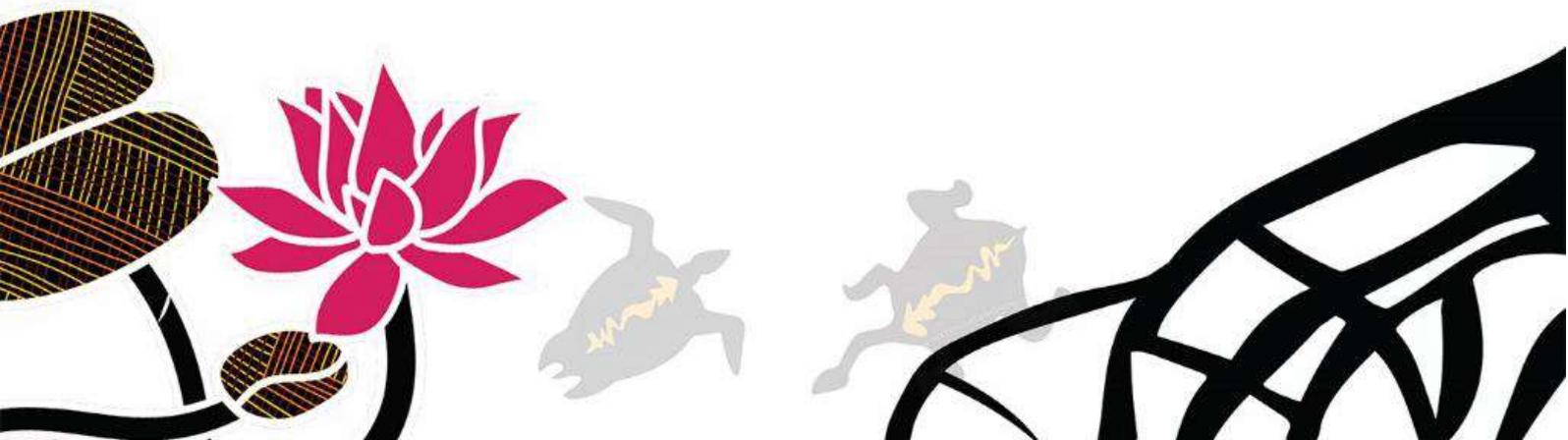# WEST ARNHEM REGIONAL COUNCIL

RISK MANAGEMENT & AUDIT COMMITTEE MEETING

AGENDA

TUESDAY, 19 SEPTEMBER 2023

WEST ARNHEM REGIONAL COUNCIL

Notice is hereby given that Audit Committee Meeting of the West Arnhem Regional Council will be held in Jabiru on Tuesday, 19 September 2023 at 09:15.

Jessie Schaecken
Acting Chief Executive Officer

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1 ACKNOWLEDGEMENT OF COUNTRY

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7 CONFIRMATION OF PREVIOUS MINUTES

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9 AUDIT REPORTS

Nil

10 PROCEDURAL MOTIONS

11 LATE REPORTS

Nil

12 CONFIDENTIAL ITEMS

The information in this section of the agenda is classed as confidential under section 293(1) of the *Local Government Act 2019* and regulation 51 of the *Local Government (Administration) Regulations 2021*.

13 NEXT MEETING

Acknowledgement of Country

West Arnhem Regional Council acknowledges the First Nations Custodians, and the many Language and Family groups who are Managers and Caretakers to each of their Traditional homelands and Waters across the West Arnhem Region Wards.

West Arnhem Regional Council pays its respects and acknowledges Elders, past, present and rising.

WEST ARNHEM REGIONAL COUNCIL

FOR THE MEETING 19 SEPTEMBER 2023

Agenda Reference:	**3.1**
Title:	**Apologies and Leave of Absence**
File Reference:	**1094866**
Author:	**Ben Heaslip, Acting Governance and Risk Advisor**

SUMMARY

This report is to table, for the Risk Management and Audit Committee's record, any apologies and requests for leave of absence received from Committee members for the meeting held on 19 September 2023.

POLICY IMPLICATIONS

This report has been prepared in accordance with Council's Scheduling and Conduct of Meetings (Elected, Local Authority and Council Committee Members) Policy.

STRATEGIC IMPLICATIONS

This report is aligned to pillar 6 in the *Regional Plan and Budget 2023-2024* as outlined below:

PILLAR 6 FOUNDATIONS OF GOVERNANCE	
Integrity is at the heart of everything we do. We are leaders of best practice and excellence in governance, advocacy, consultation and administration. Our processes, procedures and policies are ethical and transparent.	
Goal 6.3	**Council and Local Authorities** Excellence in governance, consultation administration and representation
Goal 6.5	**Planning and Reporting** Robust planning and reporting that supports Council's decision-making processes

> **RECOMMENDATION:**
> **That Risk Management and Audit Committee noted member's apologies and/or requests for leave of absence for the meeting held on 19 September 2023.**

ATTACHMENTS

WEST ARNHEM REGIONAL COUNCIL

FOR THE MEETING 19 SEPTEMBER 2023

Agenda Reference:	**4.1**
Title:	**Absent Without Notice**
File Reference:	**1094867**
Author:	**Ben Heaslip, Acting Governance and Risk Advisor**

SUMMARY

This report is to table, for the Risk Management and Audit Committee's record, any members that are absent without notice for the meeting held on 19 September 2023.

POLICY IMPLICATIONS

This report has been prepared in accordance with Council's Scheduling and Conduct of Meetings (Elected, Local Authority and Council Committee Members) Policy.

STRATEGIC IMPLICATIONS

This report is aligned to pillar 6 in the *Regional Plan and Budget 2023-2024* as outlined below:

PILLAR 6 FOUNDATIONS OF GOVERNANCE	
Integrity is at the heart of everything we do. We are leaders of best practice and excellence in governance, advocacy, consultation and administration. Our processes, procedures and policies are ethical and transparent.	
Goal 6.3	**Council and Local Authorities** Excellence in governance, consultation administration and representation
Goal 6.5	**Planning and Reporting** Robust planning and reporting that supports Council's decision-making processes

RECOMMENDATION:
That Risk Management and Audit Committee noted members absences without notice for the meeting held on 19 September 2023.

ATTACHMENTS

WEST ARNHEM REGIONAL COUNCIL

FOR THE MEETING 19 SEPTEMBER 2023

Agenda Reference:	**5.1**
Title:	**Acceptance of Agenda**
File Reference:	**1094868**
Author:	**Ben Heaslip, Acting Governance and Risk Advisor**

SUMMARY

Agenda papers are submitted for acceptance by appointed members for the Risk Management and Audit Committee meeting of 19 September 2023.

COMMENT

The Committee is encouraged to review the agenda and to accept or not accept the agenda.

STATUTORY ENVIRONMENT

Section 92(1) *Local Government Act 2019* is relevant to this matter.

POLICY IMPLICATIONS

This report has been prepared in accordance with Council's Scheduling and Conduct of Meetings (Elected, Local Authority and Council Committee Members) Policy.

