



MISSION AND VALUES OF COUNCIL

"A Sustainable Community that is inclusive, attractive, healthy and pleasant to live in, that uses our land so as to preserve our history and environment, respects the rights and equality of our citizens and manages our future growth wisely."

AGENDA

FOR THE

AUDIT COMMITTEE MEETING

12 MAY 2015

OUR VISION

"A thriving and friendly community that recognises our history and embraces cultural diversity and economic opportunity, whilst nurturing our unique natural and built environment."

OUR MISSION

"To deliver affordable and quality Local Government services."

CORE VALUES OF THE SHIRE

The core values that underpin the achievement of the mission will be based on a strong customer service focus and a positive attitude:

Communication

Integrity

Respect

Innovation

Transparency

Courtesy

DISCLAIMER

The purpose of Council Meetings is to discuss, and where possible, make resolutions about items appearing on the agenda. Whilst Council has the power to resolve such items and may in fact, appear to have done so at the meeting, no person should rely on or act on the basis of such decision or on any advice or information provided by a Member or Officer, or on the content of any discussion occurring, during the course of the meeting.

Persons should be aware that the provisions of the Local Government Act 1995 (Section 5.25 (e)) establish procedures for revocation or rescission of a Council decision. No person should rely on the decisions made by Council until formal advice of the Council decision is received by that person. The Shire of Broome expressly disclaims liability for any loss or damage suffered by any person as a result of relying on or acting on the basis of any resolution of Council, or any advice or information provided by a Member or Officer, or the content of any discussion occurring, during the course of the Council meeting.

SHIRE OF BROOME
AUDIT COMMITTEE MEETING
TUESDAY 12 MAY 2015
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NOTICE OF MEETING

Dear Council Member,

The next Audit Committee of the Shire of Broome will be held on Tuesday, 12 May 2015 in the Council Chambers, Corner Weld and Haas Streets, Broome, commencing at 4:00.

Regards

A handwritten signature in blue ink, appearing to be 'K R Donohoe', with a stylized flourish at the end.

K R DONOHOE
Chief Executive Officer

08/05/2015

1. OFFICIAL OPENING

2. ATTENDANCE AND APOLOGIES

3. DECLARATIONS OF FINANCIAL INTEREST / IMPARTIALITY

4. CONFIRMATION OF MINUTES

RECOMMENDATION:

That the Minutes of the Audit Committee held on 10 February 2015 be confirmed as a true and accurate record of that meeting.

5. REPORT OF OFFICERS**5.1 2014/2015 QUARTER 3 FINANCE AND COSTINGS REVIEW**

LOCATION/ADDRESS:	Nil
APPLICANT:	Nil
FILE:	FRE02
AUTHOR:	Senior Finance Officer
CONTRIBUTOR/S:	Manager Financial Services
RESPONSIBLE OFFICER:	Director Corporate Services
DISCLOSURE OF INTEREST:	Nil
DATE OF REPORT:	5 May 2015

SUMMARY: The Audit Committee is requested to consider the results of the Quarter 3 Finance and Costing Review (FACR) of the Shire's budget for the period ended 31 March 2015, including proposed budget amendments to 30 June 2015.

BACKGROUND*Previous Considerations*

Between 1 January and 31 March, a local government is to carry out a review of its annual budget for that year and this is to be submitted to the Council within 30 days of completion. This process was completed as part of the Quarter 2 Finance and Costing Review (FACR) and presented to the Audit Committee for consideration on 10 February 2015. Subsequently, a number of recommendations from the Audit Committee were presented to Council for consideration at the Ordinary Meeting of Council on 26 February 2015.

The Quarter 3 FACR process commenced on 20 April 2015 and Council's Executive Management Group considered the results on Friday, 8 May 2015. The results of the FACR are now presented for the consideration of the Audit Committee. Following consideration, and recommendation from the Committee, the matter will be presented to Council.

COMMENT

The forecast financial position to 30 June 2015 was a \$116k deficit following the mid-year budget review. In response to Council's request that the CEO achieve budget normalisation at the end of the Q3 FACR meetings, the Executive scrutinised each account for savings and the proposed amendments are predicting an end of year surplus of \$10k.

It should be noted that the Shire undertook an organisational restructure which has had a significant impact upon expenditure within salaries accounts. A reconciliation of the salaries accounts was undertaken to forecast the end of year impact of the restructure. This has resulted in some budget amendment recommendations to cover long service leave and excess annual leave payments, which have been offset by a proposed transfer from the Leave Reserve.

Gross Impact to 30 June 2015	Excess Annual Leave Value	Long Service Leave Value	Less LSL Reimbursement from Shires	Total Qualified for Transfer from Leave Reserve	Net Impact to 30 June 2015
\$270,551.23	(\$33,608.61)	(\$159,504.08)	(\$8,687.02)	(\$184,425.67)	\$68,751.52

The final forecast of all the amendments to salary accounts and the corresponding transfer from the Leave Reserve is a \$68,752 deficit impact to the Shire of Broome.

It should also be noted that there has been a significant increase in the income for Rates, however this has been deemed as organisational savings and is being proposed as a transfer to reserve. However, it is recommended that some of the additional costs associated with the organisational restructure be offset by a portion of these funds. In addition, Due to the current economic climate the Shire of Broome has witnessed a decrease in building and development applications which has adversely affected the income from this function. It is recommended that a portion of the savings offset this loss.

The associated costs proposed to be offset by organisational savings are as follows:

- \$68,752 in additional salary related costs;
- an additional \$45,000 in relief staff necessary to cover key functions in finance;
- an additional \$35,000 in recruitment and training costs;
- \$50,000 decrease in planning fees

While the restructure is expected to have a positive impact on the Shire's expenses in the future, it is not expected to become apparent until the 2015/2016 financial year.

A comprehensive list of accounts has been included for perusal by the Committee and summarised by Directorate, with comparison to previous FACRs conducted this financial year below:

	FACR Q1 (Income)/Expense	FACR Q2 (Income)/Expense	FACR Q3 (Income)/Expense	YTD Impact (Income)/Expense
Executive - Total	(2,500)	23,500	(9,700)	11,300
Business Enterprise and Community Development - Total	63,622	14,327	(92,500)	(14,551)
Corporate Services - Total	0	0	0	0
Development Services - Total	11,000	15,500	15,000	41,500
Engineering Services - Total	(10,000)	0	(39,088)	(49,088)
Other Agenda items not requiring a FACR Amendment	0	207	0	207
	62,122	53,534	(126,288)	(10,632)

CONSULTATION

Nil

STATUTORY ENVIRONMENT

Local Government (Financial Management) Regulation 1996

6.8. Expenditure from municipal fund not included in annual budget

- 1) A local government is not to incur expenditure from its municipal fund for an additional purpose except where the expenditure —
 - a) is incurred in a financial year before the adoption of the annual budget by the local government;
 - b) is authorised in advance by resolution*; or
 - c) is authorised in advance by the mayor or president in an emergency.
- (1a in subsection (1) –
“additional purpose means a purpose for which no expenditure estimate is included in the local government’s annual budget.”)

POLICY IMPLICATIONS

Materiality in Financial Reporting Policy 2.1.1.

FINANCIAL IMPLICATIONS

The net result of the 3rd Quarter FACR estimates is a forecast surplus of \$10,632 to 30 June 2015.

The Chief Executive Officer has identified that the Road Reserve balance is \$1,178,637, which represents only a minimal contingency considering the road network and probable future leverage requirements within the growth centre development phase of Broome and recommends that organisational savings be allocated to this reserve.

STRATEGIC IMPLICATIONS

Our People Goal – Foster a community environment that is accessible, affordable, inclusive, healthy and safe:

Effective communication

Affordable services and initiatives to satisfy community need

Our Prosperity Goal – Create the means to enable local jobs creation and lifestyle affordability for the current and future population:

Affordable and equitable services and infrastructure

Our Organisation Goal – Continually enhance the Shire’s organisational capacity to service the needs of a growing community:

Sustainable and integrated strategic and operational plans

Responsible resource allocation

Improved systems, processes and compliance

VOTING REQUIREMENTS

Absolute Majority

REPORT RECOMMENDATION:

The Audit Committee recommends that Council:

1. *Receives the 3rd Quarter Finance and Costing Review Report for the period ended 31 March 2015;*
2. *Adopts the operating and capital budget amendment recommendations for the period ended 30 June 2015 as attached.*
3. Approves the budget to transfer \$344,250 of the remaining of organisational savings to Road Reserve.
4. *Acknowledges that the Q3 FACR has achieved a predicted surplus of \$10K to 30 June 2015.*

(ABSOLUTE MAJORITY REQUIRED)

Attachments

1. Quarter 3 Finance & Costing Review Report

Shire of Broome - Q3 FACR Budget Amendments

Acct #	Job #	Description	Current Budget (\$)	Total YTD (\$)	Proposed Budget Amend't (\$)	Proposed Budget (\$)	Reserve Amend'ts (\$)	Comments	Organisational Savings
Executive									
DMIN1 - CEO									
142393		LGIS Insurance Bonus & Funding (Exp in 142232) - Op Inc - Corp Gov	(112,000)	(135,659)	(24,000)	(136,000)		Additional funds received. Funds to be used to investigate and mitigate corporate risk under Reg 17	
142232		LGIS Insurance Funded Expenses (Inc in 142393) - Op Exp - Corp Gov	-	-	24,000	24,000		Additional funds received in acct 142393. Funds to be used to investigate and mitigate corporate risk under Reg 17	
									<u>0</u>
DMIN3 - CEO PA									
22110		Refreshments & Receptions - Op Exp - Other Governance	24,000	28,021	10,000	34,000		Additional citizenship and civic receptions authorised by CEO and Shire President in accordance with Council policy	
									<u>0</u>
HR - Manager HR									
142043		Organisational Training - General	147,000	137,030	20,000	167,000		Significant compliance training undertaken in past 6 months. Budget amendment requested due to unforeseen circumstance. Post restructure organisational training and development required.	20000
142046		Recruitment Expenses - Op Exp - General Admin O'Heads	66,000	67,062	15,000	81,000		37 roles advertised since 1 July 2014 to date	15000
142390		Reimb, Bonuses, Rebates & Sundry Income Inc GST - Op Inc - General Admin O'Hea	(10,000)	(16,190)	(10,000)	(20,000)		Reimbursement of income from regional Councils training workshop held at Broome	
142273		HR Staff Printing & Stationery and Other Exp - Op Exp - General Admin O'Heads	-	300	300	300		Budget required for unexpected expense. Not likely to occur again this financial year	
									<u>35,000</u>
Media & Promotions Officer									
22290		Sister City Relations/Japanese Youth Ambassador - Op Exp - Other Governance	20,000	2,230	(10,000)	10,000		Travel to Taiji will not occur this financial year. Remainder of funds is contingency only.	
									<u>0</u>
RCG - Kimberley Regional Collaborative Group									
22122		Kimberley Zone - Salary -Regional Project Officer - Op Exp	104,000	84,963	14,676	118,676		Expense includes 22140 Staff Housing Allowance. Budget to be moved from Housing Allowance account 22140	
22140		Kimberley Zone - Staff Housing/Utilities - Op Exp	14,676	-	(14,676)	-		Budget moved to account 22122 as housing allowance has been paid from Salary Account since start of the financial year	
22129		Kimberley Zone - Zone & RCG Meeting Expenses - Op Exp	45,000	21,148	(20,000)	25,000		Pilbara Joint meeting has been combined with Darwin Forum	
22132		Kimberley Zone - Darwin Forum - Op Exp	25,000	38,678	20,000	45,000		Darwin Forum now includes Pilbara meeting	
23013		Kimberley Zone - Reimbursement Zone & RCG Meetings Expenses - Op Inc	(40,000)	(10,834)	28,000	(12,000)		Pilbara Joint meeting has been combined with Darwin Forum	
23019		Kimberley Zone - Reimbursement Darwin Forum - Op Inc	(20,000)	-	(15,000)	(35,000)		Darwin Forum now includes Pilbara meeting	

