



SHIRE OF EAST PILBARA

MINUTES

ORDINARY COMMITTEE MEETING

NOTICE IS HEREBY GIVEN that an Ordinary Meeting of the **AUDIT COMMITTEE** was held, in Council Chambers, Newman, 8:00am, Friday, 24 May, 2019.

Jeremy Edwards
CHIEF EXECUTIVE OFFICER



DISCLAIMER

No responsibility whatsoever is implied or accepted by the Shire of East Pilbara for any act, omission or statement or intimation occurring during Council or Committee Meetings. The Shire of East Pilbara disclaims any liability for any loss whatsoever and howsoever caused arising out of reliance by any person or legal entity on any such act, omission or statement or intimation occurring during Council or Committee Meetings.

Any person or legal entity who acts or fails to act in reliance upon any statement, act or omission made in a Council or Committee Meeting does so at that person's or legal entity's own risk.

In particular and without derogating any planning application or application of a licence, any statement or intimation of approval made by any member or Officer of the Shire of East Pilbara during the course of any meeting is not intended to be and is not taken as notice of approval from the Shire of East Pilbara.

The Shire of East Pilbara warns that anyone who has any application lodged with the Shire of East Pilbara must obtain and should only rely on

WRITTEN CONFIRMATION

of the outcome of the application and any conditions attaching to the decision made by the Shire of East Pilbara in respect of the application.

Signed: _____
Jeremy Edwards
Chief Executive Officer

AUDIT COMMITTEE

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1 DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS

Cr Anthony Middleton took the Chair and declared the meeting open at 8:10AM

2 RECORD OF ATTENDANCES/APOLOGIES/LEAVE OF ABSENCE

2.1 ATTENDANCES

Councillors

Cr Lynette Craigie OAM	Shire President
Cr Anita Grace	Councillor
Cr Anthony Middleton	Councillor

Officers

Mr Jeremy Edwards	Chief Executive Officer
Ms Sian Appleton	Executive Manager Corporate Services
Mrs Kylie Bergmann	Coordinator Governance

Observer

Cr Michael Kitchin	Councillor
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2.2 APOLOGIES

Councillor Apologies

Cr Geraldine Parsons	Councillor
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Officer Apologies

3 LEAVE OF ABSENCE/PUBLIC QUESTION TIME

4 CONFIRMATION OF MINUTES OF PREVIOUS AUDIT COMMITTEE MEETING

4.1 22ND FEBRUARY 2019

OFFICER & COMMITTEE RECOMMENDATION

MOVED: Cr Anita Grace, SECONDED: Cr Lynette Craigie OAM

THAT the minutes of the Audit Committee Meeting held at Newman on the 22nd February 2019, be confirmed as a true and correct record of proceedings.

CARRIED UNANIMOUSLY

To be actioned by Ms Sian Appleton, Executive Manager Corporate Services

5 OFFICER'S REPORTS

5.1 FINANCIAL MANAGEMENT REVIEW IMPROVEMENT PLAN UPDATE

Attachments:	Appendix 1: CAMMS Financial Management Review Improvement Plan status report
Responsible Officer:	Ms Sian Appleton Executive Manager Corporate Services
Author:	Ms Sian Appleton Executive Manager Corporate Services
Proposed Meeting Date:	24 May 2019
Location/Address:	N/A
Name of Applicant:	N/A
Author Disclosure of Interest:	Nil

REPORT PURPOSE

To report on the status of the Financial Management Review improvement plan.

BACKGROUND

Pursuant to Regulation 5(2)(c) of the Local Government (Financial Management) Regulation 1996 (as amended) the CEO is to undertake a review of the Financial Management.

In June 2016 Moore Stephens undertook this review for the CEO and the report was presented to the Audit Committee on the 8th September 2016 and subsequently at the Ordinary Council Meeting dated 23rd September 2016.

From this report a Financial Management Review (FMR) Improvement Plan was created and entered into Council's CAMMS Strategic Planning software for monitoring.

COMMENTS/OPTIONS/DISCUSSIONS

Attached is a copy of the CAMMS reporting document.

Currently there are 21 actions reported on and all are on track for completion by the 30 June 2019.

STATUTORY IMPLICATIONS/REQUIREMENTS

Regulation 5(2)(c) of the Local Government (Financial Management) Regulation 1996 (as amended).

POLICY IMPLICATIONS

N/A

STRATEGIC COMMUNITY PLAN

5: Governance

Demonstrated accountability and corporate governance.

G1 Provide efficient, accountable and ethical governance.

G1.1 Enhance governance capability to deliver sustainable outcomes, roads and buildings

RISK MANAGEMENT CONSIDERATIONS

As set out in the CAMMS reporting for each action item.

FINANCIAL IMPLICATIONS

No financial resource impact.

VOTING REQUIREMENTS

Simple.

OFFICER & COMMITTEE RECOMMENDATION

MOVED: Cr Anita Grace

SECONDED: Cr Lynette Craigie OAM

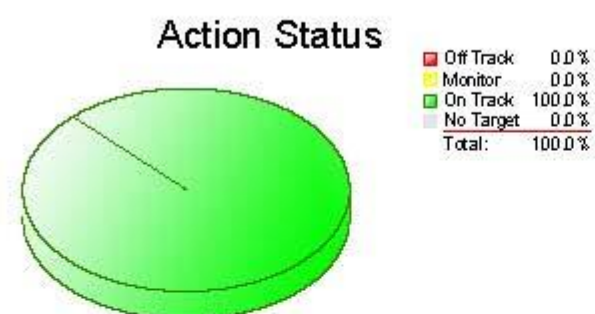
That the Council review and receive the CAMMS Financial Management Review Improvement Plan status report as presented at Appendix 1.

CARRIED UNANIMOUSLY

To be actioned by Ms Sian Appleton, Executive Manager Corporate Services

Appendix 1
CAMMS Financial Management Review
Improvement Plan status report





Action Progress Against Targets



Corporate Services

Financial Services

STRATEGY: 5.1.1 Enhance governance capability to deliver sustainable outcomes

Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.62 FMR - Improvement in process needed - Trust transactions were processed through the Municipal bank account and no separate account was maintained as required. COMPLIANCE MEDIUM RISK	Lisa Davis - Manager Corporate Services	Completed	18/02/2019	30/06/2019	100%	0%	GREEN

Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance
20.1 Financial Services	Operating				

ACTION PROGRESS COMMENTS

Trust Account created according to regulation.

Last Updated - 22/05/2019

Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.63 FMR - Improvement in process - The objects / reasons of imposing 2015/16 differential rates and the reasons for the difference from the rates advertised and the details of those advertised, were not included in the rate notice of accompanying information as required. COMPLIANCE MEDIUM RISK	Lisa Davis - Manager Corporate Services	Not Started	18/02/2019	30/06/2019	0%	0%	GREEN

Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance
20.1 Financial Services	Operating				


Last Updated - 18/02/2019

Shire of East Pilbara

Action & Task Progress Report							
Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.64 FMR - Improvement in process needed - Rates debtors' reconciliations did not always have the evidence of being independently review. SYSTEMS AND PROCEDURES LOW RISK	Lisa Davis - Manager Corporate Services	Completed	18/02/2019	30/06/2019	100%	0%	<div><div></div><div></div><div></div></div> GREEN
Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance		
20.1 Financial Services	Operating						
ACTION PROGRESS COMMENTS							
Process created to ensure reconciliations are reviewed independently and evidenced.							
Last Updated - 22/05/2019							
Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.65 FMR - Improvement in process needed - manual rolling reconciliations have no evidence of being independently review. SYSTEMS AND PROCEDURES LOW RISK	Lisa Davis - Manager Corporate Services	Completed	18/02/2019	30/06/2019	100%	0%	<div><div></div><div></div><div></div></div> GREEN
Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance		
20.1 Financial Services	Operating						
ACTION PROGRESS COMMENTS							
Process created to ensure manual rolling reconcilaitons are independently reviewed and evidenced.							
Last Updated - 22/05/2019							
Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.66 FMR - Improvement in process needed - rate notice or accompanying information did not include the required statement regarding the pensioner rebates. COMPLIANCE LOW RISK	Lisa Davis - Manager Corporate Services	Completed	18/02/2019	30/06/2019	100%	0%	<div><div></div><div></div><div></div></div> GREEN
Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance		
20.1 Financial Services	Operating						
ACTION PROGRESS COMMENTS							
Checklist created to ensure correct and comprehensive information accompanies rate notices as per legislation,							
Last Updated - 22/05/2019							

Shire of East Pilbara

Action & Task Progress Report


Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.67 FMR - Improvement process needed - Local public notices were not given as required for fees and charges imposed after budget adoption. COMPLIANCE LOW RISK	Lisa Davis - Manager Corporate Services	Completed	18/02/2019	30/06/2019	100%	0%	 GREEN

Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance
20.1 Financial Services	Operating				

ACTION PROGRESS COMMENTS

Process created whereby all changes in fees and charges accepted outside the budget process are correctly advertised.

Last Updated - 22/05/2019


Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.68 FMR - Improved process needed - Purchased orders were raised after the supplier tax invoices were received SYSTEMS AND PROCEDURES MEDIUM	Lisa Davis - Manager Corporate Services	In Progress	18/02/2019	30/06/2019	80%	0%	 GREEN

Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance
20.1 Financial Services	Operating				

ACTION PROGRESS COMMENTS

Process created for more rigorous checking of purchase orders against invoice dates. Finance is currently working with Technical Services to abolish all manual purchase order books by staff first creating requisitions for entry into electronic system.

Last Updated - 22/05/2019

Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.69 FMR - Improved process needed - Purchase orders did not contain information about verbal quotations as required. SYSTEMS AND PROCEDURES MEDIUM RISK	Lisa Davis - Manager Corporate Services	In Progress	18/02/2019	30/06/2019	80%	0%	 GREEN

Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance
20.1 Financial Services	Operating				

ACTION PROGRESS COMMENTS

Ongoing training needed for officer who have authority to raise purchase orders. More rigorous checking of purchase orders having quotes. Breach notices issued where needed.

Last Updated - 22/05/2019

Shire of East Pilbara


Action & Task Progress Report							
Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.70 FMR - Improved process needed - creditor system audit trail report was not printed and reviewed at every payment run. SYSTEMS AND PROCEDURES MEDIUM RISK	Lisa Davis - Manager Corporate Services	Completed	18/02/2019	30/06/2019	100%	0%	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></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Action & Task Progress Report							
Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.73 FMR - Process improvement needed - disposal of properties not in accordance with the Act. COMPLIANCE LOW RISK	Lisa Davis - Manager Corporate Services	Completed	18/02/2019	30/06/2019	100%	0%	<div><div></div><div></div><div></div></div> GREEN
Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance		
20.1 Financial Services	Operating						
ACTION PROGRESS COMMENTS							
Improved process created when assets are disposed off. All disposals now controlled by Asset Management Officer in accordance with regulations.							
Last Updated - 22/05/2019							
Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.74 FMR - Improved process needed - Allocation rates for Plant Operating Costs and Salaries and Wages have not been regularly reviewed and adjusted. SYSTEMS AND PROCEDURES MEDIUM RISK	Lisa Davis - Manager Corporate Services	In Progress	18/02/2019	30/06/2019	50%	0%	<div><div></div><div></div><div></div></div> GREEN
Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance		
20.1 Financial Services	Operating						
ACTION PROGRESS COMMENTS							
Process currently under review to improve allocation of POC and PWOH.							
Last Updated - 22/05/2019							
Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.75 FMR - Improved process needed - A copy of the budget was not forwarded to the Dept of Local Government and Communities within 30 days of adoption as required. COMPLIANCE LOW RISK	Lisa Davis - Manager Corporate Services	Completed	18/02/2019	30/06/2019	100%	100%	<div><div></div><div></div><div></div></div> GREEN
Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance		
20.1 Financial Services	Operating						
ACTION PROGRESS COMMENTS							
Process improved whereby as soon as adoption of budget by Council takes place it is entered into the LG portal within two weeks.							
Last Updated - 18/02/2019							

Shire of East Pilbara

Action & Task Progress Report


Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.76 FMR - Improved process needed - A copy of the budget review was not forwarded to the Dept Local Government and Communities within 30 days of adoption as required. COMPLIANCE LOW RISK	Lisa Davis - Manager Corporate Services	Completed	18/02/2019	30/06/2019	100%	100%	 GREEN

Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance
20.1 Financial Services	Operating				

ACTION PROGRESS COMMENTS

A process is now in place whereby the budget review is forwarded to the dept (either by email or uploaded through the portal) within two weeks of acceptance of the budget review by Council.

