

Shire of East Pilbara

Corporate Governance Framework

2020-2022



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1. Introduction

1.1 Purpose

The Shire of East Pilbara (SoEP) has developed this Corporate Governance Framework to ensure compliance with legislation and best practice democratic local government. The Framework provides an overview of the governance program that has been put in place in order to assist elected members, management and employees in meeting their governance responsibilities. Council is committed to a high standard of corporate governance and accountability and seeks continuous improvement in this regard.

This framework has been developed with reference to documents previously produced regarding the concept and practice of good governance.

1.2 Principal Stakeholders

The Corporate Governance Framework delivers the following outcomes to its key stakeholders:

- Council – a high level of assurance that desired strategic priority outcomes are being achieved efficiently and effectively within an acceptable level of risk;
- Audit Committee – a high level of assurance that the appropriate control mechanisms are in place to ensure effective delivery of services within an acceptable level of risk;
- Chief Executive Officer – a high level of assurance that the organisation is consistently delivering community value and Council's' strategic priority outcomes;
- Organisation / Staff – a broad-based understanding of corporate governance and its link to ensuring community value.

1.3 What is Governance?

Governance is an important concept and impacts on Council as a whole and on all sectors of the community. The practice of good governance is increasingly seen as critical for ensuring that:

- The organisation meets legal and ethical compliance;
- Decisions are made in the interests of stakeholders;
- The organisation behaves as a good corporate citizen should.

Good governance encompasses authority, accountability, stewardship, leadership, direction and control. It allows our Council to evaluate, direct and monitor its activities.

Good governance generally focuses on two main requirements:

Performance: whereby the organisation uses its governance arrangements to contribute to its overall performance and the delivery of its goods, services or programs; and

Conformance: whereby the organisation uses its governance arrangements to ensure it meets the requirements of the law, regulations, published standards and community expectations of probity, accountability and openness.

Good governance in local government is about ensuring the local government is able to manage its many complex responsibilities effectively and in the best interests of the community. When a local government practices good governance, the community is more connected and engaged, appropriate services are provided and there is more effective use of the local government's resources.

Good governance in local government combines the characteristics of good governance and the definitions and roles of local government. Good governance in local government requires the following:

- Councils being elected by, representative of, and accountable to the community.
- Elected Members making decisions on behalf of and in the best interests of the community as a whole.
- Policies and programs reflecting the mandate local governments have been given by their electors.
- Policy enactment arising from the Strategic Community Plan with appropriate performance management to assess the local government's progress.
- Community participation in decision-making.
- Elected Members providing leadership to the community and reflecting the community's collective aspirations.
- A management structure which implements the local government's goals in accordance with the local government's priorities and approved budget.
- Provision of services which meet the community's needs (sometimes in partnership with other levels of government, business or community organisations).
- Local government being well placed to facilitate coordination and integration at a local level.
- Cooperation between local governments and other spheres of government.

1.4 Why is Good Governance Important?

Without good governance processes, Council can have little confidence that it is being run efficiently and is carrying out the objectives and policies set out in relevant plans. Good governance is important because it:

- underpins the confidence that the community has in Council and its services;
- affects the quality of outputs;
- is a value adding activity;
- ensures that the Council meets its legislative responsibilities;
- is a strong reminder to the Council that it is ultimately accountable to the community it serves; and
- provides clear guidelines for the roles of the Council, Elected Members and the CEO, ensuring that all responsibilities are properly allocated and performance expectations are well understood.

The principles and practices of good governance and guiding documents plot the specific processes of decision-making and by which Council is directed, controlled and held to account. Good governance ensures that our Council is able to manage its many complex responsibilities effectively in the best interests of the community.

For an organisation to demonstrate good governance there needs to be a clear understanding about responsibility and accountability. This Governance Framework has been produced to set out the roles of Elected Members and the organisation, and their relationships, along with financial, legal and ethical considerations.

2. Corporate Governance Framework

There are a range of benefits that can be derived from the development and implementation of an effective Governance Framework. These include:

2.1 Quality decision-making

Quality decision-making founded on adequate, timely and relevant information disclosure. This means:

- Minimal unintended consequences of decisions; and
- Quadruple bottom line (social, environmental, economic, responsible governance) impacts are clearly enunciated and understood.

2.2 Assurance of desired outcomes

Assurance of desired outcomes or results. This means:

- Decisions are not ambiguous;
- The accountability of carrying out decisions to required standards is mandated; and
- Controls and monitoring are effective.

2.3 Effective management

Effective management of risk and opportunities. This means:

- New or previously unforeseen risks and opportunities are routinely identified, assessed and managed.

2.4 Stakeholder commitment

Effective and widespread stakeholder commitment and support for good corporate governance. This means:

- Corporate Governance Framework elements are clearly defined and understood;
- Stakeholder roles and responsibilities are understood;
- Support for good corporate governance is reflected in behaviours;
- Stakeholders have access to relevant information to support and fulfil their roles and responsibilities; and
- Stakeholders take part in, and are informed on, corporate changes.