STRATEGIC IMPLICATIONS

This report is aligned to pillar 6 in the *Regional Plan and Budget 2023-2024* as outlined below:

PILLAR 6 FOUNDATIONS OF GOVERNANCE	
Integrity is at the heart of everything we do. We are leaders of best practice and excellence in governance, advocacy, consultation and administration. Our processes, procedures and policies are ethical and transparent.	
Goal 6.3	**Council and Local Authorities** Excellence in governance, consultation administration and representation
Goal 6.5	**Planning and Reporting** Robust planning and reporting that supports Council's decision-making processes

RECOMMENDATION: **That the agenda for the Risk Management and Audit Committee meeting of 19 September 2023 as circulated be accepted.**

ATTACHMENTS

WEST ARNHEM REGIONAL COUNCIL

FOR THE MEETING 19 SEPTEMBER 2023

Agenda Reference:	**6.1**
Title:	**Disclosure of Interest of Members or Staff**
File Reference:	**1094869**
Author:	**Ben Heaslip, Acting Governance and Risk Advisor**

SUMMARY

Elected and Committee Members are required to disclose an interest in a matter under consideration by Council at a Council or Committee meeting:

1) In the case of a matter featured in an officer's report or written agenda item by disclosing the interest to the Council as soon as possible after the matter is raised.

2) In the case of a matter raised in general debate or by any means other than the printed agenda of the Council by disclosure as soon as possible after the matter is raised.

Under disclosure, the Member must abide by the decision of the Committee on whether he/she shall remain in the Chambers and/ or take part in the vote on the issue. The Committee may elect to allow the Member to provide further and better particulars of the interest prior to requesting him/her to leave the Chambers.

Staff of the Council are required to disclose an interest in a matter at any time at which they are required to act or exercise their delegated authority in relation to the matter. Upon disclosure, the staff member is not to act or exercise his/her delegated authority unless the Council expressly directs him/her to do so.

STATUTORY ENVIRONMENT

Sections 114 (Elected Members) *Local Government Act 2019*.
Section 179 (staff members) *Local Government Act 2019*.

STRATEGIC IMPLICATIONS

This report is aligned to pillar 6 in the *Regional Plan and Budget 2023-2024* as outlined below:

PILLAR 6 FOUNDATIONS OF GOVERNANCE	
Integrity is at the heart of everything we do. We are leaders of best practice and excellence in governance, advocacy, consultation and administration. Our processes, procedures and policies are ethical and transparent.	
Goal 6.2	**Records** Delivery of storage and retrieval of records processes which support efficient and transparent administration
Goal 6.3	**Council and Local Authorities** Excellence in governance, consultation administration and representation
Goal 6.4	**Risk Management** The monitoring and minimisation of risks associated with the operations of Council
Goal 6.5	**Planning and Reporting** Robust planning and reporting that supports Council's decision-making processes

RECOMMENDATION:

That Risk Management and Audit Committee received and recorded declarations of interest for the meeting held on 19 September 2023.

ATTACHMENTS

WEST ARNHEM REGIONAL COUNCIL

FOR THE MEETING 19 SEPTEMBER 2023

Agenda Reference:	**7.1**
Title:	**Confirmation of Previous Risk Management and Audit Committee Minutes - 30 May 2023**
File Reference:	**1079300**
Author:	**Ben Heaslip, Acting Governance and Risk Advisor**

SUMMARY

Unconfirmed minutes of 30 May 2023 Risk Management and Audit Committee meeting are submitted to the Committee for confirmation that the minutes are a true and correct record of the meeting.

COMMENT

The minutes as submitted and confirmation of the minutes must comply with section 101 of the *Local Government Act 2019*.

STRATEGIC IMPLICATIONS

The confirmation of previous minutes is aligned to the following goals as outlined in pillar 6 of the *Regional Plan and Budget 2023-2024*:

PILLAR 6 FOUNDATIONS OF GOVERNANCE	
Integrity is at the heart of everything we do. We are leaders of best practice and excellence in governance, advocacy, consultation and administration. Our processes, procedures and policies are ethical and transparent.	
Goal 6.2	**Records** Delivery of storage and retrieval of records processes which support efficient and transparent administration
Goal 6.5	**Planning and Reporting** Robust planning and reporting that supports Council's decision-making processes

RECOMMENDATION: **That the minutes of the 30 May 2023 Risk Management and Audit Committee meeting are adopted as a true and correct record of the meeting.**

ATTACHMENTS

1   2023.05.30 - Risk Management and Audit Committee Minutes Unconfirmed.pdf

WEST ARNHEM

REGIONAL COUNCIL

Minutes of the West Arnhem Regional Council Audit Committee Meeting
Tuesday, 30 May 2023 At 10:00

Chairperson Carolyn Eagle declared the meeting open at 9:15, welcomed all in attendance and Acknowledgement of Country.

COMMITTEE MEMBERS PRESENT

Chairperson	Carolyn Eagle
Independent Member	Warren Jackson
Mayor	Matthew Ryan
Deputy Mayor	Elizabeth Williams
Councillor	James Woods

STAFF PRESENT

Chief Executive Officer (Acting)	Fiona Ainsworth
Chief Corporate Officer	Deirdre O'Sullivan
Director of Organisational Growth	Peter Ryan
Governance and Risk Advisor	Jessica Schaecken
Finance Manager	James Stockdale

APOLOGIES

3.1   APOLOGIES AND LEAVE OF ABSENCE

The Committee considered Apologies and Leave of Absence.

> **ACM9/2023 RESOLVED:**
> **On the motion of Mayor Matthew Ryan**
> **Seconded Councillor James Woods**
> **That Risk Management and Audit Committee noted member's apologies Cr Gabby Gumurdul, Cr Jacqueline Phillips, Cr Catherine Ralph and Paul Hockings CEO, for the meeting held on 30 May 2023.**
> **CARRIED**

ABSENT WITHOUT NOTICE

4.1   ABSENT WITHOUT NOTICE

The Committee considered Absent Without Notice.

> **RECOMMENDATION:**
> **That Risk Management and Audit Committee noted nil members absences without notice for the meeting held on 30 May 2023.**

ACCEPTANCE OF AGENDA
5.1   ACCEPTANCE OF AGENDA

The Committee considered Acceptance of Agenda.

ACM10/2023 RESOLVED:
On the motion of Mayor Ryan
Seconded Councillor James Woods
That the agenda for the Risk Management and Audit Committee meeting of 30 May 2023 as circulated be accepted
Noting the agenda has been moved to 6.2.

CARRIED

DECLARATION OF INTEREST OF MEMBERS OR STAFF

6.1   DISCLOSURE OF INTEREST OF MEMBERS OR STAFF

The Committee considered Disclosure of Interest of Members or Staff.

ACM11/2023 RESOLVED:
On the motion of Deputy Mayor Elizabeth Williams
Seconded Mayor Matthew Ryan
That Risk Management and Audit Committee received and recorded declarations of interest for Chairperson Eagle for Councilbiz and internal audit provider confidential items within the agenda in the meeting held on 30 May 2023.

CARRIED

CONFIRMATION OF PREVIOUS MINUTES
8.2   PRESENTATIONS TO COMMITTEE

The Committee considered Presentations to Committee.

ACM12/2023 RESOLVED:
On the motion of Mayor Matthew Ryan
Seconded Chairperson Carolyn Eagle
That the Risk Management and Audit Committee
1. received and noted with thanks presentations made by James Sheridan committee at the meeting and;
2. Committee seeks management provide a workshop format on the Risk Management process as it is evolving within Council.

