risks.
- Providing direction to Executive Management Team and delegating appropriate authority to accept risk and oversee implementation and outcomes.

Risk Management Committee

The Risk Management Committee is responsible for:

- Determining the appropriateness and effectiveness of the Business Continuity Framework.
- Reporting on Framework implementation or specific material risks as they are escalated in line with the underlying Risk Management Framework.

Corporate Services

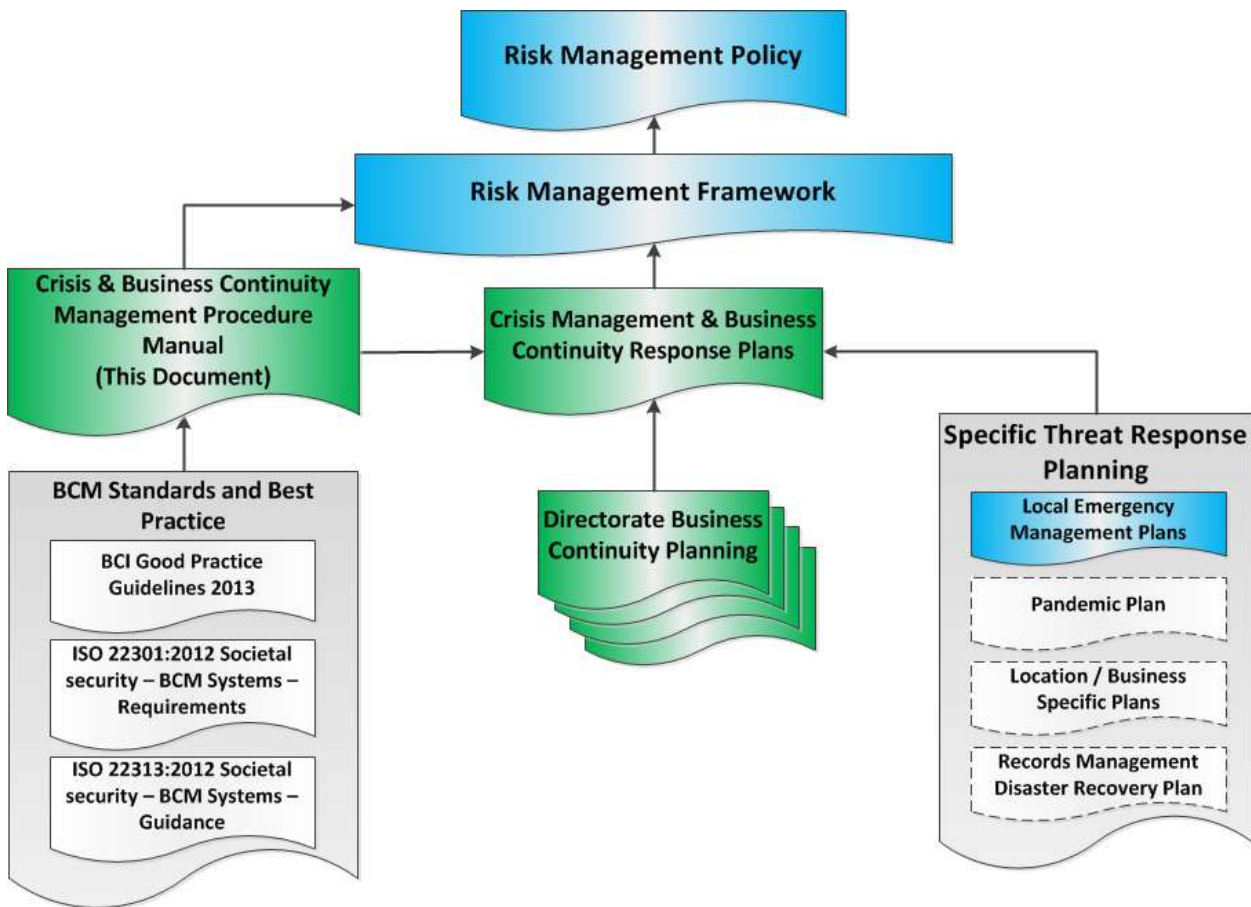
Corporate Services are responsible for developing and implementing the City's Business Continuity Management Program. This includes:

- Monitoring mandated Divisional activities within the Business Continuity Program.
- Coordination of City wide Business Continuity activities.
- Support/guidance/reports for the Executive Management Team
- Providing training and support to staff in Business Continuity concepts and templates.

Information Systems

The IT Manager is responsible for developing, maintaining and reporting to the Executive Management Team on the City IT Disaster Recovery Framework and capabilities.

Document Structure



The above diagram depicts the documentation involved in the Business Continuity Program. Other components of the overall Risk Management Framework, such as Strategic, Operational & Project Risk documentation have not been shown.

Directorate Event Preparation Requirements

Each Directorate is responsible for the maintenance and upkeep of their own Business Continuity data and for promoting awareness through:

- Contributing to and implementing procedures under this Procedure.
- Delivering advice and consultancy within their Divisions, and in cross-functional and cross-Directorate programs.
- Partnering with support areas and other Directorates to provide solutions that meet recovery requirements.
- Liaising with the Executive Management Team to ensure best practise is maintained.

The following provides a summary of generic responsibilities for all Directorates:

Outsourced Partners/Key Suppliers

Identify and assess any associated risks and be satisfied that these entities have robust processes that result in an adequate BCM program.

Budgetary Considerations

Fund and provide forecast budgeting for Business Continuity activities required in relation to the City's Business Continuity Management Program (e.g. Resiliency improvements, testing).

Risk Identification & Reporting

Follow standard City Risk Management Procedures to identify threats, determine their potential impact and the likelihood of their occurrence.

Displacement Strategies

Where Directorates intend using existing alternative operational buildings or other local government buildings as recovery sites, they must make an assessment of the capacity of the site(s) and the timeframe over which the site(s) could operate in a combined business continuity and operational mode. In addition, formal approval must be obtained from the relevant Executive / Owner of the other site (where applicable). This would also need to be reviewed, assessed and approved at least annually.

Off-site Copies of Plans

Copies of all plans must be appropriately and securely kept at relevant off-site recovery sites as well as by a number of responsible staff having designated responsibilities under each plan.

Culture

Directorates must satisfy themselves that colleagues engaged in Business Continuity activities have the appropriate training and knowledge and are aware of the expectations held of them should the need arise.

Department Event Preparation Requirements

Human Resources

Develop and exercise plans to provide trauma counselling for colleagues and their families.

Communications

Develop and test plans for the management of media and internal & external communications during an incident.

Information Services

Fund and provide forecast budgeting for all IT Infrastructure associated with recovery sites, in addition to any other IT Disaster Recovery and IT Connectivity testing as required under standard policy. Liaise with Directorates to agree expectations of IT systems and infrastructure recovery time and point objectives.

Occupational Safety & Health

Develop and implement emergency response plans and drills as required under legislation. This includes identifying and training Wardens and First Aid representatives.

Building Services

Fund and provide forecast budgeting associated with the availability, maintenance and/or lease of alternative sites as required. Implement and oversee salvage and restoration activities as required.

Financial Services

Ensure ability to make ad-hoc and increased payments as requested by Executive Management Team.

Event Management Structure



Event Management Roles & Responsibilities

Executive Management Team / Event Management Team

The Executive Management Team is called together as a result of, or the potential for, a material Event affecting the City.

The EMT is comprised of:

- CEO
- Director Corporate and Commercial Services
- Director Community Infrastructure
- Director Creative Communities
- Director, Sustainable Communities
- Or, in their absence, their Deputies.

The EMT's main responsibilities include:

- Minimise the impact on the City's operations and public image (reputation).
- Strategically managing the incident, through strong organisational leadership and communications.
- Approve necessary expenditure and ratify major recovery decisions.
- Ensure that the recovery efforts have the necessary resources and support.
- Set critical milestones and time frames for recovery.
- Ensure that Employees are fit for the role they're being asked to perform.

Managers/Coordinators/Supervisors

Managers/Coordinators/Supervisors are to ensure that actions, decisions and any other requirements of the EMT are enabled, completed and reported on.

The Executive Management Team will request support from specialist areas as required by the level and scope of the incident. An 'Administrative Support Team' will also form and provide assistance to the EMT from an administrative perspective. Whilst overall membership and support will initially be set by the EMT during the first 'assessment' meeting; membership and support roles may change as required.

Communications

- Provide advice and specialist guidance regarding internal and external communications. (Refer [Event Communications](#) Section).
- Draft internal and external communications.
- Oversee all media liaison.

Human Resources

- Provide information on staff as required.
- Facilitate the provision of essential welfare services to staff.
- In liaison with Police, facilitate informing and updating next of kin.
- Manage communications with appropriate external parties (e.g. WorkSafe)
- Ensure the ongoing capability to remunerate staff.

Information Systems

- Continually update and provide specialist guidance to Executive Management Team regarding status and actions of IT.
- Manage strategic issues relating to IT & Communications.
- Ensure planned responses (IT DR) are co-ordinated in line with expectations and capabilities.

Finance

- Manage all financial aspects of the Event including cash flow requirements of the City.

Governance

- Ensure the Executive Management Team is continually aware of any legal aspects of the situation.

Building Services

- Provide specialist guidance regarding premises and security matters.
- Manage strategic issues relating to liaison with emergency services, recovery sites and salvage.

Risk Management Committee

- Provide support and guidance to Executive Management Team on process and Business Continuity matters.
- Continuously monitor achievement of recovery objectives.
- Maintain constant liaison with the Executive Management Team.

Work in Progress

Business Continuity Framework Guidelines

Business Continuity Management is an integrated process that encompasses the following elements within management and technical practices:

Policy & Program Management

Defining, reviewing and consistently improving the BCM Program and how it will be implemented, controlled and validated.

This Procedure forms part of the BCM Framework which is governed under the Risk Management Policy. The review of this framework should be completed in conjunction with the review frequency of that Policy. To support the improvement culture within the City, this framework may be supported with annual action plans as detailed in the Integrated Planning process.

This Program is owned, managed and facilitated by the Risk Management Committee.

Embedding Business Continuity

Integrating Business Continuity into business-as-usual activities and organisational culture

The application of this program will support the integration of Business Continuity and overall Risk Management methodology into operational and strategic decision making. Ongoing program reviews must ensure that education and awareness is considered in all planned activities.

Analysis

The ongoing review and assessment of the City's objectives, functions and environmental constraints to operations

A Business Impact Analysis (BIA), should be conducted or formally reviewed every two years for all Departments, or earlier if the Department has been subjected to any material change including but not limited to:

- Structural (hierarchy).
- Operational Objectives.
- Project/change management.
- IT software or infrastructure.

Those Departments currently rated 'High' Criticality (See below) must have their BIA's reviewed by the Risk Management Committee. In all cases, the impact of a business interruption to services from key suppliers or third parties should also be clearly analysed and understood.

The Risk Management Committee is required to consider and analyse any specific threats to the City's Operations and ensure that these are reflected in business continuity or threat specific planning.

<u>Time Criticality Ratings Overview</u>		
(Based on lowest Recovery Time Objective / Maximum Tolerable Period of Disruption in the area)		
High	Medium	Low
>= 3 days	4 – 10 days	>10 days

Design

Identification and enablement of appropriate strategies and processes to determine how best to recover from a business disruption

The City considers the following a reflection of current strategies which may be used in part, in combination or consecutively as required.

This list is non-exhaustive and subject to constant review.

Do Nothing (mothball the activity)

This strategy is to be employed for all activities that are not considered time critical. This approach is to allow management to focus initial efforts on critical activities only. Resumption of these activities (and the associated backlog) should occur as soon as practical.

Recovery Sites

Formal Recovery Sites have been determined in advance to ensure the swift resumption of critical business functions following an incident, which has rendered the original operational site inaccessible or inoperable.

Other forms of Recovery Sites include “hot desk” arrangements to provide dual resources to staff needing to work at another site for varied reasons.

Displacement

As the City operates from more than one site, consideration to placement of staff will take into account the potential displacement of less critical tasks in favour of those more critical in the case of a business disruption.

Where this strategy is employed, it is imperative that the area being displaced has clear objectives around staff and workload management during the period of disruption. Consequently, this strategy will be approved by the EMT.

Sharing

This strategy has two main options:

1. Increasing the number of people per workstation.
2. Creating shifts over a greater period of the day. Workstations or work areas are used over more hours than the standard 8. Potential people management issues will need to be taken into consideration.

Working from home

A simple and effective strategy that allows an almost immediate resumption of activities. It is only effective for those staff:

- Using their own PC.
- Taking Laptops home (prior to incident).
- Having available connectivity and Internet security.

Potential Occupational Safety & Health issues will need to be taken into consideration.

Implementation

Maintaining the BCM Event Response Plan around current strategies and processes

Whilst the Executive Management Team own this document, it is developed, managed and reviewed by the Risk Management Committee under delegation. Adequate time and resources must be allocated to achieving a functional and valuable Plan. It is the input and understanding of the Business Continuity data and localised strategies that will determine how effective the plan can be.

This plan should be updated every 12 months. The plan must also be reviewed whenever structural, technological or procedural considerations indicate. Once reviewed, it must be approved by EMT and approved copies distributed accordingly.

Further assistance should be made available from the Risk Management Committee.

Validation

Validating, through exercise and formal review that the program meets its key objectives

An effective fit-for-purpose plan cannot be considered reliable until it has been exercised and proven as workable, especially since false confidence may be placed in its reliability. Consequently, exercising the plan assumes considerable importance in establishing the BCM ability and capability of the City.

Exercises do not create pass/fail situations; rather they are designed to expose the areas in the plan that need to be revisited.

The major components of the Plan should be tested annually and revised upon the results of each test.

As the Business Continuity Management Program develops within the City, additional test types may be introduced, however at this stage the plan will be tested via Desktop Scenarios.

Desktop scenario exercises provide a mechanism to validate the plan, identify any improvements that can be made and provide training to those people who would be involved with the enactment of the plan in an actual Incident. Among other things, desktop scenario exercises are designed to identify any potential roadblocks and their solutions, to ensure that when the plan is executed in a real life situation it will work without fail.

The objectives of exercises are to:

- Ensure staff are aware of their roles and responsibilities
- Act out critical steps to recognise difficulties in the plan
- Demonstrate decision making abilities and knowledge of response operations
- Highlight areas of improvement



City of
Greater Geraldton
a vibrant future



City of Greater Geraldton

BCM Event Response Plan

Dec 2017

Hard copies of this plan are located at:

- Civic Centre reception
- Civic Centre – Western exit
- Library
- CEO's Office
- CEO's vehicle
- Director Office(s)
- Director vehicle(s)

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Document Control

Version	Date Revised	Revised By	Changes Made
0.1	December 2014	LGIS	Initial Draft for consideration
0.3	January 2015	City of Greater Geraldton	Minor structural amendments, updating of contact details and addition of site maps
0.3	February 2015	City of Greater Geraldton	Addition of Witness to Event Section
0.4	August 2017	City of Greater Geraldton	Detailed document review Update to stakeholders and contacts list Review of BIA's Removal of Process no longer undertaken Inclusion of Promapp Processes

Executive Summary

Objectives

The objective of the City of Greater Geraldton Business Continuity Plan is enable the City to manage the response and recovery to a disruption to critical business functions.

The objectives of this plan are to:

- define Council's critical business functions.
- undertake a risk management assessment in relation to critical business functions.
- detail Council's immediate and recovery response to those risks assessed as a high or extreme risks.
- detail strategies and actions to be taken to enable Council to continue to provide critical business functions in the event of a disaster.
- review and update this plan on a periodic basis.

Plan Holders

Holders of the plan are to ensure that they keep a copy in the office as well as a copy off-site.

Executive Management Team: Civic Centre

Name	Position	Alternative / Deputy
Ross McKim	CEO	Bob Davis Other Director
Chris Lee	Director Infrastructure Services	Michael Dufour
Bob Davis	Director Corporate & Commercial Services	Paul Radalj
Phil Melling	Director Development & Communities	Murray Connell
Sheri Moulds	Executive Assistant	Laani Pegler

Internal Support Team

Name	Role	Contact	Alternative / Deputy
Peta Kingdon	Corporate Communications	9965 6738 0427784243	Janell Kopplhuber
Dennis Duff	Manager ICT Services	9956 6671 0429 578 937	Graham English
Paul Radalj	Manager Treasury & Finance	9956 6626 0407 232 244	Auke Van Der Weij
Jeff Graham	Manager Corporate Services	9956 6614 0418933071	Margot Adam Brodie Pearce
Brian Robartson	Manager Land and Regulatory Services	9956 6661 0418 921 981	Hayley Williamson (EHO) Laura McLeod (Property)
Carrie Puzzar	Manager Human Resources & Safety	9956 6675 0427 326 320	Natalie Hope
Michael DuFour	Acting Manager Engineer Services	9956 6979 0409 732 787	David Ward
Kerry Smith	Manager Maintenance Operations	99 56 6716 0407 471 128	Jeremy Henderson
Graham Morris	Manager Fleet Services	9956 6719 0429 191 582	Kelvin Smith

2 – Assess Event

Administrative Support Team

Name	Position	Contact
Peta Bennett	Administration Officer	9956 6992
Ebony Enright	Administration Officer	9956 6633
Amy Zinetti	Administration Officer	9956 6654

Emergency Evacuation Muster Points

Civic Centre

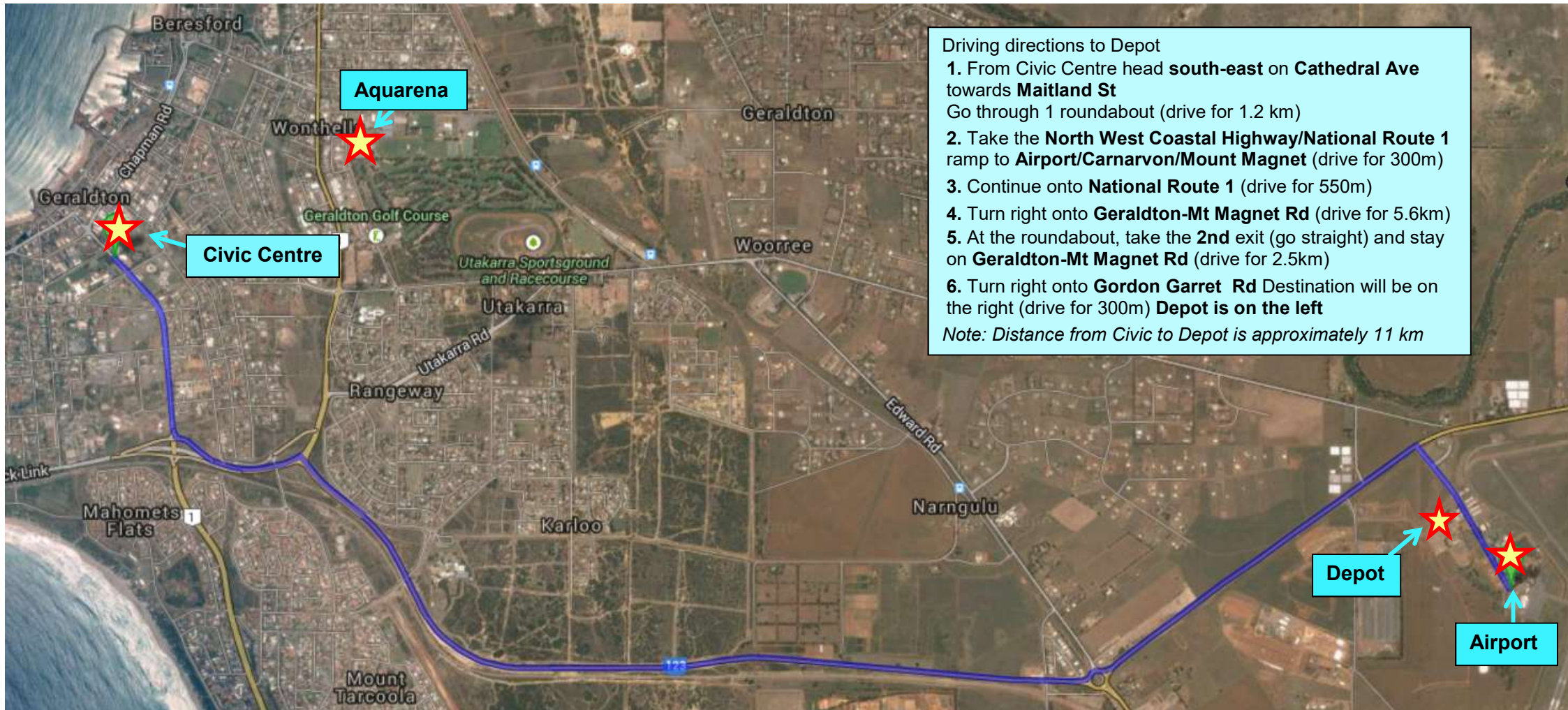


2 – Assess Event

Depot



Direction from Civic Centre to Depot



Driving directions to Depot

- 1.** From Civic Centre head **south-east** on **Cathedral Ave** towards **Maitland St**
Go through 1 roundabout (drive for 1.2 km)
- 2.** Take the **North West Coastal Highway/National Route 1** ramp to **Airport/Carnarvon/Mount Magnet** (drive for 300m)
- 3.** Continue onto **National Route 1** (drive for 550m)
- 4.** Turn right onto **Geraldton-Mt Magnet Rd** (drive for 5.6km)
- 5.** At the roundabout, take the **2nd** exit (go straight) and stay on **Geraldton-Mt Magnet Rd** (drive for 2.5km)
- 6.** Turn right onto **Gordon Garret Rd** Destination will be on the right (drive for 300m) **Depot is on the left**

Note: Distance from Civic to Depot is approximately 11 km

Checklists:

1. Emergency Response & Plan Activation Procedures

Action	Who	Done
Respond to audible and telecommunication alarms	<i>Onsite Staff</i>	
Evacuate Building if required to do so	<i>Wardens</i>	
Implement Emergency Management Plan	<i>Onsite Staff</i>	
Secure impacted sites where safe to do so	<i>Wardens</i>	
Receive information from relevant sources (Internal, DFES, Police, Stakeholders)	<i>Wardens</i>	
Account for and verify staff welfare and safety	<i>Responsible Officers</i>	
Contain the problem where safe to do so / or relevant	<i>Responsible Officers</i>	
Take appropriate safety precautions (e.g. turn off gas, water and electricity).	<i>Brian Robartson</i>	
Convene the EMT to review the situation and / or declare a Business Continuity crisis. Convene in the following order: <ol style="list-style-type: none"> 1. Civic Centre – Exec Meeting, 2. Library Randolph Stow Meeting Room (1&2) 3. QPT – Mezzanine Floor, and 4. Depot – Meeting Room. 	<i>EMT</i>	
Agree future location for convening the EMT and arrange access and /or teleconferencing facilities, if necessary.	<i>EMT</i>	
Invoke Business Continuity Plan if business interruption is estimated to be longer than one working day.	<i>EMT</i>	
Activate the Support and Admin Teams	<i>EMT</i>	
Secure involvement of staff from the specialist support areas with expertise relevant to the incident.	<i>EMT</i>	
Depending on nature of incident, agree reassignment of responsibilities, where appropriate.	<i>EMT</i>	
Contact all staff and advise attendance requirements and location	<i>EMT</i>	

Notes 1): Emergency Response in bold red border

Notes 2): EMT Executive Management Team

2 – Assess Event

Task		
Assess the situation and confirm the extent of the incident: 1. What is the nature of the incident & which areas are, or may become impacted? <input type="checkbox"/> Loss of People <input type="checkbox"/> Loss of (or access to) buildings / infrastructure / equipment <input type="checkbox"/> Loss of ICT <input type="checkbox"/> Loss of Supplier	Who	Done
2. What is the geographic scope of the incident? (Appendix C Maps)	Who	Done
3. What action has been taken so far?	Who	Done
4. Is urgent action required?	Who	Done
5. What needs to be done next?	Who	Done
6. What is the potential timeline?	Who	Done
7. Delegate responsibilities and determine target times:	Who	Done
Record all decisions, actions and issues (Admin Support Team)	<i>Who?</i>	

2 – Assess Event

Task		
<p>The EMT's main responsibilities include:</p> <p>8. Safety and Welfare of Employees.</p> <p>9. Minimise the impact on the City's operations and public image (reputation).</p> <p>10. Strategically managing the incident, through strong organisational leadership and communications.</p> <p>11. Approve necessary expenditure and ratify major recovery decisions.</p> <p>12. Ensure that the recovery efforts have the necessary resources and support.</p> <p>13. Set critical milestones and time frames for recovery.</p> <p>14. Ensure that Employees are fit for the role they're being asked to perform.</p>		
<p>Determine Employee's welfare requirements:</p> <ul style="list-style-type: none"> • Set up an Employee help-line, (radio, social media) • Establish a program to monitor Employee's medical & stress factors • Engage Employee Assistance Programs (EAP) • Consider Employee's family responsibilities • Assist pregnant Employees • Set up a roster system and / or additional resources to manage workload • Assist people with disabilities • HR to contact family or next of kin only with emergency services provider • Organise refreshments, catering and toilet facilities • Organise suitable transport arrangements for Employees if required • Organise temporary accommodation if required • Ensure strategy for Employees to be paid 		
<p>Ensure regular updates and allocate responsibilities for updates.</p> <p>Methods:</p>	<p><i>EMT / Communications</i></p>	
<p>Current Time-Critical Deliverables:</p> <ul style="list-style-type: none"> ▪ Identify all current time-critical deliverables. Determine priority and effort. 		
<p><i>Insert on the day</i></p>		
<p><i>Insert on the day</i></p>		
<p><i>Insert on the day</i></p>		
<p><i>Insert on the day</i></p>		
<p> </p>		
<p> </p>		
<p> </p>		

2 – Assess Event

Task		

2 – Assess Event

Critical Business Functions SUB PLAN Lists

Recovery Time Objective: 1 Day
Office of the CEO
1. Advise and instruction to all Employees
2. CEO, Mayor and Council liaison and support
3. Screen Callers into Office of the CEO
4. Provide advice and specialist guidance regarding internal and external communications
Infrastructure Services
1. Aquarena public safety
2. Aquarena water quality
3. Monitor critical projects daily progress and key milestones
4. Daily monitoring of Major Project OSH
5. Respond to urgent shade sail repairs (make safe for the public)
6. Removal of fallen trees or branches (make safe for the public)
7. Coastal erosion issues that may impact public safety and critical infrastructure
8. Building Maintenance where safety and operations are impacted
9. Stores (PPE, equipment, Fuel, i.e. operational requirements)
10. Workshop services (mechanical services)
11. Depot Administration/Operations
12. Traffic Management
13. Access to infrastructure assets information
14. Infrastructure Works Requests reporting public safety or infrastructure impacted
Corporate & Commercial Services
1. Establish internal & external communications
2. Network Security Management
3. Corporate Business Systems support
4. User IT Support
5. Core applications and authoritative datasets
6. I.T. Infrastructure (hardware and servers)
7. Core Networking (WAN)
8. Payroll
9. Call Centre Set up
10. Establish Call Centre / Hot Desk
11. Continually update and provide specialist guidance to Executive Leadership Team regarding status and actions of IT.
12. Manage strategic issues relating to IT & Communications.
13. Ensure planned responses (IT DR) are co-ordinated in line with expectations and capabilities.
14. Provide information on staff as required.
15. Web and Social Media updates
16. Monitor Media activities
17. Media enquiries, Press Releases and liaison
18. Community and Stakeholder engagement
19. Oversee all media liaison

2 – Assess Event

Recovery Time Objective: 1 Day

20. Facilitate the provision of essential welfare services to staff.

21. In liaison with emergency services, facilitate informing and updating next of kin.

22. Manage communications with appropriate external parties (e.g. WorkSafe)

23. Ensure the ongoing capability to remunerate staff and Chapman Valley

24. Manage all financial aspects of the incident including cash flow requirements of the City.

25. Ensure the Executive Management Team is continually aware of any legal aspects of the situation

Development & Communities Services

1. Respond to dog attacks

2. Respond to reports of wandering animals

3. Care for impounded animals

4. Respond to off-road vehicle matters

5. Attend to and remove abandoned vehicles

6. Recover City from Emergencies

7. Manage/respond to bushfires

8. Law and safety operations/administration

9. Building security and emergency repairs (fire, theft, etc)

10. Maintain public toilets (needles, vandalism)

11. Maintain the City Waste Disposal Facilities in accordance with the licence

2 – Assess Event

Recovery Time Objective: 3 Days
Office of the CEO
1. Liaise with Senior Members of the community and private sectors
2. Manage the index of Council minutes & register of Resolutions
3. Monitor mail and correspondence to Mayor and Office of the CEO
4. Manage Council meetings
5. Implement Council Decisions
Infrastructure Services
None
Corporate & Commercial Services
1. System and data backups
2. File services
3. Licence and Contract Compliance
4. Procurement
5. Provide GIS services
6. Records Management
7. Incoming mail
8. ICT Service Desk
9. Banking (processing of transactions)
10. Corporate Training (Traffic Management, equipment/PPE usage, etc.)
Development & Communities Services
1. Complaints – Health – Prioritised response
2. Ensure the Executive Leadership Team is continually aware of any legal aspects of the situation.
3. Provide specialist guidance regarding premises and security matters.
4. Manage strategic issues relating to liaison with emergency services, recovery sites and salvage.
5. Mullewa Cemetery Operations Inc. burials
6. Administer the Weighbridge software

2 – Assess Event

Recovery Time Objective: 5 Days
Office of the CEO
1. Maintenance of Council Central index of Committee and Council Minutes
Infrastructure Services
2. Inspection and maintenance of playground equipment
3. Maintain water for operational requirements
Corporate & Commercial
1. Manage insurance claims
2. Contractor induction
3. Injury Management
4. Inductions
5. Website control
6. Printing services
7. Creditor payments
Development & Communities
1. Maintain Internet (Web, Facebook, Bookeasy)
2. Building routine maintenance and repairs
3. Provide public advice on town planning services / building surveying
4. Process building applications
5. Mullewa Youth Centre services
6. Manage QPT performances and venue hire / tour companies – <i>Cancelling contracts</i>
7. Contract Management - Collection of 240Lt, Front Lift and Hook Lift Skip Bins from Residential, neighbourhood Parks and Commercial Properties in Geraldton and Mullewa

2 – Assess Event

Recovery Time Objective: 10 Days
Office of the CEO
None
Infrastructure Services
1. Daily data entry of Outside Worker's timesheets
Corporate & Commercial
1. Industrial Relations Advice
2. Recruitment and Selection
3. Grievance and discipline management
4. Procure new workstations
Development & Communities
1. All other animal complaints
2. Fire mitigation
3. Land development - Subdivision
4. Land and property compliance testing
5. Climate control for art collection in the Art Gallery

Recovery Time Objective: 20 Days
Office of the CEO
1. Preparation of Agendas for Council Meetings
Infrastructure Services
1. Development and maintenance of asset management plans
Corporate & Commercial
1. Delegations from Council
2. Termination Payments
3. Archiving - retention & disposal
Development & Communities
1. Illegal camping, dumping, and local law issues
2. Routine field activities - Health
3. Routine administration
4. Environmental advice (internet and external)
5. Natural areas program
6. Water, energy, corporate Sustainability

2 – Assess Event

Recurring Activities / Events

Refer to Corporate Calendar for list of scheduled corporate commitments, which includes EMT scheduled leave, meetings with external parties, Council, Audit and City committee meeting dates and relevant deadlines for City reporting requirements.

Folder - GO/11/0008 - TRIM - D-16-69391 [Corporate Calendar](#)

Month	Activity
Monthly	Updating of Council's Delegated Authority Register
	Renewal of licences under the Health Act for food businesses, lodging houses, offensive trades, caravan parks
Monthly	Turf Maintenance/Renovate
Monthly	LotteryWest Grants
Monthly	Community Sponsorship
Various	Grant Acquittals
Monthly	Statistics relating to Building Permits received/approved
Monthly	Statistics relating to Planning Applications received/approved
Monthly	<i>Insert new activity</i>
Monthly	<i>Insert new activity</i>
Various	Grant Acquittals
Feb/Mar/Aug/Nov	Networking Forums
Bi-monthly	<i>Insert new activity</i>
Bi-monthly	<i>Insert new activity</i>
Quarterly	Community Assistance Fund
Quarterly	Citizenship Ceremonies
Quarterly	Playground Safety Inspections
Quarterly	<i>Insert new activity</i>
Quarterly	<i>Insert new activity</i>
January	Australia Day Citizenship Ceremony and Premier's Citizenship Awards
January	Regional Event Scheme Funding
January	Christmas Carnival Acquittal
January	Compliance Audit Return
January	<i>Insert new activity</i>
January	<i>Insert new activity</i>
February	Budget Review
February	Bridge Termite Inspections
February	Hoon Funding
February	Recreational Boating
February	<i>Insert new activity</i>
February	<i>Insert new activity</i>
March	Aware Grant Application
March	Primary Return Review
March	Lodge Local Government Compliance Audit Return
March	Bridge Termite Inspections
March	Bike Week
March	Facility Funding
March	Anzac Day Arrangements
March	<i>Insert new activity</i>

2 – Assess Event

Month	Activity
March	<i>Insert new activity</i>
April	Youth Week Activities
April	Bridge Gutter Sweeping
April	Circulate Delegation Reminder
April	Maintain Corporate Registers
April	Prepare for Auditors
April	Review of Delegations
April	Budget Preparation
April	Youth Week Activities
April	<i>Insert new activity</i>
April	<i>Insert new activity</i>
May	Appointment of Fire Control Officers
May	Development of Fire Prevention Notice
May	Volunteer Week
May	<i>Insert new activity</i>
May	<i>Insert new activity</i>
June	End-of-financial year payroll processes including generation of Payment Summaries.
June	Printing of Fire Prevention Notices
June	Lease Portfolio Review
June	Publication of Fire Notices (Government Gazette)
June	Performance Reviews
June	<i>Insert new activity</i>
June	<i>Insert new activity</i>
July	Budget
July	End of Financial Year
July	Circulate Annual Returns
July	Maintain Corporate Registers
July	<i>Insert new activity</i>
July	<i>Insert new activity</i>
Month following adoption of budget	Councillor/Staff Service Recognition Function
August	Confirm Local Government Election
August	Local Government Elections Preparation
August	<i>Insert new activity</i>
August	<i>Insert new activity</i>
September	Regional Road Group
September	Publication of Fire Notices (Local Paper)
September	Publication of Fire Control Officers Appointments
September	Insurance Assessments to Lessees
September	<i>Insert new activity</i>
September	<i>Insert new activity</i>
October	Maintain cash receipting and banking requirements during rates period
October	Pedestrian Bridges & Road Traffic Bridges
October	Policy Review
October	Local Government Elections
October	Financial Audit

2 – Assess Event

Month	Activity
October	Animal Registrations
October	<i>Insert new activity</i>
October	<i>Insert new activity</i>
November	Local Law Review
November	Deleted Policy Manual Review
November	Fire Mitigation prior to fire / storm season
November	<i>Insert new activity</i>
November	<i>Insert new activity</i>
December	Jetties and Boat ramps
December	Civil, Parks, Waterways, Plant, Paths
December	Christmas Carnival Arrangements
December	Australia Day Arrangements
December	<i>Insert new activity</i>
December	<i>Insert new activity</i>
TBC	<i>Insert new activity</i>
TBC	<i>Insert new activity</i>
TBC	<i>Insert new activity</i>
TBC	<i>Insert new activity</i>
TBC	<i>Insert new activity</i>

2 – Assess Event

2 React

Task	Who	Done
Record all decisions, actions and issues.	EMT	
Ongoing staff welfare requirements.		
If relevant, ensure external & emergency agencies are involved in management of problem.		
<p>Determine a meeting venue & <u>call a staff meeting</u>. Advise staff:</p> <ul style="list-style-type: none"> ▪ Appraisal of the situation & the scope of the incident ▪ Inform them of the actions already decided upon ▪ Agree on <u>reporting arrangements</u> ▪ Remind them of the <u>Media Policy</u> ▪ Allocation of duties or who will be sent home <u>and why</u> ▪ Review of equipment & resource needs for continuity of services. ▪ When the next communication can be expected and how it will be communicated 		
Refer <u>Scenario-Specific Checklists</u> (Following pages)	EMT	
<p>Consider and agree the following key actions:</p> <p>15. What is considered to be the recovery objective(s)</p>		
16. Instructions / targets for recovery		
17. Delegate authority for <u>special</u> responsibilities		
18. Assign operational responsibilities		
19. Assign salvage or restoration responsibilities		
<p>20. Release funds for approved tasks and actions</p> <p><i>(Need to develop BCM Account for use in BCM incidents)</i></p>		

2 – Assess Event

Task	Who	Done
21. Delegate alternate actions for staff		
22. Future communications		
23. Set the time, date & venue for the next meeting		
Use any available channels for Communication for Councillors, Media, Regulators other Stakeholders and Staff as required. Comms Plan?		
Provide full brief to Senior Staff closest to situation.		
Other:		

Notes:

2 – Assess Event

Scenario-Specific Checklists

a) Scenario-Specific Checklist: Loss of (or access to) buildings / infrastructure / equipment

Tasks	Who	Done
Detail Strategy for relocation; consider:		
<ul style="list-style-type: none"> Recovery Site Alternatives (Airport/Depot, Aquarena, Work from home) and storage facilities (see below) 		
<ul style="list-style-type: none"> People & equipment requirements to maintain Critical Activities 		
<ul style="list-style-type: none"> Salvage or restoration activities of the Civic Centre 		
<ul style="list-style-type: none"> How workstations & communications for staff relocating to other sites will be established and allocated 		
<ul style="list-style-type: none"> Staff travel arrangements to other sites 		
<ul style="list-style-type: none"> How workstations & communications for staff working from home will be organised 		
<ul style="list-style-type: none"> Other support areas to assist with relocation 		
<ul style="list-style-type: none"> Familiarise staff with new arrangements and determine communication protocols 		
Arrange security access controls for the affected building		
Arrange security access controls for the new building/s		
Manage any new OHS/Welfare issues that may arise either during relocation or at the new building/s		
Identify & notify Key Contacts of amended working arrangements		
Other: Coffee		

Notes: Recovery Site Alternatives:

Airport/Depot, Aquarena, QE2 (*QE2 is also a Community Emergency Welfare Centre), Geraldton Library, Work from home, QPT, Other LG's /resource sharing, Dongers/Transportables , commercial space, community churches, schools, etc.

Storage: Depot

2 – Assess Event

b) Scenario-Specific Checklist: Loss of IT, Data or Communications

Please note that ICT disruption are managed by ICT Utilising

[D-17-00467 ICT-DR-PL ICT Business Continuity and Disaster Recovery - Plan](#)

Tasks	Who	Done
Contact IT Support to identify; <ul style="list-style-type: none"> Extent of outage 	EMT	
<ul style="list-style-type: none"> Extent of any data loss 		
<ul style="list-style-type: none"> Restoration target timeframes 		
<ul style="list-style-type: none"> Potential cause(s) 		
Detail strategy and resources to recover / reconstruct lost data where possible:		
Detail approach to IT Recovery and consider: <ul style="list-style-type: none"> Deliverables due today or in the near future: 		
<ul style="list-style-type: none"> Manual procedures or workarounds to complete Critical Business Functions 		
<ul style="list-style-type: none"> System Requirements 		
<ul style="list-style-type: none"> Other productive activities 		
Identify & notify Key Contacts of amended working arrangements		
Ensure ongoing interaction with appropriate IT Incident Management for regular updates and feedback		
Other:		

2 – Assess Event

c) Scenario-Specific Checklist: Loss of People

Tasks	Who	Done
Determine: <ul style="list-style-type: none"> • Number of staff absent and reason for absence, any more potential absentees? • Expected return dates • Critical servicing and staffing gaps 		
<ul style="list-style-type: none"> • Ensure the safety and wellbeing of remaining staff 		
<ul style="list-style-type: none"> • Critical deliverables due today or in the near future 		
<ul style="list-style-type: none"> • The minimum number of staff required to continue operations. 		
<ul style="list-style-type: none"> • Re-allocating critical activities to other competent/trained/skilled (and fit-for-purpose) staff and or contractors 		
<ul style="list-style-type: none"> • Identify any single person dependencies 		
<ul style="list-style-type: none"> • Ceasing non-critical activities (deferred activities) 		
<ul style="list-style-type: none"> • Notification / escalation to Health Department or Worksafe etc. 		
Can temporary competent replacements from other sources be organised? <ul style="list-style-type: none"> ○ Other Local Governments (Chapman Valley, Northampton, Irwin, etc.) ○ Volunteers ○ Existing contractors ○ Recruitment agencies / LoGo Appointments ○ Suitable Former employees ○ Tech Colleges or University students ○ Prisoners 		
Ensure appropriate inductions and supervision is in place		
Use any available channels for Communication for Councillors, Media, Regulators other Stakeholders and Staff as required. Comms Plan?		
Identify & notify Key Contacts of amended working arrangements		
Other:		

2 – Assess Event

d) Scenario-Specific Checklist: Loss of Supplier

Tasks	Who	Done
Contact the Supplier (where possible) and determine:		
<ul style="list-style-type: none"> The nature and extent of the incident 		
<ul style="list-style-type: none"> Have operations ceased entirely, or is it limited 		
<ul style="list-style-type: none"> Are there any alternative suppliers? 		
<ul style="list-style-type: none"> Restoration timeframes and clearance of backlogs (if applicable) 		
<ul style="list-style-type: none"> Provision of any services / goods currently in transit 		
Consider:		
<ul style="list-style-type: none"> Critical activities that rely on this supplier 		
<ul style="list-style-type: none"> Length of time before these activities are impacted 		
<ul style="list-style-type: none"> Alternative procedures 		
<ul style="list-style-type: none"> Alternative suppliers 		
<ul style="list-style-type: none"> Communication updates 		
<ul style="list-style-type: none"> Assign someone to monitor & communicate the situation with the supplier 		
<ul style="list-style-type: none"> Legal / risk implications 		
Identify & notify Key Contacts of amended working arrangements		

2 – Assess Event

3 Manage

The following is a basic standing agenda for each regular meeting. Incident-specific information should also be included where relevant.

Tasks	Who	Done
Arrange responsibilities for tasks & determine target completion times		
<u>Record all decisions, actions and issues.</u>		
Monitor ongoing staff welfare requirements		
Considerations to be discussed and actioned accordingly:		
• Review effectiveness of recovery actions to date		
• Discuss any emerging issues or new information		
• Reassess resource requirements and capabilities		
• Review all working arrangements for affected areas		
• Review Critical Business Activities (Achievement of Recovery Time Objectives)		
• Review existing / current workload and any backlogs		
• Review all outstanding Deferred Activities and arrange resumption		
• Assess any insurance implications		
• Set next meeting and venue		
Identify & notify Key Contacts of amended working arrangements		
Provide feedback, information, copies of communications & copies of logs to the Admin Support Team to ensure that an appropriate record of the incident is maintained		
Provide updates to impacted staff		
Release external communications if deemed appropriate		
Conduct site visit if deemed appropriate		
Ensure all relevant stakeholders continue to be kept informed		
Continue to monitor crisis and issue instructions as appropriate		
Review status of crisis and scale down recovery as situation dictates		

4 Recover

Tasks	Who	Done
Arrange responsibilities for tasks & determine target completion times		
<u>Record all decisions, actions and issues.</u>		
Monitor ongoing staff welfare requirements		
For review and agreement:		
• Completed action items		
• Recovery objectives		
• Plans are in place to deal with any backlogs		
• Communication to staff to recognise efforts		
• Target date for completion of post incident review		
Provide copies of logs and decisions to Admin Support Team		
Undertake <u>post-incident review</u>, including: 24. Communication within and between Executive and Support areas 25. Effectiveness of communication with affected areas 26. Cost of recovery arrangements and insurance offsets 27. Effectiveness of recovery strategies 28. Advice to external and internal customers 29. Media arrangements 30. Impact of crisis on City's reputation 31. Timeframes for tasks and achievement of target 32. Impact on work flows of affected and interdependent areas 33. Special staffing arrangements and acknowledgment of contributions. 34. IT recovery arrangements.	<i>Support Team</i>	
Present findings to the Audit & Risk Committee for review.		

