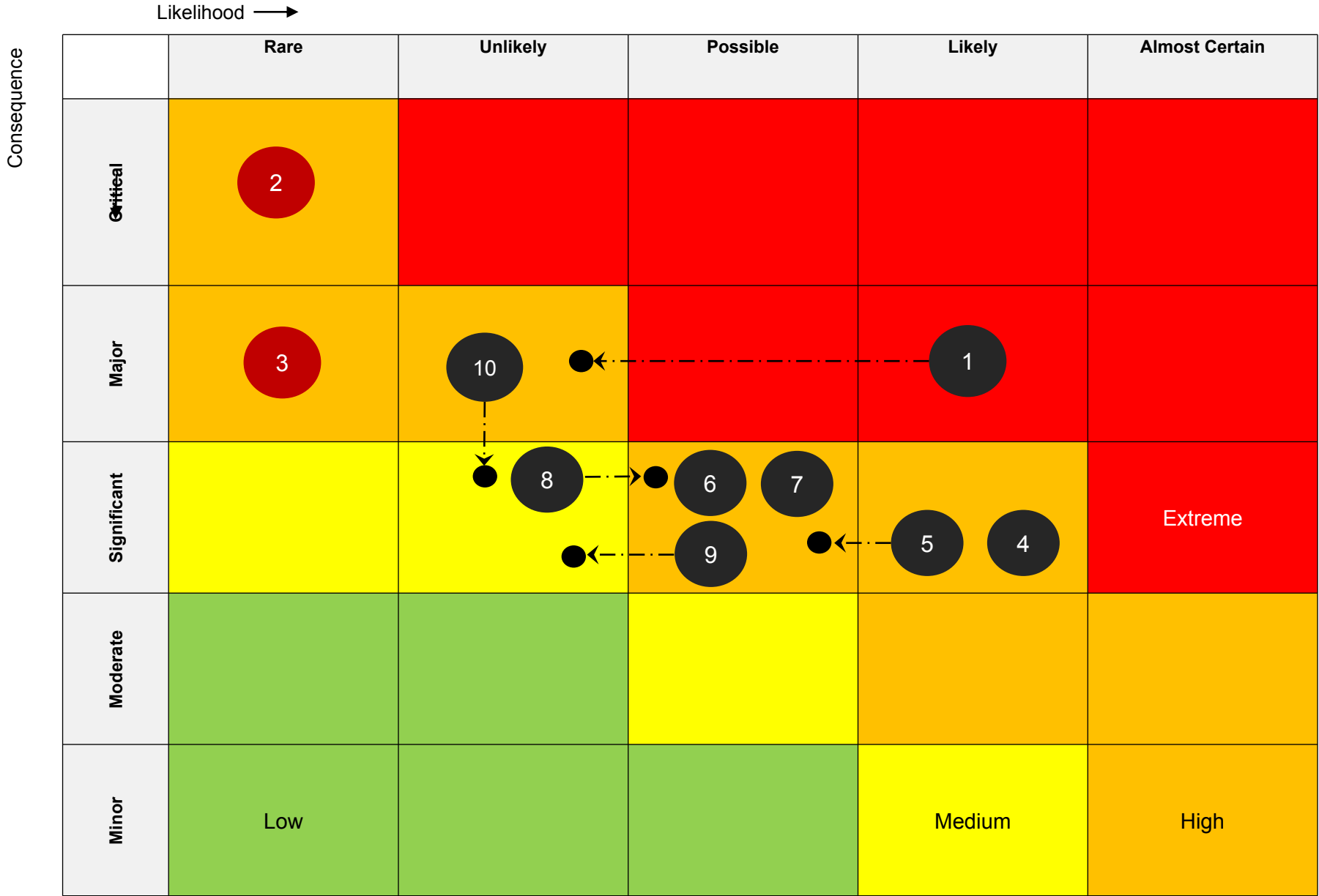


## Audit & Risk Committee Meeting - 31 July 2018 Attachments

|  |           |
|--|-----------|
| <b>9.1.1. City of Kalamunda Risk Profile.....</b>  | <b>2</b>  |
| <b>9.1.1.1. Risk Profile.....</b>  | <b>2</b>  |
| <b>9.1.1.2. Intergrated Risk Management Plan.....</b>  | <b>3</b>  |
| <b>9.1.1.3. City of Kalamunda Strategic Risk Register .....</b>                                    | <b>23</b> |
| <b>9.1.2. Audit &amp; Risk Committee - Appointment of External Member.....</b>                     | <b>28</b> |
| <b>9.1.2.1. Audit &amp; Risk Committee - Revised Terms of Reference.....</b>                       | <b>28</b> |
| <b>9.1.2.2. CEO Instruction - Appointment of Community Members to Advisory<br/>Committees.....</b> | <b>32</b> |
| <b>9.1.5. City of Kalamunda - Investment Policy.....</b>   | <b>35</b> |
| <b>9.1.5.1. Investment Policy 2018.....</b>  | <b>35</b> |



| Rank | RISK NAME                                |
|------|--|
| 1    | Degradation of Biodiversity              |
| 2    | Occupational Health & Safety             |
| 3    | Emergency Response and Recovery          |
| 4    | Information Security                     |
| 5    | Contaminated Land                        |
| 6    | Bushfire Mitigation                      |
| 7    | Transfer Station Operation and Approvals |
| 8    | Land for Recreation Activities           |
| 9    | Housing Diversity & Lifestyle Choice     |
| 10   | Governance                               |

LEGEND

- Fatality Risk
- Target Risk Rating following implementation of treatment actions

# Integrated Risk Management Plan



**city of  
kalamunda**



## Contents

|   |    |
|---|----|
| Introduction .....                          | 4  |
| Intent .....                                | 4  |
| Purpose .....                               | 4  |
| What is Risk Management? .....              | 4  |
| Benefits of Risk Management .....           | 4  |
| Goals of the Plan .....                     | 4  |
| Principles Underpinning the Plan .....      | 5  |
| Legislative Framework .....                 | 6  |
| Risk Management Policy .....                | 6  |
| Principles – Framework - Process .....      | 6  |
| Responsibilities .....                      | 7  |
| Monitor and review .....                    | 8  |
| Legislation .....                           | 8  |
| Australian/New Zealand Standard .....       | 8  |
| A Framework for Managing Risk .....         | 8  |
| Mandate and Commitment .....                | 9  |
| Framework Design for Managing Risk .....    | 9  |
| Risk Governance and Accountabilities .....  | 10 |
| Structures .....                            | 11 |
| Risk Hierarchy .....                        | 11 |
| Strategic Level Risks .....                 | 11 |
| Operational Level Risks .....               | 12 |
| Project Level Risks .....                   | 12 |
| Implementing the Risk Management Plan ..... | 12 |
| Risk System .....                           | 12 |
| Risk Management Process .....               | 12 |
| Communication and Consultation .....        | 13 |
| Establishing the Context .....              | 13 |
| Risk Assessment .....                       | 14 |
| Risk Identification .....                   | 14 |
| Risk Assessment Categories .....            | 15 |
| Risk Analysis .....                         | 15 |
| Risk Evaluation .....                       | 15 |
| Risk Matrix .....                           | 17 |
| Risk Appetite and Tolerance .....           | 18 |
| Risk Treatment .....                        | 18 |
| Monitoring and Review of Risk .....         | 19 |

|   |    |
|---|----|
| Tools – Risk Registers .....  | 19 |
| Risk Reporting.....   | 19 |
| Tools for Building Risk Capability .....                            | 19 |
| Monitoring and Review.....  | 19 |
| KPIs and Performance Measures .....                                 | 20 |
| Monitoring, Review and Continual Improvement of the Framework ..... | 20 |

## Introduction

### Intent

Risk Management is a core component of corporate governance and an integral part of contemporary management practices. The aim of the plan is to ensure that the City makes informed decisions in terms of its strategies and operations ensuring that risks and opportunities are appropriately considered.

### Purpose

The Risk Management Plan identifies the manner in which the City manages risk to ensure that strategic, operational and project objectives are met. The Risk Management Plan identifies the process, systems and templates used by the City to manage risk. The Risk Management Plan is structured around AS/NZS/ISO 31000:2009, and the requirements under the Local Government (Audit) Regulations 1996.

### What is Risk Management?

A risk is defined as the effect of uncertainty (either positive or negative) on business objectives.

Risk management is the coordination of activities that directs and controls the organisation with regard to risks. It is commonly accepted that risk management involves both the management of potentially adverse effects as well as the realisation of potential opportunities.

In performing daily activities, risk management can be described as the collection of deliberate actions and activities carried out at all levels to identify, understand and manage risk in order to achieve the objectives of the City.