Acct #	Job #	Description	Current Budget (\$)	Total YTD (\$)	Proposed Budget Amend't (\$)	Proposed Budget (\$)	Reserve Amend'ts (\$)	Comments	Organisational Savings
22139		Kimberley Zone - Key Worker Housing - Op Exp	3,827,368	4,233,419	965,489	4,792,857		2012-13 CLGF Key Worker Housing \$3,827,368 2011-12 CLGF Key Worker Housing SWEK portion of \$956,842+\$8,646.75 interest returned to the Zone for redistribution \$558,776+\$2882.25 interest to be journalled to SOB	
23039		Kimberley Zone - Key Worker Housing CLGF Grant - Op Inc	(3,827,368)	(4,792,857)	(965,489)	(4,792,857)		2012-13 CLGF Key Worker Housing \$3,827,368 2011-12 CLGF Key Worker Housing SWEK portion of \$956,842+\$8,646.75 interest returned to the Zone for redistribution	
22142		Kimberley Zone - Business Intelligence System - Op Exp	325,636	164,415	(130,638)	194,998		\$325k Budget (\$60k, \$107k & \$158k) - DLGC 12/13 Records Grant \$107,000 \$19,001.51 expended in 13/14 financial year \$87,998.49 to be expended in 14/15 financial year - DLGC 13/14 BIS Grant \$107,000, \$107K to be expended in 14/15 financial year	
23598		Transfer From Kimberley Zone Reserve - Cap Inc - Kimberley Zone	(102,516)	-	92,806	(9,710)		Reduction in transfer from reserve due to decreased expenditure in this financial year on Business Intelligence Systems. Project acct 22142 is fully grant funded. Remaining grant funds to held in allocated funds in reserve. Also include \$16,500 for Youth Strategy. Additional funds to be received in this financial year will fully fund expenditure this year. Drawdown from reserve not longer required	
23597		Kimberley Zone - Transfer to Kimberley Zone Reserve - Cap Exp	12,000	10,812	57,358	69,358		Increase in transfer to reserve due to decreased expenditure in this financial year on Business Intelligence Systems. Project acct 22142 is fully grant funded. Remaining grant funds to held in allocated funds in reserve. Additional funds from Youth Strategy to be transferred to reserve to ensure nil impact on the Shire of Broome	
405383		Kimberley Zone - Youth Strategy DLGC Grant	(40,000)	-	(32,526)	(72,526)		DLGC 2014 Grant \$40,000 received 13/14 financial year DLGC 2015 Grant \$65,526+ RDA Grant \$7,000 to be received 14/15 financial year	
					0				0
Executive - Total					25,300			Organisational Savings	35,000
Reserve Impact - Executive							0		
Executive - Net Impact (excl. Org. Savings)					(9,700)				

Business Enterprise and Community Services

DMIN3 - Deputy CEO

82603	Legal Exp - Op Exp - Community Services	35,000	45,282	10,000	45,000	Ongoing legal issues with beach polo	
144023	Asset Management Program & Sundry Exp - Op Exp - Corp Gov & Support	79,000	56,482	15,000	94,000	Extended scope on Infrastructure Fair Valuations	
					25,000		0

MS2 - Manager of Community Development

22172	Community Sponsorship Program - Op Exp - Other Governance	74,000	21,014	(18,270)	55,730	As per OMC 260315 Item 9.1.1	
22173	EDL sponsorship programme Reserve Funded - Op Exp - Other Governance	80,000	5,000	(27,971)	52,029	As per OMC 260315 Item 9.1.1 plus \$5K brought into this FY by finance.	
23595	Transfer to Community Sponsorship Reserve - Cap Exp - Other Governance	539	298	18,270	18,809	18,270 As per OMC 300415. Item 9.1.1	
23593	Transfer From - EDL Sponsorship Reserve - Cap Inc - Other Gov	(80,000)	-	27,971	(52,029)	27,971 As per OMC 260315 Item 9.1.1 plus \$5K brought into this FY by finance.	

Acct #	Job #	Description	Current Budget (\$)	Total YTD (\$)	Proposed Budget Amend't (\$)	Proposed Budget (\$)	Reserve Amend'ts (\$)	Comments	Organisational Savings
116489		Operational Expenses - Broome Civic Centre - Production/Events	37,596	11,556	(6,500)	31,096		Events season about to commence.	
116491		Minor Assets - Op Exp - Bme Civic Centre	8,850	2,045	6,500	15,350		Replace AV mixing desk and provide secure storage costing \$6,840.91	
116120		Public Art Masterplan- Op Exp - Other Culture	-	2,500	2,500	2,500		Invoice received in April, authorised prior to 16 June but paid in new financial year	
116184	116197	Australia Day Concert & Fireworks Events Op Exp - Other Cult	45,000	54,993	10,000	55,000		No of participants attending event necessitated additional in-house resources and toilet cleaning on the day	
117017		Consultants - Op Exp - BRAC - General	20,000	-	(15,000)	5,000		Income generating opportunities will be investigated next financial year. CERMS benchmarking survey to happen this year	
1365308		Perth Royal Show Guest Town Promotion - Contribs	(90,000)	-	(20,000)	(110,000)		Increase revenue to reflect transfer from Tourism Development 132060	
116494		Civic Ctr	173,600	-	(20,000)	153,600		Defer materials & consultant expenses to offset budget deficit	
82611		Consultants - Op Exp - Community Services	20,000	-	(20,000)	-		Defer consultancy to offset budget deficit	
					(62,500)				0
RAC1 - BRAC Manager									
117275		Stadium Venue Hire Inc. Rec'd - Op Inc - Dry BRAC	(50,000)	(22,239)	10,000	(40,000)		Decrease in larger events in this space. Netball soon to commence which will increase but will still be low at end of financial year.	
						10,000			0
i7 - Special Projects Coordinator									
147373		KRO1 Building Upgrade (Inc Furn) - Cap Exp - Office Prop Leased	700,000	87,644	(450,000)	250,000		Majority of spend will occur in the next financial year with this project in accordance with the LTFFP	
147390		Transfer From Restricted Cash Reserve Cap Inc - Office Prop Leased	(700,000)	-	450,000	(250,000)		RO: BA - Accountant: Reduce Transfer from Restricted cash to deferment of KRO Project to next financial year in line with LTFFP	
					0				0
W1 - Manager Property									
117135		Aquatic Fixed Plant & Equip Renewal/Replacement - Cap Exp - BRAC Aquatic	40,000	5,455	(35,000)	5,000		Works deferred to major brace renewal of pool side paving	
132110	132111	Roebuck Bay Caravan Pk Building Renewal Const - Cap Exp	14,000	78,427	70,000	84,000		Authorised OMC 0215 Transfer from building reserve for sewerage renewal	
132960		Transfer From Building Reserve - Tourism & Area Pro	-	-	(70,000)	(70,000)	(70,000)	RO: BA - Accountant: Authorised OMC 0215 Transfer from building reserve for sewerage renewal	
142558		Shire Office Build Haas St Renewal - Cap Exp - Corp Gov	100,000	375	(25,000)	75,000		13/14 Surplus funded portion no longer required to be transferred to Bldg reserve	
142790		Transfer From Building Reserve Gen Admin	(75,000)	-	25,000	(50,000)	25,000	RO: BA - Accountant: \$25K on acct 142790 funded as part of carry over from 13/14. Reducing transfer from reserve in line with reduction in budget for Shire office renewal	
147103		Survey & Misc Expenses Leased Properties - Op Exp - Unclassified Gen	43,000	13,374	(20,000)	23,000		Less than expected costs to date - likely lag in having no property staff restructured carry over likely	
					(55,000)				0

Acct #	Job #	Description	Current Budget (\$)	Total YTD (\$)	Proposed Budget Amend't (\$)	Proposed Budget (\$)	Reserve Amend'ts (\$)	Comments	Organisational Savings
V12 - Property Maintenance Officer									
148100	148105	Depot Building Maint General - Op Exp	10,000	17,381	10,000	20,000		Installation of additional hand washing facilities at Depot to meet OHS requirements	
142558		Shire Office Build Haas St Renewal - Cap Exp - Corp Gov	100,000		(20,000)	80,000		Defer renewal to offset deficit	
					(10,000)				0
Business Enterprise and Community Development - Total					(92,500)			Organisational Savings	0
Reserve Impact - Business Ent. and Community Dev.							1,241		
Bus. Ent. and Comm. Dev. - Net Impact (excl. Org. Savings)					(92,500)				

Corporate Services

i1 - Director of Corporate Services

142012	Relieving Staff Exp - DCS - Gen Admin	75,000	73,696	45,000	120,000	Additional relieving staff costs for rates relief and restructure support, offset by additional back rates revenue generated in GL 32492	45,000
				45,000			45,000

i2 - Manager Financial Services

30145	Debt Collection Recovery	40,000	67,332	37,000	77,000	Debt collection expenses higher than anticipated. Offset by additional recovered expenses of \$37k.	
30105	Rates Broome - Op Inc - Rates	(19,650,064)	(20,046,956)	(400,000)	(20,050,064)	Currently at \$400K actual interims, propose to be transferred to reserve does not include overpayments as they are recognised as cash and impact the balance sheet for rates debtors. Due to additional salaries expense, \$68K will be retained to offset financial implications of restructure	(400,000)
30201	Rates Non Payment Int - Op Inc - Rates	(97,000)	(120,638)	(23,000)	(120,000)	Interest on rates higher than anticipated.	(23,000)
32490	Legal Expense Recovery No GST - Op Inc - Rates	(32,000)	(60,557)	(37,000)	(69,000)	Recovery of legal expenses greater than anticipated. Note, matching additional expense of \$37k.	
32492	Back Rates - Op Inc - Rates	(20,256)	(140,806)	(120,000)	(140,256)	Result of project work undertaken by Rates relief. Propose to use \$40K funds to partially offset salary of rates relief. Outstanding - reconciliation of salary and confirmation of availability of resource. \$45K to offset acct 142012 for additional support staff required after organisational restructure	(120,000)
				(543,000)			(543,000)