CARRIED

7.1   CONFIRMATION OF PREVIOUS RISK MANAGEMENT AND AUDIT COMMITTEE MINUTES - 28 MARCH 2023

The Committee considered Confirmation of Previous Risk Management and Audit Committee Minutes - 28 March 2023.

ACM13/2023 RESOLVED:
On the motion of Chairperson Carolyn Eagle
Seconded Mayor Matthew Ryan
That the minutes of the 28 March 2023 Risk Management and Audit Committee meeting are adopted as a true and correct record of the meeting.

CARRIED

GENERAL ITEMS

8.1 UPDATE ON GENERAL ACTION ITEMS

The Committee considered Update on General Action Items.

ACM14/2023 RESOLVED:
On the motion of Chairperson Carolyn Eagle
Seconded Councillor James Woods
That Risk Management and Audit Committee;

1. reviewed the Action Items List, and approved to remove completed items from the list.
2. Requested the removal of item ACM12/2022 as it is no longer the direction of Council.

CARRIED

PROCEDURAL MOTIONS

10.1 CLOSURE TO THE PUBLIC FOR THE DISCUSSION OF CONFIDENTIAL ITEMS

The Committee considered Closure to the Public for the Discussion of Confidential Items.

ACM15/2023 RESOLVED:
On the motion of Mayor Matthew Ryan
Seconded Chairperson Carolyn Eagle
That Risk Management and Audit Committee approved the closure of the meeting to the public as confidential items were about to be discussed in accordance with regulation 52 of the *Local Government (General) Regulations 2021.*

CARRIED

EXCLUSION OF THE PUBLIC

The meeting closed to the public at 10:18

CONFIDENTIAL ITEMS

The information is classed as confidential under Section 293(1) of the *Local Government Act 2019* and regulation 51 of the *Local Government (Administration) Regulations 2021.*

CONFIDENTIAL ITEMS MOVED INTO OPEN

12.1 CONFIRMATION OF PREVIOUS MINUTES - CONFIDENTIAL RISK MANAGEMENT AND AUDIT COMMITTEE MEETING.

The Committee considered Confirmation of Previous Minutes - Confidential Risk Management and Audit Committee Meeting..

ACM16/2023 RESOLVED:
On the motion of Chairperson Carolyn Eagle
Seconded Mayor Matthew Ryan
That the confidential minutes of the 4 November 2022 and 28 March 2022 Risk Management and Audit Committee meeting are confirmed as a true and correct record of the meeting.

CARRIED

12.2 EXTERNAL AUDIT STRATEGY MEMORANDUM FOR THE YEAR ENDED 30 JUNE 2023

The Committee considered External Audit Strategy Memorandum for the year ended 30 June 2023.

ACM17/2023 RESOLVED:
On the motion of Chairperson Carolyn Eagle

> Seconded Councillor James Woods
> That the Risk Management and Audit Committee received and noted the Nexia Edwards Marshall NT Audit Strategy Memorandum for the year ended 30 June 2023.
>
> **CARRIED**

12.3   ENGAGEMENT OF EXTERNAL SUPPLIER FOR INTERNAL AUDIT SERVICES

The Committee considered Engagement of External Supplier for Internal Audit Services.

> **ACM18/2023 RESOLVED:**
> On the motion of Chairperson Carolyn Eagle
> Seconded Mayor Matthew Ryan
> That the Risk Management and Audit Committee approved management to:
> 1. develop a scope of works; and
> 2. seek quotations / proposals for review by the Committee for the purposes of engaging an external service provider for provision of internal audit services for 2 financial years being 2023-24, 2024-25 plus the option of extension of one financial year being 2025-26.
>
> **CARRIED**

12.4   INTERNAL AUDIT - COMMERCIAL SERVICES REVIEW 2022 - TRACKING REGISTER UPDATE

> That the Risk Management and Audit Committee deferred this report to the next meeting.

12.5   DISCLOSURE OF CONFIDENTIAL RESOLUTIONS AND RE-ADMITTANCE OF THE PUBLIC

The Committee considered Disclosure of Confidential Resolutions and Re-admittance of the Public.

> **ACM19/2023 RESOLVED:**
> On the motion of Chairperson Carolyn Eagle
> Seconded Mayor Matthew Ryan
> That the Risk Management & Audit Committee opened the meeting to the public after the discussion of confidential items, and approved to disclose selected resolutions from the confidential section of this meeting in the non-confidential meeting minutes.
>
> **CARRIED**

READMITTANCE OF THE PUBLIC

MEETING DECLARED CLOSED
Chairperson Carolyn Eagle declared the meeting closed at 11:27

This page and the preceding pages are the minutes of the Risk Management and Audit Committee meeting Audit Committee Meeting held on Tuesday, 30 May 2023.

_____   _____
Chairperson   Date Confirmed

West Arnhem Regional Council   - 4 -   Audit Committee
                                                        Tuesday, 30 May 2023

West Arnhem Regional Council — 5 — Audit Committee
Tuesday, 30 May 2023

WEST ARNHEM REGIONAL COUNCIL

FOR THE MEETING 19 SEPTEMBER 2023

Agenda Reference:	**8.1**
Title:	**Update on General Action Items**
File Reference:	**1094875**
Author:	**Ben Heaslip, Acting Governance and Risk Advisor**

own

SUMMARY

This report is submitted for the Committee to consider the progress on outstanding resolutions from Risk Management and Audit Committee meetings.

BACKGROUND

This report is a standard report submitted to the Committee to note the actions taken with respect to Risk Management and Audit Committee resolutions. The items included on the action items list emanate from resolutions that were passed during previous Risk Management and Audit Committee meetings.

POLICY IMPLICATIONS

As per the Risk Management and Audit Committee's Charter, the Committee is responsible for monitoring and evaluating management's responsiveness to matters raised during the course of its meetings.

STRATEGIC IMPLICATIONS

The confirmation of previous minutes is aligned to the following goals as outlined in pillar 6 of the *Regional Plan and Budget 2023 2024*:

PILLAR 6 FOUNDATIONS OF GOVERNANCE	
Integrity is at the heart of everything we do. We are leaders of best practice and excellence in governance, advocacy, consultation and administration. Our processes, procedures and policies are ethical and transparent.	
Goal 6.2	**Records** Delivery of storage and retrieval of records processes which support efficient and transparent administration
Goal 6.5	**Planning and Reporting** Robust planning and reporting that supports Council's decision-making processes

RECOMMENDATION:
That Risk Management and Audit Committee reviewed the Action Items List, and approved to remove completed items from the list.