Notes:

2 – Assess Event

Key Contacts

Contact Points (Internal)

Position	Contact	Alternate
Main Civic Centre Email	council@cgg.wa.gov.au	Set up "Out of Office" Message.
Main Reception	9956 6600	Redirect to after-hours contact centre XXXXXX
Building Maintenance Line (Day)	9956 6994	Redirect to Amy Eastough 9956 6954
FDC On-call Emergency	0408 218 481	Redirect to back-up mobile 0427 217 155
IT Service Desk	9956 6631	Redirect to ICT Coordinator on 042 791 1647, or Call Centre on XXXXXX
Main Email point for media enquiries	MicheleM@cgg.wa.gov.au	Redirect to CorporateCommunications@cgg.wa.gov.au
Main Landfill Site	9923 3188	Redirect to Jessica Flex 0429 291 611
Main Reception (Depot)	9956 6701	Redirect to After-hours number XXXXXX
Manager Land and Regulatory Services,	0418 921 981	Redirect to Hayley Williamson 0429 621 072 EHO Redirect to Direct to Laura Macleod 9956 6995
Manager Community & Cultural Development	0447582638	Redirect to Fred Block 0438217452
Manager Urban and Regional Development	0428 943 229	Redirect to which coordinator
Manager Operations	0407 471 128	Redirect to Jeremy Henderson Road/drainage 0448063954 Redirect to Graham Smith Parks 0408 471 007
Manager Project Delivery	9956 6764	Redirect to Trevor Pitt 9956 6764
Manager Treasury & Finance	0407 232 244	Redirect to Auke 0435 933 073
Manager Corporate Services	0418933071	Redirect to Margot Adam 9956 6992
Mayor	0417910005	Redirect to 0429 790062
MWCCI (CEO)	9964 6767	Redirect to 9964 6767
MWDC (CEO)	XXXXXX	Redirect to 9921 0702
MWPA? (CEO)	XXXXXX	Redirect to 9964 0520
Coordinator P&R	0418 907 647	Redirect to Adrian Paine 0417910005
Coordinator OSH	0408 952 222	Redirect to
Coordinator Environmental Health and Waste	0429 621 072	Redirect to

2 – Assess Event

External Contacts

Company	Contact
Police, Fire, Ambulance	000
Police – non emergency	99234 555
Employee Assistance Program	1300 361 008
Department of Local Government & Communities	(08) 6551 8700
Department Parks & Wildlife	9964 0901
Department Fire & Emergency	9956 6000
Geraldton Regional Hospital	9956 2222
Western Power	9921 0336
Water Corporation	9965 7400
Alinta Gas	13 13 52
Dial Before You Dig	1100
Dept of Education (FED)	99641391
Dept of Child Protection	9965 9500
Dept Environment Regulation	9964 0901

Contractors

Service	Contractor	Contact
Asbestos removal	Batavia Timber & Salvage	9923 2281
Banking	Commonwealth Bank	132 221
Bin collections	Toxfree	
Supply and Spray Bituminous Product	Fulton Hogan Industries Pty Ltd,	9454 0100
Supply, Supply and Lay Bituminous Concrete	Cat West	0418 939 621
Building Security	Sun City Security	9921 1400
Cash collection	Sun City Security	9921 1400
Cleaners	Hot Cleaning, Delron Cleaning, Norfolk Cleaning	Hot Cleaning - 99212544 Delron – 99215950 Norfolk Cleaning – 0409 374 572
Concrete Supplier	Holcim	9964 3888
Deliveries Courier	Acrosstown Courier	9923 0073
Drainage installation	GG Pumps & Electrical	9964 4620

2 – Assess Event

Service	Contractor	Contact
Drainage maintenance	GG Pumps & Electrical	9964 4620
Drainage materials	GNG Concrete & Precast	9923 3705
Electrician	S&K Electrical	9964 6880
Electrician Street Lights	Elite Electrical	9921 4061
Extruded kerbing	Midwest Kerbing	0428 930 097
Fire response Plant Contractors	XXXXXX	XXXXXX
Fire response EM Contractors	XXXXXX	XXXXXX
Fire response DFES	XXXXXX	XXXXXX
Footpaths	Geraldton Mini Concrete	9964 3074
Geotechnical Engineers	GHD	9920 9400
Health Care	Panaceum	9920 8111
Insurance	LGIS	9483 8846
Internet	ISP	8332 3030
Landfill, green, etc	Toxfree	9923 3188
Lawyer	McLeods Barristers	9383 3133
Local newspaper	Geraldton Guardian / Midwest Times	9956 1000
Mail	Australia Post	13 13 18
Mechanical engineers	GHD	9920 9400
Media Designers and Writers	XXXXXX	XXXXXX
Milk delivery	Luscombe Syndicate	9921 2100
Newspaper Delivery	Geraldton Guardian / Midwest Times	9956 1000
Nursery	Volunteers	NA
Plumbing	Active Plumbing	9965 3044
Remove vehicles	MobiTow	0428 939 323
Retrieve vital records	XXXXXX	XXXXXX
Road profiling and kerb grinding	WA Profiling Pty Ltd	9258 4488
Stationery	Staples	9923 4888

2 – Assess Event

Service	Contractor	Contact
Surveyors	HTD	9921 3111
Structural engineers	GHD	9920 9400
Telecommunications	XXXXXX	XXXXXX
Traffic Management	Tru- line Plumbing & Excavation	9923 4700
Trees	Aussie Tree Services	9964 2200
Toilets	Total Toilets	9964 7771
VOIP	Telstra	
Waste/bins	Veolia	9938 9900
Weighbridge software	Mandalay Technologies	+61 407 575 989

2 – Assess Event

City Recovery Information

a) Equipment Cumulative:

		1 day	3 days	5 days	10 days	20 days	>20 days
Workstations/Laptops	Office of the CEO	3	5	5	7	7	7
	Infrastructure Services	10	11	13	28	33	34
	Corporate & Commercial	5	9	11	13	18	24
	Development & Communities	6	6	10	14	16	18
		24	31	39	62	74	83
Printers / MFD's	Office of the CEO	1	1	1	2	2	2
	Infrastructure Services	2	2	4	8	9	9
	Corporate & Commercial	1	4	5	6	6	6
	Development & Communities	4	5	6	6	6	6
		8	12	16	22	23	23
Phones / Mobiles	Office of the CEO	2	5	5	7	7	7
	Infrastructure Services	31	32	32	33	34	34
	Corporate & Commercial	3	7	7	9	9	10
	Development & Communities	12	14	18	21	23	23
		48	58	62	70	73	76

b) People & Equipment per Directorate:

Office of the CEO	Cumulative quantities required within ...					
	1 day	3 days	5 days	10 days	20 days	>20 days
CEO	1	1	1	1	1	1
Manager Office of the CEO	1	1	1	1	1	1
Coordinator Office of the CEO	1	1	1	1	1	1
Officer	0	2	2	4	4	4
Office Equipment (Minimum Levels)						
Workstations / Laptops	3	5	5	7	7	7
Photocopier / Printer / Fax / Scanner	1	1	1	2	2	2
Phones / Mobiles	2	5	5	7	7	7
Infrastructure, Plant and Equipment (Minimum Levels)						
None						

Infrastructure Services	Cumulative quantities required within ...					
	1 day	3 days	5 days	10 days	20 days	>20 days

2 – Assess Event

Infrastructure Services	Cumulative quantities required within ...					
Director	0	0	0	0	0	0
Manager Project Delivery	1	1	1	1	1	1
Manager Regional Waste & Energy	1	1	1	1	1	1
Manager Operations	4	4	4	4	4	4
Manager Aquarena	1	1	1	1	1	1
Managers: Total	7	7	7	7	7	7
Coordinator Regional Waste & Energy	0	2	3	3	3	3
Supervisor Operations	14	14	14	14	14	14
Coordinator / Supervisor Aquarena	3	3	3	3	3	3
Coordinators / Supervisors: Total	17	19	20	20	20	20
Senior Officer Project Delivery	2	2	2	2	2	2
Senior Officer Planning & Design	1	1	1	1	1	1
Senior Officer Regional Waste & Energy	0	0	2	2	3	3
Team leaders Operations	15	15	15	15	15	15
Senior Officer Aquarena	4	4	4	4	4	4
Senior Officers / Team leaders: Total	22	22	24	24	25	25
Officers Planning & Design	1	1	1	1	1	2
Officers Operations	40	50	60	70	70	70
Officers / Casuals Aquarena	5	5	5	5	5	5
Officers: Total	46	56	66	76	76	77
Workstations / Laptops Project Delivery	1	1	1	1	1	1
Workstations / Laptops Planning & Design	1	1	1	1	1	2
Workstations / Lap Regional Waste & Energy	1	2	2	3	4	4
Workstations / Laptops Operations	4	4	6	20	24	24
Workstations / Laptops Aquarena	3	3	3	3	3	3
Workstations / Laptops: Total	10	11	13	28	33	34
MFD Regional Waste & Energy	0	0	1	2	2	2
MFD Operations	1	1	2	5	6	6
MFD Aquarena	1	1	1	1	1	1
Photocopier / Printer / Fax / Scanner: Total	2	2	4	8	9	9
Phones / Mobiles Project Delivery	2	2	2	2	2	2
Phones / Mobiles Planning & Design	1	1	1	1	1	1
Phones / Mobiles Regional Waste & Energy	1	2	2	3	4	4
Phones / Mobiles Operations	22	22	22	22	22	22
Phones / Mobiles Aquarena	5	5	5	5	5	5
Phones / Mobiles: Totals	31	32	32	33	34	34
EFTPOS / Till						
Safe						
Power and hand tools						
Generators						
Utes / Trucks						
PPE						
Radios						
Heavy Plant						
Minor Plant list (Stores)						
Pumps						

2 – Assess Event

Infrastructure Services	Cumulative quantities required within ...					
Held-held radios						
Palintest Kit						
Chemical mixers						
Pumps circulation						
Dosing pumps/Manual dose						

Corporate & Commercial	Cumulative quantities required within ...					
	1 day	3 days	5 days	10 days	20 days	>20 days
Director	0	0	0	0	0	0
Manager Treasury & Finance	1	1	1	1	1	1
Manager Information Technology	1	1	1	1	1	1
Manager Governance	0	0	0	0	1	1
Manager HR & Safety	0	1	1	1	1	1
Managers: Total	2	3	3	3	4	4
Coordinator Treasury & Finance	1	1	1	1	2	2
Coordinator Information Technology	1	2	2	2	2	2
Coordinators / Supervisors: Total	2	3	3	3	4	4
Senior Officer Treasury & Finance	1	1	2	2	3	3
Senior Officer Information Technology	2	4	4	4	4	4
Senior Officer HR & Safety	0	1	3	4	4	4
Senior Officers / Team leaders: Total	3	6	9	10	11	11
Officers Treasury & Finance	1	2	3	3	4	5
Officers Information Technology	2	4	4	4	6	6
Officers Governance	0	0	1	1	1	1
Officers: Total	3	6	8	8	11	12
Workstations / Laptops Treasury & Finance	2	3	5	5	8	9
Workstations / Laptops Information Technology	3	5	5	6	8	13
Workstations / Laptops Governance	0	0	0	1	1	1
Workstations / Laptops HR & Safety	0	1	1	1	1	1
Workstations / Laptops: Total	5	9	11	13	18	24
MFD Treasury & Finance	1	1	2	2	2	2
MFD Information Technology	0	2	2	2	2	2
MFD Governance	0	0	0	1	1	1
MFD HR & Safety	0	1	1	1	1	1
Photocopier / Printer / Fax / Scanner: Total	1	4	5	6	6	6
Phones / Mobiles Treasury & Finance	1	2	2	2	2	2
Phones / Mobiles Information Technology	2	4	4	5	5	6
Phones / Mobiles Governance	0	0	0	1	1	1
Phones / Mobiles HR & Safety	0	1	1	1	1	1
Phones / Mobiles: Totals	3	7	7	9	9	10
Physical Server	1	2	2	2	2	4
Storage capacity	5TB	14TB	14TB	20TB	20TB	30TB
Core switches	1	1	1	2	2	2
Firewall	1	1	1	1	1	1
SAT Phones (mobiles and landlines down)	5	5	5	5	5	5

2 – Assess Event

Corporate & Commercial	Cumulative quantities required within ...					
Internet dongles / WiFi Hotspot	3	5	5	6	8	13

Creative Communities	Cumulative quantities required within ...					
	1 day	3 days	5 days	10 days	20 days	>20 days
Director	0	0	0	0	0	0
Manager QPT	0	0	1	1	1	1
Manager Art Gallery	0	0	0	1	1	1
Manager Family & Children's Services	2	3	3	3	3	3
Managers: Total	2	3	4	5	5	5
Coordinator Family & Children's Services	0	1	1	1	1	1
Coordinators / Supervisors: Total	0	1	1	1	1	1
Senior Officer Family & Children's Services	1	1	1	1	1	1
Senior Officers / Team leaders: Total	1	1	1	1	1	1
Officers Family & Children's Services	1	1	1	1	1	1
Officers: Total	1	1	1	1	1	1
Office Equipment (Minimum Levels)						
Workstations / Laptops QPT	0	0	1	1	1	1
Workstations Family & Children's Services	1	1	1	1	1	1
Workstations / Laptops: Total	1	1	2	2	2	2
MFD Family & Children's Services	1	1	1	1	1	1
Printer / MFD's: Total	1	1	1	1	1	1
Phones / Mobiles QPT	0	0	1	1	1	1
Phones Family & Children's Services	2	2	2	3	3	3
Phones / Mobiles: Totals	2	2	3	4	4	4
Infrastructure, Plant and Equipment (Minimum Levels)						
None						

2 – Assess Event

Development & Communities	Cumulative quantities required within ...					
	1 day	3 days	5 days	10 days	20 days	>20 days
Director	0	0	0	0	0	0
Manager Community Law and Safety	1	1	1	1	1	1
Manager Environmental Health	0	1	1	1	1	1
Managers: Total	1	2	2	2	2	2
Coordinators / Supervisors: Total	0	0	0	0	0	0
Team leaders Community Law and Safety	4	4	4	4	4	4
Senior Officer Economic, T&P	1	1	1	1	1	1
Senior Officer Environmental Health	0	1	1	1	2	2
Senior Officers / Team leaders: Total	5	6	6	6	7	7
Officers Community Law and Safety	4	4	4	4	4	4
Officers Economic, T&P	1	1	1	1	1	1
Officers Environmental Health	0	1	2	3	4	6
Officers Urban & Regional Development	2	2	4	4	4	4
Officers: Total	7	8	11	12	13	15
Workstations/Lap Community Law and Safety	3	3	3	3	3	3
Workstations / Laptops Economic, T&P	1	1	1	1	1	1
Workstations / Laptops Environmental Health	0	0	2	6	8	10
Workstations / Laptops U & R Development	1	1	2	2	2	2
Workstations / Laptops: Total	5	5	8	12	14	16
MFD Community Law and Safety	1	1	1	1	1	1
MFD Economic, T&P	1	1	1	1	1	1
MFD Environmental Health	0	1	1	1	1	1
MFD U & R Development	1	1	2	2	2	2
Photocopier / Printer / Fax / Scanner: Total	3	4	5	5	5	5
Phones / Mobiles Community Law and Safety	8	8	8	8	8	8
Phones / Mobiles Economic, T&P	1	1	1	1	1	1
Phones / Mobiles Environmental Health	0	2	4	6	8	10
Phones / Mobiles U & R Development	1	1	2	2	2	2
Phones / Mobiles: Totals	10	12	15	17	19	21
Hand-held radios						
Ranger vehicle and equipment						
Manager Vehicle, radio, etc						
CESM (Andy) vehicle						
Senior Fire Officer (Craig) vehicle						
Ranger kits						
Fire kits						
EM kits / Lanyards, etc						
Safety Equipment						
Barriers						
Tarps						
Storage boxes						
Keys						
First Aid Kit						
Routine inspection devices						

2 – Assess Event

Development & Communities	Cumulative quantities required within ...					
Sampling equipment						
Nursery equipment						

c) Systems / Applications

Name of system / application	Recovery Time	
	System	Data
Comm Inf Directory	1	1
CSDB / MyData / Works requests	1	3
Harmony	1	1
Internet	1	1
Intramaps / G.I.S. (Internal system)	1	1
Intranet	1	1
MS Office	1	3
MyData	1	1
Outlook	1	1
Synergy (Dog, Properties)	1	3
Synergy (Payroll & Employee records)	1	1
TRIM	1	1
Dog Pound register	3	3
Indesign	3	3
Mandalay Weighbridge software	3	3
Peoplestrene	3	3
Schneider Electric BMS	3	3
Chameleon	20	20
Links modular solutions	20	20
ESXi (VMware)	I.T.-specific	
Hardware Drivers	I.T.-specific	
Server 2008 R2	I.T.-specific	
Service Desk Plus	I.T.-specific	
SQL Server	I.T.-specific	

2 – Assess Event

d) Vital records / reports / forms / documentation

Name of vital record / report / form / documentation	Location	Recovery Options
Asset Management Plans	Asset Dept	Hard copies
Asset Register	Trim	Hard copies
Bank statements	Trim	Hard copies
<u>Business Continuity Plan</u>	Trim	Hard copies
Council Minutes	Trim	Website
Delegations register	Trim	No alternative
Development Archives	Trim	Hard copies
DR Plan	Trim	Hard copies
Educator timesheets	Office	Copy from Educator
Employee records	Trim	Hard copies in HR Dept
Gift register	Trim	No alternative
Health legislation	Internet	Hard copies
Incident forms	Intranet	Gov & Risk O' Drive & Hardcopies
Insurance forms	Intranet	Gov & Risk O' Drive & Hardcopies
Invoices	Synergy	Hard copies
JSA, SWMS, Start Up, Take 5	Dept O' Drive	Hard copies
Media contact list	Corp Comms	Emails, Hard copies
Network documentation	IT Dept	
Papers - Thermal	NA	External supplier
Pool Operations Manual	Aquarena Dept	Aquarena O'Drive & Manager Hard copies
Purchase Order Books	Finance Dept	
Purchase orders	Synergy	Purchase Order Books
QPT Venue hire contracts	TRIM	E-mails
Rates book	Rates Dept	Synergy
Recovery Plan templates	Trim	Gov & Risk O' Drive & Hardcopies
EM arrangements / Plans	Trim	Community Law & Safety O' Drive & Hardcopies
Safety forms	Server	Hard copies kept at Verita Road
Staff contact list	Personnel Files /Trim	HR Hardcopies
Supplier / Contractor list	Trim	Emails, Hardcopies
Templates- Media & Advertising	Intranet	Corp Comms O'Drive
Timesheets	Intranet	Hardcopies
Works requests	Depot	Hardcopies
Lease Register	Trim	Hardcopies

2 – Assess Event

e) Internal Dependencies

Office of the CEO	Interaction required	Recovery Options
Mayor	City Spokesman	Deputy Mayor
Councillors	Council Meeting Decision's	No Alternative

Infrastructure Services	Interaction required	Recovery Options
Building Maintenance	Building Maintenance	Contractors
Payroll	Payment of Staff	No Alternative
All asset owners	Communications	Mobile / face-to-face
Finance	Expenditure approval	No Alternative

Corporate & Commercial	Interaction required	Recovery Options
Payroll Services	Terminations/Pay	Bank run previous pay run
Receivable / Creditors	Purchasing and Payments	No Alternative
OSH	Worker's Comp	LGIS support
Infrastructure	Property team	Building Maintenance

Development & Communities	Interaction required	Recovery Options
Animal management facility	Animal pound	Alternate site
Building Maintenance	Assistance	Contractors
Corporate Communications	Communications	Contract PR Liaison
Senior Property Officer	Contractors	Alternate contractors
Building Maintenance	Climate control	Move artwork to another venue
Procurement & Risk	Insurance	Direct consultation with LGIS
Hayley Williamson, Jessica Felix,	Development & Communities Health Dept	Contractor

2 – Assess Event

Appendix A – Communications Template

Summary of incident
<i>Crucial details to include: injuries, deaths, major impacts on public services, financial wellbeing of the City of Greater Geraldton, employment, staff (What is happening/what has happened, When, Where</i>
Key Risk Issues
<i>List issues that may attract negative media coverage or public reaction</i>
External:
Internal:
Key Messages
<i>Messages to address key issues. Make sure messages are based on actual actions (for example if you say you have consulted, make sure you can show you have).</i>
External:
Internal:
History
<i>Outline relevant past acts such as preventative measures in place, safety processes undertaken, any reports acted upon or not acted upon, possible causes and any possible areas where City of Greater Geraldton, may be perceived to be at fault. Honesty is vitally important for developing accurate and appropriate responses within the communications process.</i>

Experts and contact details
<i>Name position responsible for dealing with Communications. This should not be the incident</i>

2 – Assess Event

manager who is likely to be busy but a predetermined, preferably media trained staff member. This person does not deal directly with the media but sources information. List others who have the required background information and their contact details.

--

Key Stakeholders

Identify key stakeholders who may need added information or direct briefings such as sponsors or funding agencies, relevant state government departments, MPs, partners. Include contact details.

--

Communication Processes

Responsible

Identify processes followed to deliver any information outlined in key messages. List actions still required.

Who carried out or will carry our required communication

2 – Assess Event

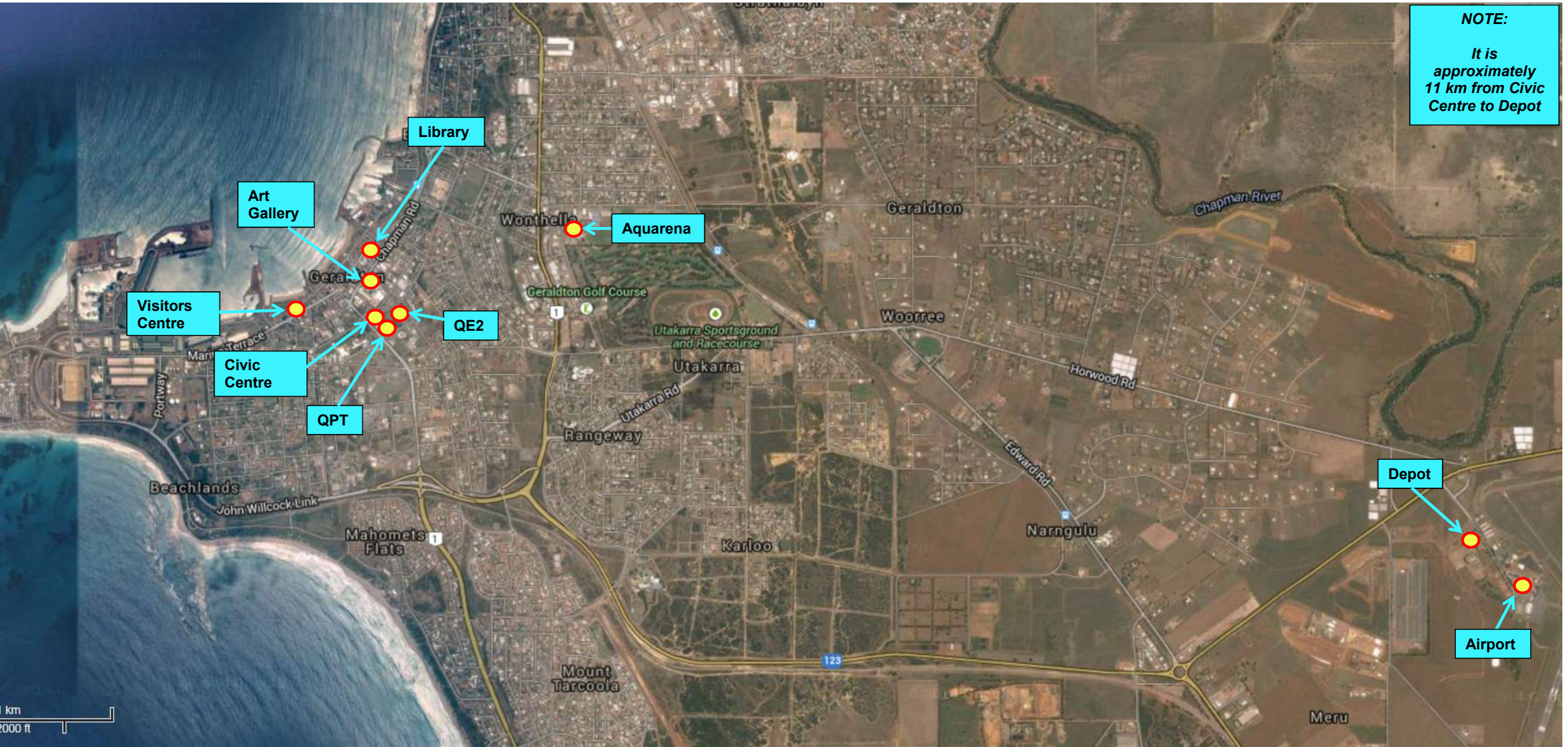


Appendix B - Event Log

Use the Event Log to **record** information, decision and actions immediately following the incident

Date	Time	Information / Decisions / Actions	Initials

Appendix C - Map of Key City Offices within 15km of Civic Centre



Business Continuity Sub-Plan (N#1) Customer Services

AC063 - D



This Sub-Plan is an appendix to the City of Greater Geraldton main Business Continuity Management Plan

1. OVERVIEW

1.1. BCM Trim number	D-18-	BCM Approved by		BCM review approval date	01/02/2019
BCM version number	v.1 Feb 2018	Maximum Allowable Outage (MAO) <i>Business days ONLY</i>		1 days	
1.2. Description of functions This Plan identifies strategies to follow in the event that critical functions of the City are unable to be delivered due to causes discussed within this Plan. Under normal circumstances, the main services/functions of this department are:	1. INSERT FUNCTIONS TITLE AS PER BUSINESS IMPACT ANALYSIS				
1.3. BCM Sub-Plan Leaders					
	SUB-PLAN ACTIVATION AUTHORITY	Plan Owner	Plan Coordinator	Plan Alternative / Backup	
Name					
Position	Director CCS/DCS/IS	Manager	Coordinator / Supervisor	Officer	
Email	@cgg.wa.gov.au	@cgg.wa.gov.au	@cgg.wa.gov.au	@cgg.wa.gov.au	
Alternate email					
Phone (B/H)					
Phone (A/H)					
1.4. Business continuity kits distribution					
Name	Role	Hard copy locations		Electronic locations	
Jeff Graham	Manager Corporate Services	<ul style="list-style-type: none"> • Depot Admin • Library • EMT Officers & their cars • Corporate Services Office 		<ul style="list-style-type: none"> • PDF on Smartphones • Copy on USB • Copy in Promapp • Copy in Trim 	
Bob Davis	Director CCS				
Phil Melling	Director DCS				
Chris Lee	Director IS				
Ross McKim	CEO				

Business Continuity Sub-Plan (N#1) Customer Services

AC063 - D



This Sub-Plan is an appendix to the City of Greater Geraldton main Business Continuity Management Plan

2. STRATEGIES & ACTIONS

2.1 Strategy overview <i>(All hazards approach focusing on the outcomes)</i>	
<p>Loss of Building Access</p> <p><i>(i.e. no access to buildings, note scenario can be amended to reflect critical plant or asset)</i></p>	<ol style="list-style-type: none"> 1. Relocate to an alternative site (e.g., other office site outside emergency location, other City premises, work from home or virtual office set-up) 2. XXX
<p>Loss of ICT services</p> <p><i>(i.e. no access to ICT due to power failure, ICT failure etc)</i></p>	<ol style="list-style-type: none"> 1. Activate Disaster Recovery Plan and Communications Plan 2. Record message for incoming calls advising outage and contact details for emergent issues or divert phone to active phone line 3. Work from externally stored files (e.g., Back-up tapes, USB/portable hard drive, home computer/Smartphone, manual processing based on hardcopy documents) 4. Work from systems available at other office site or virtual office set up 5. Use alternative communication vehicles where email services are unavailable (e.g., private email, telephone/mobile phone, Smartphone) 6. XXX
<p>Loss of critical staff or resources</p> <p><i>(i.e. significant staff unavailability, can include critical contractor or supplier if relevant)</i></p>	<ol style="list-style-type: none"> 1. Ensure back-up staff are cross-trained and utilised for key roles (e.g., succession planning, skills sharing) 2. Source additional staff from other locations (e.g., other office site outside emergency location or other organisation, or engage external or 3rd party provider) 3. XXX

Business Continuity Sub-Plan (N#1) Customer Services

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This Sub-Plan is an appendix to the City of Greater Geraldton main Business Continuity Management Plan

2.2 Plan and prepare *(Pre-requisites to actioning BCM)*

Actions	<ol style="list-style-type: none"> 1. Ensure Plan is up to date and accessible on smartphones, tablet or USB for all key area leaders and BCM 2. Prepare Plan Kits with hard and soft copies of the Plan, vital records and other resources needed in an emergency, review kit regularly and store in multiple easily accessible offsite locations 3. Ensure all staff are aware of Plan and their role(s) on activation 4. Key area leaders supplied with data capable mobile phones or satellite phones and memory sticks to manage communication 5. Key staff are equipped with remote desktop access at home (including access to any function specific ICT applications/technologies) 6. Staff telephone directory (including personal contact information extracted from HR files) updated monthly on RD and key area leaders' iPhone or memory sticks 7. Regional office doors to be locked or unlocked remotely and access to duplicate keys (in Plan Kit or at alternate location) for fleet cars
----------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

2.3 Continuity response actions *(Continued delivery of minimal level of service for MAO in business days)*

Department & MAO	Services to staff	Services to community	Services to third parties <i>(Government or Commercial)</i>	Business Systems Support
Critical Function 1				
1-2 days				
3-5 days				
10-20 days				
Critical Function 2				
1-2 days				
3-5 days				
10-20 days				

2.4 Recovery response actions *(Staged return to normal business)*

Department	Services to staff	Services to community	Services to third parties <i>(Government or Commercial)</i>	Business Systems Support
Critical Function 1				

Business Continuity Sub-Plan (N#1) Customer Services

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This Sub-Plan is an appendix to the City of Greater Geraldton main Business Continuity Management Plan

2.4 Recovery response actions (Staged return to normal business)				
Department	Services to staff	Services to community	Services to third parties (Government or Commercial)	Business Systems Support
Critical Function 2				

3. INTERDEPENDENT FUNCTIONS

ID no.	Name	MAO#	Type*	Description	Dept	Name/Position	B/H	A/H	Email
External									
# MAO = Maximum Allowable Outage = BUSINESS DAYS ONLY * I = INPUT interdependency (i.e. Dept.'s is dependent on another function) O = OUTPUT interdependency (i.e. another function is dependent on the Dept.'s outputs)									

4. COMMUNICATION PLAN

4.1 Communication Objectives		
<ul style="list-style-type: none"> XXX 		
4.2 Key Information (Key messages to be communicated to recipients)	Communication Channel	Recipients
1. XXX	XXX	XXX
See 7. Contact List for full list of key 'go to' people when continuity arrangements are in place		

5. RESOURCING REQUIREMENTS

5.1 People (Minimum required while under continuity arrangements as identified in 2.3 Continuity response and 2.4 Recovery responses)		
Position	Responsibilities	Number
XXX	XXX	XX
XXX	XXX	XX

Business Continuity Sub-Plan (N#1) Customer Services

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This Sub-Plan is an appendix to the City of Greater Geraldton main Business Continuity Management Plan

5.1 People <i>(Minimum required while under continuity arrangements as identified in 2.3 Continuity response and 2.4 Recovery responses)</i>		
Position	Responsibilities	Number
		Maximum if required
		XX

5.2 Physical resources <i>(NB: Department is responsible for purchase or supply)</i>				
Current office buildings and floor locations	1. XXX			
	Requirement		Contact details	
Hot site <i>(i.e. alternative site sourced by Facilities)</i>	Required	<input type="checkbox"/>	Not required	<input type="checkbox"/>
Special office accommodation	<ul style="list-style-type: none"> XXX 			Department Position Phone (B/H) Position Phone (B/H) Phone (A/H) Email
Other	<ul style="list-style-type: none"> XXX 			
Funds / Purchasing	Accounts			Emergency Arrangements XXX
	Established Supplier Accounts			
	Credit Cards			

5.3 ICT resources <i>(NB: Department is responsible for purchase or supply)</i>			
ICT applications/ technologies	Additional requirement	Number required	Contact details
<i>Additional to Standard Operating Environment of MS Office suite, email, Internet, Synergy, O drive, TRIM</i>	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> XXX 	Department Position Email Phone (B/H) Mobile

Business Continuity Sub-Plan (N#1) Customer Services

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This Sub-Plan is an appendix to the City of Greater Geraldton main Business Continuity Management Plan

5.3 ICT resources (NB: Department is responsible for purchase or supply)			
ICT telecommunications <i>Additional to telecoms already available in work area</i>	<ul style="list-style-type: none"> • XXX 	<ul style="list-style-type: none"> • XXX 	Department Position Email Phone (B/H) Phone (A/H)

5.4 Vital Records (Records or information required during the disruption/outage to continue essential services)		
	Description	Location
Electronic <i>(e.g., end-user created databases, spread sheets)</i>	<ul style="list-style-type: none"> • XXX 	XXX
	<ul style="list-style-type: none"> • XXX 	XXX
	<ul style="list-style-type: none"> • XXX 	XXX
Printed <i>(e.g., contracts)</i>	<ul style="list-style-type: none"> • Key area contact list 	Provided on last page of BCM to facilitate updating
	<ul style="list-style-type: none"> • Current staff contact directory, including personal contact information extracted from HR files (updated monthly) 	Data capable mobile phones or USBs for key managers
	<ul style="list-style-type: none"> • Copy of current BCM 	Data capable mobile phones or USBs for key managers
	<ul style="list-style-type: none"> • XXX 	XXX

5.5 Related Plans (Interconnected plans and procedures)		
Plan Name	Location	Contact details
Emergency Response OR Disaster Recovery Plan	Internal EMP External Local Emergency Management Plans	
Business Continuity Management Plan	City of Greater Geraldton Business	
Business Continuity Management procedure		

Business Continuity Sub-Plan (N#1) Customer Services

AC063 - D



This Sub-Plan is an appendix to the City of Greater Geraldton main Business Continuity Management Plan

5.6 Recurring Activities / Corporate Accountabilities		
Plan Name	Location	Contact details

6. CONTACT LIST

(CURRENT AS OF: XX/XX/XXXX)

Key area	Name	Position	phone	Mobile	Email
Plan Owner					
Plan Alternative					
Manager					
EMT EXPAND					
Executive support					
BCM Backups					
ICT support					
Emergency Services					
Human resources					
Treasury & Finance					
Employee Assistance Program					
Corporate Communication					
Building Managing Agents					
Vendors or Suppliers					

Business Continuity Sub-Plan (N#1) Customer Services

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This Sub-Plan is an appendix to the City of Greater Geraldton main Business Continuity Management Plan

Key area	Name	Position	phone	Mobile	Email
Miscellaneous					

7. TESTING AND ACTIVATION REGISTER

7.1. BCM testing, maintenance and event log <i>(Continuous improvement made to BCM from tests and reviews of disruptive events)</i>			
Date tested or activated	Reason for review	Type of test completed and/or changes made	Maintained by
XXX	XXX	XXX	XXX

AC064	RISK MANAGEMENT REPORT
-------	------------------------

AGENDA REFERENCE:	D-18-015479
AUTHOR:	B Pearce, Coordinator Procurement & Risk
EXECUTIVE:	B Davis, Director Corporate & Commercial Services
DATE OF REPORT:	13 March 2018
FILE REFERENCE:	RM/6/0012
ATTACHMENTS:	Yes (x7) A. Risk Management Framework (draft) B. Risk Management Procedures (draft) C. Risk Management Improvement Strategy (draft) D. Risk Profile report February 2018 E. CP Risk Appetite & Tolerance Policy (draft) F. CP Compliance Management Policy (draft) G. Compliance Management Plan (draft)

EXECUTIVE SUMMARY:

The purpose of this report is to advise the Audit Committee of the detailed review undertaken by the City into its risk management systems and the update to City management processes arising from this review.

EXECUTIVE RECOMMENDATION;

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act RESOLVES to:

1. ENDORSE the updated Risk Management Framework;
 - a. Require the updated Risk Management Framework and associated Council Policy be presented to Council for endorsement; and
2. NOTE the development of the Compliance Management Plan; and
 - a. Require the status of the Compliance Management plan to be reported to the Audit Committee in future.

PROPONENT: The proponent is the City of Greater Geraldton.

BACKGROUND:

Reports on the Risk Management Framework review (AC055) and the status of the Risk Management Systems (AC054) were previously presented to the Audit Committee on 2 October 2017. Between October 2017 and February 2018, a detailed review of City risk management systems has been undertaken. The review process was undertaken as follows:

1. Engaged LGIS for a detailed assessment of the City's risk management.
2. Risk Management Framework validation.
3. Risk Register quality assurance.

4. Updated Business Processes – Compliance Management & Business Continuity Planning.

LGIS Review

In October 2017 the City engaged LGIS's governance and risk specialists to undertake an assessment of City risk, specifically assessing the following two areas.

1. The City's current Risk Management Framework.
2. The efficacy of management of risks in the City's risk register.

LGIS findings advised that the City's Risk Management Framework was amongst the most comprehensive they had seen anywhere in WA. LGIS principal recommendation from their review was to amend the structure of the framework to enable greater ease of implementation.

Risk Management Framework structure

Following the LGIS review the City updated the Risk Management Framework and split the document from a single comprehensive framework manual, to a framework made of component parts as follows;

1. **Council Policy Risk Management** (current policy directing overarching principles for the management of risk within the City)
2. **Council Policy Risk Appetite & Tolerance** (new policy that provided Council direction on the scope of risk the City is willing to accept to achieve its goals)
3. **Risk Management Framework** (Council level document directing strategic intent for risk management)
4. **Risk Management Procedures** (internal operational procedure that directed all staff in the process, roles, and responsibilities for risk management)
5. **Risk Management Improvement Strategy** (internal operational management strategy for EMT to monitor and ensure the effectiveness of risk management within the City)

This rationalisation of the Risk Management Framework into its component parts has enabled the City to overcome the prior issue faced where readers of the comprehensive framework manual could not work their way through or easily understand their roles and responsibilities for managing risks. They are now able to easily find their requirements for management of risk.

The component parts have also enabled the document to be aligned to the areas of responsibility i.e. the Risk Management Framework is the Council document, the Procedures direct staff, and the improvement strategy is a corporate EMT document.

Risk Matrix

In addition to the restructuring of the City's Risk Management Framework the Risk Matrix used by the City was reviewed. It was found that the risk matrix as per the table below was inappropriate for City operations. This matrix based on LGIS guidance enabled risks that have insignificant or minor consequence (e.g. a paper cut) to escalate to EMT for management.

	Insignificant	Minor	Moderate	Major	Catastrophic
Almost Certain	Moderate	High	High	Extreme	Extreme
Likely	Low	Moderate	High	High	Extreme
Possible	Low	Moderate	Moderate	High	High
Unlikely	Low	Low	Moderate	Moderate	High
Rare	Low	Low	Low	Low	Moderate

2015 Risk Matrix (very conservative, aligned to other sectors)

An assessment confirmed that this risk matrix was more aligned to the financial sector and was very risk averse. This led to a significant volume of over reporting of acceptable low consequence risk issues.

The City determined that a better way of categorising risk was based on the consequence approach to risk rating, which main industry leaders are moving towards currently. This requires the City to determine minor low priority risks that have no impact on City operations, these risks are then classified as low.

The other significant amendment when moving to the consequence based risk matrix is changing the Rare x Catastrophic score from previous moderate to high. The City determined the prior moderate rating was not adequate for a risk which included death.

	Insignificant	Minor	Moderate	Major	Catastrophic
Almost Certain	Low	Low	Moderate	Extreme	Extreme
Likely	Low	Low	Moderate	High	Extreme
Possible	Low	Low	Moderate	High	High
Unlikely	Low	Low	Low	Moderate	High
Rare	Low	Low	Low	Moderate	High

2018 Risk Matrix (consequence based)

Risk Register Review

Following the update to the Risk Management Framework the City undertook a comprehensive assessment of all risks within the City's then 39 risk registers. This review assessed

1. The structure of risks within Promapp
2. How risks were defined i.e. causes, consequences and the risk description.
3. Duplication of the same risk across departments.

The following summarises the risk register review and its outcome.

Item	2017 Stats	2018 stats
Registers	37	5
Risks	126	37
Treatments	301	260

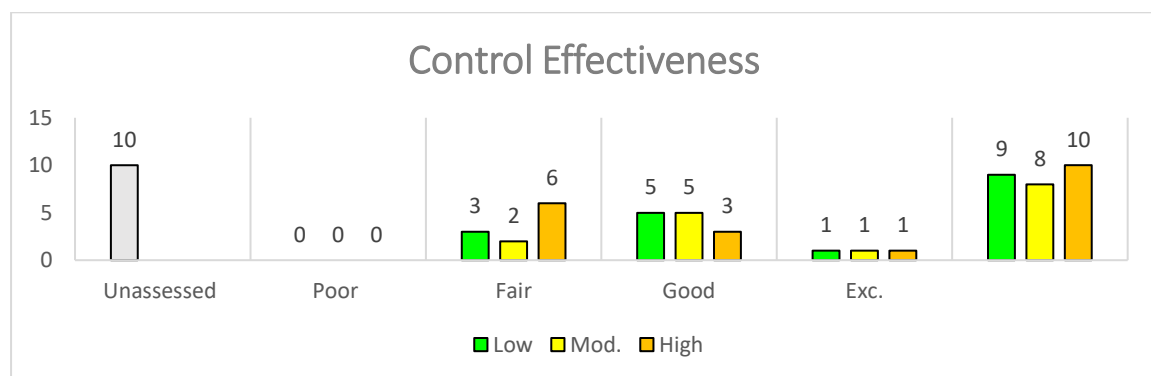
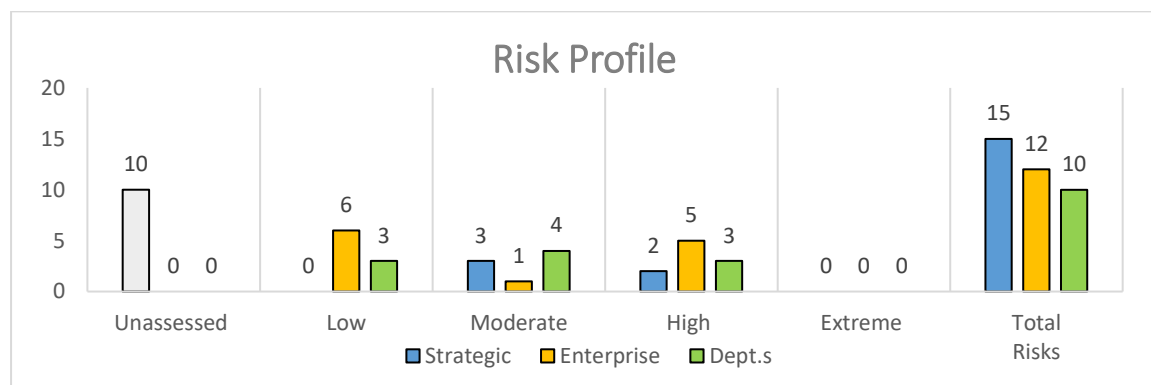
Please note the reduction in risks was not achieved through simply deleting a risk the City previously managed, but instead was achieved via reduction in duplication and efficiency improvements in risk management process.

In addition, it is likely that the current high volume of treatments against risks will be able to reduce in future as the City moves towards detailed documented management plans, as follows.

1. Compliance Risk = Compliance Management Plan (CMP)
2. Asset Risk = Asset Management Planning
3. Business Disruption = Business Continuity Planning

Risk Profile February 2018

In summary, following the risk register review, the City’s risk profile is as follows.



The 10 unassessed in both tables are draft strategic risks that have been tabled for EMT’s consideration and assessment.

Please note that at this time there are no risks that have a residual rating of extreme, nor are there any risks that have a control rating of less than fair. Please note that major projects risk data has not been included in the above.

Please refer to the attached Audit Committee Risk Report for details of all high risks currently being managed by the City.

Compliance Management Planning

The establishment of a CMP had been previously highlighted as a possible organisational control by the external auditors. At that time the City was unable to easily implement a centralised compliance management plan as the manual process was not workable due to the sheer volume of compliance obligations the City must meet across its operations. However, with the implementation of the Promapp Risk Module, an efficient method of monitoring compliance obligations could now be established.

As detailed above the City has consolidated all compliance risks and control processes (previously 40 risks) under a single Enterprise Risk. This has enabled the City to develop a CMP that catalogues the City's compliance obligations and the departments with operational responsibility for managing the compliance function.

The CMP sets out the requirements for -

1. Identifying compliance obligations;
2. Roles and responsibility for ensuring compliance;
3. Monitoring and audit of compliance; and
4. Register of compliance obligations.

The CMP will become one of the principal management tools for mitigating enterprise risk and demonstrating compliance with Audit Regulation 17 legislative compliance obligations. The status of the CMP shall form part of future reports to the Audit Committee.

COMMUNITY, ENVIRONMENT, ECONOMY AND GOVERNANCE ISSUES:

Community:

There are no community impacts.

Environment:

There are no environmental impacts.

Economy:

There are no economic impacts.

Governance:

There are no governance impacts.

RELEVANT PRECEDENTS:

This item has the following relevant precedents.

- AC039 – Status of City Risk Management Activities
- AC044 – Status of Risk Management & Compliance Activities
- AC056 – Status of Business Continuity Plan

COMMUNITY/COUNCILLOR CONSULTATION:

There has been no community/councillor consultation.

LEGISLATIVE/POLICY IMPLICATIONS:

This item has compliance and policy implications as follows;

- *Local Government (Audit) Regulations 1996* Regulation 17
- Department of Local Government & Communities Integrated Planning
- City of Greater Geraldton Risk Management Framework
- Council Policy 4.7 Risk Management

FINANCIAL AND RESOURCE IMPLICATIONS:

There are no financial or resource implications.

INTEGRATED PLANNING LINKS:

Title: Governance	4.5 Good Governance & Leadership
Strategy 4.5.2	Ensuring finance and governance policies, procedures and activities align with legislative requirements and best practice

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT:

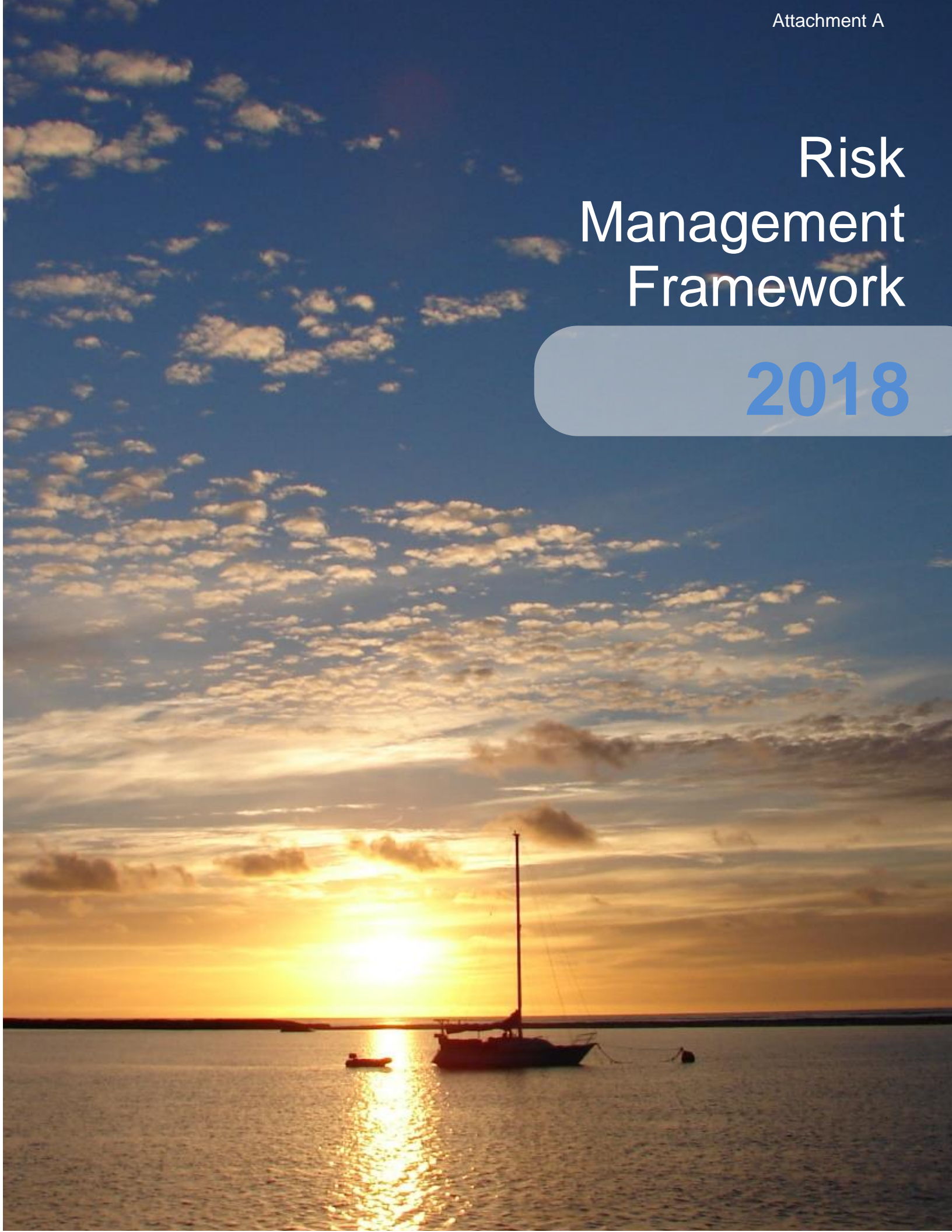
The purpose of this item is primarily associated with the ongoing management of risk throughout the City.

ALTERNATIVE OPTIONS CONSIDERED

The City had considered maintaining the Risk Management Framework as per the previous Audit Committee report. However this was rejected, as the new streamlined and compartmentalised structure has enabled the City to better manage risk as it is approachable for staff.

Risk Management Framework

2018



Introduction

This document provides an overview of the City of Greater Geraldton's (the 'City') Risk Management Framework (the 'Framework').

The City's Framework is a set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the City.

- The foundations are documented within the City's Risk Management Policy which articulates the outcome based objectives and management commitment to managing all risks responsibly across all areas of the City's operations.
- The organisational arrangements are:
 - Culture – Risk culture is the impact of organisational culture on risk management. It is not therefore separate to organisational culture, but reflects the influence of organisational culture on how risks are managed.
 - Risk Management Improvement Strategy – This sets out the plan and actions to enhance the effectiveness of the framework over the next 12 months. It includes the technical aspects of framework development and education activities to improve staff awareness.
 - Risk Appetite & Tolerance Policy – This sets out the amount and type of risk that the City is prepared to pursue, retain or take in order to meet objectives.
 - Operational Model – Detailed in this document, it describes relationships and accountabilities; including the relevant assessment criteria, reporting structure and framework review process.
 - Risk Management Procedures – The procedures, roles, responsibilities, timings, tools and templates to adequately perform risk management activities in accordance with the Policy.

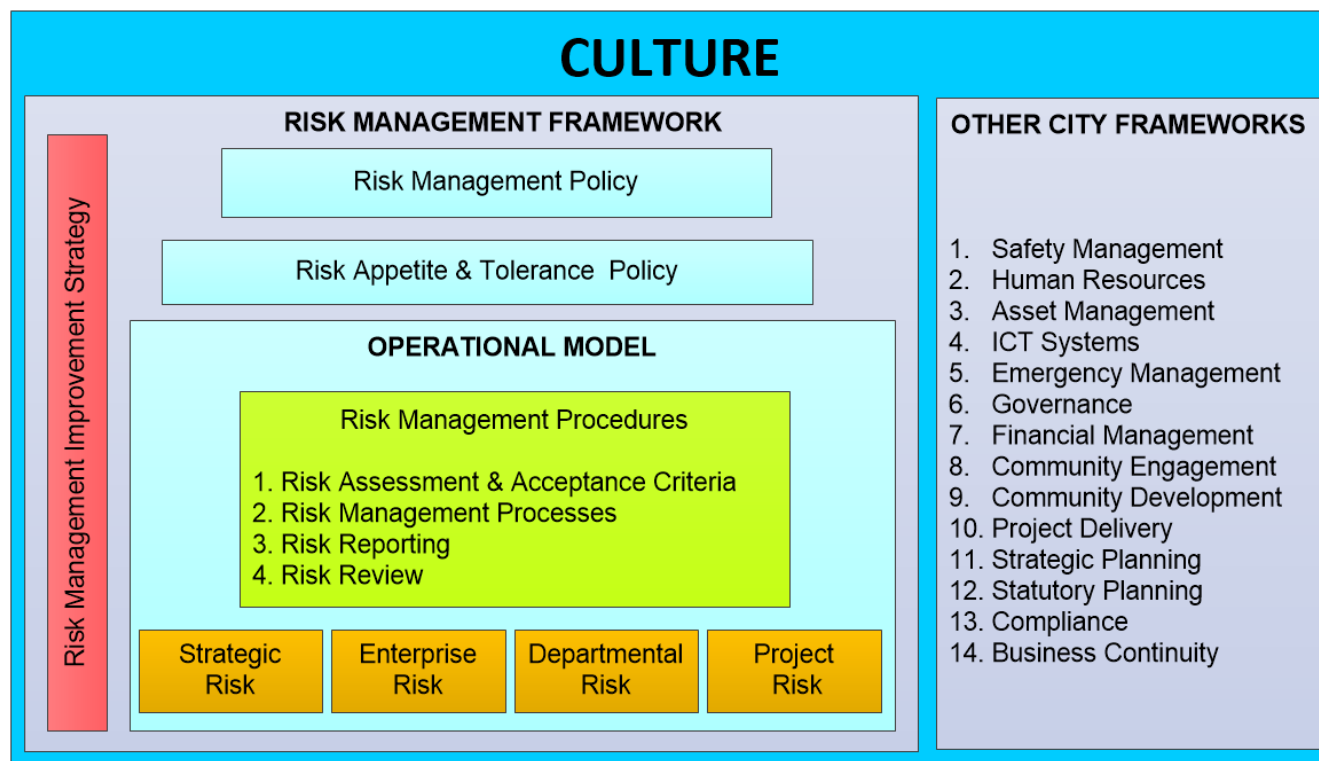


Figure 1: Diagram representing the City's Risk Management Framework and interaction with other frameworks

This Framework aims to balance a documented, structured and systematic process with the current size and complexity of the City along with existing time, resource and workload pressures.