Acct #	Job #	Description	Current Budget (\$)	Total YTD (\$)	Proposed Budget Amend't (\$)	Proposed Budget (\$)	Reserve Amend'ts (\$)	Comments	Organisational Savings
rganisational Restructure Amendments									
23010		Salary - Op Exp - Other Governance	826,316	572,628	17,135	843,451		RO: ADMIN1 - CEO: Recognition of Financial Impact of Organisational Restructure as per SMC 19 Feb 2015. Amendments made to cover Long Service leave and excess annual leave payouts, fully funded by transfer from Reserve. Additional funds from reserve offsetting expense in numerous other salaries accounts. Amounts deemed to minor for amendment	17,135
142004		Salary - Op Exp - Finance	870,625	819,263	94,494	965,119		Recognition of Financial Impact of Organisational Restructure as per SMC 19 Feb 2015. Amendments made to cover Long Service leave and excess annual leave payouts, fully funded by transfer from Reserve. Additional funds from reserve offsetting expense in numerous other salaries accounts. Amounts deemed to minor for amendment	94,494
105547		Salaries - Op Exp - Protection of Environment	104,973	131,495	27,549	132,522		RO: DS1 - Director of Development Services: Recognition of Financial Impact of Organisational Restructure as per SMC 19 Feb 2015. Amendments made to cover Long Service leave and excess annual leave payouts, fully funded by transfer from Reserve. Additional funds from reserve offsetting expense in numerous other salaries accounts. Amounts deemed to minor for amendment	27,549
106010		Salary - Op Exp - Planning	557,824	524,772	69,513	627,337		RO: DS1 - Director of Development Services: Recognition of Financial Impact of Organisational Restructure as per SMC 19 Feb 2015. Amendments made to cover Long Service leave and excess annual leave payouts, fully funded by transfer from Reserve. Additional funds from reserve offsetting expense in numerous other salaries accounts. Amounts deemed to minor for amendment	69,513
115010		Salary - Op Exp - Libraries	550,374	412,889	28,232	578,606		RO: DCEO - Director of Business Enterprise & Community Development: Recognition of Financial Impact of Organisational Restructure as per SMC 19 Feb 2015. Amendments made to cover Long Service leave and excess annual leave payouts, fully funded by transfer from Reserve. Additional funds from reserve offsetting expense in numerous other salaries accounts. Amounts deemed to minor for amendment	28,232
142320		Transfer From - Leave Reserve Corp Gov & Support	(35,782)	-	(184,426)	(220,208)	(184,426)	RO: BA - Accountant: Recognition of Financial Impact of Organisational Restructure as per SMC 19 Feb 2015. Amendments made to cover Long Service leave and excess annual leave payouts, fully funded by transfer from Reserve. Additional funds from reserve offsetting expense in numerous other salaries accounts. Amounts deemed to minor for amendment	(184,426)
143050		Wages & related Sick & Annual Leave Workers Exp - Works Ops	321,962	322,493	16,255	338,217		RO: ES3 - Manager Engineering Operations: Recognition of Financial Impact of Organisational Restructure as per SMC 19 Feb 2015. Amendments made to cover Long Service leave and excess annual leave payouts, fully funded by transfer from Reserve. Additional funds from reserve offsetting expense in numerous other salaries accounts. Amounts deemed to minor for amendment	16,255
					68,752				68,752
Corporate Services - Total					(429,248)				Organisational Savings (429,248)
Reserve Impact - Corporate Services						(184,426)			
Corporate Services - Net Impact (excl. Org. Savings)					0				

Acct #	Job #	Description	Current Budget (\$)	Total YTD (\$)	Proposed Budget Amend't (\$)	Proposed Budget (\$)	Reserve Amend'ts (\$)	Comments	Organisational Savings	
Development Services										
51 - Director of Development Services										
55287		SES Buildings Upgrade Const & Imp > \$5,000 - Cap Exp - SES/ Fire & Emergency Ser	-	27,700	30,000	30,000		Contract awarded and fence construction to start May 2015 for SES building. This is fully grant funded via income acct 55300. Invoice on DFES has been raised		
55300		State Grants/Reimbursements - Op Inc - SES/ Fire & Emergency Services	-	-	(30,000)	(30,000)		Grant income for SES fence. Fully funded. Expense incurred in acct 55287		
106106	106123	Project - LPS & LPS6 - Op Exp - Development Services	55,000	13,561	(30,000)	25,000		Cost of gazettal is less than expected. Workshops still to be undertaken with Communities, however consultants will not be appointed to assist and workshops will be conducted by staff only.		
					(30,000)				0	
51 - Manager Building Services										
133020		Relief Staff - Op Exp - Building Control	15,000	3,525	(10,000)	5,000		Leave management has resulted in savings.		
133410		Stat Fees & Lic - Building Permits	(200,000)	(126,023)	50,000	(150,000)		\$50,000 down due to value of works, no major permits foreseen for next quarter.		
					40,000				0	
51 - Manager Health Services										
52040		Pound Fees, Animal Destruction & Disposal - Op Exp - Animal Control	60,000	69,244	10,000	70,000		Increased expenditure due to Rangers targeting unregistered dogs, introduction of Cat Act, and specific removing 32 dogs from single dwelling. Increased income expected by end of financial year.		
52420		Dog Registration - Op Inc - Animal Control	(30,000)	(41,493)	(15,000)	(45,000)		Improved levels of registration due to successful Ranger are Targeting Programme.		
53060		Impounding of Vehicles Expense - Op Exp - Other Law Order & Public Safety	5,000	9,251	10,000	15,000		Increased removals and additional costs for vehicles removed from Cape Leveque Road. Considering Tourist season it is requested this budget be increased.		
					5,000				0	
51 - Manager Planning Services										
106410		Planning Fees (GST Free) - Op Inc - Town Planning/Regional Devel	(150,000)	(74,649)	50,000	(100,000)		Estimate less revenue of (\$50,000) due to reduced value of applications.	50000	
					50,000				50,000	
EO - Principal Environmental Officer										
105546	105555	Project - Coastal Vulnerability Study - Op Exp - Prot of Environ	285,000	74,839	(200,000)	85,000		Coastal Vulnerability Study 2 Project delayed until 2015/16		
105400		Development Grants Rec'd - Op Inc - Protection of Environment	(270,000)	-	200,000	(70,000)		Coastal Vulnerability Study 2 Project delayed until 2015/16		
					0				0	
Development Services - Total					65,000	Organisational Savings				50,000
Reserve Impact - Development Services							0			
Development Services - Net Impact (excl. Org. Savings)					15,000					

Acct #	Job #	Description	Current Budget (\$)	Total YTD (\$)	Proposed Budget Amend't (\$)	Proposed Budget (\$)	Reserve Amend'ts (\$)	Comments	Organisational Savings
Engineering Services									
i1 - Director of Engineering Services									
105057		Coastal Park Mgmt Plan-Op Exp (KLC Minyirr Pk) - Prot of Envir	22,000	2,495	(12,000)	10,000		Planning and legal advice expenses were less than anticipated.	
125250		Dev Contributions - Carparks Cash In Lieu	-	(60,200)	(60,200)	(60,200)		Cash-in-Lieu contribution for car parking - planning approval 2012/182 - Lot 30 (4) Short Street - Streeter and Male	
121390		Transfer to Carpark Reserve - Cap Exp - Carpark Const	13,793	10,555	60,200	73,993	60,200	RO: BA - Accountant: Transfer to Reserve developer Contribution to carparks received in acct 125250	
125139		Footpath/Streetscape Implementation Plan Study	50,000	-	(50,000)	-		A Footpath/Streetscape Implementation Study for Guy St was not undertaken. This was funded from Footpath Reserve.	
125960		Transfer From Footpath Reserve - Footpath Construction	(725,625)	-	50,000	(675,625)	50,000	RO: BA - Accountant: Reduction in Transfer from Reserve due to Footpath / Streetscape Implementation Plan not likely to occur in this financial year in acct 125139	
121764		Fees, Reimb & Contribs Rec'd For Rd Maintenance	-	(16,000)	(16,000)	(16,000)		Income from Dept of Housing for maintenance on Cape Leveque Rd due to damage caused by large trucks during wet season closure.	
					(28,000)				0
i2 - Manager Assets & Design									
121501	RU12	Crab Creek Road - SLK 1.53 to 2.13 - New alignment from BR Ind. - Cap Ex - Upgra	250,000	110	(250,000)	-		The upgrade of Crab Creek Rd to a sealed standard will not proceed this financial year. The Watercorp contribution of \$200K will not be received until work is undertaken (121757).	
121757		Reimb & Contrib's Rec'd for Road Construction	(200,000)	-	200,000	-		RO: ES1 - Director of Engineering Services: Watercorp contribution for Crab Creek Rd Upgrade (will not be received in 2014/15) - RU12 will not be undertaken (MAD)	
121960		Transfer From Road Reserve Road Construction - Cap Inc	(114,853)	-	50,000	(64,853)	50,000	RO: BA - Accountant: Reduction in Transfer from Reserve due to developer contribution for work on Crab Creek Road not being undertaken	
143485		Subdivision Engineering Supervision Charges - Op Inc - Eng Off	(90,000)	-	56,697	(33,303)		Income was less than anticipated from Subdivision Supervision Charges	
					56,697				0
i3 - Manager Engineering Operations									
145103		Plant Parts & Repairs - Op Exp - Plant Operation	373,520	333,549	15,000	388,520		Major works carried out on P8103 D6R Dozer undercarriage and P8511 Komatsu Grader has this account tracking ahead of budget. Expected to level out during Q4.	
145105		Plant Fuel & Oil - Op Exp - Plant Operation	484,146	260,073	(110,000)	354,146		Reductions in fuel prices over the 14/15 financial year have realised savings in fuel expenditure.	
					(95,000)				0
i5 - Engineering Coordinator Works									
121501	RU120	Denham Road - Construct and Gravel Sheet (1 km) Coconut Well - Cap Ex - Upgrad	438,703	10,925	(400,000)	38,703		Project deferred to commence in July due to double allocation of Roads to Recovery which must be spent in the 15/16 Year	
121770		Rds to Recovery Grant for Rural Rds - Non Op Inc - Rd Const	(400,000)	-	400,000	-		RO: ES1 - Director of Engineering Services: RTR Funds for Denham Rd (Carryover Project)	
					0				0
C1 - Parks & Gardens Supervisor									
116283	PPART	Public Art Monument & Plaque Maintenance - Op Exp - Parks	12,785	16,285	27,215	40,000		Increased expenditure of \$27,215 due to construction of Anzac centenary memorial. Funding SoB \$17,215 and Australian Government's Anzac Centenary Local Grants Program \$10,000	

Acct #	Job #	Description	Current Budget (\$)	Total YTD (\$)	Proposed Budget Amend't (\$)	Proposed Budget (\$)	Reserve Amend'ts (\$)	Comments	Organisational Savings
113000	113074	Reconciliation Park Reserve Maint - Op Exp	42,916	51,111	15,000	57,916		un-budgeted rectification works undertaken following storm event to make safe the area and stabilise drainage. Increased labour and plant costs allocated due to these works.	
113000	113044	Civic Centre Gardens Maint Exp	86,230	43,790	(15,000)	71,230		Reduced labour and plant cost's against 14/15 budget as a result of staff turnover through organisational restructure and recruitment periods.	
113000	113579	Frangipani Park Maint & Op Exp - Op Exp - Pks & Ovals	42,678	21,109	(10,000)	32,678		Reduced labour and plant cost's against 14/15 budget as a result of staff turnover through organisational restructure and recruitment periods.	
113000	113581	High School Basketball Courts Maint Exp	20,372	20,433	10,000	30,372		Increased maintenance cost's on 14/15 budget due to further deterioration of court surfaces.	
117210	117211	Oval Maint - Op Exp - BRAC	235,207	216,830	50,000	285,207		Carparking and rectification works relating to Cricket net installation. High level of rectification maintenance.	
117212	117212	BRAC Ovals Utility Exp	119,233	44,145	(35,000)	84,233		Water 13/14 70K 14/15 tracking 36K, Power 13/14 34K 14/15 \$25K	
113048	113048	Inclement Weather Op Exp - P & G Operations	20,034	2,037	(15,000)	5,034		Nil inclement weather events requiring Parks and Gardens labour in 14/15 to date.	
				27,215					0

Engineering Services - Total (39,088)

Organisational Savings 0

Reserve Impact - Engineering Services 160,200

Engineering Services - Net Impact (excl. Org. Savings) (39,088)

YTD SUMMARY

	FACR Q3 (Income)/Expense	Reserve Impact (Reduce Balance)/Increase Balance	Org. Savings
Executive - Total	(9,700)	0	35,000
Business Enterprise and Community Development - Total	(92,500)	1,241	0
Corporate Services - Total	0	(184,426)	(429,248)
Development Services - Total	15,000	0	50,000
Engineering Services - Total	(39,088)	160,200	0
	(126,288)	(22,985)	(344,248)

	FACR Q1&2 Impact	Q3 FACR excl. Org. Savings - Deficit / (Surplus)†	TOTAL IMPACT - Deficit / (Surplus)**
YTD BUDGET IMPACT	115,656	(126,288)	(10,632)

†Note - This figure represents the impact to the SoB should council approve the recommendation to transfer the Organisational Savings to reserve. Savings will need to be found to offset the deficit position.