ATTACHMENTS

1 Risk and Audit Committee Action Items List - 14.09.2023.pdf

Risk Management and Audit Committee Action Items List - Ongoing

Date Of Meeting	Resolution Number	Action Required	Status	Comment	Action
26 May 2021	ACM12/2021	**STRATEGIC INTERNAL AUDIT PLAN** The Committee: 1. Noted the updates made, and after discussion with management about alternative review procedures being available, endorsed the removal of the following auditable areas from the plan: • Planning and reporting (item 2.4); • Strong governance and leadership (item 1.4); and • Storage and retrieval of records (item 2.3). 2. Requested that an updated Plan for 2021-22 and 2022-23 be prepared for the Committee's next meeting on 27 July 2021 to include priority areas of significant existing controls.	COMPLETE	**20 July 2021** A report on this item, including the updated Strategic Internal Audit Plan 2021-2022 has been prepared for this meeting. The 2022-2023 Plan will be prepared for a subsequent meeting after the election of new Council members. **19 October 2021** Management is on track to update the Strategic Internal Audit Plan as per the Committee's request, and will provide a report at the first Risk Management and Audit Committee meeting in 2022. **10 March 2022** Two-year audit plan topics included in March meeting report. The strategic internal audit plan 2022-23 is to be updated once the regional plan pillars, Goals, Strategies and Measures document becomes final at April 2022 OCM, and subsequent May 2022 Local Authority meetings.	Chief Corporate Officer
	ACM24/2021	The Committee: 1. Noted the updates to the Strategic Internal Audit Plan and the revised Audit Review timelines for 2021/22; and 2. Requested that the subsequent 2-year audit plan topics be provided at the Committee's first meeting in 2022.		**24 May 2022** The strategic internal audit plan 2022-2023 is to be updated after Council approves the Regional Plan and Budget, 2022-2023 on 8 June 2022. The audit plan will be presented at the Committee meeting in July 2022. **19 July 2022** The strategic internal audit plan 2022-2023 is currently being updated alongside the strategic risk register. The document will be presented at the October 2022 Audit Committee meeting.	

Risk Management and Audit Committee Action Items List - Ongoing

17 October 2022

Updates have been undertaken to the Strategic and Operational Risk Register taking into account the move to six pillars, each with their goals. This then feeds into the Strategic Internal Audit Plan.

The updating remains in draft form and will need to defer to the February 2023 meeting of the RM&AC.

23 March 2023

Councilbiz has offered Councils $25K. WARC will take this offer up in order to engage a consultant to assist with the selection of a replacement of the Technology 1 system currently in place. Whilst the preference is to remain with Technology 1 the costs to do so are significant over a 5 year period compared to other systems available. Technology 1 has been in place for many years, is powerful and provides WARC with a system that meets / exceeds requirements. Costs may cause a shift to a different ERP, however a consultant will be able to provide a pathway to the best way forward.

23 May 2023

WARC has received a proposal and intend to engage KPMG utilising the $25k offered by Councilbiz. This will provide a Business Process Review (value-stream mapping exercise) and a T1 "health check" to inform Councils future IT requirements and decisions regarding ERP procurement.

13 September 2023

WARC has engaged KPMG utilising the $25k offered by Councilbiz. This provided a Business Process Review (value-stream mapping exercise)

Risk Management and Audit Committee Action Items List - Ongoing

		and a T1 "health check" to inform Councils future IT requirements. Report included in RMAC meeting 19th September 2023
		WARC has received quotes for internal audit services. Report included in RMAC meeting 19th September 2023

WEST ARNHEM REGIONAL COUNCIL

FOR THE MEETING 19 SEPTEMBER 2023

Agenda Reference:	**8.2**
Title:	**Future Direction of Risk Management Framework**
File Reference:	**1094917**
Author:	**Ben Heaslip, Acting Governance and Risk Advisor**

SUMMARY

A Risk Management Framework provides the foundation for all risk management at Council. This Report seeks confirmation of the direction Council wants to go with its Risk Management Framework.

BACKGROUND

The Administration has met with Council's insurer JLT and they have provided Council with a range of documents and templates which will form the Framework. A sample spreadsheet is attached to this report.

COMMENT

The Administration puts forward this framework model as it is one that most regional Councils who use JLT as their insurer are using. This gives Council consistency with other regional councils and provides a shared framework to give and receive support from other regional Councils in its implementation and management.

This report seeks confirmation that Council wishes to pursue and develop this particular framework or explore other possible frameworks.

STATUTORY ENVIRONMENT

Local Government Act
Local Government Regulations

POLICY IMPLICATIONS

Risk Management and Policy Framework

FINANCIAL IMPLICATIONS

Not Applicable

STRATEGIC IMPLICATIONS

PILLAR 6 FOUNDATIONS OF GOVERNANCE	
Integrity is at the heart of everything we do. We are leaders of best practice and excellence in governance, advocacy, consultation and administration. **Our processes, procedures and policies are ethical and transparent.**	
Goal 6.1	**Financial Management** Provision of strong financial management and leadership which ensures long term sustainability and growth
Goal 6.4	**Risk Management** The monitoring and minimisation of risks associated with the operations of Council

VOTING REQUIREMENTS

Simple Majority

RECOMMENDATION   **That the Committee Approved Council to pursue this Risk Management Framework or Did Not Approve Council to pursue this Risk Management Framework and directed Council to pursue other frameworks.**

ATTACHMENTS

1   Risk Management Framework.pdf
2   Risk Profile Reporting Tool V0.1_29Mar2022.pdf

Last Updated: December 2020
Version: SAMPLE FOR DISCUSSION

<LOCAL GOVERNMENT>
Risk Management Governance Framework

- Risk Management Policy
- Risk Management Procedures
- Risk Management Templates

RISK MANAGEMENT FRAMEWORK
CONTENTS

INTRODUCTION

The Policy and Procedures form the Risk Management Framework for the *<Local Government>* ("Council"). It sets out Councils approach to the identification, assessment, management, reporting and monitoring of risks. All components of this document are based on AS ISO 31000:2018 Risk Management - Guidelines.

It is essential that all areas of Council adopt these procedures to ensure:

- Strong corporate governance.
- Compliance with relevant legislation, regulations and internal policies.
- Planning and reporting requirements are met.
- Uncertainty and its effects on objectives is understood.

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

Further information or guidance on risk management procedures is available from JLT Public Sector.
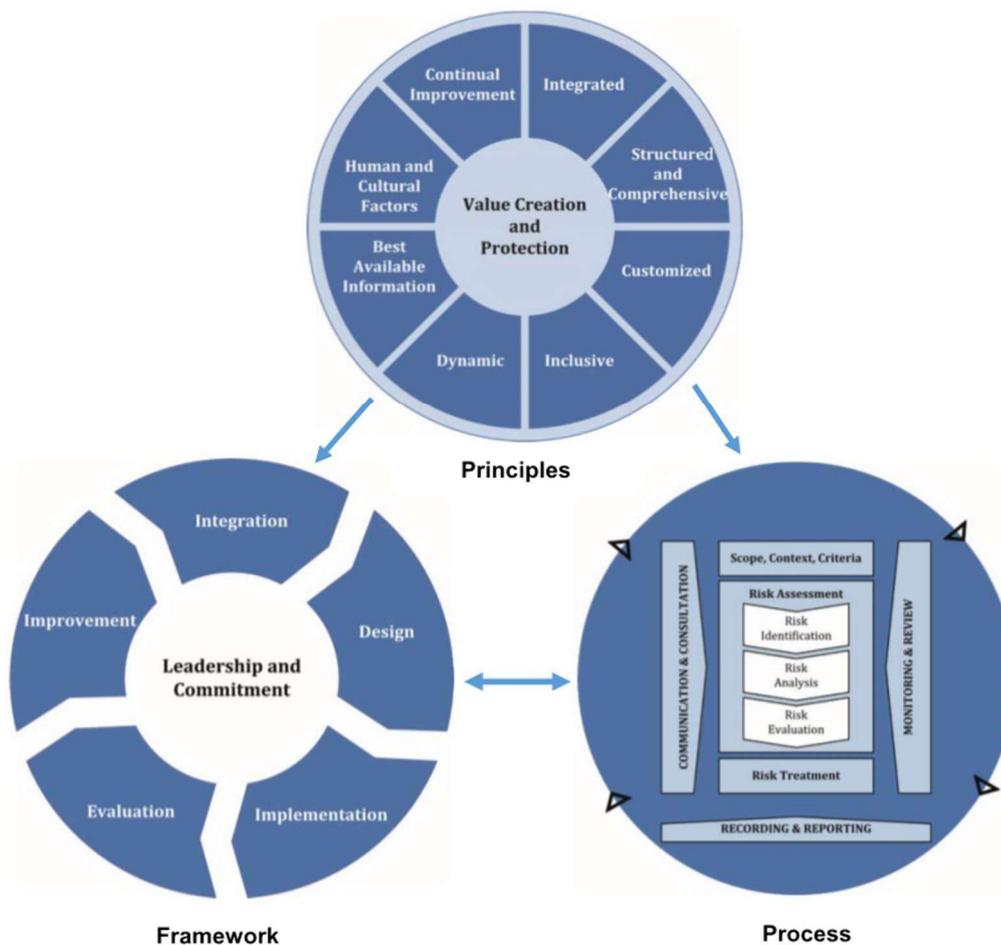
Figure 1: Risk Management Principles, Framework and Process (Source: AS ISO 31000:2018)