### Benefits of Risk Management

The benefits of risk management embedded in all aspects of management are:

- effective management of adverse events or opportunities that impact on our purpose and objectives
- ability to make informed decisions regarding management of potential negative effects of risk and take potential advantage of opportunities
- improved planning and performance management processes enabling a strong focus on core business service delivery and implementation of business improvements
- ability to direct resources to risks of greatest significance or impact
- improvement in culture of the organisation enhancing staff capacity to understand their role in contributing to the achievement of objectives
- greater organisational efficiencies

### Goals of the Plan

The Plan aims to:

- integrate risk management within the City's performance management cycle
- communicate the benefits of risk management

- convey the City's policy, approach and attitude to risk management
- set the scope and application of risk management within the organisation
- establish the roles and responsibilities for managing risk
- set out a consistent approach for managing risk across the organisation, aligned with relevant standards and industry best practice
- detail the process for escalating and reporting risk
- convey the City's commitment to the periodic review and verification of the Risk Management Plan and its continual improvement
- describe the resources available to assist those with accountability or responsibility for managing risks
- ensures the City meets its risk reporting obligations
- manages the identifiable business risks relevant to financial reporting
- whether the risk is a risk of fraud
- whether the risk is related to recent significant economic, accounting or other developments and therefore requires special attention
- the complexity of transactions
- whether the risk involves significant transactions with related parties

## Principles Underpinning the Plan

The Australian Standard for Risk Management – Principles and guidelines (AS/NZ ISO 31000:2009) is based on 11 best practice principles. These principles underpin the Plan and guide how to effectively and efficiently manage risk at all levels.

- 1. Creating and protecting value** – risk management contributes to the achievement of the City's objectives and improves performance in areas such as corporate governance, program and project management, and employee health and safety.
- 2. An integral part of all organisational processes** – risk management is not a stand-alone activity performed in isolation. Rather, it is an integral part of our governance and accountability framework, performance management, planning and reporting processes.
- 3. Part of decision making** – risk management aids decision-makers to make informed choices, prioritise activities and identify the most effective and efficient course of action.
- 4. Explicitly addressing uncertainty** – risk management identifies the nature of uncertainty and how it can be addressed through a range of mechanisms, such as sourcing risk assessment information and implementing risk controls.
- 5. Systemic, structural and well timed** – risk management contributes to efficiency and to consistent, comparable and reliable results.
- 6. Based on the best available information** – risk management should draw on diverse resources of historic data, expert judgement and stakeholder feedback to make evidence-based decisions. As decision-makers, we should be cognisant of the limitations of data, modelling and divergence amongst experts.
- 7. Tailored** – risk management aligns with the internal and external environment within which the City operates, and in the context of its risk profile.
- 8. Human and cultural factors** – risk management recognises that the capabilities, perceptions and aims of people (internal and external) can aid or hinder the achievement of objectives.
- 9. Transparent and inclusive** – risk management requires appropriate and timely involvement of stakeholders to ensure that it stays relevant and up to date. Involving stakeholders in decision making processes enables diverse views to be taken into account when determining risk criteria.

- 10. Dynamic, interactive and responsiveness to change** – risk management responds swiftly to both internal and external events, changes in the environmental context and knowledge, results of monitoring and reviewing activities, new risks that emerge and others that change or disappear.
- 11. Continual improvement of the organisation** – risk management facilitates continuous improvement of our operation by developing and implementing strategies to improve risk management maturity.

## Legislative Framework

### Risk Management Policy

#### Intent:

The City of Kalamunda is committed to organisation-wide risk management principles, systems and processes that ensure consistent, efficient, and effective assessment of risk in all planning, decision making and operational processes. This will ensure compliance with the Financial Reporting, Budgeting and Integrated Planning requirements of the *Local Government Act (1995)*, *Local Government (Financial Management) Regulations 1996* and the *Local Government (Audit) Regulations 1996*.

The *Local Government (Audit) Regulations 1996* includes a review by the Chief Executive Officer on the appropriateness and effectiveness of the local governments systems in regard to risk management, internal control and legislative compliance, and reporting the results to the Audit and Risk Committee for consideration of that review, to the Council.

#### Definition of Risk:

AS/NZS ISO 31000:2009 defines risk as “the effect of uncertainty on objectives.”

- A risk is often specified in terms of an event or circumstance and the consequences that may flow from it. An effect may be positive, negative, or a deviation from the expected. An objective may be financial, related to health and safety, or defined in other terms.
- Definition of Risk Management: the application of coordinated activities to direct and control an organisation with regard to risk.

### Principles – Framework - Process

The City of Kalamunda considers risk management to be an essential management function in its operations. They recognise that the risk management responsibility for managing specific risks lies with the person who has the responsibility for the function, service or activity that gives rise to that risk. The City is committed to the principles, framework and process of managing risk as outlined in AS/NZS ISO 31000:2009.

The City of Kalamunda will manage risks continuously using a process involving the identification, analysis, evaluation, treatment, monitoring and review of risks. It will be applied to decision making through all levels of the organisation in relation to planning or executing any function, service or activity.

In particular it will be applied to:

- Strategic and operational planning
- Expenditure of large amounts of money
- New strategies and procedures
- Management of projects, tenders and proposals
- Introducing significant change
- The management of sensitive issues.
- The achievement of organisational goals and objectives.
- Compliance with Local Government Act (1995), Local Government (Audit) Regulations 1996
- The ongoing health and safety of all employees at the workplace
- Ensuring public safety within the Council's jurisdiction is not compromised.
- Limited loss or damage to property and other assets.
- Limited interruption to business continuity.
- Positive public perception of Council and the City.
- Application of equal opportunity principles in the workforce and the community.

## Responsibilities

- Executive, managers and supervisors have the responsibility and accountability for ensuring that all staff are managing the risks within their own work areas. In each of these areas, risks should be anticipated and reasonable protective measures taken.
- All managers will encourage openness and honesty in the reporting and escalation of risks.
- All staff will be encouraged to alert management to the risks that exist within their area, without fear of recrimination.
- All staff will, after appropriate training, adopt the principles of risk management and comply with all policies, procedures and practices relating to risk management.
- All staff and employees will, as required, conduct risk assessments during the performance of their daily duties. The level of sophistication of the risk assessment will be commensurate with the scope of the task and the associated level of risk identified.
- Failure by staff to observe lawful directions from supervisors regarding the management of risks and/or failure of staff to take reasonable care in identifying and treating risks in the workplace may result in disciplinary action.
- It is the responsibility of every department to observe and implement this policy in accordance with procedures and initiatives that are developed by management from time to time.
- It is the responsibility of the auditor to obtain an understanding of the local government and its environment, including its internal control, sufficient to identify and assess risks of material misstatement of the financial statements whether due to fraud or error.
- Council is committed morally and financially to the concept and resourcing of risk management.

## Monitor and review

The Organisation will implement a robust reporting and recording system that will be regularly monitored to ensure closeout of risks and identification of ongoing issues and trends.

Risk management key performance indicators, relating to both organisational and personal performance will be developed, implemented and monitored, by the City's Executive and Council as appropriate

Signed: ..... Name .....  
 Date                    /     /                    Chief Executive Officer  
 Review Date           /     /

**This policy is to remain in force until otherwise determined by Council.**

## Legislation

- Section 5.56(1) and (2) of the *Local Government Act 1995- Planning for the Future; Regulation 17(1) (a) of the Local Government (Audit) Regulations: "The CEO is to review the appropriateness and effectiveness of a local government's system and procedures in relation to risk management"*.
- Under regulation 17 (1) of the *Local Government (Audit) Regulations 1996 the CEO is to review the appropriateness and effectiveness of a local government's system and procedures in relation to –*  
*(a) risk management; and*  
*(b) internal control; and*  
*(c) legislative compliance.*  
*17 (2) the review may relate to any or all of the matters referred to in sub regulation (1) (a),(b) and (c), but each of those matters is to be the subject at least once every 2 calendar years.*  
*17(3) The CEO is to report to the audit committee the results of that review.*