**WARNING - Should the amendments result in a Forecast Budget Deficit of more than 1% (\$368,017) of the budgeted operating revenue excluding grants and contributions for assets and profit on sale of assets, an action plan to remedy the situation will be prepared in accordance with Finance Policy 2.1.1.

BUDGET IMPACT				
	FACR Q1 (Income)/Expense	FACR Q2 (Income)/Expense	FACR Q3 (Income)/Expense	YTD Impact (Income)/Expense
Executive - Total	(2,500)	23,500	(9,700)	11,300
Business Enterprise and Community Development - Total	63,622	14,327	(92,500)	(14,551)
Corporate Services - Total	0	0	0	0
Development Services - Total	11,000	15,500	15,000	41,500
Engineering Services - Total	(10,000)	0	(39,088)	(49,088)
Other Agenda items not requiring a FACR Amendment	0	207	0	207
	62,122	53,534	(126,288)	(10,632)

	IMPACT ON RESERVES					
	Opening Balance	Budgeted Movements & Agenda Items	Q1 FACR	Q2 FACR	Q3 FACR	Closing Balance
Accumulated Reserve Balance (excluding Restricted Cash, KRCG, Sanitation)		(1,629,803)		57,260	(22,985)	
	13,620,131	11,990,328	11,967,328	12,024,588	12,001,603	12,001,603
	Sanitation only		675,592	(14,210)	-	-
Accumulated Reserve Balance (Sanitation only)	6,646,097	7,321,689	7,307,479	7,307,479	7,307,479	7,307,479

5.2 AUDIT REGULATION 17 IMPROVEMENT PLAN BIENNIAL PROGRESS REPORT - REVIEW OF THE APPROPRIATENESS AND EFFECTIVENESS OF SYSTEMS AND PROCESSES FOR RISK MANAGEMENT, INTERNAL CONTROL AND LEGISLATIVE COMPLIANCE

LOCATION/ADDRESS:	NIL
APPLICANT:	NIL
FILE:	ADM03
AUTHOR:	Manager Human Resources
CONTRIBUTOR/S:	Manager Financial Services
RESPONSIBLE OFFICER:	Chief Executive Officer
DISCLOSURE OF INTEREST:	NIL
DATE OF REPORT:	5 May 2015

SUMMARY: The Audit Committee is presented with a report for review on the progress of the Audit Regulation 17 Improvement Plan which was adopted by Council at the Ordinary Meeting of Council held 27 November 2014. The Improvement Plan contains a list of actions identified by the auditors requiring actions to improve the appropriateness and effectiveness of the Shire of Broome's systems and processes in regards to risk management, internal control and legislative compliance.

The Audit Committee is required to review the attached updated improvement plan prepared by the newly established Audit Regulation 17 Technical Advisory Group on the progress of the plan, then report to Council on the result of the Audit Committee's review.

BACKGROUND

Previous Considerations

OMC 28 August 2014	Item 10.2
SMC 27 June 2014	Item 9.4.6
OMC 27 November 2014	Item 10.3

The functions of local government Audit Committees have been expanded under amendments gazetted in 2013 to the *Local Government (Audit) Regulations 1996* (the Regulations) to include reviewing the appropriateness and effectiveness of a local government's systems and procedures in regard to risk management, internal control and legislative compliance.

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

At the Ordinary Meeting of Council (OMC) held 28 August 2014, Council adopted the Audit Committee's recommendation to engage an external auditor to comply with the requirements of the Regulations. UHY Haines Norton (UHYHN) was appointed as the audit firm to conduct the review.

The inaugural CEO's report on the biennial Regulation 17 Review was presented to Council at the Ordinary Meeting of Council held 27 November 2014. The requirement to

report biannually to the Audit Committee on the progress of the improvement plan is one of the actions listed within the plan.

COMMENT

Purpose

The purpose is to report on the improvement plan actions biannually to the Audit Committee in May and November after endorsement by Executive Management Group (EMG).

REGULATION 17 REVIEW

The Shire of Broome appointed an external auditor to conduct a third party review of organisational practices in accordance with updated legislation contained within Regulation 17 of *the Regulations*.

The '*Regulation 17 Review*' audit produced a comprehensive "Improvement Plan" sanctioned into three main compliance areas;

- Risk Management (RM)
- Legislative Compliance (LC)
- Internal Controls (IC)

A cumulative total of fifty-eight framework components and action items were identified to increase procedural and system effectiveness in accordance with legislative requirements.

The "*Improvement Plan*" provides the organisation with a comprehensive overview of business practices and continuous improvement methodologies that work towards increasing best practice standards across all Shire Directorates.

Please see attached "*Regulation 17 Review Improvement Plan*"

Technical Advisory Group

Following the "*Regulation 17 Review*" the Shire established an internal Technical Advisory Group (TAG). The TAG performs a vital role in the Shire's ability to fulfil its governance and responsibilities in relation to reporting, internal control and structure, risk management systems, legislative requirements and ethics.

The TAG consists of key Shire personnel to appropriately oversee strategic and operational business requirements contained within the "*Regulation 17 Review*". The intent for this group is to effectively communicate and implement objectives throughout the organisation.

The TAG meets monthly to review and update specific actions contained in the plan. Membership of the TAG is comprised of the following positions:

Director Corporate Services (Chair)
Manager Governance
Manager Financial Services
Manager Human Resources

Manager Health & Rangers
 Manager Information Services
 Manager Community Development
 Manager Operations Engineering
 Waste Coordinator

The TAG intends to retain a decentralised risk structure in order to ensure that should turnover arise within any one role the organisation's compliance function and reporting is not adversely affected and instead drives business continuity.

As stated in the Terms of Reference, the primary goal of the TAG is to implement and maintain the appropriateness and effectiveness of the Shire of Broome's systems and procedures in relation to risk management, legislative compliance and internal controls. The TAG will:

- Progress the implementation of risk management across the organisation and to monitor risk management practices.
- Maintain internal controls across the organisation and monitor adherence to internal controls practices.
- Progress the implementation of the legislative compliance framework.

IMPROVEMENT PLAN

"Improvement Plan" action items contained within the "Regulation 17 Review" are allocated to members within the TAG committee and prioritised in accordance with organisational need and capacity.

There are a number of actions that are partially complete or in progress full details are contained in the attachment.

The following action items have been completed in accordance with the "Regulation 17 Review".

No	Framework Component Improvements
RM 201	Risk Matrix amended in accordance with ISO 31000 (international best practice standards)
RM 3.1	Risk Management Working Group (Audit Reg 17 TAG) has been established and monthly meetings initiated
RM3.2	Risk Agenda topic included on weekly EMG Agenda
RM3.3	Records of inductions maintained on personnel files
RM3.9	Business Operating Procedure for Hazard Reporting has been established.
LC 2.4	Legislative Compliance Working Group (Audit Reg 17 TAG) has been established and monthly meetings initiated
IC2.2	Internal Controls Working Group (Audit Reg 17 TAG) has been established and monthly meetings initiated

The following action items have been progressed in accordance with the "Regulation 17 Review" pending Council consideration;

No.	Framework Components
RM1.2	DRAFT Policy Work Safety Health
IC 1.1	DRAFT Policy Internal Control
IC1.8	Policy 2.1.2 Investment of Surplus Funds

The above documents are attached to this report for review and notation by the Audit Committee and subsequent recommendation to Council for adoption. These policies have been workshopped with the Audit Committee on 6 May 2015 with attendance from Councillors Campbell, Tracey and Male.

Policy 2.1.2 Investment of Surplus Funds was identified as one of the actions requiring review for compliance with Regulation 19C from the *Local Government (Financial Management) Regulations 1996* (FMR). The document is submitted with deletions marked as ~~struck through~~ and additions in **red**. Since the Audit Committee workshop, clarification was sought from the review auditors on the application of *FMR 19C* of which restricts local governments to investing funds only with banks (authorised deposit taking institutions) and in the form of cash, resulting further deletions in Policy 2.1.2 of any references to securities, managed funds and credit risk ratings which are irrelevant under the restrictions.

The TAG has identified next level priorities to include, but not limited to:

Risk Management

- Re-development of the Risk Management Strategy and Framework.
- Re-establishment of the risk register.
- Contractor induction management.
- Risk training.

A budget amendment of \$24K has been proposed in the Quarter 3 Finance and Costing Review (FACR) to investigate and mitigate corporate risk under Regulation 17, to be funded from part of the Local Government Insurance Scheme bonus received this year.

Legislative Compliance

- Develop Policy to support legislative compliance
- Investigate and develop a Shire of Broome Legislative Compliance Framework
- Develop a Legislative Compliance Register
- Develop Legislative Compliance Strategy

Internal Controls

- Develop Bank Signatures Business Operating Procedure
- Develop Cash Handling Business Operating Procedure
- The Improvement Plan is to identify gaps based on risk with insurance identified as a priority.

The Shire of Broome strategic future planning for risk and internal and external compliance requirements will focus on Business Continuity Planning which promotes a self reliable sustainable system that enables Shire operations to continue within existing resources in the event of major change or emergency.

Some of the actions require analysis for levels of appropriateness specific to the Shire of Broome's operational and strategic circumstances. In other cases, a staged approach

may be required with the view to continuous review, reporting and improvement to achieve best practice outcomes for specific actions. The objective of this overall process is to ensure systems and procedures are in place that allow the Shire of Broome to achieve its strategic objectives for the benefit of public value, in the most effective and efficient way possible in line with the Shire's Mission, "To deliver affordable and quality Local Government services."

This report recommends the review of the attached updated "Improvement Plan" prepared by the newly established Audit Regulation 17 Technical Advisory Group on the progress of the plan with amended timeframes and responsible officers, then report to Council on the result of the Audit Committee's review, inclusive of any items or amendments for the CEO to action.

