Audit & Risk Committee Meeting
Minutes | 13th August 2024

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SHIRE OF QUAIRADING

Audit & Risk Committee Meeting

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The Audit & Risk Committee Meeting Minutes of Meeting held on 13th August 2024 commencing at 5.00pm.

ITEM 1 OPENING & ANNOUNCEMENTS

The Chairperson opened the Meeting at 5.05 pm.

"Before we start our meeting, I would like to acknowledge that we are meeting on Noongar/Ballardong land. We pay respect to the original custodians of the land…past, present and future. I welcome you all here today for this meeting."

ITEM 2 ATTENDANCE AND APOLOGIES

Councillors

Cr TJ Stacey	Deputy Shire President
Cr JN Haythornthwaite	Shire President
Cr JC Hayes	
Cr JR Hippisley	

Council Officers

Ms NJ Ness	Chief Executive Officer
Ms T Brown	Executive Manager, Corporate Services
Ms SE Caporn	Executive Manager, Works & Services
Ms M Haeusler	Executive Officer

Observer/Visitor

Nil

Apologies

Cr BR Cowcill	
Cr RC Faltyn	
Ms J Green	Executive Manager, Economic Development

Leave of Absence Previously Granted

Nil

ITEM 3   DEPUTATIONS/PRESENTATIONS/SUBMISSIONS/PETITIONS

Nil

ITEM 3   DEPUTATIONS/PRESENTATIONS/SUBMISSIONS/PETITIONS

Nil

ITEM 4 DECLARATIONS OF INTEREST

Nil

ITEM 5   CONFIRMATION OF MINUTES AND BUSINESS ARISING

5.1   Confirmation of Minutes: Audit & Risk Committee Meeting – 14 May 2024

COMMITTEE RESOLUTION: ARC 001-24/25

Moved: Cr JC Hayes
Seconded: Cr JR Hippisley

That the Minutes of the Audit & Risk Committee Meeting held on the 14 May 2024 be confirmed as a true and accurate record.

FOR: Crs TJ Stacey, JN Haythornthwaite, JC Hayes and JR Hippisley

AGAINST: Nil

CARRIED 4/0

BUSINESS ARISING

Nil

ITEM 6   STANDING ITEMS – EXTERNAL AUDIT

6.1   2023/2024 Financial Audit - Office of the Auditor General (OAG)

Responsible Officer	Natalie Ness, Chief Executive Officer
Reporting Officer	Tricia Brown, Executive Manager, Corporate Services
Attachments	1. Attachment (i) Interim Management Letter to CEO ⇩ 🖹
	2. Attachment (ii) Interim Management Letter Attachment ⇩ 🖹
	3. Attachment (iii) Audit Planning Summary 2023-2024 ⇩ 🖹
Voting Requirements	Simple Majority
Disclosure of Interest	Reporting Officer: Nil
	Responsible Officer: Nil

COMMITTEE RESOLUTION: ARC 002-24/25

Moved: Cr JR Hippisley
Seconded: Cr JN Haythornthwaite

That the Audit & Risk Committee recommend to Council, that Council:

1.   Receive the independent auditors report and interim management letter attachment (attachment (i) and (ii) from the Office of the Auditor General for the audit year ended 30 June 2024,

2.   Notes the management responses and planned actions from the interim management letter, attachment (ii),

3.   Accepts and adds the seven new findings as contained within attachment (ii) to the Audit Register, for progress to be reported quarterly through the audit register – progress report,

4.   Notes that the annual meeting (entrance meeting) with the auditor, pursuant to section 7.12A of the Local Government Act was held on 12th April 2024,

5.   Receive the Entrance Meeting Audit Planning Summary - Attachment (iii)

FOR: Crs TJ Stacey, JN Haythornthwaite, JC Hayes and JR Hippisley

AGAINST: Nil

CARRIED 4/0

IN BRIEF

- AMD Chartered Accountants (AMD) have been contracted by the Office of the Auditor General (OAG) to perform the Shire's financial report audit on the OAG's behalf for a 3-year period, which commenced with the audit for the year ended 30 June 2021.

- The 2023/2024 pre-audit (entrance) Meeting was conducted with Tim Partridge, Director of AMD; the OAG Representative Director on behalf of Caitlin McGowan and the Shire's Executive Manager Corporate Services on the 12th April 2024. This meeting was conducted via teams online meeting.

- The Interim Audit has been completed by AMD, through offsite work and an onsite audit visit from 15th & 16th May 2024. The draft interim management letter showing seven new findings and recommendations was received from the Auditors on the 28th June 2024.

- Management provided comments on the findings and recommendations which were incorporated into the interim management letter which was received from the OAG on 29th July 2024.

- Any matters raised in the interim management letter are to be addressed by management and reported to the Audit and Risk Committee through the audit register progress report.

MATTER FOR CONSIDERATION

Receipt of the independent auditor's report and interim management letter for the year ended 30 June 2024.

BACKGROUND

The external audit, also known as financial audits or audit of the annual financial statements, focuses on providing an objective and independent examination of the financial statements prepared by the Shire, increasing the value and user confidence in the financial statements.

The Local Government Amendment (Auditing) Act 2017 made legislative changes to the Local Government Act 1995 to provide for the auditing of local governments by the Auditor General. This Act allows the Office of the Auditor General (OAG) to contract out some or all the financial audits, but all audits will be the responsibility of the Auditor General.

The changes also allow for the Auditor General to undertake performance audits that focus on the economy, efficiency, and effectiveness of any aspect of local government operations. These performance audits are similar to that of an internal audit; therefore, the Auditor General may undertake both external and internal audits.

The audit occurs in two steps; the first being an interim audit, with the second (final) stage being the audit work to attest the balances and notes that comprise the annual financial statements.

Bob Waddell and Associates have been engaged to complete the Shire's Annual Financial Statements for the year ended 30th June 2024.

Executive staff are to establish and execute protocols to ensure that all the recommendations are being met.

STATUTORY ENVIRONMENT

Local Government Act 1995

Local Government (Financial Management) Regulations 1996

Local Government (Audit) Regulations 1996

Australian Accounting Standards

International Financial Reporting Standards

POLICY IMPLICATIONS

Purchasing Policy

Delegation 1.1.13: Payments from the municipal or trust funds

Records Management Policy

Significant Accounting Policies

Delegations Register

FINANCIAL IMPLICATIONS

Council has received an indicative costing for the 23/24 audit, increasing from $31,590 for 22/23 to $39,500 for 23/24. Council will need to include this in the 24/25 FY Budget. There has been concern raised within the Local Government sector with some Local Governments seeing a 60% increase in their indicative costs for the 23/24 Audit.

ALIGNMENT WITH STRATEGIC PRIORITIES

5.3   **Governance & Leadership**: Provide informed and transparent decision making that, meets our legal obligations, and the needs of our diverse community

5.4   **Governance & Leadership**: Implement systems and processes that meet legislative and audit obligations

CONSULTATION

Nil.

RISK MANAGEMENT PRIORITIES

This report addresses the following identified Strategic Risk Management Priorities:

Financial misconduct by (a) a Shire employee, and (b) an executive/office holder results in financial, legal and/or reputational damage.

Misconduct (non-financial) by a Shire employee results in financial, legal and/or reputational damage.

RISK ASSESSMENT

	Option 1
Financial	Low *Cost of the audit is included in the budget. The audit's purpose is not to uncover any financial fraud, however having strong financial processes, as raised in the management report can reduce the risk of this occurring.*
Health	Low
Reputation	Low *Compliant with legislative requirements. Failure to complete the annual financial audit would lead to increased reputational risk and possible actions by the OAG.*
Operations	Low *Council's Management and Administration staff assist AMD by providing all information and documents requested. Operational impact is minimal in reporting progress on audit findings, however the operational impact of not closing findings would be significantly higher if conditions escalated.*
Natural Environment	Low

Likelihood	Consequence				
	Insignificant	Minor	Moderate	Major	Critical
Rare	LOW Accept the risk Routine management	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Unlikely	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Possible	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quartely senior management review	HIGH Quarterly senior management review
Likely	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review	EXTREME Monthly senior management review
Almost certain	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	EXTREME Monthly senior management review	EXTREME Monthly senior management review

COMMENT

The new findings have been added to the Audit Risk Register.

The CEO and EMCS will continue to report on progress of audit findings through the Audit Progress Register that is submitted to the Audit and Risk Committee and recommended to Council.

COMMENT AFFECTING COMMITTEE DECISION

Cr Stacey enquired whether the management comment for finding 2. was sufficient in satisfying the auditors considering the item had been identified in the previous year's audit.

The EMCS responded that the OAG accepted the management comment and clarified that the item identified in the previous audit was a different, though similar one.

Our Ref: F21/69

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469 Wellington Street, Perth

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PO Box 8489
PERTH WA 6849

Tel: 08 6557 7500
Email: info@audit.wa.gov.au

Natalie Ness
Chief Executive Officer
Shire of Quairading
PO Box 38
QUAIRADING WA 6383

Dear Ms Ness,

ANNUAL FINANCIAL REPORT
INTERIM AUDIT RESULTS FOR THE YEAR ENDING 30 JUNE 2024

We have completed the interim audit for the year ending 30 June 2024. We performed this phase of the audit in accordance with our audit plan. The focus of our interim audit was to primarily evaluate your financial control environment, and to obtain an understanding of the key business processes, risks and internal controls relevant to our audit of the annual financial report.

Management control issues
We would like to draw your attention to the attached listing of deficiencies in internal control and other matters that were identified during the course of the interim audit. These matters have been discussed with management and their comments have been included on the attachment. The matters reported are limited to those deficiencies that were identified during the interim audit that we have concluded are of sufficient importance to merit being reported to management.

This letter has been provided for the purposes of your local government and may not be suitable for other purposes.

We have forwarded a copy of this letter to the President. A copy will also be forwarded to the Minister for Local Government when we forward our auditor's report on the annual financial report to the Minister on completion of the audit.

Feel free to contact me on 6557 7552 if you would like to discuss these matters further.

Yours faithfully

Cait McGowan
Assistant Director
Financial Audit
29 July 2024
[Attach]

ATTACHMENT

SHIRE OF QUAIRADING

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2024

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
1. Financial Management Systems Review	No	✓			
2. Cyber Security Assessment	No	✓			✓
3. Quotations and Purchase Orders for Goods and Services	No	✓			
4. Difficulties in locating documents	No	✓			
5. Rates Reconciliation	No		✓		
6. Credit Note Request Forms	No		✓		
7. Payroll Assessment	No		✓		

Key to ratings

The Ratings in this management letter are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. We give consideration to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

Significant - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating could indicate the need for a modified audit opinion in the current year, or in a subsequent reporting period if not addressed. However even if the issue is not likely to impact the audit opinion, it should be addressed promptly.

Moderate - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.

Minor - Those findings that are not of primary concern but still warrant action being taken.

ATTACHMENT

SHIRE OF QUAIRADING

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2024

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

1. **Financial Management Systems Review**

We noted that the financial management systems review has not been conducted by the CEO within the last 3 years as required by Regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996*.

Rating: Significant

Implication
Non-compliance with the *Local Government (Financial Management) Regulations 1996*.

Recommendation
We recommend that the CEO arranges for this review to take place as soon as possible.

Management comment

The Shire acknowledges that the last Financial Management Review was conducted and finalised more than 3 years ago (May 2021) and has included this review in the 2024/25 budget to ensure that all regulatory requirements are current and up-to-date. The Shire is currently obtaining quotes for the purpose of this review, noting that it is expected to be completed within the first 6 months of the 2024/25 financial year.

Responsible person: *Tricia Brown*
Completion date: *31/12/2024*

ATTACHMENT

SHIRE OF QUAIRADING

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2024

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

2. Cyber Security Assessment

During the audit we noted the following:-

- There are no policies in place governing the physical access and logical access to IT applications;
- There is no formal change management policy in place which is crucial for controlling and tracking changes to IT Systems and infrastructure;
- There is no IT risk register in place therefore management have not formally evaluated the risks associated with the overall security policies;
- Data logs are not maintained.

This finding was initially raised in 2022-23 in respect to no formal signed contract in placed with external IT provider and lack of IT policies (Rated: Significant).

Rating: Significant

Implication
- The absence of policies for physical and logical access to the Shire's IT applications such as SynergySoft and infrastructure poses a significant security risk, potentially increasing the risk of unauthorised individuals gaining access to sensitive information and systems;
- The absence of a formal change management policy makes it difficult to track and control changes to IT systems and infrastructure, increasing the risk of unintended consequences and disruptions to operations;
- Lack of adequate risk assessment identification, evaluation and mitigating internal control processes in relation to Information Technology and cyber security risks
- The absence of data logs impedes the detection and investigation of security incidents such as unauthorised access or data breaches. This lack of documentation would make it challenging to respond effectively in the event of a security breach.

Recommendation
We recommend the following:

- Establish policies and procedures for physical and logical access control to safeguard sensitive information and systems from unauthorised access.
- Establish and implement a formal change management policy to track and control changes to IT systems and infrastructure, minimising potential disruptions
- A comprehensive risk identification, evaluation and mitigation process be undertaken to ensure all potential risks associated with Information technology, specifically cyber security are considered and documented. Subsequently we recommend the risk register be updated to include specific Information Technology and cyber security risks such as ransomware breaches, data breaches due to phishing emails, general data breaches, reputational damage and related media which may be required in the event of a cyber security breach etc.
- Maintain data logs to ensure there is a detailed record of system activities, enabling timely detection of security incidents and unauthorised access.

Management comment

In conjunction with the external IT Providers (under a signed agreement), the Shire and the ICT Strategic Plan, the ICT Usage plan, the Shire considers all risks associated with IT. Upon each annual renewal it considers any future developments that can be implemented to mitigate any new risks emerging. Testing has been conducted as at year end in relation to the ICT Strategic Plan and any issues raised within this testing will be taken into account as part of the ICT Strategic Plan review.

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ATTACHMENT

SHIRE OF QUAIRADING

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2024

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

The Shire will endeavour to develop a change management policy/procedure, user access policy/procedure and an IT Risk Register to mitigate further risks raised.

Responsible person: *Tricia Brown*
Completion date: *31/08/2024*

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ATTACHMENT

SHIRE OF QUAIRADING

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2024

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

3. **Quotations and Purchase Orders for Goods and Services**

During of our review of the Shire's purchases, we noted the following:-
*   one instance where a purchase did not have evidence of the required number of quotes being obtained;
*   one instance where a verbal quote was obtained but no support documents maintained;
*   two instances where Purchase Orders were not raised.

Rating: Significant

Implications
When purchases are made without obtaining quotations or if reasons for not obtaining quotations are not sufficiently documented during the purchase requisition stage, there is an increased risk of favouritism of suppliers and not obtaining value for money, and non-compliance with Council's Purchasing Policy.

Additionally, the lack of Purchase Orders increases the risk of unauthorised goods and services being purchased and liabilities being incurred.

Recommendation
Quotes should be obtained for purchases in-line with the Shire's purchasing policy. Where it is impractical to obtain quotations, the reasons for this should be recorded during the requisition stage prior to committing to the purchase of goods or services.

We recommend purchase orders be used for all purchases with exception of utilities and regular payments. These purchase orders should be authorised as approval that the goods or services are to be ordered.

Management Comment:

The EMCS has now introduced a purchase order request cover form which includes the purchasing policy thresholds for quotes, verbal etc and was rolled out as at 01/07/2024 to be included with each purchase. All Invoices paid will now have a PO Request Cover Form accompanied with any relevant Quotes and PO's attached so that all documents will be retained in one place together to comply with the purchasing policy.

Responsible Officer: *Tricia Brown*
Completion Date: *01/07/2024*

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ATTACHMENT

SHIRE OF QUAIRADING

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2024

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

4.   Difficulties in locating documents.

During the course of completing our audit, management encountered difficulties in retrieving the requested documents due to the inefficiencies in their filing system. As a result, there were delays in providing the necessary information for the audit.

Rating: Significant

Implication
Lack of documentation in respect to contractual rights and obligations arising from contracts previously entered into.

Recommendation
We recommend the documentation set out above is retained to ensure there is appropriate support for transactions.

All documentation should be systematically filed to ensure they can be located on a timely basis.

Management Comment:

The Shire acknowledges the need for improved document management and maintenance and has subsequently introduced streamlined process/filing system for the management and filing of financial documents.

Responsible Officer: *Tricia Brown*
Completion Date: *30/06/2025*

ATTACHMENT

SHIRE OF QUAIRADING

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2024

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

5.   Rates Reconciliation

Rates reconciliations are prepared externally and sent to an officer at the Shire for review following completion; however they are not signed and dated as evidence of review.

Rating: Moderate

Implications

Increased risk of fraud or error due to lack of evidence of independent review.

Recommendation

We recommend that rates reconciliations be signed and dated as evidence of being reviewed when received by the Shire.

Management comment

The Shire acknowledges the need for improved evidence of review documentation and has recently introduced an EOM Folder and comprehensive Task List for the finance team to follow on a monthly basis. This new process is intended to ensure all critical areas for segregation of duties are appropriately documented and evidenced. This new process was implemented by the Shire in July 2024.

Responsible person: *Tricia Brown*
Completion date: *31/07/2024*

ATTACHMENT

SHIRE OF QUAIRADING

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2024

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

6. Credit Note Request Forms

Our observation and enquiries confirmed that there were no credit note request forms completed during the 2023/2024 financial year therefore there was no evidence that credits issued were appropriately authorised.

Rating: Moderate

Implication
Increased risk of fraud or error in respect to credit notes issued.

Recommendation
We recommend that credit note request forms be completed prior to the issuing of credit notes, detailing the purpose of the credit note and that these are appropriately authorised.

Management comment

Historically, the Shire has considered the review and signing of batch documentation (in which the credit note was issued) as proof of authorisation. The Shire acknowledges that the control environment can be further enhanced by creation of a "credit note request form" and has subsequently implemented this form/requirement commencing in July 2024.

Responsible person: *Tricia Brown*
Completion date: *01/07/2024*

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ATTACHMENT

SHIRE OF QUAIRADING

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2024

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

7. **Payroll Assessment**

    During our interim audit work on payroll, we noted the following:
    - One instance where fortnightly wage reports were not signed off by an authorised person independent of the wage preparation function as evidence of authorisation for payments.
    - There is no formal procedure or process in place for the approval of overtime.
    - There is no approval process in place to authorise travel allowances.
    - Loyalty Allowances are not being paid in accordance with Employment Contracts due to software issues.
    - There is no policy in place regarding the terms and conditions of loyalty allowances paid to Shire employees.
    - One employment contract provided by management was in Word Document format with signatures inserted as images and the document history indicated that the document was edited on the date of the request.

    Rating: Moderate

    Implication
    - Lack of reviews, policies and procedures for payroll could result in misstatements due to over or underpayments and increases the risk of fraudulent activity
    - Risk that employee remuneration and/or wages paid do not reflect wages approved by management.
    - Risk of lack of supporting evidence for employee deductions and allowances.
    - Lack of formalised documentation in respect to contractual rights and obligations arising from contracts previously entered into which could result in lack of understanding of rights and obligations between the two parties and difficulty enforcing rights and obligations.