2.5 Streamlined corporate governance

The system of corporate governance is streamlined and flexible to meet emerging demands or needs. This means:

- Integrated information management and support systems;

- Internal controls; and
- The overall system is regularly reviewed.

2.6 Strong ethical, performance and values based culture

Strong ethical, performance and values based culture. This means:

- Behaviour reflects endorsed values; and
- Robust performance monitoring and evaluation.

2.7 Transparency and disclosure

Transparency and disclosure. This means:

- Accurate, complete and timely information provided to Council and the Chief Executive Officer;
- High level of community understanding of council policies, decisions, performance etc; and
- A transparent process with the appropriate checks and balances and separation of powers.

For Council to demonstrate good governance there needs to be a clear understanding about responsibilities and accountabilities. This Framework sets out nine principles of good governance.

3. Corporate Governance Principles



3.1 Principle One - The Council

Although the Council Members are accountable for the organisation's actions, they do not perform operational activities. The boundaries of their roles and responsibilities and how they provide oversight of the organisation must be clearly defined.

Local government in Western Australia is established under the Local Government Act 1995 ('the Act') and is the third sphere of government in Australia. Local government has legislative responsibility for many functions and activities that are relevant to a local community. As the level of government often seen as the 'closest' to the community, local government activities relate to matters that are fundamental to people's lives and impact strongly on their quality of life.

Under the Act each local government throughout the State is established as a corporate body, with perpetual succession and a Common Seal. It has the legal capacity of a natural person which means that it can sue and be sued.

3.1.1 Defining the Council and its role

A local government consists of a Council - comprised of Elected Members, and an organisation – consisting of the CEO and employees.

The President and Councillors are the Shire's Elected Members and form the Council, and the following principles apply:

- Elected Members are able to exercise decision-making authority as a member of Council after they are elected and formally sworn in and when they meet as a Council.
- All lawful decisions are made at Council meetings or through delegations that are formally made by Council to the CEO (or a committee). The CEO can delegate decision-making authority to other employees.

When Council meets in a general sense it represents the views of the local government constituents on matters of concern to the community. Elected Members represent the interests of electors, ratepayers and residents of the district. Elected Members need to listen to and be interested in the wider community and not just the people in the ward who elected them.

3.1.2 Defining the relationship between oversight and management role

For people to have confidence in those who govern and participate in the governance process, they must have trust that governments are acting for the common good. People need to believe that governance is characterised by honesty and integrity and that those in government will behave accordingly.

The Act requires that every local government prepare or adopt a Code of Conduct to set out the standards of behaviour expected to be observed by Elected Members, committee members and employees.

The Shire's Code of Conduct outlines the principles, values and behaviours expected of all Elected Members, committee members and employees. It is not intended to control or prohibit the actions of Elected Members, committee members or employees, but simply to document the standards of conduct expected of all who serve the community.

The community are entitled to expect that the following general principles be used to guide Elected Members, committee members and employees of the Shire in their behaviours:

- Act with reasonable care and diligence;
- Act with honesty and integrity;
- Act lawfully;
- Avoid damage to the reputation of the Shire of East Pilbara;
- Be open and accountable to the public;
- Base decisions on relevant and factually correct information; and
- Treat others with respect and fairness.

An understanding and acceptance of the different roles of President, Councillors and employees, with cooperation between all parties, underpins good governance at Council. The relationship between Elected Members and the CEO respects the diversity of opinion and the rights of all points of view to be heard with courtesy and respect.

The President has a general leadership role for Council and is the Shire's civic leader. The Act recognises the role of the President, as the spokesperson for the Shire, to carry out civic and ceremonial functions of the Presidential office, and to preside at meetings of Council. Council places great importance on the role of the President as the Presiding Member to facilitate good decision-making.

The President's leadership role is very important when it comes to good governance. The President is to ensure that all Councillors are a part of the decision-making process and are well and equally informed. The President must also assist Councillors to understand the need to represent the interests of the entire community, not just their Ward constituents.

The President should also facilitate good relationships between the Councillors and the organisation and help to create an environment where good communication thrives.

Elected Members are to focus on outcomes, policy and strategy, and in so doing, are expected to:

- be representative of and advocate on behalf of their constituents at the Council level;
- facilitate communication between Council and the community;
- debate the issues in an open, honest and informed manner to assist the decision-making process;
- keep the entire community in mind when considering and addressing issues and focus on the 'big picture';
- educate and involve the community in all local government activities and processes;
- work together, cooperate and respect diversity; and

- provide model leadership.

The Act recognises the CEO's role in managing the organisation to achieve the goals and strategies endorsed by Council, and the CEO is expected to fulfil these duties in a way that promotes an organisational culture of openness, accountability, fairness and good communication.

The general function of local government as prescribed in the Act is '*to provide for the good government of persons in its district*'. This general function in conjunction with other expressed powers set out in the Act is the basis of Council's powers. The Act sets out a framework for the way in which local governments are to operate and also specifies the roles and responsibilities that are to be undertaken by various parties within a local government.