CONSULTATION

UHY Haines Norton
Chamber of Commerce and Industry

STATUTORY ENVIRONMENT

Local Government (Audit) Regulations 1996

16. Audit committee, functions of

An audit committee —

- (a) is to provide guidance and assistance to the local government —
 - (i) as to the carrying out of its functions in relation to audits carried out under Part 7 of the Act; and
 - (ii) as to the development of a process to be used to select and appoint a person to be an auditor;
- and
- (b) may provide guidance and assistance to the local government as to —
 - (i) matters to be audited; and
 - (ii) the scope of audits; and
 - (iii) its functions under Part 6 of the Act; and
 - (iv) the carrying out of its functions relating to other audits and other matters related to financial management; and
- (c) is to review a report given to it by the CEO under regulation 17(3) (the CEO's report) and is to —
 - (i) report to the council the results of that review; and
 - (ii) give a copy of the CEO's report to the council.

17. CEO to review certain systems and procedures

- (1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —
 - (a) risk management; and
 - (b) internal control; and
 - (c) legislative compliance.
- (2) The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review at least once every 2 calendar years.
- (3) The CEO is to report to the audit committee the results of that review.

POLICY IMPLICATIONS

2.1.2 Investment of Surplus Funds

FINANCIAL IMPLICATIONS

A budget amendment of \$24K has been proposed in the Quarter 3 Finance and Costing Review (FACR) to investigate and mitigate corporate risk under Regulation 17, to be funded from part of the Local Government Insurance Scheme bonus received this year.

STRATEGIC IMPLICATIONS

Our People Goal – Foster a community environment that is accessible, affordable, inclusive, healthy and safe:

Effective communication

Affordable services and initiatives to satisfy community need

Accessible and safe community spaces

A healthy and safe environment

Our Prosperity Goal – Create the means to enable local jobs creation and lifestyle affordability for the current and future population:

Affordable and equitable services and infrastructure

Our Organisation Goal – Continually enhance the Shire's organisational capacity to service the needs of a growing community:

An organisational culture that strives for service excellence

Sustainable and integrated strategic and operational plans

Responsible resource allocation

Effective community engagement

Retention and attraction of staff

Improved systems, processes and compliance

VOTING REQUIREMENTS

Simple Majority

REPORT RECOMMENDATION:

The Audit Committee recommends that Council:

- 1. Receives the Audit Regulation 17 progress report and attached updated Improvement Action Plan.*
- 2. Adopts the reviewed actions, timelines and responsible officers as detailed in the*

Improvement Action Plan.

3. *Adopts the proposed policies as attached:*
 - (a) *Work Safety Health Policy*
 - (b) *Internal Control (Governance and Internal Controls) Policy*
4. *Adopts the reviewed Policy 2.1.2 Investment of Surplus Funds as attached.*

Attachments

1. Audit Reg 17 Improvement Action Plan
2. Policy 2.1.2 Investment of Surplus Funds REVIEWED
3. DRAFT Work Safety Health Policy
4. DRAFT Internal Control Policy

APPENDIX E

RISK MANAGEMENT IMPROVEMENT PLAN

No.	FRAMEWORK COMPONENTS	PURPOSE/GOAL	IMPROVEMENTS	Officer	Timing	Comments
RM 1.0	Mandate and Commitment					
RM 1.1	Council Policy 1.2.11 Risk Management Policy	To create an environment where Council, management and staff apply risk management, techniques through consistent and effective risk management practices.	That relevant identified risks be included within Council agenda items. That the Audit Committee be provided with a risk report bi-annually.	Executive Officer Director Corporate Services	December 2014 May 2015	Updated with risk subheading for implementation in May 2015 OMC
				Manager Human Resources	May 2015	MHR to review and report back to TAG with proposal
RM 1.2	Occupational Safety and Health Policy	To create an environment where Council, management and staff comply with Occupational Safety and Health requirements for Employees, Contractors, Volunteers and visitors	That a risk based Occupational Safety and Health Policy be developed.	Manager Human Resources	December 2014 May 2015	Draft policy has been circulated for review internally via the Audit Reg 17 TAG, OSH Committee and CEO. To be presented at a workshop with the Audit Committee 6 th May.
RM 2.0	Design of Framework for Managing Risk					

RISK MANAGEMENT IMPROVEMENT PLAN

No.	FRAMEWORK COMPONENTS	PURPOSE/GOAL	IMPROVEMENTS	Officer	Timing	Comments
RM 2.1	Enterprise-wide Risk Management Strategy and Framework	Defines and details the various practices to support Risk Management and establishes the risk management strategy and framework to be followed by all Shire staff.	That the Enterprise-wide Risk Management Strategy and Framework be made available to users of the Intranet.	Executive Officer	December 2014	The draft document has been identified and will be reviewed for presentation to the Audit Committee Nov 2015
			That the current risk matrix be amended to facilitate risks to be assessed within the context of the objective (in accordance with ISO 31000) and to use a percentage for relevant thresholds rather than the present fixed dollar thresholds.	Manager Human Resources	November 2015	
				Executive Officer	December 2014	Completed
RM 2.2	Insurance Strategy or Policy	A policy to provide guidance to Officers as to the management of risk through insurance.	That an Insurance Strategy and Policy be developed to provide clarity on issues such as the level of self-insurance, the adequacy of cover and the basis of the valuation of the insured assets.	Executive Officer	June 2015 November 2015	Draft document to be developed for presentation to the Audit Committee Nov 2015
Director Corporate Services						
RM 3.0	Implementing risk management					

[illegible]

RISK MANAGEMENT IMPROVEMENT PLAN

No.	FRAMEWORK COMPONENTS	PURPOSE/GOAL	IMPROVEMENTS	Officer	Timing	Comments
RM 3.0 Implementing risk management (Continued)						
RM 3.4	OSH Committee	A working committee is established to implement OSH strategy and procedures.	That a risk based assessment of OSH issues be undertaken by the working committee and included within minutes to enable prioritisation of risk treatments.			Query – To be deleted, Council has a working OHS Committee already established and can undertake this improvement OSH Committee is in existence. Risk tables are included in the hazard identification procedures effective March 2015.
RM 3.5	Shire of Broome Business Continuity Plan	To plan for the prevention, response and recovery from events that may threaten the capacity of the Shire of Broome to continue to provide services and good governance to the District.	That, as high priority, an effective documented Business Continuity Plan be developed including relevant disaster recovery plans.	Director Corporate Services	October 2015	
			That, once adopted, the Plan's effectiveness be tested.	Director Corporate Services	November 2015	

RISK MANAGEMENT IMPROVEMENT PLAN

No.	FRAMEWORK COMPONENTS	PURPOSE/GOAL	IMPROVEMENTS	Officer	Timing	Comments
RM 3.6	Local Emergency Management Plan 2014 Draft	A plan is prepared in accordance with the requirements of Emergency Management Act 2005 [s.41(4)] and State Emergency Management Policy 2.5	That, the draft plan be finalised and once adopted, its effectiveness be tested in accordance with PART 5 of the plan.	Director Development Services	Complete – Oct 2014 June 2015	Plan has been finalised and adopted since the date of this report. Testing of the plan to be complete by June 2015 subject to funding
RM 3.7	Local Recovery Plan 2014 Draft	A plan is prepared in accordance with the requirements of Emergency Management Act 2005 [s.41(4)] and State Emergency Management Policy 2.5	That, the draft plan be finalised and once adopted, its effectiveness be tested.	Director Development Services	Complete – Oct 2014 June 2015	Plan has been finalised and adopted since the date of this report. Testing of the plan to be complete by June 2015 subject to funding

RISK MANAGEMENT IMPROVEMENT PLAN

No.	FRAMEWORK COMPONENTS	PURPOSE/GOAL	IMPROVEMENTS	Officer	Timing	Comments
RM 3.8	Records Disaster Management Plan	A plan is prepared to minimise the risk of loss of records in the event of a disaster.	<p>That the Plan be amended to:</p> <ul style="list-style-type: none"> - Consider risks in accordance with Risk Management Policy and the associated Strategy and Framework. - Provide for the timely electronic storing of all records. - Require electronic records to be routinely backed up and stored at sufficiently remote geographic location to reduce the risk of the impact of a common disaster event. - Require routine testing to ensure currency and completeness of restored backups. 	Manager Information Services	<p>Complete</p> <p>Complete</p> <p>February 2015 May 2015</p> <p>April 2015</p>	<p></p> <p>In progress</p> <p>Complete – currently conducted.</p>

RISK MANAGEMENT IMPROVEMENT PLAN

No.	FRAMEWORK COMPONENTS	PURPOSE/GOAL	IMPROVEMENTS	Officer	Timing	Comments
RM 3.9	Business Operating Procedure 010 Hazard, Accident and Incident Reporting	A management procedures designed to guide staff on the actions required when a hazard is identified or an incident reported.	<p>That the procedure be amended to:</p> <ul style="list-style-type: none"> - Clearly state that liability should not be admitted; - Provide clarity as to who contractors, temporary personnel, service personnel and volunteers should report incidents or hazards to; and - Implement controls to ensure procedure is followed at all times, in particular ensuring relevant evidence is obtained on a timely basis. 	<p>Executive Officer</p> <p>Manager Human Resources</p>	<p>December 2014</p>	Complete March 2015
RM 3.10	Business Operating Procedure 2.020 Contractor Management (Risk and Safety)	A management procedures designed to ensure a safe working environment at all Shire premises.	That controls be implemented to ensure procedure is followed and to maintain evidence of compliance with procedure.	<p>Executive Officer</p> <p>Manager Human Resources</p>	<p>March 2015</p> <p>November 2015</p>	MHR to circulate current procedures to the TAG for review with a view to decentralise responsibility to ROs with respective contract management.

RISK MANAGEMENT IMPROVEMENT PLAN

No.	FRAMEWORK COMPONENTS	PURPOSE/GOAL	IMPROVEMENTS	Officer	Timing	Comments
RM 3.11	Business Operating Procedure 2.008 Vital Records Management	A management procedures designed to guide staff on the actions required to manage vital records.	That the procedure be amended to: - Clarify the vital records to be held in the Fire Proof Safe; - Ensure all staff complete a vital records access form; - Provide for vital records to be returned daily to records to ensure overnight security.	Manager Information Services	Complete Complete December 2014	Process to be reviewed with potential for staff to access a copy only.
RM 3.12	Emergency Response Procedures – Shire Buildings	To ensure uniformity in the handling of building related emergency situations.	That emergency response procedures for all Shire buildings be developed and implemented.	Executive Officer Manager Health Rangers/ Manager Community Development	February 2015 October 2015	Review required prior to 2015/2016 cyclone season. BRAC/Civic Centre/Library – Propose amending existing procedures to be consistent with those developed.

