



ATTACHMENTS

Under Separate Cover

Audit, Risk and Compliance Committee
Meeting
Tuesday, 7 March 2023

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Audit, Risk and Compliance Committee Statutory Work Plan 2023

Task Name	Function	ARC Committee Responsibility (as per TOR)	Frequency	Policy/Legislation	Comments
Review 2022-23 Audited Annual Financial Statements	Financial Reporting	Review and suggest improvements (subject to legislation) to the draft Annual Financial Statements (subject to legislation) and recommend the adoption of the Annual Financial Statements to Council.	Yearly	s5.54 of the <i>Local Government Act 1995</i>	The annual report for a financial year is to be accepted by the local government no later than 31 December after that financial year.
Review 2022 Compliance Audit Return (CAR)	Compliance	Review and suggest improvements to the annual Compliance Audit Return and report to the Council the results of the review.	Yearly	s7.4.4 of the ARC Committee's Terms of Reference Regulation 14(3A) of the <i>Local Government (Audit) Regulations 1996</i>	Regulation 14(3A) of the Local Government (Audit) Regulations 1996 states that the local government's audit committee is to review the compliance audit return and is to report to the council the results of that review.
Review and adopt ARC Committee's Statutory Work Plan 2024	Other Responsibilities	The Audit, Risk and Compliance Committee will develop a forward meeting schedule that includes the dates, location, and proposed work plan for each meeting for the forthcoming year, that cover all the responsibilities outlined in the terms of reference.	Yearly	s6.6 of the ARC Committee's Terms of Reference	
Review ARC Committee's Terms of Reference	Other Responsibilities	Request that the Chief Executive Officer performs a review after an Election, suggest improvements to and assess the adequacy of the Audit, Risk and Compliance Committee terms of reference, request Council approval for proposed changes, and ensure appropriate disclosure as might be required by legislation or regulation.	Bi-annual	s8 of the ARC Committee's Terms of Reference	In accordance with s8 of the Terms of Reference, a review is to be conducted after an election. The next election will be held on 21 October 2023.
Review Internal Audit Reports (as completed)	Internal Control & Audit	Receive and review all audit reports and provide advice to the Council on significant issues identified in audit reports and action to be taken on issues raised, including identification and dissemination of good practice.	Quarterly	s7.2.3 of the ARC Committee's Terms of Reference	
Adopt the 3-Year Strategic Rolling & Annual Internal Audit Plan	Internal Control & Audit	Approve, review and suggest improvements to the Internal Audit Plan and ensure the Internal Audit function is operating effectively, independently and in accordance with the Institute of Internal Auditor's International Standards for the Professional Practice of Internal Auditing.	3-yearly	s7.2.2 of the ARC Committee's Terms of Reference	

Compliance Audit Return Form

Start ✓
Details ✓
Commercial Enterprises ✓
Delegation ✓
Disclosure of Interest ✓
Disposal of Property ✓
Elections ✓
Finance ✓
IPR ✓
Employees ✓
Conduct ✓
Other ✓
Tenders ✓
Documents ✓
Review

Finalise

Print

Details

Local Government

Port Hedland, Town of

Created By

Stephanie Sikaloski

Year of Return

2022

Status

Draft

Commercial Enterprises by Local Governments

1. Has the local government prepared a business plan for each major trading undertaking that was not exempt in 2022? *

N/A

Add comments

Please enter comments *

The Town of Port Hedland began preparing for, however, had not entered into any major trading in the 2022 calendar year.

2. Has the local government prepared a business plan for each major land transaction that was not exempt in 2022? *

N/A

Add comments

Please enter comments *

The Town of Port Hedland began preparing for, however, had not entered into any major land transactions in the 2022 calendar year.

3. Has the local government prepared a business plan before entering into each land transaction that was preparatory to enter into a major land transaction in 2022? *

Yes

Add comments

—

4. Has the local government complied with public notice and publishing requirements for each proposal to commence a major trading undertaking or enter into a major land transaction or a land transaction that is preparatory to a major land transaction for 2022? *

Yes

Add comments

Please enter comments *

The Town of Port Hedland began preparing for, however, had not entered into any major trading in the 2022 calendar year. The preparation is ongoing, however, legislated public notice and publishing requirements have been met to date.

5. During 2022, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority? *

N/A

Add comments

Please enter comments *

No major land transactions or trading was entered into during the 2022 calendar year.

Delegation of Power/Duty

1. Were all delegations to committees resolved by absolute majority? *

Yes

Add comments

—

2. Were all delegations to committees in writing? *

Yes

Add comments

—

3. Were all delegations to committees within the limits specified in section 5.17 of the Local Government Act 1995? *

Yes

Add comments

4. Were all delegations to committees recorded in a register of delegations? *

Yes

Add comments

5. Has council reviewed delegations to its committees in the 2021/2022 financial year? *

Yes

Add comments

6. Did the powers and duties delegated to the CEO exclude those listed in section 5.43 of the Local Government Act 1995? *

Yes

Add comments

7. Were all delegations to the CEO resolved by an absolute majority? *

Yes

Add comments

8. Were all delegations to the CEO in writing? *

Yes

Add comments

—

9. Were all delegations by the CEO to any employee in writing? *

No

Add comments

Please enter comments *

12 written delegation memos were not provided to employees at the time of appointment, however, have subsequently been provided to the employee. Implementation of new Governance software is expected to improve compliance in this regard.

10. Were all decisions by the Council to amend or revoke a delegation made by absolute majority? *

Yes

Add comments

—

11. Has the CEO kept a register of all delegations made under Division 4 of the Local Government Act 1995 to the CEO and to employees? *

Yes

Add comments

—

12. Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2020/2021 financial year? *

Yes

Add comments

—

13. Did all persons exercising a delegated power or duty under the Local Government Act 1995 keep, on all occasions, a written record in accordance with Local Government (Administration) Regulations 1996 regulation 19? *

Yes

Add comments

—

Disclosure of Interest

1. Where a council member disclosed an interest in a matter and did not have participation approval under sections 5.68 or 5.69 of the Local Government Act 1995, did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter? *

Yes

Add comments

—

2. Were all decisions regarding participation approval, including the extent of participation allowed and, where relevant, the information required by the Local Government (Administration) Regulations 1996 regulation 21A, recorded in the minutes of the relevant council or committee meeting? *

Yes

Add comments

—

3. Were disclosures under sections 5.65, 5.70 or 5.71A(3) of the Local Government Act 1995 recorded in the minutes of the meeting at which the disclosures were made? *

Yes

Add comments

—

4. Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day? *

No

Add comments

Please enter comments *

Not all primary returns were lodged within three months of the relevant persons start date, however, have subsequently been provided to the Town by the relevant person. Implementation of new Governance software is expected to improve compliance in this regard.

5. Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2022? *

No

Add comments

Please enter comments *

Two Annual Returns were not received by the Town from former Elected Members despite efforts to rectify. The Town's offboarding processes have been tightened and the implementation of new Governance software is expected to improve compliance.