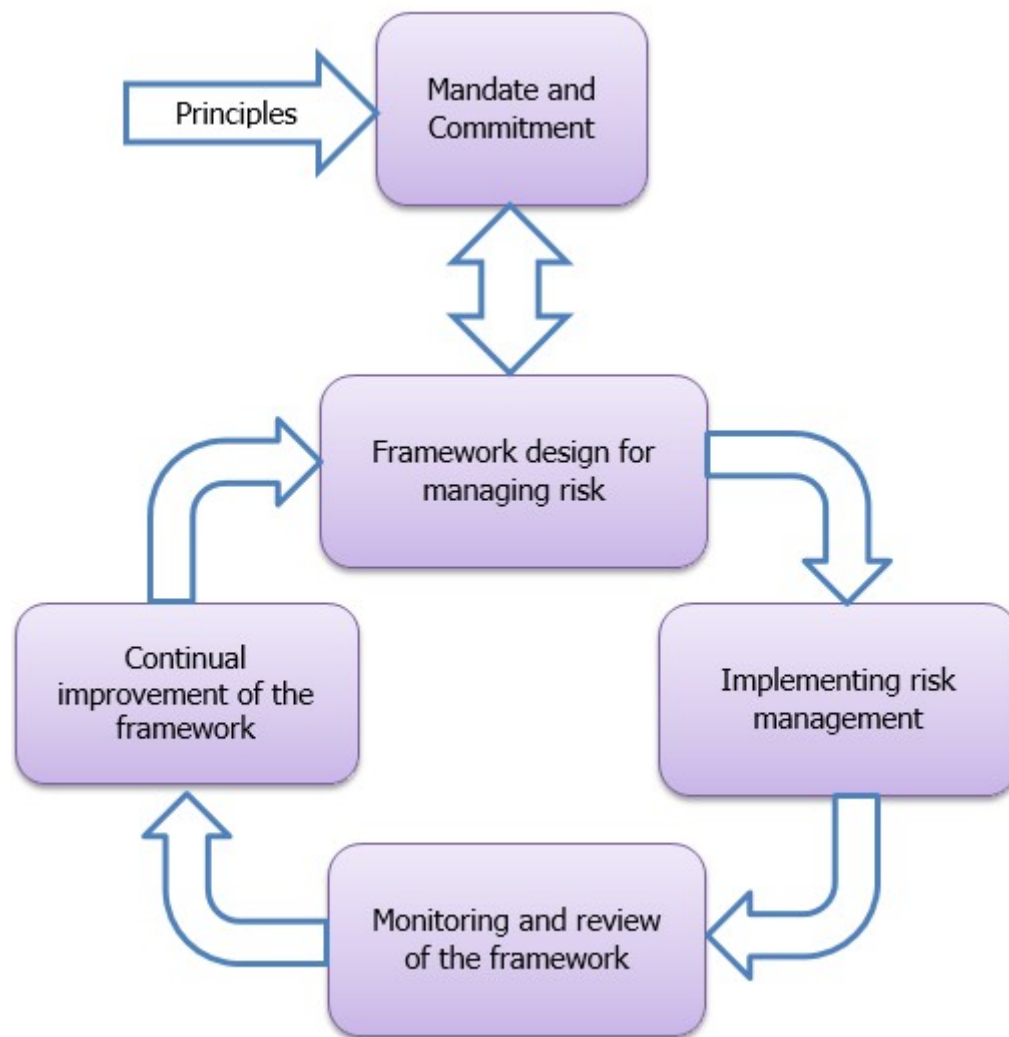
## Australian/New Zealand Standard

- Alignment with the Australian/New Zealand Standard ISO 31000:2009 Risk management – Principles and guidelines (AS/NZS ISO 31000).

## A Framework for Managing Risk

Risk management should be implemented by ensuring that the risk management process is applied to all relevant levels and functions of the organisation as part of its practices and processes (principles and guidelines (AS/NZS ISO 31000:2009)).

Risk Management requires strong and sustained commitment by management of the organisation as well as strategic and rigorous planning to achieve commitments at all levels (Risk management – principles and guidelines (AS/NZS ISO 31000:2009)).



## Mandate and Commitment

The introduction of risk management and ensuring its ongoing effectiveness require strong and sustained commitment by management of the organisation, as well as strategic and rigorous planning to achieve commitment at all levels. Management should:

- define and endorse the risk management policy;
- ensure that the organisation's culture and risk management policy are aligned;
- determine risk management performance indicators that align with performance indicators of the organisation;
- align risk management objectives with the strategies of the organisation;
- ensure legal and regulatory compliance

## Framework Design for Managing Risk

The component of a framework for managing risk includes:

- An understanding of the organisation and its context
- Establishing a risk management policy
- Accountability
- Integration into organisational processes
- Resources

- Establishing internal communication and reporting mechanisms
- Establishing external communication and reporting mechanisms



## Risk Governance and Accountabilities

Risk management is part of the City's strategy to promote accountability through good governance and robust business practices, which contributes to the strategic objective of creating a sustainable organisation to manage resources effectively in order to strengthen service delivery.

The City is committed to embedding risk management principles and practices into its organisational culture, governance and accountability arrangements, planning, information technology, engineering, community services, reporting, performance reviews, business transformation and improvement processes.

Through the framework and its supporting processes, the City formally establishes and communicates its risk appetite, guiding staff in their actions and ability to manage risk.

The City has a low appetite for risks relating to:

- health, safety and the wellbeing of staff and the community
- administration of finances and assets
- legislative compliance

There is a potentially higher appetite where benefits created by innovative concepts and ideas outweigh the risks. Benefits may include improved service delivery, and/ or increases efficiencies and effectiveness of the City's operations.

In accordance with the Framework, each business unit and directorate will communicate their appetite for risk as part of the risk assessment process.

To position the City as a risk-aware, responsive and resilient organisation, its risk management approach is directed through:

- compliance with relevant legislation, policies and procedures
- alignment with standards and better practice guides to soundly support decision making and continuous improvement or risk management practices

Effective risk management is modelled by:

- leadership demonstrated by the Chief Executive Officer and the executive management team
- staff in all work contexts through their identification, analysis, evaluation, treatment, monitoring and review of risks that may impact in achieving the City objectives

The scope of responsibility and accountability for risk management is the business of everyone. The success of the City's risk management strategy relies on all staff enacting the risk management approach outlined in this framework.

### Structures

**The Chief Executive Officer (CEO)** – under legislation the CEO is required to review the appropriateness and effectiveness of a local governments systems and procedures in relation to risk management, internal control and legislative compliance at least once in every two years and report to the audit and risk committee the results of that review.

**Audit and Risk Committee** – each local government is to establish an audit and risk committee made up of at least three or more persons with the majority to be elected members. It has an oversight role on all matters that relate to audits including the appointment of the external auditor and review of reports from the CEO, external auditor and internal auditor. The audit and risk committee supports Council in its endeavours to provide effective corporate governance and fulfil its responsibilities in relation to controlling and directing the affairs of the City.

**External Auditor** – is the person appointed by the local government under the Local Government Act 1995 to undertake the audit of the accounts and financial report for each financial year. An audit report and management report is then issued to the Audit and Risk Committee.

**Internal Auditor** – is a person appointed by a local government to undertake an audit of the adequacy and effectiveness of the internal control, legislative compliance, accounting systems and procedures, review of policies, procedures and risk management in accordance with an audit plan. The internal auditor is to report their findings to the CEO, and as directed by the CEO, to the Audit and Risk Committee.

### Risk Hierarchy

The levels of risks can be identified at different levels depending on what activity is being assessed. These include:

#### Strategic Level Risks

Strategic Level risks are associated with achieving the long term objectives of the City. These risks can be of an internal or external nature and they are usually controlled by Council and/or the Executive Management Team.

In the context of integrated Planning and Reporting, Strategic Level Risks may include:

- Risks associated with achieving the objectives of the Strategic Community Plan:
  - Effective engagement with the community
  - Equity in involvement
  - Transparency of process
  - Integration of informing strategies
  - Organisational acceptance of Strategic Community Plan
- Risks associated with delivering the Corporate Business Plan:
  - Impact of new assets on changes to services
  - Aligning service delivery to meet organisational objectives
  - Resourcing and sustainability
  - Alignment of local government structures and operations to support achievement of objectives.

### **Operational Level Risks**

Operational Level risks are associated with developing the operational plans, functions or activities of the local government. These risks have day to day impacts on the City and are owned and managed by the person who has responsibility for the activity to the level of delegated authority or capability.

In the context of Integrated Planning and reporting, Operational risk may include:

- Risks associated with delivery of the Long Term Financial Plan
- Risks associated with the development or delivery of the Asset Management Plan
- Risks associated with the delivery of the Workforce Plan.

### **Project Level Risks**

Project level risks are associated with developing or delivering projects or discrete activities. Project risks should be managed at each stage of the project by the person who has responsibility for them.

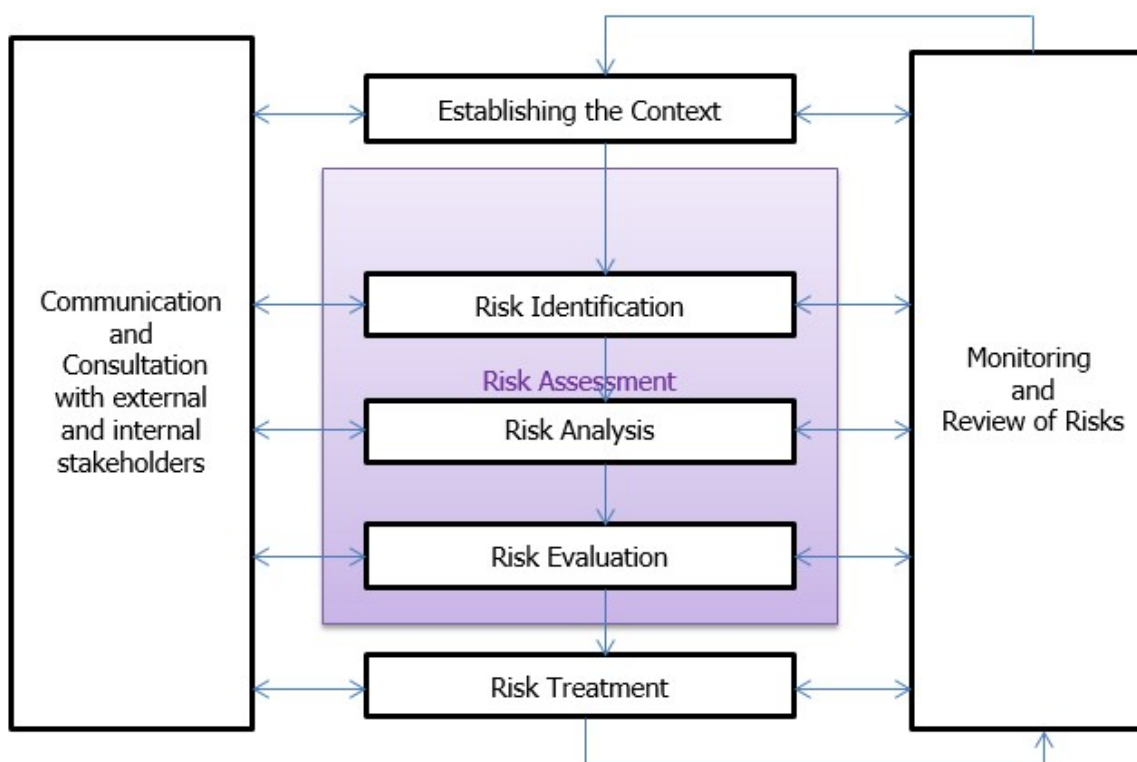
## **Implementing the Risk Management Plan**

Risk management should be implemented by ensuring that the risk management process is applied to all relevant levels and functions of the organisation as part of its practices and processes (principles and guidelines (AS/NZS ISO 31000:2009)).