RISK MANAGEMENT POLICY

Purpose

The <Local Government> ("Council") Risk Management Policy documents the commitment and objectives regarding managing uncertainty that may impact Councils strategies, goals and/or objectives.

Policy

It is Councils Policy to achieve best practice (aligned with AS ISO 31000:2018 Risk Management - Guidelines), in the management of all risks that may affect Council, its customers, people, assets, functions, objectives, operations or members of the public.

Risk Management will form part of the Strategic, Operational, Project and Line Management responsibilities and where possible, be incorporated within Councils Planning Framework.

Councils Management Team will determine and communicate the Risk Management Policy, Objectives and Procedures, as well as, direct and monitor implementation, practice and performance.

Every employee within Council is recognised as having a role in risk management from the identification of risks to implementing risk treatments and shall be invited and encouraged to participate in the process.

Consultants may be retained at times to advise and assist in the risk management process, the management of specific risks or categories of risk.

Definitions (from AS ISO 31000:2018)

Risk: Effect of uncertainty on objectives.

Risk Management: Coordinated activities to direct and control an organisation with regard to risk.

Risk Management Objectives

- Optimise the achievement of our vision, mission, strategies, goals and objectives.
- Provide transparent and formal oversight of the risk and control environment to enable effective decision making.
- Enhance risk versus return within our risk appetite.
- Embed appropriate and effective controls to mitigate risk.
- Achieve effective corporate governance and adherence to relevant statutory, regulatory and compliance obligations.
- Enhance organisational resilience.
- Identify and provide for the continuity of critical operations

Risk Appetite

Council quantified its risk appetite through the development and endorsement of Councils Risk Assessment and Acceptance Criteria. The criteria are included within the Risk Management Procedures and are subject to ongoing review in conjunction with this policy.

All organisational risks to be reported at a corporate level are to be assessed according to Councils Risk Assessment and Acceptance Criteria to allow consistency and informed decision making.

For operational requirements such as projects or to satisfy external stakeholder requirements, alternative risk assessment criteria may be utilised, however these cannot exceed the organisations appetite and are to be noted within the individual risk assessment.

Roles, Responsibilities & Accountabilities

The CEO is responsible for the allocation of roles, responsibilities and accountabilities. These are documented in the Risk Management Procedures (Operational Document).

Monitor & Review

Council will implement and integrate a monitor and review process to report on the achievement of the Risk Management Objectives, the management of individual risks and the ongoing identification of issues and trends.

This policy will be kept under review by Councils Management Team and its employees. It will be formally reviewed every two years.

Signed: …………………………………………

         Chief Executive Officer

Date: ____/____/_____

RISK MANAGEMENT PROCEDURES

Governance

Appropriate governance of risk management within the <Local Government> ("Council") provides:

- Transparency of decision making.
- Clear identification of the roles and responsibilities of the risk management functions.
- An effective Governance Structure to support the risk framework.

Framework Review

The Risk Management Framework is to be reviewed for appropriateness and effectiveness at least every two years.

Operating Model

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

First Line of Defence

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

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

Second Line of Defence

The Risk Framework Owner (RFO) acts as the primary '2nd Line'. This position owns and manages the framework for risk management. They draft and implement the governance procedures and provide the necessary tools and training to support the 1st line process.

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

- Providing independent oversight of risk matters as required.
- Monitoring and reporting on emerging risks.
- Co-ordinating Councils risk reporting for the CEO, Management Team and the Audit Committee.

Third Line of Defence

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

Internal Audit –   Appointed by the CEO to report on the adequacy and effectiveness of internal control processes and procedures. The scope of which would be determined by the CEO with input from the Audit Committee.

External Audit – Appointed by the Council on the recommendation of the Audit Committee to report independently to the Mayor/President and CEO on the annual financial statements only.

Governance Structure

The following diagram depicts the current operating structure for risk management within Council
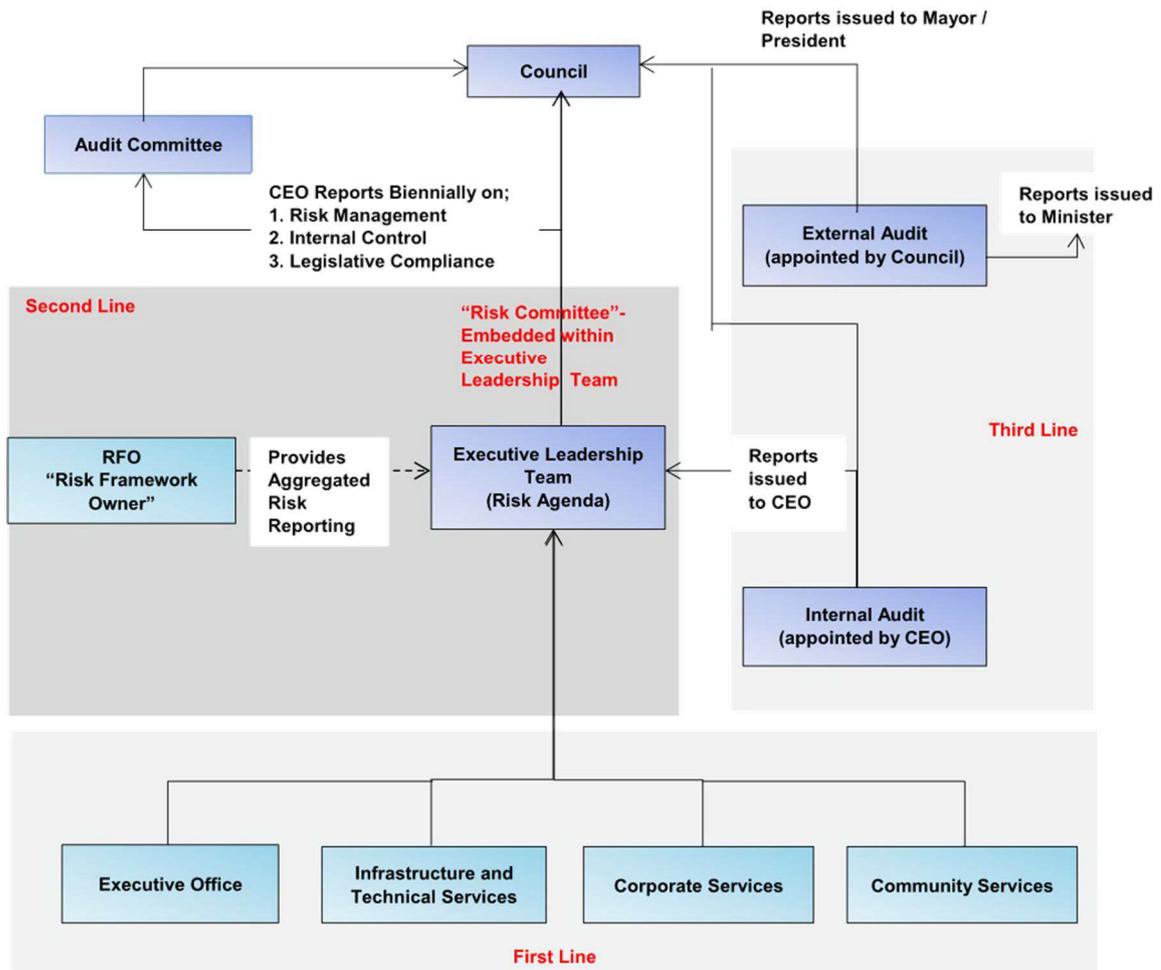
Roles & Responsibilities