Last Updated - 18/02/2019


Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.77 FMR - Improved process needed - Annual Report was not accepted by Council within 2 months of receiving the auditor's report as required. COMPLIANCE LOW RISK	Lisa Davis - Manager Corporate Services	Completed	18/02/2019	30/06/2019	100%	0%	 GREEN

Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance
20.1 Financial Services	Operating				

ACTION PROGRESS COMMENTS

Process created to ensure Annual Report accepted by Council within legislative timelines.

Last Updated - 22/05/2019

Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.78 FMR - Improved process needed - The Statement of Financial Activity for January 2016 was not prepared and presented to council as required. COMPLIANCE MEDIUM RISK	Lisa Davis - Manager Corporate Services	In Progress	18/02/2019	30/06/2019	60%	0%	 GREEN

Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance
20.1 Financial Services	Operating				

ACTION PROGRESS COMMENTS

Process still being reviewed. Issues arise due to staff shortages and Council meeting dates.

Last Updated - 22/05/2019

Shire of East Pilbara

Action & Task Progress Report							
Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.79 FMR - Improved process needed - The Statement of Financial Activity did not contain explanations for material variances in relation to capital expenditure items as required. COMPLIANCE MEDIUM RISK	Lisa Davis - Manager Corporate Services	Completed	18/02/2019	30/06/2019	100%	0%	<div><div></div><div></div><div></div></div> GREEN
Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance		
20.1 Financial Services	Operating						
ACTION PROGRESS COMMENTS							
New template now used for the presentation of the Statement of Financial Activity to ensure legislative requirements are met.							
Last Updated - 22/05/2019							
Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.81 FMR - Improved process needed - Investment Policy did not specify the statutory restriction regarding investment of funds. COMPLIANCE MEDIUM RISK	Lisa Davis - Manager Corporate Services	Completed	18/02/2019	30/06/2019	100%	0%	<div><div></div><div></div><div></div></div> GREEN
Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance		
20.1 Financial Services	Operating						
ACTION PROGRESS COMMENTS							
Policy updated and accepted by Council.							
Last Updated - 22/05/2019							
Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.82 FMR - Improved process needed - The Shire did not invest funds with an authorised institution as required. COMPLIANCE MEDIUM RISK	Lisa Davis - Manager Corporate Services	Completed	18/02/2019	30/06/2019	100%	0%	<div><div></div><div></div><div></div></div> GREEN
Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance		
20.1 Financial Services	Operating						
ACTION PROGRESS COMMENTS							
Improved process created to ensure funds invested in authorised institution requirements							
Last Updated - 22/05/2019							

Shire of East Pilbara

Action & Task Progress Report

Strategic and Business Planning

Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.80 FMR - Improved process needed - The Corporate Business Plan was not review as required. COMPLIANCE LOW RISK	Sian Appleton - Executive Manager - Corporate Services	Completed	18/02/2019	30/06/2019	100%	100%	 GREEN

Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance
2.1 Risk Management and IPR	Operating				

ACTION PROGRESS COMMENTS

Process in place whereby the Corporate Business Plan is reviewed and accepted by Council in January / February annually, prior to the beginning of the budget process.

Last Updated - 18/02/2019

5.2 REGULATION 17 REVIEW IMPROVEMENT PLAN UPDATE

Attachments:	Appendix 1:
Responsible Officer:	Ms Sian Appleton Executive Manager Corporate Services
Author:	Ms Sian Appleton Executive Manager Corporate Services
Proposed Meeting Date:	24 May 2019
Location/Address:	N/A
Name of Applicant:	N/A
Author Disclosure of Interest:	Nil

REPORT PURPOSE

To report on the status of the Regulation 17 Review Improvement Plan.

BACKGROUND

Pursuant to the *Local Government (Audit) Regulations 1996* (the regulations), Regulation 17 requires that the Chief Executive Officer undertakes a review of the appropriateness and effectiveness of its systems and procedures in regard to Risk Management, Legislative Compliance and Internal Control Frameworks.

Previously reviews of Council's audit systems needed to be carried out every two years. The regulations were revised and gazetted on Tuesday, 26 June 2018 to conduct the review no less than every three years. This means that the Shire of East Pilbara will not be required to complete another review until 2021.

In February 2019 Moore Stephens undertook this review for the CEO and the report was presented to the Audit Committee on the 22nd February 2019 and subsequently at the Ordinary Council Meeting dated 22nd February 2019.

From this report a Regulation 17 Improvement Plan was created and entered into Council's CAMMS Strategic Planning software for monitoring.

COMMENTS/OPTIONS/DISCUSSIONS

Attached is a copy of the CAMMS reporting document (***Appendix 1 refers***).

Currently there are 21 actions reported on and all are on track for completion by the 30 June 2019.

STATUTORY IMPLICATIONS/REQUIREMENTS

Nil

POLICY IMPLICATIONS

N/A

STRATEGIC COMMUNITY PLAN

5: Governance

Demonstrated accountability and corporate governance.

G1 Provide efficient, accountable and ethical governance.

G1.1 *Enhance governance capability to deliver sustainable outcomes, roads and buildings*

RISK MANAGEMENT CONSIDERATIONS

As set out in the CAMMS reporting for each action item.

FINANCIAL IMPLICATIONS

No financial resource impact.

VOTING REQUIREMENTS

Simple.

OFFICER & COMMITTEE RECOMMENDATION

MOVED: Cr Lynette Craigie OAM

SECONDED: Cr Anita Grace

That the Council review and receive the CAMMS Regulation 17 Improvement Plan status report as presented at Appendix 1.

CARRIED UNANIMOUSLY

To be actioned by Ms Sian Appleton, Executive Manager Corporate Services

Appendix 1
CAMMS Regulation 17 Improvement Plan
status report



Shire of **EAST
Pilbara**
AUSTRALIA'S LARGEST SHIRE

Shire of East Pilbara

PREMIUM Action and Task Progress Report

July 2018 - April 2019

Report Filters:

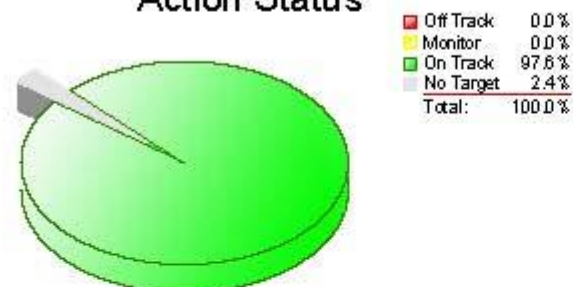
Date From :01-07-2018

Date To :30-04-2019

Display Task : No

Action Filter :Show All

Action Status



Action Progress Against Targets



Commercial Services

Airport Services


STRATEGY: 5.1.1 Enhance governance capability to deliver sustainable outcomes

Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.37 17D - Risk management practices at the airport should be undertaken in accordance the Shires Risk Management Policy and procedures. These procedures provide the framework for the rating of identified risk and reporting of risks when identified along with the routine reporting on the status of treated risks. HIGH RISK	Ben Lewis - Executive Manager - Commercial Services	In Progress	17/02/2019	31/12/2021	50%	0%	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></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Shire of East Pilbara

Action & Task Progress Report

Procurement and Contracts


Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.21 17D - Amend the Policy to provide the following: Purchasing requirements for the renewal or variation of contracts which did not arise from a public tender. HIGH RISK	Dawn Ronchi - Contract Procurement Officer	Completed	17/02/2019	31/12/2021	100%	0%	

Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance
9.1 Procurement	Operating				

ACTION PROGRESS COMMENTS

Policy Updated

Last Updated - 22/05/2019


Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.29 17D - All procurement of goods or services should be undertaken in accordance with the Procurement Policy and legislative requirements, regardless of the type of service or goods. HIGH RISK	Dawn Ronchi - Contract Procurement Officer	In Progress	17/02/2019	31/12/2021	50%	0%	

Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance
9.1 Procurement	Operating				

ACTION PROGRESS COMMENTS

Processes currently under review to ensure all procurement is undertaken in accordance with legislation.

Last Updated - 22/05/2019

Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.30 17D -To help ensure probity and fairness when assessing tenders, procedures for the declaration of interests prior to assessing tender should be documented. Purchases over \$150,000 should be subject to the same assessment procedures as those applied to tenders. MEDIUM RISK	Dawn Ronchi - Contract Procurement Officer	Completed	17/02/2019	31/12/2021	100%	0%	

Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance
9.1 Procurement	Operating				




ACTION PROGRESS COMMENTS

Process updated.

Last Updated - 22/05/2019

Shire of East Pilbara

Action & Task Progress Report

Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.31 17D - To help support probity and fairness when assessing responses to requests for quotation, the process undertaken should be documented. The process to be followed should require a higher level of probity and due diligence, the higher the value or risk associated with the purchase. MEDIUM RISK	Dawn Ronchi - Contract Procurement Officer	In Progress	17/02/2019	31/12/2021	20%	0%	 GREEN
Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance		
9.1 Procurement	Operating						
ACTION PROGRESS COMMENTS							
Processes currently under review.							
Last Updated - 22/05/2019							
Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.40 17D - To help ensure all contractors have the relevant licences and have adequate insurance cover for the works they undertake for the Shire, procedures should be developed, and records maintained to ensure copies of contractor's insurances are held on file. HIGH RISK	Dawn Ronchi - Contract Procurement Officer	Completed	17/02/2019	31/12/2021	100%	0%	 GREEN
Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance		
9.2 Management of Contracts, Leases and MOU's	Operating						
ACTION PROGRESS COMMENTS							
Process updated.							
Last Updated - 22/05/2019							
Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.47 17D - To maintain the confidentiality of submissions received values of submissions received be removed from the tender register. MEDIUM RISK	Dawn Ronchi - Contract Procurement Officer	Completed	17/02/2019	31/12/2021	100%	0%	 GREEN
Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance		
9.1 Procurement	Operating						
ACTION PROGRESS COMMENTS							
Process updated.							
Last Updated - 22/05/2019							

Shire of East Pilbara

Action & Task Progress Report


Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.59 17D - "Values were entered onto Manual Purchase orders after the goods were received. Purchase orders were issued after receipt of the goods or services"	Dawn Ronchi - Contract Procurement Officer	In Progress	17/02/2019	31/12/2021	50%	0%	<div><div></div><div></div><div></div></div> <div>GREEN</div>
Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance		
9.1 Procurement	Operating						
ACTION PROGRESS COMMENTS							
Review of processes and refresher training currently being considered. Finance working with Technical services to abolish manual purchase order books.							
Last Updated - 22/05/2019							

Shire of East Pilbara

Action & Task Progress Report

Corporate Services

Financial Services


Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.22 17D - Rescind the Policy or alternatively review and amend the policies requiring Financial Statements to be prepared in accordance with Statutory requirements. MEDIUM RISK	Lisa Davis - Manager Corporate Services	Completed	17/02/2019	31/12/2021	100%	0%	 GREEN

Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance
20.1 Financial Services	Operating				

ACTION PROGRESS COMMENTS

Policy rescinded.