    Recommendation
    We recommend the following:

    - Key payroll reports should be signed off as evidence of review, prior to wages payments being made.
    - We recommend retaining signed employment contracts in PDF format to ensure that agreed-upon contracts cannot be edited thereafter.
    - Implement procedures for the approval of Overtime and Travel allowances.
    - Work with the Payroll software developers to customise and configure the software to ensure that it accurately reflects the terms and conditions of the Employment Contracts and determine if any under or overpayments have occurred. Additionally, we also recommend constant monitoring of deductions paid as part of the fortnightly pay run review.
    - Develop a policy outlining the eligibility criteria, duration, calculation method, and any other relevant terms and conditions associated with loyalty allowances. This policy should be communicated to all staff once approved by Council.

    Management Comment:

    The Shire acknowledges the need for improved record keeping and documented evidence of review. While the Shire considers these first two instances to be an oversight, further emphasis will be placed over these requirements to ensure that policies in respect of these areas are adhered to going-forward.

    The Shire further acknowledges the benefit of written policies and procedures surrounding non-regular pay items – including overtime, deductions and allowances. Responsibility of the review and approval of these items reside with the Executive Manager and, while the Shire considers this review adequate to identify any inappropriate activity, the Shire will consider the enhancement of the control environment through written policy(ies) outlining the eligibility

ATTACHMENT

SHIRE OF QUAIRADING

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2024

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

criteria, duration, calculation method, and any other relevant terms and conditions associated with non-regular pay items.

Responsible Officer: *Tricia Brown*
Completion Date: *31/07/2024*

AMD

AUDIT PLANNING SUMMARY

SHIRE OF QUAIRADING
Year ended 30 June 2024

AMD Chartered Accountants on behalf of
Office of the Auditor General for Western Australia

Liability limited by a scheme approved under Professional Standards Legislation

Table of Contents

1.   Purpose of the Audit Planning Summary

The purpose of this Audit Planning Summary is to provide the Shire of Quairading Audit and Risk Committee and Executive Management our proposed approach to the audit of the financial report of the Shire of Quairading for the year ending 30 June 2024.

This Audit Planning Summary will be discussed during the meeting scheduled for the 12th April 2024 and ensures our responsibility to communicate with those charged with governance are satisfied.

Specifically, this Audit Planning Summary includes:

- Introduction
- Terms of Engagement and Appointment
- Our Audit Approach
- Significant Risks and Other Audit Issues
- Audit Emphasis and Significant Account Balances
- Management Representation Letter
- Related Entities
- Reporting Protocols
- Proposed Audit Schedule
- Audit Evidence - Specific Audit Requirements
- Your Audit Team

If there are any matters in the Summary that you would like clarified, please do not hesitate to contact us.

There may be areas where you would like us to increase the audit focus. We would be pleased to discuss these to determine the most efficient and effective approach to performing the Shire of Quairading's audit requirements.

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2.   Introduction

2.1 Background and General Information

Quairading is nestled in the central Wheatbelt of Western Australia, on Noongar Ballardong country just 167km east of Perth on the York-Quairading Road. It offers a variety of cultural, sporting and social activities.

Quairading is a farming community with a population of approximately 1,200, producing cereal and grain crops, forestry, wool, sheep and cattle supported by rural service industries. The district includes the localities of Quairading, Pantapin, Yoting, Badjaling, Dangin, South Caroling, Balkuling, Doodenanning & Wamenusking.

Individual Councillors, including the President, cannot make decisions as individuals. The Council itself does not have any delivery or executive functions, but rather relies on the decisions of the majority of the group which provide direction for the Chief Executive Officer to implement.

The Local Government Act defines the roles of Council and the Councilor's as follows:

Role of Council
1. direct and control the Local Government's affairs and functions;
2. oversee the allocation of the Local Government's finances and resources;
3. determine the Local Government's policies; and
4. ensure that there is an appropriate structure for administering the Local Government.

2.2 Shire Council and Executive Management

The Shire of Quairading Council consists of:

President	Jo Haythornthwaite
Deputy President	Trevor Stacey
Councillor	Renee Faltyn
Councillor	Becky Cowcill
Councillor	Jonathan Hippisley
Councillor	Peter Smith
Councillor	Jo Hayes

The Shire Executive Management consists of:

Chief Executive Office ("CEO")	Natalie Ness
Executive Manager of Corporate Services	Tricia Brown
Executive Manager of Works and Services	Sarah Caporn
Executive Manager of Community, Projects and Strategy	Jen Green
Executive Officer – Governance	Marion Haeusler

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2.3 Governance and Roles and Responsibilities

As one of Australia's three spheres of government (Federal, State, Local), Local Government is the sphere that most closely affects the daily lives of members of the local community.

The roles and responsibilities of Local Government generally include:
- infrastructure and property services, including local roads, bridges, footpaths, drainage, waste collection and management;
- provision of recreation facilities, such as parks, sports fields and stadiums, golf courses, swimming pools, sport centres, halls, camping grounds and caravan parks;
- health services such as water and food inspection, toilet facilities, noise control and meat inspection and animal control;
- community services, such as child-care, aged care and accommodation, community care and welfare services;
- building services, including inspections, licensing, certification and enforcement;
- planning and development approval;
- administration of facilities, such as airports and aerodromes, ports and marinas, cemeteries, parking facilities and street parking;
- cultural facilities and services, such as libraries, art galleries and museums; and
- water and sewerage services in some states.

Local Government revenue comes from three main sources:
- rates;
- fees and charges; and
- grants from Federal and State/Territory Governments.

The Shire of Quairading is governed by an independent Council. Councillors are elected by the ratepayers.

The Shire of Quairading Council appoints a CEO to ensure resources are effectively and efficiently managed. Council may delegate to the CEO the exercise of any of its powers or the discharge of any of its duties under the Local Government Act 1995.

2.4 Financial Report and Regulation

The Shire of Quairading's annual financial report is general purpose financial statements prepared in accordance with the Act and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Applicable financial reporting regulations the Shire of Quairading must comply with includes:
- Local Government Act 1995 ("the Act");
- Local Government (Financial Management) Regulations 1996 ("the Regulations"); and
- Local Government (Audit) Regulations 1996.

The Auditor General's audit report will be prepared in accordance with the Act, Regulations and Australian Auditing Standards and include the audit opinion on the annual financial report.

The Shire of Quairading is required to publish the auditor's report with the annual financial report on its website.

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3. Terms of Engagement and Appointment

3.1 Auditor General

Following proclamation of the Local Government Amendment (Auditing) Act 2017, the Auditor General becomes responsible for the annual financial report audit of Western Australian Local Governments.

3.2 Contractor Appointment – AMD Chartered Accountants ("AMD")

AMD has been contracted by the Auditor General to perform the Shire of Quairading financial report audit on the Auditor General's behalf for the year ending 30 June 2024. The OAG and AMD have signed a contractor agreement which outlines the relationships between the OAG, Shire and AMD.

Our audit procedures will be conducted under the direction of the Auditor General, who will retain responsibility for forming the audit opinion and issuing the audit report to the Shire of Quairading. The signed contractor agreement requires AMD to use its own audit approach and methodology in carrying out the services provided.

AMD is required to report any matter to the Auditor General which may affect the Auditor General's responsibilities under the Auditor General Act 2006. AMD's reporting requirements as outlined within the contractor agreement are outlined within section 9 of this Audit Planning Summary, Reporting Protocols.

3.3 Conflicts of Interest

We confirm we have completed our independence evaluation and are satisfied we do not have any actual or perceived conflicts of interest in completing the annual audit of the Shire of Quairading on behalf of the Auditor General.

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4.   Our Audit Approach

4.1 Audit Approach Steps

Our audit approach comprises five steps:

STEP 5
- Provide Signing Review Memo (SRM) draft management report, financial report, signed Representation Letter and access to audit workpapers to the OAG

STEP 1
- Update our understanding of LG and processes
- Identify and assess risk
- Identify significant accounts
- Understand and evaluate control environment

STEP 2
- Test operating effectiveness of controls, where applicable
- Assess reliance on controls
- Sample testing of transactions
- Assess risk of misstatements

STEP 4
- Completion procedures
- Overall evaluation of audit evidence
- Obtain signed Management Representation Letter from LG

STEP 3
- Review format of the financial report
- Verify balances and disclosures in the financial report, including the notes

4.2 Audit Approach and Methodology

Our audit approach is designed to specifically focus audit attention on the key areas of risk faced by the Shire of Quairading in reporting on finances and performance.

As part of our audit approach, we have conducted an initial financial report risk assessment to determine whether any of the risks identified are, in our judgement, high risks. A high risk is an assessed risk of material misstatement in the financial report that in our judgement is a key audit area and therefore requires special audit consideration.

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Our assessment of key audit areas is based on:
- Discussions held with the Executive Management team;
- The complexity of transactions within each audit area;
- The degree of subjectivity in the measurement of financial information related to the risk, in particular those requiring significant accounting estimates and assumptions; and
- The degree of susceptibility to fraud risk.

Testing of high risk material balances follows a hierarchy approach commencing with tests of controls, substantive analytical review procedures and finally tests of details. Testing of low risk material balances is coordinated with the auditing of high risk material balances.

Our audit will be separated into two components, the interim audit and the final audit.
The interim audit includes:
- understanding the Shire of Quairading's current business practices;
- assessment and response to engagement risk, entity risk and system risk;
- understanding the control environment and evaluating the design and implementation of key controls and, where appropriate, whether they are operating effectively;
- testing transactions to confirm the accuracy and completeness of processing accounting transactions;
- clarifying significant accounting issues, including accounting estimates and fair value considerations before the annual financial report is prepared for audit;
- review and assess legislative compliance;
- review and assess contingent liabilities;
- review and assess progress with respect to the introduction of applicable new Accounting Standards; and
- follow up prior year management letter comments and recommendations.

The final audit focuses on verifying the annual financial report and associated notes, and includes:
- verifying material account balances using a combination of substantive analytical procedures, tests of details, substantiation to subsidiary records and confirmation with external parties; and
- reviewing the annual financial report and notes for compliance with the *Local Government Act 1995*, *Local Government (Financial Management) Regulations 1996* and to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

It is important to note that:
- The Council and the CEO are responsible for keeping proper accounts and records, maintaining effective internal controls, preparing the annual financial report, and complying with the Local Government Act and Regulations, and other legislative requirements.

- An audit does not guarantee that every amount and disclosure in the annual financial report is free from error. Also, an audit does not examine all evidence and every transaction. However, our audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the annual financial report.

- The Council and CEO are responsible for ensuring the accuracy and fair presentation of all information in its annual report, and that it is consistent with the audited annual financial report. The OAG does not provide assurance over your annual report.

- The Council and the CEO have responsibility for maintaining internal controls that prevent or detect fraud or error and to ensure regulatory compliance. The Audit Committee and AMD/the OAG should be informed by management of any fraud or material errors. During the audit we will make inquiries with management about their process for identifying and responding to the risks of fraud, including management override. It should be noted that our audit is not designed to detect fraud, however should instances of fraud come to our attention, and we will report them to you.

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4.3 Australian Auditing Standards

Our audit is conducted in accordance with Australian Auditing Standards. Our aim is to provide reasonable assurance whether the annual financial report is free of material misstatement, whether due to fraud or error. We perform audit procedures to assess whether, in all material respects, the annual financial report is presented fairly in accordance with the Local Government Act 1995, Local Government (Financial Management) Regulations 1996 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

The nature of the audit 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.

As a result, an audit cannot guarantee that all material misstatements will be detected. We examine, on a test basis, information to provide evidence supporting the amounts and disclosures in the annual financial report, and assess the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by management.

4.4 Materiality

The scope of our audit also applies materiality. The planning materiality level will be calculated and determined using AMD's audit methodology. The amount of materiality may be adjusted during the audit, depending on the results of our audit procedures.

4.5 Fraud Risk

In accordance with *ASA240 The Auditor's Responsibility Relating to Fraud in the Audit of a Financial Report,* when planning and performing audit procedures and evaluating the results, the auditor must consider the risk of material misstatement in the financial report as a result of fraud or error.

Council and management of the Shire of Quairading is responsible for the prevention and detection of fraud and error. The Shire is responsible for maintaining accounting records and controls designed to prevent and detect fraud and error, and for the accounting policies and estimates inherent in the financial report.

We will request management complete a self assessment fraud control questionnaire. This allows us to make inquires of management, to obtain an understanding of the risk of fraud within the Shire and to determine whether management have knowledge of fraud activities. We will review the fraud control questionnaire assessment.

In addition we will review the Shire's fraud prevention control procedures, review significant or unusual transactions, review accounting estimates and key assumptions and review year end accounting adjustments.

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4.6 Meetings

4.6.1 Entrance Meeting

The entrance meeting will discuss this Audit Planning Summary and be held with the Audit and Risk Committee (or where impractical for the Audit and Risk Committee, a representative from Council), CEO, Executive Manager of Corporate Services, OAG Director and AMD.

4.6.2 Interim Audit Findings

The interim audit findings will be discussed with management by the audit team at the completion of the interim audit. Draft management letters will be provided to the Shire's CEO for coordination of comments from appropriate members of your management.

4.6.3 Final audit close out meeting

The final audit findings will be discussed with management by the audit team at the completion of the final audit.

4.6.4 Exit meeting

The exit meeting will discuss the financial report, proposed audit report to be issued and the management letter. This meeting will be held with the Audit and Risk Committee (or where impractical for the Audit and Risk Committee, a representative from Council), CEO, Executive Manager of Corporate Services, OAG Director and AMD.

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5. Significant Risks and Other Audit Issues

Through discussions with the Executive Management team and based on the 2022/2023 audit, we have identified the following issues and key areas of risk affecting the audit.

Details of Risk / Issue	Audit Approach

Audit findings reported in the previous audit including the following:
 	
INTERIM
1. General Journals
  • We noted that all the journals selected for testing were not signed as evidence of independent review.
2. CEO Credit Card Missing Invoices
  • We noted 3 occasions where no tax invoice was retained as support for purchases made on the CEO credit card, and one instance where a statutory declaration was completed, however no amount was included to support the purchase made on the CEO credit card.
3. Terminated Employee Checklist
  • We noted that a Termination checklist was not completed for the employee (Shannon Wruck) selected for testing from the list of employees terminated between July 2022 and March 2023.
4. Non-compliance with Local Government (Financial Management) Regulations 1996
  • The 30 June 2023 Budget was adopted by Council on 25 August 2022 and submitted to the Department on 7 October 2022 (not submitted within 30 days)
5. Purchase Orders
  • During our review of 4 batch payments, there were 10 instances identified where purchase orders were raised after the supplier invoice was raised.
6. Information Technology Environment
  • We noted there was no specific employee IT Usage Policy is in place.
  • Although a disaster recovery plan is in place, a copy is not retained off site, and has not been tested.
7. Daily Banking Exceptions
  • We noted one instance from our sample selection of 20 that the bank reconciliation was not signed by the preparer as evidence of completion of the reconciliation, nor by the reviewer as evidence of independent review.
  • We noted four instances where the banking was carried out in excess of 1 day of receipt of the funds.
FINAL
1. Employee entitlements exceptions
  • During our review of employee leave balances, it was noted that 1 employee has an annual leave balance in excess 8 weeks as at 30 June 2023.
  • Furthermore, our testing of leave taken, identified that an incorrect balance of long service leave taken was recorded and not identified in a timely manner.
	We will follow-up on the resolution of issues reported in last year's audit.

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Details of Risk / Issue	Audit Approach

We have identified the following areas that we consider require additional focus during 2023/2024 Local Government Audits:
• Purchasing processes and documented evidence relating to obtaining quotations and tenders.
• Revenue recognition including the application of *AASB 15 Revenue from Contracts with* Customers and *AASB 1058 Income of Not-for-profit Entities.* Assessment of the correlating contract asset or liability recorded.
• Identification and recording of leases in accordance with *AASB 16 Leases,* including commercial leases recognising ROU asset and corresponding liability and concessionary leases recorded at zero.
• General accounting journals ensuring adequately supported and independently reviewed.
• Related party disclosures.
• Contingent Liabilities, including waste facility and contaminated sites.
• Joint arrangements (joint operations, joint ventures) and investment in associates. Ensure consideration has been given to correct accounting treatment for arrangements in place.
• Assessment of requirements relating to Landfill sites including:
  ▪ Determining the category of landfills held by the Local Government, whether:
  1. Category 1 - Landfills regulated under Part V of the EP Act 1986 requiring registration only;
  2. Category 2 - Landfills regulated under Part V of the EP Act requiring licensing; or
  3. Category 3 - Landfills regulated under Part IV of the EP Act.
  ▪ Once the category has been established, determine whether a post closure plan is required to be prepared with valuations assigned (an independent assessment).
  ▪ Determine whether a provision is required or appropriate financial report disclosure.
• Assessment of application of rate concessions (where applicable).
• Fair value assessment of land, buildings and infrastructure assets in accordance with *AASB 13 Fair Value Measurement* and *Regulation 17A of the Local Government (Financial Management) Regulations 1996* noting amended minimum revaluation timing of 5 years *[Local Government Regulations Amendment Regulations (No. 3) 2023].*
Note: All infrastructure asset classes were last revalued in 2023 including land & buildings therefore they are not due for revaluation as per the Regulations in 2024 year.
	We will review the accounting treatment and disclosure processes during our interim and final audits. We will ensure the disclosures in the annual financial report are appropriate and comply with the requirements of the Australian accounting standards.
	
	For asset revaluation, we will obtain the external (or management) valuation report and review the appropriateness of the main assumptions, valuation techniques and unobservable inputs used.
	
	Where valuation is performed internally, we ask that the Shire consider having this assessment peer reviewed by an independent valuer to obtain assurance over the valuation methodology applied, inputs and the reasonableness of the valuation model applied.

The following annual financial report items are derived from accounting estimates and hence will receive specific audit attention: • Provision for annual and long service leave • Fair value of assets • Impairment of assets	We will review the method and underlying data that management and where applicable third parties use when determining critical accounting estimates. This will

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Details of Risk / Issue	Audit Approach
	include considering the reasonableness of assumptions and corroborating representations. Audit procedures will address potential management bias in accounting estimates, the assessment of inherent risk factors and applying professional scepticism to estimates included within balances. Audit procedures for Valuation of Land, buildings and infrastructure to also include assessment of reasonableness of revaluation movements.
Identifying and Assessing the Risks of Material Misstatement	As required by Australian Auditing Standard *ASA315 Identifying and Assessing the Risks of Material Misstatement,* we will devote greater attention to: • Identification of significant risks in practice; • Obtaining an understanding of the system of internal control; and • Assessment of IT risks. We will review the method and underlying data that management and where applicable third parties use when determining risks associated with internal controls, IT risks and risk of material misstatement of the financial report. This will include considering the reasonableness of internal Shire risks framework documents, documented policies and procedures relating to financial internal controls and documented IT policies and procedures. Audit procedures will address significant risk relating to misstatement, the assessment of inherent risk factors, and the assessment of control risk factors, the assessment of IT risks and applying professional scepticism to the nature and extent of risks of material misstatement.

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6.   Audit Emphasis and Significant Account Balances

Our audit approach involves assessing the Shire of Quairading's overall control environment and understanding key business processes/cycles and internal controls relevant to the audit.

We will test key controls for all significant business cycles. The level of testing will be dependent on our assessment of the risk in each business cycle. We plan to address the following cycles:

- Revenue and Receivables cycle;
- Expenditure and Payable cycle;
- Payroll and Employee Entitlements cycle;
- Cash and Financing cycle;
- Inventory cycle; and
- Fixed assets cycle (Property, Plant, Equipment and Infrastructure).

The extent of our reliance on controls, together with the materiality level, determines the nature and extent of our audit procedures to verify individual account balances.