RISK MANAGEMENT IMPROVEMENT PLAN

No.	FRAMEWORK COMPONENTS	PURPOSE/GOAL	IMPROVEMENTS	Officer	Timing	Comments
RM 3.14	Events risk assessment	To require a risk assessment to be undertaken as part of the hosting of community events on Shire property.	That a standardised risk management plan for completion by event hosts and review by senior officers be developed.	Executive Officer/ Manager Community Development/Events Coordinator	February 2015 Complete August 2015	Large scale events are required to provide an audited Risk management plan. Standardised risk management plan template to be developed as part of event review process.
RM 3.15	Asset Management Risk Assessment	Inclusion of a risk assessment undertaken as part of development and maintenance of the Shire of Broome Asset Management Plans 2013 (AMP)	That treatment plans be monitored to ensure risks are reduced to a medium level.	Asset Coordinator	April 2015 June 2016	A risk assessment to be included when reviewing existing Asset Management Plans and developing new Asset Management Plans.
RM 3.16	Workforce Risk Assessment	Inclusion of a risk assessment undertaken as part of development and maintenance of the Shire of Broome Workforce Plan 2013	That a treatment plan for all identified extreme and high risks be included in the Plan to reduce the identified risks.	Manager Human Resources	April 2015	

RISK MANAGEMENT IMPROVEMENT PLAN

No.	FRAMEWORK COMPONENTS	PURPOSE/GOAL	IMPROVEMENTS	Officer	Timing	Comments
RM 3.17	Project Specific Risk Assessments	A risk assessment is undertaken as part of a major project brief. A major project is defined in Management Policy.	That procedures be developed to ensure risk assessments are undertaken in accordance with risk strategy and framework prior to their approval.	Manager Financial Services	December 2015	
RM 4.0 Monitoring and review						
RM 4.14	Audit and Risk Committee	An Audit Committee is required by the Local Government (Audit) Regulations 1996, and its composition and role is prescribed.	That the Committee receive bi-annual reports containing information on extreme and high risk ratings in accordance with the Enterprise-wide Risk Management Strategy and Framework.	Executive Officer Manager Human Resources	April/November Annually	Pending review of the risk register. This is to be included in the bi-annual report on risk to the Audit Committee.
RM 4.15	Monitoring Compliance	To ensure policies relating to risk management are adhered to by the organisation and their effectiveness is monitored.	That recording and reporting mechanisms to monitor risks be implemented in accordance with policy.	Executive Officer Manager Human Resources	Ongoing Pending	Dependant on review of Risk Management Policy
RM 4.16	Entity Risk Register	To achieve a risk management tool to record the risk management processes for the overall organisation.	That the entity risk register as outlined in the Enterprise wide risk management Strategy and Framework be maintained.	Executive Officer Manager Human Resources	Ongoing	Under review.

RISK MANAGEMENT IMPROVEMENT PLAN

No.	FRAMEWORK COMPONENTS	PURPOSE/GOAL	IMPROVEMENTS	Officer	Timing	Comments
RM 4.17	Occupational Safety and Health (OSH) Register	To maintain a hazard based register of OSH matters.	That the current outstanding OSH list be augmented by an OSH register capable of provide regular reports and identifying OSH trends.	Manager Human Resources	Ongoing	
RM 5.0 Continual improvement of the framework						
RM 5.1	Ongoing Improvement Program	A program developed to plan and implement improvements in risk management practices and to guide the process of implementation.	That a risk management improvement plan be maintained into the future to support the process of continual improvement.	Executive Officer Audit Reg 17 TAG	Ongoing	This improvement plan forms the basis of an all inclusive continual improvement process for all three areas.
RM 5.2	Training	Structured risk management training be available for elected members and senior staff.	That risk management training be available to elected members and all senior staff undergo relevant risk management training.	Executive Officer Manager Human Resources	November - Annually	Included in LGIS membership.

LEGISLATIVE COMPLIANCE FRAMEWORK REVIEW

Legislative Compliance Improvement Plan

No.	FRAMEWORK COMPONENTS	PURPOSE/GOAL	IMPROVEMENTS	OFFICER	TIMING	COMMENTS
LC 1.0 Mandate and Commitment to Legislative Compliance						
LC 1.1	Council Policy – Legislative Compliance Policy	To evidence the Council’s commitment to legislative compliance and its importance to the organisation.	That a policy to support legislative compliance be developed.	Manager Governance	May 2015 November 2015	Draft document to be developed for presentation to the Audit Committee Nov 2015
LC 1.2	Council Policy 1.2.10 Records Management.	To incorporate legislative requirements and standards into the record keeping functions.	That the Records Management procedures and inductions be reviewed to improve the effectiveness of the records management systems.	All Staff Manager Information Services	Ongoing February 2015	Further training to be scheduled
LC 2.0 Design of Framework for Legislative Compliance						
LC 2.1	Management framework - Legislative Compliance	To establish the Legislative Compliance Framework, systems and controls and detail various practices to support legislative compliance.	That a compliance framework reflecting a risk based approach to legislative compliance be developed, detailing the monitoring and reporting systems to be utilised.	Manager Governance/ Executive Officer	June 2015 November 2015	Draft document to be developed for presentation to the Audit Committee Nov 2015
LC 2.4	Risk Management Working Group	To established a legislative compliance working group to progress the implementation of the framework.	That a working group be established to progress the implementation of a Legislative Compliance Framework.	Technical Advisory Group (TAG)	February 2015 Complete	TAG established March 2015 to address all subject areas.

**Item 5.2 - AUDIT REGULATION 17 IMPROVEMENT PLAN BIENNIAL PROGRESS REPORT -
REVIEW OF THE APPROPRIATENESS AND EFFECTIVENESS OF SYSTEMS AND
PROCESSES FOR RISK MANAGEMENT, INTERNAL CONTROL AND LEGISLATIVE
COMPLIANCE**

Audit Reg 17 Improvement Action Plan

LC 3.0 Senior Management Commitment

LC 3.2	Communications	To ensure staff, contractors and regular volunteers are aware of their obligation to report breaches of legislation to the appropriate Officer.	That the obligation to report compliance breaches be communicated to contractors and volunteers.	Executive Officer Audit Reg 17 TAG	March 2015 November 2015	To be confirmed to be included in the contractor induction process.
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LC 4.0 Staff Experience and Training

LC 4.1	Experienced Staff	To ensure staff engaged at a senior level and on technical roles have an understanding of the legislative requirements relevant to their role.	That actions continue to address staff recruitment issues with the goal of improving the effectiveness of recruiting appropriately qualified and experienced staff.	CEO/Manager Human Resources	Ongoing	
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LC 4.0 Staff Experience and Training (Continued)

LC 4.2	Staff Training	To ensure the staff have access to ongoing and appropriate training in legislative requirements.	That a risk based training matrix be developed identifying and addressing training needs as part of a broader workforce plan.	Manager Human Resources	April 2015	
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LC 5.0 Monitoring and Review of Legislative Compliance

LC 5.1	Audit and Risk Committee	An Audit Committee is required by the Local Government (Audit) Regulations 1996, and its composition and role is prescribed.	That the Committee receive bi-annual reports containing information on extreme and high risk ratings in accordance with the Enterprise-wide Risk Management Strategy and Framework.	Executive Officer	April/November Annually	Duplicated with RM4.14
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Legislative Compliance Improvement Plan

No.	FRAMEWORK COMPONENTS	PURPOSE/GOAL	IMPROVEMENTS	OFFICER	TIMING	COMMENTS
LC 5.2	Legislative Compliance Register	A legislative compliance register to record known breaches of legislation. The register facilitates the ongoing monitoring of the effectiveness of related policies and procedures.	That a legislative compliance register be developed as part of a legislative compliance framework.	Manager Governance	January 2015 in line with Compliance Audit Return (CAR) November 2015	Draft document to be developed for presentation to the Audit Committee Nov 2015
LC 5.4	Monitoring Compliance	To ensure policies and other controls relating to legislative compliance are adhered to and their effectiveness is monitored.	That monitoring and reporting procedures for legislative compliance be developed as part of Legislative Compliance Strategy.	Manager Governance	September 2015 November 2015	Draft document to be developed for presentation to the Audit Committee Nov 2015
LC 6.0 Continual Improvement of Legislative Compliance						
LC 6.1	Ongoing Improvement Program	A program developed to plan and implement improvements in legislative compliance practices and to guide implementation.	That the improvement program contained within this report be used as an initial improvement program.	Manager Governance Audit Reg 17 TAG	December 2014 Ongoing	This improvement plan forms the basis of an all inclusive continual improvement process for all three areas.

INTERNAL CONTROLS ENVIRONMENT AND FRAMEWORK REVIEW

INTERNAL CONTROLS IMPROVEMENT PLAN

FRAMEWORK No.	COMPONENTS	PURPOSE/GOAL	IMPROVEMENTS	OFFICER	TIMING	COMMENTS
IC 1.0 Mandate and Commitment to Internal Controls						
IC 1.1	Council Policy Internal Controls Policy	To evidence the Councils commitment to Internal Controls and their importance to the Organisation.	That a policy be developed reflecting Council's commitment to a risk based internal controls throughout the organisation.	Manager Financial Services	February 2015 May 2015	Presented to Audit Committee workshop 6 th May for adoption by AC to the May OMC.
IC 1.6	Council Policy 1.2.10 Records Management	To ensure uniformity and consistency in the creation and maintenance of record keeping systems.	Refer to item 1.3			NFA - Deletion
IC 1.7	Council Policy 2.1.1 Materiality in Financial Reporting	To establish the Council's view on when variances in financial reports are considered material.	That the policy wording be reviewed to provide additional clarity.	Manager Financial Services	June 2015	To be reviewed as part of the annual budget adoption 15/16 in June.
IC 1.8	Council Policy 2.1.2 Investment of Surplus Funds	To establish the Council's view on how surplus funds should be invested.	That the policy be reviewed to ensure compliance with Regulations 19C of the LG Financial Management Regulations.	Manager Financial Services	February 2015 May 2015	Presented to Audit Committee workshop 6 th May for adoption by AC to the May OMC.
IC 2.0 Internal Control Framework Design						
IC 2.2	Internal Controls Working Group	A working group to maintain internal controls across the Organisation and monitor adherence to internal controls practices.	That action be taken, as a high priority, to establish a working group to address inter-departmental internal controls.	TAG	February 2015 Complete	TAG established March 2015 to address all subject areas.

INTERNAL CONTROLS IMPROVEMENT PLAN

FRAMEWORK						
No.	COMPONENTS	PURPOSE/GOAL	IMPROVEMENTS	OFFICER	TIMING	COMMENTS
IC 2.3	Management Policy - Internal Controls	To establish a risk based Internal Control Framework, Systems and practices to support the internal control environment.	That an internal control framework be developed reflecting a risk based approach to internal controls and providing the monitoring and reporting systems.	TAG	October 2015	Business Operating Procedure presented to Audit Committee workshop 6 th May for notation by AC. Framework requirement to be discussed and reviewed with the TAG.
No.	PROCESS CONTROL	PURPOSE OF CONTROL	IMPROVEMENTS	OFFICER	TIMING	COMMENTS
IC 3.0 Implementation of Internal Controls						
IC 3.5	Human Resources Directive HR 003 – Police Checks for Certain staff	To reduce the risk of theft, fraud, dishonesty or criminal damage by an employee.	That as a matter of high priority, Police checks be required for all relevant staff and controls be established to ensure the directive is followed at all times.	Manager Human Resources	Ongoing	
IC 3.6	Experienced Staff	To ensure all senior staff have an understanding of the inherent risks internal controls are addressing associated with, and relevant to, their role.	Refer to LC 5.1	Executive Officer Manager Financial Services	November 2014 - Ongoing	To be implemented as part of the Internal Control Policy & BoP through all employees.