Last Updated - 22/05/2019


Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.33 17D - Given the high value of fees and charges in relation to the airport operations routine documented verification of the accuracy of fees and charges raised should be undertaken. MEDIUM RISK	Lisa Davis - Manager Corporate Services	In Progress	17/02/2019	31/12/2021	10%	0%	 GREEN

Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance
20.1 Financial Services	Operating				

ACTION PROGRESS COMMENTS

Processes being reviewed to determine how fee accuracy can be verified.

Last Updated - 22/05/2019

Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.34 17D - Review controls in relation to records to ensure records are maintained in accordance with statutory requirements and the Record Keeping Plan. HIGH RISK	Lisa Davis - Manager Corporate Services	In Progress	17/02/2019	31/12/2021	20%	0%	 GREEN

Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance
20.2 Records Management	Operating				


ACTION PROGRESS COMMENTS

New position created and filled in April 2019. Records Officer now working through issues with controls regarding record capture.

Last Updated - 22/05/2019

Shire of East Pilbara

Action & Task Progress Report


Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.35 17D - Creation and maintenance of standard checklists may assist in evidencing key points of control and serve as a reminder. Checklists are of assistance in ensuring compliance with repetitive legislative compliance tasks. HIGH RISK	Lisa Davis - Manager Corporate Services	In Progress	17/02/2019	31/12/2021	10%	0%	 GREEN

Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance
20.1 Financial Services	Operating				

ACTION PROGRESS COMMENTS

Detailed assessment being first undertaken to determine key areas where checklists are needed.

Last Updated - 22/05/2019

Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.39 17D - In line with departmental guidelines, all officers issued with credit cards should sign a credit card agreement prior to the issuing of the credit card. Credit cards should physically be maintained by the person in whose name they are issued and credit card details should not be shared with other staff. HIGH RISK	Lisa Davis - Manager Corporate Services	In Progress	17/02/2019	31/12/2021	80%	0%	 GREEN

Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance
20.1 Financial Services	Operating				

ACTION PROGRESS COMMENTS

New processes created in relation to credit cards to ensure stricter control of credit cards. Some processes still being improved.

Last Updated - 22/05/2019

Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.41 17D - The list of payments made by the CEO under delegated authority should be presented to Council with only the minimum information required by legislation. HIGH RISK	Lisa Davis - Manager Corporate Services	Completed	17/02/2019	31/12/2021	100%	0%	 GREEN

Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance
20.1 Financial Services	Operating				



ACTION PROGRESS COMMENTS

New process for presentation of creditors to Council complete to ensure compliance with legislative requirements.

Last Updated - 22/05/2019

Shire of East Pilbara


Action & Task Progress Report

Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.42 17D - Prepare the Monthly Statements in accordance with legislative requirements. HIGH RISK	Lisa Davis - Manager Corporate Services	Completed	17/02/2019	31/12/2021	100%	0%	 GREEN
Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance		
20.1 Financial Services	Operating						
ACTION PROGRESS COMMENTS							
New template introduced for the reporting on the monthly statements to meet legislative compliance.							
Last Updated - 22/05/2019							
Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.49 17D - Outstanding items identified within the Financial Management Review be addressed. HIGH RISK	Lisa Davis - Manager Corporate Services	In Progress	17/02/2019	31/12/2021	90%	0%	 GREEN
Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance		
20.1 Financial Services	Operating						
ACTION PROGRESS COMMENTS							
Staff currently completing the remaining items on the FMR improvement plan as reported through the FMR improvement plan status report.							
Last Updated - 22/05/2019							

Shire of East Pilbara

Action & Task Progress Report

Human Resources


Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.36 17D - In conjunction with, or as an alternative to, the development of documented procedures and checklists, update and development of workflow process diagrams may assist in clearly identifying controls and processes to be followed. MEDIUM RISK	Vacant - Manager Human Resources - Manager Human Resources	Not Started	17/02/2019	31/12/2021	0%	0%	 GREEN

Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance
10.1 Human Resource Management	Operating				

ACTION PROGRESS COMMENTS

Manager Human Resources position vacant for six months. Position now filled and processes will be reviewed.

Last Updated - 22/05/2019


Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.53 17D - OH&S induction is currently undertaken by the supervisors however, evidence of the induction being undertaken is not available for all employees as a signed 'Induction Completion Form' is not filed on each employee's personnel file. MEDIUM RISK	Vacant - Manager Human Resources - Manager Human Resources	Not Started	17/02/2019	31/12/2021	0%	0%	 GREEN

Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance
10.2 Occupational Health and Safety	Operating				

ACTION PROGRESS COMMENTS

Manager Human Resources position vacant for six months. Position now filled and processes will be reviewed.

Last Updated - 22/05/2019

Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.56 17D - A risk register be maintained consistent with the entity risk matrix, enabling reporting and review of OH&S risks identified.	Vacant - Manager Human Resources - Manager Human Resources	Not Started	17/02/2019	31/12/2021	0%	0%	 GREEN

Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance
10.2 Occupational Health and Safety	Operating				

ACTION PROGRESS COMMENTS

Manager Human Resources position vacant for six months. Position now filled and processes will be reviewed.

Last Updated - 22/05/2019

Shire of East Pilbara

Action & Task Progress Report

STRATEGY: 5.1.3 Provide a great place to work

Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.3.3 17D - Continuing with the development of a staff training matrix to identify staff training needs relevant to their role is important to ensuring it is co-ordinated across the organisation.	Vacant - Manager Human Resources - Manager Human Resources	Not Started	17/02/2019	31/12/2021	0%	0%	<div><div></div><div></div><div></div><div>GREEN</div></div>
Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance		
10.1 Human Resource Management	Operating						
Last Updated - 17/02/2019							

Shire of East Pilbara

Action & Task Progress Report

Information Communication and Technology

STRATEGY: 5.1.1 Enhance governance capability to deliver sustainable outcomes

Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.32 17D - We noted limited controls in relation to the access to IT systems both physical access to hardware and network access to software and data. MEDIUM RISK	Sian Appleton - Executive Manager - Corporate Services	Not Started	17/02/2019	31/12/2021	0%	0%	 GREEN

Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance
23.1 Information Communication and Technology	Operating				

Last Updated - 17/02/2019

Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.52 17D - Routine testing of the effectiveness of the Plan through annual system recovery testing be undertaken. HIGH RISK	Sian Appleton - Executive Manager - Corporate Services	Not Started	17/02/2019	31/12/2021	0%	0%	 GREEN


Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance
23.1 Information Communication and Technology	Operating				

Last Updated - 17/02/2019

Shire of East Pilbara


Action & Task Progress Report

Strategic and Business Planning

Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.20 17D - Review and update the Corporate Business Plan to ensure it remains current. MEDIUM RISK	Sian Appleton - Executive Manager - Corporate Services	Completed	17/02/2019	31/12/2021	100%	100%	 GREEN

Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance
2.1 Risk Management and IPR	Operating				

Last Updated - 25/02/2019


Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.24 17D - Given recent staffing changes, update and review the Business Continuity Plan, identify and document key business continuity risks along with the treatments to reduce the risk to an acceptable level. HIGH RISK	Sian Appleton - Executive Manager - Corporate Services	In Progress	17/02/2019	31/12/2021	10%	0%	 GREEN

Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance
2.1 Risk Management and IPR	Operating				

ACTION PROGRESS COMMENTS

Resources allocated to project. Scope currently being developed.

Last Updated - 22/05/2019

Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.25 17D - Review and update the Disaster Recovery Plan, identifying and documenting key ICT risks along with the treatments to reduce the risk to an acceptable level. HIGH RISK	Sian Appleton - Executive Manager - Corporate Services	In Progress	17/02/2019	31/12/2021	10%	0%	 GREEN

Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance
2.1 Risk Management and IPR	Operating				

ACTION PROGRESS COMMENTS

Resources allocated to project. Scope currently being created.

Last Updated - 22/05/2019

Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.27 17D - Risk management procedures and process require review and updating in accordance with the latest risk management standard (ISO 31000:2018). HIGH RISK	Sian Appleton - Executive Manager - Corporate Services	In Progress	17/02/2019	31/12/2021	80%	0%	 GREEN

Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance
2.1 Risk Management and IPR	Operating				

ACTION PROGRESS COMMENTS

Risk Management procedures and process reviewed internally and sent to LGIS for comment. Final updated documentation will be completed by 30 June 2019.

Last Updated - 22/05/2019





Shire of East Pilbara

Action & Task Progress Report

Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.44 17D - Prepare the Statutory Budget in accordance with legislative requirements. HIGH RISK	Sian Appleton - Executive Manager - Corporate Services	Completed	17/02/2019	31/12/2021	100%	0%	<div><div></div><div></div><div></div></div> GREEN
Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance		
2.1 Risk Management and IPR	Operating						
ACTION PROGRESS COMMENTS New process and template established to ensure compliance. Last Updated - 22/05/2019							
Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.45 17D - Maintaining risk registers for all identified risks is important to help ensure significant or high risks are adequately treated. HIGH RISK	Sian Appleton - Executive Manager - Corporate Services	In Progress	17/02/2019	31/12/2021	50%	0%	<div><div></div><div></div><div></div></div> GREEN
Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance		
2.1 Risk Management and IPR	Operating						
ACTION PROGRESS COMMENTS Risk workshops with LGIS organised for June which will result in an updated Risk Register. Last Updated - 22/05/2019							
Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.50 17D - Risk management procedures implemented uniformly across the organisation. HIGH RISK	Sian Appleton - Executive Manager - Corporate Services	In Progress	17/02/2019	31/12/2021	50%	0%	<div><div></div><div></div><div></div></div> GREEN
Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance		
2.1 Risk Management and IPR	Operating						
ACTION PROGRESS COMMENTS Risk Management processes currently being review and will then be rolled out to whole organisation. Last Updated - 22/05/2019							
Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.51 17D - A central risk register routinely maintained as required by the Policy. HIGH RISK	Sian Appleton - Executive Manager - Corporate Services	In Progress	17/02/2019	31/12/2021	50%	0%	<div><div></div><div></div><div></div></div> GREEN
Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance		
2.1 Risk Management and IPR	Operating						
ACTION PROGRESS COMMENTS A central register is maintained and is currently being updated. Last Updated - 22/05/2019							

Shire of East Pilbara

Action & Task Progress Report


Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.54 17D - A single entity-wide Risk Register of identified risks be maintained, with key organisational risks identified and residual risk levels assessed and recorded. MEDIUM RISK	Sian Appleton - Executive Manager - Corporate Services	In Progress	17/02/2019	31/12/2021	50%	0%	
Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance		
2.1 Risk Management and IPR	Operating						
ACTION PROGRESS COMMENTS							
All Risk Management processes currently under review.							
Last Updated - 22/05/2019							
Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.55 17D - Treatment Plans identified within asset management plans be monitored to ensure risks are reduced to an acceptable level. MEDIUM RISK	Sian Appleton - Executive Manager - Corporate Services	Not Started	17/02/2019	31/12/2021	0%	0%	
Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance		
2.1 Risk Management and IPR	Operating						
ACTION PROGRESS COMMENTS							
Still to be implements.							
Last Updated - 22/05/2019							
Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.57 17D - Management continue to monitor the risk register and discuss any identified risk matters in their meetings.	Sian Appleton - Executive Manager - Corporate Services	Ongoing	17/02/2019	31/12/2021		0%	
Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance		
2.1 Risk Management and IPR	Operating						
ACTION PROGRESS COMMENTS							
Ongoing. On Executive Team meeting agenda.							
Last Updated - 22/05/2019							
Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.58 17D - The improvements detailed within this report be adopted as an Improvement Plan to progress risk management at the Shire. MEDIUM RISK	Sian Appleton - Executive Manager - Corporate Services	Completed	17/02/2019	31/12/2021	100%	0%	
Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance		
2.1 Risk Management and IPR	Operating						
ACTION PROGRESS COMMENTS							
Risk Improvement plan now entered into CAMMS software and reported to the Audit Committee and Council quarterly.							
Last Updated - 22/05/2019							

Shire of East Pilbara

Action & Task Progress Report

Executive Services

Governance


Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.23 17D - Following review of Policies by Council, update the latest Review/Amendment Date on the Policy to provide an accurate record of when the Policy was reviewed. MEDIUM RISK	Kylie Bergmann - Coordinator Governance	Completed	17/02/2019	31/12/2021	100%	0%	 GREEN

Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance
16.1 Corporate Governance	Operating				

ACTION PROGRESS COMMENTS

New process implemented to provide accurate record of policy review.