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1. RISK CULTURE

Risk culture is the way the City's employees identify, understand, discuss and act on the risks confronted or taken.

There are both formal and informal elements that influence risk culture:

- Formal – Governance structures provide important frameworks through which appropriate behaviours can be encouraged and supported and poor behaviours can be identified and acted upon.
- Informal – Expectations and behavioural practices through demonstrated actions against the City's STARS values.

Council and the City's Executive Management Team (EMT) have a key role in promoting risk management as a vital business principle and in allocating sufficient resources for risk management activities. All employees, contractors, and volunteers also have a part to play in identifying risks and actively managing risks within their sphere and scope of work.

Risk management is a vital business management practice which is not an optional tack on. To ensure the process is managed, it must always be demonstrated through the integrated planning and reporting process and mandated in all operational functions and services.

The City's leaders will support and encourage a positive risk culture by:

- Empowering management and employees to manage risks effectively;
- Acknowledging, rewarding and promoting good risk management;
- Having processes that promote learning from errors, rather than punishing;
- Encouraging discussion and analysis of unexpected results, both positive and negative.

2. Risk Management Policy

The City is committed morally and financially to the concept and resourcing of risk management. The policy states the outcome based objectives and commitments to managing risks and contains the following components:

- Rationale for managing risks
- Linkage between the City's objectives and other related policies
- Accountabilities and responsibilities for managing risks
- Conflicts of interests
- Commitment to resourcing the risk management functions
- Performance measures
- Continual review and improvement of the policy

3. Risk Appetite & Tolerance Policy

The City's Risk Appetite & Tolerance Policy provides guidance to drive the City's approach to risk, ensuring alignment and consistency across all areas.

Guidance is provided through qualitative statements in specific areas of strategic, operational and project activities. All employees must make themselves aware of the City's risk appetite and tolerance in their areas of responsibilities so that they become familiar with the risks that can be pursued, accepted or avoided.

4. Risk Management Improvement Strategy

All effective frameworks have a requirement to continually improve; the Risk Management Framework is no different. The City strives for best practice in the management of risks and will document and manage the improvement strategy on an ongoing basis. There will be a minimum of two components to the strategy; technical development and employee awareness; both improving the maturity of risk management throughout the City.

5. Operational Model

The City has adopted a “Three Lines of Defence” model for the management of risk. This model ensures roles; responsibilities and accountabilities for decision making are structured to demonstrate effective governance and assurance. By operating within the framework and risk appetite and tolerance, the Council, Audit Committee, Executive Management and the Community will have assurance that risks are managed effectively to support the delivery of the Community Strategic, Corporate Business and Operational Plans.

5.1 Three Lines of Defence

5.1.1 First Line of Defence

All operational areas of the City are considered ‘1st Line’. They are responsible for ensuring that risks (within their scope of operations) are identified, assessed, managed, monitored and reported. Ultimately, they bear ownership and responsibility for losses or opportunities from the realisation of risk. Associated responsibilities include;

- Establishing and implementing appropriate processes and controls for the management of risk (in line with the framework).
- Undertaking adequate analysis (data capture) to support the risk informed decision.
- Prepare risk acceptance proposals where necessary, based on level of residual risk.
- Retain primary accountability for the ongoing management of their risk and control environment.

5.1.2 Second Line of Defence

The Manager of Corporate Services acts as the primary ‘2nd Line’. This position owns and manages the Framework. They draft and implement the Framework components and provide the necessary tools and training to support the 1st line process.

Maintaining oversight on the application of the Framework provides a transparent view and level of assurance to the 1st & 3rd lines on the risk and control environment. Support can be provided by additional oversight functions completed by other 1st Line Teams (where applicable). Additional responsibilities include:

- Providing independent oversight of risk matters as required.
- Monitoring and reporting on emerging risks.
- Co-ordinating the City’s risk reporting for the Executive Management Team, Risk Management Committee, Audit Committee and Council.

5.1.3 Third Line of Defence

Internal & External Audit are the third line of defence, providing independent assurance to the Council, Audit Committee and City Management on the effectiveness of business operations and oversight frameworks (1st & 2nd Line).

- **Internal Audit** – Appointed by the CEO to report on the adequacy and effectiveness of internal control processes and procedures. The scope of will be determined by the CEO with input from the Audit Committee.
- **External Audit** – Appointed by the Council on the recommendation of the Audit Committee to report independently to the Mayor and CEO on the annual financial statements, and the review of the effectiveness of operational controls required by Local Government Audit Regulation 17.

5.2 Review

This Framework is to be reviewed on a biennial basis in line with the Local Government Audit Regulations (regulation 17 – CEO to review certain systems and procedures). Specific requirements within the framework that require review are detailed in the Department of Local Governments Guideline number 9, Appendix 3. Local Government Components within the Framework will be subject to continual review / improvement as driven by the City’s operational requirements as follows:

1. Policy – biennial
2. Strategic management model (Community Strategic Plan) – biennial
3. Operational Model (Corporate Business Plan, Budget, Capital & Renewal Program) – annually
4. Risk Appetite & Tolerance Policy – biennial or when material changes occur that warrant a review.
5. Risk Management Process – annually or when material changes to operations occur or when process improvements are identified and approved.
6. Risk Reporting Process – annually or when material changes to operations occur or when process improvements are identified and approved.

5.3 Operating Relationships & Accountabilities

The following diagram depicts the current operating structure for risk management within the City.

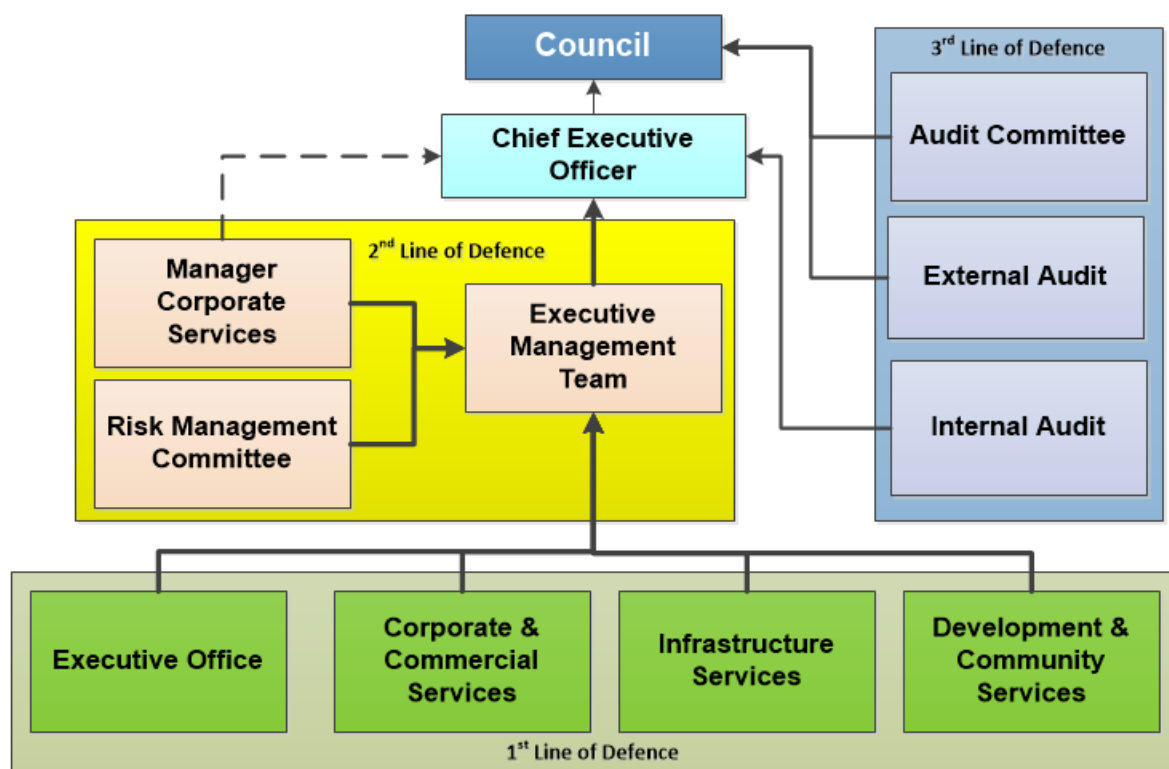


Figure 2: Diagram depicting the current operating structure for risk management within the City

5.4 Roles & Responsibilities

5.4.1 Council

- Adopt and review the City's Risk Management Framework, Risk Policy and Risk Appetite & Tolerance Policy.
- Establish and maintain an Audit Committee in terms of the Local Government Act.
- Ensure responsible and effective decision making through the delegated authority framework.
- Appoint / Engage External Auditors to report on financial statements annually.
- Be satisfied that risks are identified, managed & controlled appropriately to achieve Council's Strategic Objectives.

- Provide adequate budgetary provision for the financing of risk management including approved risk mitigation activities.

5.4.2 Audit Committee

- Monitor and review the appropriateness and effectiveness of the Risk Management Framework and improvement strategies.
- Monitor changes to City's risk profile and highlight material changes to Council.
- Support Council to drive effective corporate governance.

5.4.3 Chief Executive Officer (CEO)

- Own, promote and drive the effective implementation of the Risk Management Framework for all functions across City operations.
- Provide the Audit Committee and Council with regular reports on the risks being managed by the City.
- Review the appropriateness and effectiveness of the Risk Management Framework and provide a written report to the Audit Committee (at least biennially).
- Drive consistent embedding of a risk management culture by encouraging openness and honesty in the reporting and escalation of risks.
- Ensuring resources are appropriately allocated throughout the organisation to meet the City's risk management requirements.
- Ensure risk is considered in the decision making process.
- Liaise with Council in relation to risk acceptance requirements.

5.4.4 Executive Management Team

- Support the CEO in promoting and driving the effective implementation of the Risk Management Framework for all functions across City operations.
- Act as the overarching 'Risk Committee' for the City:
- Drive appropriate activities through the Risk Management Committee (RMC).
- Monitor and review the regular risk reports and Framework implementation activities from the RMC.
- Ensure risk is considered in the decision making process.
- Ensure the appropriate delegation, risk appetite and tolerance and the broader risk acceptance criteria are implemented.
- Identify, manage and / or escalate strategic risks as appropriate.

5.4.5 Risk Management Committee (RMC)

- Facilitate the Risk Management Improvement Strategy.
- Champion risk management within individual Branches and Directorates.
- Support the Risk Management Reporting Process.

5.4.6 Directors

- Promote and drive the effective implementation of the Risk Management Framework for all Branches within their Directorates.
- Drive consistent embedding of a risk management culture by encouraging openness and honesty in the reporting and escalation of risks within their Directorate.

- Encourage cross – Directorate interactions in the management of the City's risks.
- Ensure resources are appropriately allocated throughout individual Directorates to manage operational (and where necessary strategic, enterprise and project) risks in line with the City's risk appetite.
- Ensure branches are regularly applying the Risk Management Process to record and manage specific risks.

5.4.7 Manager, Corporate Services

- Manage the Risk Management Framework and drive the 'Line 2' function of the Operational Model.
- Facilitate the support of other Branches in the management of 'Line 2' functions, examples include but are not limited to:
 - ICT – Disaster recovery management, systems and data access, use and employee profile management.
 - HR – Management of employee / contractors risk awareness training, safety and security practices and the support of performance management programs.
 - Treasury & Finance – Oversight of the delegations framework in respect of procurement activities.
- Ensure the 'risk' resources within Corporate Services are adequate to meet the requirements of the City's Risk Management Framework (Skills, knowledge and allocation)
- Provide support to all Branches within the City in the application of the Risk management Framework.
- Own, drive and promote the risk management framework delivery program for the City.
- Own, drive and promote the Business Continuity Management (BCM) program for the City.
- Escalate issues to EMT or the CEO where risks are not being effectively managed i.e. overdue, non-compliant or high and extreme emergent risk issues.

5.4.8 Managers

- Promote and drive the effective implementation of the Risk Management Framework for all areas under their control.
- Support the Risk Management Process by ensuring risks are identified, recorded and managed.
- Incorporate 'risk management' into team activities / meetings by openly discussing the following:
 - New or emerging risks.
 - Review existing risks.
 - Control adequacy.
 - Outstanding issues and actions.
- Drive consistent embedding of a risk management culture by encouraging openness and honesty in the reporting and escalation of risks within their Departments.
- Ensure resources are appropriately allocated throughout Departments to manage operational (and where necessary strategic, enterprise and project) risks in line with the City's risk appetite and tolerance.
- Ensure risk treatment and action plans are current, and ensure all Promapp sign offs include adequate evidence of compliance.
- Ensure appropriate education and awareness initiatives are provided to all employees.

5.4.9 Project Managers

- Ensure risk management is applied to all projects in accordance with the Project Delivery Framework.

- Identify, record, report and manage risks throughout the lifecycle of the project.
- For projects classified as Major Projects ensure that all risks, treatments and actions are recorded through Promapp to assist in the risk reporting and governance frameworks.
- In conjunction with Corporate Services undertake risk assessments related to 3rd party liability risk and implement prioritised mitigation strategies.
- Ensure that when Contractor insurance is required for a project that the insurance is maintained for the life of the project.
- Undertake risk management plans for all proposed projects in consultation with the relevant stakeholders.
- Ensure design and construction includes agreed features to minimise future risk.
- Ensure risk treatment and action plans are current, and ensure all Promapp sign offs include adequate evidence of compliance.

5.4.10 Employees & Contractors

- Report to management on risks that exist within their area, without fear of recrimination.
- Adopt the City's principles of risk management and comply with all policies, procedures and practices relating to risk management.
- Perform duties in a manner that is within an acceptable level of risk to their health and safety, and that of other employees and the community.
- Comply with quality assurance procedures where applicable.
- Make risk control and prevention a priority when undertaking tasks.
- Report any hazard or incidents as detected to their Manager or the City Responsible Officer (for contractors).
- Ensure risk treatment and action plans are current, and ensure all Promapp sign offs include adequate evidence of compliance.

5.4.11 Promapp Risk Manager

- Administer the Promapp Risk Module
- Report risk matters to Manager Corporate Services
- Monitor and report on all risk and associated treatment status in Promapp
- Undertake quality assurance audits of all risk and treatments to ensure alignment to City Risk Management Framework.

6. Strategic Management Model

Risk management activities are a key part of all business processes. In particular, there is a strong relationship between the risk management process and the cycle of corporate and operational planning activities, as seen in figure 3 below. As the vision, strategy and business objectives are established for each City service unit, so too should related risks be identified and assessed.

When strategic and corporate plans and budgets are prepared; City service units should identify and assess risks to their objectives, leading to a ranking of risks, and finally, to the establishment of appropriate risk treatments and controls. However, it is important to remember that risk management is not a once a year process, risk management is embedded in everyday business management and planning.

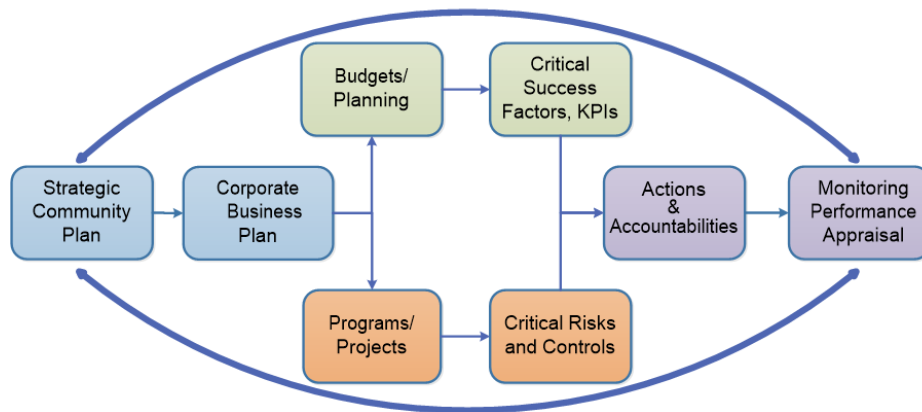


Figure 3 – City's strategic management processes which involves risk management at each step

To embed risk management as an integral part of the City's operations it is necessary to:

- ensure risk management processes are included in, and seen as integral to, the City's corporate business planning, budgeting and reporting processes;
- ensure risk management is integrated with other governance practices such as audit, legal and regulatory compliance, disaster management and business continuity;
- incorporate risk management into continuous improvement programs;
- tie risk management objectives to each relevant project, activity or work groups;
- include the outcome of risk management activities in reporting of programs, reviews and evaluation processes; and
- incorporate risk management into performance appraisals of employees.

7. Risk Management Process

The City uses the Promapp Risk Module to store, document and report on the City's Risks and treatments.

The risk management process is standardised across all areas of the City. The following diagram outlines the process with the following commentary providing broad descriptions of each step. Specific expanded guidance are provided in the Risk Management Procedures document.

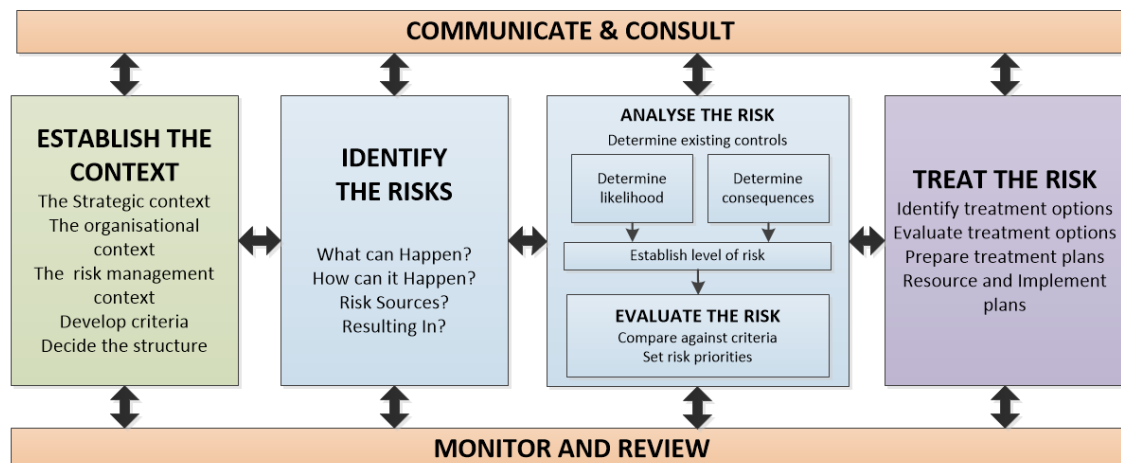


Figure 4: Diagram representing the Risk Management Process as per ISO 31000:2009 Risk management – Principles and guidelines

7.1 Establishing the context

This defines the context of both internal and external parameters to be considered when managing risk. In this regard the City utilises a qualitative assessment, combining consequence and likelihood to determine risk levels from which high level management approaches are to be implemented.

The risk context is then categorised into four (4) main groups:

1. **Strategic Risks** – Associated with achieving the City's long-term objectives. Strategic risks generally relate to external events beyond the City's control to influence, for example legislation changes, loss of government funding and climate change etc. Strategic risks are identified and managed at EMT level.
2. **Enterprise Risks** – Operational, day to day activities, functions, infrastructure and services. Enterprise risks generally affect the whole of City operations and are within the City's ability to influence and control. Enterprise risks are identified and managed at EMT and Manager level.
3. **Departmental Risks** - Operational, day to day activities, functions, infrastructure and services. Departmental risks are identified and managed at Manager level
4. **Project Risks** – Captures risks associated with potential impacts to operational activities and those associated with the delivery of the project itself. Project risks may include a mix of strategic (risks outside City control) and operational risks. Project Risks are identified and managed by the Project Leadership team and the appointed Project Manager.

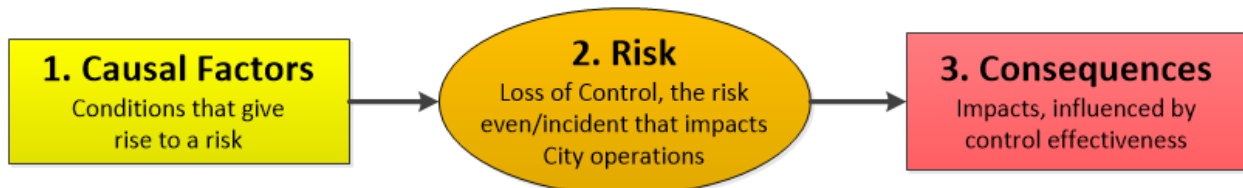
7.2 Risk Assessment

Risk assessment is three (3) step process of:

1. Risk Identification
2. Risk Analysis
3. Risk Evaluation

7.2.1 Risk Identification

This is the process for establishing, recognising and describing risks to the City. An event sequence is shown below:



It also includes the identification of the existing controls that are currently in place, mitigating the inherent risk from materialising.

7.2.2 Risk Analysis

This is the process of assessing the:

1. **Control effectiveness** – applying the City's Control Rating Guide to the design and operating effectiveness of each control individually and jointly in mitigating the risk.
2. **Residual Risk** – after considering the controls overall effectiveness, determining the likely worst consequence and the likelihood applicable to that consequence using the City's Risk Consequence and Likelihood tables. Then applying those ratings to the City's Risk Matrix to determine the level of residual risk.
3. **Inherent Risk** – The same process as residual risk, however removing the effectiveness of controls from the equation. This step will highlight the mitigating value of existing controls.

7.2.3 Risk Evaluation

This step compares the level of residual risk to the City's Risk Acceptance Criteria Table. It provides high level guidance on the approach to managing and / or escalating the risk.

7.3 Risk Treatment

There are generally two requirements following the evaluation of risks.

1. In all cases, regardless of the residual risk rating; controls that are rated '*Partially Effective* or *Not Effective*' must have a treatment plan (action) to improve the control effectiveness to at least '*Moderately Effective*'.
2. If the residual risk rating is high or extreme, treatment plans must be implemented.

7.4 Communication and consultation

Effective communication and consultation are essential to ensure that those responsible for managing risk, and those with a vested interest, understand the basis on which decisions are made and why particular treatment / action options are selected or the reasons to accept risks have changed.

7.5 Monitoring and review

It is essential to monitor and review the management of risks as changing circumstances may result in risks increasing or decreasing in significance. It also ensures that new risks are identified as appropriate.

7.6 Risk Reporting

All strategic, enterprise, operational and major project risks are maintained with 'Promapp'. This allows the centralised reporting function to meet the City's requirement to monitor and review risks by all levels of management, Audit Committee and Council.

Formal reporting is currently provided as follows:

- Monthly Risk Report to EMT
- Risk Report to Audit Committee whenever meeting held
- Risk Maturity Report at least annually
- Annual Risk Report to Council
- Biennial comprehensive Risk Report to Audit Committee
- Risk Escalation Reports

Appendix 1 – Risk Assessment & Acceptance Criteria

Consequence Table

DESCRIPTOR	SAFETY & HEALTH	FINANCIAL IMPACT	SERVICE INTERRUPTION	REPUTATION	ENVIRONMENT	LEGAL & COMPLIANCE
INSIGNIFICANT	Negligible injuries. Full recovery < 3 days	Organisation Less than \$10,000 Dept./Project 0-2% remaining Budget	No material service interruption, backlog cleared in 2 – 4 hours	Unsubstantiated, low impact, low profile or 'no news' item <i>Example gossip, Facebook item seen by limited persons</i>	Contained, reversible impact managed by on site response <i>Example pick up bag of rubbish</i>	Compliance No noticeable regulatory or statutory impact Legal. Threat of litigation requiring small compensation. Contract. No effect on contract performance.
MINOR	First aid injuries. Full recovery < 3 weeks	Organisation \$10,000 - \$100,000 Dept. / Project 2-5% remaining Budget	Short term temporary interruption Backlog cleared < 1 – 7 days	Substantiated, low impact, low news item <i>Example Local Paper, Everything Geraldton, Facebook item seen by local community</i>	Contained, reversible impact managed by internal response <i>Example pick up trailer of rubbish</i>	Compliance Some temporary non-compliances Legal. Single Minor litigation. Contract. Results in meeting between two parties in which contractor expresses concern.
MODERATE	Medically treated injuries. Full recovery < 3 months	Organisation \$100,000 - \$1M Dept. / Project 5- 14% remaining Budget	Medium term temporary interruption Backlog cleared by additional resources within < 2 – 4 weeks	Demonstrated public outrage, unsubstantiated public embarrassment, moderate impact, moderate news profile <i>Example State wide Paper, TV News story, Moderate Facebook item taken up by people outside City</i>	Contained, reversible impact managed by external agencies <i>Example Contractor removal of asbestos sheets</i>	Compliance Short term noncompliance but with significant regulatory requirements imposed Legal. Single Moderate litigation or Numerous Minor Litigations. Contract. Receive verbal advice that, if breaches continue, a default notice may be issued
MAJOR	Lost time or Severe injury Possible Partial /full recovery 4 – 12 months	Organisation \$1M - \$9M Dept. / Project 15 -20 % remaining Budget	Prolonged interruption of services, additional resources required; performance affected Issue resolved within < 4 – 12 weeks	Sustained and high level public outrage, substantiated public embarrassment, high impact, high news profile, third party actions <i>Example Australia wide Paper, TV News stories, Current Affair etc Significant Facebook item taken up by large numbers of people outside City</i>	Uncontained, reversible impact managed by a coordinated response from external agencies <i>Example truck or train spill of diesel and oil on road reserve, park</i>	Compliance Noncompliance results in termination of services or imposed penalties Legal. Single Major litigation or numerous Moderate Litigations. Contract. Receive written notice from the contractor threatening termination if not rectified.
CATASTROPHIC	Fatality, permanent disability	Organisation Greater than \$10M Dept. / Project Greater than 20% remaining Budget	Indeterminate prolonged interruption of services that impacts on Public safety and core services non-performance or termination of service	Substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile, third party actions, Likely to lead to the dismissal of Council/ Councillors or Executive Staff. <i>Example World Wide News, TV News stories, Current Affair, 60 Minutes, Widespread Facebook item taken up by vast numbers of people outside City</i>	Uncontained, irreversible impact <i>Example Ship runs aground and spills oil along City coast line, ground water supply exhausted or rendered unusable</i>	Compliance Noncompliance results in litigation, criminal charges or significant damages or penalties Legal. Numerous Major Litigations. Contract. Termination of Contract for default.

Likelihood Table

DESCRIPTOR	DETAILED DESCRIPTION	OPERATIONAL FREQUENCY
ALMOST CERTAIN	The event is expected to occur in most circumstances	More than once per year or incident is clearly imminent
LIKELY	The event will probably occur in most circumstances	At least year once per year
POSSIBLE	The event should occur at some time	At least once in 3 years
UNLIKELY	The event could occur at some time	At least once in 10 years
RARE	The event may only occur in exceptional circumstances	Less than once in 15 years

Risk Matrix

Consequence \ Likelihood	INSIGNIFICANT	MINOR	MODERATE	MAJOR	CATASTROPHIC
ALMOST CERTAIN	LOW	LOW	MODERATE	EXTREME	EXTREME
LIKELY	LOW	LOW	MODERATE	HIGH	EXTREME
POSSIBLE	LOW	LOW	MODERATE	HIGH	HIGH
UNLIKELY	LOW	LOW	LOW	MODERATE	HIGH
RARE	LOW	LOW	LOW	MODERATE	HIGH

Control Rating Guide

RATING	DETAILED DESCRIPTION	OPERATIONAL APPLICATION
EFFECTIVE	No Control gaps. The control is influencing the risk level and only continued monitoring is needed	Control addresses risk, is officially documented, in operation and has been tested to confirm effectiveness
MODERATELY EFFECTIVE	Few control gaps. The control is influencing the risk level however, improvement is needed	Control addresses risk but documentation and/or operation of control could be improved
PARTIALLY EFFECTIVE	Some control gaps that result in the control having limited influence on risk level	Control addresses risk at least partly, but is not documented and/or operation of control needs to be improved
NOT EFFECTIVE	Significant control gaps that result in the control not influencing the risk level	At best, control addresses risk, but is not documented or in operation; at worst, control does not address risk and is neither documented nor in operation

Risk Acceptance Criteria

RISK RANK	DESCRIPTION	CRITERIA	RESPONSIBILITY
LOW	ACCEPTABLE	<p>No immediate concern</p> <p>Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring</p>	Operational Manager/s
MODERATE	MONITOR	<p>Periodic Monitoring</p> <p>Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring</p>	Operational Manager/s
HIGH	URGENT ATTENTION REQUIRED	<p>Regular / Frequent Monitoring</p> <p>Risk acceptable with effective controls, managed by senior management / executive and subject to monthly monitoring</p>	<p>All Directors <i>SAFETY / HEALTH</i> <i>SERVICE INTERRUPTION</i> Director CCS <i>FINANCIAL, REPUTATIONAL,</i> <i>ENVIRONMENTAL & LEGAL /</i> <i>COMPLIANCE</i></p>
EXTREME	UNACCEPTABLE	<p>Actively Manage</p> <p>Risk only acceptable with effective controls and all treatment plans to be explored and implemented where possible, managed by highest level of authority and subject to continuous monitoring</p>	CEO / Council

Appendix 2 - Risk Management Framework Document Suite

- Risk Management Policy
- Risk Appetite & Tolerance Policy
- Risk Management Procedures
- Risk Management Improvement Strategy

Risk Management Framework Endorsed

Responsible Officer	Document Owner	Endorsed by EMT	Endorsed by Audit Committee	Adopted by Council
Senior Risk Advisor	Director, Corporate and Commercial Services	25 Mar 2015	17 Feb 2015	CCS108 28 April 2015
Manager Corporate Services	Director, Corporate and Commercial Services			

Next review date November 2019

Version Control

Version N#	Date	Comment	Reference
V1-23/01/12		First draft updated following C Wood i.e. Risk Appetite & Tolerance Policy updated and attached, minor document changes.	
V2-6/2/12		Draft updated following reviewed by C Wood i.e. RMC ToR updated	
V2-8/2/12		Draft updated following EMT meeting review i.e. RMC ToR updated, added CGG Operational Policy cover page and document control	
V2-14/01/15		Complete rewrite of Framework to bring in line with Dept of Local Government & Communities Guidelines and AS NZS 31000:2009 Risk Management Standard	V3-24/02/15
		Version 3 presented to Audit Committee and minor amendments undertaken i.e. grammatical and terminology	
V3-17/03/15		Version 3 presented to RMC and minor amendments undertaken i.e. grammatical and terminology	
V4 – 27/06/17		Biannual review to ensure currency, update to risk templates, general process updated to reflect full implementation of Promapp as software application for management of risk, amendment to risk matrices	
V5 21/12/17		LGIS review Defining the set of components in the framework and aligning components to improvement strategy	
V5 31/01/18		Draft review complete separating risk framework into the Council strategic document and the internal operational procedure document	

AC064 - B

Risk Management Procedure

v.1 February 2018



Risk Management Procedure Endorsement

Responsible Officer	Document Owner	Endorsed by EMT
Manager Corporate Service	Director – Corporate & Commercial Services	

Next Review Date – January 2020

Summary of Document Revisions

Rev No.	Date Revised	Revised By	Section Revised	Revision Description
1	31/01/2018	Adrian Paine	New	New Document

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1. Risk Management Process

Before commencing the risk management process outlined in the risk management framework and table 1 below. The context of the service unit or task under consideration should be established.

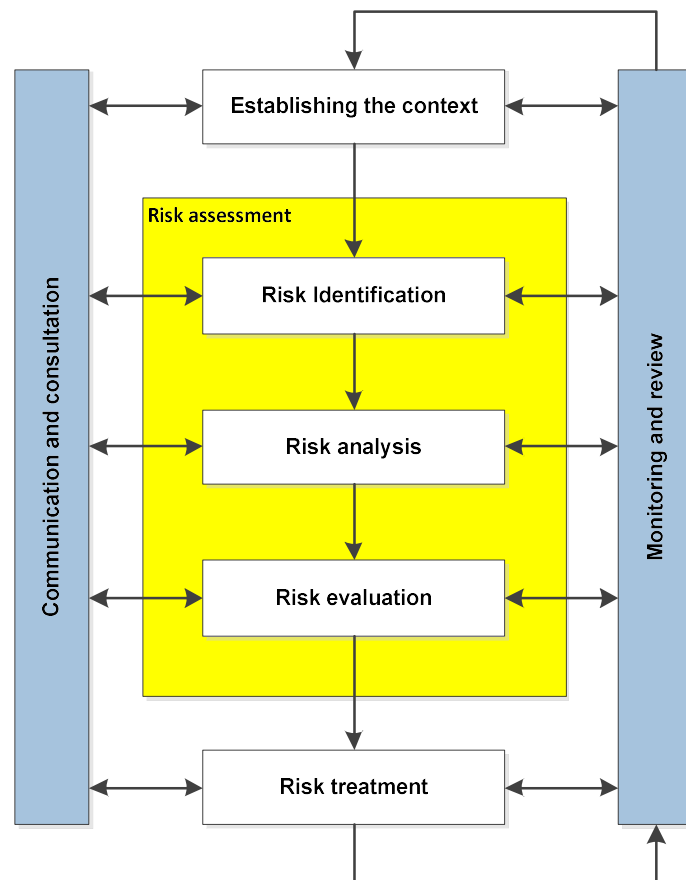


Figure 1 Risk Management Process

Establishing the context requires consideration of your goals, objectives and strategies, the scope and parameters of the activity, or area of the organisation to which the risk management process is being applied.

Some questions for initial consideration, which may assist, include:

- a) Do we understand the expectations of our customers and stakeholders?
- b) What legislation, rules or standards apply to the organization?
- c) What are the vision, mission and values of the organisation?
- d) What are the specific service aims and objectives and how do they relate to the Strategic Community Plan, Corporate Business Plan and Operational Plans?
- e) Who is involved, both internally and externally?
- f) Do we understand the level of acceptable risk?

After establishing the context, it is necessary to carry out a risk identification review to document the risks to be managed. Comprehensive identification using a well-structured, systematic process is critical, because a potential risk not identified at this stage will be excluded from further analysis.

Identification should include all risks, whether or not they are under the control of the City. The preferred approach to identifying risks is brainstorming in a group workshop, thus bringing together subject matter expertise that covers all aspects of interest in the activity being reviewed.

The aim of the risk identification process is to generate a comprehensive list of events, which might affect the City's objectives and operations. These risks are then considered in more detail, to identify the potential impact of each risk.

2. Documenting the Risk

2.1. Use of the Risk Themes for Risk Identification

Within organisations of the complexity of City, the identification of risk becomes problematic without a well-developed Risk Themes. The Risk Theme provides a means for the organisation to structure the risks being addressed or tracked. The Risk Theme could be considered as a hierarchically organised depiction of the identified risks arranged by risk category.

Another benefit of the Risk Theme is that if all risks are placed in a hierarchical structure as they are identified, and the structure is organised by source, the total risk exposure to the organisation can be more easily understood, and planning for the risk more easily accomplished.

Of greater significance, the Risk Theme provides the ability to identify the cumulative effect to the City of like risks. In doing so, EMT and Council is able to respond more effectively to these emerging issues. The Risk Theme to be used within City are provided at Appendix A

2.2. Common Risk Description Structure

After identifying a risk, it is vital that it is captured in a manner that allows the risk to be fully understood by the entire stakeholder community. There are two methods that can be used to describe a risk within City.

The two processes are aligned to the system of risk management used i.e:

- a) Centralized management of risk via Promapp risk module; and
- b) Small scale project risk management utilizing excel or word templates.

2.3. Risk Description used in Risk Management Plans and Assessments (Small Scale Projects)

Risk Identified:	Relate name to system impacted and explanation of cause
Cause/s: Risk Score	Explanation of what might cause the risk event to occur (List each cause)
Consequence:	Identify local consequences and attempt to identify how these affect major areas
Risk Theme:	Identify which risk theme this risk falls with in

Table 2 Risk Description Structure

An example of a risk in this format is shown below:

Risk Identified:	Cause: Risk Score	Consequence:	Risk Theme:
Department inability to quantify condition of current software application	<ul style="list-style-type: none"> • Lack of data • Inaccurate data • Lack of support systems • Lack of clarification of roles and 	<ul style="list-style-type: none"> • Estate deterioration • Pay for services not received (CMS) • Duplication of service / report of same information 	Failure of IT and / or communication systems, data and infrastructure.

	<ul style="list-style-type: none"> responsibilities Lack of resources to undertake assessment 	<ul style="list-style-type: none"> Unforeseen failure Negative impact on reputation 	
--	-----------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------	--

Table 3 Detailed Risk Description Structure

2.4. Risk Description used in Promapp Application (Strategic, Enterprise, Operational or Major Project)

Risk Portfolio:	Register to which the risk is recorded. Eg. Strategic, Enterprise, Operational or Major Project
Classification:	Identify which classification applies to the risk, note it can be singular or have multiples. Eg. Environmental, Financial Impact, Legal & Compliance, Reputation, Safety & Health, Service Interruption. The highest priority classification should be the first selected and sit on top of the structure.
Risk Theme:	Identify which risk theme applies to this risk – Note that the risk themes are listed under the classifications section in Promapp.
Risk / Compliance Title:	Short description of risk eg. The event, unwanted outcome, should not be a cause or consequence.
Risk Description:	The risk description should list all the causes and consequences as sub headings.
Risk Owner:	Identify the most appropriate manager that owns the risk.

Table 4 Promapp Risk Description Structure

An example of the format is shown below:

Risk Portfolio:	DCS. Operational Risk
Classification:	Safety & Health, Financial Impact, Legal & Compliance
Risk Theme:	People – Inadequate employee & visitor safety and security (incl. contractor and public safety)
Risk / Compliance Title:	Suspension to waste operations for duration in excess of 2 days.
Risk Description:	<p>Causes –</p> <ul style="list-style-type: none"> Loss of contractor service provider Emergency event such as fire, etc. Landfill reaches end of life / capacity Industrial accident / member of public accident <p>Consequences –</p> <ul style="list-style-type: none"> Regulator investigation / prosecution Injury / illness / possible death Financial impact from loss of revenue Community frustration / outrage causing reputation damage to the City Inability to collect waste in the community, which could have health impacts.
Risk Owner:	Brian Robertson (Manager Land & Regulatory Services)

Table 5 Promapp Risk Description Structure

2.5. Cause of Risk

Having identified a list of risks, it is necessary to consider possible causes and consequences. There are many ways an event can be initiated. It is important that no significant causes are omitted. This will ensure that the risk strategies determined will reduce or manage not only the risk itself, but also the causes of the risk.

Approaches used to identify risks include:

- a) Checklists
- b) Professional judgement based on experience
- c) Judgements based on documented records or past incidents
- d) Flowcharts
- e) Scenario analysis
- f) Brainstorming
- g) Interviews
- h) Workshops; and
- i) System analysis

The approach used will depend on the nature of the activities under review and the types of risk.

While assessing risk at the Department level it may be found that the “cause” of a risk/s may be similarly experienced by another service unit, and therefore a corporate wide risk strategy may be appropriate.

Some questions to assist further consideration of risks in the profile may include:

- j) What are the underlying causes that are giving rise to risk that have been identified?
- k) Are other parts of the City facing the same risks / issues?
- l) Is a corporate wide risk management strategy required?

2.6. Consequence of Risk

Determine the likely consequence for each risk, for example, the impact it will have on the services being provided by the City as a whole. This might be significant financial loss, fatality or injury, loss of major infrastructure, or indeed may cause major reputation damage for the City.

The information generated in understanding the cause and consequence of risk will assist in the next step of analysing the risk rating (the measure of likelihood x level of consequence)

It should be noted that no risk has only a single consequence and we need to understand all possible outcomes (events) and establish suitable risk treatment controls.

3. Assessing the Likelihood and Consequences of Risk

3.1. Analysis of Risk

This section of the risk management process concentrates on the likelihood of occurrence and the consequence of each risk. Under section documenting the risk sub section 2,3, and 4 and tables 6,7, and 8 set out detailed information about the meaning of likelihood and consequence, while the glossary in appendix F contains definitions of these and other items.

Risk is analysed by combining estimates of likelihood and consequence in the context of existing control measures to arrive at a level of risk. The objectives of this analysis are to sort risks into relevant ranking levels so that not only major risks are clearly identified but minor risks are also noted.

This ranking can later be used to assist in the assessment and treatment of risks. Likelihood and consequence concepts should be applied to all risks identified at stage one of the risk management process so that lower level risks can be excluded from further more detailed risk considerations.

Although low risks may not be subject to further risk management processes, it is important that they are documented and added to the risk profile to demonstrate the completeness of the risk analysis

3.2. Risk Likelihood Ratings

Some events happen once in a lifetime, while others can happen almost every day. Analysing risk requires an assessment of their frequency of occurrence. The following table provides broad descriptions to support likelihood ratings.

Likelihood Table

Level	Descriptor	Detailed Descriptor	Operational Frequency
5	Almost Certain	The event is expected to occur in most circumstances	More than once per a year or incident is clearly imminent
4	Likely	The event will probably occur in most circumstances	At least once per a year
3	Possible	The event should occur at some time	At least once in 3 years
2	Unlikely	The event could occur at some time	At least once in 10 years
1	Rare	The event may only occur in exceptional circumstances	Less than once in 15 years

Table 6 Risk Matrix Likelihood Table

3.3. Risk Consequence Ratings

Consequences can be described in a number of ways. To ensure that all dimensions are considered a risk in the City can have consequences in terms of:

- a) Dollar cost
- b) Human impact
- c) Damage to reputation and image
- d) Damage to property and assets
- e) Harm to the environment
- f) Strategy, or loss of opportunity
- g) Service delivery and meeting of customer expectations
- h) Regulatory or legal compliance

It is important to note that each consequence can be rated, in terms of its severity, from catastrophic to insignificant. To assist in determining the level of consequence that a risk poses for the City, the following table provides a summary of each type of risk consequence relevant to the City as well as their relative severity ratings. It is also necessary to consider only the impact statements that relate to the risk being assessed, for example, a decision made by the City may have financial consequences only.

Note Next Page

Table 7 Risk Matrix Consequence Table (Select the Consequence Levels of Each Identified Risk

Level	Descriptor	Safety & Health	Financial Impact	Service Interruption	Reputation	Environment	Legal & Compliance
1	Insignificant	Negligible injuries, Full recovery 1 – 3 days	Organisation less than \$10,000 Department or project 0 -2% remaining budget	No material service interruption Backlog cleared in 2 – 4 hours	Unsubstantiated low impact, low profile or no news item Example gossip, Facebook item seen by limited persons	Contained reversible impact managed by on-site response Example pick up bag of rubbish	Compliance No noticeable regulatory impact. Legal Threat of litigation requiring small compensation Contract No effect on contract performance
2	Minor	First aid injuries, full recovery 1 -3 weeks	Organisation greater than \$10,000 Department or project 2 – 5% remaining budget	Short term temporary interruption, Backlog cleared in < 1 -7 days	Substantiated low impact, low news item Example local paper, everything Geraldton, Facebook item seen by local community	Contained reversible impact managed by internal response Example pick up trailer of rubbish	Compliance Some temporary non-compliances Legal Single minor litigation Contract Results in meeting between two parties in which contractor expresses concern
3	Moderate	Medically treated injuries, Full recovery 1 – 3 months	Organisation greater than \$100,000 Department or project 5 – 14% remaining budget	Medium term temporary interruption Backlog cleared by additional resources within < 2- 4 weeks	Demonstrated public outrage, substantiated public embarrassment, moderate impact, moderate news profile Example state-wide paper, TV news story, moderate Facebook item taken up by people outside of City	Contained reversible impact managed by external agencies Example contractor removal of asbestos sheets	Compliance Short term non-compliance but with significant regulatory requirements imposed Legal Single moderate litigation or numerous minor litigations Contract Receive verbal advice that if breaches continue, a default notice may be issued
4	Major	Lost time or severe injury, possible partial / full recovery 4 -12 months	Organisation greater than \$1,000,000 Department or project 15 – 20% remaining budget	Prolonged interruption of services Additional resources required; Performance affected issue resolved within < 4 -12 weeks	Substantiated and high level public embarrassment, high impact, high news profile, third party actions Example Australia wide news stories, current affair, etc. Significant Facebook item taken up by large numbers of people outside of the City	Uncontained reversible impact managed by a coordinated response from external agencies Example truck or train spill of diesel and oil on road, reserve, park, etc.	Compliance Non-compliance results in termination of services or imposed penalties Legal Single major litigation or numerous moderate litigations Contract Receive written notice from the contractor threatening termination if not rectified
5	Catastrophic	Fatality, permanent disability	Organisation greater than \$10,000,000 Department or project greater than 20% remaining budget	Indeterminate prolonged interruption of services that impacts on public safety and core services – Non-performance or termination of service	Substantiated public embarrassment, very high multiple impacts, high widespread multiple news profile, third party actions, likely to lead to the dismissal of Council / Councillors or Executive staff. Example world-wide news, TV news stories, current affair, 60 minutes, widespread Facebook item taken up by vast numbers of people outside of the City	Uncontained irreversible impact Example ship runs aground and spills oil along City coast line, ground water supply exhausted or rendered unusable	Compliance Non-compliance results in litigation, criminal charges or significant damages or penalties Legal Numerous major litigations Contract Termination of contract for default

Table 7 Risk Matrix Consequence Table

3.4. Risk Analysis Matrix

As cited earlier, risk is analysed by combining estimates of likelihood and consequence. To determine the risk rating for a particular risk use the risk-ranking matrix below to combine your selected likelihood and consequence ratings for each risk identified.

Risk Matrix Table

Consequence \ Likelihood	INSIGNIFICANT	MINOR	MODERATE	MAJOR	CATASTROPHIC
Almost Certain	LOW	LOW	MODERATE	EXTREME	EXTREME
Likely	LOW	LOW	MODERATE	HIGH	EXTREME
Possible	LOW	LOW	MODERATE	HIGH	HIGH
Unlikely	LOW	LOW	LOW	MODERATE	HIGH
Rare	LOW	LOW	LOW	MODERATE	HIGH

Table 8 Risk Analysis Matrix

Risk Acceptance Criteria

RISK RANK	DESCRIPTION	CRITERIA	RESPONSIBILITY
LOW	ACCEPTABLE	No Immediate Concern Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring.	Operational Manager(s)
MODERATE	MONITOR	Periodic Monitoring Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring.	Operational Manager(s)
HIGH	URGENT ATTENTION REQUIRED	Regular / Frequent Monitoring Risk acceptable with effective controls, managed by senior management / executive and subject to monthly monitoring.	All Directors Safety / Health Service Interruption Environmental
			Director CCS Financial Reputational Legal & Compliance
EXTREME	UNACCEPTABLE	Actively Manage Risk only acceptable with effective controls and all treatment plans to be explored and implemented where possible, managed by highest level of authority and subject to continuous improvement.	CEO / Council

Table 9 Risk Acceptance Matrix

4. Identification and Assessment of Controls

4.1 Overview of Controls

Corporate governance practices within the City would be incomplete and ineffective without an adequate internal control system.

In the City controls generally include the following Council policies:

- | | |
|------------------------------------------------------------------|----------------------------------------------|
| a) Delegations & authorizations | d) Standards or specifications |
| b) Operational plans | e) Management plans, systems or structures |
| c) Published Promapp processes, work instructions and guidelines | f) Regulations or other enterprise protocols |
| | g) Legislation |

The existence and proper application of these and other controls at all levels helps to ensure that the City operates efficiently, effectively and ethically.

4.2 Assessing Controls

Formal controls are likely to be in place already for many risk exposures. The degree and effectiveness of existing controls over risks needs to be considered to allow a definitive risk ranking process. These controls need to be identified clearly and their effectiveness assessed. Major risks that are not subject to effective controls may cause catastrophic consequences. Some controls are informal and their effectiveness may be anecdotal, so there is an important need to establish whether the control process is adequate, and the extent to which it is followed.

Controls fit into four distinct types as detailed below:

- a) **Preventative Controls** – These controls are aimed at preventing risk occurring in the first place. They include plans, policies, procedures, safe work method statements, etc.
- b) **Detective Controls** – These controls are used to identify when a risk has become an issue / incident. They include audits, safety incident reports, stocktakes, and reviews.
- c) **Mitigating Controls** – These controls are aimed at minimizing the consequences that arise from the issue / incident. They include business continuity plans, disaster recovery plans, personal protective equipment, etc.
- d) **Corrective Controls** – Corrective controls restore the system or process back to the state prior to a harmful event. For example, a business may implement a full restoration of a system from back-up tapes after evidence is found that someone has improperly altered the payment data, etc.

Once existing controls have been identified, it is necessary to evaluate them for effectiveness. The fact that proven processes are being followed does not necessarily mean that risk is being mitigated. The experience levels of the personnel undertaking the processes and the rigour with which the processes are being followed and supervised will also impact upon the control effectiveness

For each risk identified, the first question to be asked is, “Is there anything in place at the moment that would effectively lessen the likelihood or the impact of this risk?” If the answer to this question is yes, then the next question that needs to be asked is: “how effective are the current controls in preventing this risk from occurring or reducing the impact

Experience has demonstrated that there is a direct correlation between the effectiveness of an existing control and the likelihood of the risk occurring (i.e. the more effective the control, the less likely the risk is to occur) and the impact of the risk (i.e. non effective controls may increase the impact).