6. On receipt of a primary or annual return, did the CEO, or the mayor/president, give written acknowledgment of having received the return? *

Yes

Add comments

—

7. Did the CEO keep a register of financial interests which contained the returns lodged under sections 5.75 and 5.76 of the Local Government Act 1995? *

Yes

Add comments

8. Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A of the Local Government Act 1995, in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28? *

Yes

Add comments

9. When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76 of the Local Government Act 1995, did the CEO remove from the register all returns relating to that person? *

Yes

Add comments

10. Have all returns removed from the register in accordance with section 5.88(3) of the Local Government Act 1995 been kept for a period of at least five years after the person who lodged the return(s) ceased to be a person required to lodge a return? *

Yes

Add comments

11. Did the CEO keep a register of gifts which contained a record of disclosures made under sections 5.87A and 5.87B of the Local Government Act 1995, in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28A? *

Yes

Add comments

12. Did the CEO publish an up-to-date version of the gift register on the local government's website? *

Yes

Add comments

13. When people cease to be a person who is required to make a disclosure under section 5.87A or 5.87B of the Local Government Act 1995, did the CEO remove from the register all records relating to those people? *

Yes

Add comments

14. Have copies of all records removed from the register under section 5.89A(6) Local Government Act 1995 been kept for a period of at least five years after the person ceases to be a person required to make a disclosure? *

Yes

Add comments

15. Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to council or a committee, did that person disclose the nature and extent of that interest when giving the advice or report? *

Yes

Add comments

16. Where council applied to the Minister to allow the CEO to provide advice or a report to which a disclosure under section 5.71A(1) of the Local Government Act 1995 relates, did the application include details of the nature of the interest disclosed and any other information required by the Minister for the purposes of the application? *

N/A

Add comments

17. Was any decision made by the Minister under section 5.71B(6) of the Local Government Act 1995, recorded in the minutes of the council meeting at which the decision was considered? *

N/A

Add comments

18. Did the local government prepare and adopt, by absolute majority, a code of conduct to be observed by council members, committee members and candidates within 3 months of the prescribed model code of conduct coming into operation (3 February 2021)? *

Yes

Add comments

Please enter comments *

The Town of Port Hedland's Model Code of Conduct for Elected Members, Committee Members and Candidates was adopted at the OCM on 28/04/2021. This can be viewed on the Town of Port Hedland's public website. Decision #OCM202021/154.

19. Did the local government adopt additional requirements in addition to the model code of conduct? If yes, does it comply with section 5.104(3) and (4) of the Local Government Act 1995? *

N/A

Add comments

Please enter comments *

There were no additional measures recommended by staff.

20. Has the CEO published an up-to-date version of the code of conduct for council members, committee members and candidates on the local government's website? *

Yes

Add comments

—

21. Has the CEO prepared and implemented a code of conduct to be observed by employees of the local government? *

Yes

Add comments

Please enter comments *

The code of conduct for employees was not published on the local government's official website. It was updated in line with WALGA's recommendations in June 2022 and published on the local government's intranet. It has since been published to the website.

Has the CEO published an up-to-date version of the code of conduct for employees on the local government's website? *

No

Disposal of Property

1. Where the local government disposed of property other than by public auction or tender, did it dispose of the property in accordance with section 3.58(3) of the Local Government Act 1995 (unless section 3.58(5) applies)? *

Yes

Add comments

—

2. Where the local government disposed of property under section 3.58(3) of the Local Government Act 1995, did it provide details, as prescribed by section 3.58(4), in the required local public notice for each disposal of property? *

Yes

Add comments

—

Elections

1. Did the CEO establish and maintain an electoral gift register and ensure that all disclosure of gifts forms completed by candidates and donors and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the forms relating to each candidate in accordance with regulation 30G(1) and regulation 30G(2) of the Local Government (Elections) Regulations 1997? *

Yes

Add comments

—

2. Did the CEO remove any disclosure of gifts forms relating to unsuccessful candidates, or successful candidates that completed their term of office, from the electoral gift register, and retain those forms separately for a period of at least two years in accordance with regulation 30G(4) of the Local Government (Elections) Regulations 1997? *

Yes

Add comments

—

3. Did the CEO publish an up-to-date version of the electoral gift register on the local government's official website in accordance with regulation 30G(5) of the Local Government (Elections) Regulations 1997? *

No

Add comments

Please enter comments *

The electoral gift register was maintained and kept internally, however, was not published to the local government's official website as the successful candidate did not make any disclosures.

Finance

1. Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the Local Government Act 1995? *

Yes

Add comments

—

2. Where the council delegated to its audit committee any powers or duties under Part 7 of the Local Government Act 1995, did it do so by absolute majority? *

Yes

Add comments

—

3. Was the auditor's report for the financial year ended 30 June 2022 received by the local government by 31 December 2022? *

Yes

Add comments

—

4. Where the local government determined that matters raised in the auditor's report prepared under section 7.9(1) of the Local Government Act 1995 required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters? *

Yes

Add comments

5. Where matters identified as significant were reported in the auditor's report, did the local government prepare a report that stated what action the local government had taken or intended to take with respect to each of those matters? Was a copy of the report given to the Minister within three months of the audit report being received by the local government? *

Yes

Add comments

6. Within 14 days after the local government gave a report to the Minister under section 7.12A(4)(b) of the Local Government Act 1995, did the CEO publish a copy of the report on the local government's official website? *

Yes

Add comments

7. Was the auditor's report for the financial year ending 30 June 2022 received by the local government within 30 days of completion of the audit? *

Yes

Add comments

Integrated Planning and Reporting

1. Has the local government adopted by absolute majority a strategic community plan? *

Yes

Add comments

Please provide the adoption date or the date of the most recent review *

27/07/2022

—

2. Has the local government adopted by absolute majority a corporate business plan? *

Yes

Add comments

Please provide the adoption date or the date of the most recent review *

24/10/2018

—

3. Does the corporate business plan comply with the requirements of Local Government (Administration) Regulations 1996 19DA(2) & (3)? *

Yes

Add comments

—

Local Government Employees

1. Were all CEO and/or senior employee vacancies advertised in accordance with Local Government (Administration) Regulations 1996, regulation 18A? *

N/A

Add comments

Please enter comments *

There were nil resignations of senior employees during the 2022 calendar year.

2. Was all information provided in applications for the position of CEO true and accurate? *

N/A

Add comments

Please enter comments *

The CEO was appointed in December 2019 and commenced in February 2020.

3. Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position under section 5.36(4) of the Local Government Act 1995? *

N/A

Add comments

Please enter comments *

The CEO was appointed in December 2019 and commenced in February 2020.

4. Did the CEO inform council of each proposal to employ or dismiss senior employee? *

N/A

Add comments

Please enter comments *

There were no proposals to employ or dismiss senior employees in the 2022 calendar year.

5. Where council rejected a CEO's recommendation to employ or dismiss a senior employee, did it inform the CEO of the reasons for doing so? *

N/A

Add comments

Please enter comments *

There were no proposals to employ or dismiss senior employees in the 2022 calendar year.

Official Conduct

1. Has the local government designated an employee to be its complaints officer? *

Yes

Add comments

Please enter comments *

As per the adopted delegation register on the Town of Port Hedland's website, item 1.3.10 "Complaints Officer (For Council Members, Committee Members and Candidates)", Directors are designated as the Complaints Officer.

2. Has the complaints officer for the local government maintained a register of complaints which records all complaints that resulted in a finding under section 5.110(2)(a) of the Local Government Act 1995? *

Yes

Add comments

Please enter comments *

The register of complaints folder was checked, and no new complaints were made for the 2022 year. The register is kept updated and live on the Town of Port Hedland's website.

3. Does the complaints register include all information required by section 5.121(2) of the Local Government Act 1995? *

Yes

Add comments

Please enter comments *

Checked the internal register and confirmed the complaints register includes all information required by section 5.121. No new complaints were made for the 2022 year.

4. Has the CEO published an up-to-date version of the register of the complaints on the local government's official website? *

Yes

Add comments

Please enter comments *

Checked the Town of Port Hedland's website and located the register of complaints for public viewing.