The table below lists those items in the Statement of Financial Position and the Statement of Comprehensive Income that are significant account balances, and our planned audit approach for these balances. When selecting significant account balances, we consider materiality, the nature of the balance, inherent risk and the sensitivity of disclosures.

Significant Account	2023 Audited Balance $'000	Audit Approach
Statement of Financial Position		
Cash and cash equivalents	6,756	• Review and assess effectiveness of internal controls. • Perform walkthroughs of the cash cycle. • Review bank reconciliations. • Review transfers between bank accounts. • Verify large or unusual reconciling items. • Verify year end bank balance through bank confirmations. • Verify classifications including restricted / unrestricted; trust vs municipal and financial assets. • Analytical review.
Financial Assets, including Self Supporting Loans	81	• Review and assess effectiveness of internal controls. • Perform walkthroughs of the financial assets cycle. • Review investment reconciliations. • Verify year end investment balances, including Local Government House investment through external confirmations (where applicable). • Review internal controls, self-supporting loan debtor invoicing and reconciliations. • Analytical review.

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Significant Account	2023 Audited Balance $'000	Audit Approach
Receivables including rates and other current Assets	618	• Review and assess effectiveness of internal controls. • Perform walkthroughs of the revenue and receivable cycle. • Perform cut-off testing and review credit notes. • Review subsequent receipts. • Review expected credit loss assessment ensuring compliant with AASB9. • Analytical review.
Land held for resale	751	• Review and assess effectiveness of internal controls. • Review listings of land held for re-sale. • Obtain titles to verify existence and ownership of land held for re-sale. • Obtain evidence to support land development or land held for sale (agent listing, advertising). • Verification of value ensuring lower of cost and net realizable value. • Ensure classification between current and non-current correct.
Inventories	11	• Review and assess effectiveness of internal controls. • Perform walkthroughs of the inventory cycle. • Review of stock listings. • Verification of units costs. • Consider obsolete and slow moving inventories.
Other Assets / Contract Assets	867	• Review and assess effectiveness of internal controls. • Perform walkthroughs of the revenue and receivable cycle. • Verification of prepayment, accrued income and contract asset calculation, ensuring requirements of AASB15 are met. • Review of evidence to support when a performance obligation has been satisfied in accordance with the applicable Contract / Agreement to verify calculations.
Property, plant, equipment and infrastructure	123,898	• Review and assess effectiveness of internal controls, including internal control testing with respect to the Shire's processes for determining inputs into fair value. • Perform walkthroughs of the fixed assets cycle. • Analyse year end balances for each major class of asset comparing to last year. • Perform sample testing on asset additions and disposals. • Review management's impairment assessment at year end. • Test items posted to construction in progress to assess appropriateness of expenses being capitalised. • Review accounting treatment for repairs and maintenance costs to determine correct classification. • Ensure assets less than $5,000 are expensed as required. • Ensure vested land and restricted use assets recorded in accordance with AASB13 take into account externally imposed restrictions. • Review developer contributions to ensure correctly recorded and disclosed.

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Significant Account	2023 Audited Balance $'000	Audit Approach
Right to use assets and corresponding lease liability	Asset-24 Liability-(21)	• Review of internal controls, including the means utilised to identify and record leased asset arrangements. • Verify leased assets transaction calculations and test on a sample basis. • Ensure vested improvements appropriately recorded. • Analytical review. • Ensure compliance with AASB16.
Payables	(1,283)	• Review and assess effectiveness of internal controls. • Perform walkthroughs of the purchasing and payables cycle. • Test for unrecorded liabilities and review subsequent payments post year end. • Test and review material accrual balances. • Ensure prepaid rates are correctly classified as a liability in accordance with AASB 1058. • Analytical review.
Other Liabilities / Contract Assets	(512)	• Review and assess effectiveness of internal controls. • Verification of contract liability calculation, ensuring requirements of AASB15 are met. • Review of evidence to support when a payment is due or already received before the related performance obligation has been satisfied in accordance with the applicable Contract / Agreement.
Borrowings	(344)	• Review and assess effectiveness of internal controls. • Agree amounts to WATC confirmation. • Verification of classification between current and non-current. • Agree bank facilities to confirmation.
Provisions	(213)	• Review internal controls and employee provision reconciliations. • Review the reasonableness of assumptions and calculations. • Ensure calculations and disclosure in accordance with AASB 119. • Test a sample of leave balances to ensure accuracy. • Analytical review. • Ensure adequacy of long service leave liability for casual employees if applicable.
Equity (Total)	130,634	• Review internal controls. • Sample test reserve movements to supporting documentation including cash reserves and asset revaluation reserves. • Analytical review.
Statement of Comprehensive Income		
Operating and non-operating grants, subsidies and contributions	4,676	• Review of key processes and controls. • Perform walkthroughs of the revenue cycle relating to grants, subsidies and contributions. • Sample testing of transactions, including grant agreements. • Perform cut-off testing. • Review and test disclosures relating to unspent grants at year end,

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Significant Account	2023 Audited Balance $'000	Audit Approach
		ensuring treated correctly in accordance with relevant Australian Accounting Standard. • Sample testing of non-cash contributions. • Analytical review.
Rates	2,492	• Review of key processes and controls. • Perform walkthroughs of the revenue cycle relating to rates. • Sample testing of transactions. • Perform cut-off testing. • Analytical review. • Ensure revenue recognition complies with AASB 15 and AASB 1058
Fees and charges	617	• Review of key processes and controls. • Perform walkthroughs of the revenue cycle relating to fees and charges. • Sample testing of transactions. • Perform cut-off testing and review credit notes. • Assessment of requirements to conduct site visits to facilities operated where fees and charges are applied. • Analytical review. • Ensure revenue recognition complies with AASB 15 and AASB 1058
Other revenue, including interest earnings and fair value adjustments to financial assets	568	• Review of key processes/controls. • Perform walkthroughs of the revenue cycle relating to other revenue. • Sample testing of transactions. • Perform cut-off testing. • Review credit notes. • Analytical review. • Ensure revenue recognition complies with AASB 15 and AASB 1058
Employee related expenses	(2,121)	• Review of key processes and controls. • Perform walkthroughs of the payroll cycle. • Sample testing of transactions. • Verify wages reconciliation. • Analytical review.
Materials and contracts Utility charges Insurance expenses	(2,355)	• Review of key processes and controls. • Perform walkthroughs of the purchasing and payments cycle. • Sample resting of transactions. • Analytical review.
Depreciation and Amortisation	(3,088)	• Review of management's assessment of the useful lives of assets and assess reasonableness. • Verify depreciation expenses to valuation reports (where applicable). • Perform re-calculation tests. • Analytical review.

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Significant Account	2023 Audited Balance $'000	Audit Approach
Other expenses, including interest expense and loss on asset disposal	(217)	• Review of key processes/controls • Perform walkthroughs of the purchasing and payments cycle. • Sample testing of transactions. • Agree interest expense to WATC confirmation. • Verify calculations of profit or loss on sale of property, plant and equipment including sample testing on individual transactions. • Review listing of other expenses to identify large or unusual accounts and test accordingly. • Analytical review.

The table below lists those significant financial statement disclosures or other auditable areas and our planned audit approach for these disclosures. When selecting significant disclosures, we consider materiality, the nature of the item, inherent risk and the sensitivity of disclosures.

Statement, Auditable Area and / or Disclosures	Audit Approach
Statement of Cash Flows and Cash Flow Reconciliation Note	• Review and assess effectiveness of internal controls. • Review Statement of Cash Flows and reconciliation note calculations. • Ensure disclosures comply with the Local Government Act 1995 and Local Government (Financial Management) Regulations 1996.
Legislative Compliance	• Ensure Shire of Quairading's financial management policies and procedures are compliant with the Local Government Act 1995, Local Government (Financial Management) Regulations 1996 and Accounting Standards. • Assess Shire of Quairading's compliance with internal policy and procedures throughout the year, identify any instances of non-compliance which also resulted in legislative requirements not being met. • Review draft annual financial statements to ensure compliance with Local Government Act 1995, Local Government (Financial Management) Regulations 1996 and Australian Accounting Standards.
Contingent Liabilities	• Review of internal controls. • Enquiries of management. • Assess Council's disclosures of obligations under the Contaminated Sites Act 2003. • Ensure disclosures comply with the Local Government Act 1995 and Local Government (Financial Management) Regulations 1996. • Determine if any contingent liabilities relating to waste facilities, contaminated sites or aluminium composite panelling.
Capital and Other Commitments	• Review and assess effectiveness of internal controls. • Enquiries of management. • Verify disclosures to supporting calculations and documentation. • Ensure disclosures comply with the Local Government Act 1995 and Local Government (Financial Management) Regulations 1996.
Related Party Transactions,	• Review and assess effectiveness of internal controls.

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Statement, Auditable Area and / or Disclosures	Audit Approach
including elected member remuneration, key management personnel compensation and transactions with related parties	• Enquiries of management. • Obtain an understanding of the means utilised to identify related parties and record related party transactions. • Verify elected members remuneration calculations and test on a sample basis. Analytical review. • Verify key management personnel compensation calculations and test on a sample basis. Ensure KMP classifications correct. • Assess related party transactions terms and associated fraud risks. • Ensure completeness of disclosures. • Identify any related parties with dominant influence. • Ensure related party disclosures comply with AASB124.
Joint Arrangements	• Review of internal controls. • Enquiries of management. • Obtain an understanding of the means utilised to identify and record joint arrangements. • Obtain joint arrangement agreements. • Verify joint arrangement venture transaction calculations and test on a sample basis. • Analytical review. • Ensure completeness of disclosures and in accordance with AASB. • Ensure disclosures comply with the Local Government Act 1995 and Local Government (Financial Management) Regulations 1996.
Financial Risk Management	• Review and assess effectiveness of internal controls. • Review financial risk management note and reconciliation calculations. • Ensure disclosures comply with the Local Government Act 1995 and Local Government (Financial Management) Regulations 1996.
Internal Control and Risk Management	• Assess control environment including segregation of duties and level of independent review / checks in place. • Ensure Council have established and maintained a risk management framework that is appropriate. • Assess how management place a strong emphasis on the design, implementation and maintenance of internal control to prevent and detect fraud. • Assess classes of transactions and account balances which are more susceptible to fraud and test accordingly.
Fraud	• Assess control environment including segregation of duties and level of independent review / checks in place. • Assess how management place a strong emphasis on fraud prevention and deterrence. Review reporting mechanisms to those charged with governance. • Assess classes of transactions and account balances which are more susceptible to fraud and test accordingly. • Review of unusual transactions, in particular near balance date which may have a significant effect on the result.
IT	• Obtain an understanding of the IT general control environment. • Perform tests to assess the effectiveness of IT general controls over the IT system, including both physical and logical access of the users, change management process and audit trail / transaction log.

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Statement, Auditable Area and / or Disclosures	Audit Approach
Accounting General Journals	• Assess control environment in respect to accounting general journal entry and level of independent review / checks in place. • Sample testing of accounting general journals. • Assess classes of transactions and account balances which are more susceptible to fraud and test any large or unusual accounting general journals accordingly. • Review of unusual accounting general journals, in particular near balance date which may manipulate the result.
Accounting Estimates	• Assess control environment in respect to accounting estimates and level of consultation / independent review / checks in place. • Sample testing of application accounting estimates, ensuring significant assumptions used in making accounting estimates are reasonable. • Assess classes of transactions and account balances which are more susceptible to fraud and test any large or unusual accounting estimates accordingly. • Review of unusual accounting estimates, in particular those recorded or changed near balance date which may manipulate the result. • Ensure accounting estimates disclosures comply with the Local Government Act 1995, Local Government (Financial Management) Regulations 1996 and Australian Accounting Standards.

7. Management Representation Letter

The above audit procedures assume that management expects to be in a position to sign a management representation letter. This letter should be reviewed and tailored to meet your local government's particular circumstances, and be signed and dated by the CEO and Executive Manager of Corporate Services as close as practicable to the date of the proposed auditor's report. Ordinarily, this would be no longer than five working days prior to the issue of the auditor's report.

Please bring to the attention of the President that we will also be relying on the signed Statement by CEO in the annual financial report as evidence that they confirm:
• they have fulfilled their responsibility for the preparation of the annual financial report in accordance with the *Local Government Act 1995*, *Local Government (Financial Management) Regulations 1996* and Australian Accounting Standards
• they have provided us with all relevant information necessary or requested for the purpose of the audit
• all transactions have been recorded and are reflected in the annual financial report.

8. Related Entities

Section 7.12AL of the *Local Government Act 1995* applies section 17 of the *Auditor General Act 2006* to a local government. Section 17 requires a local government to advise the Auditor General in writing of details of all related entities that are in existence.

9. Reporting Protocols

9.1 AMD Reporting Requirements

AMD is to provide a report to the Auditor General to enable the Audit General to:
• form the audit opinion with respect to the Shire of Quairading's annual financial report;

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- report any findings, significant control weaknesses and any other relevant matters arising from our audit procedures; and

AMD will be required to form an opinion and report to the Auditor General whether the Shire of Quairading's financial statements:

- are based on proper accounts and records; and
- fairly represents, in all material respects, the results of the operations of the Shire of Quairading and its financial position for the years covered by the contract in accordance with the Act and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

9.2 Management Letter

Significant issues identified during the course of our audit procedures will be discussed with relevant staff and management as soon as possible after being identified. Draft management letters will be provided to the CEO (or other nominated representative) for coordination of comments from appropriate members of your management. We request that these be returned promptly, preferably within 5 working days.

At the conclusion of the audit, the abovementioned management letter will accompany the auditor's report and the audited annual financial report forwarded to the President, the CEO and the Minister for Local Government. The management letter is intended to communicate issues arising from the audit that may impact on internal control, compliance, and financial reporting.

Where considered appropriate, and to ensure timely reporting of audit findings and action by management, interim management letters may be issued to the CEO and the President. A copy will also be forwarded to the Minister when we forward our auditor's report on the annual financial report to the Minister on completion of the audit.

Specific matters resulting from issues identified during the audit may be reported in an Auditor General's Report to Parliament. Should this occur, you will be consulted in advance to assure the context and facts of the issue are adequately represented.

9.3 OAG Contract Reporting Requirements

As OAG contractors we are required to report to the OAG as follows:

1. Complete Interim planning audit;
2. Prepare and provide OAG representative with interim audit findings and prepare interim management letter (if required);
3. Complete post 30 June year end audit;
4. Obtain signed Management Representation Letter from Shire of Quairading;
5. Prepare and provide OAG Representative with Signing Review Memo (SRM), Data Collection Sheet, Best Practice Entity Assessment Form, Draft Management Letter, Draft Financial Report and Signed Management Representation Letter; and
6. Provide OAG Representative with access to audit workpapers.

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10.   Proposed Audit Schedule

	Date
Planning and issue of Interim Audit Checklist by AMD	4 April 2024
Entrance Meeting (Shire, OAG & AMD)	12 April 2024
Onsite Interim Audit by AMD	13-14 May 2024
AMD provide OAG clearance for Interim Audit Review including draft Interim Management Letter (week ending)	24 May 2024
OAG complete Interim Audit Review	7 June 2024
Interim Management Letter to be issued by OAG (if required)	11 June 2024
Issue of Year End Audit Checklist by AMD (week ending)	21 June 2024
Final Trial Balance to be provided to AMD by the Shire	26 September 2024
Draft Annual Financial Report to be provided to AMD by the Shire	26 September 2024
Onsite Final Audit by AMD	7– 9 October 2024
AMD provide OAG clearance for Audit File Review including all applicable Contractor deliverables / reports (week ending)	25 October 2024
OAG complete Final Audit Review	7 November 2024
AMD issue exit meeting agenda and associated reports (Management Representation Letter, draft Management Letter and draft Audit Report)	14 November 2024
Exit Meeting (week ending)	To be scheduled dependent on above
AMD to provide the signed AMD Audit Report, stamped FS, signed SRM, final Management Letter and signed Representation Letter to OAG	Within 2 days of Exit Meeting
OAG to issue signed audit report and Management Letter to the Shire.	Within 5 days of Exit Meeting

The above proposed audit schedule is subject to change depending on individual circumstances.

11.   Audit Evidence – Specific Audit Requirements

We will discuss our requirements with your staff to facilitate a timely, efficient and effective audit. We will formally agree our information requirements and timeframes for the final audit with the CEO using our Audit Checklists.

We will issue an Interim Audit Checklist and Year-End Audit Checklist in advance of each audit visit. The checklists are intended to help Shire of Quairading staff to have various documents readily available when we perform our audit.

As the information requests contained within the Audit Checklists will form an important component of our audit working papers, the information must be made available to AMD on the dates specified. This will assist us in delivering an efficient audit and minimising interruptions to Shire staff.

Where information has not been made available to us one week prior to the interim visit or one week prior to our final visit (including draft annual financial report), we anticipate additional audit time may be incurred resulting in additional fees being charged.

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12.   Your Audit Team

	Name	Contact
Contractor – AMD Chartered Accountants		
Director	Tim Partridge	(08) 9780 7555 tim.partridge@amdonline.com.au
Alternate Director	Maria Cavallo	(08) 9780 7555 maria.cavallo@amdonline.com.au
Audit Manager/Team Leader	Chelsea Gardiner	(08) 9780 7555 chelsea.gardiner@amdonline.com.au
Auditor	Tanya Smallegange	(08) 9780 7555 tanya.smallegange@amdonline.com.au
Auditor	Alex Wildman	(08) 9780 7555 Alex.wildman@amdonline.com.au
Office of the Auditor General		
Auditor General	Caroline Spencer	(08) 6557 7500
OAG Representative Director	Cait McGowan	(08) 6557 7552 caitlin.mcgowan@audit.wa.gov.au

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6.2   Audit register - progress report

Responsible Officer   Natalie Ness, Chief Executive Officer

Reporting Officer   Tricia Brown, Executive Manager, Corporate Services

Attachments   1.   Attachment (i) Audit & Risk Register Progress Report - August 2024 (confidential)

Voting Requirements   Simple Majority

Disclosure of Interest Reporting Officer: Nil

Responsible Officer: Nil

COMMITTEE RESOLUTION: ARC 003-24/25

Moved: Cr JC Hayes
Seconded: Cr JN Haythornthwaite

That the Audit & Risk Committee recommends to Council that Council;

1.   Notes the progress recorded against each item within the audit register in confidential attachment (i)

FOR: Crs TJ Stacey, JN Haythornthwaite, JC Hayes and JR Hippisley

AGAINST: Nil

CARRIED 4/0

IN BRIEF

- This report provides an update on the progress of actions included in the audit register.

- The audit register includes all open audit findings that have previously been accepted by the Audit and Risk Committee.

MATTER FOR CONSIDERATION

Receipt of the audit register progress report to 31 July 2024.

BACKGROUND

The external audit, also known as financial audits or audit of the annual financial statements, focuses on providing an objective and independent examination of the financial statements prepared by the Shire, increasing the value and user confidence in the financial statements.

The audit register lists findings from audit reports previously accepted by the Audit & Risk Committee. The register describes the progress of implementing improvements and percentage completion. Progress on the actions is monitored by management, this Committee and Council.

Any new finding from the 2023/2024 interim audit management letter will form part of this report.