Council

- Review and approve Councils Risk Management Policy and Risk Assessment and Acceptance Criteria.
- Appoint / Engage External Auditors to report on financial statements annually.
- Establish and maintain an Audit Committee in terms of the Local Government Act.

Audit Committee

- Support Council to provide effective corporate governance.
- Oversight of all matters that relate to the conduct of External Audits.
- Must be independent, objective and autonomous in deliberations.
- Make recommendations to Council on External Auditor appointments.

CEO / Management Team

- Appoint Internal Auditors as required under Local Government regulations.
- Liaise with Council in relation to risk acceptance requirements.
- Approve and review the appropriateness and effectiveness of the Risk Management Framework.
- Drive consistent embedding of a risk management culture.
- Analyse and discuss emerging risks, issues and trends.
- Document decisions and actions arising from 'risk matters'.
- Own and manage the Risk Profiles at Council Level.
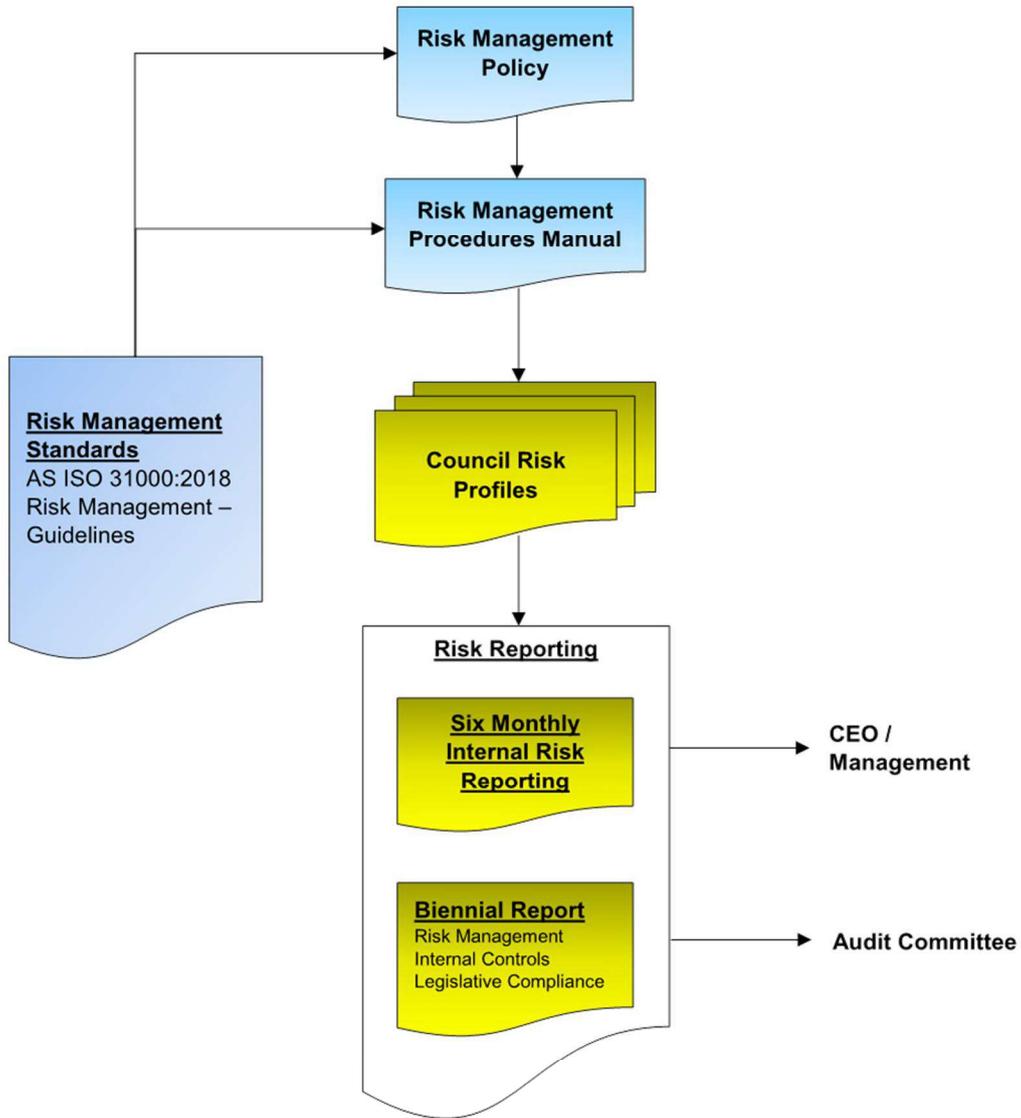
Risk Framework Owner (RFO)

- Oversee and facilitate the Risk Management Framework.
- Support reporting requirements for Risk matters.

Work Areas

- Drive risk management culture within work areas.
- Own, manage and report on specific risk issues as required.
- Assist in the Risk and Control Management process as required.
- Highlight any emerging risks or issues accordingly.
- Incorporate 'Risk Management' into Management Meetings, by incorporating the following agenda items;
  - New or emerging risks.
  - Review existing risks.
  - Control adequacy.
  - Outstanding issues and actions.

Document Structure (Framework)

The following diagram depicts the relationship between the Risk Management Policy, Procedures and supporting documentation and reports.

Risk & Control Management

All Work Areas of Council are required to assess and manage the Risk Profiles on an ongoing basis.

Each Manager, in conjunction with the Risk Framework Owner (RFO) are accountable for ensuring that Risk Profiles are:

- Reflective of the material risk landscape of Council
- Reviewed on at least a six monthly basis, unless there has been a material restructure or change in the risk and control environment.
- Maintained in the standard format.

This process is supported by the use of key data inputs, workshops and ongoing business engagement.

Risk and Control Assessment

To ensure alignment with AS ISO 31000:2018 Risk Management, the following approach is to be adopted from a Risk and Control Assessment perspective.