The outcome of this evaluation should then influence further analysis of the likelihood and potential consequences of the risk.

4.3 The Control Practices Matrix

All controls need to be assessed and verified to confirm that the control is in place and to validate the effectiveness, or otherwise, of each relevant identified control. The control practices matrix below provides a convenient way of doing this.

To assess control practices that are in place, the following questions apply:

- a) Does the control address the risk effectively?
- b) Is the control officially documented and communicated?
- c) Is the control in operation and applied consistently?

The table set out below should be used to score the control related responses to the above questions. Scores are to be added to give a total control rating.

To help employees to describe and attribute a control rating to the scores derived from the control practices matrix, the following indicative ratings can also be used.

Control Rating Guide

RATING	DETAILED DESCRIPTION	OPERATIONAL APPLICATION
EFFECTIVE	No control gaps. The control is influencing the risk level and only continued monitoring is needed.	Control addresses risk, is officially documented, in operation and has been tested to confirm effectiveness.
MODERATELY EFFECTIVE	Few control gaps. The control is influencing the risk level, however improvement is needed.	Control addresses risk but documentation and/or operation of control could be improved.
PARTIALLY EFFECTIVE	Some control gaps that result in the control having limited influence on risk level.	Control addresses risk at least partly, but is not documented and/or operation of controls needs to be improved.
NOT EFFECTIVE	Significant control gaps that result in the control not influencing the risk level.	At best control addresses risk, but is not documented or in operation, at worst control does not address risk and is neither documented nor in operation.

Table 10 Risk Acceptance Matrix

5. Overall Risk Management

5.1. Introduction

Following the identification and analysis of significant risks and assessment of related controls it remains to rank each risk. Ranking of risks allows a risk profile to be compiled at each location under review as a basis for determining priorities and actions. Risk rankings require knowledge and consistency, the two-step process set out over the page assists in ensuring that this occurs.

5.2. Step 1 – Document Risk and Control Ratings

From the risk profile, document individual risk ratings, taking into consideration likelihood and consequence to arrive at a combined risk rating (to obtain this rating, use the risk-ranking matrix at section assessing the likelihood and consequences of risk sub section 4, table 8 risk analysis matrix. Then consider and document the existing internal controls relevant to this risk, using the control rating guide in section identification and assessment of controls sub section 3 the control practices matrix set out in table 10 risk acceptance matrix (for Risk Workshop Template see Appendix C)

5.3. Step 2 – Overall Risk Management Ranking Maps

The results can be placed on the risk maps as set out below to arrive at the overall risk management ranking. This map clearly sets out the actions required by management to manage each risk efficiently and effectively. It ensures that appropriate priorities are established which allow management resources to be allocated and directed to the relevant areas. At the same time it provides management with a robust framework that allows them to feel confident in their approach to risk in operations under their control.

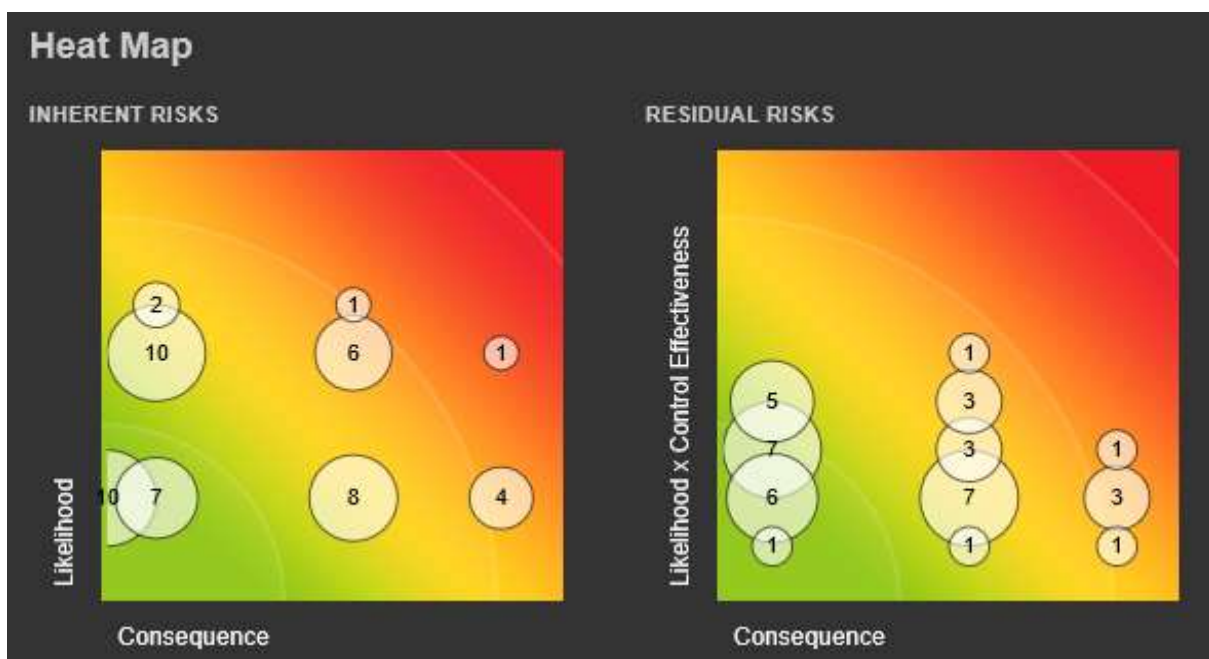


Table 11 Promapp Risk Module Risk Heatmap

6. Enterprise Risk Management and Treatment

6.1. Risk Management Plans

As a product of the risk assessment process, risk management plans should be developed for each major project. A risk management plan is not required for risks that are captured within Departmental and Organisational Risk Portfolios have the risk structure and responsibilities established.

Risk management plans are to be used to document and summarise risk management processes and individual treatment plans.

Preparation of these plans enable the documentation of each phase of the risk management process, while also allowing the clear identification of the responsibilities associated with implementation and monitoring.

By completing a risk management plan in the format set out (Appendix D), relevant City employees can establish accountability, and ensure that risk management is seen as part of each employee member's responsibilities.

Risk management plans allow for reporting to Council, EMT, relevant management and through to the Risk Management Committee. These plans are flexible, allowing for continual updating and reassessment as risks confronting the City change or the likelihood and consequences change.

6.2. Format of Risk Treatment Plans

Risk treatment plans should document the way in which selected risk treatment options are to be implemented for all major risks. Risk treatment plans will be completed after the need has been identified through the completion of risk management plans. The risk treatment plans should follow the format set out below (template at Appendix C and D).

6.3. Undertaking Risk Treatment

Risk treatment involves identifying the range of options for treating risk, evaluating those options, selecting the preferred treatment, preparing risk treatment plans and implementing them.

Preparation of risk treatment plans often requires input from higher levels of management, particularly if the risk is shared across a number of departments and a corporate wide strategy is required. In some circumstances, advice from risk control and insurance specialists may be required.

In completing the risk treatment plans and working through the risk treatment decision tree in section 4, table 12 risk treatment process decision tree) it will be necessary to select the most appropriate treatment from all available options. At this point it is important to document the benefits of the response selected compared with the costs. Implementing risk treatment plans is one of the essential elements of a successful risk management process. To ensure that treatment plans are actioned requires management of the process by relevant senior employees.

The management planning process should include:

- a) Allocation of risk treatment responsibilities
- b) Approval or allocation of resources needed for treatment
- c) Establishment of deadlines or in the case of long term treatment processed agreement on milestones and deadlines; and
- d) Report back agreement, format and dates

The diverse nature of the City is such that risk treatment implementation plans will need to be tailored to meet the specific needs of each service unit, project or activity.

A successful risk treatment plan implementation process is only possible if systems are in place to ensure that responsibilities are assigned, management and employees are held accountable for their actions and the process is subject to adequate monitoring and review (refer to section on monitor and review). If the action plans developed have long lead times, consideration should be given to implementing interim measures and actions, if needed. If, for whatever reason, action plans cannot all be implemented at the time of being approved, specific action plans should be prioritised based on risk rankings.

Similar risks can be identified across a number of departments. A consolidated risk profile report will identify these and note requirements for corporate wide risk management strategies. Consultation and

communication across all affected departments will be essential for the successful implementation of risk treatment plans.

6.4. The Risk Treatment Process

The decision tree set out below should be used as a guide when assessing risk treatment in order to arrive at an acceptable level of residual risk.

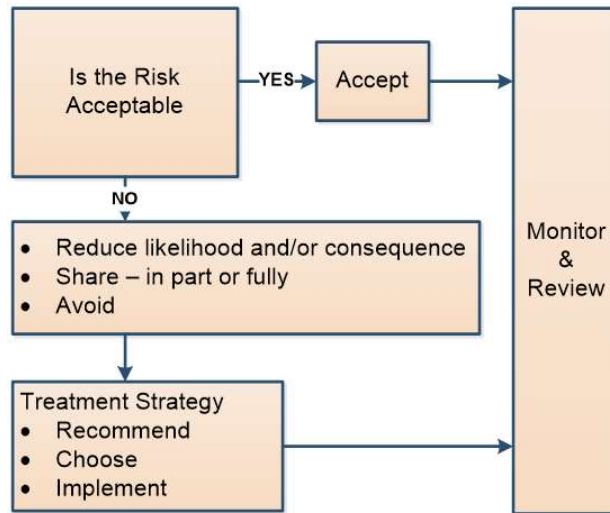


Table 12 Risk Treatment Process Decision Tree

All risks identified as requiring further treatment should be considered in the context of the treatment options available. These treatment options should be considered weighing the cost of implementing each option against the potential benefits. In some cases, a cost benefit analysis may be required to assist in the selection process.

When significant risk reductions can be obtained at relatively low cost, such options should be implemented. As a general guide, risks should be reduced to the lowest possible level after taking into consideration the costs associated with risk reduction.

When assessing risk treatment options, it is important to understand that it will often be most appropriate to combine several treatment options. Risk responses may be specific to one risk or they might address a range of risks.

Risk Treatment Plans must be implemented as per the following timeframes:

Risk Level	Treatment Plan Action
Extreme	Eliminate or mitigate immediately
High	Within one month
Moderate	Within three months
Low	Action not required

Table 13 Risk Treatment Minimum Timeframes

6.5. Risk Treatment Options

There are three broad treatment options available for the mitigation of identified risks. These are outline in the below:

- a) **Avoid** - This option seeks to treat the risk by avoiding the event that would lead to the risk. There will be few, if any, risks identified within City where this treatment strategy will be an option.
- b) **Treat** - Under this option, responsibility for the treatment of the risk is kept in-house. Risk Treatments that will reduce the likelihood and/or consequence of the risk are developed and recorded in the Risk Register.

It needs to be remembered, however, that risk treatments are only effective if they are completed. To that end, all risk treatments need to be adequately resourced in terms of funding and allocation of personnel. In addition, to ensure accountability within the City, all risk treatments are to have an owner assigned.

- c) Upon completion of the risk treatments, the Risk Register is to be updated to reflect completion of the treatment and the risk is to be reassessed as to whether these actions have been successful in reducing the likelihood and/or consequence.
- d) **Transfer / Sharing** – Risk transfer/sharing involves devolving responsibility for the management of an activity for which risks have been identified to another party, or, transferring certain consequences (usually financial) to another party. Examples of transferring or sharing of risk include:
 - **Contracting and/or insurance** - Contracting and insurance are perhaps the most widely used form of risk transfer. It should be remembered, however, that it is virtually impossible to transfer all of the risk to a third party. As an example, a contract can cover the City against financial loss by transferring the risk to the Contractor, however, any issues that arise from the contract may still result in a death/injury or reputation consequences to the City that cannot be transferred.
 - **Escalation** – Risks are escalated for a number of reasons:
 - The residual risk (After treatment risk level) is above the City's risk appetite / tolerance
 - The risk treatment actions are outside the control of the City; or
 - The level in which the risk resides has attempted risk treatment actions however, their efforts have not been successful.

When a risk has been escalated, management of the risk has not been transferred per section 6 and section 9 as the consequences will still impact on the area concerned. That said the treatment of all or part of the risk has been transferred to Line Management. In the case where a risk has been escalated, Line Management is to maintain active visibility on the progress of actions and report to their Directorate (or when relevant EMT) at regular intervals. More guidance on Risk Escalation is detailed in section 9 risk escalation.

The overarching principles in relation to risk transfer/sharing is that if the City owns all or part of the consequences it still owns the risk.

6.6. Accept / Retain

Risk are accepted or retained for a number of reasons:

- a) There are no treatment options available (i.e. The risk event is outside the City's sphere of influence)
- b) The level of risk is so low that it does not warrant treatment; or
- c) Risk treatment would cost more than the consequences of the risk (but not just dollar terms).

Where a decision to accept a risk is taken, the risk is still to be recorded in the Risk Register along with the reasons behind the decision not to treat the risk and must include details of who accepted the decision to accept the risk.

Risk acceptance may only be undertaken in line with the risk acceptance criteria detailed in table 9-risk acceptance matrix.

6.7. Cost Effectiveness of Risk Treatments

Determining whether a risk is cost effective or not is not as simple as identifying that the Consequence is

\$40,000 and to treat the risk would cost \$80,000. **Cost effectiveness in relation to risk treatment is not simply an issue of cost.**

A risk may have no financial impacts at all, however may have other Major or Catastrophic consequences, particularly in relation to Safety or Reputation. In such cases, it may be prudent to still treat the risk to reduce the consequences against these consequence categories, thus reducing the risk level to within the appetite of the City.

That is why it is absolutely vital that risks are assessed against all consequence categories. If risks are not fully assessed, it is difficult, if not impossible, to conduct an assessment of cost effectiveness.

6.8. Residual Risk

Residual risk is the risk level that remains after risk treatment activities have been completed. After determining the risk treatments for each risk, the risk is to be reassessed to determine the post-mitigation risk level. It should be noted, however, that the risk does not reach the residual level of risk until after all mitigation actions have been completed.

For risks where the decision is taken to accept the risk, the residual risk level (i.e. post-mitigation) will be the same as the pre-mitigation risk level.

6.9. Risk Escalation

The escalation of risk to the party best able to deal with it or to the appropriate level for acceptance of a risk beyond the organisation's risk appetite is a fundamental foundation of the risk management process. Not all risks can be treated at a Department level, however, without a structured and documented escalation process, personnel at that level may be put in a position where they feel they have to accept a risk beyond their control, authority or accountability.

To that end, the Risk Escalation process for the City is captured in the Promapp Risk Module and summarised below



Table 14 Risk Escalation Process

6.10. Contingency Plans

Contingency Plans are plans that are developed to deal with the risk if it eventuates, i.e. if the risk event occurs. Essentially, the main benefit of developing a Contingency Plan is to ensure that some consideration has been taken at an early stage as to what the strategy will be to recover from the situation and to minimise the impact.

In essence, developing Contingency Plans allows the City to be proactive in dealing with Risks prior to them arising.

It should be noted that if a Contingency Plan is developed it needs to be costed and will form part of the consequence rating for the risk (for example if the risk eventuates, the cost of a Civic Centre closure for a protracted period of time needs to be factored amongst the Consequences).

As a general rule, Contingency Plans should be developed for risks with a pre-mitigation risk score of High or Extreme, regardless of the post-mitigation (residual risk) score.

6.11. Accountability and Responsibility

To ensure that accountability and responsibility is part of the risk management framework, it is important that all City employees understand their roles and responsibilities.

The framework adopted by the City automatically allows accountability and responsibility to be delegated through the processes required to implement risk management. The risk management plans under section enterprise risk management and treatment require the nomination of responsible employees and ensures that they understand what is required from them.

This level of accountability is then brought to the next level of authority within the City through the reporting process in section monitor and review, sub section 4 review and reporting. Monitoring within the reporting framework allows continuous accountability for larger activities/projects, while risk management linkages to Strategic and Corporate business plans and budgets to ensure that EMT is aware of both successful and unsuccessful risk management on an organisation-wide basis, when actual key performance indicators and related results are reported against the plan.

Refer to Appendix B for Roles & Responsibilities

6.12. Risk Documentation and Maintenance

The preparation, maintenance and retention of risk management documentation has several advantages, in summary it allows:

- a) Accountability and support for decisions taken;
- b) Subsequent reviews to be completed to consider the effectiveness of risk management plans;
- c) Reviews to highlight good and poor results to ensure all employee within the City learn from the collective risk management experiences of the entire organization;
- d) Documentation to be used to assist with the management of future similar projects, activities, work groups, etc;
- e) Communication between all interested parties; for example:
 - Risk management committee
 - Safety committee

- Executive Management Team (EMT)
 - Audit Committee
 - Council
- f) Later justification for actions taken if project activity is not as successful as planned
- g) All members of a risk management team to understand their role, the strategy adopted and the outcomes expected.

This communication process allows for continued accountability and responsibility. All risk management plans require documentation and must be retained.

7. Monitor and Review

7.1. The Monitoring and Review Process

To support the risk management system at the City and Department level, it is necessary to have a process of monitoring and review in place.

This ensures that the summarised information presented to senior personnel is accurate, complete and based on latest available data.

Ongoing review is required to ensure that management and treatment plans remain relevant. Factors impacting upon risk assessments and control practices can also change and therefore the risk management cycle should be repeated at regular intervals to ensure continued effective risk management.

As noted in section enterprise risk management sub section 1 risk management plans, risk management plans require the relevant line management to document monitoring plans and to be held accountable for these commitments.

7.2. Methods of Review

Monitoring and review procedures should be determined as part of the risk management plan. As a guide, some possible methods of review include the following options:

- a) Self-assessment;
- b) Physical inspections
- c) Checking and monitoring success of actions and the extent to which the risk remains;
- d) Audit and re-assessment of risk to achieving specified objectives.

Review must be undertaken as per the following timeframes:

Risk Level	Reviewed (by Risk Owner)
Extreme	Weekly
High	Monthly
Moderate	6 Monthly
Low	Annually

Table 15 Risk Review Minimum Timeframes

It should be noted that when there is a significant change to circumstances all risks should be reviewed at that time. Examples of the types of changes that would trigger a full review include (but are not limited to):

- a) Changes to key personnel
- b) Significant changes to management plan
- c) Significant changes to structure
- d) Changes to governing legislation

Conducting such reviews will ensure that the risk register remains current.

7.3. Retiring Risks

Risks are to be retired after the chance of something happening has clearly passed. It is important however that appropriate approval is provided (and recorded in the risk register) when a risk is to be retired.

The following table provides the approval authority for the retirement of risks:

RISK CATEGORY	LOW	MODERATE	HIGH	EXTREME
Safety & Health	Manager	Manager	All Directors	CEO / Council
Service Interruption	Manager	Manager	All Directors	CEO / Council
Financial Impact	Manager	Manager	Director C.C.S.	CEO / Council
Reputation	Manager	Manager	Director C.C.S.	CEO / Council
Environment	Manager	Manager	Director D.C.S.	CEO / Council
Legal & Compliance	Manager	Manager	Director C.C.S.	CEO / Council

Table 16 Risk Retiring – Levels of Authority

It should be noted, however, that within a City context very few risks would be retired. Risks are not to be retired simply because no treatment is required or treatments have already been implemented and the risk has reached its target level.

Examples of risks that could be retired include risks associated with one off Events or Projects with defined start and end dates.

7.4. Review and Reporting

A critical for any Risk Management Program is the recording of risks. Risks that are not recorded are not able to be managed and the risk exposure of City is unlikely to be reduced. The most effective means of capturing risk is with a Risk Register.

The Risk Register captures all of the information necessary to ensure the risk can be effectively managed. An effective Risk Register follows the Risk Management Process as defined in the Standard and allows for the capture of all identified risks, the controls and their effectiveness, the assessed risk level, the treatment strategy and individual treatment actions.

In the case of City, Risk Registers will be informed by a number of other Legislated/ regulated/mandated registers such as:

- a) Hazard register
- b) Asbestos register
- c) Chemical register
- d) Electrical goods register
- e) Asset register; and
- f) Incident register

7.5. Risk Reporting Within the City

In order to ensure the ongoing maintenance and effectiveness of the risk management program, a number of reports will be generated, these reports are as follows:

- a) Monthly risk report to Executive Management Team (EMT)
- b) Risk report to audit committee whenever meetings are held
- c) Annual risk report to Council
- d) Two yearly comprehensive risk report to audit committee
- e) Risk escalation reports (refer to table 14 risk escalation process for details)

These reports are discussed in detail below:

7.6. Monthly Risk Report to EMT

A monthly summary risk report that shall be presented to EMT. The aim of the report is to provide information to the EMT in relation to compliance against City risk management requirements.

- a) This report shall provide an overview of the City's risk profile and the effectiveness of risk controls;
- b) The format for the monthly risk report is provided in Appendix E

7.7. Quarterly Risk Report to the Audit Committee

A quarterly report to the Council Audit Committee (through EMT) on the status of risk management across the City.

7.8. Annual Risk Report to Council

The Risk Management Committee shall provide an annual report to Council (through EMT) on the overall status of risk management across the City.

7.9. Two Yearly Comprehensive Risk Report to Audit Committee

The Risk Management Committee shall provide a biannual (2 years) report to the Audit Committee (through EMT) on the overall status of risk management across the City. The aim of this report is to ensure compliance with Local Government (Audit) Regulations 1996 Regulation 17 which requires the CEO to report on the effectiveness of the City's risk management systems, internal controls and legislative compliance.

8. Communication and Consultation

Communication of risk and consultation with the stakeholder community are essential to supporting sound risk management decisions.

The activities, being conducted within the City are diverse and at times complex and involve multiple (and diverse) stakeholders. As such, the communication and consultation processes must be effective in providing visibility to all stakeholders of the risks involved in the conduct of the activity.

Communication and consultation with an organisation's stakeholder community in relation to Risk Management will:

- a) **Make Risk Management Explicit and Relevant** – Discussing with stakeholders and involving them in all aspects of the risk management process makes risk management a conscious and formal discipline.
- b) **Add Value to the City** – Sharing information and perspectives on risk across the stakeholder community will help to create Enterprise coherence, which is particularly relevant given the complexity and range of the activities undertaken within the City.
- c) **Integrate Multiple Perspectives** – Since stakeholders can have a significant impact on Risk Management activities, it is important that their perceptions of risk be identified and recorded and the underlying reasons for them understood and addressed
- d) **Develop Trust** – Through communication and consultation, the organisation will develop an association with its stakeholder community and, in doing so, establish relationships based on trust.
- e) **Enhance Risk Assessment** – Utilising stakeholder experience and expertise will often improve the understanding of the risk.
- f) **Facilitate Effective Risk Treatment** – Stakeholder experience and expertise are crucial in developing treatments that will be effective. Including the stakeholder community in the Risk Management process will also allow for the allocation of treatments to the most appropriate party, be it within or outside of the City

8.1. Stakeholder Management

An organisation's stakeholders are those who may affect, be affected by, or perceive themselves to be affected by the City. Identifying and capturing stakeholder needs, positions, issues and concerns will help to understand the stakeholder and will assist with the development of communication strategies. It will also provide the basis upon which risks associated with dealing with the particular stakeholder can be identified.

Stakeholders fall into two categories:

- a) **Primary Stakeholder** – Primary stakeholders are those with a significant amount of influence in relation to the City. Examples of primary stakeholders include (but are not limited to): internal staff; EMT; Contractors etc.
- b) **Secondary Stakeholder** – Secondary stakeholders are stakeholders who have less in relation to influence but demonstrate an interest in the City. Examples of City secondary stakeholders include (but are not limited to): sub-contractors, visitors, and members of the public, and Media.

Each stakeholder will have their own interest in, and perceptions of the City. They will also have a specific level of power to influence the outcomes and conduct of the City's activities to satisfy their expectations. If their needs are not met, they could become a source of risk for the City and undermine the capacity of the City to deliver its outcomes

The level of communication the City has with each of these stakeholder groups will be determined by their level of interest and/or influence, as detailed below:

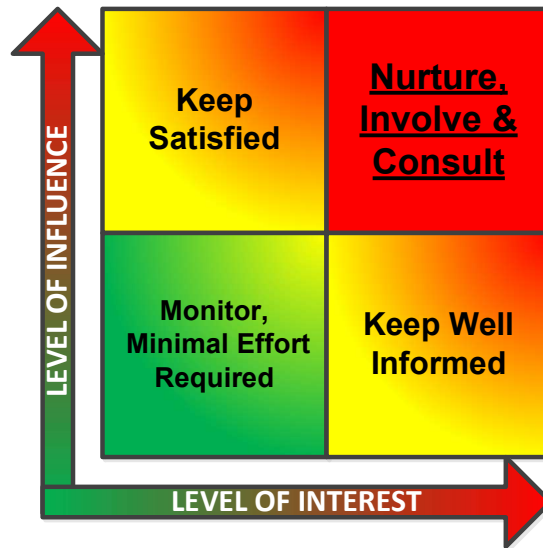


Table 17 Risk Stakeholder Involvement Levels

To effectively manage City stakeholders it is important to:

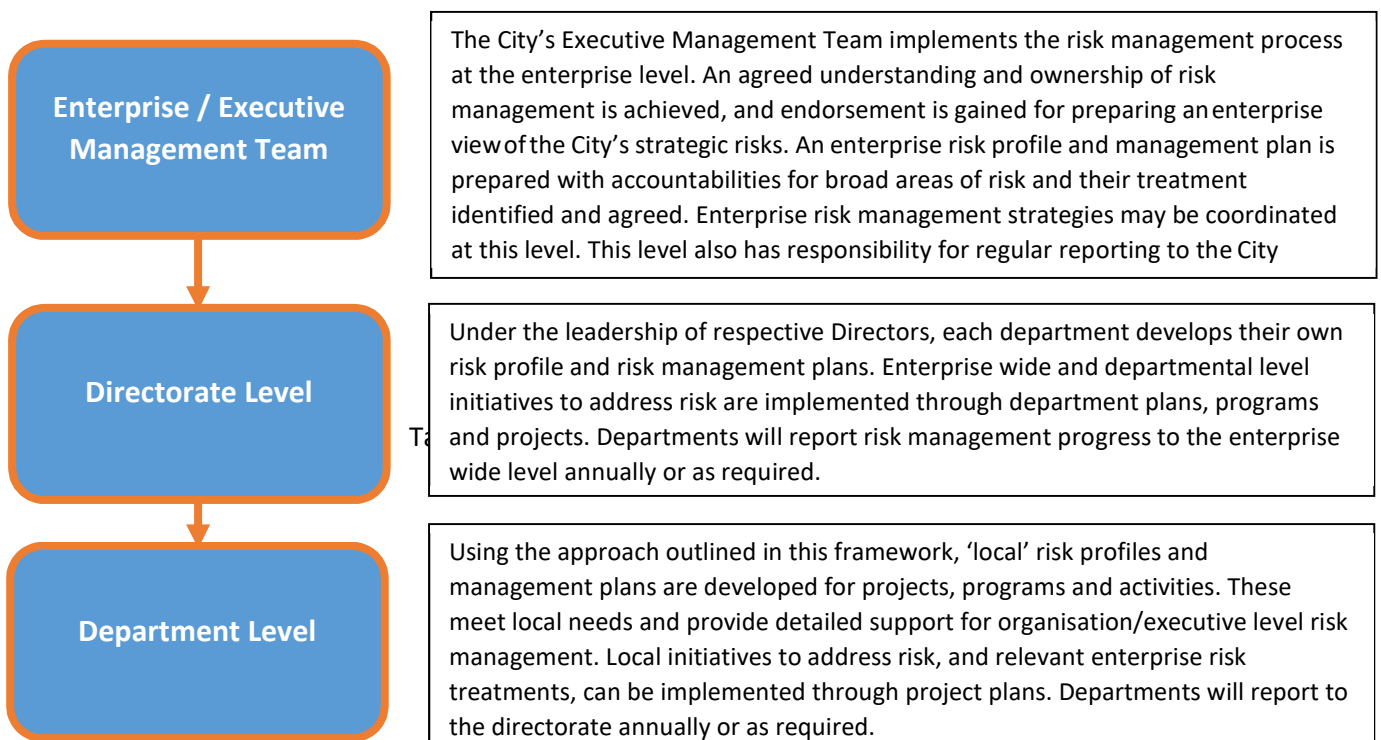
- a) Know **who** they are;
- b) Consult with identify and agree on **expectations**;
- c) **Prioritise** these stakeholder risks and opportunities into the risk register;
- d) **Integrate** stakeholder risks and opportunities into the risk register.

All parts of the City are to identify and prioritise their stakeholder community and through their engagement, programs ensure that all of their expectations are identified and agreed.

9. Implementation Agenda

9.1. Approach

Once a standard risk management process has been developed, it must then be implemented throughout the City at the highest level this process involves three key phases summarised below.



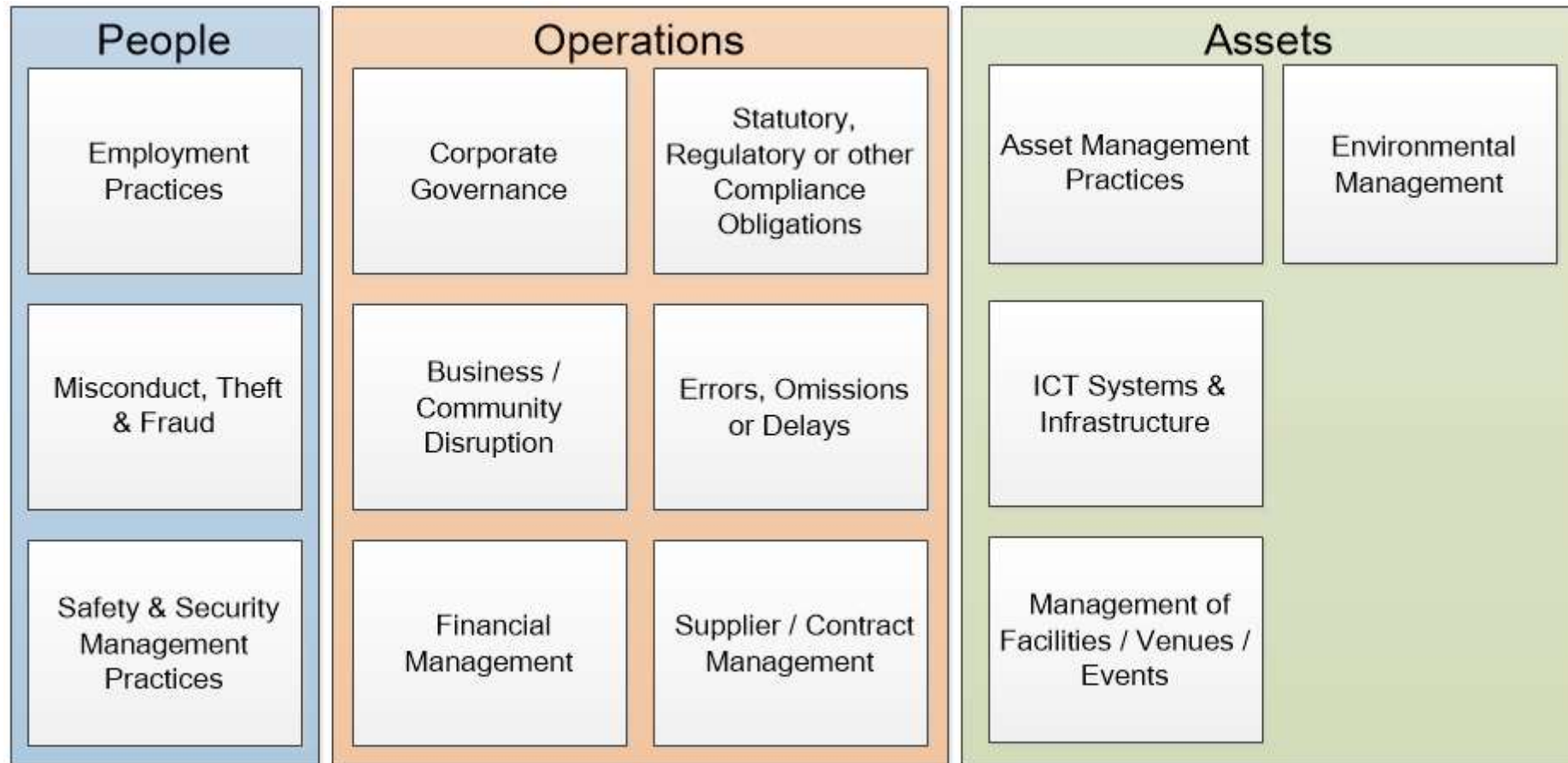
The City's approach to the implementation of risk management is to focus on the areas in priority order. This approach is based upon an initial rating of the City's risks and risk management practices on an organisation-wide basis so as to focus on areas of key importance. This ensures resources are focused on key areas or high-risk areas that require the most urgent risk management.

10. Related Operational Management Processes

In conjunction with the risk, management framework the City has the following supporting management systems in place:

- a) Safety & Health Management
- b) Human resources
- c) Asset management
- d) ICT systems
- e) Emergency management
- f) Governance
- g) Financial management
- h) Community engagement
- i) Community development
- j) Project delivery
- k) Strategic planning
- l) Statutory planning
- m) Business continuity management

Appendix A – Risk Themes



Employment Practices

This is the failure to effectively manage and lead human resources (full-time, part-time, casuals, temporary and volunteers). This includes:

- a) Not having appropriately qualified or experienced people in the right roles
- b) Insufficient staff numbers to achieve objectives.
- c) Breaching employee regulations.
- d) Discrimination, harassment & bullying in the workplace.
- e) Poor employee wellbeing (causing stress).
- f) Key person dependencies without effective succession planning in place.
- g) Industrial activity.

It does not include the occupational health and safety requirements; refer to inadequate “Safety and Security Management Practices”

Misconduct, Theft and Fraud

These are intentional activities that result in loss of funds, assets, data or unauthorised access, (whether attempted or successful) by external parties, through any means (including electronic) and activities intended to circumvent the City’s Code of Conduct, endorsed policies, procedures or delegated authority.

Examples include:

- a) Fraud: benefit or gain by deceit
- b) Malicious damage
- c) Theft: stealing of data, assets or information
- d) Relevant authorizations not obtained
- e) Distributing confidential information
- f) Accessing systems and / or applications without correct authority to do so
- g) Misrepresenting data in reports
- h) Inappropriate use of assets
- i) Inappropriate use of social media
- j) Inappropriate behavior at work
- k) Purposeful sabotage

This does not include instances where it was not an intentional breach; refer to “Errors, Omissions or Delays”.

Safety, Health & Security Management Practices

This is the ineffective management practices to provide for the safety and security of staff, contractors, visitors and volunteers. It is closely aligned to non-compliance with the Occupational Safety & Health Act, associated regulations and standards.

Corporate Governance

Ineffective Governance Frameworks:

- a) Roles, responsibilities and accountabilities
- b) Stakeholder management
- c) Integrated planning and reporting
- d) Delegations framework
- e) Codes of conduct
- f) Diversity

Ineffective Executive / Council Leadership:

- a) Performance evaluation
- b) Conflict of interest
- c) Misconduct
- d) Employment contracts
- e) Induction program
- f) Strategic leadership (competency)
- g) Succession planning (key committees / roles)
- h) Committee effectiveness (eg. Audit Committee – Integrity of reporting)

Inadequate Risk Management Framework:

- a) Internal audit / control assurance functions
- b) Identification or risk exposures
- c) Policy and procedure frameworks

Document Management / Control:

- a) Failure to adequately capture, store, archive, retrieve, provide or dispose of documentation including contracts, applications, proposals, procedural documents, personnel files, complaints, general documents, etc.

Business / Community Disruption

Inability to provide core services:

- a) Key suppliers
- b) Major damage to key assets
- c) Maintain appropriate resourcing

Natural Hazards:

- a) Climate change
- b) Natural disasters

Environmental:

- a) Community health

- b) Natural environment
- c) Built environment

Financial Management

Reduction in income:

- a) Recognition of funding options
- b) Attracting funding
- c) Rate capping
- d) Existing income streams

Increasing expenses:

- a) Infrastructure costs
- b) Cost shifting
- c) Borrowing costs

Capital variations:

- a) Valuation methodologies

Statutory, Regulatory or Other Compliance Obligations

Failures to correctly identify, interpret, assess, respond and communicate laws and regulations as a result of an inadequate compliance framework. This includes, new or proposed regulatory and legislative changes, in addition to the failure to maintain updated internal & public domain legal documentation.

It includes (amongst others) the Local Government Act, Planning & Development Act, Health Act, Building Act, Dog Act, Cat Act, Freedom of Information Act and all other legislative based obligations for Local Government.

It does not include the Occupational Safety & Health Act; refer 'Inadequate safety and security management practices' or employment based compliance obligations; refer 'Ineffective employment practices'. Where compliance obligations are better suited to other themes, they should be excluded here.

Errors, Omissions or Delays

These unintentional activities result in mistakes (errors), partial completion of activities (omissions) or non-completion of activities within prescribed periods. It also includes incomplete, inadequate or inaccuracies in advisory activities.

Examples include:

- a) Any professional advice that is not consistent with legislative requirements or local laws.
- b) Inconsistent messages or responses from Customer Service Staff
- c) Human error
- d) Inaccurate recording, maintenance, testing or reconciliation of data.
- e) Inaccurate data being used for management decision-making and reporting.

- f) Delays in service to customers.

Supplier / Contractor Management

Inadequate management of external suppliers, contractors, IT vendors or constants engaged for core operations. This includes issues that arise from the ongoing supply of services or failures in contract management and monitoring processes.

The also includes:

- a) Vendor sustainability
- b) Concentration issues (contracts awarded to one supplier)

Contractor management issues should be captured under “Inadequate Safety and Security Management Practices”

Asset Management Practices

This is the failure or reduction in service of assets. These include plant, machinery, fleet, buildings, roads, playgrounds, and all other assets during their lifecycle from procurements to disposal. Areas included in the scope are:

- a) Inadequate design (not fir for purpose)
- b) Ineffective usage (downtime)
- c) Outputs not meeting expectations
- d) Inadequate maintenance activities
- e) Inadequate financial management and planning (capital renewal plan)

It does not include issues with the inappropriate use of assets or procurement activities; refer to “Misconduct” or “Theft and Fraud”.

IT Systems and Infrastructure (Inc. Communications)

This is the failure of information technology systems that may result in disruption, financial loss or damage to reputation. It can be defined as instability of performance or other failure of IT or communication system or infrastructure causing the inability to continue business activities and provide services to the community. This may or may not result in IT Disaster Recovery Plans be invoked.

Examples include:

- a) Hardware or software
- b) Networks
- c) Failures of IT vendors
- d) This also includes where poor governance results in the breakdown of IT maintenance such as;
 - Configuration management
 - Performance monitoring

It does not include new system implementations or the broader “Business & Community Disruptions”

Management of Facilities / Venues / Events

This is a broad category that includes failures to effectively manage the day-to-day operations of facilities, venues and / or events. This includes:

- a) Inadequate procedures in place to manage quality or availability.
- b) Poor crowd control.
- c) Ineffective signage.
- d) Booking issues.
- e) Stressful interactions with hirers / users (financial issues or not adhering to rules of use of facility)
- f) Inadequate oversight or provision of peripheral services (e.g.. cleaning / maintenance)

Care should be taken to ensure that risks associated with asset maintenance are not duplicated in 'Inadequate asset management practices'.

Environmental Management

This refers to operational failures in the prevention, identification, enforcement and management of environmental issues.

The scope includes:

- a) Failure to identify and effectively manage contaminated sites (including groundwater usage)
- b) Waste facilities (landfill / transfer stations)
- c) Weed & mosquito / vector control
- d) Ineffective management of water sources (reclaimed, potable)
- e) Illegal dumping
- f) Illegal clearing / land use

Appendix B - Roles & Responsibilities

Role	Responsibility
Council	<ul style="list-style-type: none"> a) Adopt a risk management policy that complies with the requirements of AS/NZS ISO 31000 : 2009 and to review and amend the policy in a timely manner and/or as required. b) Be satisfied that risks are identified, managed & controlled appropriately to achieve Council's Strategic Objectives c) Appoint and resource the Audit Committee. d) Provide adequate budgetary provision for the financing of risk management including approved risk mitigation activities. e) Review Council's risk appetite.
Audit Committee	<ul style="list-style-type: none"> a) Review adequacy and effectiveness of the Risk Management Framework. b) Review risk management policies, procedures and guidelines. c) Review and approve allocation of risk and audit resources in conjunction with the City's Risk Profile. d) Receive reports regarding identified risks/mitigation and their effectiveness from Risk Management Committee. e) Monitor changes to City's risk profile and highlight material changes to Council. f) Review risk management strategies. g) Monitor performance of implementing action plans arising from risk assessments
Chief Executive Officer	<ul style="list-style-type: none"> a) Adopt the Risk Management Framework for the City. b) Promote the effective management of risk across the City's operations. c) Ensure that Councillors are aware of risk management objectives. d) Has ultimate responsibility for managing risk across the City. e) Responsible for the recognition and adoption of risk management as a key function of the City, and to ensure the inclusion of risk management as a priority within City's Strategic Community, Corporate Business Plans, Annual Report, and other appropriate City documentation. f) Accountability for the appropriate and timely implementation and maintenance of sound risk management practice and processes for strategic and operational risks, to reduce or prevent the adverse effects of risk. g) Demonstrating a commitment to risk management for and by all employees. h) Ensuring resources are appropriately allocated throughout the organisation to meet City's risk management requirements. i) Report to the Audit Committee on risk and mitigation activities.
Directors & Managers	<ul style="list-style-type: none"> a) Managers & Directors are responsible for the implementation of the Risk Management Policy and Framework, and; b) Must make regular risk assessments of performance resources in co-operation with those with employees are carried out; c) Must make regular risk assessments within their area of responsibilities to identify existing or potential risk to their areas performance. d) To develop and manage, in conjunction with managers, a Corporate Risk Register of the City's Strategic and Operational Risks. e) To identify owners for Risks and ensure any Risk treatment plans are being managed effectively by the Risk owners.

<p>Risk Management Committee (EMT and invited specialist officers)</p>	<ul style="list-style-type: none"> a) To implement and follow the AS/NZS ISO 31000:2009 Risk Management Standard for the City of Greater Geraldton (CGG). b) Each member will effectively be a “Risk Champion” for their Directorate and bring required focus and attention to the identified Risks of CGG. c) Each member will be advocates for Risk Management principles and reaffirm to colleagues the importance and benefits of effective Risk Management to the City. d) The Chairperson of the Committee will report monthly or as needed to Executive Management Team (EMT) to provide status updates and to escalate specific Risks as appropriate. e) The Chairperson of the Committee will provide a report to the Audit Committee quarterly and to the Council annually. f) To provide assurance to EMT and Council that the City Risk is being managed effectively. g) To provide a basis from which to establish a risk-based schedule for internal audits. h) To provide Members with the opportunity to consider Risk Management as an individual development opportunity. i) Ensure compliance with Regulation 17, specially section 1(a) risk management j)
<p>Corporate Services Manager</p>	<ul style="list-style-type: none"> a) Develop and review policies, manuals and systems to ensure statutory compliance in the mitigation of operational and corporate risks. b) Ensure the development and implementation of the risk assessment and management framework. c) Lead the identification and prioritisation of risks at strategic and operational levels. d) Ensure that appropriate education and training programs are in place to support managers and employees to embrace risk management as a best practice business activity. e) Facilitate and assist operational teams to develop risk management strategies. f) Actively participate in the development of an enterprise business continuity plan and test the plan annually to ensure effectiveness. g) Assist scheduling of the risk management committee meetings and agenda. h) Coordinate the risk management committee evaluation of individual Council risk assessments. i) Coordinate the annual risk self-assessment of operations and develop an operational risk management plan to action improvement opportunities identified. j) Manage the best practice audit undertaken by LGIS k) Maintain and annual review the City risk management framework. This includes but is not limited to undertaking, in conjunction with relevant areas, corporate risk assessments to identify and assist with the implementation of internal controls including risk treatment strategies to address risks and link them to corporate and section business plans. l) Prepare reports for executive meetings on risk management matters. m) Maintain the City’s Business Continuity Management Plans, Policies and Procedures n) Ensure annual review of Business Continuity Management Plans.
<p>Occupational Safety &</p>	<ul style="list-style-type: none"> a) Develop & facilitate implementation of a Safety Management System throughout the City b) Ensure that the safety management systems is based on risk management standards and is consistent with the City risk management framework.