### **Risk System**

#### **Risk Management Process**

The risk management process should be an integral part of management, embedded in the culture and tailored to the business process of the City. The risk management process is shown in the following diagram (AS/NZ 31000:2009)



### Communication and Consultation

Communication and consultation with external and internal stakeholders must take place throughout the risk management process. Therefore plans for communication and consultation must be developed at an early stage. This will ensure that issues relating to the risk itself, its causes, its consequences (if known), and the measures being taken to treat or address them are managed.

It is an essential element of risk management as it helps stakeholders understand the basis on which decisions are made, and the reasoning behind particular actions.

Transparent clear communications throughout the process will help meet the obligations on local government for accountability and transparency.

Consulting with all stakeholders using a planned consultation process helps identify and address risks through improved understanding and backed by proper documentation.

### Establishing the Context

By establishing the context, the City articulates its objectives, defines the external and internal parameters to be taken into account when managing risk, and sets the scope and risk criteria for the remaining process. While many of these parameters are similar to those considered in the design of the risk management framework, when establishing the context for the risk management process, they need to be considered in greater detail and particularly how they relate to the scope of the particular risk management process.

## **Risk Assessment**

Risk assessment is the overall process of risk identification, risk analysis and risk evaluation. It includes the following components:

- Establishing the context
- Identification of the risk
- Analysing the level of risk and establishing whether it meets acceptable levels of tolerance
- Evaluating the risk in relation to the benefits it may provide
- Consideration on whether there are ways to mitigate risk and the treatment of risk.

## **Risk Identification**

The City will identify sources of risk, areas of impact, events including changes in circumstances) and their causes and their potential consequences. The aim of this step is to generate a comprehensive list of risks based on those events that might create, enhance, prevent, degrade, accelerate or delay the achievements of those objectives. It is also important to identify any risks associated with not pursuing an opportunity.

The techniques used to identify risks associated with the development, transition and operation of the SOK include:

| <b>Activity</b>   | <b>Detail / timeframe</b>  | <b>Participants</b>                       |
|---|--|---|
| Strategic risk assessment as part of the decision making process  | In planning processes and phased implementation timelines                      | Council, Executive and key stakeholders   |
| Corporate risk analysis   | In annual planning cycle and at key review points                              | Council, Executive and key stakeholders   |
| Operational risk analysis   | Agenda item on all regular Council, project, committee and staff team meetings | All relevant Elected Members and Officers |
| Internal and external Emergency management  | As required  | Executive, relevant staff and LEMC        |
| Business Continuity   | Ongoing with regular review  | All relevant Elected Members and Staff    |
| Review of current risk treatments and assessment of future organisational and project plans in relation to risk | Annually and as relevant   | All relevant Elected Members and Officers |
| Incident / Issue reporting, investigation and review  | When reported and monthly  | All relevant staff and stakeholders       |
| Feedback processes  | Ongoing  | All relevant staff and key stakeholders   |

## **Risk Assessment Categories**

- Financial
- Health
- Reputation
- Operation
- Environment
- Compliance
- Project

## **Risk Analysis**

Risk analysis involves developing an understanding of risk. Risk analysis provides an input to risk evaluation and informs decisions on whether risks need to be treated, and on the most appropriate risk treatment strategies and methods. Risk analysis can also provide an input into making decisions where choices must be made and the options involve different types and levels of risk.

## **Risk Evaluation**

The purpose of risk evaluation is to assist in making decisions, based on the outcomes of risk analysis, about which risks need treatment and the priority for treatment implementation.

Risk evaluation involves comparing the level of risk found during the analysis process with risk criteria established when the context was considered. Based on this comparison, the need for treatment can be considered.

The City has a low appetite for risks relating to:

- health, safety and the wellbeing of staff and the community
- administration of finances and assets
- legislative compliance

There is a potentially higher appetite where benefits created by innovative concepts and ideas outweigh the risks. Benefits may include improved service delivery, and/ or increases efficiencies and effectiveness of the City's operations.

Risk should be evaluated on the basis of materiality consideration to other matters including:

- financial
- health and safety
- reputation
- operation
- environment
- compliance
- project

The following chart provides examples to assist in the evaluation process in establishing whether risks are considered to be:

- **insignificant** – immaterial and less than a \$10,000 financial impact, a minor breach of policy and will result in no health, safety or reputational impacts of the City
- **moderate** – financial effect of between \$10,000 and \$100,000, may result in minor injury and low reputational impact but can be contained within the City
- **significant** – financial impact of between \$100,000 and \$500,000, may result in moderate reputational impact, compliance breach requiring internal investigation
- **major** – financial impact of between \$500,000 and \$1 million, resulting in serious injury, substantial reputational damage, compliance breach requiring external investigation
- **critical** – financial impact greater than \$1 million, potential fatality or permanent disability widespread reputational damage, significant compliance breach

**Risk Matrix****CITY OF KALAMUNDA RISK MATRIX**

| CITY OF KALAMUNDA RISK MATRIX |   |   |  |  |   |  | LIKELIHOOD        |  |                          |                           |   |   |
|-------------------------------|---|---|--|--|---|--|-------------------|--|--------------------------|---------------------------|---|---|
|                               |   |   |  |  |   |  | < once in 15years | At least once in 10 years                    | At least once in 3 years | At least once per year    | More than once per year                   |   |
| CONSEQUENCE                   |   |   |  |  |   |  |                   | May occur, only in exceptional circumstances | Could occur at some time | Should occur at some time | Will probably occur in most circumstances | Expected to occur in most circumstances |
| Financial                     | Health & Safety   | Reputation  | Operation                                | Environment  | Compliance  | Project  | Severity          | Rare<br>E                                    | Unlikely<br>D            | Possible<br>C             | Likely<br>B                               | Almost Certain<br>A                     |
| >\$1M                         | Fatality or permanent disabling injuries or illness       | Substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile, third party actions | Non-achievement of major deliverables    | Major breach of legislation or extensive contamination and environmental damage requiring third party intervention | Breach resulting in external investigation or third party actions resulting in significant tangible loss and damage to reputation | >50% increase in cost or timeline, or inability to meet project objectives requiring the project to be abandoned or redeveloped                              | Critical          | High   | Extreme                  | Extreme                   | Extreme                                   | Extreme                                 |
| \$500,000 - \$1M              | Serious irreversible injuries or illness                  | Substantiated, organizational embarrassment, high impact news profile, third party actions                                  | Non-achievement of major deliverables    | Minor Breach of legislation / significant contamination or damage requiring third party assistance                 | Breach resulting in external investigation or third party actions resulting in tangible loss and some damage to reputation        | 20 — 50 % increase in time or cost or significant variation to scope or objective requiring restructure of project and Senior Management or Council approval | Major             | High   | High                     | Extreme                   | Extreme                                   | Extreme                                 |
| \$100,000 - \$500,000         | Injuries or illness that could lead to a Lost Time Injury | Substantiated, public embarrassment, moderate impact, moderate news profile   | Significant delays to major deliverables | Environmental damage requiring restitution or internal clean up  | Breach requiring internal investigation, treatment or moderate damage control   | 10 -20 % increase in time or cost or variation to scope or objective requiring Senior Management approval  | Significant       | Medium                                       | Medium                   | High                      | High                                      | Extreme                                 |
| \$10,000 - \$100,000          | Medical treatment injury or illness                       | Substantiated, low impact, low news item  | Inconvenient delays                      | Minor damage or contamination  | Breach of policy, process or legislative requirement requiring attention of minimal damage control                                | 5-10% increase in time or cost or variation to scope or objective requiring managers approval  | Moderate          | Low  | Low                      | Medium                    | High                                      | High                                    |
| < \$10,000                    | First aid treatment injury or illness                     | Unsubstantiated, low impact, low profile or "no news" item  | Little impact                            | Little impact  | Minor breach of policy, or process requiring approval or variance   | Small variation to cost , timelines, scope or quality of objectives and required outcomes  | Insignificant     | Low  | Low                      | Low                       | Medium                                    | High                                    |

## **Risk Appetite and Tolerance**

Given that local governments have limited resources, it is important to focus on the key risks. The risk management methodology outlined below has been adapted from the Australian /New Zealand Standard on Risk Management (AS/NZ ISO 31000:2009) to provide a structured approach for the City. This methodology will assist in the risk management process with particular emphasis on the following:

- Identifying the key risks facing the organisation
- Assessing whether the associated internal controls are effective
- Identifying whether further controls may be required

### **Step 1: Identify Risks**

The first step is to identify the key risks facing the City. The purpose of the risk identification stage is to consider those events that may affect the City's ability to achieve its objectives and goals. It is important that careful attention is paid to this step because potential risks not identified during this stage are likely to be excluded from further analysis.