STATUTORY ENVIRONMENT

Local Government (Audit) Regulations 1996

Local Government (Financial Management) Regulations 1996

Local Government Act 1995

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

Council will require a budget allocation of $39,500 in the 2024/2025 Budget, which is currently an indicative cost from the OAG, in order to perform the full 2023/2024 Audit of the financial statements. It is anticipated that a budget of a similar amount is to be adopted each year but will be the subject of an annual estimate of audit fees provided by the OAG. Officers' efforts to undertake the improvements and report on progress has not been estimated or reported.

ALIGNMENT WITH STRATEGIC PRIORITIES

5.4   Governance & Leadership: Implement systems and processes that meet legislative and audit obligations

CONSULTATION

Nil.

RISK ASSESSMENT

	Option 1
Financial	Low *Cost of the annual audit is included in the budget. By regularly reviewing progress against audit findings, the risks associated to misconduct and error are significantly reduced.*
Health	Low
Reputation	Low *Compliant with legislative requirements. Failure to complete the findings from audit reports would lead to increased reputational risk.*
Operations	Low *Operational impact is minimal in reporting progress on audit findings. Operational impact of not closing findings would escalate.*
Natural Environment	Low

Likelihood	Consequence				
	Insignificant	Minor	Moderate	Major	Critical
Rare	LOW Accept the risk Routine management	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Unlikely	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Possible	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quartely senior management review	HIGH Quarterly senior management review
Likely	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review	EXTREME Monthly senior management review
Almost certain	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	EXTREME Monthly senior management review	EXTREME Monthly senior management review

COMMENT

The audit register **confidential attachment (i)** counts actions and totals by "Finding #". Each finding may have more than one "recommendation" and associated "agreed management action". Only when all recommendations and agreed management actions within a finding are deemed complete will the finding as a whole be totalled at 100% complete and recommended to be closed.

The process for adding and removing findings to the audit register is as follows:

1. An external audit is completed, and an audit report is finalised.

2. The audit report is presented to the Audit and Risk Committee (ARC).

3. The ARC recommends to Council that it notes and accepts the audit report.

4. All findings from the audit report are **added** to the audit register.

5. Progress is reported by management with updates recorded quarterly in "officer comment / action taken".

6. Any findings deemed as complete by management are marked as "100% complete" with the status of "closed".

7. The audit register – progress report is submitted by management to the ARC.

8. The ARC reviews the audit register and confirms completion of any 100% and closed findings.

9. The ARC recommends to Council that it notes progress and approves the findings marked as complete to be registered as closed.

10. Closed findings are **removed** from the audit register.

A summary of the audit register, included below, will illustrate the trend of actions that have been added, progressed, and completed.

The blue row represents actions added by the ARC. New audit findings presented to the current meeting are included at the subsequent meeting, following acceptance.

The green row represents actions closed by the ARC and will always total 0 for the current meeting date. The closed actions from the current meeting will then be shown in the "closed by the Audit & Risk Committee" total in the subsequent meeting's table summary.

Status of Actions	ARC - Meeting Date						TOTAL
	2/2024	5/2024	8/2024	11/2024			
New actions added by ARC	**1**	**0**	**7**	**0**	**0**	**0**	8
Not commenced ≤10%	**0**	**0**	**0**	**0**	**0**	**0**	
Progressed >11% to 99%	**0**	**0**	**0**	**0**	**0**	**0**	
Completed =100%	**0**	**0**	**0**	**0**	**0**	**0**	
Total (0% to 100%)	**0**	**0**	**0**	**0**	**0**	**0**	
Closed by ARC	7	0	0	0	0	0	7
Total cumulative closed by ARC	0	0	0	0	0	0	
Open Actions	**0**	**1**	**1**	**0**	**0**	**0**	

The committee is requested to recommend to Council that Council note the progress and Officer comments.

Seven new actions have been added to the register following the interim 2023-2024 financial audit.

One audit finding from previous audits remains open with all other items marked as complete and have been closed off and not required to be reported.

All closed items will not form part of the audit register report for future meetings. The closed items are available for external auditors and committee/council to review.

It is requested to note the audit register progress report in **confidential** attachment **(i)**.

ITEM 7 STANDING ITEMS – FINANCIAL REPORTING

7.1   Annual Assessment Report on Community Engagement

Responsible Officer   Natalie Ness, Chief Executive Officer

Reporting Officer   Chloe Nella, Special Projects Officer

Attachments   1.   Analytics on Community Engagement for 2023/24 ⇩ 📄

Voting Requirements   Simple Majority

Disclosure of Interest   Reporting Officer: Nil

                            Responsible Officer: Nil

COMMITTEE RESOLUTION: ARC 004-24/25

Moved: Cr JR Hippisley
Seconded: Cr JN Haythornthwaite

That the Audit & Risk Committee recommend to Council that Council receive the Annual Assessment Report of Council's Community Engagement for the 2023/24 year.

FOR: Crs TJ Stacey, JN Haythornthwaite, JC Hayes and JR Hippisley

AGAINST: Nil

CARRIED 4/0

IN BRIEF

- In accordance with Council's Community Engagement Policy, an annual assessment of the level of engagement achieved is to be reported to the August Audit and Risk Committee.

- The Community Engagement Policy outlines the Shire of Quairading's commitment to appropriate, effective and inclusive community engagement.

- In March 2024, Council adopted the review of the Community Engagement Policy and Community Engagement Action Plan.

MATTER FOR CONSIDERATION

For Council to receive the Annual Community Engagement Assessment Report in accordance with the Shire's Community Engagement Policy.

BACKGROUND

Community engagement is an umbrella term that covers information sharing, consultation and active participation between the Shire and community. It seeks to ensure people have an opportunity to participate in decisions that affect them.

Community engagement is any activity that assists Council:

- Provide opportunities for the community to voice an opinion on any proposals, plans, services and activities

- Work more closely with the community to shape policy options and priorities.

Community engagement does not necessarily mean achieving consensus. However, community input into Council's decision-making processes provides the potential for a better, more informed decision for everyone. This results in:

- Improving the relationship between the community and council

- Enhancing community ownership of decisions

- Adding value to Council's decision-making processes by drawing on the skills and wisdom of people and groups in the community

- Maximising the possible positive impacts of Council decision and minimising the possible negative impacts.

STATUTORY ENVIRONMENT

Local Government Act 1995

POLICY IMPLICATIONS

Community Engagement Policy

Community Engagement Action Plan

FINANCIAL IMPLICATIONS

Nil

ALIGNMENT WITH STRATEGIC PRIORITIES

1.1   **Community**: Work collaboratively with local and regional service providers to engage the community as active citizens.

1.2   **Community**: Provide social and cultural activities for all members of the community

1.3   **Community**: Advocate for the provision of quality health services, health facilities and programs in the Shire

1.4   **Community**: Support local volunteer organisations through initiatives that reduce volunteer fatigue and strengthen their resilience

1.5   **Community**: Support emergency services planning, risk mitigation, response and recovery

2.1   **Economy**: Promote the Economic and Business Growth Strategy for current businesses and the sustainable attraction of new industry (Small Business Friendly Local Government and Action Plan)

2.3   **Economy**: Shire engages stakeholders and partners to help capture local economic development initiatives

2.2   **Economy**: Build upon our "Take a Closer Look" brand with the development of an internal marketing strategy focusing on our community, events and facilities to increase our permanent and transient population

2.4   **Economy**: Encourage local workforce participation

5.1   **Governance & Leadership**: Shire communication is consistent, engaging and responsive

5.2 **Governance & Leadership**: Forward planning and implementation of plans to determine Strategic Plan and service levels

5.3 **Governance & Leadership**: Provide informed and transparent decision making that, meets our legal obligations, and the needs of our diverse community

CONSULTATION

The Shire's Strategic Community Plan 2021-2031 (SCP) identified "strong governance and community engagement" as one of its five (5) key objectives and listed strategy G3 – Community Engagement as an issue to be addressed over the life of the SCP.

RISK MANAGEMENT PRIORITIES

This report addresses the following identified Strategic Risk Management Priorities:

Nil.

RISK ASSESSMENT

	Option 1
Financial	Low
Health	Low
Reputation	Low
Operations	Low
Natural Environment	Low

	Consequence				
Likelihood	Insignificant	Minor	Moderate	Major	Critical
Rare	LOW Accept the risk Routine management	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Unlikely	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Possible	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review
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Almost certain	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	EXTREME Monthly senior management review	EXTREME Monthly senior management review

COMMENT

The attachment outlines the communications and engagement approach that the Shire completed in the 2023 / 24 year.

Attachment one – Communications and engagement approach

A range of community and engagement activities that occurred over the 2023/24 period:

Online	Advertisements	Passion Sheeet, Banksia Bulletin, Quairading Community Noticeboard, Front counter, Seek & Shire emails
	Bulk Text messaging	SMS system – Message Media. WRF updates, Harvest Ban updates, Fire information, event information
	Regional Radio	Shire President updates
	Social Media	Shire and Caravan Park Facebook Pages, Shire Instagram page
	Website	Shire of Quairading website
	Survey	Community Perception Survey, OLDEA Survey, Waste & Recycling Survey
In-person	Engagement Sessions	Sports Precinct Working Group, Reconciliation Action Plan Committee Meetings.
	Council Meetings	Open to Public
	Annual Electors Meeting	Open to Public
	Community Forum & Annual Elector's Meeting	Open to Public – new initiative this year.
	Citizenship Ceremonies	One in 2024
	Australia Day	Large Community event
	Reconciliation Week	Small Community Event
	Kwirrading Koort Opening	Large Community Event
	Community Christmas Party	Large Community Event
	Old School Site Opening	Large Community Event
	In-person Customer Service	Shire Administration Centre – Front counter – DOT Licensing, Health and Building, Rates, Facility Bookings, Planning, Cemetery, Ranger Services. Works Depot Reception – work reports and enquiries, contractor, and supplier enquiries. Shire officers @ CRC – Community Group engagement, grants, meetings, and bulletins.
Indirect	Mail outs	Whole of town/farm mail drops for invitations to large community events and important messaging.

	Town Clock, Noticeboard, Banner, Poster, Signage	Caravan Park information, posters for large community events, banners for tourism. Continual update of signage including Museum, Cemetery, RV site.

Trends of the various avenues used:

Request	Type of request	Amount
Customer Service Requests	No of requests Received	24
Social media – Facebook	Number of likes	1430
	Number of visits	23,500
	Number of posts	216
Communication – Mailchimp system	Number of subscribers	195
	Number of messages	4
Communication – SMS system	Number of subscribers	497
	Number of bulk messages	51
Department of Transport	Number of transactions	2041
Administration Centre	Front Counter attendance	3500
	Caravan Park - No of bookings	1,420
Community survey participation	Community perception survey	110 respondents
	Off leash dog exercise area survey	42 respondents
	Waste and recycling survey	47 respondents

Quairading website analytics:

1. Total Clicks: How many times a user clicked through to the site.
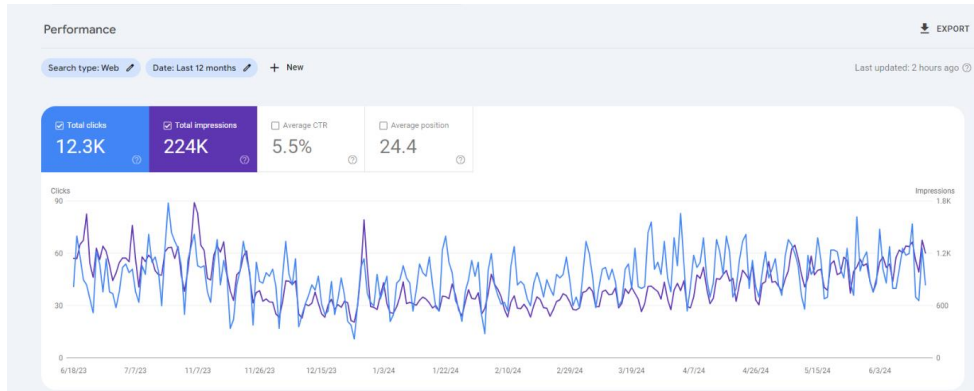
2. Total impressions: How many times a user saw a link to your site in search results.

3. Average CTR: The percentage of impressions that resulted in a click

4. **Average position:** The average position of your site in search results, based on its highest position whenever it appeared in a search.

ITEM 8   STANDING ITEMS – CONTROLS, SYSTEMS AND PROCEDURES

8.1   ICT Disaster Recovery Plan - Major Review

Responsible Officer	Natalie Ness, Chief Executive Officer
Reporting Officer	Tricia Brown, Executive Manager, Corporate Services
Attachments	1. Attachment (i) OAG Media Release - IT Disaster Recovery Planning ⇩ 📄
	2. Attachment (ii) Report 17 - IT Disaster Recovery Planning ⇩ 📄
Voting Requirements	Simple Majority
Disclosure of Interest	Reporting Officer: Nil
	Responsible Officer: Nil

COMMITTEE RESOLUTION: ARC 005-24/25

Moved: Cr JC Hayes
Seconded: Cr JN Haythornthwaite

That the Audit & Risk Committee:

1. Receive the update on the ICT Disaster Recovery Plan - Major Review

2. Receive the OAG Media Release and Report tabled in Parliament – 'Local Government IT Disaster Recovery Planning' – Attachment (i) & (ii)

FOR: Crs TJ Stacey, JN Haythornthwaite, JC Hayes and JR Hippisley

AGAINST: Nil

CARRIED 4/0

IN BRIEF

As per the Disaster Recovery Plan 2020, the Shire is to conduct testing of the plan which simulates the controls in place in the instance of a full failover of the IT Infrastructure following a Disaster. This testing was finalised on the 28th June 2024 by Wallis Computer Systems. This testing will then indicate any changes required to be made to the Disaster Recovery Plan and forms part of the Major Review of the document to ensure continuity of the business in the event of an actual disaster or outage.

MATTER FOR CONSIDERATION

Wallis Computer Solutions are happy with the testing of the plan and had no major outage issues. Wallis are now working on the review of the Disaster Recovery Plan. The Office of the Auditor General has also released a media statement on the 31st May 2024 following a report 'Local Government IT Disaster Recovery Planning', tabled in Parliament. Wallis Computer Solutions are now ascertaining the requirements of the OAG and will be working to consolidate any further requirements into the reviewed plan. This will ensure that the Shire's ICT Disaster Recovery Plan is compliant with the OAG recommendations.

BACKGROUND

The ICT Disaster Recovery Plan was endorsed In September 2020, Endorsement No. 70-20/21 with the aim of the plan to set out the mitigation, preparation, warning, response and business continuity arrangements for the core IT systems of the Shire of Quairading.

STATUTORY ENVIRONMENT

Local Government Act 1995

Work Health & Safety Act 2020

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

There is a cost to Council to test the systems and infrastructure in place however this cost is minimal in respect of the recovery of information and restoration time in the event of a disaster should these risks not be regularly tested, identified and rectified.

ALIGNMENT WITH STRATEGIC PRIORITIES

5.2 **Governance & Leadership**: Forward planning and implementation of plans to determine Strategic Plan and service levels

5.4 **Governance & Leadership**: Implement systems and processes that meet legislative and audit obligations

CONSULTATION

This testing and subsequent identified risks have been ascertained by our IT Providers, Wallis Computer Solutions. Any recommendations or adjustments required will be documented and solutions implemented.

RISK ASSESSMENT

	Option 1
Financial	Low
	Testing reduces the financial risks associated with business continuity
Health	Low
Reputation	Low
	Protecting the Shire's information on an ongoing basis increases the success of critical information being readily restorable
Operations	Low
	Continual identification of risks with an everchanging IT environment reduces the effect on daily operations
Natural Environment	Low

Likelihood	Consequence				
	Insignificant	Minor	Moderate	Major	Critical
Rare	LOW Accept the risk Routine management	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Unlikely	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
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Almost certain	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	EXTREME Monthly senior management review	EXTREME Monthly senior management review

COMMENT

Nil

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Email: natasha.farrell@audit.wa.gov.au

31 May 2024

Lack of IT preparedness risks services to communities in disasters

The Auditor General's report, *Local Government IT Disaster Recovery Planning*, tabled in Parliament today.

The report showed none of the audited six local government entities were ready to recover their IT systems when a disaster strikes.

Auditor General Ms Caroline Spencer said the non-metropolitan entities were of varying sizes – however, none were fully prepared.

'Encouragingly, all the entities were aware of the importance of disaster recovery planning to recover their IT systems and most had developed plans. However, only one had a disaster recovery plan that was adequate and none had tested their plans.

'Further, all the entities used third party vendors to manage and recovery their IT systems, but none had adequate service agreements in place.'

Ms Spencer said previous information systems audits have consistently found issues with local government disaster recovery planning. This audit was an opportunity to delve a little deeper into entities' preparedness.

'Like other public sector organisations, local government entities rely heavily on IT systems to operate and deliver a vast range of services to their communities.

'This makes it increasingly important for all entities, regardless of their size, to have planned their response to disruptions such as cyber attacks and natural disasters.

'Timely recovery of IT systems after a disaster can reduce financial and reputational losses and minimise delays in delivering services to the public.

'I encourage entities to use the better practice principles we have included in this report to improve disaster recovery planning across the local government sector.'

Report resources

- PDF version
- summary video

Report 17: 2023-24 | 31 May 2024

PERFORMANCE AUDIT

Local Government IT Disaster Recovery Planning

WESTERN AUSTRALIAN AUDITOR GENERAL'S REPORT

Local Government IT Disaster Recovery Planning

Report 17: 2023-24
31 May 2024

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THE PRESIDENT
LEGISLATIVE COUNCIL

THE SPEAKER
LEGISLATIVE ASSEMBLY

LOCAL GOVERNMENT IT DISASTER RECOVERY PLANNING

This report has been prepared for submission to Parliament under the provisions of sections 24 and 25 of the *Auditor General Act 2006*.

Performance audits are an integral part of my Office's overall program of audit and assurance for Parliament. They seek to provide Parliament and the people of WA with assessments of the effectiveness and efficiency of public sector programs and activities, and identify opportunities for improved performance.

This audit assessed whether six non-metropolitan local government entities of varying sizes effectively plan and test their ability to recover their information technology systems following a disaster.

I wish to acknowledge the entities' staff for their cooperation with this audit.

Caroline Spencer
Auditor General
31 May 2024

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Auditor General's overview

Local government entities, like other public sector organisations, rely heavily on information technology (IT) systems to operate and deliver a vast range of services to their communities. This makes it increasingly important for all entities, regardless of their size, to have planned their response to disruptions such as cyber attacks and natural disasters.

My Office's previous information systems audits have consistently found issues with local government disaster recovery planning[1]. This audit was an opportunity to delve a little deeper into entities' preparedness. Encouragingly, all the entities we audited were aware of the importance of disaster recovery planning to recover their IT systems and most had developed plans. However, none were fully prepared.

Further, as all the entities we audited relied on third party vendors to manage and recover their IT systems, it is important that vendor service agreements clearly define what is to be delivered.

I encourage entities to use the better practice principles we have included in this report to improve disaster recovery planning across the local government sector. Timely recovery of IT systems after a disaster can reduce financial and reputational losses, and minimise delays in delivering services to the public.

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[1] Office of the Auditor General, *Local Government 2022-23 – Information Systems Audit Results*, OAG, 27 May 2024, accessed 28 May 2024.

Local Government IT Disaster Recovery Planning | 5

Executive summary

Introduction

This audit assessed whether six non-metropolitan local government entities of varying sizes effectively plan and test their ability to recover their information technology (IT) systems following a disaster.