3.1.3 Elections and Councillors

SoEP policies and processes ensure that Council elections meet the relevant requirements and result in a set of duly elected Councillors that meet the requirements of the role.

3.1.4 Council Member Training and Development

Skills gaps are identified and managed to ensure that Council Members have the appropriate levels and types of skills to support the effective delivery of their roles.

In addition to being provided with WALGA training and the SoEP Councillor Induction Manual, Councillors regularly attend WALGA Local Government Week, which enhances Councillor knowledge of directional changes and new procedures within Local Government.

The SoEP invests in training for Elected Members with learning being focussed on what is required to achieve organisational goals. Training is integral to the success of our organisation and opportunities are offered to assist in the development of skills required to fulfil Councillors roles.

3.1.5 Council Members in tune with the organisations environment

Council Members actively reach out to other organisations and entities to monitor emerging trends, future opportunities or threats and potential partnerships that would benefit the organisation.

In addition to endorsing the SoEP Community Strategic Plan, Councillors are also members of the following community committees. Representatives of these Committees are appointed annually.

Pilbara Regional Road Group	Dean Hatwell & Lang Coppin
Joint Kimberley/Pilbara Development Assessment Panel	Dean Hatwell & Lynne Craigie
Pilbara Regional Council	Lynne Craigie & Anita Grace
Pilbara Country Zone	Lynne Craigie & Anthony Middleton
Newman Visitors Centre Inc.	Holly Pleming & Karen Lockyer
Newman Chamber of Commerce & Industry Inc.	Gerry Parsons & Holly Pleming

* Ministerial Appointments

**Updated at Council Meeting on 27 October 2017

3.1.6 Council Committees

To assist with its decision-making responsibilities, Council is able to establish committees from time to time. The work of committees is significant in local government due to the wide range of activities and functions of Council. Committees report to Council and are subject to the requirements of the Act.

When a Council establishes a committee, it must determine the reporting and other accountability requirements that are to apply in relation to that committee.

Committees may comprise of:

- Elected Members only;
- Elected Members and employees;
- Elected Members, employees and members of the community;
- Elected Members and members of the community;
- Employees and members of the community; or
- Members of the community only.

The role and tasks of committees are varied however committees are generally established to:

- inquire into matters and to provide and make recommendations to Council on matters within Council's responsibilities;
- carry out a specific project or task on behalf of Council; or
- exercise, perform or discharge delegated powers, functions or duties.

Council currently has the following Committees:

Airport Advisory Committee	Lang Coppin Anthony Middleton Dean Hatwell Holly Pleming
Audit Committee	Gerry Parsons Anthony Middleton Karen Lockyer
CEO Performance Review Committee	Lynne Craigie Anthony Middleton Holly Pleming Karen Lockyer
Local Emergency Management Committee – Marble Bar	Dean Hatwell
Local Emergency Management Committee – Newman	Anthony Middleton
Local Emergency Management Committee – Nullagine	Stacey Smith
Plant Committee	Lang Coppin Dean Hatwell Lynne Craigie Anthony Middleton

3.1.7 Council Operational Processes

Transparent, professional and legally compliant processes are in place to guide and record the official Council activities.

The level of decision-making and transparency needed for good governance requires comprehensive meeting agendas and minutes to be prepared. Matters to be considered at meetings of Council or committees are to be presented in an agenda prepared by the CEO.

Agendas comprise of reports prepared by the organisation. Reports are structured to include information on the background, details, summary and funding of the proposal under consideration. All reports are the professional advice of the organisation and contain recommendations as to the most appropriate course of action to take based on the information presented.

The decision to adopt, amend or reject a recommendation rests with Council, or in some cases a committee (if it has delegated authority). Where a Council or committee decision is different to that which has been recommended, reasons for that decision must be stated and recorded.

Agendas are made available to Elected Members and the public before the Council meetings.

Unconfirmed Council and committee minutes are to be made available to the public. The minutes of a meeting comprise all items considered at the meeting and include attendances, all motions, their movers and seconders and the decisions that have been made.

3.1.8 Complaints Management

The Shire has transparent, open and fair systems and processes in place to manage complaints made about Council and organisational decisions.

The *Local Government Act 1995*, regulates complaints made against Elected Members. Section 5.121 of the Act stipulates how the complaints register is to be maintained.

Other complaints are logged through the Synergy Soft system.

3.1.9 Council Member access to information and resources

Structures are in place to enable Council members to access internal information and external resources as appropriate to satisfy their oversight requirements.

Section 5.92 of the Act provides that an Elected Member can have access to any information held by the Shire that is relevant to the performance of their functions under the Act or any other written law.

However this provision does not give an Elected Member an automatic right to have access to all records held by Council as any information must be relevant to the performance of an Elected Member's role.

In this respect, requests for information held by the SoEP are to be referred to the CEO who is to determine if the information is to be released, on the basis that he or she is satisfied that the requested information is relevant to the Elected Members' role and functions.