Other

1. Did the CEO review the appropriateness and effectiveness of the local government's financial management systems and procedures in accordance with the Local Government (Financial Management) Regulations 1996 regulations 5(2)(c) within the three financial years prior to 31 December 2022?

Yes

Add comments

Please provide the date of council's resolution to accept the report. *

17/05/2022

Please enter comments *

The Financial Management report was provided to the local government from the internal auditor on 20 April 2022. The report was received by the Audit, Risk & Compliance Committee on 17 May 2022 (Decision #ARC202122/099).

2. Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with Local Government (Audit) Regulations 1996 regulation 17 within the three financial years prior to 31 December 2022?

Yes

Add comments

Please provide the date of council's resolution to accept the report. *

25/08/2021

Please enter comments *

The report was received and endorsed by Council on 25/08/2021 (Decision #OCM202122/041).

3. Where a disclosure was made under sections 5.87A or 5.87B of the Local Government Act 1995, were the disclosures made within 10 days after receipt of the gift? Did the disclosure include the information required by section 5.87C of the Act?

Yes

Add comments

—

4. Did the local government prepare, adopt by absolute majority and publish an up-to-date version on the local government's website, a policy dealing with the attendance of council members and the CEO at events?

Yes

Add comments

5. Did the CEO publish information on the local government's website in accordance with sections 5.96A(1), (2), (3), and (4) of the Local Government Act 1995?

Yes

Add comments

6. Did the local government prepare and adopt (by absolute majority) a policy in relation to the continuing professional development of council members?

Yes

Add comments

Please enter comments *

The Town has a Policy '4/010 Elected Member Professional Development'. It was adopted by Council by absolute majority on 7 September 2022 (CM202223/018).

7. Did the local government prepare a report on the training completed by council members in the 2021/2022 financial year and publish it on the local government's official website by 31 July 2022?

Yes

Add comments

OQ-CouncilMemberTrainingPublishComments *

The register is located on the Town of Port Hedland's public website and covers the period of the financial year ending on 30 June 2022.

8. By 30 September 2022, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2022?

Yes

Add comments

Please enter comments *

The annual financial report was submitted to the auditors by the 30 September 2021.

9. When adopting the annual budget, did the local government take into account all its expenditure, revenue and income?

Yes

Add comments

Please enter comments *

The budget included all operating income and expenditure. The budget also included capital expenditure and income (funding).

Tenders for Providing Goods and Services

1. Did the local government comply with its current purchasing policy, adopted under the Local Government (Functions and General) Regulations 1996, regulations 11A(1) and (3) in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, \$250,000 or less or worth \$250,000 or less? *

Yes

Add comments

—

2. Subject to Local Government (Functions and General) Regulations 1996, regulation 11(2), did the local government invite tenders for all contracts for the supply of goods or services where the consideration under the contract was, or was expected to be, worth more than the consideration stated in regulation 11(1) of the Regulations? *

No

Add comments

Please enter comments *

The Town engaged a labour hire contractor under exemption, however, the value of services accrued over the period exceeded the tender threshold value.

3. When regulations 11(1), 12(2) or 13 of the Local Government Functions and General) Regulations 1996, required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with Regulation 14(3) and (4)? *

Yes

Add comments

—

4. Did the local government comply with Local Government (Functions and General) Regulations 1996, Regulation 12 when deciding to enter into multiple contracts rather than a single contract? *

Yes

Add comments

—

5. If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents or each acceptable tenderer notice of the variation? *

Yes

Add comments

—

6. Did the local government's procedure for receiving and opening tenders comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 15 and 16? *

Yes

Add comments

—

7. Did the information recorded in the local government's tender register comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulation 17 and did the CEO make the tenders register available for public inspection and publish it on the local government's official website? *

Yes

Add comments

—

8. Did the local government reject any tenders that were not submitted at the place, and within the time, specified in the invitation to tender? *

Yes

Add comments

—

9. Were all tenders that were not rejected assessed by the local government via a written evaluation of the extent to which each tender satisfies the criteria for deciding which tender to accept? *

Yes

Add comments

—

10. Did the CEO give each tenderer written notice containing particulars of the successful tender or advising that no tender was accepted? *

Yes

Add comments

—

11. Did the local government's advertising and expression of interest processes comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulations 21 and 22? *

N/A

Add comments

Please enter comments *

No expression of interests were released during this period.

12. Did the local government reject any expressions of interest that were not submitted at the place, and within the time, specified in the notice or that failed to comply with any other requirement specified in the notice? *

N/A

Add comments

Please enter comments *

No expression of interests were released during this period.

13. Were all expressions of interest that were not rejected under the Local Government (Functions and General) Regulations 1996, Regulation 23(1) & (2) assessed by the local government? Did the CEO list each person as an acceptable tenderer? *

N/A

Add comments

Please enter comments *

No expression of interests were released during this period.

14. Did the CEO give each person who submitted an expression of interest a notice in writing of the outcome in accordance with Local Government (Functions and General) Regulations 1996, Regulation 24? *

N/A

Add comments

Please enter comments *

No expression of interests were released during this period.

15. Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice in accordance with Local Government (Functions and General) Regulations 1996, Regulations 24AD(4) and 24AE? *

Yes

Add comments

—

16. If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application notice of the variation? *

Yes

Add comments

—

17. Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 16, as if the reference in that regulation to a tender were a reference to a pre-qualified supplier panel application? *

Yes

Add comments

—

18. Did the information recorded in the local government's tender register about panels of pre-qualified suppliers comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24AG? *

Yes

Add comments

—

19. Did the local government reject any applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time, specified in the invitation for applications? *

Yes

Add comments

—

20. Were all applications that were not rejected assessed by the local government via a written evaluation of the extent to which each application satisfies the criteria for deciding which application to accept? *

Yes

Add comments

—

21. Did the CEO send each applicant written notice advising them of the outcome of their application? *

Yes

Add comments

—

22. Where the local government gave regional price preference, did the local government comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24E and 24F? *

Yes

Add comments

—

Documents

[20 days ago \(09/02/2023 11:41 AM\)](#)
Stephanie Sikaloski

Council member interest in a matter

[Council Member Interest in a Matter.pdf \(919.54 KB\) \(/ _entity/annotation/49540cb4-2ba8-ed11-aad1-002248962727/976c0132-2a5b-ed11-9562-00224893390b?t=1677634006418\)](#)

[20 days ago \(09/02/2023 11:43 AM\)](#)
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Model Code of Conduct

[Town of Port Hedland Code of Conduct for Council Members, Committee Members and Candidates.pdf \(208.16 KB\) \(/ _entity/annotation/f77552e4-2ba8-ed11-aad1-002248962727/976c0132-2a5b-ed11-9562-00224893390b?t=1677634006418\)](#)

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Independent Auditor's Report for FY ended 30 June 2022

[Independent Auditors Report 2022.pdf \(129.51 KB\) \(/ _entity/annotation/52cad438-2ca8-ed11-aad0-0022481117ad/976c0132-2a5b-ed11-9562-00224893390b?t=1677634006419\)](#)

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Strategic Community Plan

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Corporate Business Plan

[Corporate Business Plan 2018-2022.pdf \(58.75 MB\) \(/ _entity/annotation/6b25d768-2da8-ed11-aad1-002248962727/976c0132-2a5b-ed11-9562-00224893390b?t=1677634006419\)](#)