### **Step 2: Analyse Risks**

Following identification of the risks, each risk is assessed in terms of the causes and consequences of each risk event. Following this, identified risks are assessed in terms of how likely the event is to occur (likelihood) and the possible magnitude (consequences of each risk).

### **Step 3: Risk Evaluation**

The next step is to identify the existing preventative and mitigating controls that are currently in place for each risk event. This provides for a residual risk level. Following this risk tolerance is assessed determining whether the risk is to be accepted or further actions are required in order to manage the risk.

If the risk tolerance decision is not accepted or is subject to further action, target risk ratings are to be completed to determine a new target residual risk level.

### **Step 4: Risk Treatment**

The final step is to treat risks and control activities with the implementation of any action plans to correct deficiencies. It is also appropriate to identify the further controls that should be implemented to ensure the risks are being managed at an acceptable level. Consistent with the accountability principles of a robust corporate governance environment, each additional control to be implemented should be assigned to a nominated responsible officer.

## **Risk Treatment**

When a risk has been assessed there are a number of options available including:

- Not undertake or continue with an activity
- Increase the risk to pursue an opportunity
- Remove the source of the risk
- Change the likelihood of the risk
- Share the risk with another party such as insurers
- Retain the risk and ensure it is continually monitored.

## **Monitoring and Review of Risk**

An essential element of the risk management process is the monitoring and review of risk. This may be by internal audit review of process and internal controls depending on the nature of the process.

The risk register enables staff to document, manage, monitor, review and update strategic, corporate and operational risk information. Maintaining and updating the risk register allows management to monitor and review risks in alignment with the strategic plan, divisional operational plans, programs of change and other related plans.

### **Risk Reporting**

As there is no one single risk report that meets the decision making needs of the City, risk reports are tailored by the accountable area and summarised using the preferred templates to support management decision during the planning and review processes, and in support of reports to Council.

### **Tools for Building Risk Capability**

A range of guides and publications are available to build staff awareness and develop skills by enabling staff to proactively manage risk. This increased awareness and understanding provides staff with greater self-confidence and willingness to take responsibility for the management of risk across their business unit directorate.

Recommended guides and publications include:

- Risk Management Resources – Department of Local Government March 2013
- Section 7 of the Western Australian Local Government Accounting Manual – Department of Local Government
- AS/NZS ISO 31000:2009 Risk Management – Principles and guidelines by Standards Australia
- International Standard on Auditing 315 – Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement

### **Monitoring and Review**

- Review risk management performance against objectives
- Review risk management IT system (CAMMS Module)
- Review organisational risk management culture
- Include review of the risk registers in strategic and operational planning and budgeting.
- Include Risk Management in all new business ventures and activities
- Include Risk Management as part of purchasing process.
- Include risk management in annual performance appraisals
- Conduct annual risk management internal audit
- Look for continuous improvement opportunities
- Review if the Integrated Organisational Risk Management Plan used as reference and orientation document• Review if risk management accountabilities and responsibilities are included in position descriptions and KPIs.
- Review if hazard management processes aligned for both OSH and all organisational risks

### **KPIs and Performance Measures**

The Key Performance Indicators (KPI's) for Risk Management are in development. Currently the Risk Management KPI measures the number of identified risks not mitigated.

## **Monitoring, Review and Continual Improvement of the Framework**






The monitoring and review will be a planned part of the risk management process and involve regular checking and surveillance. Strategic risks should be reviewed three monthly by the Executive and reported quarterly to the Audit and Risk Committee. Project risks should be reviewed on an ongoing basis and operational risk should be reviewed by each Directorate six monthly.

Responsibilities for monitoring and review should be carried out periodically and clearly defined. The review process should encompass all aspects of the risk management process.




The main aim of the monitoring and review process is to:

- Ensure key controls remain efficient and effective within the City
- Provide early identification of changes in the risk context or risk assessment which may require revision of the risk treatment
- Identify any new or emerging risk due to changes in circumstances including new technology, new personnel, corporate restructuring, new business models, changes in operating environment, new accounting pronouncements and legislative changes
- Review risks due to changes in legislation and procedures
- Independent investigations and reports with adverse findings requiring steps to be taken in relation to risk and processes






## City of Kalamunda 2018 Strategic Risk Register

| ID No. | Risk Description   | Risk Owner                    | 2017 to 2018 Trend  | Treatment Actions in past 12 months   | Risk Rating (2017) |            |                    | Risk Rating (2018) |            |                   | Treatment Actions in next 12 months  | Action | Review Date | Risk Action Status |
|--------|--|-------------------------------|---|---|--------------------|------------|--------------------|--------------------|------------|-------------------|--|--------|-------------|--------------------|
|        |  |                               |   |   | Consequence        | Likelihood | Current Risk Level | Consequence        | Likelihood | Target Risk Level |  |        |             |                    |
| 1.     | Degradation of City's biodiversity profile through the development process   | Director Development Services |    | New/modified risk.  | Major              | Likely     | Extreme            | Major              | Unlikely   | High              | 1. Investigation of Tree Retention policy;<br>2. Risk identification through council reporting;<br>3. Ensure existing planning processes and legislation re: flora and fauna protection are enforced through planning assessments.<br>4. Local Environmental Strategy and Environmental Land Use Planning Strategy being prepared and Biodiversity Strategy being reviewed.<br>5. Changes in planning processes and focus towards environmental protection by developers, consultants and the City (i.e. FFN). |        |             |                    |
| 2.     | Increased safety risks resulting from both existing occupational hazards and changing employee health profile (e.g. aging workforce, mental health, drug and alcohol prevalence) | CEO                           |    | 1. Risk level has been maintained at 2016 levels.<br>2. Risk treatment includes regular audits, safety management plan, training, drug & alcohol testing and hazard management.<br>3. There was 1 potentially fatal event in 2016/17 (bee sting event).   | Critical           | Rare       | High               | Critical           | Rare       | High              | 1.Asset Services Safety Initiative incorporating creation of safety team;<br>2. Review and improve Fit for Work Policy and Retirement Policy;<br>3. Improved management of poor performance<br>4. Drug and Alcohol enforcement<br>5. Review safety management system and plan<br>6. Implementing reporting framework to Council.   |        |             |                    |
| 3.     | Inadequate Emergency Recovery process in response to critical community event  | Director Development Services |  | 1. Risk level has been maintained at 2016 levels.<br>2. Last year's actions included emergency recovery testing, monitoring and review of disaster recovery plan and bushfire risk management plan Additional staff, additional training.   | Major              | Rare       | High               | Major              | Rare       | High              | 1. Emergency Management Recovery training and testing;<br>2. Monitoring and review of the local emergency management arrangements<br>3. Review of Bushfire Risk Management Plans<br>4. Maintaining relationships with police and emergency management departments<br>5. Continue to fund a CESM role.  |        |             |                    |
| 4.     | Ineffective Information Security Protocols   | Director Corporate Services   |  | 1. Risk profile has been maintained since 2016.<br>2. Risk treatment activities have included testing of Disaster Recovery Plan, Testing Business Continuity Plan;<br>3. Increased insurance;<br>4. Cloud migration, increased 3rd party penetration testing, backup environment;<br>5. 2nd firewall, plus increased resourcing and capability of team. | Significant        | Likely     | High               | Significant        | Likely     | High              | 1. Frequent penetration testing continues;<br>2. Testing of the Disaster Recovery Plan continues;<br>3. Staff training and awareness regarding security protocols<br>4. External Security Review<br>5. Appointment of Internal Cyber Security Officer.<br>6. Development of an information security plan.  |        |             |                    |
| 5.     | Ineffective management of contaminated land  | Director Development Services |  | 1.Risk rating has been downgraded since 2016 due to focused management interventions such as register of contaminated sites, investigation and monitoring of priority sites, community education and increased insurance.   | Significant        | Likely     | High               | Significant        | Possible   | High              | 1. Register and update of contaminated sites;<br>2. Investigation and monitoring of priority sites including the carrying out of any recommendations from Preliminary and Detailed Site Investigations;<br>3. Community Education Program;<br>4. Allocation of funds through WAAR Levy for remediation<br>5. Alan Anderson Reserve remediation complete  |        |             |                    |