3.2 Principle Two - Management and Oversight

Well defined management responsibilities and accountabilities, meaningful strategic plans and work programs, as well as independent oversight are cornerstones of governance in any type of organisation. This principle outlines how these concepts should be translated into practice in the unique environment of Local Government.

3.2.1 Defining managements roles, responsibilities and accountabilities

The CEO is the only employee appointed by Council and is therefore ultimately accountable to Council. In this regard the role of the CEO, as detailed in section 5.41 of the Act, is to:

- (a) advise the council in relation to the functions of a local government under this Act and other written laws; and
- (b) ensure that advice and information is available to the council so that informed decisions can be made; and
- (c) cause council decisions to be implemented; and
- (d) manage the day to day operations of the local government; and
- (e) liaise with the mayor or president on the local government's affairs and the performance of the local government's functions; and
- (f) speak on behalf of the local government if the mayor or president agrees; and
- (g) be responsible for the employment, management supervision, direction and dismissal of other employees (subject to section 5.37(2) in relation to senior employees); and
- (h) ensure that records and documents of the local government are properly kept for the purposes of this Act and any other written law; and
- (i) perform any other function specified or delegated by the local government or imposed under this Act or any other written law as a function to be performed by the CEO.

Councils Executive Managers are designated as senior employees for the purposes of section 5.37 of the Act. All Council employees are accountable to the CEO.

Decision-making is the most important activity undertaken by the SoEP, both by Council and by employees. Effective decision-making processes increase the likelihood that the decisions themselves will be in the best interests of the entire community. The SoEP can only make decisions by resolution, that is, a motion being considered at a properly convened meeting and passed by the required majority vote.

Many of the decisions made by Council (including Council and employees) are subject to administrative law, and therefore subject to challenge or appeal.

The principles of administrative law are:

- to act in good faith;
- to take into account only relevant considerations;
- to act reasonably; and

- to provide procedural fairness.

An important role of the CEO is to ensure that Council receives quality and timely advice and relevant information to enable informed and effective decisions to be made. At meetings, this includes ensuring that all reports presented include the necessary background information and detail; any options; any financial or legal impacts; and any associated risks. Council decisions need to have clarity and that clarity arises from the recommendations in reports from the CEO. The decisions made at meetings provide the direction and authority for the ongoing operation of the SoEP and give direction to the CEO to act.

3.2.2 Statutory Policies

The SoEP has effective Policies, Procedures and Registers that support the governance and management intent of the Shire and supports all the compliance requirements of the organisation.

3.2.3 Strategic Planning

The SoEP's 10 year Strategic Community Plan articulates our Vision as being: '*A diverse community thriving in a vast landscape that offers a world of opportunity and rich heritage and culture.*'

The development of the Strategic Community Plan is to be part of an integrated framework designed to:

- Ensure community input is explicitly and reliably generated
- Provide the capacity for location specific planning, where appropriate
- Inform the long-term objectives of the local government with these inputs
- Identify the resourcing required to deliver against these objectives
- Clearly articulate long-term financial implications and strategies

The SoEP Strategic Community Plan is the over-arching document within the Shire's planning framework and sets the highest level of direction for the Shire for the next ten years.

3.2.4 Operational Planning

The management of corporate business within an organisation is important to the concept of governance. As part of the SoEP's planning processes, a four year Corporate Business Plan was established. This Plan guides internal operational activities and serves as the Shire's rolling four year service and project delivery program. This document is aligned to the strategic direction and priorities set within the *Shire of East Pilbara Strategic Community Plan 2013 – 2022*.

3.2.5 Business Continuity

The Shire is aware that there are critical uncertainties which may affect planning, resourcing and implementation of key initiatives and has developed frameworks to reduce any potential risks that could impact the Shire, Community Members and Key Stakeholders.

The Shire has developed a Risk Management Policy which is to ensure that sound risk management practices and procedures are fully integrated into the Council's strategic and operational planning processes and provide direction on how Council is to manage risk.

The Policy also incorporates a Risk Management Strategy and Risk Register which supports the Shire commitment to ensuring that risks are identified and treated in a timely manner.

3.2.6 Delegations

A delegation can be made to employees, authorised persons, committees / sub-committees or to a subsidiary. Council has delegated a broad range of powers, duties and functions under the Act. Where appropriate the CEO has sub-delegated powers to employees. Delegations are found in our Authorisations and Delegations Manual, which is located on the Council's website.

3.2.7 Performance Measures

Performance measures are defined and monitored for the organisation's strategic goals. Reports are created from CAMMS Governance Software and presented to Council.

3.2.8 Evaluation of Staff

All employees whether paid or unpaid are required under the Act to undertake a performance evaluation each year. These evaluations assess specific job performance, behavioural indicators, business planning outcomes as well as determining an employee's training and development needs. Assessments are then documented through the HR Module in Synergysoft.

The evaluation of contractor is undertaken by the Executive Manager Commercial Services in line with stipulations within this role's Position Description (PD).