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Stephanie Sikaloski

Corporate Business Plan Review 2021

Ordinary Council Meeting Minutes	20 August 2021
11.1.3 ANNUAL REVIEW - CORPORATE BUSINESS PLAN	
Author:	Governance Officer
Authoring Office:	Manager, Governance
Disclosures of Interest:	The Author and Publishing Officer declare that they do not have any conflicts of interest in relation to this item.
COMMUNICATED COUNCIL DECISION	
MOTION:	ON DE LAKE
RECOMMENDATION:	RECORDED - ON LINDNICH
That Council adopt the Corporate Business Plan Annual Review, as per Attachment 1.	
CARRIED BY SIMPLE MAJORITY (9/5)	
Table:	Mayor Carter, Deputy Mayor Clark, Cr Barlow, Cr Gilchrist, Cr Kenning, Cr McConnel, Cr Urick, Cr Zales
AMEND:	Nil

[\(/ _entity/annotation/37f9d11e-2ea8-ed11-aad0-0022481117ad/976c0132-2a5b-ed11-9562-00224893390b?t=1677634006419\)](#)

📄 Last review of Corporate Business Plan.png (65.74 KB) (/entity/annotation/37f9d11e-2ea8-ed11-aad0-0022481117ad/976c0132-2a5b-ed11-9562-00224893390b?t=1677634006419)

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Town of Port Hedland

Fraud Risk Management & Misconduct Review
December 2022

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EXECUTIVE SUMMARY

Introduction

William Buck Consulting (WA) Pty Ltd was engaged by the Town of Port Hedland (the “Town”) to conduct an internal audit of the Town’s Fraud Risk Management & Misconduct. The internal audit was performed in accordance with the requirements within the terms and conditions set out in the contract for Internal Audit Services to the Town.

Objective

The overall objective of this engagement was to determine whether effective controls were in place to identify, prevent and respond to fraud risks and misconduct.

Scope

The scope of this engagement included an assessment of the following:

- Management have appropriate detective controls implemented on an operational level to identify fraud and fraud risks;
- Preventative and responding controls are implemented which will lower or mitigate risks identified; and
- Reporting mechanisms for identified fraud/misconduct and corruption to the respective delegates is as prescribed to the Town’s respective reporting procedures.

Refer to [Appendix A](#) for the details of the work done in this review.

Approach



Consideration of relevant processes and procedures, and discussion with the Town’s management and staff responsible for the relevant scope areas



Identification of control weaknesses through analysis of the adequacy and effectiveness of controls



Analysis of a sample of records/plans and actions covered within the scope of the audit. Identification of any discrepancies or deviations from policy, procedure, or legislation.



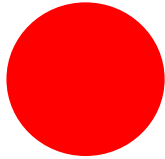
Discussion of control weaknesses, and deviations from process and procedure with the management and relevant stakeholders.



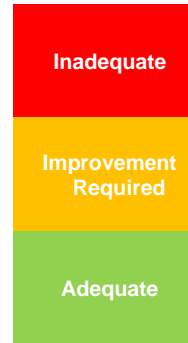
Development of this report identifying any weaknesses or issues and making relevant recommendations on the areas under the scope of the engagement.

Key Findings & Insights

Overall Control Effectiveness



Inadequate



Inadequate
Weaknesses in the system and/or application of controls are such that the system objectives are put risk. Significant improvements are required to the control environment. Controls do not reduce residual risks to risk appetite.

Improvement Required
There is generally sound control framework in place. The weaknesses identified impair the control environment to a small extent, with further improvement and corrective action required. Controls are reducing residual risk to risk appetite.

Adequate
Our internal audit finds no significant weaknesses. Overall, risks are being effectively managed. The issues raised tend to be minor or areas for improvement within an adequate control framework. Controls are reducing the residual risk to or below risk appetite.

Key Insights

Through the performance of this audit, we make the following observations:

- The Town does not have in place a fraud and corruption control plan that formalises the Town's plans for preventing, detecting and responding to fraud and corruption.
- There is no process to assess fraud risks, hence, a fraud risk assessment has not yet been performed.
- Although there are pre-employment checks, there is no formal procedural requirement to perform pre-employment criminal background checks of employees.
- Whilst the Town has general requirements to report fraud, there are no procedural requirements specifying the reporting mechanisms to report fraud, corruption, and misconduct to the appropriate authorities depending on the nature.
- Apart from general induction, employees are not required to attend or complete any mandatory and subsequent refresher training sessions related to fraud, corruption, and misconduct.
- The Town does not have a procedural requirement to appoint a probity advisor/auditor for complex and/or sensitive procurements.

Positive Observations

We observed the following positive observations:

- The Town has a Fraud and Corruption Prevention Policy that articulates the Town's commitment to zero tolerance for acts of fraud and corruption.
- The Fraud and Corruption Control Policy sets out controls to prevent and detect fraud and assignment of responsibilities. Moreover, the Audit, Risk and Compliance Committee (ARC) Terms of Reference assigns the ARC with the responsibility for oversight of fraud and corruption control and prevention measures.
- The Town has a Code of Conduct that provides employees with clear guidelines for the standards and professional conduct and behaviour expected from them in carrying out their duties. It also requires them to disclose any conflict of interests.
- The Town's Related-Party Disclosure Policy prohibits employees to use their positions for personal and inappropriate purposes. It also requires employees to disclose any related-party relationships.
- The Town has a Statement of Business Ethics that states the standards and ethical principles to adhere to when doing business with the Town.
- The Town has a Secondary Employment Procedure that requires employees to seek approval from the CEO if they wish to engage in any secondary employment.

Summary of findings

The following table includes the findings and their ratings, action owner, and targeted date for implementing the recommendations.

#	Findings	Rating	Recommendation #	Action Owner	Target Date
1	Fraud and Corruption Control Plan	High	R1.1	Manager Governance	31 March 2024
			R1.2	Manager Governance	31 March 2024
2	Fraud Risk Assessment	High	R2.1	Manager Governance	30 September 2023
			R2.2	Manager Governance	30 September 2023
3	Fraud Awareness Training and Communication	Medium	R3.1	Manager Governance Manager Human Resources	30 June 2024
			R3.2	Manager Governance Manager Human Resources	30 June 2024
4	Probity in Procurement	Medium	R4	Manager Governance	31 December 2023
5	Fraud, Corruption and Misconduct Reporting	Low	R5	Manager Human Resources	31 December 2023
6	Pre-employment Criminal Background Checks	Low	R6	Manager Human Resources	31 December 2023

The following table includes the risk ratings and the descriptions of the risk ratings.

	Extreme	High	Medium	Low	Total
# Findings	-	2	2	2	6
# Recommendations	-	4	3	2	9

Refer to [Appendix B](#) for the risk rating criteria

DETAILED FINDINGS

1. Fraud and Corruption Control Plan

Extreme	High	Medium	Low
---------	------	--------	-----

In terms of better practices in fraud risk management, entities should have in place an effective fraud risk management plan. The plan should be tailored to the entity's specific risk appetite, control environment and strategic objectives and should include plans to prevent, detect and respond to fraud, corruption, and misconduct.

Section 2.2.1 of the *Australian Standards 8001:2008 Fraud and Corruption Control (AS 8001:2008)* stipulates that:

“Entities should develop and implement a Fraud and Corruption Control Plan documenting the entity’s approach to controlling fraud and corruption exposure at strategic, tactical and operational levels. The Fraud and Corruption Control Plan should detail the entity’s intended action in implementing and monitoring the entity’s fraud and corruption prevention, detection and response initiatives. It is important that entities view the Fraud and Corruption Control Plan as an integral part of an overall risk management plan on the premise that fraud and corruption are business risks that are controlled by the application of risk management principles. In terms of the development of a Fraud and Corruption Control Plan, a preliminary assessment of fraud and corruption risk should be completed in order to better scope the entity’s future fraud control program that will be documented in the plan. Accountability for the implementation and ongoing monitoring of the plan should be allocated to a person with appropriate seniority, skills and experience and sufficient time allotment to discharge this responsibility under the direction of an appropriately constituted committee appointed for the purpose.”