## City of Kalamunda 2018 Strategic Risk Register

| ID No. | Risk Description   | Risk Owner                    | 2017 to 2018 Trend  | Treatment Actions in past 12 months   | Risk Rating (2017) |            |                    | Risk Rating (2018) |            |                   | Treatment Actions in next 12 months   | Action | Review Date | Risk Action Status |
|--------|--|-------------------------------|---|---|--------------------|------------|--------------------|--------------------|------------|-------------------|---|--------|-------------|--------------------|
|        |  |                               |   |   | Consequence        | Likelihood | Current Risk Level | Consequence        | Likelihood | Target Risk Level |   |        |             |                    |
| 6.     | Inadequate bushfire mitigation on City of Kalamunda public lands                                 | Director Asset Services       | New Risk  |   |                    |            |                    | Significant        | Possible   | High              | 1. Full time Senior Fire Mitigation Officer<br>2. Purchase of 3rd Fire Mitigation vehicle<br>3. Strategic Fire Mitigation programs for urban interface<br>4. Achieve targets for fuel reduction across the City<br>5. Continue the process for developing a Citywide Bushfire Risk Management Plan  |        |             |                    |
| 7.     | Transfer Station Operation and Approvals   | Director Asset Services       | New Risk  |   |                    |            |                    | Significant        | Possible   | High              | 1. Undertake Site Improvements as per Concept plan and approvals from Department of Water and Environmental Regulation.<br>2. Implement new entry pass and commercial permit system.<br>3. Educate Community<br>4. Monitor site operations and report on effectiveness or new procedures.<br>5. Develop to improve data management collection to inform future direction                |        |             |                    |
| 8.     | Inability to provide sufficient land for active and passive recreation activities                | Director Development Services |  | New/modified risk.  | Significant        | Unlikely   | Medium             | Significant        | Possible   | High              | 1. Preparation of new Local Planning Strategy;<br>2. Review of Planning Scheme;<br>3. Community Engagement;<br>4. Forrestfield North Structure Planning;<br>5. Implementation of Public Open Space Strategy ;<br>6. Preparation and implementation of Master Plans for strategic reservations (i.e. Ray Owen and Hartfield Park).   |        |             |                    |
| 9.     | Failure to plan for housing diversity and lifestyle choices for aged and persons with disability | Director Development Services |  | 1. Two aged persons sites approved, progress towards several additional sites underway;<br>2. Aged care advisory committee, disability advisory committee;<br>3. Ongoing and constant advocacy. | Significant        | Possible   | High               | Significant        | Unlikely   | Medium            | 1. Preparing a new Local Planning Strategy;<br>2. Review of Planning Scheme;<br>3. Community Promotion;<br>4. Forrestfield North (FFN) Structure Planning<br>5. Cambridge Reserve and Heidelberg Park as aged care developments<br>6. Dual Density amendment approved and being implemented.  |        |             |                    |
| 10.    | Ineffective governance and decision-making processes of Council.                                 | CEO                           |  | 1. Provision of training to Elected Members.<br>2. Focus on building strong relationships with Elected Members.   | Major              | Unlikely   | High               | Significant        | Unlikely   | Medium            | 1. Continue to foster strong relationships between Councillors and between Council and Administration;<br>2. Endorsement of Governance and Policy Framework;<br>3. Training of Council and Administration members.<br>4. Review and development of Code of Conduct<br>5. Policy developed and adopted – Elected Member Contact with Staff<br>6. Review of Governance function completed |        |             |                    |

## City of Kalamunda 2018 Strategic Risk Register

| ID No. | Risk Description   | Risk Owner                    | 2017 to 2018 Trend  | Treatment Actions in past 12 months  | Risk Rating (2017) |            |                    | Risk Rating (2018) |            |                   | Treatment Actions in next 12 months   | Action | Review Date | Risk Action Status |
|--------|--|-------------------------------|---|--|--------------------|------------|--------------------|--------------------|------------|-------------------|---|--------|-------------|--------------------|
|        |  |                               |   |  | Consequence        | Likelihood | Current Risk Level | Consequence        | Likelihood | Target Risk Level |   |        |             |                    |
| 11.    | Ineffective asset management of all City owned assets and facilities | Director Asset Services       |    | 1. Asset Management Strategy adopted by Council on 24 July 2017 and actions being implemented.<br>2. Parks Asset Management Plan approved by Council on 28 August 2017 and used to inform the 2018/2019 Long Term Financial Plan<br>3. The 2018/2019 Long Term Financial Plan has utilised the recommendations from the Pathways Asset Management Plan adopted by Council on 22 May 2017.<br>4. Draft Drainage Asset Management Plan finalised in June 2017 for consideration by Council in July 2017. | Significant        | Possible   | High               | Moderate           | Possible   | Medium            | 1. Deliver the Asset Management Strategy and related asset management activities;<br>2. Community consultation on Levels of Service (which improves the alignment of our activities with community needs).<br>3. Endorse the Drainage, Roads and Buildings Asset Management Plans.<br>4. Review of Community Facility Plan<br>5. Development of asset and maintenance plan for Kalamunda Water Park |        |             |                    |
| 12.    | Ineffective advocacy resulting in lost funding opportunities         | CEO                           |   | 1. Council endorsement of Advocacy Strategy.<br>2. Regular meetings with political stakeholders.<br>3. Regular meetings with community stakeholders.   | Significant        | Possible   | High               | Moderate           | Possible   | Medium            | 1. Continued implementation of advocacy strategy<br>2. Development of individual advocacy plans<br>3. Community engagement to support advocacy<br>4. Continued design and planning for shovel-ready projects<br>5. Continue to partner with key stakeholders to pursue advocacy campaigns<br>6. Ongoing liaison with members of parliament  |        |             |                    |
| 13.    | Loss of character in Kalamunda Townsite                              | Director Development Services |  | 1. Risk has been mitigated via Activity Centre Plan for town centre and other strategic planning mechanisms, community engagement.   | Moderate           | Possible   | Medium             | Moderate           | Possible   | Medium            | 1. Activity Centre Plan for Kalamunda<br>2. Design Guidelines; Public Realm Guidelines and Design Assessment Panel;<br>3. Community and stakeholder Engagement and increased communications on developments;<br>4. Redevelopment of Stirk park;<br>5. Road pavement and streetscape enhancements (public realm).  |        |             |                    |
| 14.    | Inability to support increasing demands of community groups          | Chief Executive Officer       |  | 1. Strong focus on stakeholder engagement.<br>2. Alignment of the community facilities plan and the long term financial plan.  | Significant        | Unlikely   | Medium             | Moderate           | Possible   | Medium            | 1. Build stronger relationships with Community Groups;<br>2. Actively engage Government in advocacy programs;<br>3. Continue to pursue deliberative democracy opportunities for the community e.g. SSRCC, ABCD<br>4. Continuing networking with other local governments e.g. the GAPP to secure funding.  |        |             |                    |
| 15.    | Lost opportunities from ineffective economic development             | Director Corporate Services   |  | 1. Developed the Economic Development Strategy & continued to build strong relationships with Chamber of Commerce and local businesses.<br>2. Resourcing of Economic Development team.   | Significant        | Unlikely   | Medium             | Moderate           | Possible   | Medium            | 1. Implement Economic Development Strategy;<br>2. Develop and implement Tourism Strategy;<br>3. Progress the Inland Port Member Councils Freight Logistics Project<br>4. Partner with Chamber of Commerce and industry groups<br>5. Partner with EMRC and other stakeholders  |        |             |                    |

## City of Kalamunda 2018 Strategic Risk Register

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|--------|---|-------------------------------|--------------------|---|--------------------|------------|--------------------|--------------------|------------|-------------------|---|--------|-------------|--------------------|
|        |   |                               |                    |   | Consequence        | Likelihood | Current Risk Level | Consequence        | Likelihood | Target Risk Level |   |        |             |                    |
|        |   |                               |                    |   |                    |            |                    |                    |            |                   | 6. Increase opportunities industrial developments within the City<br>7. Improve commercial areas to encourage activation  |        |             |                    |
| 16.    | Failure of management controls resulting in fraud or misconduct | CEO                           | →                  | 1. Risk management procedures, audit controls;<br>2. Experienced and qualified staff, public interest disclosure, internal governance and legal, gift register (and other policies);<br>3. Internal and external Audit.   | Significant        | Unlikely   | Medium             | Significant        | Unlikely   | Medium            | 1. Regular audit of controls continue;<br>2. Audit and Risk Committee oversight;<br>3. Review and improvement of Policy Framework<br>4. Training and awareness of Staff<br>5. Monitor for breaches and reporting mechanisms<br>6. Monitor directions and releases from key agencies.eg CCC, DLG   |        |             |                    |
| 17.    | Inability to meet changing housing needs of the community       | Director Development Services | →                  | 1. Dual density, local planning strategy and planning scheme review.  | Significant        | Unlikely   | Medium             | Significant        | Unlikely   | Medium            | 1. Preparing of new Local Planning Strategy;<br>2. Community Engagement;<br>3. Forrestfield North Structure Planning<br>4. Prepare Housing Strategy 2018;<br>5. Dual Density Amendment implementation   |        |             |                    |
| 18.    | Insufficient water for current and future community needs.      | Director Development Services | →                  | 1. Water harvesting applications.   | Significant        | Unlikely   | Medium             | Significant        | Unlikely   | Medium            | 1. Develop a water resource management plan<br>2. Forrestfield North Structure Planning (Local Water Management Strategy);<br>3. Public Open Space Strategy<br>4. Implement technology efficiencies in irrigation and water supply systems<br>5. Implement stage 2 of the Hartfield Park Managed Aquifer Recharge project.                  |        |             |                    |
| 19.    | Capital and operating budget overrun                            | Director Corporate Services   | →                  | 1. Risk has been downgraded since 2016 and will be monitored at strategic and operational levels from the strategic risk to the operational risk register.<br>2. There is a 5-year trend of improved audit outcomes, capital/operating budget management due to focused actions including financial management, monthly financial reporting and first/mid-term budget review. | Moderate           | Possible   | Medium             | Moderate           | Possible   | Medium            | 1. Continued monitoring of budget target KPI's;<br>2. Maintenance of two budget reviews<br>3. Continuing training of staff and Councillors in financial management budget processes<br>4. Monitoring ratios at Council level<br>5. Monitoring cash flow   |        |             |                    |
| 20.    | Compliance with development approvals is ineffective            | Director Development Services | →                  | 1. Audit process for high risk development approvals.   | Moderate           | Possible   | Medium             | Moderate           | Possible   | Medium            | 1. Proactive monitoring of high risk approvals;<br>2. Community Education<br>3. Process for programing and reporting inspections and actioning recommendations<br>4. Closer integration between Strategic and Statutory Planning guidelines and processes in-line with State Government recommendations on the Planning Reform Green Paper. |        |             |                    |