We have anonymised findings throughout this report to not compromise the security and continuity of systems and information at the entities. Detailed findings were provided to each entity.

Background

There are 147 local government entities in WA who provide key services and facilities to their communities. This may include waste management, road repair or broader services such as administration of marinas, cemeteries, airports, medical centres and retirement homes. All entities depend to some degree on functioning IT systems. These systems can be disrupted by disasters such as damage to equipment, cyber attacks, fire or flood. Any such disruption may impact an entity's ability to provide its services.

Entities can best prepare themselves to deal with the impact of a disaster on their systems through the process of IT disaster recovery planning. Good planning should consider several elements, including how and when the plan should be activated, who is responsible, and a clear description of recovery procedures (Appendix 1). These steps are typically captured in a disaster recovery plan (DRP). DRPs generally focus on major disruptions and are not concerned with minor issues such as system glitches or brief losses of communications that occur as part of normal day-to-day operations.

Conclusion

None of the audited entities were ready to recover their IT systems following a disaster as they had not effectively planned or tested their DRPs. All acknowledged the importance of disaster recovery planning and most had developed DRPs. However, only one DRP was adequate and none had tested if their plans would work. Appropriate planning and testing help reduce the likelihood of prolonged system outages that can disrupt business operations, the delivery of services to the community, and be costly to fix.

All the audited entities used third party vendors to manage and recover their IT systems. However, none had adequate service agreements in place. The agreements did not clearly define entities' recovery expectations or vendors' obligations to prepare and test plans. In one case, the entity did not have a formal arrangement in place and relied on a verbal understanding. Clear and appropriate service agreements help ensure vendors understand an entity's needs and will prepare for and respond to a disaster as expected.

Findings

Entities did not appropriately document how they plan to recover their IT systems

Most entities did not fully document how they will respond to a disaster. Five entities developed DRPs, but only one of these included enough information to be effective. The others were missing key elements, such as:

- roles and responsibilities

- when and how to activate the plan

- recovery objectives aligned to entity needs

- which business systems are most important, the associated IT systems and the order in which they need to be restored

- detailed recovery steps.

One entity did not document how it planned to recover its IT systems at all. Entities were aware of the need to recover their IT systems and all had developed high-level business continuity plans which included a requirement to recover IT systems. However, these plans did not have enough detailed information to help manage IT disasters and fully recover key systems. Disasters are inherently disruptive, stressful and unusual situations. If entities do not have a clear, documented plan, they may not be able to respond effectively and restore systems to provide needed services to the community.

Entities did not know if their plans would work as expected

The five entities with DRPs did not test if these plans would successfully recover IT systems and information to meet business needs. As part of day-to-day operations, all had restored individual data files from their backups. However, they had not tested if full IT systems recovery was possible or if recovered data was consistent across applications. Without periodic testing of system recovery, entities cannot be confident their recovery plans and the steps they contain are achievable, up-to-date and effective.

Entities did not determine the nature and frequency of the testing they needed. For example, testing can range from desktop exercises to the recovery of full systems and may include part or all of the DRP (Figure 1). As testing comes at a cost, can be disruptive to entity operations and can lead to accidental outages, entities need to determine the combination of levels of testing most appropriate for their business.

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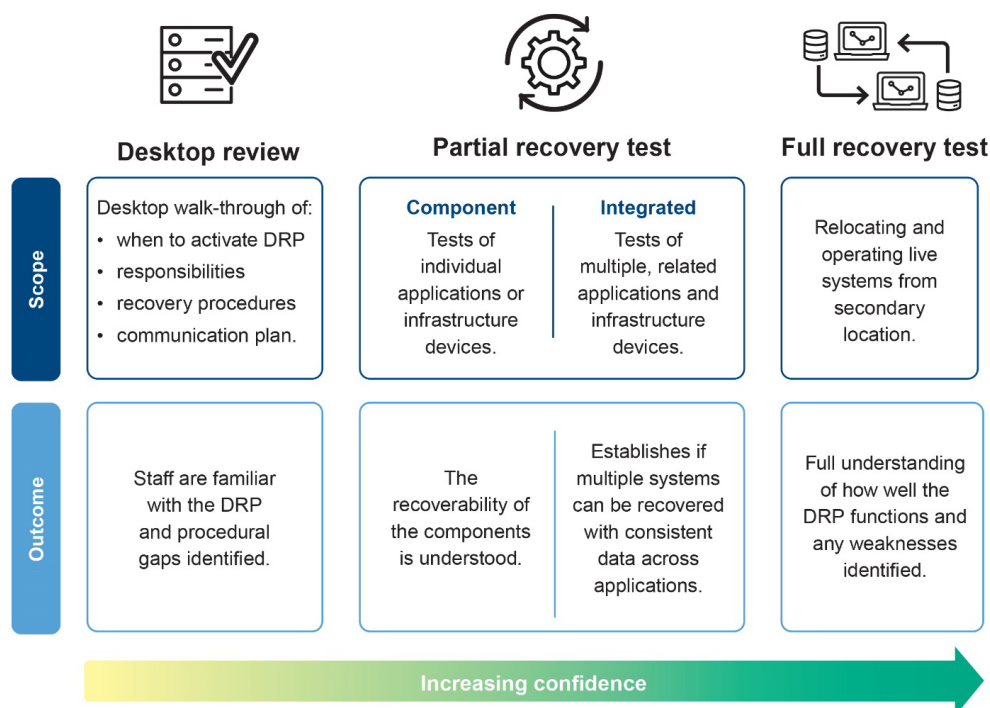
Figure 1: Levels of disaster recovery testing

Source: OAG based on ISO/IEC 27031:2011[2]

Service agreements with IT vendors were not adequate

Entities' agreements with IT vendors were not detailed enough to deal with disasters. All the entities relied on IT vendors to participate in disaster recovery planning and testing and to respond in case of disasters. Five had service agreements in place but these were missing all or some of the following:

- a clear description of the disaster recovery service required

- where the disaster recovery services are to be provided

- a description of the hardware required and delivery timeframes

- a clear requirement for the vendor to participate in disaster recovery planning

- how vendors are involved in testing (nature and frequency)

- timeframes for recovering from a disaster

- processes for monitoring, tracking and evaluating vendor performance

- recourse if expectations are not met.

---

[2] International Organization for Standardization and the International Electrotechnical Commission, _ISO/IEC 27031:2011 Information technology — Security techniques — Guidelines for information and communication technology readiness for business continuity,_ ISO, 2011.

One entity only had a verbal understanding with its IT vendor. In response to the audit, the entity started developing a written agreement. If entities do not have clear and detailed agreements with their vendors, there may be misunderstandings about the service to be supplied. This could impact entities' ability to prepare for a disaster and prolong the restoration of IT systems after an event.

> **Case study 1: Inadequate service agreement could delay recovery**
>
> One entity had a single physical server running its IT systems. If a disaster damages this server, the entity's DRP requires the IT vendor to provide a replacement within 48 hours. However, the agreement with the vendor did not include the 48-hour timeframe nor outline hardware specifications for the replacement.
>
> If the hardware requirements are not clearly stated, the vendor may not be able to deliver appropriate equipment in the required timeframe. This may prolong the entity's reliance on manual processes and increase the time needed to enter the backlog of information after restoration.

Local Government IT Disaster Recovery Planning | 9

Recommendations

The six audited local government entities should:

1. assess their recovery requirements and appropriately document detailed disaster recovery plans. Consideration should be given to key elements as outlined in Appendix 1

2. periodically test their recovery plans, to verify that key IT systems and information can be restored in line with entity expectations

3. review and update their IT vendor service agreements to include obligations for disaster recovery planning, testing and response. Any recourse if services are not met should also be documented.

In accordance with section 7.12A of the *Local Government Act 1995*, the six audited local government entities should prepare a report on any matters identified as significant to them for submission to the Minister for Local Government within three months of this report being tabled in Parliament, and within 14 days of submission publish it on their website.

Response from the audited local government entities

Audited entities generally accepted the recommendations and confirmed that where relevant, they have amended plans and procedures or will improve practices for effective disaster recovery planning.

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Audit focus and scope

This audit assessed whether six non-metropolitan local government entities of varying sizes across WA had effective plans to manage IT disruptions.

Our criteria were:

- Are plans aligned to current business needs?

- Are plans tested to verify effectiveness and continuous improvements?

We visited each entity and:

- reviewed their policies and procedures for disaster recovery planning and testing

- examined other relevant documents and records

- conducted interviews with key staff.

This was an independent performance audit, conducted under section 18 of the *Auditor General Act 2006*, in accordance with Australian Standard on Assurance Engagements ASAE 3500 *Performance Engagements*. We complied with the independence and other ethical requirements related to assurance engagements. Performance audits focus primarily on the effective management including compliance with legislative and other requirements of entity programs and activities. The approximate cost of undertaking the audit and reporting was $230,000.

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Appendix 1: Better practice principles – key elements of IT disaster recovery plans

The table below shows key elements of a disaster recovery plan to help guide an effective plan. These elements are not exhaustive and entities should assess their own needs as part of their preparation.

Key elements	Description
Purpose and scope	The purpose and scope of the plan should be defined and agreed with senior management. It should include: • details and location of the main technology supporting the business • an overview of the organisation and people that manage the technology • the security classification of systems • the relationship of this plan to other business continuity, incident response and cyber security response plans.
Roles and responsibilities	Cleary define the positions, teams and IT vendors with responsibilities for governance, incident escalation and IT disaster recovery. These should have the appropriate skills and knowledge, or contractual arrangements in place. Decision-making and spending authorities should also be clearly documented.
Contact details	Contact details for all key external and internal stakeholders.
Plan activation	Clearly document the circumstances and timeframes that cause the plan to be invoked.
Recovery objectives	Entities should assess the risks and effects a disaster will have to key IT systems. Plans should reflect the current business needs of the entity and outline: • critical business functions and their supporting IT systems. These should be listed in order of importance • recovery time objectives (RTO) - the timeframes in which the IT systems are to be recovered • recovery point objectives (RPO) - the amount of data which can be lost, measured in time.
Recovery procedures	A description of, or direction to, recovery procedures for: • networks, servers, applications and databases • security systems • data synchronisation within and between applications, including potential procedures to handle a backlog of information • data restoration • handover of services to users.
Communication plan	Plans should outline the method and frequency of communication to key stakeholders such as the public, enforcement authorities and other government departments.
Document control and storage	Plans should include clear approvals, version control and where the plan will be stored.
Testing	Plans need to be tested to ensure they can recover IT systems and will work as expected. They should detail the intended frequency, nature and scope of testing.

Source: OAG based on ISO/IEC 27031:2011[3]

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[3] International Organization for Standardization and the International Electrotechnical Commission, *ISO/IEC 27031:2011 Information technology — Security techniques — Guidelines for information and communication technology readiness for business continuity*, ISO, 2011.

Auditor General's 2023-24 reports

Number	Title	Date tabled
17	Local Government IT Disaster Recovery Planning	31 May 2024
16	Local Government 2022-23 – Information Systems Audit Results	27 May 2024
15	Government Campaign Advertising	15 May 2024
14	State Government 2022-23 – Information Systems Audit	12 April 2024
13	Provision of Supplementary Information to the Standing Committee on Estimates and Financial Operations – Opinions on Ministerial Notifications	5 April 2024
12	Digital Identity and Access Management – Better Practice Guide	28 March 2024
11	Funding for Community Sport and Recreation	21 March 2024
10	State Government 2022-23 – Financial Audit Results	20 December 2023
9	Implementation of the Essential Eight Cyber Security Controls	6 December 2023
8	Electricity Generation and Retail Corporation (Synergy)	8 November 2023
7	Management of the Road Trauma Trust Account	17 October 2023
6	2023 Transparency Report: Major Projects	2 October 2023
5	Triple Zero	22 September 2023
4	Staff Exit Controls for Government Trading Enterprises	13 September 2023
3	Local Government 2021-22 – Financial Audit Results	23 August 2023
2	Electricity Generation and Retail Corporation (Synergy)	9 August 2023
1	Requisitioning of COVID-19 Hotels	9 August 2023

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Office of the Auditor General
for Western Australia

8.2   Review of Purchasing Policy

Responsible Officer   Natalie Ness, Chief Executive Officer

Reporting Officer   Tricia Brown, Executive Manager, Corporate Services

Attachments   1.   Attachment (i) Purchasing Policy ⇩ 📄

Voting Requirements   Simple Majority

Disclosure of Interest Reporting Officer: Nil

                            Responsible Officer: Nil

COMMITTEE RESOLUTION: ARC 006-24/25

Moved: Cr JN Haythornthwaite
Seconded: Cr JC Hayes

That the Audit & Risk Committee recommend to Council the proposed changes to the Purchasing Policy - Attachment (i)

FOR: Crs TJ Stacey, JN Haythornthwaite, JC Hayes and JR Hippisley

AGAINST: Nil

CARRIED 4/0

IN BRIEF

Council last reviewed the Purchasing Policy in March 2022. This Policy is reviewed every two (2) years.

No significant changes within the Local Government Act 1995 or relevant legislations have occurred since the last review.

MATTER FOR CONSIDERATION

The Executive Management Team propose that Council consider reducing the need for three (3) written or verbal quotes to two (2) for the below threshold in the Purchasing Policy;

- $5,001 to $20,000 which relates to Purchases that can be made by an Authorised Delegated Officer with three (3) verbal or written quotes

With preference to Priority 2: Local Supplier, staff are finding it increasingly difficult to obtain three (3) quotes from local service providers and therefore putting increased pressure on staff to seek non-local service providers to satisfy the policy's requirements.

For those non-local service providers, taking into consideration their time and travel involved in quoting, are increasingly refusing to quote within this threshold.

BACKGROUND

A review of the Policy has been completed with amendments made to reflect the challenges associated with procurement within the Shire.

STATUTORY ENVIRONMENT

Local Government (Audit) Regulations 1996

Local Government (Financial Management) Regulations 1996

Local Government Act 1995

POLICY IMPLICATIONS

Purchasing Policy

FINANCIAL IMPLICATIONS

There are no direct financial implications of adopting the proposed changes to the Purchasing Policy, however the proposed changes are aimed at ensuring that the Shire of Quairading obtains value for money in its purchasing in a legally and ethically compliant manner.

ALIGNMENT WITH STRATEGIC PRIORITIES

5.3   Governance & Leadership: Provide informed and transparent decision making that, meets our legal obligations, and the needs of our diverse community

CONSULTATION

Consultation has been sought from the Executive Management Team. The proposed changes relate to improvement of internal processes. Accordingly, it was determined that no public consultation is required.

RISK MANAGEMENT PRIORITIES

This report addresses the following identified Strategic Risk Management Priorities:

Nil.

RISK ASSESSMENT

	Option 1
Financial	Low *Purchasing policy is required by legislation and provides governance direction to management and to the delegated purchasing officers.*
Health	Low
Reputation	Low *Risk is mitigated through the regular review of the Policy to align with legislation and Industry Best Practice. Failure to comply with the Policy by management will result in an escalated fraud risk and reputational risk.*
Operations	Low *Processes in accordance with the Policy are already incorporated into Councils' day-to-day operations*
Natural Environment	Low

Likelihood	Consequence				
	Insignificant	Minor	Moderate	Major	Critical
Rare	LOW Accept the risk Routine management	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Unlikely	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Possible	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quartely senior management review	HIGH Quarterly senior management review
Likely	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review	EXTREME Monthly senior management review
Almost certain	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	EXTREME Monthly senior management review	EXTREME Monthly senior management review

COMMENT

Under the Local Government Act, Council is able to make, amend and revoke Policies to assist Council with performing its executive functions and statutory obligations.

COMMENT AFFECTING COMMITTEE DECISION

Cr Haythornthwaite asked for confirmation that relevant staff will receive training in the changes to the Policy and will be reminded of the need for strict adherence to it.

The CEO assured Council that staff would be advised through multiple channels and explained the new procedure devised by the EMCS that required all relevant paperwork for the payment of an invoice (invoice, purchase order, required number of quotes) to be assembled under a coversheet and the additional control added that invoices were not to be paid unless all paperwork was present.

Cr Stacey enquired how verbal quotes were recorded. The CEO explained that sometimes verbal quotes could be recorded via email; the EMCS added that the newly introduced coversheet would require the requesting Officer to indicate whether a quote was verbal or written, with written quotes required to be attached and verbal quotes, by their nature, needing no additional written documentation.

Purchasing Policy

PURCHASING POLICY

PURPOSE

The Shire of Quairading (the "Shire") is committed to delivering the objectives, principles and practices outlined in this Policy, when purchasing goods, services or works to achieve the Shire's strategic and operational objectives.

This policy complies with the Local Government (Functions and General) Regulations 1996 (The Regulations).

OBJECTIVES

The Shire of Quairading (the "Shire") is committed to applying the objectives, principles and practices outlined in this Policy, to all purchasing activity and to ensuring alignment with the Shire's strategic and operational objectives.

The Shire's purchasing activities will:

(a) Achieve best value for money that considers sustainable benefits, such as; environmental, social and local economic factors;

(b) Foster economic development by maximising participation of local businesses in the delivery of goods and services;

(c) Use consistent, efficient and accountable purchasing processes and decision-making, including; competitive quotation processes, assessment of best value for money and sustainable procurement outcomes for all purchasing activity, including tender exempt arrangements;

(d) Apply fair and equitable competitive purchasing processes that engage potential suppliers impartially, honestly and consistently;

(e) Commit to probity and integrity, including the avoidance of bias and of perceived and actual conflicts of interest;

(f) Comply with *the Local Government Act 1995*, *Local Government (Functions and General) Regulations 1996*, other relevant legislation, Codes of Practice, Standards and the Shire's Policies and procedures;

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Purchasing Policy

(g)   Ensure purchasing outcomes contribute to efficiencies (time and resources) for the Shire of Quairading.

(h)   Identify and manage risks arising from purchasing processes and purchasing outcomes in accordance with the Shire's Risk Management framework;

(i)   Ensure records evidence purchasing activities in accordance with the *State Records Act 2000* and the Shire's Record Keeping Plan;

(j)   Ensure confidentiality that protects commercial-in-confidence information and only releases information where appropriately approved.

POLICY

1.   Ethics

The Shire's Code of Conduct applies when undertaking purchasing activities and decision making, requiring Council Members and employees to observe the highest standards of ethics and integrity and act in an honest and professional manner at all times.

2.   Value for Money

The Shire will apply value for money principles in critically assessing purchasing decisions and acknowledges that the lowest price may not always be the most advantageous.

2.1   Assessing Value for Money

Value for money assessment will consider:

(a)   All relevant Total Costs of Ownership (TCO) and benefits including; transaction costs associated with acquisition, delivery, distribution, and other costs such as, but not limited to; holding costs, consumables, deployment, training, maintenance and disposal;

(b)   The technical merits of the goods or services being offered in terms of compliance with specifications, contractual terms and conditions and any relevant methods of assuring quality. This includes but is not limited to an assessment of compliances, the supplier's resource availability, capacity and capability, value-adds offered, warranties, guarantees, repair and replacement policies and response times, ease of inspection and maintenance, ease of after sales service, ease of communications, etc;

(c)   The supplier's financial viability and capacity to supply without the risk of default, including the competency of the prospective suppliers in terms of managerial and technical capabilities and compliance history;

(d)   A strong element of competition by obtaining a sufficient number of competitive quotations consistent with this Policy, where practicable;

(e)   The safety requirements and standards associated with both the product design and the specification offered by suppliers and the evaluation of risk arising from the supply, operation and maintenance;

(f)   The environmental, economic and social benefits arising from the goods, services or works required, including consideration of these benefits in regard to the supplier's operations, in accordance with this Policy and any other relevant Shire Policy including Local Economic Benefit; and

(g)   Analysis and management of risks and opportunities that may be associated with the purchasing activity, potential supplier/s and the goods or services required.