Although the Town had adopted a Fraud and Corruption Policy in August 2022, our enquiries with the Town's stakeholders revealed that the Town does not have in place a fraud and corruption control plan. In addition, we identified that the Town's risk register does not currently have a fraud risk category.

The lack of a Fraud and Corruption Control Plan may make it difficult for the Town to plan, manage, respond and oversee risks and cases related to fraud, corruption, and misconduct.

Recommendation (R1)

We recommend that the Town:

1.1 Develop a Fraud and Corruption Control Plan, taking into consideration but not limited to, the following:

- Include plans to prevent, detect, and respond to fraud, corruption and misconduct;
- Integrate fraud risk assessments as part of the Town’s overall risk management function;
- Include fraud risk as a risk category in the risk register;
- Include an action plan in implementing and monitoring the Town’s fraud and corruption prevention, detection and response initiatives; and
- Assign accountabilities to fraud and corruption prevention, detection and response to staff with appropriate seniority and competence.
- Place an increased focus on business areas where fraud risk is high and preventive controls are weaker.

1.2 Review the plan at least once every 2 years or as and when required.

Management Response	
Agree/Disagree:	Agree
Action to be taken:	A Fraud and Corruption Control Plan will be developed. This plan will include mechanisms to prevent, detect and respond to fraud, corruption and misconduct. Fraud risk will be added as a category within the Town’s Risk Assessment and Acceptance Criteria and Risk Register, which will allow for fraud risk assessments to be conducted on an ongoing basis going forward. An implementation plan with regard to fraud control will be established and included in the Fraud and Corruption Control Plan, which will be reviewed on a 2-yearly basis.
Completion Date:	31 March 2024
Responsible Officer:	Audit, Risk & Insurance Advisor
Accountable Officer:	Manager Governance

2. Fraud Risk Assessment

Extreme	High	Medium	Low
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Section 3.6.1 of AS 8001:2008 stipulates that:

“Entities should adopt a policy and processes for the systematic identification, analysis and evaluation (‘risk assessment’) of fraud and corruption risk and should periodically conduct a comprehensive assessment of the risks of fraud and corruption within their business operations.”

Moreover, the Office of the Auditor General (OAG) published a report on Fraud Prevention in Local Government on 15 August 2019. The report shed light on common findings that were present in local governments in terms of managing fraud risks. It mentioned that entities have not implemented a coordinated approach to manage their fraud risks.

We identified through enquiries that the Town does not have a centralised and coordinated process for the assessment of fraud risk. Hence, no fraud risk assessments have yet been performed.

When fraud risk assessments are not performed, it would be difficult for the Town to assess which business areas and activities are more vulnerable to fraud risk. Moreover, a comprehensive fraud risk assessment would facilitate the Town in better identifying and treating fraud risks before those risks materialise.

Recommendation (R2)

We recommend that the Town:

- 2.1 Perform a preliminary assessment of fraud and corruption risks facing the Town; and
- 2.2 Document and integrate the results of the assessment in fraud and corruption control planning.

Management Response	
Agree/Disagree:	Agree
Action taken:	Management will add fraud risk as a category within the Town’s Risk Assessment and Acceptance Criteria and Risk Register, which will allow for fraud risk assessments to be conducted going forward. A preliminary fraud risk assessment will be conducted prior to developing the Fraud Control Plan to ensure integration and awareness of current and emerging issues within the plan.
Completion Date:	30 September 2023
Responsible Officer:	Audit, Risk & Insurance Advisor
Accountable Officer:	Manager Governance

3. Fraud Awareness Training and Communication

Extreme	High	Medium	Low
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Staff need to be trained and supported to identify red flags to detect fraud, know what to do if they suspect fraud and know how to report it. Fraud can take place if staff are not aware of what constitutes fraud and corruption. Moreover, the senior management should provide clear communication towards fraud, corruption and misconduct in a way that staff are aware of management’s tolerance towards such actions.

Through enquiries, we identified that except for the training given to staff on induction, employees are not required to attend or complete any mandatory training and subsequent refresher training on fraud, corruption and misconduct. Furthermore, the Town does not conduct periodic training sessions related to fraud, corruption and misconduct.

We do, however, acknowledge that the Town partakes in fraud and misconduct training and awareness session conducted by the PSC and make it a requirement for senior management staff to attend these sessions. Further enquiries also revealed that, upon creation of the Fraud and Corruption Control Plan (refer to Finding 1), the Town plans on creating fraud training sessions within the Town’s Learning Management System.

Lack of staff training and awareness to identify and report fraud may lead to fraud, corruption, and misconduct going unnoticed or unchallenged. Moreover, it can increase the fraudster’s confidence that their actions will not be identified and reported.

Recommendation (R3)

We recommend that the Town:

- 3.1 Require staff to complete mandatory refresher training on fraud and misconduct; and
- 3.2 Conduct fraud awareness sessions as and when required based on emerging issues related to fraud and misconduct.

Management Response	
Agree/Disagree:	Agree
Action to be taken:	Management will prepare and mandate fraud and misconduct training for all employees on the Town’s Learning Management System upon development of the Fraud Control Plan. Fraud awareness sessions will be conducted where emerging issues become prevalent.
Completion Date:	30 June 2024
Responsible Officer:	Audit, Risk & Insurance Advisor and Learning & Development Coordinator
Accountable Officer:	Manager Governance & Manager Human Resources

4. Probity in Procurement

Extreme	High	Medium	Low
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According to the Department of Finance’s *Ethics and Probity in Procurement*, probity is the evidence of ethical behaviour, and can be defined as complete and confirmed integrity, uprightness and honesty in a particular process. Probity provides a level of assurance to delegates, suppliers and the Commonwealth that a procurement was conducted in a manner that is fair, equitable and defensible.¹

Appointing a probity advisor/auditor is considered a better practice. Their decision to appoint them should be justified and should weigh the benefits of receiving independent advice of the procurement process. Factors that influence the appointment of a probity advisor/auditor mainly include procurement that is high-value, complex, unusual, highly contentious, or sensitive.

Although the Town’s Purchasing Policy states that all procurement activities are able to withstand probity, we did not identify any requirement or processes within the Town’s Purchasing Policy to appoint an external probity advisor/auditor for high-value, complex, unusual, highly contentious or sensitive procurements.

Not obtaining independent probity advice from a probity advisor/auditor can lead to the Town being unable to assure whether high-value, complex, unusual, highly contentious or sensitive procurement is free from fraud, corruption and malpractices.

Recommendation (R4)

We recommend that the Town include a procedural requirement to appoint an external probity advisor/auditor for high-value, complex, unusual, highly contentious or sensitive procurement.

Management Response	
Agree/Disagree:	Agree
Action to be taken:	Management will recommend to the CEO the engagement of an independent Probity Advisor for procurement: <ul style="list-style-type: none"> - With an expected value over a threshold to be set out in the Town’s Procurement IOP. - That is complex or unusual in nature - That is considered highly contentious or politically sensitive. The decision to engage a Probity Advisor will be at the discretion of the CEO.
Completion Date:	31 December 2023
Responsible Officer:	Senior Procurement & Contracting Advisor
Accountable Officer:	Manager Governance

¹ [Ethics and Probity in Procurement | Department of Finance](#)

5. Fraud, Corruption and Misconduct Reporting

Extreme	High	Medium	Low
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Accurate and timely notification of misconduct to the appropriate agency is not only a cornerstone of managing integrity; it is also a legislative requirement under the Corruption, Crime and Misconduct Act 2003 (CCM Act) across the Western Australian government sector.