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|--------|---|-------------------------------|--------------------|-------------------------------------|--------------------|------------|--------------------|--------------------|------------|-------------------|--|--------|-------------|--------------------|
|        |   |                               |                    |                                     | Consequence        | Likelihood | Current Risk Level | Consequence        | Likelihood | Target Risk Level |  |        |             |                    |
| 21.    | Total loss of a major City asset or facility                      | Director Asset Services       | New Risk           | New/modified risk.                  |                    |            |                    | Significant        | Unlikely   | Medium            | 1. Maintain evacuation, Disaster Recovery , and Business Continuity plans and associated training and drills.<br>2. Cloud data storage<br>3. Insurance in place  |        |             |                    |
| 22.    | Failing to prepare for digital disruption within City operations. | CEO                           | New Risk           | New/modified risk.                  |                    |            |                    | Moderate           | Possible   | Medium            | 1. Digital Strategy;<br>2. Advocacy Strategy;<br>3. Community Engagement;<br>4. Staff Training in emerging technology trends<br>5. ALTUS development an Cloud storage.   |        |             |                    |
| 23.    | Unavailability of land for food production and tourism.           | Director Development Services | New Risk           | New/modified risk.                  |                    |            |                    | Moderate           | Possible   | Medium            | 1. Review of Hills Rural Strategy;<br>2. Detailed analysis of Department of Agriculture Land Capability Assessment;<br>3. Promotion of Agritourism;<br>4. Review of Local Planning Strategy;<br>5. Identification of Priority Agriculture zone |        |             |                    |



## **Audit and Risk Committee**

### **Revised Terms of Reference**

(LAST UPDATE 26/02/2018)

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The Council of the City of Kalamunda has resolved to establish an Audit and Risk Committee with responsibility for supporting the City in fulfilling its governance and oversight responsibilities as they relate to financial reporting, internal control structure, risk management systems, internal and external audit functions and ethical accountability.

#### **1. Name**

The name of the Committee shall remain as the Audit & Risk Committee.

#### **2. Purpose**

The Committee is responsible for providing guidance and assistance to Council in relation to the annual external audit and liaises with the external auditor to ensure that Council can be satisfied with the performance of the Administration in managing its financial and governance affairs.

The Committee will work with the Internal Auditor to ensure that internal audit work complements that of the external auditor and is effective in improving the efficiency of City operations and internal control systems. The review and assessment of risk management and risk management projects is part of the Internal Auditor role and the Committee will review the work of the Internal Auditor. It is noted that internal audit has been outsourced and that the Internal Auditor will present their first report in 2018.

The Committee will also review the Annual Compliance Audit Return and the CEO's biennial reviews of systems.

#### **3. Objectives**

##### **3.1 External Audit**

To provide guidance and assistance to the local government –

- i. To carry out its functions in relation to audits under Part 7 of the Act;
- ii. To develop the process to be used to select and appoint a person to be an auditor and recommend to Council the person or persons to be appointed as the auditor;
- iii. To perform its functions under Part 7 of the Act; and
- iv. To carry out functions relating to other audits and other matters related to financial management, including particularly a review of the draft Annual Financial Report.



### 3.2 Internal Audit

To review regular reports and audit plans in accordance with, and in terms of the integrity, adequacy and effectiveness, of such plans.

- i. Review of compliance with Council Policies and Practices;
- ii. Review of key internal controls within accounting systems;
- iii. Review of accounting systems and procedures;
- iv. Review the annual statutory Compliance Audit Return;
- v. Ensure monthly and annual financial reports to Council comply with legislation and Australian Accounting Standards;
- vi. Special reports as required from time to time by the Audit Committee;
- and vii. An assessment of risk management practices, policies and procedures used as part of operational planning processes and procedures.

### 3.3 Risk Management

To identify and assess risks and manage the mitigation of risk overall.

- i. To review and make recommendations to the Council on the City's risk management strategies, policies, systems and practices and the adequacy of same, the management of strategic risk, and identifying as appropriate, specific risks for more detailed review and assessment.
- ii. To review the assessment of control activities and business processes, including an assessment of risk and compliance with legislation and accounting policies.

### 3.4 Performance and Process Improvement

To review the performance of the City's business units with regards to:

- i. Assessing the effectiveness of the City's business units in achieving its outcomes;
- ii. Assessing the efficiency of the City's business units in delivering outcomes

## 4. **Council's Strategic Alignment**

*Kalamunda Advancing - Strategic Community Plan to 2027*

Strategy 4.1.1 Provide good governance.

## 5. **Membership**

The membership of the Committee shall consist of all elected members. In addition, a suitably qualified external member shall be appointed to the Audit & Risk Committee.

## 6. **Term of Membership**

Members are appointed for two (2) year terms to coincide with local government election cycle.



## **7. Observers**

The CEO, Director of Corporate Services and Manager Financial & Risk Services can attend meetings of the Committee. Other members of staff may attend by invitation and may speak at the meeting.

Auditors, external and internal may be invited by the presiding member to the meeting.

## **8. Meetings**

The Audit and Risk Committee shall meet at least once every three months and such additional meetings as the chairperson shall decide in order for the Committee to fulfil its duties. Meetings will not be open meetings in the context of Section 5.23(1) of the *Local Government Act 1995*. Decisions of the Committee are to be made by a simple majority and will be considered by Council at the next Ordinary Council Meeting after the committee meeting.

## **9. Access**

The Audit Committee shall have access to both the internal and external auditors.

## **10. Powers of the Audit Committee**

The Committee is responsible for the provision of guidance and assistance to Council in relation to the annual external audit, liaises with the external auditor to ensure that Council can be satisfied with the performance of the Administration in managing its financial and governance affairs and for ensuring that the City effectively manages risk.

## **11. Duties and Responsibilities**

The duties and responsibilities of the Committee are outlined within the four primary focus areas:

### **11.1 External Audit**

- a) Develop and recommend to Council an appropriate process for the selection and appointment of the City's auditor and recommend an auditor after the completion of the tender process.
- b) Develop and recommend to Council a written agreement for the appointment of an auditor, including objectives, scope, audit planning, remuneration, communication methodology and requirements for evaluation of financial systems.
- c) Meet with the auditor at least once every year and report to Council on the matters discussed and the outcome of discussions.
- d) Examine and review the reports of the Auditor, together with accompanying reports of the Chief Executive Officer or Manager Financial & Risk Services to ensure that adequate measures have been taken in respect of any matters of concern raised.



- e) Review the draft annual financial report focusing on, accounting policies and practices and changes thereto, processes used in making significant accounting estimates, adjustments to financial statements arising from the audit process, compliance with Accounting Standards and other legislation, and significant variances when compared to prior years.

#### 11.2 Internal Audit

Receive regular reports from the Chief Executive Officer, the Manager Finance and Risk and/or the Internal Auditor on the relevance, appropriateness and adequacy of the internal audit processes being utilised at the City;

- a) Provide direction with regard to the development of the City's Audit Plan;
- b) Review of compliance with Council Policies and Practices and with relevant legislation;
- c) Review of key internal controls within accounting systems;
- d) Review of accounting systems and procedures;
- e) Review the annual statutory Compliance Audit Return;
- f) Review the CEO's biennial review of systems.
- g) Review the format and content of and of monthly and annual financial reports to Council, ensuring compliance with legislation and Australian Accounting Standards;
- h) Encourage and require the preparation of special reports as required from time to time by the Audit Committee which may extend to process and performance improvement.; and
- i) Review and make recommendations to Council on the completed Compliance Audit Return.

#### 11.3 Risk Management

- a) Assess risk management practices, policies and procedures used as part of operational planning processes and procedure.
- b) Ensure that adequate steps are taken to identify, analyse, evaluate and treat or mitigate risks.
- c) Ensure that the City complies with legislation and accounting principles.