3.2.9 Reporting the performance of management and oversight

The organisation's annual report identifies compliance levels against management policies. Annual compliance reporting addresses compliance needs and all material matters are reported to the relevant oversight bodies.

In line with this requirement, the SoEP conducts an Annual Compliance Audit and the Annual Report as per the Act. The Report includes:

- A Financial Report
- An overview of the plan for the future of the district
- The Auditor's report
- A report under section 29(2) of *the Disability Act 1993*
- Details of entries made under section 5.121 during the financial year in the register of complaints.

3.2.10 Compliance reporting of management and oversight matters



It is a requirement of the Act that the SoEP conducts an annual audit of its compliance with statutory requirements and responsibilities placed on it under the Act.

The Compliance Audit Return is submitted to the Department of Local Government each year after its adoption by Council. It provides prompts in relation to the local government's statutory obligations in a number of areas, such as local laws, tenders, meeting processes, disclosure of financial interests and financial management.

3.3 Principle Three - Ethics and Integrity

Ethical behaviour is a fundamental corner stone of good governance. It is critical to ensure integrity in decision making and quality of public service, and is essential to ensure citizens' trust in local government. What's more, subscribing to ethics as a basic value for all operations is the key for good business and good outcomes.

3.3.1 Define values and a code of conduct

The organisation's values and code of conduct define the standards of official conduct and professional behaviour expected of all employees.

Values and behaviours expected of all Elected Members, committee members and employees, have been detailed previously in item 3.1.2.

3.3.2 Ethics and integrity policies and processes

Ethical behaviour is a key aspect of good governance and supporting principles.

The Act requires that every local government prepare and adopt a Code of Conduct to set the standards of behaviour expected of Elected Members, committee members and employees.

The Shire's Code of Conduct provides Council Members, Committee Members, and staff with consistent guidelines for an acceptable standard of professional conduct. The Code addresses in a concise manner the broader issue of ethical responsibility and encourages greater transparency and accountability.

3.3.3 Managing the non-ethical behaviours response processes

Processes are in place to provide supervision and assistance and enable follow up on non-compliance.

The Act stipulates how complaints against Elected Members are dealt with for breaches of the Code of Conduct. The Shire also has a Workplace Harmony Policy and Grievance Settlement procedure which provides for a grievance resolution process.

3.3.4 Ethics and Integrity performance reporting

The Act requires the Shire of East Pilbara to report on the number of official conduct complaints recorded under section 5.121 during a financial year. If any complaints are recorded, they are reported in the organisation's Annual Report for that financial year.

Other complaints/grievances are reported to the CEO as they arise.

3.3.5 Compliance reporting of ethics and integrity matters

Annual compliance reporting addresses compliance needs and all material matters are reported to the relevant oversight bodies.



- Monitored by Chief Executive Officer and matter reported as appropriate.

3.4 Principle Four - Community Engagement:

Community engagement is about involving the community in the decision making process and is critical in the successful development of acceptable policies and decisions in government, the private sector and the community.

3.4.1 Defining community engagement

The SoEP recognises that consultation is a two way interactive process that provides opportunities for the Shire and the community to clarify information, raise issues and discuss ideas and options. Consultation is an important dimension that informs and enhances the Shire's decision-making processes.

The SoEP conducts an annual community survey to gauge the view of residents in the SoEP. The survey assists in planning for future infrastructure and service needs where required. Surveys have been conducted since 2006. The objective of the survey is to ensure the Shire includes the opinions of community members in the Shire's planning, development and service delivery activities.

3.4.2 Manage the way non-staff can work with the organisation

There are currently processes in place to actively manage the way in which Councillors and community members can contribute to the organisation.

Councillors' communication with employees is governed by the SoEP policy – 'Communication Between Elected Members and Employees, a copy of which can be obtained via the SoEP website.

In addition, Council may also establish working groups or reference groups as a mechanism for facilitating and improving community participation in the Shire's decision-making processes. While not formally established under legislation, working groups and reference groups provide an opportunity for the Shire to obtain the views of community representatives as well as enabling networking opportunities for Elected Members with a wide range of representatives on issues of common interest. The opportunity to obtain such views assists Elected Members and Council to address strategic issues and priorities.

Volunteers can and often do work for the Shire in varying capacities. A Volunteer Policy and Procedure (currently in DRAFT) should aim to achieve best practice standards in volunteer management by ensuring that volunteers are protected and not exploited; providing safe and healthy work environments for volunteers; and ensuring that volunteers know what their role is.

The Shire has also established a Facebook page where community members can comment and ask questions of the Shire. A Social Media Policy governs the way in which we respond to and manage comments on our Facebook page.

3.4.3 Advocacy

Local governments have a role advocating on behalf of their community to other spheres of government, statutory authorities and private interests whose activities may have an impact on the community. Please see the SoEP Advocacy Policy for further information.

3.5 Principle Five – Financial Management

Sound financial management is critical to ensure accountability and efficiency in the management of public resources, and as such an essential element to improve good public governance.