Last Updated - 22/05/2019


Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.28 17D - Establish process for the development, review, amendment and authorisation of procedures, checklists and other internal control documentation, to assist with managing changes to procedures. HIGH RISK	Kylie Bergmann - Coordinator Governance	In Progress	17/02/2019	31/12/2021	15%	0%	 GREEN

Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance
16.1 Corporate Governance	Operating				

ACTION PROGRESS COMMENTS

Processes currently being reviewed.

Last Updated - 22/05/2019

Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.43 17D - Residual risks following a Council decision should be evaluated and recorded as required by the risk management framework. MEDIUM RISK	Kylie Bergmann - Coordinator Governance	In Progress	17/02/2019	31/12/2021	10%	0%	 GREEN

Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance
16.1 Corporate Governance	Operating				


ACTION PROGRESS COMMENTS


Processes currently being reviewed.

Last Updated - 22/05/2019

Shire of East Pilbara

Action & Task Progress Report

Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.46 17D - Maintain a gift register on the Shire's website in accordance with legislative requirements. HIGH RISK	Kylie Bergmann - Coordinator Governance	In Progress	17/02/2019	31/12/2021	70%	0%	 GREEN
Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance		
16.1 Corporate Governance	Operating						
ACTION PROGRESS COMMENTS							
Underway							
Last Updated - 22/05/2019							

Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.48 17D - To confirm adherence to documented policies and procedures and assist in the identification of internal control weaknesses an internal audit function is required to be established. MEDIUM RISK	Kylie Bergmann - Coordinator Governance	In Progress	17/02/2019	31/12/2021	5%	0%	 GREEN
Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance		
16.1 Corporate Governance	Operating						
ACTION PROGRESS COMMENTS							
Process to establish internal auditing function currently being investigated.							
Last Updated - 22/05/2019							

Shire of East Pilbara

Action & Task Progress Report

Infrastructure Services

Natural Resource Management

STRATEGY: 4.2.1 Conserve natural vegetation, green spaces and bushland

Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
4.2.1.2 17D - Undertake risk assessments in relation to each of the potentially contaminated sites and identify appropriate treatment plans. HIGH RISK	Edmore Masaka - Development Services - Health	In Progress	17/02/2019	31/12/2021	10%	0%	 GREEN

Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance
21.1 Landfill Management	Operating				

ACTION PROGRESS COMMENTS

Initial steps taken to scope detail of risk assessments.

Last Updated - 22/05/2019

STRATEGY: 5.1.1 Enhance governance capability to deliver sustainable outcomes

Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.38 17D - Undertake a detailed review of all controls in relation to the waste facility. In particular, if possible, remove or significantly reduce the potential amount of cash received at the waste facility, through use of pre-purchased vouchers etc. Should cash continue to be accepted, appropriate procedures and controls are required. MEDIUM RISK	Raees Rasool - Executive Manager Infrastructure Services	Deferred	17/02/2019	31/12/2021	0%	0%	 GREEN

Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance
21.2 Waste Collection and Recycling	Operating				

ACTION PROGRESS COMMENTS

Project will be deferred until a new manager of waste services and a graduate engineer can be engaged


16/05/2019 - Project is still deferred, however staff have commenced work on a waste management plan which will highlight how we can improve the facility. In combination with the new manager of waste services and a graduate engineer this will provide the necessary resources to scope and review the facility with the view of increasing operational revenue from liquid waste. Waste Manager position has been advertised and the EMIS is liaising with universities to sell the graduate opportunity. Advertising for the graduate engineering role is planned to occur around June/July of 2019

Last Updated - 16/05/2019

Shire of East Pilbara

Action & Task Progress Report

Project Management

Action	Responsibility	Action Status	Start Date	End Date	% Comp.	Target	% On Target
5.1.1.26 17D - Update and finalise asset management plans and present to Council for adoption. MEDIUM RISK	Sian Appleton - Executive Manager - Corporate Services	Not Started	17/02/2019	31/12/2021	0%	0%	 GREEN
Service Profile	Budget Type	Budget	YTD Budget	YTD Actual	YTD Variance		
11.2 Asset Management	Operating						
Last Updated - 17/02/2019							

5.3 REVIEW OF ORGANISATIONAL RISK REGISTER

Appendix 1:	CAMMS current risk status report
Responsible Officer:	Ms Sian Appleton Executive Manager Corporate Services
Author:	Mrs Kylie Bergmann Coordinator Governance
Proposed Meeting Date:	24 May 2019
Location/Address:	N/A
Name of Applicant:	N/A
Author Disclosure of Interest:	Nil

REPORT PURPOSE

To report on the identified high and extreme strategic and operational risks.

BACKGROUND

Pursuant to Regulation 17 of the *Local Government (Audit) Regulations 1996*, the CEO is to review the Shire's systems and procedures in relation to risk management, internal control and legislative compliance, at least every 2 years.

In 2018, the Shire engaged Moore Stephens to undertake this review.

One of the improvements suggested by Moore Stephens is that the Audit Committee receive quarterly reports of identified high and extreme strategic and operational risks.

COMMENTS/OPTIONS/DISCUSSIONS

Please see attached copy of the Organisational Risk Register which outlines the identified high and extreme risks.

The Organisational Risk Register was put together following a Risk Workshop conducted by LGIS in February 2015. At the Audit Committee meeting on 6 September 2018, we advised that we had approached LGIS about conducting another workshop to review and update our risk profiles and controls. Unfortunately the facilitator, Mark Harris, had some medical issues which prevented him from coming up sooner. But we are pleased to advise that the workshop has now been set for 5-7 June 2019. An updated version of the Risk Register will be presented at the next Audit Committee meeting.

STATUTORY IMPLICATIONS/REQUIREMENTS

Regulation 17 of the *Local Government (Audit) Regulations 1996*.

POLICY IMPLICATIONS

Risk Management Policy
Risk Management Strategy
Risk Management Procedures

STRATEGIC COMMUNITY PLAN

5: Governance

Demonstrated accountability and corporate governance.

G1 Provide efficient, accountable and ethical governance.

G1.3 Provide a great place to work

RISK MANAGEMENT CONSIDERATIONS

To monitor and mitigate all risk considerations.

FINANCIAL IMPLICATIONS

No financial resource impact.

VOTING REQUIREMENTS

Simple.

OFFICER & COMMITTEE RECOMMENDATION

MOVED: Cr Anita Grace

SECONDED: Cr Lynette Craigie OAM

That the Council

1. Receive the Organisational Risk Report for the quarter ending 31 March 2019.
2. Receive the CAMMS current risk status report at Appendix 1.

CARRIED UNANIMOUSLY

To be actioned by Mrs Kylie Bergmann, Coordinator Governance

Appendix 1

CAMMS current risk status report

Shire of East Pilbara Risk Register

21-May-2019

Risk Code	Primary Category / Sub Category	Secondary Categories	Risk Type	RISK IDENTIFICATION			EVALUATION			Inherent				Revised				Target				Solutions										
				Risk Title	Causes	Resulting In	Risk Treatment																									
					Inherent	Inherent	Inherent	Revised	Target	Consequence	Likelihood	Risk Rating Score	Risk Rating	Consequence	Likelihood	Risk Rating Score	Risk Rating	Consequence	Likelihood	Risk Rating Score	Risk Rating	Risk Action Title	Resource Requirements	Responsible Officer	End Date	Revised End Date	Percentage Complete	Progress Comments	Completed Date			
CR103	Environmental	Compliance Financial Impact Health Property Representations I - External Representations I - Internal Service Interruption	Corporate Risk	Inadequate Environmental Management	Inadequate management of landfill sites lack of understanding / knowledge Inadequate local laws / planning schemes Inadequate reporting / oversight frameworks Community apathy	<ul style="list-style-type: none">• Lack of adequate planning and management of coastal erosion issues.• Failure to identify and effectively manage contaminated sites (including groundwater usage).• Waste facilities (landfill / transfer stations).• Weed control.• Ineffective management of water sources (reclaimed, potable)• Illegal dumping.• Illegal clearing / land use					3.00	4.00	12.00	High		3.00	4.00	12.00	High		3.00	3.00	9.00	Moderate	Review operating arrangement for the Landfill sites at Nullagine and Marble Bar		Raees Rasool	28/06/2019		10%		

Risk Code	Primary Category / Sub Category	Secondary Categories	Risk Type	RISK IDENTIFICATION			EVALUATION			Inherent				Revised				Target				Solutions											
				Risk Title	Causes	Resulting In	Risk Treatment																										
					Inherent	Inherent	Inherent	Revised	Target	Consequence	Likelihood	Risk Rating Score	Risk Rating	Consequence	Likelihood	Risk Rating Score	Risk Rating	Consequence	Likelihood	Risk Rating Score	Risk Rating	Risk Action Title	Resource Requirements	Responsible Officer	End Date	Revised End Date	Percentage Complete	Progress Comments	Completed Date				
CR105	Financial Impact		Corporate Risk	External Theft and Fraud	<div><div>Inadequate security of equipment / supplies / cash</div><div>Robbery</div><div>Scam Invoices</div><div>Inadequate provision for patrons belongings</div><div>Lack of supervision</div></div>	Fraud Malicious Damage Theft Scam Invoice Cash or other valuable form "outstations"			Acceptance Reduction		3.00	4.00	12.00	High		3.00	4.00	12.00	High		3.00	3.00	9.00	Moderate	Finalise community Safety Plan and have endorsed by Council		Brent Stein	28/06/2019			10%		

Risk Code	Primary Category / Sub Category	Secondary Categories	Risk Type	RISK IDENTIFICATION			EVALUATION			Inherent				Revised				Target				Solutions							
				Risk Title	Causes	Resulting In	Risk Treatment																						
					Inherent	Inherent	Inherent	Revised	Target	Consequence	Likelihood	Risk Rating Score	Risk Rating	Consequence	Likelihood	Risk Rating Score	Risk Rating	Consequence	Likelihood	Risk Rating Score	Risk Rating	Risk Action Title	Resource Requirements	Responsible Officer	End Date	Revised End Date	Percentage Complete	Progress Comments	Completed Date
CR102	Representational - External		Corporate Risk	Providing Inaccurate Advice / Information	Lack of qualified staff Long Lead times for responses Increasing workloads Lack of appropriate technical knowledge relevant to the context Poor working relationships between internal staff / departments	• Incorrect planning, development or building advice, • Incorrect health or environmental advice • Inconsistent messages or responses from Customer Service Staff • any advice that is not consistent with legislative requirements or local laws.		Reduction		4.00	3.00	12.00	High	4.00	2.00	8.00	Moderate	4.00	2.00	8.00	Moderate								