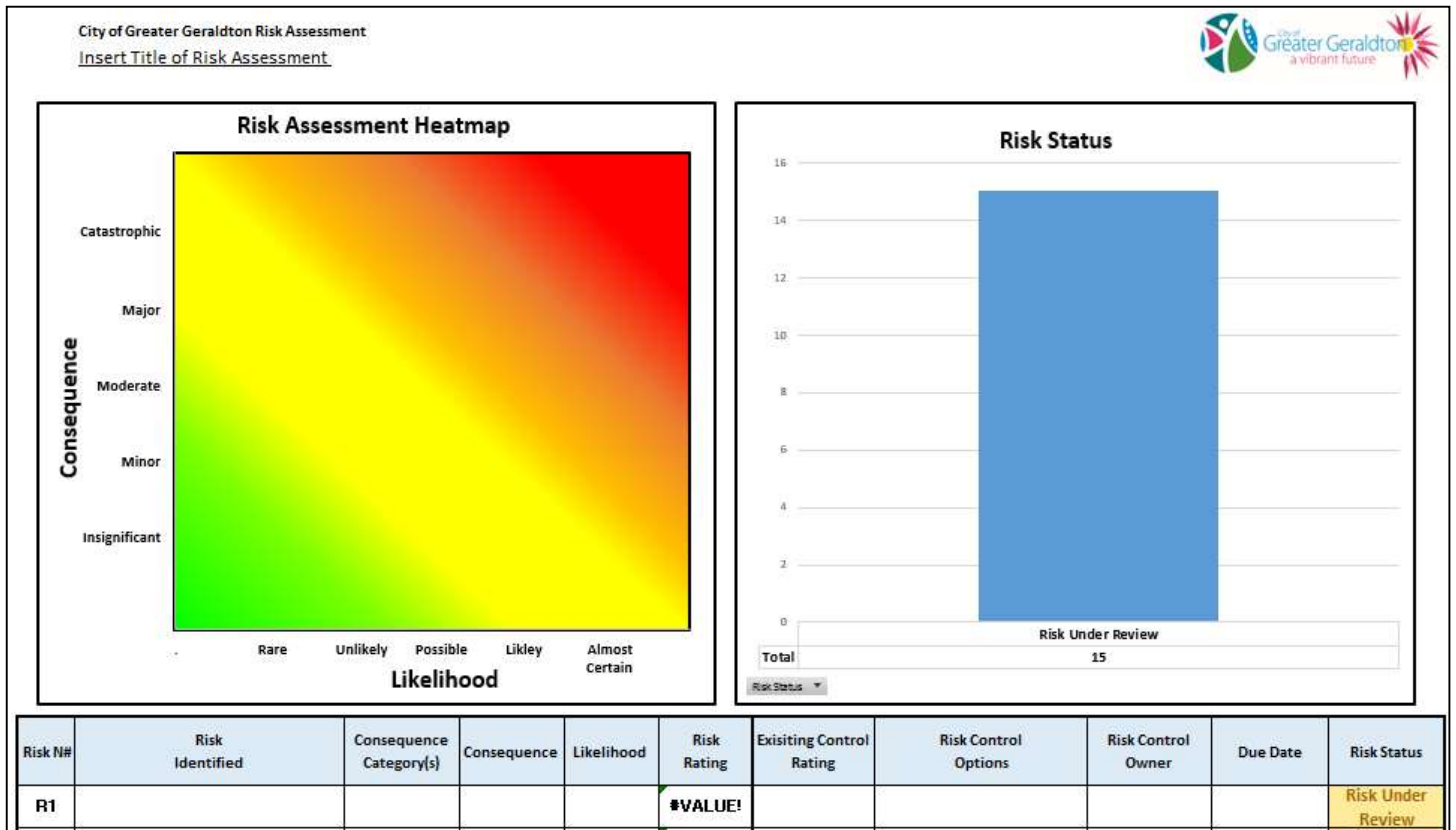
Health Coordinator	c) Assist risk management committee in relation to safety related third party risk assessments.
Project Managers	<ul style="list-style-type: none"> a) Ensure that the Council's Risk Management Framework is applied to the projects within their area of responsibility. b) Where the project is considered to materially influence the achievement of Council's Corporate Objectives, ensure that a project risk assessment is undertaken and provided to the Risk Management Committee for endorsement. c) In conjunction with Corporate Services undertake risk assessments related to third party liability risk and implement prioritised mitigation strategies. d) Ensure that when Contractor insurance is required for a project that the insurance is maintained for the life of the project. e) Undertake risk management plans for all proposed projects in consultation with the relevant stakeholders. f) Ensure design and construction includes agreed features to minimise future risk.
Staff with Site Management Oversight	<ul style="list-style-type: none"> a) Report and analyse incidents, damage and hazards occurring at the site. b) In conjunction with the Manager Governance and Risk and the Senior Risk Advisor, develop and manage a contingency plan for the site. c) Encourage the public to respect Council property. d) Ensure appropriate processes are in place to secure all buildings and assets
Employees & Contractors	<ul style="list-style-type: none"> a) Identify and assess risks associated with personal tasks and activities. b) Ensure personal compliance with risk management policies, framework, and procedures in performance of duties / activities. c) Ensure that any hazards identified are escalated to the relevant line manager. d) Perform duties in a manner that is within an acceptable level of risk to their health and safety, and that of other employees and the community. e) Comply with quality assurance procedures where applicable. f) Make Risk control and prevention a priority when undertaking tasks. g) Report any hazard or incidents as detected to their Manager or the City Responsible Officer (for contractors). h) Personal responsibility for sound operational risk management practices within the work environment commensurate with their position. i) Undertake risk & opportunity assessments for all proposed projects in consultation with the relevant Manager General Manager.
Committee Members	<ul style="list-style-type: none"> a) Understand and observe appropriate risk management processes. b) Undertake risk assessments for all proposed projects in consultation with the manager corporate services or appointed manager. c)

Appendix C – Risk Assessment Template

Risk assessment template can be found in Trim under the following location:

D-17-22241 Risk Assessment Template

Extract example of excel risk assessment template



Appendix D – Risk Management Plan Templates

Project risk management plan template can be found in Trim under the following location:

D-17-30694 Project Risk Management Plan Template

Extract example of project risk management table of contents

INSERT PROJECT NAME PROJECT RISK MANAGEMENT PLAN (ISSUE N.01)	
TABLE OF CONTENTS	
1	INTRODUCTION..... 1
1.1	Project Background 1
1.2	Project Objectives 1
1.3	Document Scope and Objectives 2
1.4	Plan Updates..... 2
1.5	Terminology..... 2
2	RISK MANAGEMENT RESPONSIBILITIES 2
2.1	Project Manager 2
2.2	Risk Coordinator (if there is one) 3
2.3	Risk Owner..... 3
2.4	Other Project Staff..... 3
3	RISK MANAGEMENT WITHIN INSERT PROJECT NAME PROJECT 3
3.1	Overview 3
3.2	Project Risk Management..... 4
4	RISK MANAGEMENT PROCE \$\$ 5
4.1	General 5
4.2	Communication and Consultation..... 5
4.3	Establish the Context..... 6
4.3.1	General..... 6
4.3.2	Critical Success Factors 6
4.3.3	Likelihood Criteria..... 7
4.3.4	Consequence Criteria..... 7
4.3.5	Overall Risk Level/Score 7
4.3.6	Evaluation Criteria 8
4.4	Risk Identification 8
4.4.1	General..... 8
4.4.2	Not Used 9
4.4.3	Common Risk Description Structure 9
4.5	Risk Analysis..... 9
4.5.1	General..... 9
4.5.2	Controls 9
4.6	Risk Evaluation..... 10
4.7	Risk Treatment 10
4.7.1	General..... 10
4.7.2	Treatment Options 11
4.7.3	Treatment Considerations..... 12
4.8	Monitoring and Review of Risks 13
5	DOCUMENT..... 13
5.1	General 13
5.2	Risk Register 14
6	REPORTING 14
6.1	General 14
6.2	Reporting Requirements 14
7	CONTINGENCY ALLOCATION AGAINST RISKS 14
7.1	General 14
7.2	Contingency budget management 14
7.2.1	Project contingency budget..... 14
7.2.2	Assigning contingency..... 15
7.2.3	Unassigning contingency 15
7.2.4	Funding of changes to Project scope..... 15
8	CONCLUSION 15
9	ANNEXES:..... 15

Project risk action plan template can be found in Trim under the following location:

D-17-61306 Project Risk Action Plan Template

Extract example of project risk action plan template

RISK ACTION PLAN

For use with High & Extreme Risks requiring specific risk plans



RISK ACTION PLAN (Promapp Treatment Ref. MC00####)	
Risk Promapp Risk Ref. R00###	Insert Risk description
Risk Rating	Inherent Rating Insert Residual Rating Insert
Summary (RESPONSE AND IMPACT)	
Insert statement outlining the impacts if the risk was to occur and a summary of the required response.	
1) Required Actions	1. Insert Required actions to prevent the risk eventuating 2. Insert required actions if the risk occurs 3. Insert required actions post risk event
2) Resource Requirements	1. Insert resource requirements for management eg people, equipment etc
3) Roles & Responsibilities	1. Parties involved and their involvement in the management of the risk
4) Timing	1. Insert required timeframes to manage risk
5) Reporting/ Monitoring	1. insert frequency of risk reporting and monitoring

Appendix E – Monthly EMT Risk Report Template

Monthly EMT risk report template can be found in Trim under the following location:

D-18-008956 Monthly EMT Risk Report Template

Extract example of monthly EMT risk report

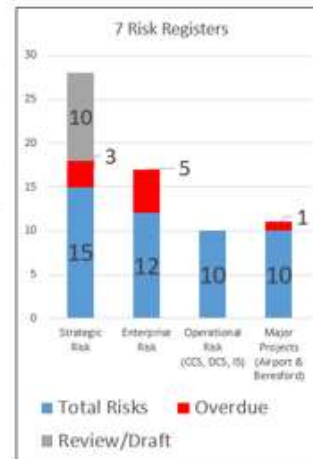
Executive Management Team Monthly CGG Risk Report 2018

MONTHLY RISK REPORT EXECUTIVE SUMMARY

1. RISK REVIEW

In November Procurement & Risk following consultation internally, undertake a detailed review of risk. The intent of the review was to attempt to better align risk to the City's risk management framework instead of aligning to Promapps risk processes. The review assessed,

- the structure in Promapp
- how risks are defined e.g. cause, consequence and risk description methodology.
- duplication of risk issues
- the risk matrix
- See [EMT Risk Review Report](#) for full details



	Old	New
Registers	39	7
Risks	126	47
Treatments	301	274

2. RISK MANAGEMENT FRAMEWORK MONITORING & REVIEW

LGIS have provided through an initial draft of a proposed new City Risk Management Framework.

- See [LGIS Draft Risk Management Policy](#)
- See [LGIS Draft Risk Management Framework](#)
- See [LGIS Draft Risk Management Procedures](#)

LGIS have advised that as they are unfamiliar with Promapp and City operations, the draft is a standard document. Corporate Service will be working with LGIS in coming weeks to attempt to align the documents to City context eg structure, roles, Promapp, risk appetite etc.

3. BUSINESS CONTINUITY MANAGEMENT PLANNING (BCM)

- With the risk register now containing documented treatments, the BCM review and development process can commence.
- The BCM draft will be finalised for EMT's considering in early Jan 2018.
- Please be advised that there are resource matters that will require direction from EMT prior to the BCM being finalised and an exercise being held. These resource requirements will be reported to EMT for consideration in the near future.

4. RISKS REQUIRING PARTICULAR ATTENTION

The following Risks have been highlighted as requiring particular attention due to "Safety/Compliance/Overdue Status". There are risks that have technically rated higher but that have consequence that are not as significant to City operations.

- R1330** Asset/Infrastructure Emergency event and response
- R245** Security Incident at City facility
- R1326** Injury or Illness to Community Member(s) in connect with City operations or assets
- R238** Emergency Evacuation of City Facility
- R263** Major external emergency event (Natural or Human caused)
- R1325** Major Bushfire Event
- R198** Major Medical Emergency at City Facility or Site

RISK STATISTICS

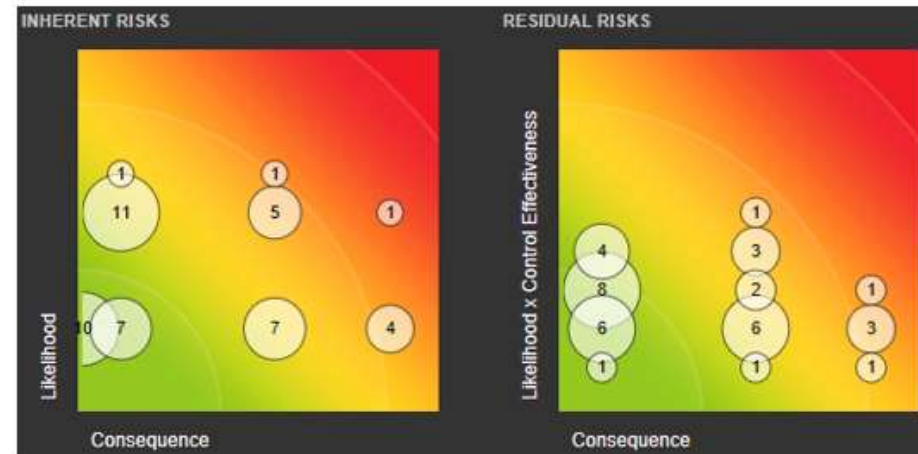
RISK LEVELS

The below illustrates the total number of risks and a breakdown of their control effectiveness.



RISK PROFILE

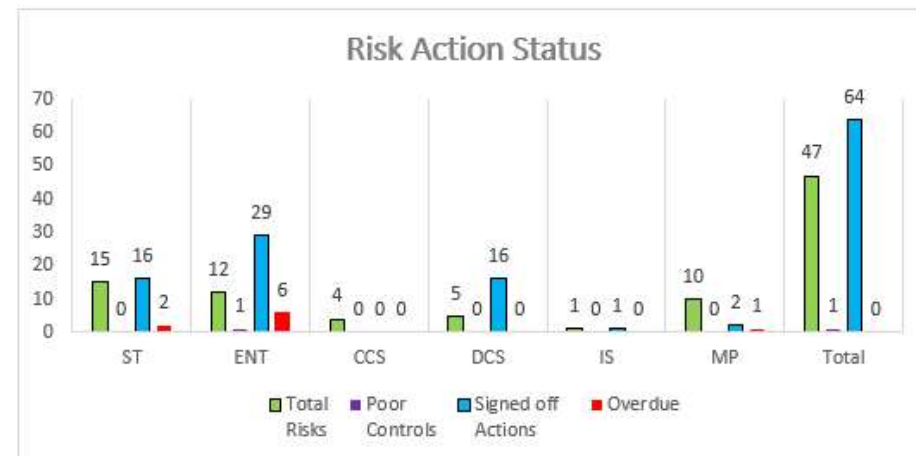
The below left Heatmap illustrate inherent risks ratings, the below right illustrates the residual risk ratings when the control effectiveness is accounted for.



RISK ACTION STATUS BY PORTFOLIO FOR MONTH

Risk Portfolio	Total Risks	Poor Control	Completed Treatments	Overdue	Treatments Re-Opened
ST	15	0	16	2	
ENT	12	1	29	6	
CCS	4	0	0	0	
DCS	5	0	16	0	
IS	1	0	1	0	
MP	10	0	2	1	
Total	47	1	64	0	

Please refer to pages Attachment 1 for high and overdue risks, please note to ease review the risks are prioritised from the highest level to lowest. Please also note that were a high risk is signoff as being managed it will not form part of attachment 1 unless it becomes overdue. If required refer to [CGG Risk Matrix](#) for assessment criteria.



Risk #	Title	Description	Portfolios	Inherent Rating	Residual Rating	Control Rating	Control #	Treatment Description	Signoffs	Due Date	Status
R1330	Infrastructure Failure Event	<p>CAUSE - Asset not built required standards eg. AS Severe weather event Age of Assets Failure to inspect and maintain Incorrect materials Not fit for purpose</p> <p>CONSEQUENCE - Death/injury to persons Financial impact due failure of asset Reputation damage Legal Action, Claims or Prosecutions Regulatory investigation</p>	ENT. Enterprise Risk	High	High	Good	MC378	<p>Maintenance Operations Specific - Document an "All Hazard response Plan" that will include how to.</p> <p>+Activate/call out the team required to respond to the event +Confirms the functions under the plan (SWMS) +Confirm response and resource requirements</p>	Kerry Smith	3-Dec-17	Overdue
R1326	Injury or illness to Community Member(s)	<p>CAUSE - Infrastructure failure Failure to inspect and maintain assets Failure to undertake public health obligations Failure to undertake compliance obligations as per R01327</p> <p>CONSEQUENCE - injury/harm to community Legal Action, claims or prosecutions Financial impact</p>	ST. Strategic Risk	High	High	Fair	MC378	<p>Maintenance Operations Specific - Document an "All Hazard response Plan" that will include how to.</p> <p>+Activate/call out the team required to respond to the event +Confirms the functions under the plan (SWMS) +Confirm response and resource requirements</p>	Kerry Smith	3-Dec-17	Overdue
R263	Major external emergency event (Natural or Human caused)	<p>CAUSE - Severe weather such as Cyclone, Flooding, Earthquake Major Port or Rail incident Major Industrial Accident Major Traffic Accident</p> <p>CONSEQUENCE - Death/injury to persons Financial impact due service interruption</p>	ST. Strategic Risk	High	High	Fair	MC378	<p>Maintenance Operations Specific - Document an "All Hazard response Plan" that will include how to.</p> <p>+Activate/call out the team required to respond to the event +Confirms the functions under the plan (SWMS) +Confirm response and resource requirements</p>	Kerry Smith	3-Dec-17	Overdue
R208	Major Disruption to Core City Operations	<p>CAUSES - ICT system failure Loss of critical plant and equipment Loss of critical staff / contractors Natural disaster / emergency event</p> <p>CONSEQUENCES - Financial impact of not been able to operate Financial impact of additional resources / contracts Inability to meet compliance obligations Potential termination of services Community frustration backlash causing reputation damage</p>	ENT. Enterprise Risk	Moderate	Moderate	Good	MC462	<p>ICT Specific - @ToDo - develop and implement Security Incident and Event Management system for Network monitoring and reviewing of logs.</p>	Graham English	6-Dec-17	Overdue
							MC01821	<p>ITC Specific - @ToDo - develop and implement Process for monitoring and reviewing ICT systems</p>	Graham English	3-Dec-17	Overdue
R221	Suspension / failure of Financial System for duration of 2 days. (Accounts Payable, Payroll, Procurement, System Monitoring etc)	<p>CAUSES - ICT failure Cyber attack Loss of critical staff External provider system crashes eg Banks</p> <p>CONSEQUENCES - Inability to pay wages and accounts Reputation damage to City from not paying accounts. Inability to receipt payments or income Inability to operate business</p>	CCS. Operational Risk	Moderate	Low	Good	MC181	Document Current Payroll processes into Promapp or Trim	Auke Van Der Weij	3-Dec-17	Overdue
							MC676	Investigate IT/Vison for possible response options if payroll function was disrupted	Auke Van Der Weij	3-Dec-17	Overdue

Appendix F – Glossary of Terms

Terms	Definitions
Assurance	A process that provides confidence that planned objectives will be achieved within an acceptable degree of residual risk. An evaluated opinion, based on evidence gained from review, on the organisation’s governance, risk management and internal control framework.
Audit	The formal examination of the CGG accounts, financial situation, internal controls, systems, policies and processes and compliance with applicable terms, laws, and regulations.
Compliance	A state of being in accordance with established internal rules, guidelines, policies, specifications, social ethics, norms and legislation.
Consequence	The outcome of an event affecting objectives expressed qualitatively or quantitatively, being a loss, injury, disadvantage or gain. There may be a range of possible outcomes associated with an event.
Contingency	Contingency is an allowance for future increases to estimated costs for project cost elements and is the aggregate of amounts (if any) included in the Project Approval: <ul style="list-style-type: none"> a) To meet the assessed risk of project acquisition cost increases that may arise because of underestimates due to inherent cost uncertainties. b) To meet the residual project risk after all planned risk mitigation / elimination / treatment measures; and c) To meet “unknown unknowns”
Contingency Plan	Contingency Plans are plans that are developed to deal with the risk if it eventuates, i.e. if the risk event occurs a predefined set of actions will be implemented.
Controls	All the policies, procedures, practices and processes in place to provide reasonable assurance of the management of the City’s risks.
Control Self-Assessment	A formal assurance activity whereby managers make a formal analysis of risks and controls and identify key controls that collectively confirm acceptable operation. These controls are then formally checked and reported on a regular basis.
Corporate Governance	All the principles, policies, management systems and structures by which the City is directed, managed and controlled.
Cost	Cost of activities, both direct and indirect, involving any negative impact, including money, time, labour, disruption, goodwill, political and intangible losses.
Decision Tree	A method of breaking down events visually into smaller, more manageable steps. These steps are represented as branches on a “tree” with alternative decisions and options and steps leading to various potential outcomes. Decision trees can be useful during risk identification, scenario analysis and the evaluation of risk treatment options.
Enterprise Risk Management	The culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects.
Environment	An incident or situation, that occurs in a particular place during a particular interval of time.
Event	An occurrence or change of a particular set of circumstances.
Frequency	A measure of the rate of occurrence of an event expressed as the number of occurrences of an event in a given time (see also Likelihood and Probability).
Hazard	A source of potential harm or a situation with a potential to cause loss.

Inherent Risk	A measure of risk in its natural state (i.e. without any specific controls in place); i.e. where the factors preventing its occurrence or limiting its impact are largely outside the control of an organisation. A risk that is impossible to manage or transfer away.
Insurable Risk	A risk that can be treated via the application of insurance as a risk financing technique.
Level of Risk	The magnitude of a risk or combination of risks, expressed in terms of the combination of consequences and their likelihood.
Likelihood	Used as a qualitative description of probability or frequency of something happening.
Loss	Any negative consequence, financial or otherwise.
Monitor	To check, supervise, observe critically, or record the progress of an activity, action or system on a regular basis in order to identify change from the performance level required or expected
Operational Risk	Operational risks are associated with the development and implementation of operational plans or the processes, functions or activities of the City. They are the risks associated with your normal business functions. Operational risks should be assessed by the parties familiar with the particular function or service with which the risks are associated.
Project Risks	Project risks are associated with specific projects or discreet initiatives. All projects will go through a life cycle, i.e. conception to planning, scoping, contracting, design, construction, testing/commissioning, hand-over and operation. Project risks exist at every stage, and they need to be identified and managed to ensure the successful completion of the project.
Promapp Risk Module	The City's centralised software application untitled for management of risk.
Residual Risk	The remaining level of risk after risk treatment measures have been taken.
Risk	The effect of uncertainty of the City achieving its objectives. It is measured in terms of consequences and likelihood.
Risk Acceptance	An informed decision to accept the consequences and the likelihood of a particular risk.
Risk Analysis	A process to comprehend the nature of risk and to determine the level of risk.
Risk Assessment	The overall process of risk identification, risk analysis and risk evaluation.
Risk Sharing	Sharing with another party the burden of loss, or benefit of gain from a particular risk.
Risk Source	Element, which alone or in combination has the intrinsic potential to give rise to risk. A risk source can be tangible or intangible.
Risk Transfer	Shifting the responsibility or burden for loss to another party through legislation, contract, insurance or other means. Risk transfer can also refer to shifting a physical risk or part thereof elsewhere.
Risk Treatment	Selection and implementation of appropriate options for dealing with risk.
Stakeholders	Those people and organisations who may affect, be affected by, or perceive themselves to be affected by a decision or activity.
Strategic Risk	Strategic risks concern the whole of the agency. They are the risks associated with long-term organisational objectives and the means by which those objectives will be achieved. Strategic risk assessment is normally conducted at a Board or Executive level and is most effective when integrated with the strategic planning process.
The Standard	AS/NZS ISO 31000:2009, Risk Management – Principles and Guidelines Standards Australia.

Appendix G – References

- a) City of Greater Geraldton CP-006 Risk Management Policy
- b) City of Greater Geraldton CP-008 Occupational Safety & Health Policy
- c) City of Greater Geraldton Risk Management Committee Terms of Reference
- d) City of Greater Geraldton Business Continuity Plan
- e) AS/NZS ISO 31000:2009 Risk Management Principles & Guidelines AS/NZS ISO 31010:2009 Risk Assessment Techniques
- f) HB 158-2010 Delivering assurance based on ISO 31000:2009 - Risk management - Principles and guidelines
- g) HB 327:2010 Communicating and Consulting about Risk
- h) AS 8000 - 8004: 2003 Australian Corporate Governance Standards AS/NZS 4801 (Managing Safety and Health)
- i) AS/NZS 5050:2010 Business continuity - Managing disruption-related risk
- j) AS/NZS IEC 62198:2015 Managing risk in projects—Application guidelines
- k) Department of Local Government & Communities Risk Management Resources
- l) Risk cover WA Government Risk Management Guidelines

Risk Management

AC064-C

Improvement Strategy

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DOCUMENT ADMINISTRATION

Directorate		Officer	Review Cycle	Next Due
Corporate and Commercial Services		Manager Corporate Services	Annually	XX XXX XXXX
Version	Decision Reference	Date	Comment (if applicable)	
1.	EMT XX XXX XXXX	XX XXX XXXX	Newly developed document, containing elements from the 2015 Risk management Framework v4. Strategy has been split from main document.	

1 Introduction

In line with ISO 31000:2009 Risk management – Principles and guidelines, the City of Greater Geraldton has committed to the continuous improvement of risk management throughout all operations, strategic initiatives and project based activities. This commitment has seen implementation of the risk management framework; integration and ownership develop within all areas and appropriate resourcing of the risk management function. This document sets out continuous improvement strategy on an ongoing basis

2 Strategy Overview

This strategy is focussed around three main goals:

1. Continuous improvement of the **Framework**.
2. Establish an effective **control assurance** program to measure the performance of key controls.
3. Provide an effective **education and awareness** program geared towards continual growth in maturity and risk culture.

The identified actions to achieve these goals are listed in Appendix 1 – Action Plan. Please note the action plan shall be reviewed annually to ensure the strategy is current.

2.1 Framework Improvements

A risk management framework is defined as the set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management.

The outcomes expected are:

- Integrating documentation components to allow specific focus on improving distinct areas.
- Formalising the City's risk appetite and tolerance following the integration of strategic risks into the existing Promapp system.
- Ensuring that procedures are aligned to the City's high level contexts of strategic, enterprise, departmental and project risk management.
- Defining the risk operating model.
- Providing clarity of roles and responsibilities.

2.2 Control Assurance

From an operational perspective, the effective management of controls provides the Executive Management Team and Council with assurance that residual risks are being managed effectively through procedural design and oversight. It also provides Management with a structured approach to assessing the effectiveness of controls in what is traditionally a subjective exercise.

Whilst Promapp may not provide the practical technical ability to support these improvements, it should not restrict achievement of this goal.

The outcomes expected are:

- Structured approach to reviewing existing (and developing new) procedural controls from a risk mitigation perspective.
- Techniques for Management to review the effectiveness of procedural controls in the operating environment.
- Risk-based approached to the frequency of control assurance reviews.

2.3 Education and Awareness

Effective risk management requires more than just a framework, it requires a culture where proactive identification and management of risks is a part of daily processes and awareness is embedded throughout all levels of the City.

This will be achieved through:

Championing of risk by the City's leadership structure. This includes behaviours as well as ensuring that 'risk' forms part of meeting agendas for their teams and functional areas.

- Introduction of a Risk Management Committee to assist in the implementation and management of the framework.
- Specific risk management training for Managers and other key staff which forms part of the individual and corporate learning and development framework. This training covers conceptual and practical skills in procedural requirements including Promapp.
- Ongoing assistance provided through the Risk and Procurement Team, including access to risk information procedures and guidance material on the intranet and Promapp.
- Risk management forming part of the staff induction process which emphasises that every staff member has a responsibility to themselves, their work colleagues and the community, generally to avoid (and report) risk.
- All position descriptions contain risk management as a responsibility area.

3 Measuring Risk Management Performance

The measurement of risk management performance within the City will involve three distinct activities:

- 1 **Measuring Compliance.** This measures whether the City is complying with it's the Risk Management Framework obligations.
- 2 **Measuring Maturity.** This measures the current level of risk management maturity within the City against industry best practice.
- 3 **Measuring the Value Add.** This measures the extent to which risk management is contributing to the achievement of the City's objectives and outcomes.

3.1 Measuring Compliance

Like all programs within an organisation, the risk management framework will be subject to compliance auditing. This auditing is aimed at ensuring that the fundamental requirements detailed in the City Risk Management Framework and Policy are being adhered to.

There are some requirements of the risk management framework that if not carried out, can have a significant impact on the Risk Management Framework within the City.

Requirement	Key Performance Indicator (KPI)	Measure and Target
All the City personnel are to receive basic risk management training in order to improve their risk management skills	% of personnel that have received the City approved risk management training	95% of staff have received the City approved risk management training
All Departments to conduct formal risk workshops at least quarterly	% quarterly risk reviews conducted	100% of quarterly risk reviews are conducted
All Departments are to maintain a populated risk register in the specified format	% of the City organisations that are maintaining a risk register	100%
When Relevant Reports are to be provided to the appropriate committees not later than 7 days prior to the committee meeting	% of reports provided to the appropriate committees within specified timeframes	100%
All risks outside the target level are to be escalated to the appropriate authority within 24 hours of analysis being completed	% of risks outside the target level of risk escalated to the appropriate authority within 24 hours of analysis being completed	>95%
Treatment actions are to be completed within specified timeframes	% of treatment actions completed within specified timeframes	>90%
The controls for the risks with Catastrophic and Major consequences are to be maintained, as far as possible, at Effective, with evidence to support the assessment	% controls for risks with Catastrophic and Major consequences that are Effective, with evidence to support the assessment	>85%

Figure 1 – Summarised Risk Management Key Performance Indicators

It is conceivable, however, that an organisation has 100% compliance against all of the Risk Management Framework requirements and yet risk management is not contributing to the achievement of effective outcomes. Therefore, measuring compliance is not, on its own, an effective way of measuring the effectiveness of the risk management program.

Refer to Appendix 2 – Compliance Measures for the template utilised to assess KPI compliance. Please note the template provides contents review items associated with a comprehensive review, the template should be updated to align to operational requirements as directed by the CEO and EMT.

3.2 Framework Maturity Assessment

The City will undertake a review of the maturity of the Risk Management Framework annually. An example of the output from such an assessment is shown below:

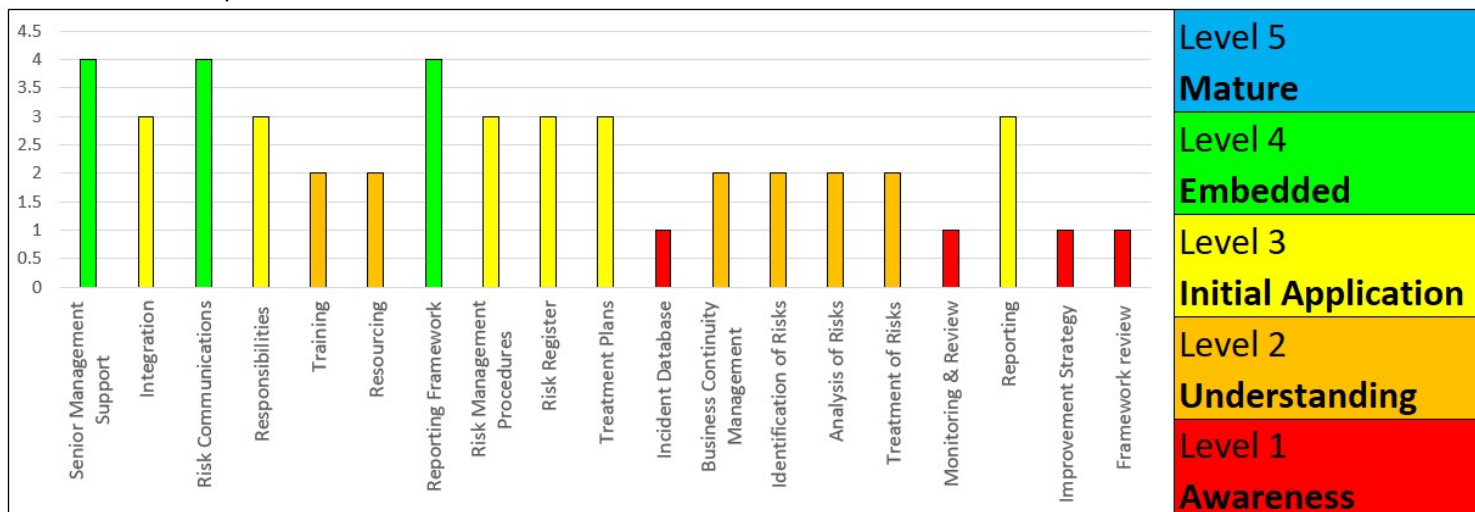


Figure 2 – Example Output from Enterprise Risk Maturity Assessment

The outcomes of the assessment will highlight the current risk maturity of the City. The maturity scale is as follows:

Level 1	Level 2	Level 3	Level 4	Level 5
Awareness	Understanding	Initial Application	Embedded	Mature
There is a general understanding within the organisation of the benefits of risk management to the organisation, however, at this stage, no active measures have been taken that would constitute the implementation of a Risk Management Framework.	A Risk Management Framework has been designed and implementation has commenced or has been programmed to commence in the near future. There may be some risk management being done within the organisation, however, this is on an ad-hoc basis and is reliant on individuals within the organisation, as opposed to leadership from senior management.	A Risk Management Framework has been implemented in all key functional areas within the organisation; however, there are areas within the organisation that have yet to incorporate sound risk management practices into their processes.	A Risk Management Framework has been implemented in all key functional areas within the organisation, however, not all of the functional areas can be regarded as 'best practice' in relation to their risk management but steps are being taken to continually improve.	A Risk Management Framework has been implemented in all key functional areas within the organisation, and all of the functional areas can be regarded as 'best practice' in relation to their risk management.

Figure 3 maturity assessment scale

The current maturity of the City as assessed by a Risk subject matter expert is between 'Initial Application (Level 3) and 'Embedded (Level 4). The goals for the City in terms of risk management maturity are as follows:

- By December 2018 - Achieve 85% "Embedded" status across the City (Level 4);
- By June 2018 - Achieve 100% "Embedded" (Level 4) with at least 50% of attributes being assessed as 'mature' (Level 5); and
- By June 2019 – confirmed 100% "Embedded" (Level 4) with at least 85% of attributes being assessed as 'mature' (Level 5).

Achieving these goals will demonstrate an improvement in the risk culture across the City.

Refer to Appendix 3 Risk Management Maturity Assessment Criteria for the template utilised to assess the City's risk maturity. Please note the template provide contents review items associated with a comprehensive review, the template should be updated to aligned to operational requirements as directed by the CEO and EMT.

3.3 Measuring the Value Add

The measurement of the contribution of the Risk Management Framework to the City performance is more difficult than the measurement of compliance and maturity.

It is impossible to assert that the implementation of the Risk Management Framework has for example, resulted in a 17% improvement in the delivery of services because there may be other factors that contributed to the improvement.

What has been demonstrated by similar risk maturity methods conducted in other organisations is that there is a direct correlation between improved risk management and improved Enterprise performance.

To that end, performance against the following Enterprise performance measures are to be used to demonstrate the value add of risk management to the City:

Financial	Compliance	Safety	Reputation
Profit & Loss	Number of Reportable Compliance Incidents	Number of Safety Incidents	Customer Satisfaction
Financial Surplus	Number of Punitive Findings from Regulators	Worker's Compensation Payments (\$)	Customer Complaints
Return on Investment (ROI)	Number of claims against the City	Lost Days to Injury	Ratio of Negative to Positive Press
Successful attainment of grant funds		Worker's Compensation Premiums	Staff Satisfaction
			Staff Turnover

Figure 4 –Measuring risk value add

The performance against these measures is to be recorded at the same time that each maturity assessment is conducted. In doing so, the relationship between the improvement in the risk management program can be linked to improvement in Enterprise performance.

This is to be reported in an annual 'State of the Risk Framework & Assessment of Risk Profile' report to the Audit Committee at the first meeting at the beginning of each financial year.

Appendix 1 – Action Plan

Action	Responsibility	Due Date
Framework Improvements		
Complete review of all Framework components and have adopted by Council.	Manager, Corporate Services	
Identify and profile the City's Strategic Risks into Promapp.	Director, Corporate & Commercial Services	
Develop the City's Risk Appetite and Tolerance Policy/Statement	Manager, Corporate Services	
Control Assurance		
Develop systematic approach for Control Assurance activities	Manager, Corporate Services	
Develop and implement procedural requirements for managing risk (including integration with Promapp).	Manager, Corporate Services	
Education and Awareness		
Provide formal training for Managers on the Risk Management Framework and specific procedural requirements.		
Conduct training for key staff on contract and procurement risks		
Provide a briefing session to Elected Members on good corporate governance and decision making		
Review / provide assistance to Managers on incorporating risk into regular team meetings.		
Review position descriptions across the City to ensure risk management responsibilities are adequate.		
Formalise the introduction and implementation of the risk management committee	Risk & Procurement Coordinator	
Review the Corporate Learning and Development Program to ensure risk management activities are adequate and fit for purpose.		
Attend Department risk workshops (1 per quarter?)	Risk Advisor	
Review the induction program for new starters for risk management appropriateness	Risk Advisor	
Publish the risk management framework components on the intranet	Risk Advisor	
Measuring Risk Management Performance		
Complete the Compliance Measurement requirements	Risk Advisor	
Complete the Risk Framework Maturity Assessment		
Complete the 'State of the Risk Framework & Assessment of Risk Profile' and provide to the Audit Committee.		
Additional Actions		
Review and develop Department Business Continuity Plans		
Conduct individual Department and City specific business continuity exercises		
Review the Coastal Hazard Risk Management Adaption Plan		
Complete OSH audit under the Worksafe Plan		

Appendix 2 – Compliance Measures

(Risk Procedures contain timeframes & ownership requirements)

Requirement	Key Performance Indicator (KPI)
Risks	
Formal strategic risk identification and assessment workshops conducted at least annually and in line with the Integrated Planning and Reporting process when applicable.	
Formal enterprise risk identification and assessment workshops conducted at least annually and in line with the Integrated Planning and Reporting process when applicable.	
Formal Department risk reviews conducted at least quarterly.	
Formal project risk identification and assessment workshops conducted initially at the concept stage for each project.	
All 'Major Projects' have risk profiles recorded within Promapp.	
All 'Extreme' risks are reviewed weekly.	
All 'High' risks are reviewed monthly.	
All 'Moderate' risks are reviewed six monthly.	
All 'Low' risks are reviewed annually.	
Controls	
'Not Effective and Partially Effective' controls have a treatment plan in place	
Controls for 'Extreme' or 'High' risks are rated 'Moderately Effective' or have a treatment plan in place.	
Controls for 'Extreme' risks are reviewed for operating effectiveness weekly.	
Controls for 'High' risks are reviewed for operating effectiveness monthly.	
Controls have been reviewed for design effectiveness annually.	
Treatments	
Treatments for 'Extreme' risks are updated weekly.	
Treatments for 'High' and 'Moderate' risks are assessed monthly.	

Appendix 3 – Risk Management Maturity Assessment Criteria

Element 1: Risk Management Policy	
Fundamental	Maturity Score 1-5
The City has a risk management policy which has been endorsed by Council.	
The policy defines the approach and rationale for managing risk within the City.	
Communication and understanding of the policy and its objectives for managing risk vary across different levels of the City.	
Understanding of the City's appetite for risk is inconsistent across the City.	
Developed	
The City's risk management policy has been communicated throughout the City.	
There is an thorough understanding of the City's risk appetite and tolerance by senior executive and the Council that is implied in the City's risk documentation, in particular its consequence and likelihood tables.	
Systematic	
The City's risk management policy outlines the required accountability and responsibility for managing risk.	
A common definition of risk exists and is applied throughout the City.	
The City's risk appetite and tolerance policy is high-level and qualitative.	
Integrated	
The City's risk management policy includes a vision for the continuing development of its risk management programme.	
The policy contains a high level risk appetite and tolerance policy with both qualitative and quantitative elements, which is linked to the City's business strategies.	
The policy is reviewed and updated to reflect changes in the internal and external environment as they occur.	
Advanced	
The City's risk management policy defines the linkages between risk and strategy within the City.	
The policy is reviewed and updated on an biannual basis or more regularly if circumstances change.	
The City's risk appetite and tolerance is articulated through individual risk appetite and tolerance statements developed for each source or category of risk. These statements are supported and operationalised by measures that enable effective monitoring and review.	
Optimal	
The City's risk management policy considers the management of risk as an integral part of the City's governance systems, and this reflects the link between risk and realising the City's strategic objectives.	
The policy contains information for all staff and stakeholders on the resources and processes dedicated to the management of risk.	

Element 2: Risk Management Framework	
Fundamental	Maturity Score 1-5
The City's risk management framework (framework) is articulated at a high level but not integrated with the City's operations and overarching governance practices.	
Resources allocated to manage risk are limited and are often shared across other responsibilities.	
The framework and systems used to manage risk may not be widely understood or practiced.	
Developed	
The City's risk management framework articulates the methodology and processes required to manage risk within the City.	
The effectiveness of the City's framework is reviewed on an ad hoc or informal basis.	
Systematic	
The City's risk management framework has been implemented and supports a consistent approach to the identification, assessment, evaluation and treatment of risk.	
Resources have been allocated to implement, monitor and review the framework.	
The framework has performance measures that are reviewed on an annual basis.	
The framework explains the requirements for reporting the status of key risks including how an City contributes to managing shared or cross jurisdictional risk.	
Integrated	
The City's risk management framework is embedded in the operations of the City and is part of its overarching governance and management framework.	
The techniques for the identification, assessment, evaluation and treatment of risk are applied consistently across all business units.	
Reporting on the status of key risks and control performance including effectiveness of the framework occurs on a quarterly basis.	
Advanced	
The City's risk management framework includes measures for the accountability and management of risk and controls at both a business unit and programme/project level.	
Key risk indicators are used to measure the overall performance of the City's risk management framework.	
There is a hierarchy of tools to guide decision making and support regular reporting and the escalation of risks.	
Risk management documentation and data is centrally stored and readily available to officials.	
Optimal	
The City's risk management framework includes techniques to identify, analyse and measure current, future and emerging risks through the collection and analysis of data including loss event, near-miss data and root cause analysis.	
Real time risk information is readily available from a centralised source to support decision making.	
The appetite and tolerance for managing risk in the City is understood and informs discussions on the changing profile of individual risks or themes.	
Performance reporting requirements are in place to measure and monitor risk exposures.	
There is no duplication of risk management activities for different risk related functions across branches or business units, resulting in the effective flow of information across the City.	

Element 3: Responsibilities	
Fundamental	Maturity Score 1-5
Responsibility for the management of risk has been articulated in the City's Council instructions.	
Developed	
The City's Council instructions and risk management policy articulate who is accountable and responsible for the management of risk, and the implementation of the City's risk management framework.	
The management of risk is not specified in individual's performance agreements.	
Systematic	
The City has a risk manager or team responsible for implementing the City's risk management framework and these roles and responsibilities are defined in the City's Council instructions and risk management policy.	
Accountability and responsibility for managing risk is clearly defined and linked to the performance of staff at each level of the City.	
Accountability and responsibility for managing, or overseeing, risk is included in the charters of executive committees including audit and or risk committee.	
Integrated	
There is a formalised governance structure to assess and have oversight of the management of risk at business unit and executive levels.	
The City has a clear definition of what constitutes a new policy, programme and/or service and there is a formal governance structure in place for the assessment of the risks associated with the development or implementation of these.	
The City's risk manager or team coordinates the implementation of the City's framework, its risk profiles and action plans as well as evaluating risk planning to ensure consistency and accuracy of practice.	
Advanced	
Senior leadership supports the City's risk manager or team to facilitate, challenge and drive risk management capability in the City.	
The risk management team report to senior executive, the audit committee or the Council at regular intervals on the performance of the City's risk framework.	
The City's Executive approves the City's risk appetite and tolerance, including its risk profile, and the management of significant and critical risks, as well as overseeing the continual improvement of the City's risk framework.	
Optimal	
Managers and supervisors monitor the risks and risk profiles of their areas of responsibility and ensure staff adopt the City's risk management framework as developed and intended.	

Element 4: Systemic Integration	
Fundamental	Maturity Score 1-5
Branch and Business unit risks are reviewed annually however these risks do not inform the City's business planning, budgeting and reporting processes.	
The definitions used to manage risk are inconsistently understood throughout the City as there is limited guidance for identifying risk processes or differentiating between risk classes.	
Developed	
Enterprise-wide risks are considered in the City's business planning, budgeting and reporting processes.	
There is no evidence of the identification of specialist categories of risk, such as fraud, or business continuity in these processes.	
Systematic	
The City's risk management framework is embedded in its operational, process and reporting frameworks ensuring greater coordination of risk activities.	
The City's approach to managing risk is a part of its overarching governance framework and recognised as key to effective business planning.	
The processes of identification, assessment, monitoring, communicating and reporting risk are consistent across the City.	
The City's risk profile enables the prioritisation of City's audit and assurance activities.	
Integrated	
The process of managing risk occurs at the policy, program and/or service delivery level and is evident in the collation and analysis of management information.	
The City's risk appetite and tolerance has been defined and communicated to all staff to ensure an appropriate level of risk identification is undertaken when developing strategic and operational plans.	
Specialist risk programs are documented and included in regular reports to senior executive and/or the Council.	
Advanced	
The City's approach to managing risk is fully integrated with its overarching governance framework and recognised as key to effective business planning.	
The City identifies opportunities for improvement that arise as a result of analysing risk information and identifying good risk management practice.	
The City has developed a comprehensive risk appetite and tolerance policy including KPI's that cascade from high level down to the detailed level.	
Optimal	
The City's risk management processes are utilised at enterprise, business unit, programme and project levels and for all risk activities including specialist areas such as information technology, fraud, security, business continuity, crisis management and business continuity.	
Formal mechanisms exist to build and maintain organisational resilience.	
The City's risk appetite and tolerance policy, (including its tolerances and limits for different categories of risk) are used consistently across the City to inform decision making.	

Element 5: Risk Culture	
Fundamental	Maturity Score 1-5
Officers understand and agree the need and value of effective risk management.	
Council, senior executives and line managers demonstrate the importance the City places on managing risk in line with the City's framework and systems.	
Developed	
The City's risk management framework is integral to its operating model.	
Lessons learnt are communicated to staff.	
There is a common understanding of the meaning of good risk management and as a result a consistent use of language and understanding of risk related concepts.	
Systematic	
Surveys and external reviews undertaken (such as the annual state of the service report or capability reviews) are analysed to provide insights into the risk culture of the City.	
The City analyses loss incidents and identifies areas for improvement. This includes acknowledging good risk management practice and speaking with staff regularly about opportunities to better manage risk.	
Integrated	
Senior executives are held accountable through their performance agreements for managing risk including responsibility for strengthening the risk culture of their teams.	
The City's risk culture is formally and regularly assessed with recommendations identified for improvement.	
The City has a risk management framework that is integrated with its overarching governance framework so that the task of managing risk is not regarded as an additional responsibility or burden.	
Advanced	
Officers are comfortable raising concerns with senior managers and those being challenged respond positively.	
There is a sponsor at the senior executive level of the City that leads and promotes the management of risk across the City.	
The City learns from negative and positive situations so that policy and procedural changes are made to improve the management of risk in the future.	
Optimal	
The culture of the City is one that demonstrates and promotes an open and proactive approach to managing risk that considers both threat and opportunity.	
Examples of good risk management practice are communicated by senior executive and individuals that excel in demonstrating good risk management practice in their day to day responsibilities are rewarded.	

Element 6: Communication and Consultation	
Fundamental	Maturity Score 1-5
There is no common risk language used across the City with limited reporting of risks to senior executive, the Council or key stakeholders.	
Branches and or business units communicate with their stakeholders but this information is not shared across the City.	
Communication of risk issues with senior executive and/or the Council is as requested. As a result, this may lead to duplication of information across the City.	
Developed	
Communication with the senior executive and/or the Council is limited to information on the specialist risks of the City such as work health safety, security or fraud. Risks are discussed at the senior executive level but it is not apparent how this information is communicated or shared with those responsible for managing specific risks.	
A common risk language is used and understood to communicate risk by the risk management function and senior leadership teams but these terms are not consistently understood across the City.	
Systematic	
There is a common understanding of the principles and importance of managing risk across the City.	
The City acknowledges the importance of communicating risk in a timely manner by providing information on the management of key risks and the effectiveness of the City's risk management framework to senior executive and the Council.	
While the City analyses incidents and identifies areas for improvement feedback is not commonly used to improve policies, procedures and related communications.	
External communication occurs to inform stakeholders of the management of key risks and to assist them in understanding the City's approach to managing risk.	
Integrated	
The City's risk terminology is understood by all staff providing a consistent approach to managing risk across all branches and functions internally.	
The importance of communicating and escalating risk issues is considered in the day to day activities of staff.	
Reporting formats have been agreed and are tailored to target audiences.	
Advanced	
There is a consistent approach to communicating and discussing risk, enabling staff to develop an understanding of how risk management contributes to achieving an City's objectives.	
Staff are informed of the City's appetite for risk through a variety of communication and information channels which are regularly reviewed and updated as the City's context for managing risk changes.	
There is evidence of the integration of risk information with key operational systems such as strategic planning, work health safety and business continuity.	
Optimal	
The importance of communicating risk is apparent across the City with a high level of importance placed on ensuring a common understanding of the principles for managing risk; understanding the need to escalate risk issues as they arise; and the importance of informing both internal and external stakeholders in a timely manner.	

Element 7: Shared risk <i>(Including Strategic, Enterprise, Departmental or Major Project Risk)</i>	
Fundamental	Maturity Score 1-5
There are no formal arrangements in place to discuss and understand shared risks between the City and other external entities or stakeholders.	
Developed	
The City's risk management policy defines shared risk.	
The City's risk management framework reflects the requirement to consider shared risk in supporting guidance and documentation.	
Informal arrangements are in place to discuss and understand shared risks between the City and other external entities.	
Systematic	
The City's risk management framework provides guidance on how to identify, assess, communicate and contribute to the management of shared risk.	
Formal governance arrangements are in place to discuss and understand shared risks between the City and other external entities.	
Integrated	
Senior executive champion shared risk behaviours by demonstrating a collaborative approach to managing shared risk.	
There is a common understanding of accountabilities and responsibilities for managing shared risk within the City.	
Advanced	
The culture of the City is one where identifying and managing shared risk is considered important.	
Where the City shares risk with another LG or organisation there are agreed governance arrangements in place to discuss, understand and effectively manage both current and emerging shared risks.	
Optimal	
The concept of shared risk, and the arrangements for managing it, is reflected in the City's governance framework and business processes.	
The City has established mechanisms and protocols for recording, monitoring and reporting on managing shared risk.	

Element 8: Capability	
Fundamental	Maturity Score 1-5
There are a limited number of resources available for the management of risk. Primary resources include the allocation of staff to support the implementation of an City's risk framework and a budget to manage specific risks.	
Key individuals, including senior executive, the Council and risk personnel are provided limited training to understand and execute their risk management responsibilities.	
There is an informal process in place to exchange risk information between the senior executive and the Council with individual branches or business units.	
Developed	
The role of implementing the City's risk management framework is shared with other responsibilities such as audit, security or facilities management.	
Staff are able to develop their level of risk management skills through access to regular training.	
Risk information is disseminated and shared across the City informally.	
Systematic	
Staff responsible for implementing the City's risk management framework are dedicated resources to the risk management function, with a well developed understanding of the City and its operations.	
Levels of risk competence have been identified for each level of the City and there is support for the ongoing development of risk management skills appropriate for each level.	
There is an effective flow of information through the City with a structured approach to the provision of information to senior executive and the Council that consolidates all risk data.	
Risk information is stored in a centralised repository and accessible to key staff.	
Integrated	
The risk manager or risk management team is responsible for assisting branches or business units to identify and evaluate risk, ensuring a consistent and structured approach is applied.	
Management regards the resourcing of risk as important therefore the City has a consistent approach to identifying and developing risk management skills internally.	
Risk information is stored in a centralised repository that is accessible by all staff and provides access to real time data.	
Advanced	
The City's operational budget reflects the cost of managing key risks.	
There is a culture of knowledge sharing with the cost of managing risk appreciated at all levels.	
Risk Management Information Systems are used to undertake data analysis and inform organisational decisions. This includes historical data such as near misses and loss events as well as predictive data that includes the identification of new and emerging risks and the potential costs of these risks.	
Optimal	
Risk resources are allocated based on detailed analysis supported by data on current, future and emerging risks.	
The ongoing costs associated with the implementation of an City's risk management framework, such as risk treatment, resourcing, education and communication, are identified and managed within an City's operational budget.	
The City demonstrates an understanding of the need to build risk capability through the effective allocation and use of risk resources. This is achieved by focusing on priority areas for improvement, addressing underlying issues, and utilising the skill of existing resources.	