3.5.1 Finance Policies

Finance policies define the key strategic goals and outcomes for which the organisation's finances must be employed.

3.5.2 Revenue raising approach

A revenue raising approach is defined in policies and plans that ensure diversity and appropriateness of both the methodologies used, sources of revenue and the communication around the processes.

3.5.3 Recording financial transactions

Processes ensure the proper recording of financial transactions consistent with applicable accounting standards and can demonstrate funding receipt and acquittal.

3.5.4 Financial management adds value

Financial operations contribute towards the organisation's key strategic goals and outcomes and uphold the highest of integrity.

The Shire of East Pilbara's Strategic Community Plan is cohesively linked with our Long Term Financial Plan. This ensures that:

- Strategic Community Plan linked to Long Term Financial Plan
- Budget derived from Long Term Financial Plan
- Budget and Budget Review

3.5.5 Asset acquisition and disposal

Council has adopted an Asset Management Policy as well Procurement & Tender Procedures Policy to set out the Council's commitment to manage and care for its ethically and equitably purchased assets, in a way that ensures continuity of service delivery.

Asset Management in the SoEP means the utilisation of optimum practices to ensure that the wide variety of assets under its control are provided and maintained in a secure, safe and operational condition for the purpose those assets have been provided and replaced as required.

Asset Management involves all areas of Council from those that plan services, provide services and manage assets and services to those who use the assets. Council will ensure that integrated decision making will be utilised in order that the built, social, economic and natural impacts of asset provision and maintenance are properly considered throughout the asset management cycle.

3.5.6 Monitoring financial performance

Structure processes are in place to monitor and audit financial performance against key strategic goals, budgets, solvency status and funding requirements, both at executive levels as well as by an independent audit committee.

Under Regulation 33A of the *Local Government (Financial Management) Regulations 1996*, the Shire is required to conduct a review of its Annual Budget after considering the changes in its operating environment since the beginning of the financial year with a view to forecasting the financial impacts likely to arise for the remainder of the year. The review is to be conducted before 31 March each year.

3.5.7 Reporting financial performance

Financial reporting is a basis for accountable financial management and it is required by the Act. Financial reporting undertaken at the Shire is as follows:

- Financial Activity Statement - timely and accurate reports are essential to keep Council in an informed position to ensure the Shire meets its financial responsibilities. In accordance with the Act and the *Local Government (Financial Management) Regulations 1996*, Council is required to prepare a monthly statement of financial activity reporting on the source and application of funds as set out in the Annual Budget.
- List of Payments - Council has delegated to the CEO the exercise of its authority to make financial payments. Therefore in accordance with Regulation 13(1) of the *Local Government (Financial Management) Regulations 1996*, a list of accounts paid by the CEO is prepared each month for Council, showing each account paid since the last list was prepared.
- Annual Financial Report - in accordance with the Act, the Shire is required to prepare an Annual Financial Report each financial year which provides information about the Shire's financial activities, income and expenditure. The SoEP Annual Financial Report is to be audited by an external auditor and is to be considered by the Shire's Audit Committee before being submitted to Council for adoption.

3.5.8 Compliance reporting of financial matters

Financial compliance reporting address all regulatory and financial compliance needs and all material matters are reported to the relevant oversight bodies.

- Department of Local Government Accounting Guidelines
- Legislative Compliance Policy



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- Annual Compliance Audit Report
 - Audited Annual Statements

3.6 Principle Six – Operations

Operational planning is a key instrument to ensure accountability of the organisation and the effective and efficient management and use of resources. As such, it touches upon numerous aspects of governance and is a key operational tool to increase compliance.

3.6.1 Local Laws

Policies, processes and people are in place to enable the organisation to make Local Laws that prescribe all matters that are required, or permitted, for the organisation to perform its functions.

A local government makes decisions in areas over which it has legislative authority but cannot duplicate or contradict federal or state law. Laws made by local governments are called local laws and cover such issues as the activities permitted on public land, animal management and use of local government facilities. Local laws are enforced by employees.

Local governments are also responsible for enforcing other legislation under which it has authority.

3.6.2 Defining the operational activities of the organisation

Policies enable operations to deliver against the organisation's key strategic goals and outcomes.

3.6.3 Appropriate resources

Operational plans and programmes of work, with defined critical success factors, support the organisations' key strategic goals and outcomes and are regularly adjusted to changes in strategic and environmental imperatives.

3.6.4 Monitoring operational performance

Infrastructure is in place to enable the organisation to implement its operational plans.

3.6.5 Managing operational issues

The organisations performance against its operational plans and programmes of works is properly documented.

3.6.6 Performance evaluation

Business process and outcome specific key performance indicators track the organisation's performance against its strategic and operational plans.

3.7 Principle Seven - Communications

To ensure an organisation is accountable, open, accurate and responsive communication is essential. Good communication is also fundamental to promote citizens' trust in local government.

3.7.1 Communication policies

The effective delivery of information and communication is a vital element in building a positive identity for the Shire through greater community awareness of its services, activities, achievements and resources. The way we present ourselves and the way we communicate is valuable to the public's perception of our brand.