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Purchasing Policy

3. Purchasing Thresholds & Practice

3.1   Defining the Purchasing Value

The Shire will apply reasonable and consistent methodologies to assess and determine Purchasing Values, which ensure:

(a)   The appropriate purchasing threshold and practice is applied in all purchasing activities; and

(b)   Wherever possible, purchasing activity for the same category of supply is aggregated into single contract arrangements to achieve best value and efficiency in future purchasing activities where the requirements are able to be provided by a single supplier.

A *category of supply* can be defined as groupings of similar goods or services with common: supply and demand drivers; market characteristics; or suppliers.

3.2   Strategic Purchasing Value Assessments

The Shire will periodically review recent past purchasing activity across its operations to identify categories of supply for which the Shire will have continuing need and which can be aggregated into single contract arrangements in order to achieve best value for money and efficiency in future purchasing activity.

The assessment of aggregated expenditure for the same category of supply capable of being supplied by a single supplier will determine the Purchasing Value threshold applicable to future purchasing activity.

3.2   Individual Purchasing Value Assessments

In any case, where there is no relevant current contract, each purchasing activity is to assess the Purchasing Value based upon the following considerations:

(a)   Exclusive of Goods and Services Tax (GST); and

(b)   The estimated total expenditure for the proposed supply including the value of all contract extension options and where applicable, the total cost of ownership considerations;

(c)   The appropriate length of a contract is to be determined based on market volatility, ongoing nature of supply, historical purchasing evidence and estimated future purchasing requirements; and

(d)   Requirements must not be split to avoid purchasing or tendering thresholds [F&G Reg. 12].

The calculated estimated Purchasing Value will determine the applicable threshold and purchasing practice to be undertaken.

3.3   Table of Purchasing Thresholds & Practices

Supplier Order of Priority

The Shire will consider and apply, where applicable, the following Supplier Order of Priority:

Priority 1:	Existing Supplier or Contract
	Current contracts or contracted supplier should be used where the Shire's supply requirements can be met through the existing contract.
	If the Shire does not have a current contract relevant to the required supply, then a WALGA PSA or other provider is to be used.
Priority 2:	Local Suppliers
	Where the Purchasing Value does not exceed the tender threshold and a relevant local supplier is capable of providing the required supply, the Shire will ensure that wherever possible quotations are obtained from local suppliers permanently located within the

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Purchasing Policy

	District as a first priority, and those permanently located within surrounding Districts as the second priority. If no relevant local supplier is available, then a WALGA PSA or other provider may be used.
Priority 3:	**Tender Exempt - WALGA Preferred Supplier Arrangement (PSA)** Use a relevant WALGA PSA regardless of whether or not the Purchasing Value will exceed the tender threshold. However, if a relevant PSA exists but an alternative supplier is considered to provide best value, then the CEO, or an officer authorised by the CEO, must approve the alternative supplier. Reasons for not using a PSA may include: i. Local supplier availability (that are not within the PSA); or, ii. Social procurement – preference to use Aboriginal business or Disability Enterprise. If no relevant WALGA PSA is available, then a relevant State Government CUA may be used.
Priority 4:	**Tender Exempt - WA State Government Common Use Arrangement (CUA)** Use a relevant CUA regardless of whether or not the Purchasing Value will exceed the tender threshold. However, if a relevant CUA exists, but an alternative supplier is considered to provide best value for money, then the proposed alternative supplier must be approved by the CEO, or an officer authorised by the CEO. If no relevant CUA is available, then a Tender Exempt *[F&G Reg.11(2)]* arrangement may be used.
Priority 5:	**Other Tender Exempt arrangement** *[F&G Reg. 11(2)]* Regardless of whether or not the Purchasing Value will exceed the tender threshold, the Shire will investigate and seek quotations from tender exempt suppliers, and will specifically ensure that wherever possible quotations are obtained from a WA Disability Enterprise and/or an Aboriginal Owned Business that is capable of providing the required supply.
Priority 6:	**Other Suppliers** Where there is no relevant existing contract or tender exempt arrangement available, or those available do not meet operational requirements, purchasing activity from any other supplier is to be in accordance with relevant Purchasing Value Threshold and Purchasing Practice specified in the table below.

3.4   Purchasing Practice Purchasing Value Thresholds

The Purchasing Value, assessed in accordance with clause 1.4.1, determines the Purchasing Practice to be applied to the Shire's purchasing activities.

Purchase Value Threshold (ex GST)	Purchasing Practice
Up to $5,000 *(ex GST)*	Obtain at least one verbal or written quotation from a suitable supplier in accordance with the Supplier Order of Priority detailed in clause 1.4.2(1). The purchasing decision is to be evidenced in accordance with the Shire's Record Keeping Plan.

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Purchase Value Threshold (ex GST)	Purchasing Practice
From $5,001 and up to $20,000 (ex GST)	Seek at least two verbal or written quotations from suitable suppliers in accordance with the Supplier Order of Priority detailed in clause 1.4.2(1). If purchasing from a WALGA PSA, CUA or other tender exempt arrangement, a minimum of one written quotation is to be obtained. The purchasing decision is to be based upon assessment of the suppliers response to: • A brief outline of the specified requirement for the goods; services or works required; and • Value for Money criteria, not necessarily the lowest price. The purchasing decision is to be evidenced using the Brief Evaluation Report Template retained in accordance with the Shire's Record Keeping Plan.
From $20,001 and up to $50,000 (ex GST)	Seek at least three written quotations from suitable suppliers in accordance with the Supplier Order of Priority detailed in clause 1.4.2(1) except if purchasing from a WALGA PSA, CUA or other tender exempt arrangement, where a minimum of one written quotation is to be obtained. The purchasing decision is to be based upon assessment of the suppliers' responses to: • A brief outline of the specified requirement for the goods; services or works required; and • Value for Money criteria, not necessarily the lowest quote. The purchasing decision is to be evidenced using the Brief Evaluation Report Template retained in accordance with the Shire's Record Keeping Plan.
From $50,001 and up to $250,000 (ex GST)	Seek at least three written responses from suppliers by invitation under a formal Request for Quotation in accordance with the Supplier Order of Priority detailed in clause 1.4.2(1). The purchasing decision is to be based upon assessment of the suppliers response to: • A detailed written specification for the goods, services or works required; and • Pre-determined selection criteria that assesses all best and sustainable value considerations. The procurement decision is to be evidenced using the Evaluation Report template retained in accordance with the Shire's Record Keeping Plan.

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Purchase Value Threshold (ex GST)	Purchasing Practice
Over $250,000 (ex GST)	**Tender Exempt** arrangements (i.e. WALGA PSA, CUA or other tender exemption under *F&G Reg.11(2)*) require at least three written responses from suppliers by invitation under a formal Request for Quotation in accordance with the Supplier Order of Priority detailed in clause 1.4.2(1). OR **Public Tender** undertaken in accordance with the *Local Government Act 1995* and relevant Shire Policy and procedures. The Tender Exempt or Public Tender purchasing decision is to be based on the suppliers response to: • A detailed specification; and • Pre-determined selection criteria that assesses all best and sustainable value considerations. The purchasing decision is to be evidenced using the Evaluation Report template retained in accordance with the Shire's Record Keeping Plan.
Emergency Purchases (Within Budget) Refer to Clause 1.4.3	Where goods or services are required for an emergency response and are within scope of an existing contract, the emergency supply must be obtained from the existing contract using relevant unallocated budgeted funds. If there is no existing contract, then clause 1.4.2(1) Supplier Order of Priority will apply wherever practicable. However, where due to the urgency of the situation; a contracted or tender exempt supplier is unable to provide the emergency supply OR compliance with this Purchasing Policy would cause unreasonable delay, the supply may be obtained from any supplier capable of providing the emergency supply. However, an emergency supply is only to be obtained to the extent necessary to facilitate the urgent emergency response and must be subject to due consideration of best value and sustainable practice. The rationale for policy non-compliance and the purchasing decision must be evidenced in accordance with the Shire's Record Keeping Plan.
Emergency Purchases (No budget allocation available)	Where no relevant budget allocation is available for an emergency purchasing activity then, in accordance with s.6.8 of the *Local Government Act 1995,* the President must authorise, in writing, the necessary budget adjustment prior to the expense being incurred. The CEO is responsible for ensuring that an authorised emergency expenditure under s.6.8 is reported to the next ordinary Council Meeting.

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Purchase Value Threshold (ex GST)	Purchasing Practice
	The Purchasing Practices prescribed for Emergency Purchases (within budget) above, then apply.
LGIS Services Section 9.58(6)(b) *Local Government Act*	The suite of LGIS insurances are established in accordance with s.9.58(6)(b) of the *Local Government Act 1995* and are provided as part of a mutual, where WALGA Member Local Governments are the owners of LGIS. Therefore, obtaining LGIS insurance services is available as a member-base service and is not defined as a purchasing activity subject to this Policy. Should Council resolve to seek quotations from alternative insurance suppliers, compliance with this Policy is required.

3.5 Inviting Tenders Under the Threshold (No Requirement)

The Shire may determine to invite Public Tenders, despite the estimated Purchase Value being less than the $250,000 prescribed tender threshold, but only where an assessment determines that the purchasing requirement cannot be met through a tender exempt arrangement and the use of a public tender process will enhance; value for money, efficiency, risk mitigation and sustainable procurement benefits.

In such cases, the tender process must comply with the legislative requirements and the Shire's tendering procedures *[F&G Reg.13]*.

3.6 Expressions of Interest

Expressions of Interest (EOI) will be considered as a prerequisite to a tender process *[F&G Reg.21]* where the required supply evidences one or more of the following criteria:

(a)   Unable to sufficiently scope or specify the requirement;

(b)   There is significant variability for how the requirement may be met;

(c)   There is potential for suppliers to offer unique solutions and / or multiple options for how the purchasing requirement may be obtained, specified, created or delivered;

(d)   Subject to a creative element; or

(e)   Provides a procurement methodology that allows for the assessment of a significant number of potential tenderers leading to a shortlisting process based on non-price assessment.

All EOI processes will be based upon qualitative and other non-price information only.

3.7 Request for Proposal

As an alternative to a Request for Tender, the Shire may consider conducting a Request for Proposal where the requirements are less known, or less prescriptive and detailed. In this situation, the Request for Proposal would still be conducted under the same rules as for a Request for Tender but would seek

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responses from the market that are outcomes based or that outline solutions to meet the requirements of the Shire.

3.8 Emergency Purchases

Emergency purchases are defined as the supply of goods or services associated with:

(a) A local emergency and the expenditure is required (within existing budget allocations) to respond to an imminent risk to public safety, or to protect or make safe property or infrastructure assets; OR

(b) A local emergency and the expenditure is required (with no relevant available budget allocation) to respond to an imminent risk to public safety, or to protect or make safe property or infrastructure assets in accordance with s.6.8 of the *Local Government Act 1995* and Functions and General Regulation 11(2)(a); OR

(c) A State of Emergency declared under the *Emergency Management Act 2005* and therefore, Functions and General Regulations 11(2)(aa), (ja) and (3) apply to vary the application of this policy.

Time constraints, administrative omissions and errors do not qualify for definition as an emergency purchase. Instead, every effort must be made to research and anticipate purchasing requirements in advance and to allow sufficient time for planning and scoping proposed purchases and to then obtain quotes or tenders, as applicable.

3.9 Unique Nature of Supply (Sole Supplier)

An arrangement with a supplier based on the unique nature of the goods or services required or for any other reason, where it is unlikely that there is more than one potential supplier may only be approved where the:

(a) Purchasing value is estimated to be over $5,000; and

(b) Purchasing requirement has been documented in a detailed specification; and

(c) Specification has been extensively market tested and only one potential supplier has been identified as being capable of meeting the specified purchase requirement; and

(d) Market testing process and outcomes of supplier assessments have been evidenced in records, inclusive of a rationale for why the supply is determined as unique and why quotations / tenders cannot be sourced through more than one potential supplier.

An arrangement of this nature will only be approved for a period not exceeding one year. For any continuing purchasing requirement, the approval must be re-assessed before expiry, to evidence that only one potential supplier still genuinely exists.

3.10 Anti-Avoidance

The Shire will not conduct multiple purchasing activities with the intent (inadvertent or otherwise) of "splitting" the purchase value or the contract value, so that the effect is to avoid a particular purchasing threshold or the need to call a Public Tender. This includes the creation of two or more contracts or creating multiple purchase order transactions of a similar nature.

Examples of avoidance which would over a reasonable period be over the threshold include:

(a) ICT Software licenses being paid annually, rather than having been rolled up in the original contract.

(b) Support and maintenance contracts undertaken on an annual basis.

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(c) Individual quotes for electricians and plumbers on an ongoing basis, rather than a two year contract or a Panel of Prequalified Suppliers being established.

3.11 Australian Standards

Australian Standards are published documents setting out specifications and procedures designed to ensure products, services and systems are safe, reliable and consistently perform the way they are intended to. Standards establish a minimum set of requirements which define quality and safety criteria. Australian Standards are voluntary documents that are developed by consensus. Many Australian Standards, because of their rigour, are adopted into legislation to become mandatory or referenced in contracts.

The Shire will comply with Australian Standards in the performance of its functions (and demand the same of all contractors, consultants and trades people acting on behalf of the Shire) where this is mandatory (required by law). The Shire will make every endeavour to comply with voluntary Australian Standards where this is not cost-prohibitive. Where the Shire does not have the capacity to comply with voluntary Australian Standards and this negatively impacts safety, reliability and/or consistency, the project or program will be abandoned.

3.12 Contract Renewals, Extensions & Variations

Where a contract has been entered into as the result of a publicly invited tender process, then *Functions and General Regulation 21A* applies.

For any other contract, the contract must not be varied unless

(a) The variation is necessary in order for the goods or services to be supplied and does not change the scope of the contract; or

(b) The variation is a renewal or extension of the term of the contract where the extension or renewal options were included in the original contract.

Upon expiry of the original contract, and after any options for renewal or extension included in the original contract have been exercised, the Shire is required to review the purchasing requirements and commence a new competitive purchasing process in accordance with this Policy.

Robust planning and risk analysis is vital preparatory work before drafting tender documents and calling the tender to ensure that contract scopes are sufficient and do not impose limitations that may subsequently impact the viability of the purchasing outcome.

Variations should not be used to correct or cover for poor planning.

4. Sustainable Procurement

The Shire is committed to implementing sustainable procurement by providing a preference to suppliers that demonstrate sustainable business practices (social advancement, environmental protection and local economic benefits).

The Shire will apply sustainable procurement criteria as part of the value for money assessment to ensure that wherever possible our suppliers demonstrate outcomes which contribute to improved environmental, social and local economic outcomes.

Sustainable procurement can be demonstrated as being internally focussed (i.e. operational environmental efficiencies or employment opportunities and benefits relating to special needs) or externally focussed (i.e. initiatives such as corporate philanthropy).

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Requests for quotation and tenders will include a request for suppliers to provide information regarding their sustainable practices and/or demonstrate that their product or service offers enhanced sustainable benefits.

4.1   Local Economic Benefit

The Shire promotes economic development through the encouragement of competitive participation in the delivery of goods and services by local suppliers permanently located within its District first, and secondly, those permanently located within its broader region. As much as practicable, the Shire will:

(a)   Consider buying practices, procedures and specifications that encourage the inclusion of local businesses and the employment of local residents;

(b)   Consider indirect benefits that have flow on benefits for local suppliers (i.e. servicing and support);

(c)   Ensure that procurement plans, and analysis is undertaken prior to develop requests to understand local business capability and local content availability where components of goods or services may be sourced from within the District for inclusion in selection criteria;

(d)   Explore the capability of local businesses to meet requirements and ensure that Requests for Quotation and Tenders are designed to accommodate the capabilities of local businesses;

(e)   Avoid bias in the design and specifications for Requests for Quotation and Tenders – all Requests must be structured to encourage local businesses to bid;

(f)   Consider the adoption of Key Performance Indicators (KPIs) within contractual documentation that require successful Contractors to increase the number of employees from the District first; and

(g)   Provide adequate and consistent information to local suppliers.

To this extent, a weighted qualitative criterion will be included in the selection criteria for requests for quotation and tenders where suppliers are located within the boundaries of the Shire, or substantially demonstrate a benefit or contribution to the local economy.

4.2   Aboriginal Businesses

Functions and General Regulation 11(2)(h) provides a tender exemption if the goods or services are supplied by a person on the Aboriginal Business Directory WA published by the Chamber of Commerce and Industry of Western Australia, or Australian Indigenous Minority Supplier Office Limited (trading as Supply Nation), where the consideration under contract is $250,000 or less, or worth $250,000 or less.

The Shire will first consider undertaking a quotation process with other suppliers (which may include other registered Aboriginal Businesses as noted in *F&G Reg.11(2)(h)*) to determine overall value for money for the Shire.

Where the Shire makes a determination to contract directly with an Aboriginal Business for any amount up to and including $250,000 (ex GST), it must be satisfied through alternative means that the offer truly represents value for money.

If the contract value exceeds $50,000 (ex GST), a formal request for quotation will be issued to the relevant Aboriginal business. The rationale for making the purchasing decision must be recorded in accordance with the Shire's Record Keeping Plan.

4.3   Australian Disability Enterprises

Functions and General Regulation 11(2)(i) provides a tender exemption if the goods or services are supplied by an Australian Disability Enterprise.

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The Shire will first consider undertaking a quotation process with other suppliers (which may include other Australian Disability Enterprises) to determine overall value for money for the Shire.

Where the Shire makes a determination to contract directly with an Australian Disability Enterprise for any amount, including an amount over the Tender threshold of $250,000 (ex GST), it must be satisfied through alternative means that the offer truly represents value for money.

If the contract value exceeds $50,000 (ex GST), a formal request for quotation will be issued to the relevant Aboriginal business. The rationale for making the purchasing decision must be recorded in accordance with the Shire's Record Keeping Plan.

4.4   Environmentally Sustainable

The Shire will support the purchasing of recycled and environmentally sustainable products whenever a value for money assessment demonstrates benefit toward achieving the Shire's strategic and operational objectives.

Qualitative weighted selection criteria will be used in the evaluation of requests for quote and tenders to provide advantages to suppliers which:

(a)   Demonstrate policies and practices that have been implemented by the business as part of its operations;

(b)   Generate less waste material by reviewing how supplies, materials and equipment are manufactured, purchased, packaged, delivered, used, and disposed; and

(c)   Encourage waste prevention, recycling, market development and use of recycled/recyclable materials.

5.   Record Keeping

All Local Government purchasing activity, communications and transactions must be evidenced and retained as local government records in accordance with the *State Records Act 2000* and the Shire's Record Keeping Plan.

In addition, the Shire must consider and will include in each contract for the provision of works or services, the contractor's obligations for creating, maintaining and where necessary the transferral of records to the Shire relevant to the performance of the contract.

NON-COMPLIANCE

The Purchasing Policy is mandated under the *Local Government Act 1995* and Regulation 11A of the *Local Government (Functions and General) Regulations 1996.* The policy forms part of the legislative framework in which the Local Government is required to conduct business.