Risk Code	Primary Category / Sub Category	Secondary Categories	Risk Type	RISK IDENTIFICATION			EVALUATION			Inherent				Revised				Target				Solutions							
				Risk Title	Causes	Resulting In	Risk Treatment																						
					Inherent	Inherent	Inherent	Revised	Target	Consequence	Likelihood	Risk Rating Score	Risk Rating	Consequence	Likelihood	Risk Rating Score	Risk Rating	Consequence	Likelihood	Risk Rating Score	Risk Rating	Risk Action Title	Resource Requirements	Responsible Officer	End Date	Revised End Date	Percentage Complete	Progress Comments	Completed Date
CR-111	Compliance		Corporate Risk	Inadequate Document Management Processes	<div><div>· Spreadsheet/Database/Document corruption or loss</div><div>· Outdated record keeping practices / incompatible systems</div><div>· Inadequate access and / or security levels</div><div>· Lack of system/application knowledge</div><div>· Inadequate Storage facilities (including climate control)</div><div>· High workloads and time pressures</div><div>· High Staff turnover</div><div>· Incomplete authorisation trails</div></div>	<div><div>Failure to adequately capture, store, archive, retrieve, provision and / or disposal of documentation. Breach in legislation</div><div>• Contact lists.</div><div>• Procedural documents.</div><div>• 'Application' proposals/documents.</div><div>• Contracts.</div><div>• Forms, requests or other documents.</div></div>				3.00	4.00	12.00	High	3.00	3.00	9.00	Moderate	3.00	3.00	9.00	Moderate	Award Tender Archive Shed		Lisa Davis	01/07/2018		100%		
																			Develop a formalised review process for procedures		Sian Appleton	28/06/2019		100%					
																			Develop a process for tracking activities completed for Work Crews		Bhavesht Modi	28/06/2019		10%					
																			Develop and implement a document / version control process		Lisa Davis	28/06/2019		50%					
																			Refresher on requirement to record (log) email correspondence		Lisa Davis	28/03/2019		1%					
																			Revisit Style Guide and create templates for employee use (NB: templates to be available in Word / Powerpoint / Excel)		Amanda Curby	28/06/2019		10%					

Risk Code	Primary Category / Sub Category	Secondary Categories	Risk Type	RISK IDENTIFICATION			EVALUATION			Inherent				Revised				Target				Solutions							
				Risk Title	Causes	Resulting In	Risk Treatment																						
					Inherent	Inherent	Inherent	Revised	Target	Consequence	Likelihood	Risk Rating Score	Risk Rating	Consequence	Likelihood	Risk Rating Score	Risk Rating	Consequence	Likelihood	Risk Rating Score	Risk Rating	Risk Action Title	Resource Requirements	Responsible Officer	End Date	Revised End Date	Percentage Complete	Progress Comments	Completed Date
CR-114	Financial Impact		Corporate Risk	Inadequate Project / Change Management	<ul style="list-style-type: none">· Lack of communication and consultation<ul style="list-style-type: none">· Shire growth (too many projects)· Lack of investment· Inadequate monitoring and review· Ineffective management of expectations (scope creep)· Project risks not managed effectively· Inadequate project planning (resources/budget)· Lack of Project methodology knowledge and reporting requirements	<ul style="list-style-type: none">• Inadequate Change Management Framework to manage and monitor change activities.• Inadequate understanding of the impact of project change on the business.• Failures in the transition of projects into standard operations.• Failure to implement new systems• Failures of IT Project Vendors/Contractors This includes Directorate or Service Unit driven change initiatives except new Plant & Equipment purchases. Refer "Inadequate Asset Sustainability Practices"		Reduction	Reduction	4.00	3.00	12.00	High	4.00	2.00	8.00	Moderate	4.00	2.00	8.00	Moderate	Formalise the Internal Project Management Methodology (Procedures and Reporting)		Vacant – Manager Assets & Procurement	28/06/2019		10%		

Risk Code	Primary Category / Sub Category	Secondary Categories	Risk Type	RISK IDENTIFICATION			EVALUATION			Inherent				Revised				Target				Solutions							
				Risk Title	Causes	Resulting In	Risk Treatment																						
					Inherent	Inherent	Inherent	Revised	Target	Consequence	Likelihood	Risk Rating Score	Risk Rating	Consequence	Likelihood	Risk Rating Score	Risk Rating	Consequence	Likelihood	Risk Rating Score	Risk Rating	Risk Action Title	Resource Requirements	Responsible Officer	End Date	Revised End Date	Percentage Complete	Progress Comments	Completed Date
CR104	Representational - External		Corporate Risk	Errors, Omissions and Delays	Human error Inadequate procedures or training Lack of staff or trained staff Incorrect Information Miscommunication		Reduction	Reduction	3.00	3.00	9.00	Moderate	3.00	3.00	9.00	Moderate	3.00	3.00	9.00	Moderate	Identify and develop document procedures where relevant for Technical Services		Raees Rasool	28/06/2019		10%			
CR-106	Compliance		Corporate Risk	Failure to fulfill Statutory, Regulatory or Compliance Requirements	· Lack of Legal Expertise · Council/turnover · Breakdown in tender process · Ineffective monitoring of changes in legislation · Lack of training, awareness and knowledge · Staff Turnover · Inadequate record keeping · Ineffective processes	Fines, penalties, litigation or increase scrutiny from regulators or agencies.	Reduction		3.00	3.00	9.00	Moderate	3.00	3.00	9.00	Moderate	3.00	3.00	9.00	Moderate	Review Changes to current Privacy Act		Kylie Bergmann	12/09/2018		100%		12/09/2018	

Risk Code	Primary Category / Sub Category	Secondary Categories	Risk Type	RISK IDENTIFICATION			EVALUATION			Inherent				Revised				Target				Solutions							
				Risk Title	Causes	Resulting In	Risk Treatment																						
					Inherent	Inherent	Inherent	Revised	Target	Consequence	Likelihood	Risk Rating Score	Risk Rating	Consequence	Likelihood	Risk Rating Score	Risk Rating	Consequence	Likelihood	Risk Rating Score	Risk Rating	Risk Action Title	Resource Requirements	Responsible Officer	End Date	Revised End Date	Percentage Complete	Progress Comments	Completed Date
CR-107	Representational - Internal	Compliance Environmental Financial Impact Health Property Representational I - External Service Interruption	Corporate Risk	Employment Practices	<ul style="list-style-type: none">- Leadership failures- Ineffective performance management programs or procedures.- Available staff / volunteers are generally highly transient.- Ineffective training programs or procedures.- Single Person Dependencies- Limited staff availability - mining / private sectors (pay & conditions).- Poor internal communications / relationships- Inadequate Induction practices.	<ul style="list-style-type: none">• Breaching employee regulations (excluding OH&S).• Discrimination, Harassment & Bullying in the workplace.• Poor employee wellbeing (causing stress)• Key person dependencies without effective succession planning in place.• Induction issues.• Terminations (including any tribunal issues).• Industrial activity.		Reduction		3.00	3.00	9.00	Moderate	3.00	3.00	9.00	Moderate	3.00	3.00	9.00	Moderate	Implement HR Module with synergy (training component)		Vacant - Manager Human Resources	28/06/2019		10%		
																				Major HR Policy Review		Vacant - Manager Human Resources	28/06/2019		10%				
																				Review Induction process to consider follow up sessions		Vacant - Manager Human Resources	28/06/2019		0%				
																				Review Performance Review Process		Vacant - Manager Human Resources	28/06/2019		0%				
																				Review Strategic Workforce Plan		Vacant - Manager Human Resources	31/01/2019		100%	31/01/2019			

CR-109	Service Interruption	Compliance Environmental Financial Impact Health Property Representations I- External Representations I- Internal	Corporate Risk	Business and Community disruption	<ul style="list-style-type: none">· Cyclone, Storm Surges, Fire, Earthquake· Extended power outage· Terrorism / Sabotage / Criminal Behaviour· Economic Factors· Epidemic / Pandemic· Loss of Key Staff	Damage to buildings, property, plant & equipment (all assets). This could be a natural disaster, weather event, or an act carried out by an external party (inc. vandalism). This includes: <ul style="list-style-type: none">· Lack of (or inadequate) emergency response / business continuity plans.· Lack of training to specific individuals or availability of appropriate emergency response.· Failure in command and control functions as a result of incorrect initial assessment or untimely awareness of incident.· Inadequacies in environmental awareness and monitoring of fuel loads, curing rates etc. <p>This does not include disruptions due to IT Systems or infrastructure related failures - refer "Failure of IT & communication systems and infrastructure".</p>	Acceptance	Reduction		5.50	1.00	5.50	Moderate	5.50	1.00	5.50	Moderate	5.50	1.00	5.50	Moderate	Continue Skills Training (Staff)		Vacant - Manager Human Resources	28/06/2019		10%		
																						Continue Skills Training (volunteers)		Brent Stein	28/06/2019		0%		
																						Develop Internal BCM procedures and complete desktop exercise		Brent Stein	28/06/2019		10%		
																						Develop Internal BCM procedures and complete desktop scenario exercise (IT)		Slan Appleton	28/06/2019		50%		
																						Review current LEMC Plans		Brent Stein	28/06/2019		10%		

Risk Code	Primary Category / Sub Category	Secondary Categories	Risk Type	RISK IDENTIFICATION			EVALUATION			Inherent				Revised				Target				Solutions							
				Risk Title	Causes	Resulting In	Risk Treatment																						
					Inherent	Inherent	Inherent	Revised	Target																				
CR-112	Financial Impact		Corporate Risk	Inadequate Asset Sustainability Practices	<div><div>- Skill level & behaviour of operators</div><div>- Unavailability of parts</div><div>- Lack of trained staff</div><div>- Lack of formal or appropriate scheduling (maintenance / inspections)</div><div>- Outdated equipment</div><div>- Unexpected breakdowns</div></div>	<div><div>• Inadequate design (not fit for purpose)</div><div>• Ineffective usage (down time)</div><div>• Outputs not meeting expectations</div><div>• Inadequate maintenance activities.</div><div>• Inadequate financial management and planning.</div></div> <div>It does not include issues with the inappropriate use of the Plant, Equipment or Machinery. Refer Misconduct.</div>			Reduction	3.00	3.00	9.00	Moderate	3.00	2.00	6.00	Moderate	3.00	2.00	6.00	Moderate	Develop levels of service for various assets (demonstrating value for money /community expectations)		Raees Rasool	30/06/2019		75%		
																			Ensure all shire owned lights and recycled water mains are included in asset register		Bhavesb Modi			100%					
																			Ensure vehicle management processes are covered in induction process (new/existing staff)		Oliver Schaer	28/06/2019		10%					
																			Implement Asset Management System for Buildings and Residences		Ben Lewis	30/06/2019		75%					
																			Review Asset management Plans to ensure consistency and alignment with LTFP		Raees Rasool	30/06/2019		50%					