Scope, Context, Criteria

The first step in the risk management process is to understand the context within which the risks are to be assessed and what is being assessed, this forms two elements:

Organisational Context

Councils Risk Management Procedures provides the basic information and guidance regarding the organisational context to conduct a risk assessment; this includes Risk Assessment and Acceptance Criteria (Appendix A) and any other tolerance tables as developed. In addition, existing Risk Themes are to be utilised (Appendix C) where possible to assist in the categorisation of related risks.

Any changes or additions to the Risk Themes must be approved by the Risk Framework Owner (RFO) and CEO.

All risk assessments are to utilise these documents to allow consistent and comparable risk information to be developed and considered within planning and decision making processes.

Specific Risk Assessment Context

To direct the identification of risks, the specific risk assessment context is to be determined prior to and used within the risk assessment process. For risk assessment purposes Council has been divided into three levels of risk assessment context:

Strategic Context

Councils external environment and high level direction. Inputs to establishing the strategic risk assessment context may include;

- Organisations Vision / Mission
- Stakeholder Analysis
- Environment Scan / SWOT Analysis
- Existing Strategies / Objectives / Goals

Operational Context

Councils day to day activities, functions, infrastructure and services. Prior to identifying operational risks, the operational area should identify its Key Activities i.e. what is trying to be achieved. Note: these may already be documented in business plans, budgets etc.

Project Context

Project Risk has two main components:

- **Risk in Projects** refers to the risks that may arise as a result of project activity (i.e. impacting on process, resources or IT systems) which may prevent Council from meeting its objectives
- **Project Risk** refers to the risks which threaten the delivery of project outcomes.

In addition to understanding what is to be assessed, it is also important to understand who are the key stakeholders or areas of expertise that may need to be included within the risk assessment.

Risk Identification

Using the specific risk assessment context as the foundation and in conjunction with relevant stakeholders, answer the following questions, capture and review the information within each Risk Profile.

- What can go wrong? / What are areas of uncertainty? (Risk Description)
- How may this risk eventuate? (Potential Causes)
- What are the current measurable activities that mitigate this risk from eventuating? (Controls)
- What are the potential consequential outcomes of the risk eventuating?

Risk Analysis

To analyse the risks Councils Risk Assessment and Acceptance Criteria (Appendix A) is applied:

- Based on the documented controls, analyse the risk in terms of Existing Control Ratings
- Determine relevant consequence categories and rate how bad it could be if the risk eventuated with existing controls in place (Consequence)
- Determine how likely it is that the risk will eventuate to the determined level of consequence with existing controls in place (Likelihood)
- By combining the measures of consequence and likelihood, determine the risk rating (Level of Risk)

Risk Evaluation

Council is to verify the risk analysis and make a risk acceptance decision based on:

- Controls Assurance (i.e. are the existing controls in use, effective, documented, up to date and relevant)
- Existing Control Rating
- Level of Risk
- Risk Acceptance Criteria (Appendix A)
- Risk versus Reward / Opportunity

The risk acceptance decision needs to be documented and those risks that are acceptable are then subject to the monitor and review process.

Note: Individual Risks or Issues may need to be escalated due to its urgency, level of risk or systemic nature.

Risk Treatment

For unacceptable risks, determine treatment options that may improve existing controls and/or reduce consequence / likelihood to an acceptable level.

Risk treatments may involve actions such as avoid, share, transfer or reduce the risk with the treatment selection and implementation to be based on;

- Cost versus benefit
- Ease of implementation
- Alignment to organisational values / objectives

Once a treatment has been fully implemented, the Risk Framework Owner (RFO) is to review the risk information and acceptance decision with the treatment now noted as a control and those risks that are acceptable then become subject to the monitor and review process (Refer to Risk Acceptance section).

Monitoring & Review / Recording & Reporting

Council is to review all Risk Profiles at least on a six monthly basis or if triggered by one of the following;

- changes to context,
- a treatment is implemented,
- an incident occurs or due to audit/regulator findings.

The Risk Framework Owner (RFO) is to monitor the status of risk treatment implementation and report on, if required.

The CEO and Management Team will monitor significant risks and treatment implementation as part of their normal agenda item on a quarterly basis with specific attention given to risks that meet any of the following criteria:

- Risks with a Level of Risk of High or Extreme
- Risks with Inadequate Existing Control Rating
- Risks with Consequence Rating of Catastrophic
- Risks with Likelihood Rating of Almost Certain

The design and focus of Risk Summary report will be determined from time to time on the direction of the CEO and Management Team. They will also monitor the effectiveness of the Risk Management Framework ensuring it is practical and appropriate to Council.

Communication & Consultation

Throughout the risk management process, stakeholders will be identified, and where relevant, be involved in or informed of outputs from the risk management process.

Risk management awareness and training will be provided to all staff.

Risk management will be included within the employee induction process to ensure new employees are introduced to Councils risk management culture.

Reporting Requirements

Coverage & Frequency

The following diagram provides a high level view of the ongoing reporting process for Risk Management.
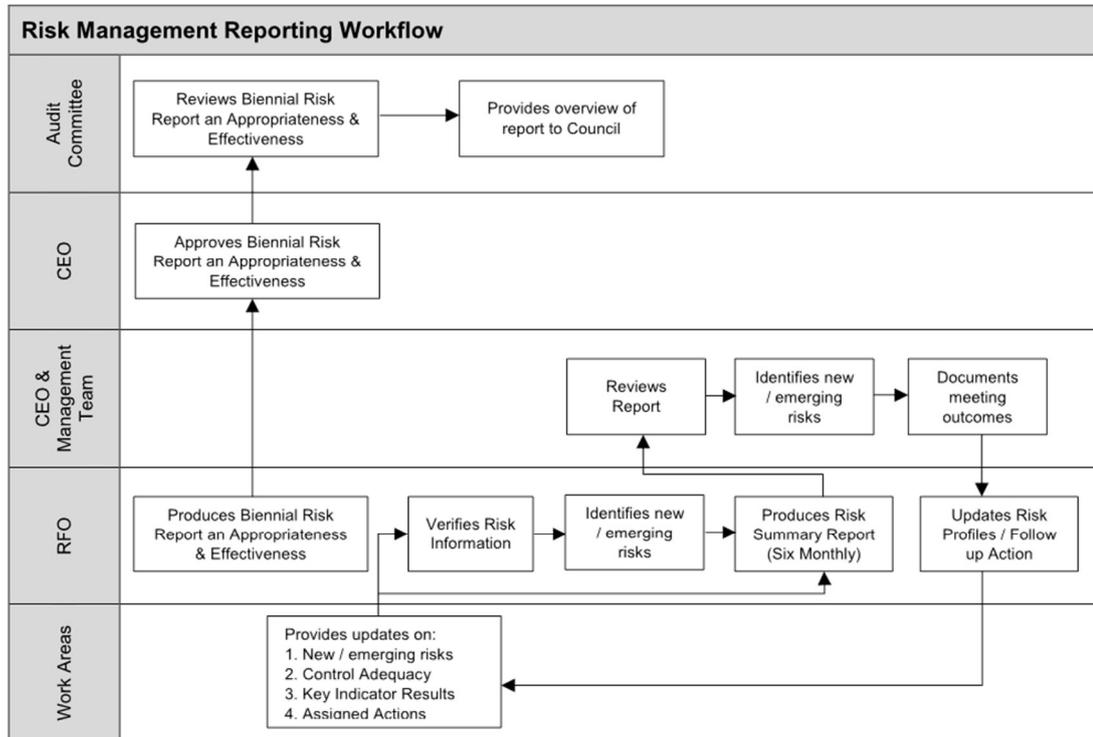
Each Work Area is responsible for ensuring:

- They continually provide updates in relation to new, emerging risks, control effectiveness and key indicator performance to the Risk Framework Owner (RFO).