Element 9: Continuous improvement	
Fundamental	Maturity Score 1-5
There is limited oversight of the effectiveness of an City's risk management framework.	
The reporting and consideration of risk issues is performed in an uncoordinated manner.	
Developed	
Reviews of the effectiveness of the City's risk management framework are undertaken on an ad-hoc basis by the internal audit function.	
Accountability for the oversight of key risks is unclear.	
Systematic	
Reviews on the performance elements of the City's risk management framework are completed. Results are reported to senior management and the City's Council so that review and monitoring plans are established for future periods in select functions.	
Regular reviews and evaluation of all material risks are undertaken in the City.	
Reporting of risk occurs on a regular basis enabling the consideration of key issues in a timely manner by the senior executive and Council.	
The risk management framework includes a process by which individuals certify the performance of their responsibilities.	
Reporting formats have been agreed and are tailored to the target audience.	
Integrated	
Scheduling of risk review and monitoring plans occurs across all branches and business units.	
Risk reporting to the senior executive and the Council includes the use of qualitative and quantitative criteria to assess performance against risk appetite and tolerance levels.	
Regular reviews of compliance with the risk framework are undertaken by internal audit.	
Ongoing oversight and monitoring of the risk function occurs on a regular basis to identify opportunities for improvement in the framework and processes of the City.	
Advanced	
The City's risk management framework contains validation and assurance processes on a real-time basis with performance considered by senior executive.	
Risk processes are assessed on a regular basis by an independent party.	
Review and monitoring plans are established for future periods across all functions. These plans are independently monitored to determine progress and outcomes.	
The Council and senior executive discuss and agree target maturity levels for each critical component of risk management and a conscious decision is made about the allocation of risk management resources and the necessary investments to achieve an agreed future vision.	
Optimal	
Comprehensive data collection supports continuous review, monitoring and learning from outcomes (e.g. internal audit, near misses, loss event data, independent reviews).	
The management of risk is reflected in branch and business unit budgets, with the cost of risk being identified and managed effectively. The City considers the cost of managing risk at all levels and reports on this to the senior executive and Council on a regular basis. As a result, the allocation of resources for managing risk is considered in the City's operating budget. This includes the treatment of key risks and the costing of opportunities for improved processes or additional programmes as a result of the identification of opportunities from the risk management process.	

Key	Title	Description	Portfolios	Inherent Rating	Residual Rating	Control Rating
R01326	Injury or Illness to Community Member(s)	<p>CAUSE -</p> <p>Infrastructure failure Failure to inspect and maintain assets Failure to undertake public health obligations Failure to undertake compliance obligations as per R01327</p> <p>CONSEQUENCE -</p> <p>Injury/harm to community Legal Action, claims or prosecutions Financial impact Reputation damage</p>	ST. Strategic Risk	High	High	Fair
R00263	Major external emergency event (Natural or Human caused)	<p>CAUSE -</p> <p>Severe weather such as Cyclone, Flooding, Earthquake Major Port or Rail incident Major Industrial Accident Major Traffic Accident</p> <p>CONSEQUENCE -</p> <p>Death/Injury to persons Financial Impact due service interruption Regulatory Investigation and prosecutions Reputation damage due to failure to respond to emergency event</p>	ST. Strategic Risk	High	High	Fair
R00281	Potential Health/Disease Impacts to Point Moore Residents	<p>CAUSES -</p> <p>Leach drains are not fit for purpose Leach drains do not meet compliance requirements Age of infrastructure Proximity of high water table to densely populated suburb</p> <p>CONSEQUENCES -</p> <p>Multiple health diseases / outbreak Regulatory investigation / legal action Reputation damage to City Financial impact from loss of leases</p>	ST. Strategic Risk	Moderate	Moderate	Fair
R01328	Reduction or Loss of External Funding	<p>CAUSES -</p> <p>Change of state and federal government Loss of grant funding Downturn in economy</p> <p>CONSEQUENCES -</p> <p>Reduction in services and renewal projects Alternative funding via loans Community frustration / City's reputation Increase of rates</p>	ST. Strategic Risk	Moderate	Moderate	Good
R00137	Injury or illness arising from External Commercial Activities not meeting public health Act and Regulation requirements.	<p>CAUSES -</p> <p>Businesses failing duty of care to provide services in accordance with public health regulations. Failure to inspect business premises Ratio of EHO officers to businesses requiring inspections. High turnover of businesses starting up and closing. Failure to issue / follow up and prosecute non compliant businesses.</p> <p>CONSEQUENCES -</p> <p>Injury/Harm or possible death of person(s) Health department / regulator investigation Prosecution and penalties from failure to comply with Act and Regulations. Reputation damage to City from media</p>	ST. Strategic Risk	Moderate	Moderate	Good
R01331	"DRAFT" - Changes in demographics across local government area.	<p>CAUSE -</p> <p>CONSEQUENCE -</p>	ST. Strategic Risk	Not Assessed	Not Assessed	Not Assessed

Key	Title	Description	Portfolios	Inherent Rating	Residual Rating	Control Rating
R01332	"DRAFT" Increase in state government levies / charges collected by council	CAUSE - CONSEQUENCE -	ST. Strategic Risk	<i>Not Assessed</i>	<i>Not Assessed</i>	<i>Not Assessed</i>
R01333	"DRAFT" Increase in utility costs and fees (note potential aligns to operational)	CAUSE - CONSEQUENCE -	ST. Strategic Risk	<i>Not Assessed</i>	<i>Not Assessed</i>	<i>Not Assessed</i>
R01334	"DRAFT" Technology advances more rapidly than council is able to adapt	CAUSE - CONSEQUENCE -	ST. Strategic Risk	<i>Not Assessed</i>	<i>Not Assessed</i>	<i>Not Assessed</i>
R01335	"DRAFT" Loss of critical contractor (i.e. major capital works contractor, or service contract City is reliant on such as Waste or ICT etc)	CAUSE - CONSEQUENCE -	ST. Strategic Risk	<i>Not Assessed</i>	<i>Not Assessed</i>	<i>Not Assessed</i>
R01336	"DRAFT" Increase in organised crime in the City	CAUSE - CONSEQUENCE -	ST. Strategic Risk	<i>Not Assessed</i>	<i>Not Assessed</i>	<i>Not Assessed</i>
R01337	"DRAFT" Externally imposed organisational changes (Including amalgamation, additional services or obligations etc)	CAUSE - CONSEQUENCE -	ST. Strategic Risk	<i>Not Assessed</i>	<i>Not Assessed</i>	<i>Not Assessed</i>
R01338	"DRAFT" Rate capping / transfer by state / federal government	CAUSE - CONSEQUENCE -	ST. Strategic Risk	<i>Not Assessed</i>	<i>Not Assessed</i>	<i>Not Assessed</i>
R01339	"DRAFT" Changes to regulations and legislation that impact council operations	CAUSE - CONSEQUENCE -	ST. Strategic Risk	<i>Not Assessed</i>	<i>Not Assessed</i>	<i>Not Assessed</i>
R01340	"DRAFT" Changes to state government land use planning requirements	CAUSE - CONSEQUENCE -	ST. Strategic Risk	<i>Not Assessed</i>	<i>Not Assessed</i>	<i>Not Assessed</i>

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Key	Title	Description	Portfolios	Inherent Rating	Residual Rating	Control Rating	Status of Treatment Actions	Comments
R00260	Major Aerodrome Emergency Incident	<p>CAUSE - Plane Crash Antisocial or violent behaviour bomb threat, terrorism etc.</p> <p>CONSEQUENCE - Death/Injury to persons Financial Impact due closure of Aerodrome Regulatory investigation Environmental and Aerodrome damage</p>	CCS. Operational Risk	Extreme	High	Excellent	Documented management controls are in place	The Airport has a full document and CASA approved operational and emergency management manual for the facility These manuals are audited annually to ensure effectiveness and operation
R01330	Infrastructure Failure Event	<p>CAUSE - Asset not built required standards eg. AS Severe weather event Age of Assets Failure to inspect and maintain Incorrect materials Not fit for purpose</p> <p>CONSEQUENCE - Death/Injury to persons Financial Impact due failure of asset Reputation damage Legal Action, Claims or Prosecutions Regulatory investigation</p>	ENT. Enterprise Risk	High	High	Good	There are 9 management controls in place across Engineer, Projects and Maintenance Operations	The City has documented emergency responses plans to deal with infrastructure failure, and has documented annual maintenance works program, in addition the City is currently reviewing and updating the Asset management plan as part of the full implementation of asset management via Ascetic Cloud
R01326	Injury or Illness to Community Member(s)	<p>CAUSE - Infrastructure failure Failure to inspect and maintain assets Failure to undertake public health obligations Failure to undertake compliance obligations as per R01327</p> <p>CONSEQUENCE - Injury/harm to community Legal Action, claims or prosecutions Financial impact Reputation damage</p>	ST. Strategic Risk	High	High	Fair	The City has 21 management controls across, Health, Rangers, Building Maintenance, Maintenance Operations and Corporate Services	The City has assessed and implemented management control were possible to prevent injury to the public were the City has a duty of care. This risk is inherent for local governments who have little control of the public and their conduct

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Key	Title	Description	Portfolios	Inherent Rating	Residual Rating	Control Rating	Status of Treatment Actions	Comments
R00238	Emergency Evacuation of City facility	<p>CAUSE - Severe weather event Fire Untrained staff Failure to Plan for emergency events Antisocial, violent behaviour or armed holdup bomb threat, terrorism etc.</p> <p>CONSEQUENCE - Death/Injury to persons Financial Impact due service interruption and damage to City assets/facilities Regulatory Investigation and prosecutions Reputation damage due to failure to manage emergency event</p>	ENT. Enterprise Risk	High	High	Fair	The City has documented 3 management controls for the management of this risk	All staff have been trained in emergency responses and drills are undertaken. The risk control rating will increase by the end of the year once all staffed City facilities have emergency plans in place. At this time only primary City facility's have plans in place but a number of satellite facilities plans need updating.
R00245	Major Security Incident/Event at City facilities or sites	<p>CAUSE - Antisocial or violent behaviour, robbery or theft bomb threat, terrorism etc.</p> <p>CONSEQUENCE - Injury/Harm to persons Financial Impact due service interruption and damage or theft of City assets</p>	ENT. Enterprise Risk	High	High	Fair	The City has 15 management controls across facilities associated with this risk	<p>There are currently departmental security response procedures, CCTV, duress and alarms across City site.</p> <p>A centralised security management planning is currently underway</p> <p>The City as part of the emergency response planning is currently also implementing a detailed review of personal security which will be incorporated into the response plans at each facility</p> <p>The risk control rating will increase to good following</p>
R00154	Major Disruption/Cancellation of City Event	<p>CAUSE - Severe weather event Third party cancellation Emergency event</p> <p>CONSEQUENCE - Injury/harm to persons Reputation damage Financial impact due to cancellation Legal Claims</p>	DCS. Operational Risk	High	High	Good	The City currently has 17 management controls across City operations,	<p>The City has operational manuals in place for core City facilities associated with events and functions. In addition the City has ,</p> <p>ICT disaster recovery plans are developed Core event processes are captured in Promapp</p>

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Key	Title	Description	Portfolios	Inherent Rating	Residual Rating	Control Rating	Status of Treatment Actions	Comments
R00296	Harm to minor under City guardianship for youth outreach programme.	<p>CAUSE - Lack of supervision and event management Demographic of participants Lack of adequate Police or WWCC checks</p> <p>CONSEQUENCE - Assault/Injury or harm of persons Sexual assault Reputation damage Legal Prosecutions Suspension of Youth Services</p>	DCS. Operational Risk	High	High	Good	The City has 4 management controls in place	<p>The City has documented and implemented processes for WWCC, program supervision, risk planning for each program event and robust recruitment of specialised youth officers.</p> <p>This is an inherent risk for all youth outreach programs which must be actively managed</p>
R01325	Major Bushfire Event	<p>CAUSE - Severe weather such as Lightning, storms or hot dry weather, windy conditions etc Arson Ineffective response/management of event by Volunteer Brigades Hot works from external parties eg welding, grinding, sparks from harvesting, rail etc.</p> <p>CONSEQUENCE - Death/Injury to persons Loss or damage of infrastructure Environmental damage Regulatory Investigation and prosecutions Reputation damage due to failure to respond to emergency event</p>	ENT. Enterprise Risk	High	High	Fair	The City has 7 management controls related to bushfire management	<p>This is an inherent risk for regional local governments.</p> <p>The City is currently developing and rolling out district wide Bushfire Brigade procedures and minimum standards of training</p> <p>The local Emergency management planning and response is in place.</p> <p>This risk control rating will increase to good following procedure rollout.</p>
R00263	Major external emergency event (Natural or Human caused)	<p>CAUSE - Severe weather such as Cyclone, Flooding, Earthquake Major Port or Rail incident Major Industrial Accident Major Traffic Accident</p> <p>CONSEQUENCE - Death/Injury to persons Financial Impact due service interruption Regulatory Investigation and prosecutions Reputation damage due to failure to respond to emergency event</p>	ST. Strategic Risk	High	High	Fair	The City has 9 management controls related to bushfire management	<p>This is an inherent risk for regional local governments.</p> <p>The local Emergency management planning and response is in place. An amendment to this plan is scheduled to bring the Aboholhos under the plan</p> <p>In addition the City is currently undertaken river and coastline assessments with the findings to be incorporated into the emergency responses plans</p>

CP 4.24 Risk Appetite & Tolerance Policy

SUSTAINABILITY THEME

Governance

OBJECTIVES

To ensure that the City understands and manages risk within acceptable risk appetite and tolerance levels.

POLICY STATEMENT

The City's risk appetite & tolerance policy provides guidance on the City's willingness to assume, or be exposed to a level of risk in order to achieve its objectives. It is linked to the Corporate Business Plan and the Community Strategic Plan and informs the business planning process.

POLICY DETAILS

1. Establishing Risk Appetite and Tolerance

- 1.1. Risk is an inherent part of any organisations business operations. The exposure to and tolerance to risk differs across the City's operations. The City recognizes that its level of risk appetite and risk tolerance must be set at a level that encourages entrepreneurship and innovative organisational development. However, the City is also committed to building a sound foundation of quality control systems and a culture that identifies and manages risk associated with the level of risk appetite and tolerances set by the council.
- 1.2. The City has defined its risk appetite through the development and endorsement of the City's risk assessment and acceptance criteria. The criteria are included within the risk management framework and procedures and are subject to ongoing review in conjunction with this policy.

2. Risk Appetite Criteria

- 2.1. As a public authority the City has a natural and in some cases statutory predisposition to a conservative appetite for risk. In particular the City has little or no appetite for risk which will;
 - 2.1.1. Have a significant negative impact on council's long-term financial sustainability.
 - 2.1.2. Result in major breaches of legislative requirements and/or significant successful litigation against the City.
 - 2.1.3. Compromise the safety and welfare of staff, contractors and/or members of the community.
 - 2.1.4. Cause significant and irreparable damage to the environment.
 - 2.1.5. Result in major disruption to the delivery of key City services.
 - 2.1.6. Result in widespread and sustained damage to the City's reputation.

2.1.7. Significantly impact on the City's ability to recruit and retain staff.

The City provides a large and diverse range of services to a rapidly growing population. In order to provide these services the City must accept some level of risk.

The City therefore has some appetite for risks that need to be taken in order to;

2.1.8. Improve efficiency, reduce costs and/or generate additional sources of income.

2.1.9. Maintain and where necessary improve levels of service to the community.

The level of risk that is acceptable will be assessed and determined on a case-by-case basis.

3. Risk Tolerance Criteria

- 3.1.** Risk tolerance represents the practical application of the City's risk appetite and is typically aligned to categories of risk such as strategy, financial, service or reputation.
- 3.2.** Risk tolerance is the boundaries or level of risk outside of which the City is not prepared to venture in the pursuit of its long term strategic objectives.
- 3.3.** The City's risk management framework defines the required process that must be followed in establishing the levels of acceptable risks and the levels of authority associated with the risk.

KEY TERM DEFINITIONS

Risk Appetite – The amount and type of risk that the City of Greater Geraldton is willing to pursue or retain.

Risk Tolerance – Is defined, as the level of risk the City of Greater Geraldton is willing to accept after risk treatment in order to achieve its specific objectives.

Risk Management – Is the systematic process that involves establishing the context of risk management, identifying risks, analysing risks, treating risk, periodic monitoring and communication.

ROLES AND RESPONSIBILITIES

The Chief Executive Officer (CEO) is responsible for the implementation of this policy, and for the allocation of roles, responsibilities and accountabilities.

The City of Greater Geraldton risk management framework outlines in detail all roles and responsibilities associated with managing risk within the City.

WORKPLACE INFORMATION

CP 4.7 Risk Management Policy

City of Greater Geraldton Risk Management Framework

Department of Local Government & Communities Integrated Planning Guidelines

AS/NZS 31000 : 2009 Risk Management – Principles and Guidelines

Local Government (AUDIT) Regulations 1996 REG 17

City of Greater Geraldton Corporate Business Plan

City of Greater Geraldton Strategic Community Plan

POLICY ADMINISTRATION

Directorate		Officer	Review Cycle	Next Due
Corporate and Commercial Services		Risk Officer	Biennial	30/01/2020
Version	Decision Reference	Synopsis		
1.	CCS123 – XX XXX XXXX	New policy designed to support CP 4.7 Risk Management Policy.		

DRAFT

CP 4.26 Compliance Management Policy

SUSTAINABILITY THEME

Governance

OBJECTIVES

To ensure that the City understands and complies with legislative requirements.

POLICY STATEMENT

A fundamental principle of good public administration is that local governments comply with both the letter and the spirit of the law. With this in mind the City will implement appropriate processes and structures to ensure that legislative requirements are achievable and are integrated into the operations of the City.

POLICY DETAILS

1. Compliance Management

- 1.1. The City recognises that legislation has been developed with the intent of ensuring effective and safe operations. To ensure the City fulfils its legislative obligations a structured approach must be implemented.
- 1.2. The City will maintain the City of Greater Geraldton Compliance Management Plan consistent with the guidelines and principles as set out in the *AS ISO 19600:2015 : Compliance management systems – Guidelines*.
- 1.3. The City of Greater Geraldton Compliance Management Plan shall detail the following processes and requirements.
 - 1.3.1. Develop and maintain a system for identifying the legislation that applies to the City's activities.
 - 1.3.2. Assign responsibilities for ensuring that legislation and regulatory obligations are fully implemented.
 - 1.3.3. Provide training for relevant staff, councilors, volunteers and other relevant people within the legislative requirements that affect them.
 - 1.3.4. Ensure processes are implemented to identify and remain up to date with new legislation.
 - 1.3.5. The City will integrate compliance management into its corporate culture and its everyday business operations at the strategic, operational, and project level.
 - 1.3.6. Establish a mechanism for reporting non-compliance.
 - 1.3.7. Review accidents, incidents and other situations where there may have been non-compliance; and
 - 1.3.8. Review audit reports, incident reports, complaints and other information to assess how the systems of compliance can be improved.

- 1.4. The Compliance Management Plan is a critical control mechanism that supports the Risk management Framework and the City’s strategic and operational management plans.

KEY TERM DEFINITIONS

Compliance or Compliance Management means the application of management systems to ensure the City fulfils its legislative obligations.

ROLES AND RESPONSIBILITIES

The Chief Executive Officer (CEO) is responsible for the implementation of this policy, and for the allocation of roles, responsibilities and accountabilities.

The City of Greater Geraldton Compliance Management Plan outlines in detail all roles and responsibilities associated with managing compliance obligations within the City.

WORKPLACE INFORMATION

City of Greater Geraldton Compliance Management Plan

City of Greater Geraldton Risk Management Framework

AS ISO 19600:2015 : Compliance management systems – Guidelines

Department of Local Government & Communities Integrated Planning Guidelines

Local Government (Audit) Regulations 1996 REG 17

Local Government (Audit) Regulations 1996 REG 14

City of Greater Geraldton Corporate Business Plan

City of Greater Geraldton Strategic Community Plan

POLICY ADMINISTRATION

Directorate	Officer	Review Cycle	Next Due
Corporate and Commercial Services	Manager Corporate Services	Biennial	30/01/2020
Version	Decision Reference	Synopsis	
1.	CCS123 – XX XXX XXXX	New policy developed to support the City’s compliance management processes.	

1. INTRODUCTION

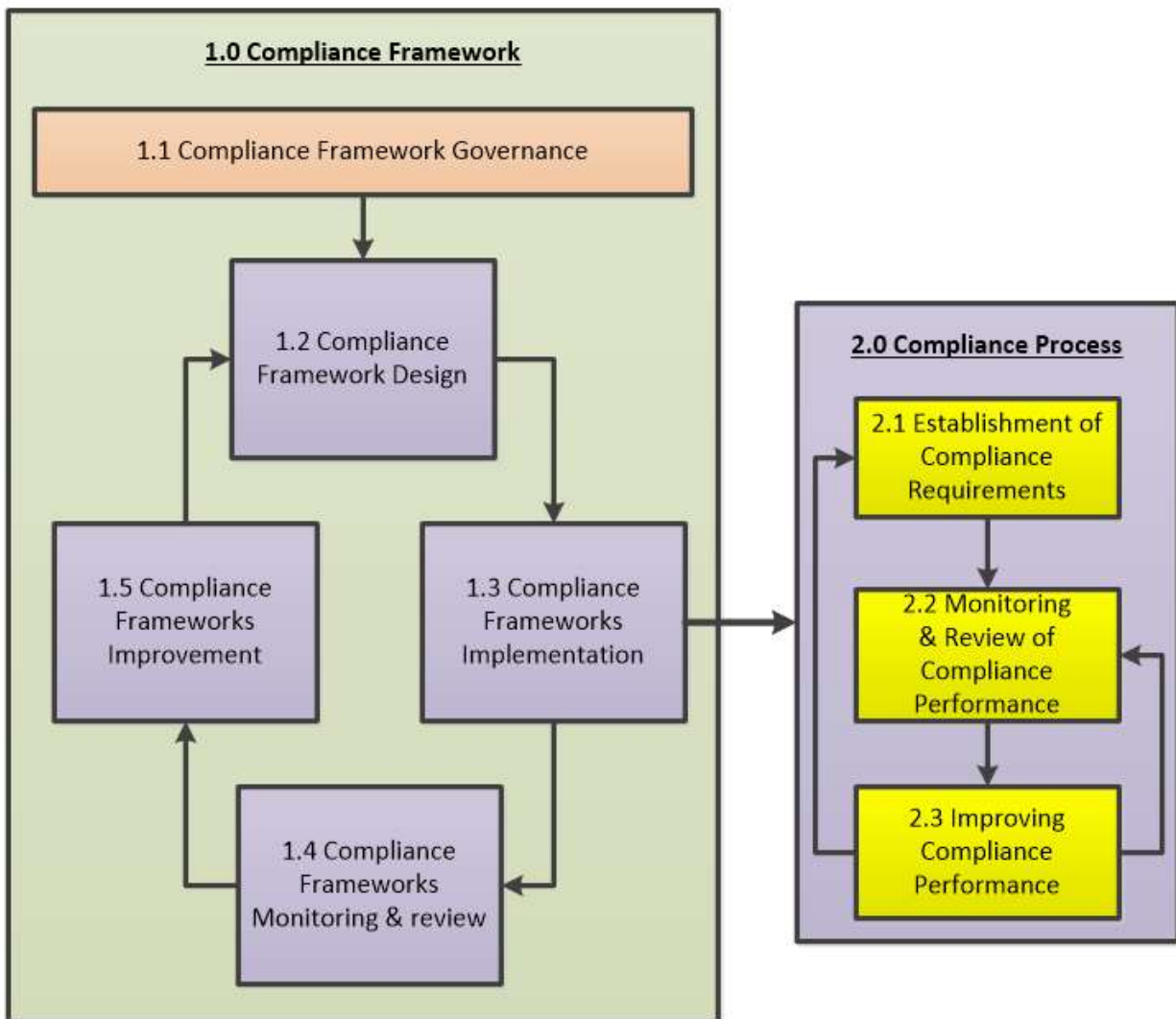
The Compliance Management Plan (CMP) documents the system and Compliance Process through which the City can monitor, review and comply with its legislative and regulatory obligations.

The CMP is a supporting document to the City Governance Framework and the Risk Management Framework.

1.1 Compliance Management Plan Governance

The City is committed to maintaining a comprehensive and effective Compliance Framework.

The Framework is endorsed by the Executive Management Team and the Council Audit Committee and has been developed to encourage a positive compliance culture and minimise the risk of non-compliance.



1.1.1 Alignment to strategy and business objectives

Compliance should not be seen as a stand-alone activity, but should be aligned with the City's overall strategic objectives.

1.1.2 The Compliance Policy

The City has a Compliance Policy and Compliance Procedures which establish the key elements of the Compliance Framework. The purpose of the Compliance Policy and Procedure is to promote and facilitate excellence in governance and continuing improvement in compliance with all applicable laws and regulations.

1.1.3 Accountability and Responsibility

Overall accountability for the CMP resides with Council Audit Committee.

Corporate Services has overall responsibility for the control and coordination of the CMP and for coordinating the implementation of the Compliance Process in all areas of the City with compliance responsibilities.

Management are accountable for compliance with legislative and regulatory requirements within their specific areas of operational responsibility.

Detailed responsibilities are identified in Appendix 1.

1.1.4 Communication and Consultation

Ongoing communication and consultation with stakeholders is integral in all stages of the Compliance Framework.

1.2 Compliance Management Plan Design

The design of the CMP is the responsibility of Corporate Services and uses as its foundation the best practice model and principles set out in Australian Standard AS3806-2006.

1.3 Compliance Management Plan Implementation

Implementation of the CMP involves the central control and coordination of the Compliance Process across all areas of legislative and regulatory responsibility within the City. This implementation is the responsibility of the Risk Management Unit.

The Compliance Process (outlined in detail at section 2) consists of:

- a) establishing compliance requirements;
- b) monitoring and review of compliance performance; and
- c) improving compliance performance.

1.4 Compliance Management Plan Monitoring and Review

Corporate Services is responsible for ensuring that the CMP is reviewed on a regular basis.

1.5 Compliance Management Plan Improvement

Central to the operation of the CMP is a formal approach to continuous improvement based upon ongoing monitoring and review of the Framework's performance.

2. THE COMPLIANCE PROCESS

2.0 Establishing Compliance Requirements

2.0.1 Identification of compliance requirements

Responsible Officers identify legislative and regulatory requirements for their nominated areas of responsibility, for example; the Manager Human Resources is the Responsible Officer for the Occupational Safety & Health Act (1984) and other health and safety-related Acts and regulations.

2.0.2 Risk analysis

The City has a substantial number and range of compliance requirements. The Compliance Register therefore provides a mechanism for monitoring the responsibilities and status of key compliance requirements. Prioritisation of compliance requirements and the determination for inclusion onto the compliance register is based upon the risk exposure created by any non-compliance.

2.0.3 Compliance Register

All key compliance requirements are included in the Responsible Officer Compliance Register, which should be subjected to regular monitoring and review.

Compliance Registers from individual Responsible Officers are consolidated into a single City-wide Consolidated Compliance Register as per *Appendix A City of Greater Geraldton Legislative Compliance Register*.

All specific requirements which have been rated as extreme or high risk are included in the Consolidated Compliance Register. Other requirements may be considered for inclusion on a case-by-case basis.

Corporate Services is responsible for the overall coordination and maintenance of a Consolidated Compliance Register for the City. Each listed compliance item identifies-

- a) Summary of the key compliance aspects of the legislation/regulation, including;
 - i. Specific compliance requirements,
 - ii. Mandatory and non-mandatory training requirements,
 - iii. Mandatory reporting requirements;
- b) Audit requirements;
- c) Compliance risk rating; and
- d) Responsible area/Responsible Officer¹.

¹ *The Responsible Officer will generally be a nominated manager with responsibility for a specific piece of legislation and/or regulation. The Responsible Officer is responsible for determining the specific compliance obligations which are to be included in Register.*

2.1 Monitoring And Review Of Compliance Performance

Monitoring of compliance and, identification and reporting of compliance breaches, is undertaken through a range of activities:

- a) Audit detection;
- b) Self-disclosure;
- c) Third party complaints;
- d) Compliance certifications and review;
- e) Notification by regulatory agencies and other authorities;

Responsible Officers will implement processes to ensure they are notified and aware of all compliance breaches within their areas of responsibility. Such breaches will be notified subsequently to the Corporate Services, which will maintain a central register of compliance breaches or potential breaches.

2.1.1 Review of Incidents & Complaints of Non-Compliance

The City shall review all incidents and complaints of non-compliance. Such reviews will assess compliance with legislation, standards, policies and procedures that are applicable.

2.1.2 Reporting of Non-Compliance

All instances of non-compliance shall be reported immediately to the relevant Manager. The Manager shall then determine the appropriate response and then report the matter to the CEO.

The CEO may investigate any reports of significant non-compliance and if necessary, report the non-compliance to the Council and/or the relevant government department.

The CEO will then take all necessary steps to improve compliance systems.

2.2 Improving Compliance Performance

2.2.1 Corrective Actions

When a compliance breach is detected it is management's responsibility to:

- a) Investigate the circumstances relating to the compliance breach;
- b) Notify the compliance breach to the Responsible Officer; and
- c) Ensure that timely and adequate corrective actions are taken to reinstate compliance.

Where a significant compliance breach occurs a corrective action plan should be developed by management in consultation with the Responsible Officer. The Responsible Officer will monitor the implementation of the corrective action plan to ensure that compliance is reinstated.

Where a Responsible Officer believes that management's response to a compliance breach is not appropriate, the matter should be escalated to the Director of Corporate & Commercial for resolution.

2.2.2 Continuous improvement

In order to effectively manage the compliance obligations, an annual review of compliance processes will be undertaken.

This will include:-

- a) The review and updating of the compliance risk register(s);
- b) Notification of any previously un-reported compliance breaches, issues or complaints;
- c) Provision of updated information to the Risk/Compliance Officer; and
- d) Audit of compliance processes, as applicable.

The risk of compliance failure should be reassessed whenever there are:-

- a) New or changed activities or services;
- b) Changes to the structure or strategy of the City;
- c) Significant external changes; or
- d) Changes to compliance obligations.

2.2.3 Training

Competence and training needs will be identified and addressed to enable employees to fulfil their compliance obligations. Each Responsible Officer will document mandatory and non-mandatory training needs in the Compliance Register. Training needs assessment should be based upon:-

- a) Identified gaps in employee knowledge and competence;
- b) Changes in staff position or responsibilities;
- c) Changes in internal processes, policies or procedures;
- d) Changes in statutory obligations;
- e) Issues arising out of monitoring, auditing, reviews, complaints and incidents.

All training requirements are to be communicated to People and Culture Division for inclusion on the City Training Calendar.

2.2.4 Compliance Performance Reporting

Formal reporting mechanisms on compliance activities include:-

- a) Annual Certification by Senior Managers of compliance with legal and regulatory obligations;
- b) Regular reporting, by the Risk Management Unit to the Corporate Governance and Audit Committee on major developments, issues and compliance incidents including the status of implementation of corrective action plans; and
- c) Provision of an annual, risk-based plan of compliance activities to the Corporate Governance and Audit Committee for review and approval. This plan will include a review of the CMP effectiveness and recommendations for improvement.

3. IDENTIFYING CURRENT LEGISLATION

The City accesses electronic up to date versions of legislation through the Western Australian State Law Publisher website at www.slp.wa.gov.au.

3.1 Identifying New or Amended Legislation

3.1.1 Western Australian Government Gazette (WAGG)

The City receives hard copies of the WAGG which publishes all new or amended legislation applicable to Western Australia. Copies of WAGGs are distributed to Senior Management and other designated staff. It is the responsibility of the CEO and Senior Management to determine whether any gazetted changes to legislation need to be incorporated into processes.

3.1.2 Department of Local Government and Communities (DLGC)

The City receives regular circulars from the DLGC on any new or amended legislation. Such advice is received and processed through the City's Records Department and is distributed to the CEO and other relevant Officers for implementation.

3.1.3 Department of Planning

The City receives Planning Bulletins from the Department of Planning on any new or amended legislation. Such advice is received and processed through the City's Records Department and is distributed to the CEO and other relevant Officers for implementation.

3.1.4 Western Australian Local Government Association (WALGA)

The City receives regular circulars from WALGA and these Circulars highlight changes in legislation applicable to local government. Such advice is received and processed through the City's Records Department and is distributed to the CEO and other relevant Officers for implementation.

3.1.5 Obtaining Advice on Legislative Provisions

The City will obtain advice on matters of legislation and compliance where necessary. Contact can be made with the DLGC, WALGA or the relevant initiating government department for advice.

3.1.6 Informing Council of Legislative Changes

If appropriate, the CEO will, on receipt of advice of legislative amendments, advise the Council on new or amended legislation.

The City's format for all its reports to Council meetings provides that all reports have a section headed 'Statutory Implications' which shall detail relevant Sections of any Act, Regulation or other relevant and/or applicable legislation.

APPENDIX A

City of Greater Geraldton Legislative Compliance Register see separate attachment at Trim

APPENDIX B:

Responsibilities under the Compliance Framework

1. **Corporate Services** is responsible for:-
 - a) Developing, implementing and ensuring continuous improvement of the Compliance Framework;
 - b) Overall coordination of the Compliance Process and for ensuring that all responsible areas of the City fulfil their compliance responsibilities;
 - c) Identifying, in conjunction with responsible areas of the City compliance requirements and training needs;
 - d) Maintaining the City Compliance Register;
 - e) Identifying compliance breaches and ensuring that appropriate and timely corrective actions are undertaken;
 - f) Reporting compliance breaches to management and CGAC;
 - g) Conducting regular compliance audits;
 - h) Promoting awareness of compliance obligations; and
 - i) Assigning a Risk and Compliance Officer to undertake day to day operation of the Compliance Framework, and other such resources as are necessary.
 - j) Liaising with the Risk/Compliance Officer on new legislation and changes to current legislation; and
 - k) Providing advice to the Risk/Compliance Officer and Responsible Officers on legislation, its content and application to the City.
2. **Management** is responsible for implementing the compliance process for their specific areas of operational control:-
 - a) Remaining aware of the compliance obligations (including monitoring for changes in legislation and regulation) within their areas of control;
 - b) Identifying individual staff members requiring training and ensuring their participation as required to ensure continuing compliance;
 - c) Reporting non-compliance to the Responsible Officer and the Risk Management Unit;
 - d) Undertaking corrective actions to compliance breaches in a timely manner;
 - e) Certifying compliance for their area of control; and
 - f) Encourage behavior's that create and support compliance and compliance culture.
3. **Responsible Officers** are responsible for operation of the compliance process for legislation and regulations for which they are the nominated Responsible Officer, this includes:-
 - a) Ensuring that the compliance requirements for their areas of compliance responsibility are identified, understood and documented (in their Compliance Register).
 - b) Monitoring identified legislation and regulations for change and ensuring that compliance continues to be maintained, including providing advice to the Risk Management Unit of such change ;
 - c) Providing guidance and support to staff on the administration of the legislation;

Compliance Management Plan

- d) Monitor and advise Risk/Compliance Officer of changes to the legislation within their area of control; and
 - e) Monitoring and reporting non-compliance.
- 4. Human Resources** is responsible for:-
- a) Managing training requirements across the City; and
 - b) Ensuring that all Position Descriptions incorporate compliance responsibilities.
- 5. All staff** are responsible for:-
- a) Adherence to the compliance obligations relevant to their position;
 - b) Performing their duties in a lawful and safe manner;
 - c) Undertaking training in accordance with the compliance program; and
 - d) Reporting and escalating compliance concerns, issues, complaints and failures.

DOCUMENT ADMINISTRATION

Directorate		Officer	Review Cycle	Next Due
Corporate and Commercial Services		Manager Corporate Services	Annually	XX XXX XXXX
Version	Decision Reference	Date	Comment (if applicable)	
1.	EMT XX XXX XXXX	XX XXX XXXX	Newly created document	

Workplace References

CP4.26 Compliance Management Policy
City of Greater Geraldton Governance Framework
City of Greater Geraldton Risk Management Framework
Dept of Local Government & Communities Compliance Management Plan

AC065	ICT BUSINESS CONTINUITY AND DISASTER RECOVERY PLANNING
-------	--------------------------------------------------------

AGENDA REFERENCE:	D-18- 017130
AUTHOR:	D Duff, Manager ICT Services
EXECUTIVE:	B Davis, Director Corporate and Commercial Services
DATE OF REPORT:	27 February 2018
FILE REFERENCE:	IT/11/0005
ATTACHMENTS:	Yes (x2)
	A. Process – Perform Preliminary Business Continuity Checks
	B. File Note – Civic Centre Power Outage

EXECUTIVE SUMMARY:

The purpose of this document is to report to the audit committee on the progress of the development of an ICT Business Continuity and Disaster Recovery Plan (BCDRP).

EXECUTIVE RECOMMENDATION:

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act 1995 RESOLVES to:

1. NOTE the progress in development and testing of the ICT business continuity and disaster recovery plan.

PROPONENT:

The proponent is the City of Greater Geraldton.

BACKGROUND:

Development of a Business Continuity and Disaster Recovery Plan (BCDRP) for the City involves multiple planning streams, with site-specific business unit plans, and the ICT BCDR plan as a primary enabler of recovery. This report addresses just the ICT BCDR planning process. A separate report addresses the framework for development of site-specific BCDR plans.

In late 2015 the City moved its core ICT infrastructure (Servers, storage, minor networking, and internet) to the Geraldton Data Centre. In addition to this move, provisioned in their partner data centre in Perth were servers, storage and networking to allow replication of the City's Core Applications and Backup Data to this geographically distant location.

By moving to an Infrastructure as a Service arrangement for ICT, migrating data and systems to the 'cloud', with access to data and core applications via the Internet, and with remote replication, the City enhanced its capability to continue core business during events such as district power loss, or a disaster event, and subsequently recovery.

A documented ICT BCDRP and accompanying processes have been in active development. The plan in final form will include four different disaster scenarios

with each scenario increasing in scope and complexity. Once completed, each scenario requires testing in the live environment. Following each test, from outcomes and lessons learned, iterations to the plan and its test are required. A completely tested and endorsed plan is not expected until 30 June 2018. Councillors will appreciate that while some technical elements of a BCDP plan can be (and are) tested via simulation, the acid test always requires executing an event like a real power-down across multiple sites, and for real testing that needs to be conducted during normal business hours. Such tests disrupt delivery of services to the community. Hence they need to be carefully planned, with the view to sensible frequency of such tests. When an actual event occurs, such as the recent CBD power outage, “live” testing becomes immediately possible. However, opportunities to frame and live-test the most complex of the ICT DR scenarios are challenging to contrive. As well, separate from the ICT elements, the site-specific BCDR plans must be tested, so entity-wide coordination is required to frame and execute a complete DR test. The critical issue for BCDR planning for the City is ensuring that the ICT components on which actual service delivery and recovery will depend, are actively monitored and checked.

To illustrate the nature of the BCDR capability monitoring/checking, a checklist and process (attachment A) are utilised. This preliminary checklist, completed on a fortnightly basis, ensures the BCDR environment, infrastructure and dependencies are checked to confirm they are functioning, up to date and ready if a continuity event were to eventuate.

Under its infrastructure as a service arrangements, with multiple Data Centre capability and the City’s ICT infrastructure topology, the City’s ability to handle minor disruptions is ‘ready by default’. Actual outage events have enabled real testing. This is illustrated in Attachment B which provides information on the response to the CBD power outage on the morning of 26 February 2018. In essence, in actual event testing, with ability to execute remote connection so long as a device can see the Internet somehow, officers can access applications and data. Cloud hosting demonstrably delivers that capability.

COMMUNITY, ENVIRONMENT, ECONOMY AND GOVERNANCE ISSUES:

Community:

Business Continuity and Disaster recovery for delivery of City services to the Community is a fundamental requirement. That requirement, noting dependence of many City services on automated v business processes and digital data, was the primary driver for the City migrating its core systems and data to the ‘cloud’.

Environment:

There are no environmental impacts.

Economy:

There are no economic impacts.

Governance:

There are no governance impacts.

RELEVANT PRECEDENTS:

The Audit Committee regularly reviews reports relating to the auditing processes of the City and the Audit function.

COMMUNITY/COUNCILLOR CONSULTATION:

There has been no consultation.

LEGISLATIVE/POLICY IMPLICATIONS:

There are no legislative/policy implications.

FINANCIAL AND RESOURCE IMPLICATIONS:

There are no financial or resource implications.

INTEGRATED PLANNING LINKS:

Title: Governance	Good Governance & Leadership
Strategy 4.5.2	Ensuring finance and governance policies, procedures and activities align with legislative requirements and best practice

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT

Development and testing of an ICT BCDRP, as part of the overall BCDRP for the City, is an integral element of the City's risk management program.

ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS

No alternatives considered. Development and testing of BCDRP capabilities is an ongoing requirement. The multi-tiered plans are not static, requiring continuous review and updating to reflect both internal changes, and to respond to externalities.

PRELIMINARY BUSINESS CONTINUITY CHECKLIST

(to be completed in conjunction with Promapp Process)

- Activity 2 completed: Check Access to Prerequisites
- Activity 3 completed: Check Currency of Contracts, Warranties and Licensing
- Activity 4 completed: Check Connectivity
- Activity 5 completed: Check Site to Site Replication
- Activity 6 completed: Check Server Backups
- Activity 7 completed: Check Application Currency

Vendor/Product	Running Version / Build	Newest Version / Build
Veeam Backup and Replication		
VMware vCentre Server		
VMware ESXi		
VMware vSphere Replication		
VMware Site Recovery Manager		
Team Viewer		

- Activity 8 completed: Check Externally Presented Services

External Service	Service Role	Server	Change from previous
Web Mail & Outlook Anywhere	Exchange CAS	CIVIV-EX16-01	
Incoming Email	Exchange Edge	CIVIC-EX16-02	
Remote Desktop	Remote Desktop Gateway	CIVIC-RDPGW-01	

<p>Issues Encountered:</p>	
<p>Remediation Completed:</p>	

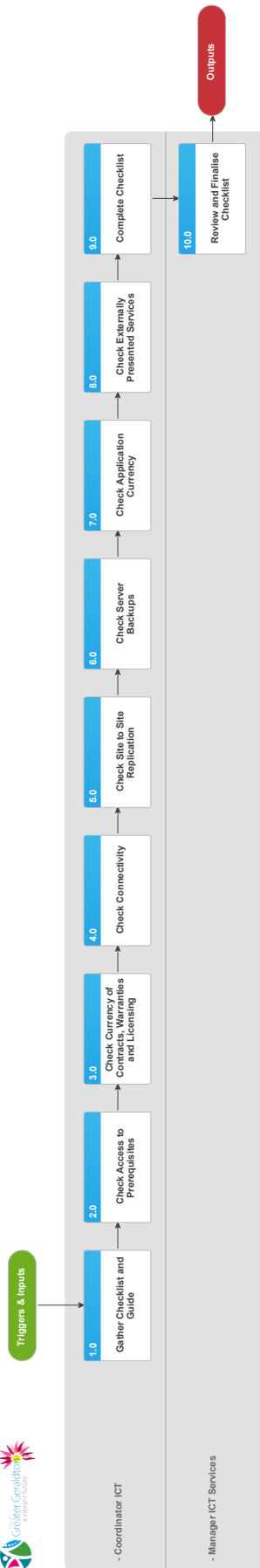
X

ICT Officer

X

Manager ICT Services

Perform Preliminary Business Continuity Checks v2.0



Summary

Objective

To test the infrastructure in place which is required for business continuity / disaster recovery (BC/DR) purposes.

Background

It is important to regularly test and verify that the network, hardware and systems required for BC/DR are functioning and ready for use.

If the infrastructure is tested as available and working, it is then ready to invoke the ICT BC/DR Plan at any time and increases the chances of success of continuing business in the case of an event.

A Service Desk maintenance task is automatically created every 2 weeks to trigger this process.

Owner Dennis Duff


Expert Luke Heinsen-Egan

Procedure

1.0 Gather Checklist and Guide

Coordinator ICT

NOTE The below guide and checklist are required to complete and report on all the activities within this process

 ICT Business Continuity and Disaster Recovery - Preliminary Business Continuity Checklist Template


 ICT Guide - Performing Preliminary Business Continuity Checks

- a Review previous Checklist to note if any issues are or should be outstanding (TRIM Folder IT/11/0005 Reporting - Business Continuity)
- b Update ICT Guide as required during this exercise

2.0 Check Access to Prerequisites

Coordinator ICT

- a Check access to ICT KeePass password database.
- b Check access to electronic ICT Business Continuity and Disaster Recovery Plan and note down the version.

 ICT Business Continuity and Disaster Recovery - Plan

- c Confirm hardcopy versions of ICT Business Continuity and Disaster Recovery Plan.

NOTE Where are physical copies located?

- One copy each at the following locations;
- Geraldton Data Centre (Geraldton & Perth)
 - Geraldton Airport
 - Office, Manager ICT Services

3.0 Check Currency of Contracts, Warranties and Licensing

Coordinator ICT

- a Check all contracts, warranties and licensing are current

NOTE Run reports via ICT Service Desk for any expired items

- b Check event notification service is functioning

4.0 Check Connectivity

Coordinator ICT

- a Check availability of Primary Internet connection at Civic Centre
- b Check availability of Backup Internet connection at Civic Centre.
- c Check availability of Primary Internet connection at Recovery Site.
- d Check availability of Perth/Geraldton site replication connection

- e Check 4G on ICT Management Laptop

5.0 Check Site to Site Replication

Coordinator ICT

- a Check access to VMWare Site Replication Manager (SRM)

NOTE VMWare web client
<https://vci:9443/vsphere-client/>

- b Confirm SRM replication on protected VM's. Recovery Point Objective (RPO) of 2hrs, Point in Time of 3 per day for 4 days.
- c Check event notification service is functioning

6.0 Check Server Backups

Coordinator ICT

- a Check access to Veeam Backup Console at production site.
- b Check backups jobs are running successfully.
- c Check event notification service is functioning

7.0 Check Application Currency

Coordinator ICT

- a Check VMWare version and patching information is consistent between sites and is up to date as per VMWare recommendations

8.0 Check Externally Presented Services

Coordinator ICT

- a Check externally presented services at DR Facility

9.0 Complete Checklist

Coordinator ICT

- a Complete Preliminary Business Continuity Checklist not any discrepancies and sign
- b Record checklist to TRIM Folder IT/11/0005 'Reporting - Business Continuity' and notify Manager ICT Services

10.0 Review and Finalise Checklist

Manager ICT Services

- a Review any issues encountered
- b If required, add Service Desk request to get any issues resolved
- c Update Preliminary Business Continuity Checklist with remediation information and then sign
- d Record checklist to TRIM Folder IT/11/0005 'Reporting - Business Continuity'. Add the completed date to the title of the Checklist.

Triggers & Inputs

TRIGGERS

Starts	Frequency	Volume
Service Desk Maintenance Task Automatically Created	Fortnightly	1

INPUTS

Input	From Process	How Used
Preliminary Business Continuity Checklist	NA	All activities use this form to tick off what has been completed

Outputs & Targets

OUTPUTS

Output	To Process	How Used
Infrastructure Tested as Working	Continue Business - Disaster Determination and Recovery Review - ICT	Used to inform the BC/DR planning and testing
Completed Business Continuity Checklist	NA	To inform Audit Committee and Executive Management Team

PERFORMANCE TARGETS

None Noted

Process Dependencies

PROCESS LINKS FROM THIS PROCESS

Process Name	Type of Link	Assigned Role
Continue Business - Disaster Determination and Recovery Review - ICT	Output	-

PROCESS LINKS TO THIS PROCESS

None Noted

RACI

RESPONSIBLE

Roles that perform process activities

Coordinator ICT, Manager ICT Services

ACCOUNTABLE

For ensuring that process is effective and improving

Process Owner Dennis Duff

Process Expert Luke Heinsen-Egan

Approvers Dennis Duff

Publishers Manager ICT Services

CONSULTED

Those whose opinions are sought

STAKEHOLDERS

None Noted

STAKEHOLDERS FROM LINKED PROCESSES

None Noted

INFORMED

Those notified of changes

All of the above, as well as; Dennis Duff[System Stakeholder], ICT Support staff[System Stakeholder]. These parties are informed via dashboard notifications.

Systems

HP TRIM

Manage Engine Service Desk Plus

Veeam

Process Approval

Date	Approver	Type
28-02-2018 (GMT)	Dennis Duff Promaster	Process Group Approver
Approval bypassed	Dennis Duff	Process Group Approver
Approval bypassed	Luke Heinsen-Egan	Process Group Approver
28-02-2018 (GMT)	Dennis Duff Promaster	Promaster

Published on 28-02-2018 (GMT) by Dennis Duff Promaster via Publish Now (some approvals bypassed)

FILE NOTE

AC065 - B

DATE: 27 February 2018	TRIM FILE REF: D-18-016458	
TITLE: Civic Centre Power Outage - ICT Business Continuity		
VENUE: Civic Centre		
OFFICER: Manager ICT Services		
MEETING: <input type="checkbox"/>	FILE NOTE: <input checked="" type="checkbox"/>	PHONE CONVERSATION: <input type="checkbox"/>

Notes:

On 26 February 2018 a power outage across the CBD affected the Civic Centre Administration building. The following is an account of ICT Services response to the outage and outcomes from a business continuity perspective.