INTERNAL CONTROLS IMPROVEMENT PLAN

FRAMEWORK		PURPOSE/GOAL	IMPROVEMENTS	OFFICER	TIMING	COMMENTS
No.	COMPONENTS					
IC 3.7	Staff Training	To ensure the staff have access to ongoing training in internal controls and attend appropriate training sessions.	Refer to LC 5.2	Manager Governance/Manager Financial Services	February 2015 Annually Ongoing	Inductions and specific on the job training for internal control areas ie cash handling, stock control as required. Training programmes to be developed for specific areas eg BRAC, Civic Centre and others as identified.
IC 4.0 Monitoring and Review of Internal Controls						
IC 4.1	Audit Committee	An Audit Committee is required by the Local Government (Audit) Regulations 1996, and its composition and role is prescribed.	No action currently required. The continued growth of Shire may require routine internal audit reporting to be a future consideration.	Chief Executive Officer		Noted
IC 4.3	Monitoring	To ensure policies and other controls relating to internal controls are adhered to within the organisation and their effectiveness is monitored.	That an internal audit function be developed to monitor the appropriateness and effectiveness of financial and non-financial internal controls.	Manager Governance/Manager Financial Services Audit Reg 17 TAG	November - Annually	Monitoring processes to be developed.
IC 4.4	Breach monitoring	To ensure a process exists to track breaches of internal controls and effectiveness of changes to internal controls.	That a process to track control breaches be developed as part of the wider risk management process.	Manager Governance/Manager Financial Services Audit Reg 17 TAG	Ongoing	Monitoring processes to be developed.

INTERNAL CONTROLS IMPROVEMENT PLAN

FRAMEWORK		PURPOSE/GOAL	IMPROVEMENTS	OFFICER	TIMING	COMMENTS
No.	COMPONENTS					
IC 5.0 Continual Improvement of Internal Controls						
IC 5.1	Ongoing Improvement Program	A program developed to plan and implement improvements in internal controls practices and to guide the process of implementation.	That a documented program to implement improvements to internal controls be established as part of the wider risk management process.	Manager Financial Services Audit Reg 17 TAG	December 2014 Ongoing	This improvement plan forms the basis of an all inclusive continual improvement process for all three areas.
IC 6.0 INTERNAL CONTROL WEAKNESSES IMPROVEMENT PLAN						
IC 6.1	BRAC Receipting	To ensure that all funds received at the BRAC are receipted to the correct account in a timely manner.	That documented control procedures be developed and compliance with these procedures monitored.	Manager Financial Services/Manager Community Development	In progress – January 2015 Complete and on-going In progress – December 2015	Procedures documented and monitored by BRAC Manager. LINKS training identified as a requirement and submitted to MHR for 2015/16 FY.

INTERNAL CONTROLS IMPROVEMENT PLAN

FRAMEWORK		PURPOSE/GOAL	IMPROVEMENTS	OFFICER	TIMING	COMMENTS
No.	COMPONENTS					
IC 6.2	Civic Centre Receipting	To ensure all funds received at the Civic Centre are receipted to the correct account in a timely manner.	That documented control procedures be developed and compliance with these procedures monitored.	Manager Financial Services/Manager Community Development	In progress – January 2015	Staff manual developed that includes stock take procedures.
					Complete	
IC 6.3	Waste Facility Receipting	To ensure all funds received at the Waste Facility are receipted to the correct account in a timely manner.	That documented control procedures be developed and compliance with these procedures monitored.	Waste Coordinator/Manager Financial Services	In progress – July 2015	Awaiting cash handling procedure to be developed
					November 2015	Formal procedures and compliance checks to be developed.
IC 6.4	Other Receipting	To ensure all funds received at any other place are receipted to the correct account in a timely manner.	That a BOP be developed to control the authorised receipting points and establish processes to ensure appropriate controls at new, or ad hoc, points.	Manager Financial Services	February 2015 November 2015	Halted due to staff resignation. Business Operating Procedure to be developed once Revenue Officer is on board.

INTERNAL CONTROLS IMPROVEMENT PLAN

FRAMEWORK		PURPOSE/GOAL	IMPROVEMENTS	OFFICER	TIMING	COMMENTS
No.	COMPONENTS					
IC 6.5	Refuse/TIP Dockets	To ensure debtor invoices are raised monthly for operators with a debtor account.	That control procedures be improved to ensure all dockets are received and invoiced.	Manager Financial Services	Complete	<p>Tip dockets were in the process of transitioning to the Mandalay electronic system – this item can be deleted?</p> <p>Mandalay software ensures all transactions are recorded and those allocated to debtor accounts are invoiced monthly – Waste Coordinator</p>
IC 6.6	Bank Account Signatories	To ensure only properly authorised, competent staff are signatories to Bank Accounts.	That a Policy be developed to document the process for addition or removal of signatories from Shire bank accounts.	Manager Financial Services	<p>February</p> <p>November 2015</p>	<p>Halted due to staff resignation. Business Operating Procedure to be developed once Revenue Officer is on board.</p>
IC 6.7	Separation of duties	Separation of debtors and creditors roles to minimise the risk of fraud.	That system controls be implemented to ensure debtor and creditor staff do not have cross access.	Manager Financial Services		Query – Finance have adequate controls to ensure fraud risk is minimise. This is not required as an improvement

INTERNAL CONTROLS IMPROVEMENT PLAN

FRAMEWORK		PURPOSE/GOAL	IMPROVEMENTS	OFFICER	TIMING	COMMENTS
No.	COMPONENTS					
IC 6.8	Accounting Control Procedures	To ensure all financial transactions are appropriately recorded/ reported and the risk of fraud or error is minimised.	That the accounting procedures be expanded to more fully describe the task and its associated consequences and lines of authority.	Financial Services Team	June 2015	

Highlighted Text: To be queried further with auditors

CORPORATE SERVICES

2.1.2

Financial Section Services

TITLE:	INVESTMENT OF SURPLUS FUNDS
ADOPTED:	OCM 6 October 2005 - Pages 75 – 76
REVIEWED:	OMC 15 March 2012 – Pages 96 – 103 OMC 14 June 2012 – Pages 140 – 142 OMC 27 March 2014 – Pages 94 - 99
ASSOCIATED LEGISLATION:	Local Government Act 1995 Local Government (Financial Management) Regulations 1996 Trustees Act 1962 Australian Accounting Standards
ASSOCIATED DOCUMENTS:	Issue Credit Rating Definitions (attached)
REVIEW RESPONSIBILITY:	Manager Financial Services
DELEGATION:	Investment of Surplus Funds

Previous Policy Number – 2.1.5

Objective:

To invest Council's surplus funds in a prudent manner, with consideration of risk and at the most favourable rate of interest available to it at the time, for that investment type, while ensuring that its liquidity requirements are being met.

While exercising the power to invest, consideration is to be given in preservation of capital, liquidity, and the return of investment.

- Preservation of capital is the principal objective of the investment portfolio. Investments are to be performed in a manner that seeks to ensure security and safeguarding the investment portfolio. This includes managing credit and interest rate risk within identified thresholds and parameters.
- The investment portfolio will ensure there is sufficient liquidity to meet all reasonably anticipated cash flow requirements, as and when they fall due, without incurring significant costs due to the unanticipated sale of an investment.
- The investment is expected to achieve a predetermined market average rate of return that takes into account the Council's risk tolerance. Any additional return target set by Council will also consider the risk limitation and prudent investment principles.

Delegation of Authority:

Authority for implementation of the Investment Policy is delegated by Council to the **Chief Executive Officer (CEO)** in accordance with the *Local Government Act 1995*. The CEO may in turn delegate the day-to-day management of Council's Investment to senior staff subject to regular reviews.

Prudent Person Standard:

The investment will be managed with the care, diligence and skill that a prudent person would exercise. Officers are to manage the investment portfolios to safeguard the portfolios in accordance with the spirit of this Investment Policy, and not for speculative purposes.

Policy:

Council and staff have an obligation to ensure that surplus funds are invested in a responsible manner.

Council is required to have in place a current set of policies and internal control procedures that satisfy the responsibilities under Section 6.14 of the *Local Government Act 1995*, Part III of the *Trustees Act 1962* (as amended) and Regulation 19C of the *Local Government (Financial Management) Regulations 1996*.

Council will adopt a conservative investment approach to ensure investment capital is preserved and funds are always available in the short term. Council and delegated officers have a fiduciary duty under the *Local Government Act 1995*, therefore risks must be kept to an acceptable minimum, particularly credit risk.

Reporting and Review

A monthly report will be provided to Council in support of the monthly statement of financial activity. The report will detail the investment portfolio in terms of performance, percentage exposure of total portfolio, maturity date and changes in market value.

Guidelines Regulation 19C

The Chief Executive Officer and delegated officers are authorised to invest surplus funds within the authorised investment parameters and regulation 19C of the *Local Government (Financial Management) Regulations 1996*.

1. Authorised Investments

1.1 Cash/ Bank Deposits/~~Securities~~

- (a) Deposits with an authorised deposit-taking institution as defined in the *Banking Act 1959* (Commonwealth) **section 5**; or
- (b) The Western Australian Treasury Corporation established by the *Western Australian Treasury Corporation Act 1986*; ~~and~~

1.2 Restrictions

- (a) Council must not deposit with an institution that is not an authorised institution;
- (b) Deposit for a fixed term not more than 12 months;
- (c) Not invest in bonds that are not guaranteed by the Commonwealth Government, or a State or Territory Government;
- (d) Not invest in bonds with a term to maturity of more than 3 years;
- (e) Not invest in foreign currency;
- (f) Organisations with which deposits are placed must have credit ratings equivalent to or higher than the Authorised Investment Services Provider and Exposure limits table at 2 below;

~~———— (g) The interest rate re-set period on floating rate notes must be less than or equal to 6 months. Term of the notes must not exceed 3 years.~~

~~———— (h) Managed Fund investments are restricted by average duration of less than 3 years.~~

~~———— (i) Maximum limits (% of investment portfolio) are detailed in the Authorised Investment Services Provider and Exposure limits Table at 2 below.~~

Investment Service Providers		Investments up to 12 Months – Short Term Rating Applies	Investment over 12 Months – Long Term Rating Applies	Maximum Exposure as a % of total investment portfolio
		Short Term Rating	Long Term Rating	
1.	Authorised institutions within the meaning of the Banking Act 1959. (Note: at all times a minimum of 20% of total investments must remain with an authorised institution)	A-2	A	100%
2.	Managed (Cash/ Treasury) Funds (Unit Trusts) with an average duration of less than 1 year.	A-2	A	85%
3.	Managed (Cash/ Treasury) Funds (Unit Trusts) with an average duration of less than 3 years.	A-2	A	75%
4.	Managed (Fixed Interest) Funds. Note: an overall limit of 95% applies to items 2 to 4 – ie. A mix is acceptable, but combined exposure must remain within 95% of total investment portfolio.		A	50%
5.	Commonwealth Government (Max term 3 years)	A-2	A	<1 year 50% >1 year 20%
6.	State Government (Max term 3 years)	A-2	1	<1 year 50% >1 year 20%
7.	Other Authorised Financial Institutions (maximum term 2 years)	A-2	A	<1 year 50% >1 year 20%

Note – 1. The maximum exposure % is the % of the total Current Cash Assets that can be invested.
2. All ratings above are those set by Standard and Poor's Rating Services, equivalent Finch ratings are also acceptable.
3. All other investments require Council approval.

**Issue Credit Rating Definitions (taken from Standard & Poor's website
(www.standard-poors.com/ratings/definitions/issues)**

A Standard & Poor's issue credit rating is a current opinion of the creditworthiness of an obligor with respect to a specific financial obligation, a specific class of financial obligations, or a specific financial program (including ratings on medium term note programs and commercial paper programs). It takes into consideration the creditworthiness of guarantors, insurers, or other forms of credit enhancement on the obligation and takes into account the currency in which the obligation is denominated. The issue credit rating is not a recommendation to purchase, sell, or hold a financial obligation, inasmuch as it does not comment as to market price or suitability for a particular investor.