- Work through assigned actions and provide relevant updates to the Risk Framework Owner (RFO).

- Risks / Issues reported to the CEO and Management Team are reflective of the current risk and control environment.

The Risk Framework Owner (RFO) is responsible for:

- Ensuring Council Risk Profiles are formally reviewed and updated, at least on a six monthly basis or when there has been a material restructure, change in risk ownership or change in the external environment.

- Six Monthly Risk Reporting for the CEO and Management Team – Contains an overview of the Risk Summary for Council.

- Annual Compliance Audit Return completion and lodgement.

Key Indicators

<If applicable - Insert Key Indications Guide>

Risk Acceptance

Day to day operational management decisions are generally managed under the delegated authority framework of Council.

Risk Acceptance is a management decision to accept, within authority levels, material risks which will remain outside appetite framework (refer Appendix A – Risk Assessment & Acceptance Criteria) for an extended period of time (generally 3 months or longer).

The following process is designed to provide a framework for those identified risks.

The 'Risk Acceptance' must be in writing, signed by the relevant Manager and cover:

- A description of the risk.
- An assessment of the risk (eg. Impact consequence, materiality, likelihood, working assumptions etc)
- Details of any mitigating action plans or treatment options in place
- An estimate of the expected remediation date.

A lack of budget / funding to remediate a material risk outside appetite is not sufficient justification in itself to accept a risk.

Accepted risks must be continually reviewed through standard operating reporting structure (ie. Management Team)

Annual Assurance Plan

The annual assurance plan is a monitoring schedule prepared by the Risk Framework Owner (RFO) that sets out the control assurance activities to be conducted over the next 12 months. This plan needs to consider the following components.

- Existing control adequacy ratings across Councils Risk Profiles.
- Consider control coverage across a range of risk themes (where commonality exists).
- Building profiles around material controls to assist in design and operating effectiveness reviews.
- Consideration to significant incidents.
- Nature of operations
- Additional or existing 2nd line assurance information / reviews (eg. HR, Financial Services, IT)
- Frequency of monitoring / checks being performed
- Review and development of Key Indicators
- Timetable for assurance activities
- Reporting requirements

Whilst this document and subsequent actions are owned by the Risk Framework Owner (RFO), input and consultation will be sought from individual Directorates.

<Council Name>
Risk Dashboard Report
March 2022

Executive Summary

Being <Council Name>'s first risk review under the 2022 revised risk management approach, initial focus is on developing appropriate and effective risk information then followed by embedding and driving continual improvement. Future reports will continue to provide relevant insight and recommendations to assist governance and risk activities for Management, Audit and Risk Committee and Council. It is supported by the attached documents that were produced through workshops on the <Insert Dates> and ensuing discussions:

1. Risk Information for the ## Risk Profiles Identified.
2. Risk Management Policy and Procedures.

Recommendations

Embedding
1. Arrange for the attached Risk Management Policy and Procedures to be endorsed and adopted.

Risk Profiles
1. Discuss, review and approve the attached Risk Profiles (from a Risk & Control perspective).
2. Confirm Current Issues / Actions / Treatments (Responsibility & Due Date)

Misconduct		Risk	Control
		#N/A	0
Current Issues / Actions / Treatments	Due Date	Responsibility	

Inadequate Environmental Management		Risk	Control
		#N/A	0
Current Issues / Actions / Treatments	Due Date	Responsibility	

External Theft and Fraud (inc. Cyber Crime)		Risk	Control
		#N/A	0
Current Issues / Actions / Treatments	Due Date	Responsibility	

Business and Community Disruption		Risk	Control
		#N/A	0
Current Issues / Actions / Treatments	Due Date	Responsibility	

Errors, Omissions, Delays and Incorrect Advice		Risk	Control
		#N/A	0
Current Issues / Actions / Treatments	Due Date	Responsibility	

ICT Systems and Infrastructure Failure		Risk	Control
		#N/A	0
Current Issues / Actions / Treatments	Due Date	Responsibility	

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\<Council Name\>
Risk Dashboard Report
March 2022

Failure to Fulfil Statutory, Regulatory or Compliance Requirements

		Risk	Control
		#N/A	0
Current Issues / Actions / Treatments	Due Date	Responsibility	

Ineffective and Unsustainable Financial Management

		Risk	Control
		#N/A	0
Current Issues / Actions / Treatments	Due Date	Responsibility	

Inadequate Records Management Processes

		Risk	Control
		#N/A	0
Current Issues / Actions / Treatments	Due Date	Responsibility	

Inadequate Engagement Practices

		Risk	Control
		#N/A	0
Current Issues / Actions / Treatments	Due Date	Responsibility	

Inadequate Asset Sustainability Practices

		Risk	Control
		#N/A	0
Current Issues / Actions / Treatments	Due Date	Responsibility	

Inadequate Safety and Security Practices

		Risk	Control
		#N/A	0
Current Issues / Actions / Treatments	Due Date	Responsibility	

Ineffective Management of Public Facilities / Venues / Events

		Risk	Control
		#N/A	0
Current Issues / Actions / Treatments	Due Date	Responsibility	

Inadequate Project/Change Management

		Risk	Control
		#N/A	0
Current Issues / Actions / Treatments	Due Date	Responsibility	

Inadequate Procurement / Supplier / Contract Management

		Risk	Control
		#N/A	0
Current Issues / Actions / Treatments	Due Date	Responsibility	

Ineffective HR Management / Employment Practices

		Risk	Control
		#N/A	0
Current Issues / Actions / Treatments	Due Date	Responsibility	

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WEST ARNHEM REGIONAL COUNCIL

FOR THE MEETING 19 SEPTEMBER 2023

Agenda Reference:	**10.1**
Title:	**Closure to the Public for the Discussion of Confidential Items**
File Reference:	**1094871**
Author:	**Ben Heaslip, Acting Governance and Risk Advisor**

SUMMARY

Pursuant to section 99(2) of the *Local Government Act 2019* and regulation 52 of the *Local Government (General) Regulations 2021*, the meeting is to be closed to the public to consider confidential matters.

STATUTORY ENVIRONMENT

Section 99(2) of the *Local Government Act 2019*
Regulations 51 and 52 of the *Local Government (General) Regulations 2021*

RECOMMENDATION:
That Risk Management and Audit Committee approved the closure of the meeting to the public as confidential items were about to be discussed in accordance with regulation 52 of the *Local Government (General) Regulations 2021*.

ATTACHMENTS

WEST ARNHEM REGIONAL COUNCIL

FOR THE MEETING 19 SEPTEMBER 2023

EXCLUSION OF THE PUBLIC

The information in this section of the agenda is classed as confidential under section 293(1) of the *Local Government Act 2019* and regulation 51 of the *Local Government (Administration) Regulations 2021*.

WEST ARNHEM REGIONAL COUNCIL
FOR THE MEETING 19 SEPTEMBER 2023

RE-ADMITTANCE OF THE PUBLIC