#### 11.4 Performance and Process Improvement

Provide direction and input into the City's efficiency and effectiveness program focusing on:

- a) Evaluating business unit effectiveness in achieving outcomes;
- b) Evaluating business unit efficiency in delivering outcomes.
- c) Identification of business process improvement opportunities.



## CEO INSTRUCTION

### Appointment of Community Members to Advisory Committees and Reference Groups

| Management Procedure | Relevant Delegation |
|----------------------|---------------------|
| Nil.                 | Nil.                |

## Purpose

The purpose of the CEO Instruction (**Instruction**) - Appointment of Community Members to Advisory Committees and Reference Groups is to provide a clear and understandable expectation as to the requirements of community members to achieve appointment to Advisory Committees and Reference Groups established by the Council.

This Instruction outlines the criteria, role and responsibilities required of a member of the public to be appointed to an Advisory Committee or Reference Group as well as how the assessment will be evaluated and reported to Council for appointment to be ratified.

## Policy Statement

The City of Kalamunda has a long record of strong community engagement. We recognise the importance and value of engaging with our community and seek to act in a participatory manner. The City has maintained strong ties with local environmental community groups, cultural community groups and demographic specific groups and believe that being in close contact with the views of community leads to good governance and effective decision making.

The City is committed to engaging with its community in a collaborative manner to resolve issues and achieve goals. In order to pursue this goal, Council will establish a wide range of community-led Advisory Committees and Reference Groups to assist in dealing with specific service areas or issues.

The establishment of these committees and groups requires City-wide advertising period to receive nominations and a selection process to identify the most suitable candidates for each role. Council requires clarity in how it selects members of the community.

Nominations must be based on a set criteria with diversity being reflected at all times.

Collaborating involves the City engaging with community members to select the best-fit solution on an issue that will become the basis for the development of a plan, project, facility or service.

Collaboration:

- generally occurs in the form of working groups or advisory committees;
- is either for the duration of the project (working groups) or on-going if issue related (advisory committees);



- can be used in conjunction with inform, consult and involve strategies; and
- involves communication, not just between the community and the local government, but also amongst stakeholders and community members.

This level of engagement provides participants with the greatest degree of influence over outcomes in the City. It should be noted that the final decision ultimately remains with the Council. Only a limited number of individuals are able to be involved. These participants may be interested members of the community or may represent specific stakeholder groups.

Participants have a responsibility to:

- adopt the values and code of conduct of the City;
- commit sufficient time to the process;
- represent the interests of other people, including those who might be less vocal or harder to reach;
- choose the best-fit solution that meets the needs of all people with an interest or those likely to be affected, including those from minority groups; and
- keep people informed on the progress of the process.

It is essential to the balanced operation of any collaborative group that membership is reflective of all views, and is regularly refreshed, and does not become dominated by the strongly held thoughts of a small group of residents.

The Advisory Committees and Reference Groups are established by Council to provide input into particular issues.

Membership is by invitation of the Council and expressions of interest are advertised in the media and on the web.

Advisory Committees and Reference Groups shall all have terms of reference which are to include:

- the role of the Committee/Group;
- the membership of the Committee/Group;
- meeting times – usually up to three times per annum, at a time of day that suits members;
- review periods – usually annually in September;
- meeting procedures - including nomination and role of the Committee/Group Chair and Deputy Chair, process for decision making and recording of that decision, Disclosure of any Non-Pecuniary or Pecuniary Interests, adherence to any Code of Conduct etc; and
- the recording of minutes and any associated proposals or suggestions to be submitted to Council.

Once publicly advertised, all interested members of the public are required to submit an application before the deadline date.

Any late applications will not be considered.



## Evaluation Process and Report

City officers will undertake an assessment against the selection criteria of each application for a committee or group. The assessment will be undertaken by a panel of up to five City officers appointed by the CEO.

A designated officer will produce an evaluation report outlining the selection process and will identify the candidates that best met the criteria. The evaluation report will be a confidential attachment to the Council report. Council, upon receipt of the confidential evaluation report will have the ability to review and change the recommendations of officers should Council see the need.

## Selection Criteria

A community member's application to be on an Advisory Committee or Reference Group will be assessed and their final score weighted against the following selection criteria.

|   |  |     |
|---|--|-----|
| 1 | Knowledge and experience of the topics the Committee/Group will be required to provide advice on.  | 25% |
| 2 | Ability to work in teams and groups.   | 25% |
| 3 | The ability to allocate the necessary time to attend meetings and read documentation prior to the meeting.   | 25% |
| 4 | Whether the application addresses a knowledge/skill gap on the Committee/Group, with consideration given to the balance of the Committee/Group ensuring broad and diverse community representation.  | 15% |
| 5 | Representation from all wards within the City will be considered important to provide a balance of membership from the different communities of interest. Should there be more than one candidate from a ward the candidate with the highest scores in points 1-4 will receive an additional wards score of 10%. | 10% |

| Score    | Assessment   |
|----------|--------------|
| 21 – 25% | Excellent    |
| 16 – 20% | Great        |
| 11 – 15% | Satisfactory |
| 6 – 10%  | Poor         |
| 1 – 5%   | Unsuitable   |

|                         |                                |                  |           |
|-------------------------|--------------------------------|------------------|-----------|
| Related Local Law       | Nil.                           |                  |           |
| Related Policies        | Nil.                           |                  |           |
| Related Budget Schedule | Nil.                           |                  |           |
| Legislation             | Local Government Act 1995 (WA) |                  |           |
| Conditions              | Nil.                           |                  |           |
| Authority               | CEO                            |                  |           |
| Adopted                 | July 2018                      | Next Review Date | July 2020 |

| <b>C-FIN02: Investment of Surplus Funds – Council Policy</b>                            |                            |
|---|----------------------------|
| <b>Management Procedure</b><br>CM-FIN02 - Investments LGA 8 Investment of Surplus Funds | <b>Relevant Delegation</b> |

## Purpose

To invest the City's surplus funds in a manner that maximises returns whilst balancing social and environmental benefits, with due consideration of risks, whilst protecting the initial capital investment and future cash flows.

## Principles

The City investments are subject to the following principles:

- (a) preservation of capital is the principal objective of the investment portfolio;
- (b) the investment portfolio will ensure that 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 recall of an investment;
- (c) preference is given to investment in non-fossil fuel lending institutions;
- (d) investments will be managed with care, diligence, and skill that a prudent person will exercise.

## Policy Statement

The Chief Executive Officer or their delegate under the powers delegated is to invest surplus funds in accordance with Council Policy and Management Procedure, and Section 6.14(1) of the *Local Government Act 1995* and the associated Regulations.

It is incumbent upon the Chief Executive Officer or their delegate to ensure:

1. That funds surplus to immediate requirements may be placed in any of the following authorised deposit taking institutions (ADI's), being licensed banks as defined under the *Banking Act 1995*, for a period not exceeding 12 months:
  - (a) Western Australian Treasury Corporation
  - (b) Australian and New Zealand Banking Group
  - (c) National Australian Bank
  - (d) Westpac
  - (e) Bank West
  - (f) Commonwealth Bank
  - (g) IMB Ltd
  - (h) St George Bank Ltd
  - (i) Bendigo Bank
  - (j) ING Bank Australia Limited
  - (k) Suncorp Bank
  - (l) Bank of Queensland
  - (m) Rabobank
2. The Banks as listed in 1 above may be amended by Council from time to time.

### 3. Investment Preference

In order to reduce overall carbon footprint and the wasteful use of natural resources, the City will give preference to those institutions that do not invest in or finance non-sustainable energy sources where:

- (a) the investment is compliant with the City's investment policy;
- (b) the investment rate of interest is comparable to the City relative to other investments that may be on offer to the City at the time of investment.

### 4. Prohibitions

The investment policy prohibits any investment carried out for speculative purposes including:

- (a) derivative based instruments;
- (b) principal only investments or securities that provide potentially nil or negative cash flow; and
- (c) stand-alone securities issued that have underlying futures, options, forward contracts and swaps of any kind.

### 5. Investment Limitations

That Council's investment in any one institution as per 1 above is limited to a maximum of 25% of the total investment portfolio where the amount in any one institution exceeds \$200,000. If the amount of \$200,000 or less is placed in any one institution, the 25% spread may not apply.

### 6. Annual Review

The combined level of Commonwealth and State Government Guarantee on funds invested should be reviewed annually.

### 7. Council Review

The Short Term Investment Portfolio schedule shall be presented monthly to Councillors as part of the Monthly Financial Statements Report.

### 8. Funds invested are required to be in Australian currency.

|                                |  |                         |  |
|--------------------------------|--|-------------------------|--|
| <b>Related Local Law</b>       |  |                         |  |
| <b>Related Policies</b>        |  |                         |  |
| <b>Related Budget Schedule</b> |  |                         |  |
| <b>Legislation</b>             |  |                         |  |
| <b>Conditions</b>              |  |                         |  |
| <b>Authority</b>               |  |                         |  |
| <b>Adopted</b>                 |  | <b>Next Review Date</b> |  |