The Shire has created a policy which provides a framework for communication between Council and its stakeholders as well as internal communications within the Council.

3.7.2 Information Management

The SoEP ensures that processes are in place to assist Elected Members and Employees in complying with legislation, in particular on record keeping, safeguarding the confidentiality and integrity of information, and in preventing unauthorised, false or premature disclosure.

- Shire of East Pilbara Record Keeping Plan
- Local Government Elected Members Record Keeping Policy
- Current PID Guidelines maintain that the SoEP does not tolerate corrupt or other improper conduct, and encourage officers to make disclosures when required.
- Current PID Officers are the Coordinator Governance and Manager Development Services – Building.
- Current FOI statement provides a means for obtaining information through the FOI process.
- Induction Manual requires all new staff to sign a Confidentiality Clause

Local government business involves significant amounts of confidential information being supplied or maintained. This information could be about commercial matters, individuals or businesses or legal issues. Both the Act, Regulations and the Code of Conduct detail how general information and confidential information is to be treated, accessed and used by Elected Members and employees.

3.7.3 Compliance with the communications policies

A *draft* audit strategy exists to monitor compliance with communication policies and strategies.

- Internal Audit process includes monitoring compliance with communication policy and strategy.

3.8 Principle Eight – Human Resources

In order to ensure effectiveness and efficiency of its operations, it is important for the organisation to construct adequate governance in the management of employees. This encompasses fair, transparent and equal treatment of employees, as well as comprehensive strategies to motivate and lead people and promote personal development.

3.8.1 People management policies

Regionally based organisations face particular challenges when it comes to attracting and retaining staff. In response to these challenges, the SoEP has established a number of policies to assist in attracting, retaining and managing staff members. These policies are found in the Staff Procedures Manual.

3.8.2 People management transparency

People processes exist and ensure that decisions and actions are based on the principles of fairness, equity and diversity, and are consistent, transparent, impartial and open for review.

- WALGA introduction to Local Government Webinar for all new employees
- Local Government General training schedule established
- Training documented in annual performance review

3.8.3 Monitoring people management compliance

Structured procedures are in place to monitor adherence to human resource policies and processes.

- Induction Manual includes responsibilities
- Included within Annual Performance Review including necessary training

3.8.4 People management process feedback

The Annual Performance Appraisal identifies issues in people management practices.

This allows for feedback via two way communication.

The SoEP also has a Workplace Harmony Policy which promotes a healthy and safe working environment, promotes professional and harmonious behaviours and provides for a settlement procedure should a grievance arise (Grievance Settlement Procedure).

3.8.5 Reporting and compliance of people management performance

All employees are required under the Act to undertake a performance evaluation each year. These evaluations assess specific job performance, behavioural indicators, business planning outcomes, as well as determining an employee's training and development needs.

3.9 Principle Nine – Risk Management, Legislative Compliance and Internal Control

Each organisation has a distinct risk profile and set of internal controls. Identifying its particular risk exposure and developing and implementing controls, risk prevention and remediation plans is critical to ensure the organisation can operate effectively and efficiently to achieve its goals.

3.9.1 Risk management policies

The SoEP is responsible for providing a wide and diverse range of services to its community. All of these activities involve some form of risk, which must be managed to ensure that aims and objectives are achieved, services are delivered and that opportunities to deliver better and more cost effective services are realised. If the Shire is not aware of, or has not adequately assessed or managed some risks, it could result in financial loss, threats to public or employee safety or lead to substantial adverse publicity.

CPA Australia defines risk management as follows:

'Risk management is referred to in AS/NZ 4360:1999 as a logical and systematic method of establishing the context, identifying, analysing, evaluating, treating, monitoring and communicating risks associated with any activity, function or process in a way that will enable organisations to minimise losses and maximise opportunities. It is also defined in the standard as the culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects'.

The SoEP supports and is committed to a risk management program at a policy and strategic level. The CEO and senior management ensure processes are in place for identifying and managing risk and responding to and minimising such risks.

The SoEP has established a Risk Management Framework, which is aimed at contributing to the corporate governance arrangements within the Shire.

3.9.2 Risk management framework

The organisation's risk exposure is evaluated and remediation plans are implemented.

The CEO regularly reviews operational processes and procedures and implements corrective action when necessary to ensure the effectiveness of the Shire of East Pilbara's internal systems of control, thereby ensuring its assets are safeguarded and the decision making capabilities and the accuracy of its reporting and financial results are maintained at a high level at all times.

Other strategies, policies and procedures the Shire has implemented to achieve effective risk management and internal controls are detailed in section 4.

3.9.3 Preventing key risks

Preventative measures for key risk categories are in place (e.g. OHS, Environmental, Reputation, and Financial).

3.9.4 Monitoring incidents

Procedures are in place to monitor incidents from the identified risk categories (data analysis).

3.9.5 Managing incidents

An adequate response process exists to manage incidents through to resolution.