Issue credit ratings are based on current information furnished by the obligors or obtained by Standard & Poor's from other sources it considers reliable. Standard & Poor's does not perform an audit in connection with any credit rating and may, on occasion, rely on unaudited financial information. Credit ratings may be changed, suspended, or withdrawn as a result of changes in, or unavailability of, such information, or based on other circumstances.

Long Term Issue Credit Ratings

Issue credit ratings are based, in varying degrees, on the following considerations:

1. — Likelihood of payment — capacity and willingness of the obligor to meet its financial commitment on an obligation in accordance with the terms of the obligation;
2. — Nature of and provisions of the obligation;
3. — Protection afforded by, and relative position of, the obligation in the event of bankruptcy, reorganisation, or other arrangement under the laws of bankruptcy and other laws affecting creditors' rights.

The issue of rating definitions are expressed in terms of default risk. As such, they pertain to senior obligations to an entity. Junior obligations are typically rated lower than senior obligations, to reflect the lower priority in bankruptcy, as noted above. (Such differentiation applies when an entity has both senior and subordinated obligations, secured and unsecured obligations, or operating company and holding company obligations.) Accordingly, in the case of junior debt, the rating may not conform exactly within the category definition.

AAA

An obligation rated "AAA" has the highest rating assigned by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is extremely strong.

AA

~~An obligation rated "AA" is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.~~

A

~~An obligation rated "A" is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.~~

BBB

~~An obligation rated "BBB" exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation. Obligations rated "BB", "B", "CCC" and "C" are regarded as having significant speculative characteristics. "BB" indicates the least degree of speculation and "C" the highest. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions.~~

BB

~~An obligation rated "BB" is less vulnerable to non-payment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.~~

B

~~An obligation rated "B" is more vulnerable to non-payment than obligations rated "BB", but the obligor currently has the capacity to meet its financial commitment on the obligation. Adverse business, financial or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitment on the obligation.~~

CCC

~~An obligation rated "CCC" is currently vulnerable to non-payment, and is dependent upon favourable business, financial and economic conditions for the obligor to meet its financial commitment on the obligation. In the event of adverse business, financial or economic conditions, the obligor is not likely to have the capacity to meet its financial obligations.~~

CC

~~An obligation rated "CC" is currently highly vulnerable to non-payment.~~

~~C~~

~~A subordinated debt or preferred stock obligation rated "C" is currently highly vulnerable to non-payment. The "C" rating may be used to cover a situation where a bankruptcy petition has been filed or similar action taken, but payments on this obligation are being continued. A "C" also will be assigned to a preferred stock issue in 'arrears on dividends or sinking fund payments', but that is currently paying.~~

~~D~~

~~An obligation rated "D" is in payment default. The "D" rating category is used when payments on an obligation are not made on the date due even if the applicable grace period has not expired, unless Standard & Poor's believes that such payment will be made during such grace period. The "D" rating also will be used upon the filing of a bankruptcy petition or the taking of a similar action if payments on an obligation are jeopardized. Plus (=) or minus (-): The ratings from "AA" to "CCC" may be modified by the addition of a plus or minus sign to show relative standing within the major rating categories.~~

~~R~~

~~This symbol is attached to the ratings of instruments with significant non-credit risks. It highlights risks to principal or volatility of expected returns which are not addressed in the credit rating. Examples include: obligations linked or indexed to equities, currencies, or commodities, obligations exposed to severe prepayment risk — such as interest only or principal only mortgage securities and obligations with unusually risky interest terms, such as inverse floaters.~~

~~NR~~

~~This indicates that no rating has been requested, that there is insufficient information on which to base a rating, or that Standards & Poor's does not rate a particular obligation as a matter of policy.~~

Short Term Issue Credit Ratings

~~A-1~~

~~A short term obligations rated "A-1" is rated the highest category by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitment on these obligations is extremely strong.~~

~~A-2~~

~~A short-term obligation rated "A-2" is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories. However the obligor's capacity to meet its financial commitment on the obligation is satisfactory.~~

~~A-3~~

~~A short term obligation rated "A-3" exhibits adequate protection parameters. However, adverse economic conditions or changing circumstance are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.~~

~~B~~

~~A short term obligation rated "B" is regarded as having significant speculative characteristics. The obligor currently has the capacity to meet its financial commitment on the obligation, however, it faces major ongoing uncertainties which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.~~

~~C~~

~~A short term obligation rated "C" is currently vulnerable to non-payment and is dependent upon favourable business, financial and economic conditions for the obligor to meet its financial commitment on the obligation.~~

~~D~~

~~A short term obligation rated "D" is in payment default. The "D" rating category is used when payments on an obligation are not made on the date due even if the applicable grace period has not expired, unless Standard & Poor's believes that such payments will be made during such grace period. The "D" rating also will be used upon the filing of a bankruptcy petition or the taking of a similar action if payments on an obligation are jeopardised.~~

Local Currency and Foreign Currency Risks

~~Country risk considerations are a standard part of Standard & Poor's analysis for credit ratings on any issuer or issue. Currency of repayment is a key factor in this analysis. An obligor's capacity to repay foreign currency obligations may be lower than its capacity to repay obligations in its local currency due to the sovereign government's own relatively lower capacity to repay external versus domestic debt. These sovereign risk considerations are incorporated in the debt ratings assigned to specific issues. Foreign currency issuer ratings are also distinguished from local currency issuer ratings to identify those instances where sovereign risks make them different for the same issuer.~~

DIRECTORATE
Section

X.X.XX

TITLE: WORK SAFETY HEALTH POLICY

ADOPTED:

REVIEWED:

**ASSOCIATED
LEGISLATION:** Occupational Health and Safety Act 1984
Occupational Health and Safety Regulations 1996

**ASSOCIATED
DOCUMENTS:** Business Operating Procedure - Hazard Reporting
Business Operating Procedure - Workers Compensation &
Injury Management

**REVIEW
RESPONSIBILITY:** Manager Human Resources

DELEGATION:

Previous Policy Number N/A

Objective:

The Shire of Broome is committed to promoting and improving standards for Occupational Safety and Health with the aim of sustaining a safe working and community environment.

Definitions:

Best practice as defined by the occupational health and safety legislative framework as, a document prepared for the purpose of providing:

- a. practical advice on preventive strategies; and
- b. practical means of achieving any code, standard, rule, provision or specification relating to occupational safety and health in Western Australia

Guidance Note is an explanatory document providing detailed information on the requirements on legislation, regulations, standards, codes of practice or matters relating to occupational safety and health, as approved by the Commission for Occupational Safety and Health.

Australian Standards is a term that refers to the occupational health and safety legislative framework and is defined as guidance material developed by Standards Australia or jointly by Standards Australia and Standards New Zealand.

Policy:

The Shire of Broome will continuously work towards achieving best practice in accordance with the *Occupational Safety and Health Act 1984*, *Occupational Safety and Health Regulations 1996*, Codes of Practice, Guidance Notes and Australian Standards.

The Shire is committed to achieving safe work practice through;

- Creating a positive safety culture
- Ongoing development and improvement of Occupational Health and Safety Systems within the Shire, across all business functions;
- Consultation with employees, contractors and volunteers in the development and improvement of work health and safety business operating procedures, programs and work instructions, where appropriate;
- Providing employees, contractors and volunteers with the necessary information, instruction and training to increase knowledge and skills in order to work safely;
- Enable reporting mechanisms to identify hazards, assess risk and implement control measures in an effective and timely manner;
- Compliance so far as is reasonably practicable with all applicable health, safety and environmental laws and standards;
- Open communication with employees, contractors, volunteers and visitors about work health and safety matters.

The Shire of Broome acknowledges that the achievement a safe work environment requires the commitment of all management, officers, contractors, and volunteers. It is expected, therefore, that everyone will strive to meet their obligations as outlined in the *Occupational Health and Safety Act 1984*, and actively contribute to the Shires workplace safety system. All persons at the workplace are to abide by procedures that have been created in the interest of worker health and safety.

The Chief Executive Officer and the Council are committed to the successful implementation of this policy. They are supported in this regard by the Chairperson for the Work Health and Safety Committee and all staff are encouraged to make a similar commitment.

CEO & GOVERNANCE

X.X.XX

TITLE: INTERNAL CONTROL

ADOPTED:

REVIEWED:

ASSOCIATED LEGISLATION: Local Government (Financial Management) Regulations 1996 – Regulation 5
Local Government (Audit) Regulations 1996 – Regulation 17

ASSOCIATED DOCUMENTS: Policy 1.2.11 Risk Management
Western Australian Local Government Accounting Manual Edition 3 - September 2012

REVIEW RESPONSIBILITY: Chief Executive Officer

DELEGATION:

Introduction:

This policy provides documented evidence of Council's commitment to appropriate and effective internal controls and their importance to the organisation.

This policy provides a framework for the establishment of documented internal controls that are implemented based on risk management policies and principles.

The purpose of this policy is to assist Council in carrying out its activities in an efficient and effective manner in order to achieve its strategic objectives, to ensure adherence to policies, to safeguard the Council's assets, and to secure (as far as possible) the accuracy and reliability of Council financial records.

The policy will assist the organisation in addressing the risk of; material misstatement of financial information, fraud and corruption, misappropriation of funds and loss of physical assets and ensure that Council meets its obligation under the *Local Government Act 1995*, associated Regulations and other legislation.

Objective:

1. To implement a risk-based approach to addressing and reducing the risk of loss caused by fraud, error or misstatement.
2. To protect the Shire of Broome's assets – people, property, reputation, financial sustainability and information.
3. Continually audit, identify system gaps and improve internal controls maintained at the Shire of Broome.

Definitions:

Internal Control

Systems of policies and procedures that safeguard assets, ensure accurate and reliable financial reporting, promote compliance with laws and regulations and achieve effective and efficient operations. These systems not only relate to accounting and reporting but also include communication and organisational processes both internally and externally, staff management and error handling.¹

Policy:

An appropriate and effective internal control framework is the responsibility of all employees. All employees are accountable for implementing systems, controls, processes and procedures in their own area of responsibility and will play a part in the internal control framework in differing degrees.

The Audit Committee and Council are responsible for mandating that a strong internal control framework be implemented in order to have assurance of the good governance of the organisation. The Chief Executive Officer will report regularly to the Audit Committee and Council on the review and improvement to Council's internal control framework.

Monitoring, Reviewing and Reporting:

A monitoring and reporting process/system will be implemented which will provide biannual reports to management, the Audit Committee and Council on the status of Risk Management, Internal Controls and Legislative Compliance within the Shire of Broome and which will identify the need for specific areas for review.

¹ CPA Australia, 2011, 'Internal Controls For Not-For-Profit Organisations', p. 3,

In line with Regulation 17 of the *Local Government (Audit) Regulations 1996*, the Chief Executive Officer is required to report on a review of the above three areas biennially. This is in addition to the four yearly review required by Regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996* which also includes a review of Council's financial internal controls.

Policy Accountability and Review

The Chief Executive Officer is accountable for this policy.

This policy is to be reviewed every two years.

6. MEETING CLOSURE