- **6.45am** Power was disrupted to the Civic Centre Administration building (ICT network running on backup power supplies)
- **7.00am** Acting Coordinator ICT arrived and was already aware of the disruption due to email alert notifications from ICT infrastructure.
- Coordinator ICT turned on ICT management laptop and connected to the Corporate Wireless in South Wing
- Logged into Remote Desktop Web Access – confirming Geraldton Data Centre were functioning
- Logged into Virtual (VMWare) client – confirmed all City servers, applications and services were online
- Checked Wester Power website and confirmed estimated restoration time of 11.30am.
- **7.49am** South Wing UPS ran out of power and disrupted the Corporate Wi-Fi in the South Wing (UPS only lasted 1hr 4mins due to a brown out occurring at 3.25am – 4am and UPS may not have restored full battery power by the time power was cut completely).
- ICT management laptop switched to 4G data connection and reconnected to Remote Desktop Session
- Checked over core applications to ensure no issues (Email, Synergy, TRIM, GIS). No problems reported
- **8.45am** Provided laptops to Customer Service staff and connected to Corporate Wi-Fi in North Wing (north wing has a bigger primary UPS as it also contains Core IT networking equipment)
- Confirmed customer service had access to all applications and services. Access to the phone system was possible, but not used.
- **9.00am** Checked primary UPS (north wing) and noted 112 minutes of power remaining.



- Distributed laptops to staff as requested throughout the morning and advised to use North Wing for Wi-Fi. Apart from a few flat batteries, no issues were reported with connecting to services and continuing core processes.
- **9.30am** – Power restored to Civic Centre Administration building.
- ICT Communications Room in North Wing checked. Noted that air-conditioner had failed to return to normal operation. Air Conditioner technician advised and function restored.
- Following power restoration, all ICT equipment returned to normal operation with the exception of one black and white printer.

In addition to the above timeline for the Civic Centre, all external sites beyond the CBD, which connect to and rely on the Civic Centre for internet and access to ICT systems, were unaffected and continued business as usual.

Had the power outage continued beyond 11.15am as reported, the Primary UPS in the north wing would have shut down and the Corporate Wi-Fi and Phone System would have been disrupted. Had this occurred, all servers and applications (with the exception of the phone system) would continue to function out of the Data Centre however, all external sites would have lost their internal connections to these systems and also their internet connection. In this scenario, required would be access to any type of internet service and a computer. Staff could then access systems via Remote Desktop Gateway and function in a limited capacity.

AC066	AUDIT REVIEWS FOR CITY OF GREATER GERALDTON
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AGENDA REFERENCE:	D-18-017125
AUTHOR:	A van der Weij, Financial Accountant
EXECUTIVE:	B Davis, Director Corporate & Commercial Services
DATE OF REPORT:	1 March 2018
FILE REFERENCE:	FM/3/0003
ATTACHMENTS:	Yes (x4)
	A. Financial Management Systems Review
	B. Audit Regulation 17 Review
	C. Interim Audit Letter
	D. Fleet Management Internal Audit

EXECUTIVE SUMMARY:

The purpose of this report is to present to the Audit Committee the reports from the auditor of the Financial Management Systems Review (session 1), Audit Regulation 17 Review, Interim Audit and the Fleet Management Internal Audit.

EXECUTIVE RECOMMENDATION:

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act 1995 RESOLVES to:

1. ADOPT the Financial Management Systems Review, Audit Regulation 17 Review, Interim Audit Management Letter and Fleet Management Internal Audit Report;
2. ENDORSE actions taken or proposed to be taken by staff to resolve any items identified in the reports; and
3. REQUIRE progress on implementation of the proposed management actions, at the next Audit Committee Meeting.

PROPONENT:

The proponent is the City of Greater Geraldton.

BACKGROUND:

- A. In accordance with Regulation 5(2)(C) of the Local Government (Financial Management) Regulations 1996, Local Government CEO's are required to undertake a Financial Management Systems Review(FMSR) once every 4 years. The scope of the review incorporates an assessment of the appropriateness and effectiveness of Council's financial management systems and procedures. Council completed a FMSR in February 2016. The attached report represents the first of two sessions with the second session scheduled for February 2020.
- B. In accordance with Audit Regulation 17 of the Local Government (Audit) Regulations 1996, Local Governments CEO's are required to undertake a review of the appropriateness and effectiveness of a local government's systems in relation to risk management, internal control

and legislative compliance once every 2 calendar years from the first review completion date (31st of December 2014). The second review was conducted in February 2016.

- C. The interim site audit was conducted by AMD Chartered Accountants from the 5th to the 8th of February 2018. It should be noted that the letter attached is not part of the formal audit reporting process. The letter is provided for general information purposes only and meant to highlight matters raised and, where applicable, to be attended to at the year end audit.
- D. The Audit Committee at their meeting on 21 February 2017 endorsed the implementation of the Strategic Internal Audit Plan. The City's Vehicle Fleet Management is the second area being audited as part of this Audit plan. AMD Chartered Accountants was selected as the preferred auditor under the Request for Quotation (RFQ) process.

COMMUNITY, ENVIRONMENT, ECONOMY AND GOVERNANCE ISSUES:

Community:

There are no community impacts.

Environment:

There are no environment impact.

Economy:

There are no economic impacts.

Governance:

There are no governance impacts.

RELEVANT PRECEDENTS:

The Audit Committee regularly reviews reports relating to the auditing processes of the City and the Audit function, (AC087 Information Technology Internal Audit report, AC058 Audit report 2016/2017 2 October 2017).

COMMUNITY/COUNCILLOR CONSULTATION:

There has been consultation

LEGISLATIVE/POLICY IMPLICATIONS:

Pursuant to Regulation 16 *Local Government (Audit) Regulations 1996:*

16. Audit committee, functions of

An audit committee —

(a) Is to provide guidance and assistance to the local government —

- (i) as to the carrying out of its functions in relation to audits carried out under Part 7 of the Act; and*
- (ii) as to the development of a process to be used to select and appoint a person to be an auditor; and*

(b) may provide guidance and assistance to the local government as to —

- (i) matters to be audited; and*
- (ii) the scope of audits; and*

- (iii) *its functions under Part 6 of the Act; and*
- (iv) *the carrying out of its functions relating to other audits and other matters related to financial management;*

FINANCIAL AND RESOURCE IMPLICATIONS:

There are no financial or resource implications.

INTEGRATED PLANNING LINKS:

Title: Governance	Good Governance & Leadership
Strategy 4.5.2	Ensuring finance and governance policies, procedures and activities align with legislative requirements and best practice

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT

The attached reports describe, through the auditor notes, the various levels of risk exposure of the organisation, with recommendations and management actions mitigating those risk levels to an acceptable level.

ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS

No alternatives have been considered.



Financial Management System Review (Part 1) February 2018



2 March 2018

Mr Ross McKim
Chief Executive Officer
City of Greater Geraldton
PO Box 101
GERALDTON WA 6531

Dear Ross

2018 FINANCIAL MANAGEMENT SYSTEMS REVIEW (PART 1)

We are pleased to present the findings and recommendations resulting from our City of Greater Geraldton (the "City") Local Government (Financial Management) Regulation 1996, Financial Management System Review. In accordance with the City's Strategic Internal Audit Plan, the Financial Management System Review has been split into two Parts, with Part 1 completed in 2018 and Part 2 to be completed in 2020.

This report relates only to procedures and items specified within the 2016 to 2021 five year Strategic Internal Audit Plan and does not extend to any financial report of the City.

We would like to thank Renee, Auke and the finance department for their co-operation and assistance whilst conducting our review.

Should there be matters outlined in our report requiring clarification or any other matters relating to our review, please do not hesitate to contact Melanie Blain or myself.

Yours sincerely
AMD Chartered Accountants



TIM PARTRIDGE FCA
Director

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Inherent limitations

Due to the inherent limitations of any internal control structure, it is possible that fraud, error or non-compliance with laws and regulations may occur and not be detected. Further, the internal control structure, within which the control procedures that have been subject to review, has not been reviewed in its entirety and, therefore, no opinion or view is expressed as to its effectiveness of the greater internal control structure. This review is not designed to detect all weaknesses in control procedures as it is not performed continuously throughout the period and the tests performed on the control procedures are on a sample basis. Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

We believe that the statements made in this report are accurate, but no warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by, the City of Greater Geraldton management and personnel. We have indicated within this report the sources of the information provided. We have not sought to independently verify those sources unless otherwise noted with the report. We are under no obligation in any circumstance to update this report, in either oral or written form, for events occurring after the report has been issued in final form unless specifically agreed with City of Greater Geraldton. The review findings expressed in this report have been formed on the above basis.

Third party reliance

This report was prepared solely for the purpose set out in this report and for the internal use of the management of City of Greater Geraldton. This report is solely for the purpose set out in the 'Scope and Approach' of this report and for City of Greater Geraldton information, and is not to be used for any other purpose or distributed to any other party without AMD's prior written consent. This review report has been prepared at the request of the City of Greater Geraldton Chief Executive Officer or its delegate in connection with our engagement to perform the review as detailed in the Strategic Internal Audit Plan 2016 to 2021. Other than our responsibility to the Council and management of City of Greater Geraldton, neither AMD nor any member or employee of AMD undertakes responsibility arising in any way from reliance placed by a third party, including but not limited to the City of Greater Geraldton external auditor, on this review report. Any reliance placed is that party's sole responsibility.

1. Executive Summary

1.1. Background and Objectives

In accordance with the City’s Strategic Internal Audit Plan, the Financial Management System Review has been split into two Parts, with Part 1 completed in 2018 and Part 2 to be completed in 2020.

The primary objective of our Financial Management System Review (FMSR) (Part 1) was to assess the adequacy and effectiveness of systems and controls in place within the City focusing on accounts payable, accounts receivable, human resources and payroll procedures; in accordance with the 2016 to 2021 five year Strategic Internal Audit Plan (the “review”).

The responsibility of determining the adequacy of the procedures undertaken by us is that of the Chief Executive Officer (CEO). The procedures were performed solely to assist the CEO in satisfying his duty under Section 6.10 of the Local Government Act 1995 and Regulation 5(1) of the Local Government (Financial Management) Regulations 1996.

Our findings included within this report are based on the site work completed by us on the 5th of February to 9th of February 2018. Findings are based on information provided and available to us during this site visit.

1.2. Summary of Findings

The procedures performed and our findings on each of the focus areas within Part 1 are detailed in the following sections of the report:

- Section 2 - Custody and security of money;
- Section 3 - Maintenance and security of the financial records;
- Section 4 - Accounting for municipal or trust transactions;
- Section 5 - Authorisation for incurring liabilities and making payments;
- Section 6 - Maintenance of payroll, stock control and costing records; and
- Section 7 - Preparation of budgets, budget reviews, accounts and reports required by the Act or the regulations.

Following the completion of our review and subject to the recommendations outlined within sections 2 to 7, we are pleased to report that in context of the City’s overall internal control environment, policies, procedures and processes in place are appropriate, and have been operating effectively at the time of the review.

Findings reported by us are on an exceptions basis, and do not take into account the many focus areas tested during our review where policies, procedures and processes were deemed to be appropriate and in accordance with best practice.

The following tables provide a summary of the findings raised in this report:

	Extreme Risk	High Risk	Moderate Risk	Low Risk
Number of new issues reported	0	0	2	4

For details on the review rating criteria, please refer to Section 8.

Ref	Issue	Risk Rating
2. Custody and security of money		
We have no findings to raise in respect to the custody and security of money held by the Local Government.		
3. Maintenance and security of financial records		
3.2.1	Key register not currently up to date At the time of our onsite visit the key register was incomplete and not up to date.	Moderate
4. Accounting for municipal of trust transactions		
Insurance claim schedule		
4.2.1	The Insurance claim schedule maintained is incomplete and lacks detail such as lodgement date and settlement date.	Low
5. Authorisation for incurring liabilities and making payments		
After the fact purchase orders		
5.2.1	We noted four instances where purchase orders were raised subsequent to receiving the supplier invoice.	Low
6. Maintenance of payroll, stock control and costing records		
Conflicts of interest		
6.2.1	Confidentiality declaration not currently completed by interview panel members.	Moderate
Stocktakes		
6.2.2	Currently stock is only counted once a year at 30 June with exception of the airport depot where stock is counted monthly.	Low
Administration and overhead allocation methodology		
6.2.3	Currently the methodology applied by the City with respect to the Administration and Overhead costs allocation is not formally documented.	Low
7. Preparation of budgets, budget reviews, accounts and reports required by the Act or the Regulations		
We have no findings to raise in respect to the preparation of budgets, budget reviews, accounts and reports required by the Act or the Regulations.		

2. Custody and security of money

2.1. Scope and approach

- For the Council office only reviewed the controls and procedures over the collection, receipting, recording and banking of cash collected; and
- Review the security of cash and banking procedures to ensure the appropriate controls and procedures are in place.

2.2. Detailed findings and recommendations

Our review indicated key underlying policies and processes in relation to the custody and security of money held by the Local Government are appropriate, in line with best practice and operating effectively.

Accordingly, we have no recommendations to raise in respect to the custody and security of money held by the Local Government.

3. Maintenance and security of the financial records

3.1. Scope and approach

- Review of registers maintained (including key register, tender register etc.) and review of Council minutes.

3.2. Detailed findings and recommendations

3.2.1. Key register not currently up to date

Finding Rating: Moderate

Our inquiries identified that the key register is currently maintained by the Land and Leasing department who inherited this register from another department. As part of the register handover it was identified that some information contained in the register was incorrect and the Land and Leasing team is currently working through the anomalies.

Observation of the current key register identified that information such as the individuals who have a key allocated to them, their position, the date the key was allocated, the key number and contact details of each staff member was missing from the register.

Implications / Risks

Risk of unauthorised access to the City property.

Recommendation

We recommend the City ensure that the key register is up to date. The register should include the individuals who have a key allocated to them, their position, the date the key was allocated, the key number and contact details of each staff member.

Management Comment

Current practise is that all keys are signed for, documenting name, key details, number of keys, date and signature verification. These forms are trimmed for record purposes. An electronic register of keys is maintained, which are individually numbered and correlated to the relevant buildings.

Responsible Officer: Laura MacLeod

Completion Date: 26th February 2018

4. Accounting for municipal or trust transactions

4.1. Scope and approach

- Review the procedures for preparation of monthly accounts and general ledger account reconciliations;
- Review policies and procedures in respect to insurance, recording claims and insuring newly acquired assets; and
- Review processes in respect to BAS, FBT Return and other statutory returns preparation.

4.2. Detailed findings and recommendations

4.2.1. Insurance claim schedule

Finding Rating: Low

Our inquiries indicated the City has an insurance claim schedule in place, however the schedule is relatively sparse in detail as it is only used for the purposes of obtaining an I.D number in Synergy.

Implications / Risks

Untimely recovery of costs associated with insurance events.

Recommendation

We recommend consideration be given to populating all the fields in the insurance claim schedule which include additional detail such as the name and/or registration number, date the claim was lodged with the insurer, date the claim is closed, total cost, excess, amount recovered etc.

Management Comment

This function to date has effectively been managed via Trim workflow and Promapp documented insurance processes. These processes have ensured all claims are actioned to LGIS within 24hrs of full documentation being provided.

An update however, to the current insurance recording process can easily be achieved to capture this claims information in a register as well the trim folders.

Responsible Officer: Brodie Pearce

Completion Date: March 2018

5. Authorisation for incurring liabilities and making payments

5.1. Scope and approach

- Review of controls and procedures over the authorisation of purchase orders and making of payments, with a sample of payments tested; and
- Review of credit card processes and procedures, and testing transactions on a sample basis.

5.2. Detailed findings and recommendations

5.2.1. After the fact purchase orders

Finding Rating: Low

Our sample testing identified four instances where the purchase order was raised post the invoice (details can be provided on request).

Implications / Risks

Risk of non-compliance with the City's policies / procedures.

Recommendation

We acknowledge based on our sample testing that the four instances identified above appear to be exceptions, however we recommend purchase orders are raised and approved prior to the goods/services being provided to the City.

Management Comment

The City is aware of occurrences where purchase orders have been raised after the invoice had been received.

The City continues in its endeavours to eradicate this issue and has put a process in place where:

- 1) At first occurrence the Purchasing Officers raises the item with the staff member involved; and
- 2) In case of repeated failure to adhere with the policy the relevant manager is informed and advised to take appropriate action; and
- 3) Invoices without PO numbers are returned to suppliers

Responsible Officer: Auke Van Der Weij

Completion Date: 26th February 2018

6. Maintenance of payroll, stock control and costing

6.1. Scope and approach

- Review of payroll controls and procedures to ensure effective controls are in place, and complete tests on a sample basis to ensure these controls were operating effectively.
- Detailed analysis and testing to review the allocation of overheads and administration costs.

6.2. Detailed findings and recommendations

6.2.1. Conflicts of interest

Finding Rating: Moderate

Through discussions with the Human Resources department we noted members of the interview panel (for new employee interviews) are not required to complete a formal conflict of interest declaration confirming whether they know any of the applicants or have any conflicting interests.

Implications / Risks

Lack of evidence in respect of conflicts of interest being considered.

Recommendation

We recommend when a job advertisement period closes that the interview panel reviews the list of applicants and complete a documented conflict of interest declaration.

Management Comment

Currently the HR recruitment process is documenting where there is or could be a perceived issue, not when there isn't one.

Under the City's related policy and procedures panel members must declare any potential conflict of interest as soon as possible and, if necessary, withdraw from the panel.

Responsible Officer: Natalie Hope

Completion Date: 26th February 2018

6.2.2. Stocktakes

Finding Rating: Low

Our enquiries indicated that stock counts at various locations holding stock are generally conducted annually, with exception to the depot where monthly counts are conducted.

Implications / Risks

Risk of stock being misstated throughout the year.

Recommendation

We recommend stock by location be counted and reconciled on a predetermined basis which is documented.

In addition, we recommend stock count sheets should be signed by the individual performing the count and should be subject to independent review and sign off.

It may be appropriate for the regularity of stocktakes to vary from location to location depending on the nature of goods held at each location, however we recommend that stocktakes should be conducted at least quarterly.

Management Comment

The stock at locations where annual stocktakes are conducted represents between 25%-30% of the total stock value of around \$600,000.

The City considers it inefficient to conduct more frequent stock takes at these locations because of:

- 1) Staff time involved;
- 2) Loss of business due to closure of the location during stock take
- 3) The value of the stock being immaterial
- 4) The low stock turnover rate
- 5) The low value of the majority of stock items

Based on the above, the City assesses the risk rating as low to negligible.

The City has now implemented the recommendation to sign off on the stock count sheets at the depot.

Responsible Officer: Auke Van Der Weij

Completion Date: 26th February 2018

6.2.3. Administration and overhead allocation methodology

Finding Rating: Low

Our inquiries indicated that the administration and overhead allocation methodology utilised by the City is currently not formally documented.

Implications / Risks

Risk of administration and overhead expenses incorrectly being applied to the City departments.

Recommendation

We recommend formal documentation of the methodology applied by the City to calculate and allocate the administration and overhead expenses to the respective departments.

Management Comment

Agree – Complete Promapp action to document methodology and process.

Responsible Officer: Renee Doughty

Completion Date: April 2018

7. Preparation of budgets, budget reviews, accounts and reports required by the Act or the Regulations

7.1. Scope and approach

- Review the procedures for preparation of the annual Financial Statements and annual Budget, including assessment of accounting policy, notes and applicable reporting requirements and efficiency of the process; and
- Review the budget review to ensure compliance with Regulation 33A of the Local Government (Financial Management) Regulations 1996 and assessment of budgetary expenditure controls in place.

Note: The mid-year budget review had not been completed as the time of this review.

7.2. Detailed findings and recommendations

Our review indicated key underlying policies and processes in relation to the preparation of budgets, budget reviews, accounts and reports required by the act or the regulations are appropriate, in line with best practice and operating effectively.

Accordingly, we have no recommendations to raise in respect to the preparation of budgets, budget reviews, accounts and reports required by the Act or the Regulations.

8. Guidance on Risk Assessment

Risk is uncertainty about an outcome. It is the threat that an event, action or non-action could affect an organisation's ability to achieve its business objectives and execute its strategies successfully. Risk is an inherent component of all service activities and includes positive as well as negative impacts. As a result not pursuing an opportunity can also be risky. Risk types take many forms – business, economic, regulatory, investment, market, and social, just to name a few.

Risk management involves the identification, assessment, treatment and ongoing monitoring of the risks and controls impacting the organisation. The purpose of risk management is not to avoid or eliminate all risks. It is about making informed decisions regarding risks and having processes in place to effectively manage and respond to risks in pursuit of an organisation's objectives by maximising opportunities and minimising adverse effects.

The risk guidelines stated within Risk Management – Principles and Guidelines Standard AS / NZS ISO 31000-2009 and are based in the City of Greater Geraldton's Risk Management Framework.

Our guidance to risk classification in completing our review is as follows:

Measure of Likelihood of Risk

Likelihood is the chance that the event may occur given knowledge of the organisation and its environment. The following table provides broad descriptions to support the likelihood rating:

DESCRIPTOR	DETAILED	OPERATIONAL FREQUENCY	PROJECT FREQUENCY	TRANSITIONAL FREQUENCY
Almost Certain	The event is expected to occur in most circumstances	More than one per year	Greater than 90% chance of occurrence	1 in 25,000
Likely	The event will probably occur in most circumstances	At least once per year	60% - 90% chance of occurrence	1 in 75,000
Possible	The event should occur at some time	At least once in 3 years	40% - 60% chance of occurrence	1 in 250,000
Unlikely	The event should occur at some time	At least once in 10 years	10% - 40% chance of occurrence	1 in 750,000
Rare	The event may only occur in exceptional circumstances	Less than one in 15 years	Less than 10% chance of occurrence	1 in 1,000,000

**Above Extracted from the City's Risk Management Framework.*

Measure of Consequence of Risk

Consequence is the severity of the impact that would result if the event were to occur. The following table provides broad descriptions to support the consequence rating:

DESCRIPTOR	SAFETY / HEALTH (Physical)	SAFETY / HEALTH (Psychological)	FINANCIAL IMPACT	SERVICE INTERRUPTION	REPUTATION	ENVIRONMENT	LEGAL & COMPLIANCE
Insignificant	Negligible injuries, Full recovery 1 – 3 days	Temporary stress, no leave taken, short term impact with full recovery 1 – 3 days	<i>Organisation</i> Less than \$10,000 <i>Dept. or Project</i> 0-2% remaining budget	No material service interruption backlog cleared 2 – 4 hours	Unsubstantiated, low impact, low profile or 'no news' item. <i>Example</i> gossip, Facebook item seen by limited persons.	Contained, reversible impact managed by site response. <i>Example</i> pick up bag of rubbish.	<i>Compliance</i> No noticeable or statutory impact. <i>Legal</i> Threat of litigation requiring small compensation. <i>Contract</i> No effect on contract performance.
Minor	First aid injuries, full recovery 1 – 3 weeks	Possible sick leave, short term impact, full recovery 1 – 3 weeks	<i>Organisation</i> \$10,000 - \$100,000 <i>Dept. or Project</i> 2 – 5% remaining budget	Short term temporary interruption – backlog cleared < 1 – 7 days	Substantiated, low impact, low news item. <i>Example</i> Local Paper, Everything Geraldton, Facebook item seen by local community.	Contained, reversible impact managed by internal response. <i>Example</i> pick up trailer of rubbish.	<i>Compliance</i> Some temporary non compliances. <i>Legal</i> Single Minor litigation. <i>Contract</i> Results in meeting between two parties in which contractor expresses concern.
Moderate	Medically treated injuries, Full recovery 1 – 3 months	Significant, non-permanent, longer term illness, Full recovery 1 – 6 months	<i>Organisation</i> \$100,000 - \$1M <i>Dept. or Project</i> 5 - 14% remaining budget	Medium term temporary interruption backlog cleared by additional resources within < 2 – 4 weeks	Demonstrated public outrage, substantiated public embarrassment, moderate impact, and moderate news profile. <i>Example</i> State wide Paper, TV News story, Moderate Facebook item taken up by people outside City.	Contained, reversible impact managed by external agencies. <i>Example</i> Contractor removal of asbestos sheets.	<i>Compliance</i> Short term non-compliance but with significant regulatory requirements imposed. <i>Legal</i> Single Moderate litigation or Numerous Minor Litigations. <i>Contract</i> Receive verbal advice that, if breaches continue, a default notice may be issued.
Major	Lost time or severe injury Possible Partial / full recovery 4 – 12 months	Longer term illness, severe trauma, extended incapacity Possible Partial / full recovery 6 – 12 months	<i>Organisation</i> \$1M - \$9M <i>Dept. or Project</i> 15 -20% remaining budget	Prolonged interruption of services, additional resources required; performance affected issue resolved within < 4 – 12 weeks	Sustained and high level public outrage, substantiated public embarrassment, high impact, high news profile, third party actions. <i>Example</i> Australia wide Paper, TV News stories, Current Affair etc. Significant Facebook item taken up by large numbers of people outside City.	Uncontained, reversible impact managed by a coordinated response from external agencies. <i>Example</i> truck or train spill of diesel and oil on road reserve/ park.	<i>Compliance</i> Noncompliance results in termination of services or imposed penalties. <i>Legal</i> Single Major litigation or numerous Moderate Litigations. <i>Contract</i> Receive written notice from the contractor threatening termination if not rectified.
Catastrophic	Fatality, permanent disability	Death, permanent Severely disabling illness, e.g. Post-Traumatic Stress Disorder	<i>Organisation</i> Greater than \$10M <i>Dept. or Project</i> Greater than 20% remaining budget	Indeterminate Prolonged interruption of services that impacts on Public safety and core services non-performance or termination of service	Substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile, third party actions, Likely to lead to the dismissal of Council / Councillors or Executive Staff. <i>Example</i> World Wide News, TV News stories, Current Affair, 60 Minutes, Widespread Facebook item taken up by vast numbers of people outside City.	Uncontained, irreversible impact. <i>Example</i> Ship runs aground and spills oil along City coast line, ground water supply exhausted or rendered unusable.	<i>Compliance</i> Noncompliance results in litigation, criminal charges or significant damages or penalties. <i>Legal</i> Numerous Major Litigations. <i>Contract</i> Termination of Contract for default.

*Above Extracted from the City's Risk Management Framework.

Risk Analysis Matrix – Level of Risk

Finding Rating for each audit issue was based on the following table:

		CONSEQUENCE				
		Insignificant	Minor	Moderate	Major	Catastrophic
LIKELIHOOD	Almost Certain	Moderate	High	High	Extreme	Extreme
	Likely	Low	Moderate	High	High	Extreme
	Possible	Low	Moderate	Moderate	High	High
	Unlikely	Low	Low	Moderate	Moderate	High
	Rate	Low	Low	Low	Low	Moderate

*Above Extracted from the City’s Risk Management Framework.

Finding / Risk Acceptance Rating

The table below sets out the definition of the City’s finding / risk acceptance rating:

FINDING / RISK RANK	DEFINITION
Low	<ul style="list-style-type: none"> Attention required in medium term, preferably within 12 months. Isolated cases of procedural non-compliance. Small transactional errors with nil to small financial loss or exposure to the City. Isolated administrative matters.
Moderate	<ul style="list-style-type: none"> Attention required in medium term, preferably within 6 months. Absence or breakdowns in controls or procedures that lead to moderate exposures to the City. Isolated breaches of legal requirements and/or regulations with no further action likely to be taken by a regulator. Moderate individual transactional errors or several smaller transactional errors. Administrative matters, which due to their frequency may indicate procedural or training problems.
High	<ul style="list-style-type: none"> Attention required in short term, preferably within 3 months. Absence or breakdowns in controls or procedures that lead to high exposures. A breach of legal requirements and/or regulations resulting in material compensation and/or financial payouts, however no further action is likely to be taken by a regulator. Large individual transactional errors or a larger number of smaller transactional errors. Administrative matters, which due to their frequency may indicate procedural or training problems. Issues arising from inadequate training.
Extreme	<ul style="list-style-type: none"> Urgent and immediate action required. Cases of actual or potential fraud. Absence or breakdowns in critical controls or procedures that lead to very significant exposures to the City (i.e. financial loss impacting capital or significant disruption to business services, loss of life, severe reputation risk). Serious breach of legal requirements and/or regulations resulting in material compensation and/or financial payouts and action likely to be undertaken by regulators. Multiple large transactional errors that could lead to serious legal impact and/or severe adverse effect on the City’s reputation. Issues arising from no or severely inadequate training.



Regulation 17 Review

February 2018



2 March 2018

Mr Ross McKim
Chief Executive Officer
City of Greater Geraldton
PO Box 101
GERALDTON WA 6531

Dear Ross

2018 REGULATION 17 REVIEW

We are pleased to present the findings and recommendations resulting from our City of Greater Geraldton (the "City") Local Government (Audit) Regulations 1996, 2018 Regulation 17 Review.

This report relates only to procedures and items specified within the 2016 to 2021 five Strategic Internal Audit Plan and does not extend to any financial report of the City.

We would like to thank Renee, Auke and the finance department, governance, procurement and risk teams for their co-operation and assistance whilst conducting our review.

Should there be matters outlined in our report requiring clarification or any other matters relating to our review, please do not hesitate to contact Melanie Blain or myself.

Yours sincerely
AMD Chartered Accountants



TIM PARTRIDGE FCA
Director

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Inherent limitations

Due to the inherent limitations of any internal control structure, it is possible that fraud, error or non-compliance with laws and regulations may occur and not be detected. Further, the internal control structure, within which the control procedures that have been subject to review, has not been reviewed in its entirety and, therefore, no opinion or view is expressed as to its effectiveness of the greater internal control structure. This review is not designed to detect all weaknesses in control procedures as it is not performed continuously throughout the period and the tests performed on the control procedures are on a sample basis. Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

We believe that the statements made in this report are accurate, but no warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by, the City of Greater Geraldton management and personnel. We have indicated within this report the sources of the information provided. We have not sought to independently verify those sources unless otherwise noted with the report. We are under no obligation in any circumstance to update this report, in either oral or written form, for events occurring after the report has been issued in final form unless specifically agreed with City of Greater Geraldton. The review findings expressed in this report have been formed on the above basis.

Third party reliance

This report was prepared solely for the purpose set out in this report and for the internal use of the management of City of Greater Geraldton. This report is solely for the purpose set out in the 'Scope and Approach' of this report and for City of Greater Geraldton information, and is not to be used for any other purpose or distributed to any other party without AMD's prior written consent. This review report has been prepared at the request of the City of Greater Geraldton Chief Executive Officer or its delegate in connection with our engagement to perform the review as detailed in the Strategic Internal Audit Plan 2016 to 2021. Other than our responsibility to the Council and management of City of Greater Geraldton, neither AMD nor any member or employee of AMD undertakes responsibility arising in any way from reliance placed by a third party, including but not limited to the City of Greater Geraldton external auditor, on this review report. Any reliance placed is that party's sole responsibility.

1. Executive Summary

1.1. Background and Objectives

To undertake a review of the appropriateness and effectiveness of risk management, internal controls and legislative compliance of the City in accordance with the Local Government (Audit) Regulations 1996, Regulation 17 for the period ended 30 June 2018 (the “review”).

Our findings included within this report are based on the site work completed by us on the 5th of February to 9th of February 2018. Findings are based on information provided and available to us during this site visit.

1.2. Summary of Findings

The procedures performed and our findings on each of the focus areas are detailed in the following sections of the report:

- Section 2 – Risk management;
- Section 3 – Internal controls; and
- Section 4 – Legislative compliance.

Following the completion of our review and subject to the recommendations outlined within sections 2 to 4, we are pleased to report that in context of the City’s overall internal control environment, policies, procedures and processes in place are appropriate, and have been operating effectively at the time of the review.

Findings reported by us are on an exceptions basis, and do not take into account the many focus areas tested during our review where policies, procedures and processes were deemed to be appropriate and in accordance with best practice.

The following tables provide a summary of the findings raised in this report:

	Extreme Risk	High Risk	Moderate Risk	Low Risk
Number of new issues reported	0	0	10	6

For details on the review rating criteria, please refer to Section 5.

Ref	Issue	Risk Rating
Risk management		
	Business Continuity Plan	
2.2.1	The Business Continuity Plan and IT Disaster Recovery Plan has been drafted however requires finalisation and adoption by the City.	Moderate
	Risk Management Framework	
2.2.2	Risk Management Framework and associated policies are currently under review and/or in the process of being finalised.	Moderate
	Lease Management	
2.2.3	No formal procedure in place to monitor lessee compliance with terms of the Council leased properties.	Moderate
	Contractor / Sub-contractor Insurance Register	
2.2.4	No centralised insurance register in place that captures all contractor insurance details including expiry dates.	Moderate
	Emergency Risk Management	
2.2.5	Current Emergency Risk Management documents not updated to reflect if related emergency risk management plans are finalised and have in fact been recently reviewed.	Low
Internal controls		
	IT Consultation Process	
3.2.1	No formal IT approval / consultation process in place for instances where another department is working with a third party to provide a product / application that may have an impact on the IT infrastructure.	Moderate
	Masterfile Accuracy and Validity	
3.2.2	Independent reviews of all changes and adjustments made to master files are not conducted on a regular basis.	Moderate
	IT Security Log	
3.2.3	IT security logs are not currently reviewed by the IT department.	Moderate
	IT Project Reviews	
3.2.4	Currently no post implementation review for major IT projects completed.	Low
	Physical Security	
3.2.5	Existing robust processes currently in place to ensure protection of the City's physical assets currently not formally documented.	Low
	Operational Policies	
3.2.3	Some operational policies are out of date and are currently in the process of being reviewed.	Low
Legislative compliance		
	Compliance Framework	
4.2.1	Compliance Framework is drafted however requires finalisation and adoption by the City.	Moderate
	Integrated Strategy Planning	
4.2.2	Key integrated strategy planning documents are due for review or require finalisation.	Moderate
	Audit Committee	
4.2.3	Currently meeting twice yearly opposed to quarterly as stated in the Audit Committee Charter.	Moderate
	Complaints Handling	
4.2.4	No Complaints Handling procedure pertaining to complaints made against Councillor in place.	Low
	Conflicts of Interest and Financial Interest Register	
4.2.5	Although required to be disclosed there is currently no centralised register which records conflicts of interest or financial interest disclosures.	Low

2. Risk management

2.1. Scope and approach

In accordance the City's Strategic Internal Audit Plan, our review examined the following areas:

- Whether the Local Government has an effective risk management system and that material operating risks to the Local Government are appropriately considered;
- Whether the Local Government has a current and effective business continuity plan (including disaster recovery) which is tested from time to time;
- The internal processes for determining and managing material operating risks in accordance with the Local Government's identified tolerance for risk, particularly in the following areas:
 - Potential non-compliance with legislation, regulations and standards and local government's policies;
 - Important accounting judgements or estimates that prove to be wrong;
 - Litigation and claims;
 - Misconduct, fraud and theft; and
 - Significant business risks, recognising responsibility for general or specific risk areas, for example, environmental risk, occupational health and safety, and how they are managed by the local government;
- Regular risk reports presented to the Audit Committee/Council, which identify key risks, the status and the effectiveness of the risk management systems, to ensure that identified risks are monitored and new risks are identified, mitigated and reported;
- Adequacy of the Local Government processes to manage insurable risks and ensured the adequacy of insurance cover, and if applicable, the level of self-insurance;
- Effectiveness of the Local Government's internal control system with management and the internal and external auditors;
- Whether management has controls in place for unusual types of transactions and/or any potential transactions that might carry more than an acceptable degree of risk;
- The Local Government's procurement framework with a focus on the probity and transparency of policies and procedures/processes and whether these are being applied;
- Audit Committee meeting practices ensuring periodically meeting with key management, internal and external auditors, and compliance staff, to understand and discuss any changes in the local government's control environment;
- Ascertained whether fraud and misconduct risks have been identified, analysed, evaluated, have an appropriate treatment plan which has been implemented communicated, monitored and there is regular reporting and ongoing management of fraud and misconduct risks.

2.2. Detailed findings and recommendations

2.2.1. Business Continuity Plan

Finding Rating: Moderate

The City has a draft Business Continuity Plan and IT Disaster Recovery Plan however these plans had not been finalised and adopted at the time of our visit.

Implications / Risks

Risk of significant delays and business interruption in the event of unforeseen circumstances in respect to City operations.

Recommendation

We recommend the City finalise and adopt the draft Business Continuity Plan and IT Disaster Recovery Plan.

In addition, we recommend the adopted Business Continuity Plan (including the IT Disaster Recovery Plan) is tested on a regular basis to ensure that in the event of a disaster, appropriate action(s) can be taken.

Management Comment

The primary element of the City's ICT BCDR strategy is hosting of core application systems and data in the 'cloud', via an infrastructure as a service contract, with core systems and data now hosted by the Geraldton Data Centre, with replication to partner data centres located in Perth to create DR capability, with continuity enabled via remote Internet access. That strategy was documented in reports to Council, formally adopted by Council, and implementation was completed in late 2015. Availability of that capability is monitored via a documented process and checklist fortnightly. Development of testing scenarios, and execution of event tests, is an ongoing process.

The City has developed a new BCDR framework, which involves development of multi-tiered plans, requiring formulation of site-specific and function-specific detailed continuity plans, elements of which will be dependent on the ICT BCDR plan. The new framework is being submitted to the Audit Committee in March 2018 for endorsement. It is anticipated that, once the site and function specific plans are framed, scenarios for the ICT BCDR plan can be finalised.

The City acknowledges the Business Continuity Management Plan (BCM) is currently in draft, the City has commenced the BCM implementation project which has scheduled the development, review and testing of the City's BCM by September 2018.

Responsible Officer: Bob Davis and Executives Completion Date: September 2018

2.2.2. Risk Management Framework

Finding Rating: Moderate

We noted the City Risk Management Framework and accompanying risk management policies are not being reviewed on an ongoing basis.

Out of date or draft Risk Management policies include:

- OP 041 Occupational Safety and Health (last reviewed in March 2016)
- CP 4.24 Risk Tolerance & Appetite (draft, to be finalised)
- Risk Management Framework (last reviewed in April 2015).

We note however at the time of our visit these policies and procedures were under review or were in the process of being finalised.

Perusal of a sample of the minutes from the monthly toolbox meetings identified that there is currently no acknowledgement of the previous meetings minutes and actions are not documented to identify individuals responsible and date the action is to be completed by.

Furthermore, we noted the following pertaining to the City's Risk Management Framework:

- The City's Code of Conduct(s) does not currently cover contractors (*we understand that a Code of Business Ethics has been developed and will be implemented*); and
- The Public Interest Disclosure page on the City's website references the "Public Interest Disclosure Form" however clicking on the link results in an error message stating "404 - File or directory not found".

Implications / Risks

- Possibility of risks identified not being dealt with in accordance with Council's applicable risk management framework and risk appetite.
- Potential inability to report a public interest disclosure.
- Risk of the third party not acting in accordance with the City's policies and procedures.

Recommendation

We recommend the following:

- The City's Risk Management Framework and accompanying risk management policies be reviewed on an ongoing basis.
- Toolbox meeting minutes acknowledge the previous meetings minutes and articulate those actions raised including individual(s) responsible and completion date.
- The Code of Business Ethics is implemented and communicated to all current contractors / sub-contractors and is provided to all tenderers at commencement of the tender process.
- The identified link error on the Public Interest Disclosure page of the City's website is rectified.

Management Comment

The City has commenced implementation of the above recommendations for points 1 – 3. The Public Interest Disclosure page linkage on the website has now been rectified.

Responsible Officer: Brodie Pearce

Completion Date: Ongoing

2.2.3. Lease Management

Finding Rating: Moderate

Our inquiries indicated there is no formal procedure to monitor lessee compliance with terms of Council leased properties, for example obtaining a copy of current insurance policies held by the lessee, pest control certificates etc.

Specifically, our testing of a sample¹ of lease agreements identified:

- A letter had not been sent to the lessee referencing any amendment to rent charged post a rent review.
- Although the lessee is required to have relevant insurances in place, the lessee is only required to provide evidence of such insurances upon request by the City. We did not see any instances of the City verifying that the lessee had the appropriate insurances in place.
- Clause 9.6 of the lease agreement with Ngala Children's Services noted the lessee must provide the City with a copy of the pest control certificates issued by the licensed pest controller by May 1 annually. The City was unable to provide a copy of the most recent pest control certificate.

Implications / Risks

The City is potentially exposed to risks due to lessee non-compliance with lease agreement terms and conditions.

Recommendation

We recommend a formal procedure be implemented to monitor lessee compliance with the terms and conditions of Council leased properties which could include updating the lease register to include insurance details and any other specific lessee reporting requirements. This amended lease register should be used to make requests of lessees with respect to reporting requirements.

In addition, good lease management practices would include the formal communication in the form of a letter to the lessee of any amendments of the rent payable to the City i.e. outcome of a rent review.

Management Comment

The City has now implemented an annual request for all lessees to supply a copy of their current certificate of currency.

Noted - The Child Health Care building in Mullewa was inadvertently not included in our recent pest control inspection (certificate now being obtained). All other leased buildings comply.

Currently, notification of rent increases is contained within the body of any invoice sent to lessees.

Responsible Officer: Laura Macleod

Completion Date: March 2018

¹ Paul Foster The Sail Inn Snack Bar, Spalding Horse and Pony Club Inc., La Fiamma Sporting Club Inc., Hwy Auto Barn and Ngala Children's Services

2.2.4. Contractor / Sub-contractor Insurance Register

Finding Rating: Moderate

Our sample testing identified one exception where the City did not have the most recent Certificate of Currency on record demonstrating that the contractor had current insurances in place as required by the contract. This was identified as a result of us reviewing this contract as part of the review (*the City has now rectified this and confirmation of up to date insurances have been obtained from the contractor*).

In addition, our inquiries indicate that the City does not maintain a central contractor/sub-contractor Insurance Register and that the responsibility for checking insurances currently rests with the Responsible Officer who is managing the contract.

Implications / Risks

- Risk of non-compliance with project contracts.
- Risk that the contractors/sub-contractors insurances expire whilst providing the service to the City and that this is not identified in a timely manner.

Recommendation

We recommend that the City designs and implements a central contractor/sub-contractor Insurance Register which is maintained by one or two individuals to ensure that all insurances are up to date.

Management Comment

The City ensures that all contracts at commencement via eQuotes Internal Supplier lists, WALGA Preferred Supplier and Request for Tenders have the required insurance certificates. These insurance certificates are recorded to a centralised Trim folder, which all contract managers can access.

If the contract is an ongoing arrangement, it is the responsibility of the contract owner to ensure the contractor provides insurance certificates on the anniversary.

The development of the City's new corporate software system (ALTUS) will include new procurement, tendering and contract software modules that will manage and record contractual documents including insurance certificates.

Responsible Officer: Brodie Pearce

Completion Date: March 2019

2.2.5. Emergency Risk Management

Finding Rating: Low

We noted the following in respect to Emergency Risk Management documentation at the time of our onsite visit:

- Local Emergency Management Arrangement, last reviewed in November 2017, however appears to be in draft and not signed by the LEMC Chairperson or Council as endorsement of the plan.
- Mullewa Emergency Plan, still in draft, however our inquiries indicate that this plan had been endorsed by Council on 28 February 2017.
- Bush Fire Plan, the plan states that this was last reviewed in 2012, however our inquiries indicate that this plan was last reviewed in November 2017 with no amendments required.

Implications / Risks

Risk of significant delays and business interruption in the event of unforeseen circumstances in respect to the Geraldton Community and District operations.

Recommendation

We recommend that all stated documents are updated to reflect the current status and physically signed as required once finalised.

Management Comment

The copy provided to the auditor was retrieved from the City's website (attached to the Council meeting minutes of 28 Feb 2017, where the document was endorsed unanimously) which has a 'draft' watermark. A signed copy of this plan exists.

Regarding the Mullewa Emergency Plan, the document is current and was also endorsed on 28 Feb 2017 by Council. The Bush Fire Plan was reviewed in 2017 as noted in the findings, but the amendment list was not updated at that time.

In order to address these findings, public copies of these documents will be published to the CGG website, where accurate and signed copies of each document can be retrieved in the future.

Responsible Officer: Brendan Wilson

Completion Date: March 2018

3. Internal controls

3.1. Scope and approach

In accordance the City's Strategic Review Plan, our review examined the following areas:

- Segregation of roles and functions, processing and authorisation controls;
- Delegations of authority (completeness and adherence);
- Documented policies and procedures;
- The effectiveness of policy and process reviews;
- Approval of documents, letters and financial records;
- Management internal reviews undertaken in respect to comparison of internal data with external sources of information;
- The adequacy of internal controls;
- Security controls in respect to physical access to assets and records;
- Security controls in respect to computer applications and information systems (general and application IT controls);
- Access limits placed on data files and systems;
- Whether the maintenance and review of financial control accounts and trial balances is regular and appropriate;
- Key management internal reviews undertaken in respect to comparison and analysis of financial results with budgeted amounts;
- Key management internal reviews undertaken in respect to the arithmetical accuracy and content of records;
- Controls in respect to purchasing and payment of accounts;
- Effectiveness of the training and development plan for staff and elected members; and
- Reporting, review and approval of financial payment and reconciliations; and
- Physical cash and inventory count records when compared to accounting records.

3.2. Detailed findings and recommendations

3.2.1. IT Consultation Process

Finding Rating: Moderate

As previously raised in the Information Technology Internal Audit Report dated 11 April 2017 there is currently no official IT approval / consultation process in place for instances where another department is working with or engaging a third party to provide a product or application that may impact the City's IT infrastructure.

Implication / Risk

- Risk expenditure is incurred on a product or application that is not compatible with the current IT infrastructure.
- Risk of the product or application causing a system / server failure and/or security breach.
- Risk that no confidentiality agreement is signed for third party trials resulting in the data provided for the purposes of these trials not being protected / controlled and potentially being shared with another party.

Recommendation

We recommend that management develop and implement a policy requiring other departments to consult with the IT department where a product or application is being considered and discussions held with a third party that may have an current or future impact on the City's IT infrastructure.

In addition, we recommend that this policy would also document the sharing of data with third parties, requiring the other department to request approval from IT and in those instances where the third has not been officially engaged to provide the service but is demonstrating the ability of the product / application using the City's data request that the third party signs a confidentiality agreement.

Management Comment

This does not require a 'policy' per se. The Executive Management team has addressed this issue and determined that business units must consult with the ICT Manager in all instances where any solution involving ICT-related technologies is proposed.

Responsible Officer: Dennis Duff

Completion Date: 27th February 2018

3.2.2. Masterfile Accuracy and Validity

Finding Rating: Moderate

We noted the City does not conduct an independent review of all changes and adjustments made to master files, including changes to supplier account charges, payroll, inventory, fixed assets, revenue and expenditure. In particular there is no review for timeliness of changes made, errors, or any unauthorised changes, rather an ad-hoc process has been implemented.

Implication / Risk

Increased risk that:

- Required changes to the master-files are untimely;
- Erroneous changes made to master-files have a low chance of being detected in a timely manner; and
- Suspicious / fraudulent changes made to master-files have a low chance of being detected in a timely manner.

Recommendation

We recommend an independent review of all changes made to mater files be conducted periodically. The review should involve:

- A download of all changes (new / old / modify) made to each master-file;
- A representative sample then be tested and traced to originating / supporting documentation to assure validity and timeliness; and
- A review for suspicious master-file changes (e.g. changes to bank details, unusual variations to pay-rates and amendments to existing supplier bank account details) should be performed.

Management Comment

The City believes there is adequate processes and reviews in place to manage this function and audit trail.

Journals are reviewed and “signed off” by an independent person – either Financial Accountant or Manager of Treasury & Finance relating to changes and adjustments.

As part of the weekly supplier payment the “Creditors Bank Details Audit Trial” report is reviewed. This reports provides a detailed listing of activity (amend, delete, edit) on an individual supplier account within a given timeframe with the name of the officer who undertook the action. A similar process is followed with regard to the payroll function in reviewing the “Payroll Bank Details Audit” report.

Responsible Officer: Auke Van Der Weij

Completion Date: 27th February 2018

3.2.3. IT Security Log

Finding Rating: Moderate

As previously raised in the Information Technology Internal Audit Report, dated 11 April 2017, and as confirmed with the ICT Manager security logs are kept, however logs are not subject to review on a regular basis.

Implication / Risk

Risk of security breaches / errors not being identified and addressed accordingly on a timely basis.

Recommendation

We recommend security logs be retained and reviewed on a regular basis to ensure security breaches / errors are identified on a timely basis and addressed accordingly.

Management Comment

Agreed. This forms part of the network monitoring and event management project currently in development.

Responsible Officer: Dennis Duff

Completion Date: September 2018

3.2.4. IT Project Reviews

Finding Rating: Low

As previously raised in the Information Technology Internal Audit Report, dated 11 April 2017, and as confirmed with the ICT Manager there is currently no formal post implementation review of major IT projects completed.

Implication / Risk

Lack of documentation evidencing project review, including recommendations identified for consideration prior to undertaking subsequent IT projects.

Recommendation

We recommend formal performance project reviews be completed following implementation of major IT projects, and where appropriate for specific IT projects, reviews continue to be performed on a periodic basis.

Management Comment

The City outsources all hardware and software projects. As and when future contracts are awarded for such projects, they will require formal conduct of a post implementation review.

Responsible Officer: Dennis Duff

Completion Date: Ongoing

3.2.5. Physical Security

Finding Rating: Low

Our inquiries indicate that although the City appears to have a robust process in place to protect the City's assets, this process is not currently documented.