Section 25(1) of the CCM Act stipulates that:

“A public officer or any other person may report to the Commission any matter which that person suspects on reasonable grounds concerns or may concern serious misconduct that — (a) has or may have occurred; or (b) is or may be occurring; or (c) is or may be about to occur; or (d) is likely to occur.”

Section 45E(1) of the CCM Act stipulates that:

“A public officer or any other person may report to the Public Sector Commissioner any matter which that person suspects on reasonable grounds concerns or may concern minor misconduct that — (a) has or may have occurred; or (b) is or may be occurring; or (c) is or may be about to occur; or (d) is likely to occur.”

The Town’s Discipline Procedure sets out the processes and principles that will apply whenever a situation arises that may lead to the consideration of disciplinary action that will be taken against an employee.

Furthermore, the Town’s Whistle-blower Policy states that misconduct can be reported through internal or external reports. Internal reporting includes reporting the matter informally with the direct manager or the to the Manager Human Resources. If that is not appropriate, the matter can be reported to the Town’s Public Interest Disclosure (PID) Officer directly.

External reporting includes, depending on the type of misconduct, reporting to the Corruption and Crime Commission (CCC), Ombudsman, the Police, the Auditor General, or the Town’s External Auditor.

Considering the above reporting mechanisms, we did not find within the Town’s procedures any specific reporting requirements for reporting different types of misconduct, such as minor misconduct to be reported to the PSC and serious misconduct to be reported to the CCC according to the above legislative requirements.

Lack of proper mechanisms to report fraud and misconduct could lead to potential cases of fraud and misconduct not being reported to the appropriate authorities to take the required action. Furthermore, it may create confusion and hesitance amongst employees to report fraud and misconduct.

Recommendation (R5)

We recommend that the Town document the following misconduct reporting pathways in the respective policies and procedures:

- Minor misconduct must be reported to the PSC, according to Section 25(1) of the CCM Act
- Serious misconduct must be reported to the CCC, according to Section 45E(1) of the CCM Act.

Management Response	
Agree/Disagree:	Agree
Action to be taken:	The Human Resources department currently completes the PSC’s yearly Integrity and Conduct Annual Collection. Internal Operating Procedure <i>HR 013 Discipline</i> will be updated to outline the process Human Resources follows to report misconduct to the appropriate authority and the process for employees to report suspected fraud and/or misconduct to Human Resources.
Completion Date:	31 December 2023
Responsible Officer:	Senior HR Business Partner Senior Advisor HR Projects
Accountable Officer:	Manager Human Resources

6. Pre-employment Criminal Background Checks

Extreme	High	Medium	Low
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It is important, and part of better practices, that when new employees are recruited, the organisation conducts screening tests for criminal and other security activities in order to ensure that only employees without criminal backgrounds enter the workforce. The objective is to reduce the risk of potential security breaches and to obtain a higher level of assurance as to the integrity, identity and credentials of personnel employed by the entity.

In that regard, Section 3.8.1 of AS 8001:2008 suggests that employment screening should be considered and conducted within the confines of relevant legislation and with the informed and express consent of the entrusted person. When done thoroughly, this can be an effective way of reducing an entity’s potential exposure to internally focused fraud and corruption.

Whilst the Town has a Recruitment and Selection Procedure, we did not come across any documented process for screening employees for criminal and other background and character tests. Through enquiries, however, we noted that the Town performs police checks on new employee recruitment even though this is not documented in a procedure. The checks are documented in the employment tracker worksheet maintained by Human Resources.

The lack of a formal employee screening process could increase the chances of hiring people with criminal backgrounds, which may increase the risks of fraud, corruption, and malicious activities being perpetrated within the Town.

Recommendation (R6)

We recommend that the Town documents the process of conducting criminal background checks in the respective policy or procedure.

Management Response	
Agree/Disagree:	Agree
Action taken:	The Human Resources department currently performs police checks as part of their recruitment process. The checks are documented in the employment tracker worksheet maintained by Human Resources. Management will review and update Internal Operating Procedure <i>HR 004 Recruitment and Selection</i> to ensure the Town’s process of conducting criminal background checks is formally documented.
Completion Date:	31 December 2023
Responsible Officer:	Senior HR Business Partner
Accountable Officer:	Manager Human Resources

STAFF INVOLVEMENT

Staff Interviewed	<ul style="list-style-type: none">– Cherry McNicol (Manager Human Resources)– Shawn Law (Senior Advisor HR Projects)– Stephanie Sikaloski (Audit, Risk & Insurance Advisor)– Tom Kettle (Manager Governance)
William Buck Process Lead	<ul style="list-style-type: none">– Duy Vo (Engagement Director)– Shifaz Moosa (Internal Auditor)

INHERENT LIMITATIONS

The nature of our review is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal controls, and the availability of persuasive, rather than conclusive, evidence.

William Buck ensures that reasonable care and competence are displayed during our engagements. As such, we conduct examinations and verifications to a reasonable extent, but we cannot give absolute assurance that noncompliance or irregularities do not exist.

Our review is focused on “Key Controls” as identified and assessed. Inherent audit limitations exist in any internal control structure, and it is possible that errors or irregularities may occur and not be detected.

Our findings expressed in this report have been based on the evaluation of existing processes in the organisation and sample testing performed on the existing controls as designed and implemented by management.

For these reasons, we can only provide reasonable, but not absolute assurance on the status of the internal control environment.

APPENDIX A – WORK PROGRAM AND OUTCOMES

Test #	Test Procedures	Information / Document Reviewed	Outcomes	Finding #
Scope Item 1 – Management have appropriate detective controls implemented on an operational level to identify fraud risks.				
01-1	<p>Fraud and Corruption Detection Programs:</p> <ul style="list-style-type: none"> — Review of policies and procedures for provisions to place increased focus on areas in which preventive controls are found to be weaker. — Identification of fraud, corruption, and misconduct detection programs and periodic review to reflect current conditions and revised accordingly. 	<ul style="list-style-type: none"> — Through enquiries. 	Our enquiries revealed that the Town does not currently have a fraud and corruption detection program.	Finding 1
01-2	<p>Assignment of responsibilities:</p> <ul style="list-style-type: none"> — Identification of fraud, corruption, and misconduct detection programs that assigns individuals and departments responsible for: <ul style="list-style-type: none"> — Designing and planning the overall fraud detection process. — Designing specific detective controls to detect fraud, corruption, and misconduct. 	<ul style="list-style-type: none"> — Fraud and Corruption Policy — Whistle-blower Policy 	Our enquiries revealed that the Town does not currently have a fraud and corruption detection program.	Finding 1

Test #	Test Procedures	Information / Document Reviewed	Outcomes	Finding #
	<ul style="list-style-type: none"> — Implementing and monitoring the detective controls. — Receiving and responding to complaints/whistle blows related to possible fraud, corruption, and misconduct. — Investigation cases of fraud, corruption, and misconduct. — Communicating with the respective authorities on findings of any investigations. 			
01-3	Probity: <ul style="list-style-type: none"> — Identification of a process or procedure to appoint a probity advisor/auditor for procurement that is high value, complex, unusual, highly contentious or sensitive. 	<ul style="list-style-type: none"> — Purchasing Policy 	We identified that the Town's Purchasing Policy does not have a requirement for appointing a probity advisor/auditor for high value, complex, unusual, highly contentious or sensitive procurement.	Finding 4
Scope Item 2 – Preventative and responding controls are implemented which will lower or mitigate risks identified				
02-1	Fraud Risk Assessment: <ul style="list-style-type: none"> — Determining if the Town has in place a process to perform periodic fraud risk assessments. 	<ul style="list-style-type: none"> — Through enquiries. 	We identified that the Town does not have a process for the assessment of fraud risk. As a result, no fraud risk assessments have been performed yet.	Finding 2