Risk Code	Primary Category / Sub Category	Secondary Categories	Risk Type	RISK IDENTIFICATION			EVALUATION			Inherent				Revised				Target				Solutions							
				Risk Title	Causes	Resulting In	Risk Treatment																						
					Inherent	Inherent	Inherent	Revised	Target	Consequence	Likelihood	Risk Rating Score	Risk Rating	Consequence	Likelihood	Risk Rating Score	Risk Rating	Consequence	Likelihood	Risk Rating Score	Risk Rating	Risk Action Title	Resource Requirements	Responsible Officer	End Date	Revised End Date	Percentage Complete	Progress Comments	Completed Date
CR-113	Representational - External		Corporate Risk	Inadequate Engagement Practices	<ul style="list-style-type: none">- Budget / funding issues- Short lead times- Media attention- Miscommunication / Poor communication- Inadequate documentation or procedures- Relationship breakdowns with community groups	<ul style="list-style-type: none">• Lack of consultation on• Following up on any access & inclusion issues.• Infrastructure Projects.• Regional or District Committee attendance.• Local Planning initiatives.• Strategic Planning initiatives <p>This does not include instances whereby Community expectations have not been met for standard service provisions such as Community Events, Library Services and / or Bus/Transport services.</p>		Avoidance		3.00	3.00	9.00	Moderate	3.00	2.00	6.00	Moderate	3.00	2.00	6.00	Moderate	Develop communication policy		Amanda Curby	28/06/2019		75%		
																				Restrict access to Facebook		Amanda Curby	28/06/2019		10%				

Risk Code	Primary Category / Sub Category	Secondary Categories	Risk Type	RISK IDENTIFICATION			EVALUATION			Inherent				Revised				Target				Solutions								
				Risk Title	Causes	Resulting In	Risk Treatment																							
					Inherent	Inherent	Inherent	Revised	Target	Consequence	Likelihood	Risk Rating Score	Risk Rating	Consequence	Likelihood	Risk Rating Score	Risk Rating	Consequence	Likelihood	Risk Rating Score	Risk Rating	Risk Action Title	Resource Requirements	Responsible Officer	End Date	Revised End Date	Percentage Complete	Progress Comments	Completed Date	
CR-115	Representational - External	Financial Impact	Corporate Risk	Ineffective Management of Facilities / Venues / Events	• Double bookings • Animal contamination. • Illegal alcohol consumption • Failed chemical / health requirements. • Managing bond payments • Access to facilities / venues.	• Inadequate procedures in place to manage the quality or availability. • Ineffective signage • Booking issues • Financial interactions with hirers / users • Oversight / provision of peripheral services (eg. cleaning / maintenance)		Reduction			3.00	3.00	9.00	Moderate	3.00	2.00	6.00	Moderate	3.00	2.00	6.00	Moderate	Assess liability risks associated with fitness Centre (24 hour access) and determine response		Simmons Van Buerle	28/06/2019		75%		
CR-118	Compliance		Corporate Risk	Airport Security Non-Compliance	Inadequate controls and procedures Ineffective oversight and monitoring Untimely intervention and/or corrective actions	• Breach of regulatory compliance and the integrity of aviation and public security • Lack of monitoring and identification of regulatory and security requirements. • Lack of corrective action to rectify identified shortcomings and hazards. • Slow response to security breaches.		Reduction			3.00	3.00	9.00	Moderate	3.00	2.00	6.00	Moderate	3.00	2.00	6.00	Moderate	Completion of Risk Assessment Data		George Christianson	28/06/2019		0%		
																							Hazard and Risk Management Plans		George Christianson	28/06/2019		0%		
																							Internal and External audits and Inspections		George Christianson	28/06/2019		0%		
																							Monthly and Annual Reviews		George Christianson	28/06/2019		0%		
																							Security Committee Reviews		George Christianson	28/06/2019		0%		

Risk Code	Primary Category / Sub Category	Secondary Categories	Risk Type	RISK IDENTIFICATION			EVALUATION			Inherent				Revised				Target				Solutions							
				Risk Title	Causes	Resulting In	Risk Treatment																						
					Inherent	Inherent	Inherent	Revised	Target	Consequence	Likelihood	Risk Rating Score	Risk Rating	Consequence	Likelihood	Risk Rating Score	Risk Rating	Consequence	Likelihood	Risk Rating Score	Risk Rating	Risk Action Title	Resource Requirements	Responsible Officer	End Date	Revised End Date	Percentage Complete	Progress Comments	Completed Date
CR-100	Compliance	Financial Impact	Corporate Risk	Misconduct	Lack of Training Changes of job titles Delegated authority process inadequately implemented Disgruntled employees Lack of understanding Poor internal checks (PO's and delegated authority) Password sharing	Relevant authorisations not obtained Distributing confidential information Accessing systems and / or applications without correct authority to do so Theft by an employee Collusion between internal and external parties		Reduction	Reduction	2.00	3.00	6.00	Moderate	2.00	2.00	4.00	Low	2.00	2.00	4.00	Low	Review Annually		Kylie Bergmann	28/06/2019		10%		
																						Review Annually		Dawn Ronchi	28/06/2019		10%		
CR-117	Compliance		Corporate Risk	Airport Safety Non-Compliance	Inadequate controls and procedures Ineffective oversight and monitoring Untimely intervention and/or corrective actions	• Ensure regulatory compliance of airport infrastructure and operational safety. • Monitoring and identification of regulatory and safety requirements. • Corrective action to rectify identified shortcomings and hazards • Response to Emergency Situations		Reduction		3.00	2.00	6.00	Moderate	3.00	1.00	3.00	Low	3.00	1.00	3.00	Low	Completion of Risk Assessment Data		George Christianson	28/06/2019		10%		
																						Hazard and Risk Management Plans		George Christianson	28/06/2019		0%		
																						Internal and External Audits & Inspections		George Christianson	28/06/2019		0%		
																						Monthly and Annual Review		George Christianson	28/06/2019		0%		

Risk Code	Primary Category / Sub Category	Secondary Categories	Risk Type	RISK IDENTIFICATION			EVALUATION			Inherent				Revised				Target				Solutions							
				Risk Title	Causes	Resulting In	Risk Treatment																						
					Inherent	Inherent	Inherent	Revised	Target	Consequence	Likelihood	Risk Rating Score	Risk Rating	Consequence	Likelihood	Risk Rating Score	Risk Rating	Consequence	Likelihood	Risk Rating Score	Risk Rating	Risk Action Title	Resource Requirements	Responsible Officer	End Date	Revised End Date	Percentage Complete	Progress Comments	Completed Date
CR-110	Service Interruption	Financial Impact	Corporate Risk	Failure of IT &/or Communication Systems and Infrastructure	<ul style="list-style-type: none">Weather impactsPower failurePower outage at service providerInfrastructure breakdown such as landlines, radio communications.Out dated / inefficient hardwareLack of trainingIncompatibility between operating system and MicrosoftSoftware vulnerability (e.g. MS Access)	This may or may not result in IT Disaster Recovery Plans being invoked. Examples include failures or disruptions caused by: <ul style="list-style-type: none">Hardware &/or SoftwareIT NetworkFailures of IT Vendors This also includes where poor governance results in the breakdown of IT maintenance such as; <ul style="list-style-type: none">Configuration managementPerformance MonitoringIT Incident, Problem Management & Disaster Recovery Processes This does not include new system implementations - refer "Inadequate Project / Change Management".		Reduction		3.00	1.00	3.00	Low	3.00	1.00	3.00	Low	3.00	1.00	3.00	Low								

Risk Code	Primary Category / Sub Category	Secondary Categories	Risk Type	RISK IDENTIFICATION			EVALUATION			Inherent				Revised				Target				Solutions							
				Risk Title	Causes	Resulting In	Risk Treatment																						
					Inherent	Inherent	Inherent	Revised	Target	Consequence	Likelihood	Risk Rating Score	Risk Rating	Consequence	Likelihood	Risk Rating Score	Risk Rating	Consequence	Likelihood	Risk Rating Score	Risk Rating	Risk Action Title	Resource Requirements	Responsible Officer	End Date	Revised End Date	Percentage Complete	Progress Comments	Completed Date
OR-102	Compliance	Environmental Financial Impact Health Property Representation I - External Representation I - Internal Service Interruption	Operational Risk	jfdkl	sdfsd	sdfsd				3.00	4.00	12.00	High																

6 CONFIDENTIAL MATTERS BEHIND CLOSED DOORS

7 GENERAL BUSINESS

Note that Councillors Middleton, Grace, Craigie and Parsons attended an Entrance Meeting with the Shire of East Pilbara's Auditors, Moore Stephens, at 8:30am on 24 May 2019, immediately following the Audit Committee Meeting.

The purpose of this meeting was to present an Audit Strategy Memorandum for the financial year ending 30 June 2019. Attached at Appendix 1 is a copy of the Audit Strategy Memorandum.

Appendix 1
Audit Strategy Memorandum 30 June 2019

MOORE STEPHENS

Audit Strategy Memorandum

WELCOME TO NEWMAN

Shire of East Pilbara

Year Ending 30 June 2019

www.moorestephens.com.au

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1. Introduction

Moore Stephens has been engaged to perform an audit of the Shire of East Pilbara (the “Shire”)’s annual financial report for the year ending 30 June 2019.

This memorandum sets out the proposed strategy for the audit of the Shire’s annual financial report for the year ending 30 June 2019.

The key purposes of this memorandum are to:

- set out the audit scope and approach in summary;
- identify and communicate the key audit risk areas which we expect to be the focus of the audit procedures; and
- promote effective communication between the auditor and those charged with governance.

This document is strictly confidential and although it has been made available to management and those charged with governance to facilitate discussions, it may not be taken as altering our responsibilities to the Shire arising under our audit contract with the Shire.

The contents of this Audit Strategy Document should not be disclosed to third parties without our prior written consent.

2. Audit Scope, Approach and Key Deliverables

Scope

Financial Audit

The primary scope and objective is to express an opinion to Council on whether the Shire's general purpose financial report as a whole is free from material misstatements (whether due to fraud or error) and is prepared (in all material respects) in accordance with applicable Australian Accounting Standards, the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

Statutory Reporting

The audit will also report on the following matters in accordance with Reg 10(3) of the Local Government (Audit) Regulations 1996:

- a) trends in the financial position or the financial management practices of the Shire;
- b) compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law;
- c) details of whether information and explanations were obtained by the auditor; and
- d) conduct of audit.

Audit Methodology and Approach

The audit will be conducted using our National methodology and audit automation systems (Caseware) which are underpinned by policies, procedures and templates to ensure the appropriate level of consistency and quality is achieved. Please refer to Appendix 1 for a summary of our audit methodology and approach.

Key Deliverables

The following timetable is a broad outline of the key deliverables and timing aspects of the audit:

Engagement Activity	Timing
Audit Planning	11 March 2019
Entrance Meeting	24 May 2019
Interim Audit Visit	27 – 29 May 2019
Interim management report (if any matters to be reported)	30 June 2019
Receipt of complete and balanced draft financial report	16 September 2019
Final Audit Visit	18 – 20 September 2019
Year end management report (if any matters to be reported)	18 October 2019 (to be confirmed)
Concluding (Exit) Meeting	23 October 2019 (to be confirmed)
Date CEO sign off on financial statements and management representation letter	23 October 2019 (to be confirmed)
Final sign-off of Auditor's report and Management report	23 October 2019 (to be confirmed)

3. Key Audit Risks and Focus Areas

Set out below is an overview of what we consider to be the key overall risks and focus areas for the 30 June 2019 audit. This preliminary risk assessment has been compiled based on our extensive knowledge of the Shire, the industry and issues faced by regional local governments. The audit will include a focus on recent regulatory and technical developments during the financial year (Please refer Appendix 2 for details). This risk assessment process is designed to ensure we focus our audit work on the areas of highest risk.