3.9.6 Compliance requirements and processes

The appropriate legislative, statutory and contractual requirements have been identified and are being managed.

- Human Resources Policies and Procedures

3.9.7 Internal Controls

Systematic processes and procedures are in place to provide effective compliance with legislation, codes and policies that support organisations achievement of objectives and its operations.

- Human Resources Policies
- Human Resources Procedures documented in Staff Procedures Manual

3.9.8 Audit approach

The *draft* audit strategy specifies roles and responsibilities, composition and structure of all audit functions.

3.9.9 Audit Committee

Council has established an Audit Committee to oversee and advise Council on matters of accountability and internal control.

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4. Key Documents and Actions Relating to an Effective Corporate Governance Framework

Key Documents and Actions Relating to an Effective Corporate Governance Framework								
Key Documents and Actions	Roles & Responsibilities	Corporate Governance Pillars						
		Management & Oversight	Ethics and Integrity	Community Engagement	Financial Management	Operations	Communication	Human Resources
Accounting Policy					X			
Advocacy Policy				X				
Annual Community Survey and Associated Policy	X	X		X				
Annual Compliance Audit			X		X			
Annual Financial Audit ProCGs		X			X			
Annual Performance Appraisals		X						X
Annual Procurement Training			X					
Annual Report Disclosures		X						
Asset Management Policy, Strategy & Plans					X			
Audit Committee	X	X			X			X
Audit Committee Guidelines		X			X			X
Business Continuity Plan (2014-2017)		X						
CAMMS Compliance Software – Monthly reports to Council						X		
Code of Conduct	X	X	X	X	X	X	X	X



Key Documents and Actions Relating to an Effective Corporate Governance Framework							
Key Documents and Actions	Roles & Responsibilities	Management & Oversight		Ethics and Integrity		Risk Management & Internal Control	
		Community Engagement	Financial Management	Operations	Human Resources		
Communication Policy & Communication Strategy (Draft)					X		
Community Engagement Policy and Procedures				X			
Community Assistance Grant Policy				X			
Complaints Register	X		X				
Corporate Business Plan	X					X	
Corruption and Fraud Policy and Plan			X				
Council supported/recognised Community Events				X			
Councillor Guidelines	X						
Councillor Induction Manual		X					
Councillor Strategic Workshop (4 yearly)	X		X				
Declaration of Interest Forms and Register	X						
Delegations Manual		X					
DLG Audit Committee & Accounting Guidelines					X		X
DLG Local Laws Manual						X	
Document Control System Updates			X				
External Auditor							X
Employee Officers Packs			X				
Financial Accounting Software - Synergy					X		
Financial Induction Manual (conducted with new staff)					X		



Key Documents and Actions Relating to an Effective Corporate Governance Framework									
Key Documents and Actions	Roles & Responsibilities	Management & Oversight		Ethics and Integrity		Operations		Human Resources	Risk Management & Internal Control
		Community Engagement	Financial Management	Communication	Operations				
Financial Management Plan - four yearly review					X				
Formal Communication Policy - Elected Members	X								
Gift Register	X								
Governance Software (Attain)		X							
Grant Application and Acquittal Procedures					X				
Grievance Settlement Procedure								X	
Human Resources Policies & Procedures								X	X
Human Resources Processes				X				X	X
IT Disaster Recovery Plan (2014-2017)		X							
Legislative Compliance Policy and Procedures		X	X		X				X
Local Government Act (1995)	X	X	X	X	X	X	X	X	
Local Government (Audit) Regulations 1996					X				X
Local Government (Elections) Regulations 1997				X					X
Local Government Elected Members' Recordkeeping Policy		X							X
Long Term Financial Plan (2013/14 – 2023/24)					X				
OHS Policy & Procedures								X	X
Rates – Objectives and Reasons for (Reviewed Annually)					X				
Recordkeeping Plan (Reviewed every three years)					X				
Requisition System – Synergy					X				



Key Documents and Actions Relating to an Effective Corporate Governance Framework						
Key Documents and Actions						
	Risk Management & Internal Control	Human Resources	Communication	Operations	Financial Management	Community Engagement
Risk Management Policy		X				
Risk Register						X
Shire of East Pilbara Policy Manual (Reviewed Annually)						X
Shire of East Pilbara Standing Orders Local Law				X		
Signed Position Descriptions		X				
Social Media Policy				X		
Staff and Councillor Inductions		X				
Strategic Community Plan	X	X				
Supervisor Training (as applicable)		X				X
Tender and Purchasing Policy			X		X	
WALGA Councillor Training	X		X			
Workforce Plan including Org Chart			X			X

5. Review

This Corporate Governance Framework shall be reviewed biannually or following a significant change within the Shire or in underpinning legislation.



6. Appendix

Please also see **attached** Corporate Governance Framework Assessment.

Assessments to be conducted annually by the Coordinator Governance to determine the Shire's compliance and areas of improvement against the Corporate Governance Framework.

Shire of EAST Pilbara

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