Test #	Test Procedures	Information / Document Reviewed	Outcomes	Finding #
	<ul style="list-style-type: none"> — Identifying if fraud risk assessments are performed. — Identifying if the fraud risk assessment criteria take into account prevailing risks and whether the criteria are re-assessed accordingly. 			
02-2	<p>Policies and Procedures:</p> <ul style="list-style-type: none"> — Identifying if the Town has the following documented policies and procedures: — Fraud & Corruption Policy — Fraud & Corruption Prevention Plan — Fraud Response Plan — Whistle-blower Policy — Code of Conduct — Disciplinary Code — IT Usage Policy — Employee Screening Procedure — Identify if the policies and procedures are properly communicated with internal and 	<ul style="list-style-type: none"> — Fraud & Corruption Policy — Whistle-blower Policy — Code of Conduct for Employees, Consultants, Contractors, and Volunteers — Code of Conduct for Council Members, Committee Members and Candidates — Disciplinary Code — Recruitment and Selection Procedure — FW Fraud Misconduct Audit Evidence — Procurement Policy 	<p>Except for a Fraud & Corruption Control Plan, the Town has policies and procedures that address controls related to fraud risk management.</p> <p>Although the Town does have an employee screening procedure, it lacks a documented requirement to screen the employees' criminal backgrounds.</p>	Finding 6

Test #	Test Procedures	Information / Document Reviewed	Outcomes	Finding #
	<p>external stakeholders, such as employees and vendors.</p> <ul style="list-style-type: none"> Identify if the Town has procedures in place for authorisation and approval of high-value, special transactions. 			
02-3	<p>Employee Screening:</p> <ul style="list-style-type: none"> Identification of procedures in place that covers conducting background checks of new employees ensuring that people with criminal records or people who do not meet character requirements are prevented from being hired. 	<ul style="list-style-type: none"> Recruitment and Selection Procedure 	<p>While the Town’s Recruitment and Selection Procedure requires performing employment checks such as reference checks, qualification and licensing checks, medical assessments and working rights, it lacks a documented requirement to perform criminal background and character requirement checks prior to employment.</p>	Finding 6
02-4	<ul style="list-style-type: none"> Code of Conduct: Identifying if the code of conduct prohibits inappropriate relationships where staff could use their positions for personal gain or other inappropriate purposes. Identifying if the code of conduct requires staff to follow measures to safeguard IT security. 	<ul style="list-style-type: none"> Code of Conduct for Employees, Consultants, Contractors, and Volunteers Related Party Disclosure 	<p>The Town’s Related Party Disclosure Policy and the Code of Conduct for Employees, Consultants, Contractors, and Volunteers include prohibitions that do not allow employees to use their positions for personal gain or other inappropriate purposes.</p> <p>It includes requirements to disclose any related party information, where it exists.</p> <p>Moreover, it requires employees and contractors to disclose any actual, potential or perceived conflicts of interest during the course of performing their duties.</p>	No finding.

Test #	Test Procedures	Information / Document Reviewed	Outcomes	Finding #
	<ul style="list-style-type: none"> Identifying if the code of conduct includes staff commitment to maintaining ethics and integrity as well as adherence to the code of conduct. 			
02-5	<p>Oversight:</p> <ul style="list-style-type: none"> Assessing if there are processes for oversight of fraud and misconduct. 	<ul style="list-style-type: none"> ARC Committee Terms of Reference 	<p>The Audit, Risk and Compliance Committee (ARC) Terms of Reference provide the requirement for the ARC to oversee the processes and systems related to fraud and irregularities and compliance with laws and regulations.</p>	No finding.
02-6	<p>Awareness:</p> <ul style="list-style-type: none"> Identifying if stakeholders have been made aware of policies and procedures related to the control of fraud and misconduct. Checking if policies and procedures require staff to attend mandatory fraud, corruption, and misconduct training. 	<ul style="list-style-type: none"> Corporate Induction 	<p>The Town has an induction program where new employees are introduced to the Town’s working environment, what they can and cannot do, compliance requirements and such.</p> <p>Through enquiries, we identified that, while the Town introduces new employees to requirements against fraud, corruption and misconduct, employees are not required to attend or complete any mandatory training and subsequent refresher training on fraud, corruption and misconduct.</p>	Finding 3
02-7	<p>Response:</p> <ul style="list-style-type: none"> Identifying if a fraud response plan exists and includes the following: <ul style="list-style-type: none"> Who should perform fraud investigations. 	<ul style="list-style-type: none"> Internal Operating Procedure: Discipline Procedure 	<p>As the Town does not currently have a fraud and corruption control plan that should cover fraud response, there is no plan that covers fraud response.</p> <p>Through enquiries, we identified that the Town would follow the Discipline Procedure in responding to cases of fraud, corruption and misconduct. The discipline procedure sets out</p>	Finding 1

Test #	Test Procedures	Information / Document Reviewed	Outcomes	Finding #
	<ul style="list-style-type: none"> — When a voluntary disclosure to the respective authorities should be made. — How to determine remedial/disciplinary actions — How to remedy the associated control weaknesses. — Identifying if there is a policy and procedure that addressed disciplinary actions for dealing with staff that commits fraud, corruption, misconduct or engages in other unlawful or unethical behaviour. 		<p>the general actions that will be taken against staff in dealing with disciplinary actions.</p>	
03-1	<p>Reporting:</p> <ul style="list-style-type: none"> — Identification and assessment of the mechanisms for reporting fraud. 	<ul style="list-style-type: none"> — Whistle-blower Policy — Internal Operating Procedure: Discipline Procedure 	<p>The Town's Whistle-blower policy and Discipline Procedure include ways in which misconduct and inappropriate behaviour can be reported.</p> <p>We identified that the reporting mechanisms do not include specific reporting requirements as per legislative requirements to report to the appropriate authority.</p>	<p>Finding 5</p>

APPENDIX B – RISK RATING CRITERIA

Recommendations made in this report have been rated as Extreme, High, Medium, or Low based on an assessment of underlying issues. The assessment was made by Internal Audit using predetermined criteria as outlined below. An issue may display one, all or a combination of the example attributes listed against the relevant rating.

LEVEL	RATING	FORESEEABLE	DESCRIPTION
E	Excellent	Doing more than what is reasonable under the circumstances.	Existing controls exceed current legislated, regulatory and compliance requirements, and surpass relevant and current standards, codes of practice, guidelines and industry benchmarks expected of this organisation.
A	Adequate	Doing what is reasonable under the circumstances.	Existing controls are in accordance with current legislated, regulatory and compliance requirements, and are aligned with relevant and current standards, codes of practice, guidelines and industry benchmarks expected of this organisation
I	Inadequate	Not doing some or all things reasonable under the circumstances.	Existing controls do not provide confidence that they meet current legislated, regulatory and compliance requirements, and may not be aligned with relevant and current standards, codes of practice, guidelines and industry benchmarks expected of this organisation.