The table below also includes our audit procedures to be performed to address these risks. This risk assessment and our responses will be updated throughout the engagement to ensure all areas of material risk are addressed by our audit.

RISK AREAS	AUDIT PROCEDURES TO ADDRESS RISK
PROPERTY, PLANT AND EQUIPMENT INFRASTRUCTURE This is a significant industry risk given the judgement applied in determining fair values as well as depreciation expense. 2019 Estimated: \$310.8m 2018 Actual: \$312m	A broad outline for our approach is as follows: Property, Plant and Equipment and Infrastructure <ul style="list-style-type: none"> Document and test key audit controls around Property, Plant and Equipment and Infrastructure balances. Assess accounting policy associated with fair value assessments and ensure in accordance with accounting standards. Review any revaluations, including evaluation of independent valuer/consultant (if used) or management's expertise/experience. Particular attention to whether or not valuation methodology and assumptions used were reasonable. Substantively test all additions and disposals to the asset classes. Review impairment assessments. Review fair value disclosures to ensure in accordance with AASB13 requirements. Depreciation and amortisation <ul style="list-style-type: none"> Understand and document depreciation policy and how it relates to the various asset classes. Document and test key audit controls around the calculation of depreciation/amortisation. Perform depreciation recalculations based on our sampling approach. Perform substantive analytical procedures. In addition, given our industry experience, particular attention will be paid to the determination of applicable depreciation rates and reasonableness in light of any revaluations.
EMPLOYEE BENEFIT PROVISIONS Provisions for annual leave and long service leave involve a degree of management estimation and uncertainty in their calculation. 2019 Estimated: \$1.4m 2018 Actual: \$1.3m	We will document and test key audit controls and perform walkthroughs of the systems with a view to rely on the internal controls. We would perform substantive test of details utilising our sampling methodology as well as year end analytical review to add to the level of audit assurance obtained. Employee benefit provisions will also be reviewed to ensure they are consistent with the payroll records and calculated in accordance with AASB119.

3. Key Audit Risks and Focus Areas (continued)

RISK AREAS

AUDIT PROCEDURES TO ADDRESS RISK

REVENUE

The Shire's main sources of revenue are:

- Rates;
- Government grants; and
- Other fee for service revenue streams.

2019 Estimated: \$41.2m

2018 Actual: \$47.6m

Given the nature of local government grants, substantive testing of details including verification to third party documentation and vouching receipt of funds will be completed in accordance with our established sampling methodology. We will also perform analytical review procedures.

With respect to Rates, we will document and test key audit controls and will perform walkthroughs of the systems with a view to rely on internal controls. We would perform substantive test of details utilising our sampling methodology as well as year-end analytical review to add to the level of assurance obtained.

We will also review the design and implementation of controls of all other main sources of revenue.

Cut-off testing will form part of these procedures to help ensure revenue is correctly recognised and recorded.

We also understand the impact AASB 15 will have on the local government industry and will ensure adequate disclosures regarding the impact are made in the financial report.

In the process of identifying the **risk of fraud in revenue**, we will consider the following factors:

- Nature of the revenue transactions
- The complexity of the transactions
- Materiality of the transactions

Having regard to the above factors, we will conclude as to whether the presumption of fraud risk related to revenue recognition is applicable.

EXPENDITURE

In keeping with the industry as a whole, expenditure forms a large part of a local government's operations. This takes the form of both operating and capital.

2019 Estimated: \$47.7m

2018 Actual: \$44.8m

For the testing of expenditure, we will document and test key audit controls and will perform walkthroughs of the systems with a view to rely on internal controls.

We would perform substantive test of details based on our sampling methodology as well as year-end analytical review to add to the level of assurance obtained.

We would pay particular attention to the cost allocation methodology associated with administration allocations, Public Works Overheads and Plant Operating Costs to ensure these are properly allocated as they can impact the split between operational and capital expenditure.

Specific attention will also be paid to credit cards, particularly in light of history and our experience of the industry.

PROVISIONS/CONTINGENT LIABILITIES

The Shire has 3 landfill sites (Marble Bar, Nullagine and Newman) of which the Shire has an obligation to make good after their closure in the future.

We will analyse the circumstances that give rise to the obligations and consider the availability of a reliable cost estimate (if any) associated with closure and remediation of the landfill sites. This is to ensure appropriate recognition and disclosure in accordance with AASB 116 - Property, Plant and Equipment and AASB 137 – Provisions, Contingent Liabilities and Contingent Assets.

3. Key Audit Risks and Focus Areas (continued)

RISK AREAS

AUDIT PROCEDURES TO ADDRESS RISK

RELATED PARTY DISCLOSURE

This was a new area of disclosure for local governments commencing for the year ended 30 June 2017.

We will review the processes completed by management to assess whether they are robust and thus disclosure requirements are addressed adequately. These procedures will include a review of the system and the records/declarations collected by the Shire to ensure related party transactions are properly disclosed and are on an arm's length basis.

We will also remain alert for any undisclosed related party relationships/transactions whilst performing our other audit procedures.

MANAGEMENT OVERRIDE OF CONTROLS

Management is involved in day to day operations and monitoring of the business, which gives them the ability to manipulate accounting records and manipulate financial disclosures by overriding controls in place. Due to the unpredictable way in which such override could occur, this leads to potential fraud risk.

To address the risk of management override, the following procedures will be performed:

- Review of journal entries and other adjustments for evidence of possible material misstatements due to fraud;
- Review accounting estimates and application of accounting policies for evidence of bias or aggressive accounting practices; and
- For significant or unusual transactions, evaluate the business rationale (or the lack thereof) for evidence of fraudulent financial reporting or misappropriation of assets.

SIGNIFICANT ADVERSE TRENDS

Review of if any material matters that indicate significant adverse trends in the financial position or the financial management practices of the Shire relating to the requirements of Local Government (Audit) Regulation 10(3)(a).

Having extensive local government experience, we would seek to use the statutory ratios disclosed as part of our assessment. This would include a review of calculations as well as our understanding of industry benchmarks and how they impact the operations of the local government (paying particular attention to the type of local government, level of disability etc).

We will also consider any breakdowns in systems or procedures that are indicative of a significant adverse trend in the financial management practices of the Shire.

OTHER ASSETS AND LIABILITIES

Other focus areas are:

- Cash and cash equivalents;
- Receivables;
- Payables/unrecorded liabilities;
- Borrowings;
- Reserves (including statutory compliance); and
- Trust funds

We will perform analytical review and year end substantive testing in accordance with our audit methodology.

4. The Audit Team and Independence

Audit Team

Our audit team assigned to this engagement is set out below.

NAME	ROLE	CONTACT DETAILS
Mr Wen-Shien Chai	Engagement Partner	wschai@moorestephens.com.au
Mr Rohan Nagaich	Engagement Supervisor	rnagaich@moorestephens.com.au
Ms Tamara McCarthy	Engagement Senior	tmccarthy@moorestephens.com.au
Ms Lily Yiting	Engagement Intermediate	lyiting@moorestephens.com.au
Mr Francis Joseph	Engagement Graduate	fjoseph@moorestephens.com.au

The primary objective will always be to balance our experience and knowledge of the Shire with appropriate independence and objectivity of thinking. The development of our people will always be a key objective. Our assurance team will be supported by our specialist technical, taxation and support teams.

Independence

We have established policies and procedures designed to ensure our independence, including policies on holding financial interests in the Shire and other related parties, business relationships, employment relationships, and the provision of non-audit services.

We have assessed our audit independence at the planning stage and to the best of our knowledge and belief, we are of the opinion that each engagement team member and partners of all Moore Stephens network firms in Australia are not in contravention of the auditor independence and ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities with the Code. We have further considered the safeguards the Moore Stephens Australia network has in place and we are not aware of any services being provided that would compromise our independence as external auditor.

5. Other Key Matters

Auditor's Responsibility to Consider Fraud

As auditors, we obtain reasonable assurance that the financial statements (taken as a whole) are free from material misstatements due to fraud or error.

Accordingly, certain procedures will be performed as part of our audit by way of enquiry, evaluation and review as required by the Australian Auditing Standards on fraud, ASA 240.

Responsibilities of Management and Council

Financial Reporting

Management is responsible for the preparation of the Shire's Annual Financial Report that gives a true and fair view in accordance with Australian Accounting Standards, the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended) and for such internal control as management determines is necessary to enable the preparation of the Annual Financial Report that is free from material misstatement, whether due to fraud or error.

The primary responsibility for the prevention, deterrence and detection of fraud remains with the Council.

In preparing the Annual Financial Report, management is also responsible for assessing the Shire's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

The Council is responsible for overseeing the Shire's financial reporting process.

Under "Clarity" Australian Auditing Standards, as a precondition of accepting the engagement we are required to determine whether the financial reporting framework to be applied in the preparation of the Shire's Annual Financial Report is acceptable. Given that the Shire's Annual Financial Report continues to be prepared as general purpose financial reports in line with previous years and with no changes in terms of regulations or other issues that might impact the requirements of the report, as at the date of issuing this report we continue to consider this framework acceptable.

Representations by Management

As part of the audit requirements, Management is to provide the auditor a written representation that:

- it has fulfilled its responsibility for the preparation of the financial report in accordance with the applicable and other statutory reporting requirements, including where relevant their fair presentation, as set out in the terms of the audit engagement;
- It has provided the auditor with all relevant information and access as agreed in the terms of the audit engagement;
- All transactions have been recorded and are reflected in the financial report; and
- (if any) significant representations made by management for which the auditor is relying on in forming the audit opinion.

Please refer to Appendix 3 for a standard Representation Letter which can be used as a template for this matter.

Additional Scope / Work

Should additional matters or issues arise requiring additional scope we will in the first instance contact the Shire's management and will agree with them prior to commencing the work. Any accounting or other services, which the auditor may provide from time to time at your request, are distinct from the function as auditors.

Appendix 1: Summary of Audit Methodology and Approach

Methodology



Step 1

Update our understanding of each entity's operations.

Step 2

Obtain comfort over controls for each of the operating cycles.

Determine to what extent it is effective and efficient for us to rely on management's controls.

Completion of controls testing including;

- What are key risks for our audit?
- How are risks controlled / managed?
- Evaluate effectiveness of identified controls
- Test and validate whether the controls have been operating effectively during the year.

Step 3

Assess level of reliance on controls and complete specific procedures necessary to address audit risks.

Residual substantive procedures are tailored and consist of analytical procedures and / or tests of detail.

Step 4

Complete procedures in relation to financial statements as well as other audit completion and reporting procedures, including in respect to the form and context of the opinion.

Approach

Our audit process generally contains three phases being planning, fieldwork and completion.

The planning phase is critical to the audit process as this is where we address the audit risk. Our methodology focuses on the Shire's underlying business risks, recognising that audit risk is affected by the business risks of the Shire, as well as by how well management and Council address those risks.

The most critical aspect of our planning is the assessment of risk and consideration of where material misstatements could occur.

Our audit approach focuses on areas that represent higher risk to the business. Our methodology uses a risk-based approach to evaluate and, when appropriate, to test the effectiveness of internal controls with the expectation that a moderate level of reliance can be placed on the operating controls. We will make a combined assessment of inherent and control risk for significant accounts and the related financial statement assertions. We will then establish a portfolio of audit procedures that are customised based on the Shire's significant accounts, critical areas, disclosures and classes of transactions, as well as our assessment of risk, including the risk of fraud.