Where legislative or policy compliance is not reasonably able to be achieved, records must evidence the rationale and decision making processes that substantiate the non-compliance.

Purchasing activities are subject to internal and external financial and performance audits, which examine compliance with legislative requirements and the Shire's policies and procedures.

If non-compliance with legislation, this Purchasing Policy or the Code of Conduct, is identified it must be reported to the Chief Executive officer or the Executive Manager, Corporate Services.

A failure to comply with legislation or policy requirements, including compliance with the Code of Conduct when undertaking purchasing activities, may be subject to investigation, with findings to be considered in

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Purchasing Policy

context of the responsible person's training, experience, seniority and reasonable expectations for performance of their role.

Where a breach is substantiated it may be treated as:

(a)   An opportunity for additional training to be provided;

(b)   A disciplinary matter; or

(c)   Where the breach is also identified as potentially serious misconduct, the matter will be reported in accordance with the *Corruption, Crime and Misconduct Act 2003*.

STATUTORY ENVIRONMENT

Local Government Act (1995)
Local Government (Functions and General) Regulations 1996
Corruption, Crime and Misconduct Act 2003
State Records Act 2000

Record of Policy Review						
Version	Author	Council Adoption	Resolution	Reason for Review	Next Review Date	CEO Signature
01	Graeme Fardon	24/02/16	134-15/16	New Policy		
02	Graeme Fardon	27/09/18	41-18/19	*Policy Review Project – 5/09/2018*		
03	Graeme Fardon	28/05/20	162/19/20	Policy Reviewed due to the recent amendments to the *Local Government (Functions and General) Regulations 1996*		
04	Nicole Gibbs	31/03/22	135-21/22	Updated delegation register	Mar 24	*(signature)*
05	Natalie Ness			Policy Review		

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8.3   Loyalty Scheme Allowance Policy

Responsible Officer   Natalie Ness, Chief Executive Officer

Reporting Officer   Tricia Brown, Executive Manager, Corporate Services

Attachments   1.   Attachment (i) Loyalty Scheme Allowance Policy ⬇ 📄

Voting Requirements   Simple Majority

Disclosure of Interest   Reporting Officer: Nil

Responsible Officer: Nil

COMMITTEE RESOLUTION: ARC 007-24/25

Moved: Cr JR Hippisley
Seconded: Cr JN Haythornthwaite

That the Audit & Risk Committee recommend to Council to adopt the Loyalty Scheme Allowance Policy – Attachment (i)

FOR: Crs TJ Stacey, JN Haythornthwaite, JC Hayes and JR Hippisley

AGAINST: Nil

CARRIED 4/0

IN BRIEF

During the 2023-2024 Interim Audit the Shire received a Moderate Rating in relation to the lack of formal documentation or policy regarding the terms and conditions of the Loyalty Scheme Allowance paid to Shire employees.

MATTER FOR CONSIDERATION

The Audit & Risk Committee consider the introduction of a new Policy stating the terms and conditions of the Loyalty Scheme Allowance which currently forms part of the Shire's employee contracts. This will outline the eligibility criteria, calculation method and any other relevant terms and conditions associated with the Loyalty Scheme Allowance.

BACKGROUND

The Loyalty Allowance is a historical payment made by Council to eligible employees and has been in force prior to 2009. It is understood that this was implemented as an incentive to keep grader drivers rather than lose them in a mining boom era.

STATUTORY ENVIRONMENT

Local Government (Audit) Regulations 1996

Local Government (Financial Management) Regulations 1996

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

Nil. The Loyalty Scheme Allowance is already in place for eligible employees.

ALIGNMENT WITH STRATEGIC PRIORITIES

5.4   Governance & Leadership: Implement systems and processes that meet legislative and audit obligations

CONSULTATION

Internal consultation only aligning the current documentation with the Policy.

RISK MANAGEMENT PRIORITIES

This report addresses the following identified Strategic Risk Management Priorities:

Financial misconduct by (a) a Shire employee, and (b) an executive/office holder results in financial, legal and/or reputational damage.

RISK ASSESSMENT

	Option 1
Financial	Low *The Loyalty Scheme is already in place and will not incur any further costs to Council*
Health	Low
Reputation	Low *Eligible staff are already receiving this benefit*
Operations	Low *Formal documentation of the Scheme will allow staff to effectively apply this policy*
Natural Environment	Low

Likelihood	Consequence				
	Insignificant	Minor	Moderate	Major	Critical
Rare	LOW Accept the risk Routine management	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Unlikely	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Possible	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review
Likely	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review	EXTREME Monthly senior management review
Almost certain	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	EXTREME Monthly senior management review	EXTREME Monthly senior management review

COMMENT

It is recommended that once Council have endorsed this policy, that the policy be communicated to all staff.

COMMENT AFFECTING COMMITTEE DECISION

Cr Hippisley asked for clarification that he understood correctly that this "new" Policy was being introduced to formalise an already existing and long-standing practice of the Shire. Cr Stacey replied that the interpretation was correct.

Cr Hayes enquired whether the amount of $10 per week for the first year of service was paid after the employee had been with the Shire for a year. The EO clarified that an employee was eligible for the first year allowance *during* their first year of service, from the day they had completed their probationary period, which was 6 months.

LOYALTY SCHEME PAYMENT

LOYALTY SCHEME PAYMENT

PURPOSE

This policy is to provide guidance and support in applying Council's Loyalty Scheme Payment to eligible employees in recognition of their loyalty in relation to the length of their employment with the Shire of Quairading.

POLICY

1. The Loyalty Scheme Payment, as provided for in the Budget is to be paid to all permanent employees whether full time or part time, except;

    *   The Chief Executive Officer and other fixed term contracted staff;

    *   Trainees and all Casual staff regardless of duration of employment subject to any necessary phasing in arrangements for existing permanent staff at date of adoption.

2. The Loyalty Scheme Payment is paid pro-rata according to full-time employment equivalent.

3. The Loyalty Scheme Payment is not payable during an employee's contractual probationary period.

4. Should a staff member be re-employed after termination, the Years of Service shall restart from the new employment start date.

5. The amount of Loyalty Scheme Payment reduces pro-rata for hours of Leave Without Pay taken.

6. The amounts, are to paid fortnightly in the employee's pay (in addition to gross salary) as per below:

1st Year of Service	$10.00 per week
2nd Year of Service	$20.00 per week
3rd Year of Service	$30.00 per week
4th Year of Service	$40.00 per week
5th Year of Service and thereafter	$50.00 per week

STATUTORY ENVIRONMENT

*   Local Government Act 1995
*   Local Government (Financial Management) Regulations 1996

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LOYALTY SCHEME PAYMENT

Record of Policy Review						
Version	Author	Council Adoption	Resolution	Reason for Review	Review Date	CEO Signature
01	Tricia Brown			New Policy		

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8.4   Report on Excess Annual Leave and Long Service Leave Entitlements

Responsible Officer   Natalie Ness, Chief Executive Officer

Reporting Officer   Tricia Brown, Executive Manager, Corporate Services

Attachments   Nil

Voting Requirements   Simple Majority

Disclosure of Interest   Reporting Officer: Nil

                             Responsible Officer: Nil

COMMITTEE RESOLUTION: ARC 008-24/25

Moved: Cr JC Hayes
Seconded: Cr JR Hippisley

That the Audit & Risk Committee recommends to Council that Council receive the report on the Shire's leave liabilities.

FOR: Crs TJ Stacey, JN Haythornthwaite, JC Hayes and JR Hippisley

AGAINST: Nil

CARRIED 4/0

IN BRIEF

- Not taking a reasonable amount of annual leave or long service leave may pose a threat to the health and safety of employees and represent a significant financial liability for the Shire, therefore there are steps in place to ensure that leave balances are monitored and are at appropriate levels.

- Employee entitlement movements during the year are due to many reasons, such as, leave taken during the period, increased accrued leave balances, increases in remuneration rates and changes in the underlying staff with leave balances transferred to and from the Shire.

MATTER FOR CONSIDERATION

Receipt of the report on excess annual leave and long service leave entitlements and leave liabilities up to the last payroll date 28/07/2024.

BACKGROUND

The current Leave Management Policy defines "excess leave" as when the employee has accrued more than eight weeks paid annual leave and provides management with direction to effectively manage the annual and long service leave entitlements of employees.

The Shire encourages employees to take leave by reinforcing the positive benefits of taking leave when it becomes due. Sometimes there are circumstances that prevent leave being able to be taken, such as staff shortages, outside influences and work demands.

There will be movements in employee entitlements throughout the year. Balances will increase naturally as employees accrue leave entitlements and decrease when employees take leave accrued. This natural fluctuation is monitored by management and through this report to ensure any excess is managed appropriately.

STATUTORY ENVIRONMENT

Local Government Act 1995

Local Government (Financial Management) Regulations 1996

Work Health & Safety Act 2020

Minimum Conditions of Employment Act 1993

POLICY IMPLICATIONS

Leave Management Policy

FINANCIAL IMPLICATIONS

The Employee Entitlements (Annual and Long Service Leave) reserve fund cash balance as of 1st July 2024 is $184,697.   The excess in reserve funds will be reviewed with the Annual Financial Statements.

The annual budget treats current leave as accruals.

The current liability for both types of leave (if all claimed on 28/07/2024 is calculated at $111,276.00.

ALIGNMENT WITH STRATEGIC PRIORITIES

5.3   **Governance & Leadership**: Provide informed and transparent decision making that, meets our legal obligations, and the needs of our diverse community

5.4   **Governance & Leadership**: Implement systems and processes that meet legislative and audit obligations

CONSULTATION

Nil

RISK MANAGEMENT PRIORITIES

This report addresses the following identified Strategic Risk Management Priorities:

Non-compliance with work health and safety legislation increases the risk and potential liability to the public, staff and Councillors.

Low employee retention increases recruitment costs, decreases employee morale and decreases Shire reputation.

RISK ASSESSMENT

	Option 1
Financial	Low *Financial exposure and therefore risk escalation occurs if leave accruals are not monitored and managed. Adequate reserve balances reduce the risk of financial exposure.*
Health	Low
Reputation	Low
Operations	Low *Impact to operations where employees with excess leave are requested to take leave. This can be mitigated by agreement of mutually acceptable timeframes for taking leave that are not during heavy workload times.*
Natural Environment	Low

Likelihood	Consequence				
	Insignificant	Minor	Moderate	Major	Critical
Rare	LOW Accept the risk Routine management	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Unlikely	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Possible	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quartely senior management review	HIGH Quarterly senior management review
Likely	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review	EXTREME Monthly senior management review
Almost certain	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	EXTREME Monthly senior management review	EXTREME Monthly senior management review

COMMENT

This report has been prepared to inform the Audit and Risk Committee of the current leave liabilities and of any employees who have excess leave and the steps taken to reduce these liabilities.

As of 27 July 2024, there has been minimal change overall to the annual leave liabilities.

As of 27 July 2024, there has been a reasonable change overall to the long service liabilities. One employee has booked in their long service leave to be taken over several weeks. The second employee completed taking their LSL leave following a combined approach of taking leave and cashing out their final portion of unused long service leave.

Annual Leave:

There is currently one employee over and above the accepted level of excess annual leave. This employee consistently has high excess leave. This employee is currently taking leave to reduce the leave Liability and will also be applying for a cash payout as per the Leave Management Policy. There are currently 2 other employees with 6 weeks or more excess leave. The Executive Manager has been advised and will encourage the staff members to reduce their balance to an acceptable level.

There has been an increase of 4.99% (dollar value) in the annual leave liability since July 2023.

Long Service Leave:

Long Service Leave is now finalised for one employee and is currently being reduced for a second employee.

There has been a decrease of 69.25% (dollar value) in the long service leave liability since July 2023.

The following table and graphs show the fluctuations in the accrued hours and dollar values of both annual leave and long service leave over the period of July 2023 to 30 July 2024.

	LSL Hours	LSL $	A/L Hours	A/L $
July 23	790	26,861	2,386	98,119
August 23	790	28,117	2,350	100,185
September 23	790	28,117	2,354	101,747
October 23	790	28,117	2,276	91,401
November 23	790	28,117	2,334	97,079
December 23	767	27,126	2,366	99,578
January 24	603	21,589	2,346	98,475
February 24	603	21,589	2,413	100,928
March 24	603	21,589	2,354	99,908
April 24	603	21,589	2,364	101,708
May 24	527	19,245	2,293	100,537
June 24	235	10,243	2,350	102,946
July 24	190	8,260	2,274	103,015

LSL Hours*

LSL $*

A/L Hours

A/L $
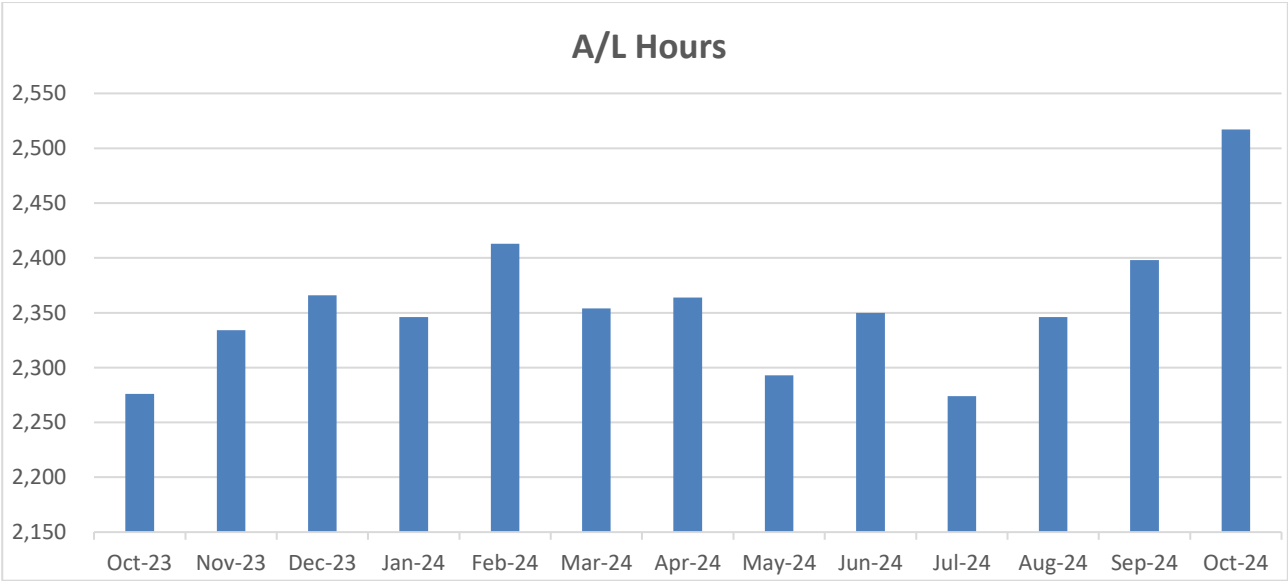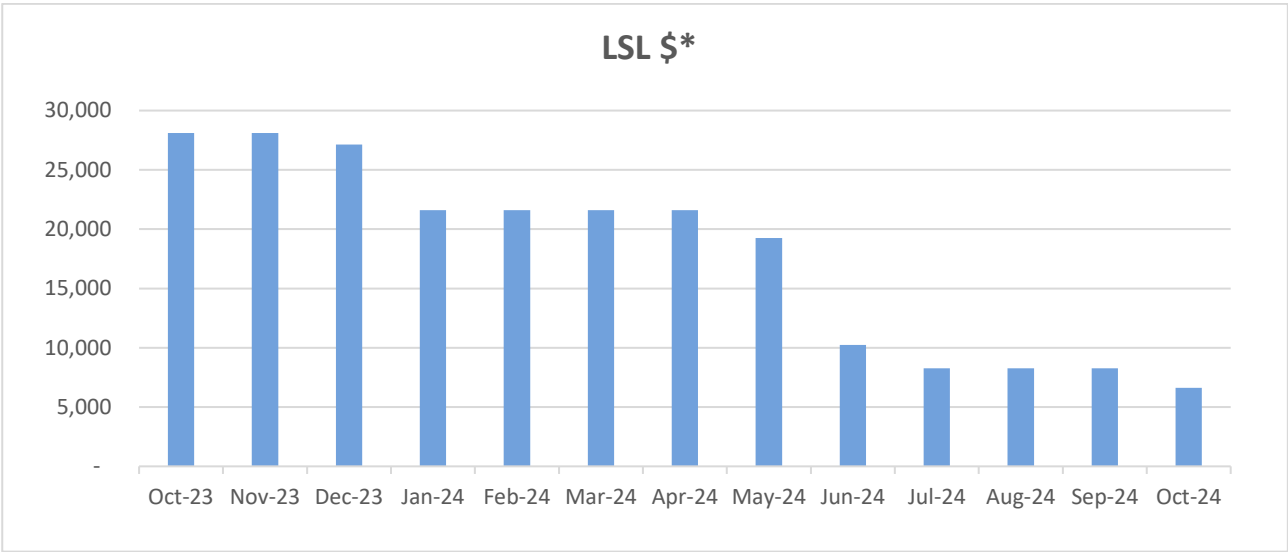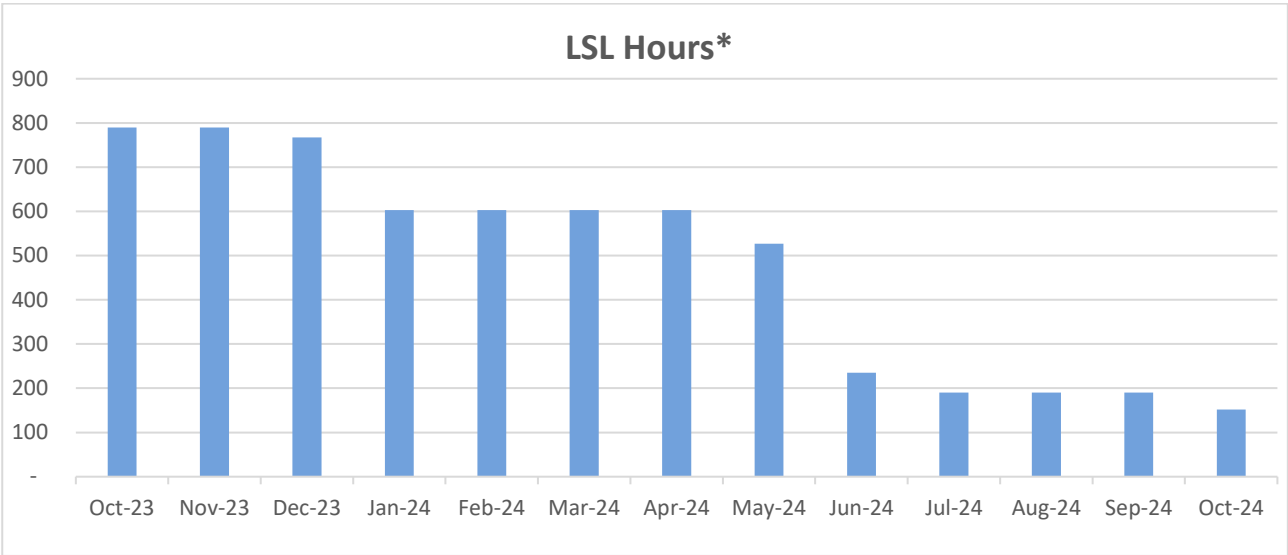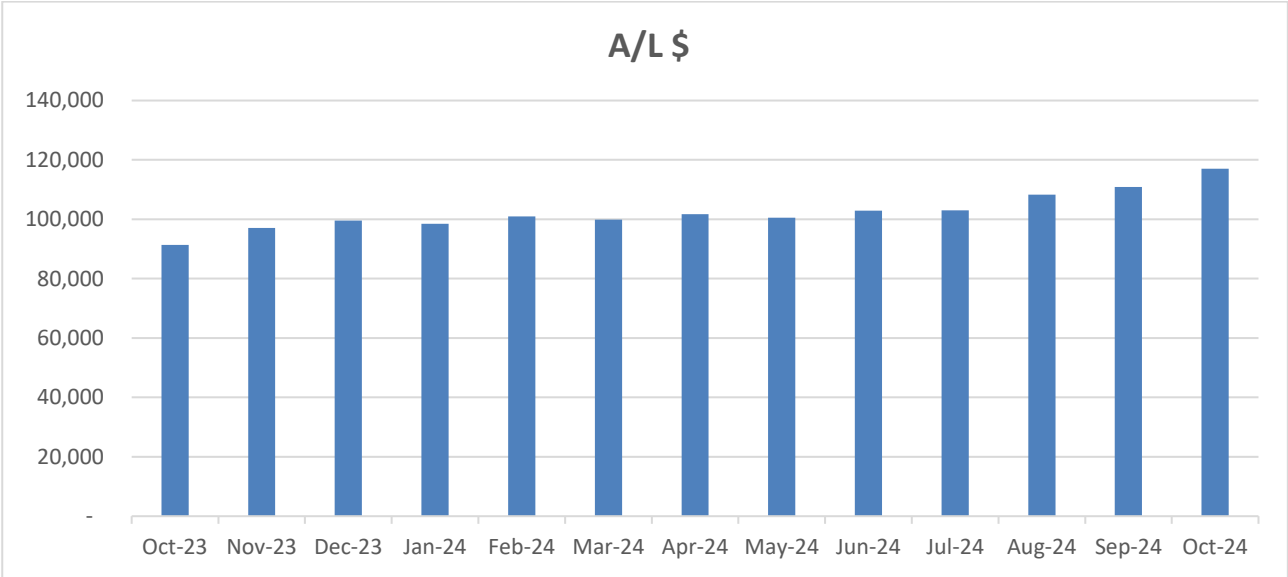
8.5   ICT Strategic Plan - Review