LEVEL	MEASURES OF CONSEQUENCE				
	1	2	3	4	5
RATING	Insignificant	Minor	Moderate	Major	Catastrophic
HEALTH	Negligible injuries	First aid injuries	Medical type injuries or Lost time injury < 5 days	Lost time injury > 5 days	Fatality, permanent disability
FINANCIAL IMPACT	Less than \$3,000	\$3,000 - \$30,000	\$30,001 - \$300,000	\$300,001 - \$3M	More than \$3M
SERVICE INTERRUPTION	No material service interruptions	Temporary interruption to an activity – backlog cleared with existing resources	Interruption to Service Unit(s) deliverables – backlog cleared by additional resources	Prolonged interruption of critical core service deliverables – additional resources; performance affected	Indeterminate prolonged interruption of critical core service deliverables – non-performance
COMPLIANCE	Occasional noticeable temporary non-compliances	Regular noticeable temporary non-compliances	Non-compliance with significant regulatory requirements imposed	Non-compliance results in termination of services or imposed penalties	Non-compliance results in criminal charges or significant damages or penalties
REPUTATION	Unsubstantiated, localised low impact on key stakeholder trust, low profile or no media item	Substantiated, localised impact on key stakeholder trust or low media item	Substantiated, public embarrassment, moderate impact on key stakeholder trust or moderate media profile	Substantiated, public embarrassment, widespread high impact on key stakeholder trust, high media profile, third party actions	Substantiated, public embarrassment, widespread loss of key stakeholder trust, high widespread multiple media profile, third party actions
ENVIRONMENTAL	Contained, reversible impact managed by on-site response	Contained, reversible impact managed by internal response	Contained, reversible impact managed by external agencies	Uncontained, reversible impact managed by a coordinated response from external agencies	Uncontained, irreversible impact

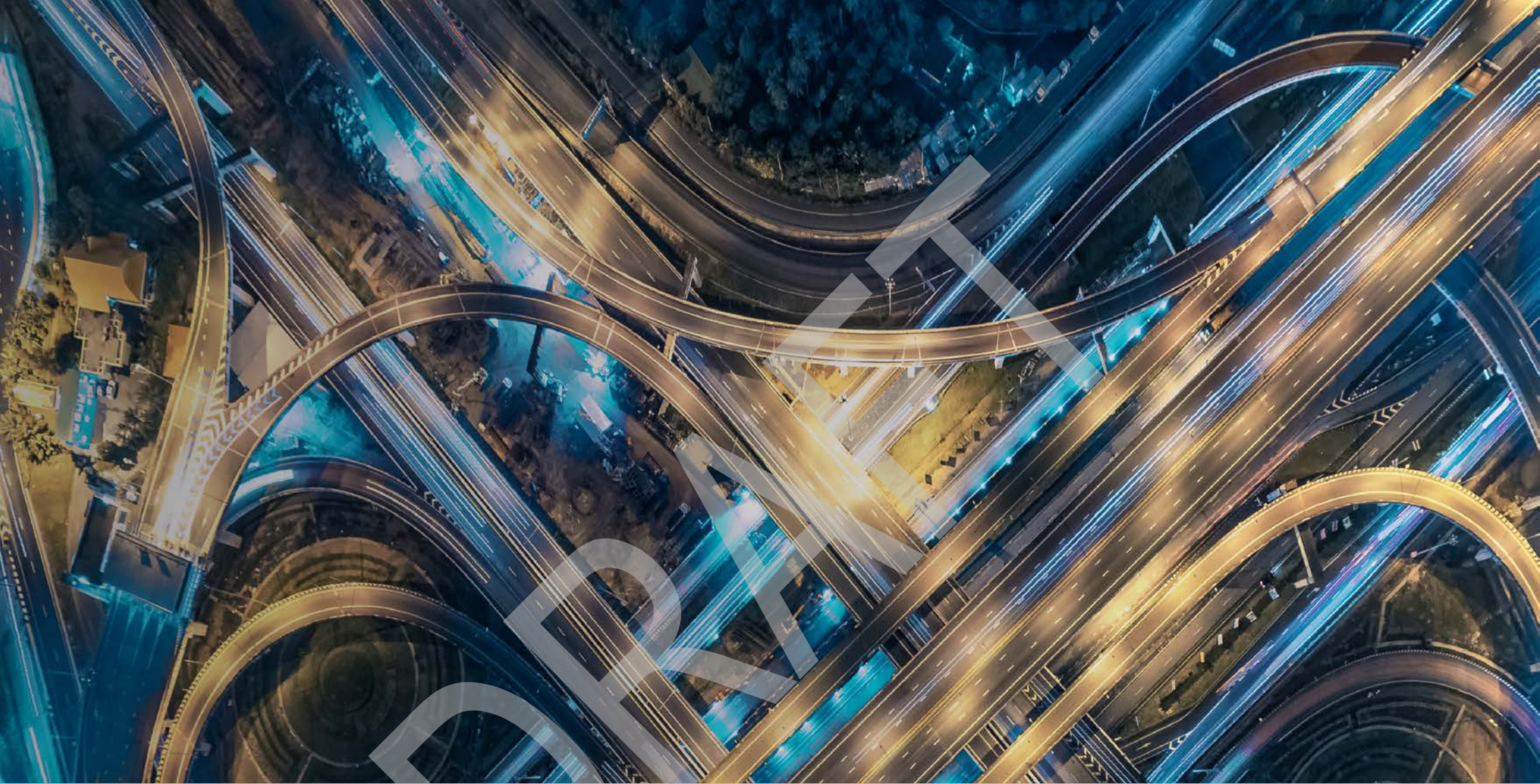
MEASURES OF LIKELIHOOD				
LEVEL	RATING	DESCRIPTION	FREQUENCY	PROBABILITY
5	Almost Certain	The event is expected to occur in most circumstances	More than once per year	Greater than 90% chance of occurrence
4	Likely	The event will probably occur in most circumstances	At least once per year	60% - 90% chance of occurrence
3	Possible	The event should occur at some time	At least once in 3 years	40% - 60% chance of occurrence
2	Unlikely	The event could occur at some time	At least once in 10 years	10% - 40% chance of occurrence
1	Rare	The event may only occur in exceptional circumstances	Less than once in 15 years	Less than 10% chance of occurrence

RISK MATRIX

Consequence Likelihood		Insignificant	Minor	Moderate	Major	Catastrophic
		1	2	3	4	5
Almost Certain	5	MEDIUM (5)	HIGH (10)	HIGH (15)	EXTREME (20)	EXTREME (25)
Likely	4	LOW (4)	MEDIUM (8)	HIGH (12)	HIGH (16)	EXTREME (20)
Possible	3	LOW (3)	MEDIUM (6)	MEDIUM (9)	HIGH (12)	HIGH (15)
Unlikely	2	LOW (2)	LOW (4)	MEDIUM (6)	MEDIUM (8)	HIGH (10)
Rare	1	LOW (1)	LOW (2)	LOW (3)	LOW (4)	MEDIUM (5)

RISK ACCEPTANCE CRITERIA

RISK RANK	LEVEL OF RISK	DESCRIPTION	CRITERIA FOR RISK ACCEPTANCE	RESPONSIBILITY
EXTREME	17-25	Urgent Attention Required	Risk only acceptable with excellent controls and all treatment plans to be explored and implemented where possible, managed by highest level of authority and subject to continuous monitoring.	CEO / Council
HIGH	10-16	Attention Required	Risk acceptable with excellent controls, managed by senior management/executive and subject to monthly monitoring.	Director / CEO
MEDIUM	5-9	Monitor	Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring.	Operational Manager
LOW	1-4	Acceptable	Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring.	Operational Manager



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