Our procedures include tests of details of significant account balances, transactions and disclosures and we will adopt a combination of controls and substantive approach to the audit of the Shire for the year ending 30 June 2019.

Summary of Audit Methodology and Approach (continued)

Materiality

Materiality is set at the planning stage to ensure that an appropriate level of audit work is conducted. It is also set at the reporting stage in order to assess the impact of an item on the financial statements.

Materiality depends on the size of the item or error judged in the particular circumstances of its omission or misstatement. Thus, materiality provides a threshold or cut-off point rather than being a primary qualitative characteristic which information must have if it is to be useful. An item would be considered material to the financial statements if, through its omission or non-disclosure, the financial statements would no longer show a true and fair view.

The primary basis for assessing materiality based on our national MSA audit methodology is in respect to revenue, profit or gross assets.

We have considered gross revenue to be the most appropriate base for auditing the Shire's annual financial report, consistent with previous years.

Materiality - Implications

This does not mean that transactions of an amount under the materiality level will not be tested; rather the setting of a planning materiality is used as a basis for determining sampling levels and analysing results in order to assist in the completion of an efficient and effective audit.

It must also be borne in mind that in many instances our audit approach is primarily based on the testing of controls and substantive tests of detail.

We will report uncorrected misstatements aggregated during our audit, and determined by management to be immaterial, both individually and in aggregate to the annual financial report. We will seek written explanation from management, explaining the reasons for not adjusting the misstatements.

Sampling

In line with the requirements of Australian Auditing Standards a key element of our audit approach is the sampling of transactions for testing across all key control aspects and material account balances.

Our assessment of risk and determination of materiality are key inputs in determining the nature and level of the sample size of transactions to be tested within any particular area of our audit.

While this is always a key area of audit judgment, we confirm that our determination of samples selected for testing is supported by Moore Stephens Australia's audit methodology and procedures manuals as well as our audit automation software, Caseware. Thus, we confirm our approach to sampling is designed so as to provide a sufficient level of confidence in considering our audit conclusions arrived at from our testing.

Summary of Audit Methodology and Approach (continued)

Fraud Risk

We will assess the overall fraud risk of the Shire and perform testing to satisfy ourselves the overall fraud risk is reduced to an acceptable level. In assessing the overall fraud risk of the entity, we consider the following factors:

- Competence of Management.
- Prior period, Shire and industry experience.
- The extent of performance based remuneration arrangements (i.e. bonus, options) with Management and Councillors (unlikely in local government environment).
- The complexity of the operations and transactions.
- Compliance framework.
- Nature of major assets of the entity and their revaluation cycles.
- Segregation of duties and monitoring of controls (such as authorisation, review) in relation to the financial reporting process.
- Consideration of unrealistic timetables or deadlines.

Appendix 2: Recent Regulatory and Technical Developments

The AASB has issued a number of new and amended Accounting Standards and Interpretations and there have been amendments to the Local Government (Financial Management) Regulations 1996, that have mandatory application dates for current or future reporting periods, some of which are relevant to the Shire.

The new and amended pronouncements that are relevant to the Shire are set out as follows:

Title	Issued / Complied	Applicable ⁽¹⁾	Objective
AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	This Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.
AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2019	<p>This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.</p> <p>The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.</p>
AASB 16 Leases	February 2016	1 January 2019	<p>Under this Standard there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted.</p> <p>Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges.</p>
AASB 1058 Income of Not-for-Profit Entities (incorporating AASB 2016-7 and AASB 2016-8)	December 2016	1 January 2019	<p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> - Assets received below fair value; - Transfers received to acquire or construct non-financial assets; - Grants received; - Prepaid rates; - Leases entered into at below market rates; and - Volunteer services.

Appendix 2: Recent Regulatory and Technical Developments (continued)

Title	Issued / Complied	Applicable ⁽¹⁾	Objective
Local Government (Financial Management) Regulation 17A(5)	June 2018	July 2018	This amendment states that from 1 July 2018, assets acquired for less than \$5,000 must be excluded from the fixed asset register.
Local Government (Financial Management) Regulation 17A(4)(a)(b)	June 2018	July 2018	This amendment states that from 27 June 2018, the revaluation of assets will only be required when the local government is of the opinion that the fair value of the asset is likely to be materially different from its carry amount; and in any event, within a period of at least 3 years but not more than 5 years after the day on which the asset was last valued or revalued.

Notes: ⁽¹⁾ Applicable to reporting periods commencing on or after the given date.

The impact of these standards and legislative changes, if any, on the Shire's financial statements in future periods should be assessed by the management and disclosed in the 2019 annual financial report.

Appendix 3: Management Representation Letter

[THE SHIRE'S LETTERHEAD]

[Date]

Moore Stephens
2 The Esplanade
Perth WA 6000

Dear Sirs,

REPRESENTATION LETTER IN RESPECT OF THE SHIRE OF EAST PILBARA'S ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

This representation letter is provided in connection with your audit of the Shire of East Pilbara's annual financial report for the year ended 30 June 2019 for the purpose of expressing an opinion as to whether the annual financial report is fairly presented in accordance with the *Local Government Act 1995* (the Act), the *Local Government (Financial Management) Regulations 1996* and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

We submit the following representations for the year ended 30 June 2019 after making appropriate enquiries and according to the best of our knowledge and belief. This representation covers all material items in each of the categories listed below.

1. GENERAL

- (a) We have fulfilled our responsibilities for the preparation and fair presentation of the annual financial report in accordance with the *Local Government Act 1995* (the Act), the *Local Government (Financial Management) Regulations 1996* and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.
- (b) We have advised you of all material estimates, professional judgement or other variables used in the presentation of the financial report.
- (c) There have been no changes in accounting policies or application of those policies that would have a material effect on the financial report, except as disclosed in Note XX to the financial report.
- (d) The prior period comparative information in the financial report has not been restated except as disclosed in Note XX to the financial report.
- (e) Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. We confirm the disclosures related to accounting estimates are complete and appropriate.
- (f) We have established and maintained an adequate internal control structure and adequate financial records as we have determined are necessary to facilitate the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

- (g) We have provided you with
 - (i) Access to all information of which we are aware that is relevant to the preparation of the financial report, such as records, documentation and other matters.
 - (ii) Additional information that you have requested for the purpose of the audit.
 - (iii) Unrestricted access to persons within the Shire from whom you determined it necessary to obtain audit evidence.
- (h) All transactions have been recorded in the accounting and other records and are reflected in the financial report.
- (i) All internal audit reports and reports resulting from other management reviews, including legal issues and legal opinions which have the capacity to be relevant to the fair presentation of the financial report including, where relevant, minutes of meetings, have been brought to your attention and made available to you.
- (j) We have advised you of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial report.
- (k) We have provided to you the results of our assessment of the risk that the financial report may be materially misstated as a result of fraud.
- (l) No frauds or suspected frauds affecting the Shire involving:
 - (i) Management;
 - (ii) Employees who have significant roles in internal control; or
 - (iii) Others where the fraud could have a material effect on the financial reporthave occurred to the knowledge of management of the Shire.
- (m) To our knowledge no allegations of fraud or suspected fraud affecting the Shire's financial report has been communicated to us by employees, former employees, analysts, regulators or others.
- (n) We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial report, and they have been accounted for and disclosed in accordance with Australian Accounting Standards.

2. FAIR VALUE MEASUREMENTS AND DISCLOSURES

We confirm that where assets and liabilities are recorded at fair value, the value attributed to these assets and liabilities is the fair value.

We confirm that the carrying amount of each physical non-current asset does not materially differ from its fair value at the end of the reporting period. Significant fair value assumptions, including those with high estimation uncertainty, are reasonable.

We confirm the measurement methods, including related assumptions, used by management in determining fair values are appropriate and have been consistently applied.

We confirm that the fair value disclosures in the financial report are complete and appropriate.

3. GOING CONCERN

We confirm that the going concern basis of accounting is appropriate for the annual financial report.

4. CONTINGENT LIABILITIES

There are no material contingent liabilities at year end that have not been completely and adequately disclosed in the Notes to the financial report.

5. COMMITMENTS FOR CAPITAL AND OTHER EXPENDITURE

Other than those commitments reported in the Notes to the financial report, there were no significant commitments for capital or other expenditure contracts carrying over at year end.

6. FINANCIAL LIABILITY FOR CONTAMINATED SITES

We are aware of our obligations under the *Contaminated Sites Act 2003* and have reported to the Department of Water and Environmental Regulation, all land owned, vested or leased by the Shire that is known to be, or is suspected of being, contaminated. All actual liabilities or contingent liabilities, if any, have been recognised and/or disclosed in the financial report as appropriate.

7. RELATED PARTIES

We have disclosed to you the identity of the Shire's related parties, as defined in Australian Accounting Standards, of which we are aware, and all the related party relationships and transactions of which we are aware. These include the Shire's key management personnel (KMP) and their related parties, including their close family members and their controlled and jointly controlled entities.

We have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of Australian Accounting Standards.

8. KEY MANAGEMENT PERSONNEL COMPENSATION

We confirm the Shire's key management personnel (KMP) have not received any other money, consideration or benefit (except amounts being reimbursements for out of pocket expenses) which has not been included in the compensation disclosed in the Notes to the financial report.

9. SUBSEQUENT EVENTS

All events subsequent to the date of the financial report and up to the date of this letter for which Australian Accounting Standards require adjustment or disclosure, have been adjusted or disclosed.

[OR]

No matters or occurrences have come to our attention between the date of the financial report and the date of this letter which would materially affect the financial report or disclosures therein, or which are likely to materially affect the future results or operations of the Shire.

10. INTERNAL CONTROL

We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

11. INSURANCE

We have established procedures to assess the adequacy of insurance cover on all assets and insurable risks. We believe, where appropriate, assets and insurable risks are adequately covered by insurance.

12. RISK MANAGEMENT

We confirm that we have established and maintained a risk management framework that is appropriate to the Shire.

13. FINANCIAL RATIOS

We confirm that the financial ratios included in the annual financial report have been prepared and fairly presented in accordance with the *Local Government (Financial Management) Regulations 1996*.

We confirm that the asset consumption ratio and the asset renewal funding ratio are supported by verifiable information and reliable assumptions.

14. ELECTRONIC PRESENTATION OF THE AUDITED ANNUAL FINANCIAL REPORT AND AUDITOR'S REPORT

- (a) We acknowledge that we are responsible for the electronic presentation of the annual financial report.
- (b) We will ensure that the electronic version of the audited annual financial report and the auditor's report presented on the Shire's website is the same as the final signed versions of the audited annual financial report and the auditor's report.
- (c) We have clearly differentiated between audited and unaudited information in the construction of Shire's website and understand the risk of potential misrepresentation in the absence of appropriate controls.
- (d) We have assessed the security controls over the audited annual financial report and the auditor's report and are satisfied that procedures in place are adequate to ensure the integrity of the information provided.
- (e) We will ensure that where the auditor's report on the annual financial report is provided on the website, the annual financial report is also provided in full.

15. MISSTATEMENTS

We have corrected all misstatements noted and informed by you during the course of the audit. We are not aware of any uncorrected misstatements that are material, both individually and in the aggregate, to the financial report as a whole.

Yours faithfully

[Name of signing officer and title]

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Serious about Success®

8 DATE OF NEXT MEETING

23 August 2019.

9 CLOSURE

8:29AM