Implications / Risks

Risk existing procedures and practices in respect to the above are not formally documented.

Recommendation

We recommend the City formally document the process and security mechanism in place to protect the City's assets.

Management Comment

Agreed – A process will be developed and formalised in Promapp.

Responsible Officer: Laura Macleod

Completion Date: April 2018

3.2.6. Operational Policies

Finding Rating: Low

We noted the following outdated policies and procedures which were not reviewed in accordance with stated next review date (*although our inquiries indicate these are currently being reviewed*):

- OP031 External and Internal Grant Funding
- OP037 Corporate Credit Cards
- OP046 Staff Purchasing Policy

Implications / Risks

Risk of policy being out of date and non-compliance with stated policy.

Recommendation

We recommend policies and procedures are updated to reflect the last review date and the date the next review will be conducted.

Policies should clearly document the last review date and the next review date.

Management Comment

Policy OP037 & OP046 have now been reviewed and updated. Policy OP031 External & Internal Grant Funding review is on hold as the City is currently undertaking a review of its existing model for delivery of funding support.

Responsible Officer: Paul Radalj

Completion Date: June 2018

4. Legislative compliance

4.1. Scope and approach

In accordance the City's Strategic Internal Audit Plan, our review examined the following areas:

- Internal monitoring of compliance with legislation and regulations;
- The Local Government's ability to stay informed regarding legislative changes;
- The Local Government's completion of the annual Compliance Audit Return and reporting the results of that review to the Audit Committee and Council;
- The monitoring of the Local Government's structured guidelines that detail the Local Government's processes for meeting statutory obligations (compliance frameworks);
- Communications between key management and the Audit Committee to ensure the Audit Committee is informed in respect to the effectiveness of the Local Government's compliance and recommendations for changes as required;
- The Local Government's procedures in respect to receiving, retaining and handling complaints, including confidential and anonymous employee complaints;
- Key managements internal review processes in respect to the identification of adverse trends and management plans to address these;
- Management disclosures in financial reports of the effect of significant compliance issues (if any);
- The internal and / or external audit contracts include an assessment of compliance and ethics risks in the development of the audit plan and in the conduct of audit projects, and report compliance and ethical issues to the Audit Committee; and
- The Audit Committee's processes and procedures in respect to compliance with legislative and regulatory compliance ensuring no misuse of position through adequate disclosure of conflicts of interest.

4.2. Detailed findings and recommendations

4.2.1. Compliance Framework

Finding Rating: Moderate

The City does not currently have a finalised Compliance Framework in place.

Implications / Risks

Increased risk of non-compliance with all legislative requirements.

Recommendation

We recommend the City finalise and adopt the Compliance Framework.

Management Comment

The City has a Compliance Calendar which incorporates all compliance requirements under the *Local Government Act 1995 and Regulations* and which is applied to ensure all legislative requirements are met.

The City has drafted a Compliance Management Plan and Policy and is in the process of its implementation.

Responsible Officer: Brodie Pearce

Completion Date: June 2018

4.2.2. Integrated Strategy Planning

Finding Rating: Moderate

We noted that the following Integrated Strategy Planning documents are due for review or have not been finalised:

- IT Strategic Plan (as raised in the Information Technology Internal Audit Report, dated 11 April 2017, the City does not currently have a finalised IT Strategic Plan in place).
- Infrastructure Asset Management Strategy, dated June 2013 (due for review every two years per section 3.15).
- Building Asset Management Plan, dated January 2012 (the plan had a life of 4 years and was due for revision and updating every 2 years per section 8.3).
- Drainage Asset Management Plan, dated February 2012 (a full review of the plan should take place every three to five years and should be reviewed during the annual budget preparation per section 8.3).
- Parks Asset Management Plan, dated February 2012 (a full review of the plan should take place every three to five years and should be reviewed during the annual budget preparation per section 8.3).
- Transport Asset Management Plan, dated February 2012 (a full review of the plan should take place every three to five years and should be reviewed during the annual budget preparation per section 8.3).

Implications / Risks

- Risk of long term strategic objectives and asset management objectives of Council not being met.
- Risk of non-compliance with statutory requirements.

Recommendation

We recommend that all of the Asset Management Plan(s) be reviewed accordingly. In addition, we recommend that the City's finalise and adopt the IT Strategic Plan.

Management Comment

The Corporate Business Plan includes a requirement for an Asset Management Working Group (AMWG) to be established by the end of 2017/18. The City is currently working on a draft Terms of Reference and putting together a list of people (positions) who will be on the AMWG in order that the group can commence the process of reviewing existing documents and developing them for the future as per the above.

An operating (Non Capital) Project nomination Form is included in the draft program for next FY requesting \$150k for external consultant support to update the Council AM Policy and develop a more detailed and robust Strategic Asset Management Plan in order to guide the subsequent AM plans.

Responsible Officer: Chris Lee

Completion Date: June 2019

4.2.3. Audit Committee

Finding Rating: Moderate

While we acknowledge two Audit Committee meetings were held during the 2016/2017 financial year, section 4.1 of the Audit Committee Charter states the Committee shall meet at least quarterly.

In addition, perusal of the Audit Committee meeting minutes identified that the effectiveness of compliance was not standing agenda items.

Implications / Risks

- Risk of governance and oversight responsibilities not being met.
- Non-compliance with Audit Committee Charter.
- Risk the Local Government Act and Regulations are not being regularly assessed.

Recommendation

Local Government Operational Guideline Number 09 – Audit in Local Government outlines it is best practice for the Audit Committee to meet on at least on a quarterly basis. This is also stipulated in the City’s Audit Committee Charter.

In addition, we recommend a standing agenda item be added to the Audit Committee meeting agenda to assess the effectiveness of compliance.

Management Comment

Recommend Charter be amended from quarterly to biannual meetings.

Responsible Officer: Paul Radalj

Completion Date: March 2018

4.2.4. Complaints Handling

Finding Rating: Low

Our inquiries indicate that there is currently no Complaints Handling procedure in place which deals with complaints made against a Councillor.

Implications / Risks

Risk of non-compliance with clauses 5.120 and 5.121 of the Local Government Act 1995.

Recommendation

We recommend the development and implementation of a Complaints Handling procedure that deals with complaints made against a Councillor.

Management Comment

The Complaints handling procedure for elected members is prescribed by the Department of Local Government, Sport and Cultural Industries – Local Government Standards Panel.

The Department’s website provides information on the process including a guideline “The Minor Breach System “ which is publicly available to Elected Members and Complaints officers and members of the Community . The website also includes forms for lodgement of complaints.

A Promapp process will now be developed to capture this information.

Responsible Officer: Margot Adam

Completion Date: March 2018

4.2.5. Conflicts of Interest and Financial Interest Register

Finding Rating: Low

Our inquiries indicate that although both conflicts of interest are disclosed as part of the procurement process and financial interests are disclosed at Council meetings, there is currently no centralised register(s) that captures and monitors these disclosures.

Implications / Risks

Risk that a Councillor / staff have a perceived / actual conflict of interest which is not recorded and managed appropriately by the Council.

Recommendation

We recommend the City develop and implement both a Conflict of Interest and Financial Interest Register. These register(s) should be monitored to ensure that all conflicts (whether perceived / actual) are disclosed. All conflicts of interest should be managed accordingly by the City.

Management Comment

The City has a Conflict of Interest Register that captures all disclosures. An added layer has now been applied to the process to provide a indexed and centralised register in the capturing and monitoring of these disclosures.

The City already has a Financial Interest Register it is a Legislative Requirement under **s.5.88** of the *Local Government Act 1995 Register of financial interests* (The Register was viewed by the Auditor)

(1) A CEO is to keep a register of financial interests.

(2) The register is to contain —

(a) the returns lodged under section 5.75 and 5.76; and

*(b) a record of the disclosures made under sections 5.65, 5.70 and 5.71,
and be in the form that is prescribed (if any).*

Responsible Officer: Margot Adams

Completion Date: 26th February 2018

5. Guidance on Risk Assessment

Risk is uncertainty about an outcome. It is the threat that an event, action or non-action could affect an organisation’s ability to achieve its business objectives and execute its strategies successfully. Risk is an inherent component of all service activities and includes positive as well as negative impacts. As a result not pursuing an opportunity can also be risky. Risk types take many forms – business, economic, regulatory, investment, market, and social, just to name a few.

Risk management involves the identification, assessment, treatment and ongoing monitoring of the risks and controls impacting the organisation. The purpose of risk management is not to avoid or eliminate all risks. It is about making informed decisions regarding risks and having processes in place to effectively manage and respond to risks in pursuit of an organisation’s objectives by maximising opportunities and minimising adverse effects.

The risk guidelines stated within Risk Management – Principles and Guidelines Standard AS / NZS ISO 31000-2009 and are based in the City of Greater Geraldton’s Risk Management Framework.

Our guidance to risk classification in completing our review is as follows:

Measure of Likelihood of Risk

Likelihood is the chance that the event may occur given knowledge of the organisation and its environment. The following table provides broad descriptions to support the likelihood rating:

DESCRIPTOR	DETAILED	OPERATIONAL FREQUENCY	PROJECT FREQUENCY	TRANSITIONAL FREQUENCY
Almost Certain	The event is expected to occur in most circumstances	More than one per year	Greater than 90% chance of occurrence	1 in 25,000
Likely	The event will probably occur in most circumstances	At least once per year	60% - 90% chance of occurrence	1 in 75,000
Possible	The event should occur at some time	At least once in 3 years	40% - 60% chance of occurrence	1 in 250,000
Unlikely	The event should occur at some time	At least once in 10 years	10% - 40% chance of occurrence	1 in 750,000
Rare	The event may only occur in exceptional circumstances	Less than one in 15 years	Less than 10% chance of occurrence	1 in 1,000,000

**Above Extracted from the City’s Risk Management Framework.*

Measure of Consequence of Risk

Consequence is the severity of the impact that would result if the event were to occur. The following table provides broad descriptions to support the consequence rating:

DESCRIPTOR	SAFETY / HEALTH (Physical)	SAFETY / HEALTH (Psychological)	FINANCIAL IMPACT	SERVICE INTERRUPTION	REPUTATION	ENVIRONMENT	LEGAL & COMPLIANCE
Insignificant	Negligible injuries, Full recovery 1 – 3 days	Temporary stress, no leave taken, short term impact with full recovery 1 – 3 days	<i>Organisation</i> Less than \$10,000 <i>Dept. or Project</i> 0-2% remaining budget	No material service interruption backlog cleared 2 – 4 hours	Unsubstantiated, low impact, low profile or 'no news' item. <i>Example</i> gossip, Facebook item seen by limited persons.	Contained, reversible impact managed by site response. <i>Example</i> pick up bag of rubbish.	<i>Compliance</i> No noticeable or statutory impact. <i>Legal</i> Threat of litigation requiring small compensation. <i>Contract</i> No effect on contract performance.
Minor	First aid injuries, full recovery 1 – 3 weeks	Possible sick leave, short term impact, full recovery 1 – 3 weeks	<i>Organisation</i> \$10,000 - \$100,000 <i>Dept. or Project</i> 2 – 5% remaining budget	Short term temporary interruption – backlog cleared < 1 – 7 days	Substantiated, low impact, low news item. <i>Example</i> Local Paper, Everything Geraldton, Facebook item seen by local community.	Contained, reversible impact managed by internal response. <i>Example</i> pick up trailer of rubbish.	<i>Compliance</i> Some temporary non compliances. <i>Legal</i> Single Minor litigation. <i>Contract</i> Results in meeting between two parties in which contractor expresses concern.
Moderate	Medically treated injuries, Full recovery 1 – 3 months	Significant, non-permanent, longer term illness, Full recovery 1 – 6 months	<i>Organisation</i> \$100,000 - \$1M <i>Dept. or Project</i> 5 - 14% remaining budget	Medium term temporary interruption backlog cleared by additional resources within < 2 – 4 weeks	Demonstrated public outrage, substantiated public embarrassment, moderate impact, and moderate news profile. <i>Example</i> State wide Paper, TV News story, Moderate Facebook item taken up by people outside City.	Contained, reversible impact managed by external agencies. <i>Example</i> Contractor removal of asbestos sheets.	<i>Compliance</i> Short term non-compliance but with significant regulatory requirements imposed. <i>Legal</i> Single Moderate litigation or Numerous Minor Litigations. <i>Contract</i> Receive verbal advice that, if breaches continue, a default notice may be issued.
Major	Lost time or severe injury Possible Partial / full recovery 4 – 12 months	Longer term illness, severe trauma, extended incapacity Possible Partial / full recovery 6 – 12 months	<i>Organisation</i> \$1M - \$9M <i>Dept. or Project</i> 15 - 20% remaining budget	Prolonged interruption of services, additional resources required; performance affected issue resolved within < 4 – 12 weeks	Sustained and high level public outrage, substantiated public embarrassment, high impact, high news profile, third party actions. <i>Example</i> Australia wide Paper, TV News stories, Current Affair etc. Significant Facebook item taken up by large numbers of people outside City.	Uncontained, reversible impact managed by a coordinated response from external agencies. <i>Example</i> truck or train spill of diesel and oil on road reserve/ park.	<i>Compliance</i> Noncompliance results in termination of services or imposed penalties. <i>Legal</i> Single Major litigation or numerous Moderate Litigations. <i>Contract</i> Receive written notice from the contractor threatening termination if not rectified.
Catastrophic	Fatality, permanent disability	Death, permanent Severely disabling illness, e.g. Post-Traumatic Stress Disorder	<i>Organisation</i> Greater than \$10M <i>Dept. or Project</i> Greater than 20% remaining budget	Indeterminate Prolonged interruption of services that impacts on Public safety and core services non-performance or termination of service	Substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile, third party actions, Likely to lead to the dismissal of Council / Councillors or Executive Staff. <i>Example</i> World Wide News, TV News stories, Current Affair, 60 Minutes, Widespread Facebook item taken up by vast numbers of people outside City.	Uncontained, irreversible impact. <i>Example</i> Ship runs aground and spills oil along City coast line, ground water supply exhausted or rendered unusable.	<i>Compliance</i> Noncompliance results in litigation, criminal charges or significant damages or penalties. <i>Legal</i> Numerous Major Litigations. <i>Contract</i> Termination of Contract for default.

*Above Extracted from the City's Risk Management Framework.

Risk Analysis Matrix – Level of Risk

Finding Rating for each audit issue was based on the following table:

		CONSEQUENCE				
		Insignificant	Minor	Moderate	Major	Catastrophic
LIKELIHOOD	Almost Certain	Moderate	High	High	Extreme	Extreme
	Likely	Low	Moderate	High	High	Extreme
	Possible	Low	Moderate	Moderate	High	High
	Unlikely	Low	Low	Moderate	Moderate	High
	Rate	Low	Low	Low	Low	Moderate

**Above Extracted from the City’s Risk Management Framework.*

Finding / Risk Acceptance Rating

The table below sets out the definition of the City’s finding / risk acceptance rating:

FINDING / RISK RANK	DEFINITION
Low	<ul style="list-style-type: none"> Attention required in medium term, preferably within 12 months. Isolated cases of procedural non-compliance. Small transactional errors with nil to small financial loss or exposure to the City. Isolated administrative matters.
Moderate	<ul style="list-style-type: none"> Attention required in medium term, preferably within 6 months. Absence or breakdowns in controls or procedures that lead to moderate exposures to the City. Isolated breaches of legal requirements and/or regulations with no further action likely to be taken by a regulator. Moderate individual transactional errors or several smaller transactional errors. Administrative matters, which due to their frequency may indicate procedural or training problems.
High	<ul style="list-style-type: none"> Attention required in short term, preferably within 3 months. Absence or breakdowns in controls or procedures that lead to high exposures. A breach of legal requirements and/or regulations resulting in material compensation and/or financial payouts, however no further action is likely to be taken by a regulator. Large individual transactional errors or a larger number of smaller transactional errors. Administrative matters, which due to their frequency may indicate procedural or training problems. Issues arising from inadequate training.
Extreme	<ul style="list-style-type: none"> Urgent and immediate action required. Cases of actual or potential fraud. Absence or breakdowns in critical controls or procedures that lead to very significant exposures to the City (i.e. financial loss impacting capital or significant disruption to business services, loss of life, severe reputation risk). Serious breach of legal requirements and/or regulations resulting in material compensation and/or financial payouts and action likely to be undertaken by regulators. Multiple large transactional errors that could lead to serious legal impact and/or severe adverse effect on the City’s reputation. Issues arising from no or severely inadequate training.

22 February 2018

Mr S Van Styn
Chairman
Audit Committee
City of Greater Geraldton
PO Box 101
GERALDTON WA 6531

Dear Shane

CITY OF GREATER GERALDTON
INTERIM MANAGEMENT REPORT FOR THE YEAR ENDED 30 JUNE 2018

We provide our Interim Management Letter following completion of our recent City of Greater Geraldton ("CGG") 30 June 2018 interim audit site visit conducted from the 5th to the 8th of February 2018. We attach a list of matters raised with management during our exit meeting.

Please note a Regulation 17 review and Financial Management Systems Review ("FMSR") were completed at the same time as our interim audit visit. We recommend reading this report in conjunction with the reports of these separate audit reviews and related recommendations raised within. We will request an update on matters identified requiring action at our year end visit, scheduled from the 3rd to the 6th of September 2018.

1.0 OUR AUDIT APPROACH

Australian Auditing Standards require us to obtain an understanding of the internal control structure and accounting system relevant to CGG's financial reporting, as part of our annual audit process.

During our interim audit, we carried out audit procedures necessary for us to comply with the requirements of the auditing standards in respect to audit planning, risk assessment, assessment of fraud and assessment of the control environment.

The interim audit included preparation of our audit plan and completing our assessment of risks, in accordance with a risk based audit approach required under Australian Auditing Standards.

A comprehensive and detailed review of CGG's compliance with the financial management requirements of the Local Government Act 1995 and Local Government (Financial Management) Regulations 1996 was also completed.

We reviewed, documented and tested key accounting systems and related internal controls in place at the CGG, including the following key areas:

- Reconciliation of key accounts and preparation of monthly financial reports including:
 - bank and investment reconciliations;
 - sundry debtors;
 - rates debtors reconciliations;
 - ratable value reconciliations;
 - sundry creditor reconciliations;
 - fixed asset reconciliations; and
 - loan reconciliations.
- Revenue and Receipting;
- Purchasing and payments; and
- Payroll.

Please note our procedures were performed for audit purposes only, and therefore did not include a complete review of all controls and transactions.

This letter is provided for the purposes of general information only and is not part of our formal audit reporting process. Our audit and management reports will be formally issued at the conclusion of our audit in respect of the year ended 30 June 2018.

2.0 BALANCES REQUIRING ACTION AND EXIT MEETING DISCUSSIONS

2.1 FIXED ASSET FAIR VALUES

As required by Local Government (Financial Management) Regulations 1996, section 17A, CGG's land and building assets or infrastructure assets must be reassessed at fair value by 30 June 2018. Discussions with management indicate that infrastructure asset fair values will be reassessed prior to 30 June 2018, thereby ensuring compliance with stated requirements.

Our discussions indicated external valuers will be utilised for the airport and Meru landfill sites, with internal fair value reassessments completed for all other classes of assets. We take this opportunity to remind management that the methodology and basis of internal valuation used for each class of infrastructure asset is to be documented with corresponding supporting documentation retained and available for our review.

2.2 IMPAIRMENT ASSESSMENT OF INTANGIBLE ASSET

From a review of the recent monthly management financial statements and subsequent discussions with management, we noted the costs of approximately \$125,000 to December 2017 associated with the ALTUS software development project, which includes quarterly fees paid to IT Vision as well as payroll costs associated with the project officers, have been capitalised as an intangible asset.

As auditors, we are required to obtain evidence to support the intangible balance at 30 June 2018, most importantly that the balances meet the definition of intangibles as per AASB138 and the balances are not overstated or impaired at balance date.

In order to ensure our year end procedures are completed in an efficient manner, we request that a memorandum is provided prior to our year end visit demonstrating compliance with AASB138 and assessing whether the intangible balance is impaired.

Please don't hesitate to contact us prior to your year end visit should you require further guidance.

2.3 CREDIT CARD PAYMENTS

Our review of the monthly payment listings presented to Council identified that the individual credit card transactions made during the month are not currently reported, rather only the total direct debit value of the credit card statement payment made from the municipal bank statement is reported.

We identified this as a risk of non-compliance with Regulation 13(1) of the Local Government (Financial Management Regulations 1996 which states:

“A list of accounts paid by the CEO is to be prepared each month showing for each account paid since the last such list was prepared-

- a) The payee’s name; and*
- b) The amount of the payment; and*
- c) The date of the payment; and*
- d) Sufficient information to identify the transaction”.*

We also obtained general advice from Senior Management at the Department of Local Government and Communities which stated reporting of credit card transactions as a bulk amount is not considered acceptable.

Our subsequent discussions with management indicate the City of Greater Geraldton do not believe reporting off individual credit card transactions is necessary given controls in place, including multiple independent review of all transactions.

While we acknowledge the compensating controls in place at the City of Greater Geraldton, as your auditors we are required to raise this matter and risk of non-compliance with Council.

3.0 OTHER MATTERS

We would like to take this opportunity to thank Auke, Renee and the finance team for the assistance provided to us during our interim audit.

Overall, our interim audit procedures indicated internal controls in respect to financial reporting continue to be maintained to high standards.

The interim audit result is a credit to the finance team indicating their diligence in ensuring financial internal controls are robust and maintained.

Should you have any queries in respect to this report or any other matters relating to our audit, please do not hesitate to contact me.

Yours sincerely

AMD Chartered Accountants



MARIA CAVALLO CA
Partner

cc Mr R McKim
Chief Executive Office



Fleet Management Internal Audit Report



November 2017



11 December 2017

Mayor Shane Van Styn
Chairperson
Audit Committee
City of Greater Geraldton
PO Box 101
GERALDTON WA 6531

Dear Shane

2017 INTERNAL AUDIT – FLEET MANGEMENT

We are pleased to present the findings and recommendations resulting from our City of Greater Geraldton (the "City") 2017 Fleet Management Internal Audit.

This report relates only to procedures and items specified within the 2016 to 2021 five Strategic Internal Audit Plan relating to Vehicle Fleet Management and does not extend to any financial report of the City.

We would like to thank Graham and the City's Fleet Services team for their co-operation and assistance whilst conducting our internal audit.

Should there be matters outlined in our report requiring clarification or any other matters relating to our internal audit, please do not hesitate to contact Melanie Blain or myself.

Yours sincerely
AMD Chartered Accountants



TIM PARTRIDGE FCA
Director

cc Ross McKim
Chief Executive Officer
City of Greater Geraldton

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Inherent limitations

Due to the inherent limitations of any internal control structure, it is possible that fraud, error or non-compliance with laws and regulations may occur and not be detected. Further, the internal control structure, within which the control procedures that have been subject to internal audit, has not been reviewed in its entirety and, therefore, no opinion or view is expressed as to its effectiveness of the greater internal control structure. An internal audit is not designed to detect all weaknesses in control procedures as it is not performed continuously throughout the period and the tests performed on the control procedures are on a sample basis. Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

We believe that the statements made in this report are accurate, but no warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by, the City of Greater Geraldton management and personnel. We have indicated within this report the sources of the information provided. We have not sought to independently verify those sources unless otherwise noted with the report. We are under no obligation in any circumstance to update this report, in either oral or written form, for events occurring after the report has been issued in final form unless specifically agreed with the City of Greater Geraldton. The internal audit findings expressed in this report have been formed on the above basis.

Third party reliance

This report was prepared solely for the purpose set out in this report and for the internal use of the management of the City of Greater Geraldton. This report is solely for the purpose set out in the 'Scope and Approach' of this report and for City of Greater Geraldton information, and is not to be used for any other purpose or distributed to any other party without AMD's prior written consent. This internal audit report has been prepared at the request of the City of Greater Geraldton's Audit Committee or its delegate in connection with our engagement to perform internal audit services as detailed in the Strategic Internal Audit Plan 2016 to 2021. Other than our responsibility to the Council and Management of the City of Greater of Geraldton, neither AMD nor any member or employee of AMD undertakes responsibility arising in any way from reliance placed by a third party, including but not limited the City of Greater Geraldton external auditor, on this internal audit report. Any reliance placed is that party's sole responsibility.

1. Executive Summary

1.1. Background and Objectives

The primary objective of our internal audit review was to conduct a broad scope internal audit in respect to Fleet Management; limited to those areas detailed within the City’s 2016 to 2021 Strategic Internal Audit Plan.

Our procedures included assessing the appropriateness and effectiveness of policies, processes, internal controls and procedures in place in respect to Fleet Management to ensure the City has appropriate policies and procedures in place, has complied with stated policies and procedures and compliance requirements, operates in accordance with best practice and to ensure adequate procedures for effective risk management.

The responsibility of determining the adequacy of the Internal Audit Program and the procedures undertaken by us is that of the City’s Audit Committee.

Our findings included within this report are based on the site work completed by us on the 23rd and 26th of October 2017. Findings are based on information provided and available to us during this site visit.

1.2. Summary of Findings

The procedures performed and our findings on each of the audit areas are detailed in section 3 of this report.

Following the completion of our internal audit and subject to the recommendations outlined within section 3, we are pleased to report that in context of City’s overall Fleet Services environment, policies, procedures and processes in place are appropriate, and have been operating effectively.

Findings reported by us are on an exceptions basis, and do not take into account the many areas tested during our internal audit where policies, procedures and processes were deemed to be appropriate and in accordance with best practice.

The following tables provide a summary of the findings raised in this report:

	Extreme Risk	High Risk	Moderate Risk	Low Risk
Number of new issues reported	0	0	4	6

For details on the internal audit rating criteria, please refer to Section 4.

Ref	Issue	Risk Rating
	Fleet Management Policies	
3.1	At the time of our October 2017 visit there were a number of fleet management policies in draft subject to the City's final review and approval processes, with further enhancements required as part of this process.	Moderate
	Asset Management Plan	
3.2	Currently no asset management plan in place.	Moderate
	Fuel Usage Analysis	
3.3	Currently no analysis of fuel usage by asset is conducted.	Moderate
	Drivers Licence Checks	
3.4	Driving history not required and no spot checks to ensure that employees hold a valid drivers licence.	Moderate
	Logbook Completion and Training	
3.5	Not all employees have attended Logbook training and are completing their logbook.	Low
	Odometer Reading Checks	
3.6	No formal process applied and no proactive checking process in place.	Low
	Drivers Education	
3.7	Currently no requirement for employees to complete theoretical and/or practical drivers training.	Low
	Commuter Use Agreements	
3.8	Currently focuses on Fringe Benefit Tax and does not references relevant fleet management policies and appropriate use of asset.	Low
	GPS System	
3.9	27 reports generated on a weekly basis, taking a team member two days to review and distribute.	Low
	Smartfleet	
3.10	System includes terminated employees.	Low

2. Scope and Approach

In accordance with the City's Strategic Internal Audit Plan, our internal audit work examined the following areas:

- How Fleet Services manage:
 - Safety;
 - Vehicle efficiencies;
 - Fleet efficiency management plan; and
 - Vehicle procurement options;
- Vehicle / fleet lifecycle pertaining to:
 - Vehicle selection;
 - Equipment options and accessories;
 - Registration and identification of vehicles; and
 - Insurance;
- Vehicle / fleet operations pertaining to:
 - Vehicle maintenance policies and procedures;
 - Environmental driving and fuel economy;
 - Breakdowns;
 - Vehicle trailers;
 - Fuel consumption and analysis;
 - Driver responsibilities and penalties;
 - Motor vehicle crashes and reporting;
 - Care and security of vehicles;
 - Vehicle identification and markings;
 - Use of private vehicle for City business; and
 - Alternative vehicles and transport;
- Review procedures for acquisition and disposal of vehicles including:
 - Acquisition and disposal criteria and timing changeover;
 - Preparing vehicles for disposal; and
 - Replacement policy;
- Fleet management policies against current best practice;
- Cost efficiency of fleet management policies; and
- Compliance with fleet management policies.

3. Detailed Findings and Recommendations

3.1. Fleet Management Policies

Finding Rating: Moderate

The following fleet management policies were in draft at the time of our October 2017 visit, and we recommend and require additional enhancement and final review and approval by the City:

- OP009 Light Vehicle Use (OP009);
- OP010 Light Vehicle Renewals (OP010);
- OP039 Plant and Equipment Use (OP039); and
- OP040 Plant and Equipment Renewals (OP040).

Perusal of these draft policies identified the following:

- Both policies OP009 and OP039 make reference to redundant policy OP026 Driving Licences;
- Although both policies OP009 and OP039 references accidents and load restraints requirements within the detail of the policies, we recommend each of these critical matters have their own section in the policy;
- Section 8 of OP009 references Weekly Check Books that is supplied by Fleet Services. The policy further notes, *“These books will be subject to random inspection to ensure checking of tyre wear, vehicle oil, fluid levels, etc, are being carried out and that attention is being paid to all vehicle warning lights.”* In practice this is not the process followed regarding Light Vehicles, rather the Weekly Vehicle Check list is located at the back of the logbook. There is no provision made in the logbook for vehicle operators to note that all checks have been conducted and the results of such checks; and
- Section 4 of OP039 requires operators to complete a Daily Operator Check Sheet book, once the book is finished, the supervisor is required to provide the completed book to Fleet Services and new book is then issued to the supervisor. Our inquiries indicate that Fleet Services are currently unsure on how long these completed books should be retained for.

Implication / Risk

Risk that current City policies and practices are not followed and adhered to by the City’s employees.

Recommendation

We recommend the fleet management policies be updated to reflect those areas highlighted above and then undergo the City’s review and approval process.

Once the policies are approved, as part of the implementation process, we recommend that the City requires all employees that use the City’s Light Vehicles and/or Plant and Equipment to sign off on each of the policies confirming that they have read, understood and will comply with each policy.

Management Comment

Approval was received from the Executive Management Team for these policies (009, 010, 039, 040) on 20/11/2017. Reference to OP026 was excluded from OP009 in the update, but is still present in OP039.

Arrangements will be made to remove this reference when the policies are next reviewed. The recommendation regarding load restraints and accidents in OP0039 has been noted and separate sections will be drafted for comment when the policy is next reviewed. It is correct that there is no provision for drivers to note that they have completed a weekly check as outlined at the back of the vehicle log book.

As per the recommendation, drivers will now be given a checklist booklet and will be required to submit a completed check to their supervisor at least weekly. The completed daily check books are currently stored in a sea container behind the stores and are expected to be retained for seven years.

(Two boxes dating back beyond the seven year retention period were recently discovered and, in view of this, the contents of the container will be checked and any documents that are time expired will be destroyed.) Fleet Services agrees that employees should confirm their understanding of policies, but this is an HR responsibility.

3.2. Asset Management Plan

Finding Rating: Moderate

Our inquiries indicated that although components of the Asset Management Plan have been prepared, there is currently no Asset Management Plan in place.

Implication / Risk

- Risk of asset management objectives of Council not being met.
- Risk of non-compliance with statutory requirements.

Recommendation

We recommend an Asset Management Plan be drafted and finalised in accordance with the City's review and approval process.

Management Comment

The development of a comprehensive Asset Management Plan is a Corporate Business Plan action (2.4.1.2) to be completed in 2017-18 .

Elements of the plan have already been completed, i.e. ten year replacement program, whole of life costs and internal charge rates, and updated fleet policies.

3.3. Fuel Usage Analysis

Finding Rating: Moderate

Our inquiries indicate that Fleet Services are currently not analysing fuel usage by asset for inappropriate use or theft.

Furthermore, we understand the ability of conducting such reviews may have been limited by the lack of timely data and quality of this data received from its fuel supplier, Caltex, however Fleet Services are in the process of rectifying this issue.

Implication / Risk

Risk that the City employees are using the asset for unapproved personal use and/or purchasing fuel using the City's fuel card for their own personal assets.

Recommendation

We recommend that Fleet Services analyse fuel usage by asset on at least a monthly basis. This analysis should consider potential inappropriate usage by way of fuel consumption compared to stated vehicle fuel consumption specifications; and consider excessive fuel purchased against the expected route the operator is travelling.

Management Comment

A new fuel distribution arrangement with Caltex and BP is in the process of being implemented across the fleet and is due for completion by December.

Numerous analysis reports will be available from these suppliers.

Fleet Services will take the above findings and recommendations into consideration when extracting and utilising the reports available in the supplier systems.

3.4. Driver Licence Checks

Finding Rating: Moderate

Our inquiries indicate that although employees are required to provide their drivers licence as part of the City's induction process, the employee is not required to disclose their driving history (i.e. that they may have previously lost their drivers licence from dangerous driving or due to drug and alcohol infringements) within a pre-determined period (i.e. past 5 years).

In addition, we understand that there is no proactive checking of whether the employee still maintains the appropriate drivers licence, rather the employee is required to disclose to the City that they have lost their drivers licence or that their drivers licence has been restricted due to a driving incident.

Implication / Risk

- Risk of non-disclosure by employees following loss of license, whereby employees continue to utilise the City's assets whilst unlicensed, and in the event of an incident the City may be made accountable and/or not be insured for the event.
- Potential adverse impact on the City's reputation, in the event an employee who has previously incurred significant dangerous driving / drug / alcohol license infringement is involved in additional incidents while utilising a City asset.

Recommendation

We recommend that the induction process is updated to reflect the requirement of employees disclosing if they have previously lost their drivers licence, why they lost their licence, the date of loss of licence and the period the license was lost for. Where it is identified an employee has previously lost their license, the City would be better informed to make a risk based decision on the allocation of a Council vehicle, depending on the severity of any previous offence and date of offence.

In addition, we recommend that on a periodic basis (say monthly), 5 - 10 employees are spot checked to ensure that they have a current drivers licence.

Management Comment

It is then the ongoing responsibility of each employee to report any changes in the status of their licence to their supervisor. (Policy 009.).

HR are now actively checking all licenses in the system, uploading the information into ELMO and verifying them online at the Department of Transport prior to this. Going forward once all licences are checked and updated in ELMO, random spot checking can occur.

3.5. Logbook Completion and Training

Finding Rating: Low

Our inquiries indicate that employees located at the City's depot have attended logbook training, however those based at other locations such as the Civic Centre have not attended this training.

In addition, perusal of a sample of logbooks indicated that the City's CEO has not completed a vehicle logbook.

Implication / Risk

- Risk for Fringe Benefit Tax (FBT) purposes that the most favorable FBT outcome is not being achieved due to the statutory method being applied by default, as a result of logbooks not being completed.
- Risk that other employees may also no longer complete logbooks.
- Risk that employees do not understand the importance of completing the logbook.

Recommendation

We recommend that all City employee who utilise City assets attend log book training.

In addition, we recommend that all employees utilising City assets complete the logbook allocated to that asset to ensure at year end when determining FBT liabilities, both the statutory method and log book / operating cost method can be assessed.

Management Comment

All Geraldton and Mullewa Depot staff attended logbook training in July/August 2017. The logbook entries referred to in this finding were input in the period before the training took place.

Logbook spot checks were carried out for non-Depot staff and were found to be in order. Therefore, training was not considered necessary for these drivers.

3.6. Odometer Reading Checks

Finding Rating: Low

Our inquiries indicated that an informal process is followed by Fleet Services to check individual vehicle odometer readings. Currently, Fleet Services will check the odometers using one or a combination of the following practices:

- Servicing records i.e. works ticket;
- Take a reading if the vehicle / plant is in the workshop; or
- Use the fuel records from Caltex (although this data is not received in a timely manner).

Mydata and Teletrac Navman Director is then updated to reflect the odometer reading of the asset. With the exception of the fuel records being uploaded to mydata on a monthly basis, the other practices are not applied on a set schedule.

The above process is no documented nor is there a proactive checking process in place.

Implication / Risk

Risk that the City's records do not reflect the actual odometer readings of the asset.

Recommendation

We recommend the existing odometer review processes and practices in place be documented. In addition, we recommend that Fleet Services implement a process where on a periodic basis (say monthly), 5 assets odometer is checked to ensure that the readings are correct in mydata (and Teletrac Navman Director).

Management Comment

Utilisation of every item is recorded and checked every three months, and these figures are exported to the ten year replacement plan.

Odometer analysis will be available from December when the new fuel distribution arrangement with Caltex and BP is in place.

Fleet Services preferred option is to defer documentation of this until the new Assetic system is implemented and the controls emanating from that system can be assessed.

3.7. Driver Education

Finding Rating: Low

Our inquires indicate that there is currently no requirement for employees utilising the City assets to complete driver education theoretical and/or practical training.

Implication / Risk

As with drivers licence (finding 3.4 above), the City runs the risk of being made accountable for employee's actions utilising one of the City's assets. Any adverse event could impact on the City's reputation.

Recommendation

We recommend that the City considers releasing the following online training modules on Elmo and implementing the requirement that all employees utilising City assets complete one or all modules depending on what asset the employee is operating:

- Driver Safety
- Heavy Vehicle Driver Safety
- Heavy Vehicle Driver Fatigue.

Dependent on individual employee results from the training, consideration may be given on whether the employee is required to complete practical drivers training.

Management Comment

Fleet Services agrees that online training as recommended may be useful. HR have released online ELMO training courses however, ELMO may not be the best way of delivering all of this training and other options are to be explored in consultation with HR.

As far as practical training is concerned, induction and training is imposed as a condition of purchase for each new asset acquired, and suppliers are required to provide specialised training for all staff involved with the asset. This requirement is documented in the updated policy 039.

3.8. Commuter Use Agreements

Finding Rating: Low

Perusal of a sample of Commuter Use Agreements identified that these agreements have a FBT focus and do not reference the fleet management policies and appropriate usage of the asset.

Implication / Risk

- Limited guidance to users in respect to appropriate usage of Council assets and related fuel usage.
- Risk non-adherence with the City's fleet management policies.

Recommendation

We recommend the Commuter Use Agreement template be further enhanced by referencing the requirement to comply with the fleet management policies and appropriate usage of the asset and fuel cards.

Management Comment

Commuter terms of use are documented in the updated fleet policies.

The light vehicle policy is issued with the Commuter Use agreement to relevant employees and the agreement highlights that this should be read and any queries raised with the line manager.

An additional line can be added to the Commuter Use Agreement which specifically states they must comply with the policy.

3.9. GPS System

Finding Rating: Low

During the year ending 30 June 2016 the City implemented GPS system Teletrac Navman Director, this system is in real time.

The system allows the City to track where assets are located, whether the ignition is on or off, the speed of the asset over a period of time, the odometer reading (within 4% of the actual reading) and messages can be sent from the system to the assets (this particular functionality is being used frequently by the Rangers). In addition, the operator has a duress sensor linked to the GPS which notifies the City when they may require assistance.

Given the level of information captured through this system, a number of reports can be generated and analysed by the City. Our inquiries indicated that the Fleet Services team generate 27 reports on a weekly basis and one team member spends two days assessing and distributing these reports to the Fleet Manager and relevant supervisors. Perusal of the reports being generated identified that there is a potential double up of these reports i.e. one report identifies assets traveling over the speed of 125 km/hr whilst another identifies assets traveling over the speed 110 km/hr.

Implication / Risk

Potential inefficient use of employee time.

Recommendation

We recommend that Fleet Services re-assess the reports generated from the system to ensure that there are no double ups. In addition, re-assess whether more than one Fleet Services team member needs to review reports for anomalies or to identify any asset policy breaches before distributing to the relevant supervisor.

Management Comment

The reported implementation date above of June 2017, was in fact June 2016. Because of the vast number of errors inherent in the initial installation of the Navman units, the system was malfunctioning right up until February 2017. The faults and omissions have been gradually rectified by Navman, including replacement and/or reinstallation of all GPS unit. Because of this, it was necessary to examine GPS activity minutely to ensure the accuracy of the information.

As the situation moves towards greater accuracy, the need to examine numerous reports will diminish. However, if the situation changes negatively for any reason, including the addition or transfer of new units, it may again be necessary to include more reports for data analysis.

To reduce the report analysis simply to reduce the workload would increase the risk of not identifying inaccuracies that could have significant adverse implications. It must also be recognised that the level of experience in analysing anomalies in the data can significantly affect the amount of time the task takes to complete.

3.10. Smartfleet

Finding Rating: Low

Our inquiries identified that Smartfleet continues to list terminated employees.

Implication / Risk

Risk that the system is not reflective of the current workforce.

Recommendation

We recommend that Fleet Services delete terminated employees in Smartfleet.

Management Comment

In initial training provided by Smartfleet the process for removing terminated employees was not covered. A Fleet Services staff member has now been included on an IT employee termination notification list, and has been advised of the Smartfleet process to update the system. The removal of terminated employees is now be actioned within the system.

4. Guidance on Risk Assessment

Risk is uncertainty about an outcome. It is the threat that an event, action or non-action could affect an organisation’s ability to achieve its business objectives and execute its strategies successfully. Risk is an inherent component of all service activities and includes positive as well as negative impacts. As a result not pursuing an opportunity can also be risky. Risk types take many forms – business, economic, regulatory, investment, market, and social, just to name a few.

Risk management involves the identification, assessment, treatment and ongoing monitoring of the risks and controls impacting the organisation. The purpose of risk management is not to avoid or eliminate all risks. It is about making informed decisions regarding risks and having processes in place to effectively manage and respond to risks in pursuit of an organisation’s objectives by maximising opportunities and minimising adverse effects.

The risk guidelines stated within Risk Management – Principles and Guidelines Standard AS / NZS ISO 31000-2009 and are based in the City of Greater Geraldton’s Risk Management Framework.

Our guidance to risk classification in completing our internal audit review is as follows:

Measure of Likelihood of Risk

Likelihood is the chance that the event may occur given knowledge of the organisation and its environment. The following table provides broad descriptions to support the likelihood rating:

DESCRIPTOR	DETAILED	OPERATIONAL FREQUENCY	PROJECT FREQUENCY	TRANSITIONAL FREQUENCY
Almost Certain	The event is expected to occur in most circumstances	More than one per year	Greater than 90% chance of occurrence	1 in 25,000
Likely	The event will probably occur in most circumstances	At least once per year	60% - 90% chance of occurrence	1 in 75,000
Possible	The event should occur at some time	At least once in 3 years	40% - 60% chance of occurrence	1 in 250,000
Unlikely	The event should occur at some time	At least once in 10 years	10% - 40% chance of occurrence	1 in 750,000
Rare	The event may only occur in exceptional circumstances	Less than one in 15 years	Less than 10% chance of occurrence	1 in 1,000,000

**Above Extracted from the City’s Risk Management Framework.*

Measure of Consequence of Risk

Consequence is the severity of the impact that would result if the event were to occur. The following table provides broad descriptions to support the consequence rating:

DESCRIPTOR	SAFETY / HEALTH (Physical)	SAFETY / HEALTH (Psychological)	FINANCIAL IMPACT	SERVICE INTERRUPTION	REPUTATION	ENVIRONMENT	LEGAL & COMPLIANCE
Insignificant	Negligible injuries, Full recovery 1 – 3 days	Temporary stress, no leave taken, short term impact with full recovery 1 – 3 days	<i>Organisation</i> Less than \$10,000 <i>Dept. or Project</i> 0-2% remaining budget	No material service interruption backlog cleared 2 – 4 hours	Unsubstantiated, low impact, low profile or 'no news' item. <i>Example</i> gossip, Facebook item seen by limited persons.	Contained, reversible impact managed by site response. <i>Example</i> pick up bag of rubbish.	<i>Compliance</i> No noticeable or statutory impact. <i>Legal</i> Threat of litigation requiring small compensation. <i>Contract</i> No effect on contract performance.
Minor	First aid injuries, full recovery 1 – 3 weeks	Possible sick leave, short term impact, full recovery 1 – 3 weeks	<i>Organisation</i> \$10,000 - \$100,000 <i>Dept. or Project</i> 2 – 5% remaining budget	Short term temporary interruption – backlog cleared < 1 – 7 days	Substantiated, low impact, low news item. <i>Example</i> Local Paper, Everything Geraldton, Facebook item seen by local community.	Contained, reversible impact managed by internal response. <i>Example</i> pick up trailer of rubbish.	<i>Compliance</i> Some temporary non compliances. <i>Legal</i> Single Minor litigation. <i>Contract</i> Results in meeting between two parties in which contractor expresses concern.
Moderate	Medically treated injuries, Full recovery 1 – 3 months	Significant, non-permanent, longer term illness, Full recovery 1 – 6 months	<i>Organisation</i> \$100,000 - \$1M <i>Dept. or Project</i> 5 - 14% remaining budget	Medium term temporary interruption backlog cleared by additional resources within < 2 – 4 weeks	Demonstrated public outrage, substantiated public embarrassment, moderate impact, and moderate news profile. <i>Example</i> State wide Paper, TV News story, Moderate Facebook item taken up by people outside City.	Contained, reversible impact managed by external agencies. <i>Example</i> Contractor removal of asbestos sheets.	<i>Compliance</i> Short term non-compliance but with significant regulatory requirements imposed. <i>Legal</i> Single Moderate litigation or Numerous Minor Litigations. <i>Contract</i> Receive verbal advice that, if breaches continue, a default notice may be issued.
Major	Lost time or severe injury Possible Partial / full recovery 4 – 12 months	Longer term illness, severe trauma, extended incapacity Possible Partial / full recovery 6 – 12 months	<i>Organisation</i> \$1M - \$9M <i>Dept. or Project</i> 15 - 20% remaining budget	Prolonged interruption of services, additional resources required; performance affected issue resolved within < 4 – 12 weeks	Sustained and high level public outrage, substantiated public embarrassment, high impact, high news profile, third party actions. <i>Example</i> Australia wide Paper, TV News stories, Current Affair etc. Significant Facebook item taken up by large numbers of people outside City.	Uncontained, reversible impact managed by a coordinated response from external agencies. <i>Example</i> truck or train spill of diesel and oil on road reserve/ park.	<i>Compliance</i> Noncompliance results in termination of services or imposed penalties. <i>Legal</i> Single Major litigation or numerous Moderate Litigations. <i>Contract</i> Receive written notice from the contractor threatening termination if not rectified.
Catastrophic	Fatality, permanent disability	Death, permanent Severely disabling illness, e.g. Post-Traumatic Stress Disorder	<i>Organisation</i> Greater than \$10M <i>Dept. or Project</i> Greater than 20% remaining budget	Indeterminate Prolonged interruption of services that impacts on Public safety and core services non-performance or termination of service	Substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile, third party actions, Likely to lead to the dismissal of Council / Councillors or Executive Staff. <i>Example</i> World Wide News, TV News stories, Current Affair, 60 Minutes, Widespread Facebook item taken up by vast numbers of people outside City.	Uncontained, irreversible impact. <i>Example</i> Ship runs aground and spills oil along City coast line, ground water supply exhausted or rendered unusable.	<i>Compliance</i> Noncompliance results in litigation, criminal charges or significant damages or penalties. <i>Legal</i> Numerous Major Litigations. <i>Contract</i> Termination of Contract for default.

*Above Extracted from the City's Risk Management Framework.

Risk Analysis Matrix – Level of Risk

Finding Rating for each audit issue was based on the following table:

		CONSEQUENCE				
		Insignificant	Minor	Moderate	Major	Catastrophic
LIKELIHOOD	Almost Certain	Moderate	High	High	Extreme	Extreme
	Likely	Low	Moderate	High	High	Extreme
	Possible	Low	Moderate	Moderate	High	High
	Unlikely	Low	Low	Moderate	Moderate	High
	Rate	Low	Low	Low	Low	Moderate

*Above Extracted from the City's Risk Management Framework.

Finding / Risk Acceptance Rating

The table below sets out the definition of the City's finding / risk acceptance rating:

FINDING / RISK RANK	DEFINITION
Low	<ul style="list-style-type: none"> Attention required in medium term, preferably within 12 months. Isolated cases of procedural non-compliance. Small transactional errors with nil to small financial loss or exposure to the City. Isolated administrative matters.
Moderate	<ul style="list-style-type: none"> Attention required in medium term, preferably within 6 months. Absence or breakdowns in controls or procedures that lead to moderate exposures to the City. Isolated breaches of legal requirements and/or regulations with no further action likely to be taken by a regulator. Moderate individual transactional errors or several smaller transactional errors. Administrative matters, which due to their frequency may indicate procedural or training problems.
High	<ul style="list-style-type: none"> Attention required in short term, preferably within 3 months. Absence or breakdowns in controls or procedures that lead to high exposures. A breach of legal requirements and/or regulations resulting in material compensation and/or financial payouts, however no further action is likely to be taken by a regulator. Large individual transactional errors or a larger number of smaller transactional errors. Administrative matters, which due to their frequency may indicate procedural or training problems. Issues arising from inadequate training.
Extreme	<ul style="list-style-type: none"> Urgent and immediate action required. Cases of actual or potential fraud. Absence or breakdowns in critical controls or procedures that lead to very significant exposures to the City (i.e. financial loss impacting capital or significant disruption to business services, loss of life, severe reputation risk). Serious breach of legal requirements and/or regulations resulting in material compensation and/or financial payouts and action likely to be undertaken by regulators. Multiple large transactional errors that could lead to serious legal impact and/or severe adverse effect on the City's reputation. Issues arising from no or severely inadequate training.

7 GENERAL BUSINESS LATE ITEM

8 MEETING CLOSURE