Responsible Officer   Natalie Ness, Chief Executive Officer

Reporting Officer   Tricia Brown, Executive Manager, Corporate Services

Attachments   1.   Attachment (i) ICT Strategic Plan - Refresh 2023-2026 ⇩ 📄

Voting Requirements   Simple Majority

Disclosure of Interest   Reporting Officer: Nil

Responsible Officer: Nil

COMMITTEE RESOLUTION: ARC 009-24/25

Moved: Cr JN Haythornthwaite
Seconded: Cr JC Hayes

That the Audit & Risk Committee recommend to Council that Council adopts the ICT Strategic Plan Refresh 2023-2026 – Attachment (i)

FOR: Crs TJ Stacey, JN Haythornthwaite, JC Hayes and JR Hippisley

AGAINST: Nil

CARRIED 4/0

IN BRIEF

Wallis Computer Solutions and the Shire have been working together over the past 12 months to establish and implement a safe, secure and relevant IT Environment in accordance with Best Practice.

MATTER FOR CONSIDERATION

Wallis Computer Solutions have reviewed and updated the ICT Strategic Plan 2023-2025. The new plan 'ICT Strategic Plan – Refresh 2023-2026' as attached. Key goals from the initial adopted Plan 2022-2025 have now largely been implemented and therefore are no longer relevant. The updated plan now includes any new goals and recommendations for future years to ensure the Shire is addressing its current and future needs in an everchanging technological environment. This document also incorporates future budget considerations.

BACKGROUND

The ICT Strategic Plan 2023-2025 was endorsed by Council in October 2023. The ICT Strategic Plan outlines the Shire's vision for addressing immediate and future technological needs.

STATUTORY ENVIRONMENT

Local Government Act 1995

Work Health & Safety Act 2020

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

Review of the Strategic Plans are part of the infrastructure and maintenance of our IT Systems and are relevantly included in the operational budget. Implementing any new recommendations will be considered and implemented within the budget for 2024/2025.

ALIGNMENT WITH STRATEGIC PRIORITIES

5.2   **Governance & Leadership**: Forward planning and implementation of plans to determine Strategic Plan and service levels

5.4   **Governance & Leadership**: Implement systems and processes that meet legislative and audit obligations

CONSULTATION

Identified risks have been ascertained by our IT Providers, Wallis Computer Solutions. Any recommendations or adjustments required will be documented and solutions implemented.

RISK ASSESSMENT

	Option 1
Financial	Low *Identifying the Shire's immediate needs and planning for the future reduces the risk of any unexpected costs*
Health	Low
Reputation	Low *Ensuring the IT Environment is sustainable into the future provides confidence that the Shire's information is secure*
Operations	Low *Continual identification of risks with an everchanging IT environment reduces the effect on daily operations*
Natural Environment	Low

Likelihood	Consequence				
	Insignificant	Minor	Moderate	Major	Critical
Rare	LOW Accept the risk Routine management	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Unlikely	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
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Almost certain	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	EXTREME Monthly senior management review	EXTREME Monthly senior management review

COMMENT

Nil

SHIRE OF
Quairading
Take a closer look

ICT STRATEGIC PLAN

2023-2026 Refresh

@ShireofQuairading

@QuairadingCaravanPark

@shireofquairading

CONTENTS

SECTION ONE: EXECUTIVE SUMMARY

The Shire of Quairading recognizes the evolving landscapes of both its internal and external environments. Embracing technology is crucial for enhancing its services, necessitating a unified approach to the adoption, application, and maintenance of technological tools, in harmony with the Shire's resources and objectives.

The ICT Strategic Plan outlines the Shire's vision for addressing immediate and future technological needs. It underscores the importance of leveraging advanced technology to prioritize both in-house and external customer services. This plan serves as a blueprint for adeptly managing IT, with its core aim to bolster the Shire's mission and amplify the efficiency of services to its community and stakeholders.

Future technological endeavours will span several departments, all converging towards a singular mission: to serve its community, the general public, and other interested parties. In this context, technology emerges as a pivotal tool for communication, integration, data exchange, and resource allocation. Additionally, it paves the way for cost savings by enhancing service efficiency through a unified technological architecture and standards.

This strategic document encourages inter-departmental synergies and promotes collaboration, rather than restricting individual departmental initiatives. It draws upon a balanced IT management approach, combining the strengths of both centralized IT governance and external IT support. A key component of the plan is the formulation of IT architecture and standards, essential for achieving scalability and seamless integration.

The IT Plan of the Shire of Quairading emphasizes a customer-centric approach to technology management. Internally, it champions teamwork, collective decision-making, and equipping staff with the right tools. Externally, it is committed to delivering anticipated services to its community, the public, and other stakeholders.

This Strategic Plan is dynamic, adaptable to the ever-changing technological landscape and the Shire's evolving needs. Serving as a guiding beacon, it ensures that the Shire's technological pursuits align with its overarching objectives, facilitating enhanced service delivery. All technological choices should be strategically driven, as outlined in this plan, guaranteeing decisions are flexible yet aligned with the Shire's aspirations.

SECTION TWO: FUTURE GOALS & STRATEGY

This ICT Strategic Plan Update will cover the period between July 2023 and June 2026. Some key goals include the following;

Project	Goal	ICT Trend
Altus	Implement new modules to provide mechanisms to automate repetitive tasks whilst integrating with existing SynergySoft GL.	Intelligent Apps and Analytics
Collaboration Tool	Adopt a collaboration tool that includes chat, video and sharing of content between internal staff. Functionality can include the ability to invite external contacts.	Multichannel Citizen Engagement
Computer Replacement Program	Define a structured program to replace office computers with standardised equipment based on a lifecycle. Adopt a standard operating environment (SOE) to help reduce IT support costs.	Digital Workplace
Cyber Awareness Training	Subscribe to an awareness training program for all employees. Such a platform should continually test employees based on a frequency and not be a once-off test.	Continuous Adaptive Risk and Trust
Data Backups	Instigate a new regime to meet backup retention needs and archival requirements. At any point in time three copies of the corporate data should exist being the live copy onsite, a backup copy onsite and a backup copy offsite.	Cloud to the Edge
Firewall Upgrade	Introduce deep packet inspection (DPI) firewalling so that incoming and outgoing traffic can be scanned for malicious content. Firewall capability should support two or more Internet links.	Continuous Adaptive Risk and Trust
Internet Communications	Implement a business grade, non-contended Internet link as a primary service. Implement a residential grade Internet link as a secondary service. Both links are to support utilising future cloud based applications.	Cloud to the Edge
Intranet Design	Implement an Intranet for the ability to share and manage content. An application can empower teamwork and help to quickly find information that seamlessly collaborates across the organisation.	Intelligent Apps and Analytics
IP Telephony	Upgrade the copper voice phone system. A virtualised phone system can deliver softphone capabilities for iOS, Android and Windows. A secure feature called SIP (calls over the Internet) can be used to reduce calls costs.	Digital Workplace
IT Policy Review	Ensure a document that defines roles and responsibilities, password requirements, granting/revoking access, account reviews and asset management/disposal.	Continuous Adaptive Risk and Trust
Multi Factor Authentication	Tighten security relating to Office 365 and WFH. Two Factor Authentication (2FA) to be implemented into the existing IT landscape for any IT related activities completed outside the office.	Digital Workplace

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Project	Goal	ICT Trend
Microsoft Defender for Endpoint	Implementation of Microsoft Defender for Endpoint AV/EDR protection software to provide best-in-class security for endpoints across the organisation.	Security
Patching	Implement a new program that uses a test group for Windows computers prior to all computers receiving an update. Manage the installation of third party apps such as Adobe, Java etc. to address security concerns.	Continuous Adaptive Risk and Trust
Security Solution	Implementation of a specific ICT Security Solution with the implementation of the ACSC Essential 8 Framework.	Security
Work From Home	Build the Work From Home (WFH) strategy into the business. Easy to use technologies will aid in securely working from outside the office. A WFH policy is required.	Digital Workplace
Software Subscriptions	Commit to an OpEx model of purchasing internal tools such as Adobe for Professional and Creative Cloud.	Intelligent Apps and Analytics

SECTION FOUR: ICT TRENDS FOR ORGANISATIONS

Trends and technologies in the IT industry change at an alarming rate. The Shire of Quairading is strongly reliant on day-to-day IT resources for nearly all facets of operation. As such, it is prudent to review and adopt the current industry trends for organisations (Gartner Inc.).

ICT Trend	Explanation
Intelligent Apps and Analytics	Over the next few years, virtually every app, application and service will incorporate some level of AI. Some of these apps will be obvious intelligent apps that could not exist without AI and machine learning. AI has become the next major battleground in a wide range of software and service markets, including aspects of enterprise resource planning (ERP). Packaged software and service providers should outline how they'll be using AI to add business value in new versions in the form of advanced analytics, intelligent processes and advanced user experiences.
Cloud to Edge	Edge computing describes a computing topology in which information processing, and content collection and delivery, are placed closer to the sources of this information. Connectivity and latency challenges, bandwidth constraints and greater functionality embedded at the edge favours distributed models. While many view cloud and edge as competing approaches, cloud is a style of computing where elastically scalable technology capabilities are delivered as a service and does not inherently mandate a centralised model.
Continuous Adaptive Risk and Trust	To securely enable digital business initiatives in a world of advanced, targeted attacks, security and risk management leaders must adopt a continuous adaptive risk and trust assessment (CARTA) approach to allow real-time, risk and trust-based decision making with adaptive responses. Security infrastructure must be adaptive everywhere, to embrace the opportunity — and manage the risks — that comes delivering security that moves at the speed of digital business.
Digital Workplace	The government workforce of the future will be populated with digitally literate employees, from frontline workers to top-level executives. The digital workplace is open, flat and democratic. It is the organisational manifestation of open government. CIOs and IT leaders must take a leadership role in building a more social, mobile, accessible and information-driven work environment. Adopting this trend would allow the Shire of Quairading employees to have the flexibility to perform their roles, with the ability to access information at a time and place of their choosing. Increased productivity would be achieved over time as employees gain a greater awareness of technology services available to them through effective service delivery and communication.
Multichannel Citizen Engagement	Government jurisdictions with multiple channels (municipal offices, physical mail correspondence, contact centres, e-government websites and mobile apps) are struggling to provide their citizens with one coherent view of the enterprise. A multichannel strategy, in the context of digital government, means more than delivering a seamless experience to stakeholders. It also is about delivering

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ICT Trend	Explanation
	interactions that are connected, consistent, convenient, collaborative, customized, clear and transparent. To produce those outcomes, policymakers and CIOs must radically redesign service models by combining traditional marketing tools (such as focus groups, user experience labs, surveys and stakeholder analysis) with new approaches (such as citizen co-creation initiatives, agile development and design thinking).

Trend Adoption Overview

Vision

Our Shire is a place of welcome for all, where we work together, with thriving industry creating jobs, a bright future for our young people and a bustling town in a beautiful and productive rural setting.

Trend

Intelligent Apps and Analytics	Cloud to the Edge	Continuous Adaptive Risk and Trust	Digital Workplace	Multichannel Citizen Engagement

Objective Summary

Implement AI to add business value into products offered to the customer base.	Instigate storage and computer requirements that utilise a hybrid cloud model as a service.	Adopt a people process technology methodology to minimise the threat of cyber security related incidents.	Employees will have the flexibility to perform their roles with the ability to access information at a time and place of their choosing.	The Shire will deliver services using multiple channels that are connected, consistent, convenient, customised, collaborative, clear and transparent.

Delivery Strategies

Explore an intelligent app that references data and analytics to improve customer service. Measure website and social networking activities. Use Power BI to monitor and track customer service requests.	Investigate a hybrid cloud model that uses software defined storage. Explore Microsoft Office 365 for Desktop Apps/Exchange Online and a SharePoint Intranet.	Implement DPI-SSL on all hardware firewalls. Stay up to date with Microsoft Operating Systems to reduce vulnerabilities. Adopt an employee cyber awareness training platform.	Implement SSL VPN for secure remote access. Provide Windows-based laptops/tablets to specific staff. Implement Two Factor Authentication for identity and access management.	Ensure all web services are available, user friendly and consistent on all devices (i.e. laptop, tablet and phone). Ensure continued integration across Altus Suite.

SECTION FIVE: STRATEGIC PLAN

1   Backups & Disaster Recovery

1.1   Industry Best Practice

Gartner, IDC, Forrester & Yankee Group report that on average, IT system downtime costs between $84,000 and $108,000 for every hour. Additionally, it is reported that 90% of businesses that lose all their data go out of business within the following 12 months. Protection of corporate data is achieved through a complete backup and replication solution consisting of both on premise and cloud components.

The on premise component is a device that resides within the same premises as the hardware storing the majority of corporate data. This device is responsible for regular incremental backups of nominated data at intervals in accordance with the organisation's recovery point objective (RPO). Ideally, if suitable, incremental backups for an organization with normal 8am-6pm operating hours should occur every hour. This will result in 24 intra-daily backups that should be consolidated the following day into a single daily backup. Consolidations of hourly, daily and weekly backups can occur at different stages however there should be approximately 12 months of backup's stored. This device is also responsible for the replication of all incremental backups to the cloud component.

The cloud component is a device located at a secondary site that a natural calamity or man-made disaster should not be able to affect. A minimum 500km distance should be adhered to. This device receives replicated incremental backups from the on premise device and is responsible for the long term storage, organization and consolidation of the replicated incremental backups. A minimum of 12 months of data should be stored in the cloud.

1.2   Current State

1.2.1   Onsite Server Backups

Quairading Administration Office

The Shire of Quairading outsource the management of backup and recovery to WCS. The currently employed system consists of the following:

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Server Name	Backup Technology	Job Details
SOQ-VMHOST Virtual Machines - S22DC - S22RDS - S22ECM - ALTUS	Datto	Continuous Incremental Backups Backups done Hourly M-F between 8AM and 6PM Backups done Daily Sat-Sun between 7PM and 10PM Local data retention upto 2TB local Storage Daily Backup Monitoring by WCS Daily Backup Alerts to WCS and Client Daily Backup Tested via Screenshot Boot Capture Offsite Cloud Replication Fully managed solution by WCS. No interaction required to be completed by Shire Staff.

1.2.2   Offsite Server Backups

Quairading Administration Office

The Shire of Quairading outsource the management of backup and recovery to WCS. The currently employed system consists of the following:

Server Name	Backup Technology	Job Details
SOQ-VMHOST Virtual Machines - S22DC - S22RDS - S22ECM - ALTUS	Datto	Continuous Incremental Backups Replication of last backup of each day to the cloud Cloud Data Retention – Unlimited upto 12 months Daily Backup Monitoring by WCS Fully managed solution by WCS. No interaction required to be completed by Shire Staff.

1.2.3   Retention Period

Quairading Administration Office.

The backups maintained by WCS are defined below. Onsite backups can change. Cloud doesn't.

	Number Kept Onsite	Number Kept in Cloud	Explanation
Hourly	100	-	Hourly backups for 10 days locally
Daily	14	5	Daily backups are replicated to the cloud not hourly
Weekly	4	4	-
Monthly	6	12	-

Backups allow file based recovery to previous hour on-premises or previous day in the cloud.

1.3   Future State Recommendations

Quairading Administration Office.

The current state of backups meets the needs and requirements by the Shire of Quairading.

The Shire of Quairading Disaster Recovery Plan has been created which will also dictate if the current solution meets the business requirements moving forward.

Annual Testing of the Disaster Recovery Plan is required.

1.4   Budget Estimate

Quairading Administration Office

A backup and recovery solution will be a managed service, which means all costs are monthly on-going/operational costs.

See the following table for an indication of on-going costings.

For budget purposes, the data on premise component is set to a shared 2TB.

(Pricing is currently fixed until July 2025).

Description	2023-2024 Costs	2024-2025 Costs	2025-2026 Costs
Data on premise	10010	10010	12578

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2   Domain

2.1   Industry Best Practice

Utilisation of Microsoft Active Directory (AD) is key to centralised management of ICT networks. Active Directory has four primary functions:

2.1.1   Authentication

2.1.2   Policy-based Administration

2.1.3   Security Policies for User Accounts

2.1.4   Directory for Publishing Shared Resources

A user can only be authenticated by a domain controller in the domain that hosts the user's account. Where possible, any application or network resource that utilises authentication for login or access should be integrated with the domain in order to use domain authentication. This reduces the amount of credentials a user is required to remember, allowing a "Single Sign-on" (SSO) environment.

Microsoft Group Policy allows ICT administrators to standardise and manage objects within a domain using policies that can be enforced. Such objects can include user accounts and computers. It is best practice for ICT policies to be created, deployed and enforced using Group Policy.

Some basic security policies that should apply to all domain user accounts include:

2.1.5   Password policies

2.1.6   Account lockout policies

2.1.7   Account expiry policies

Where possible, Active Directory should be utilised to publish connection information about shared resources. As an example, printer resources might be published in a domain to facilitate searches by users.

2.2   Current State

Quairading Administration Office

AD is present, reasonably well-structured and up to date. Minor group policy work is used and deployed as all workstations are AzureAD Joined.

A detailed naming structure for IT equipment exists which allows administrators to see who owns the equipment based on a role name. A naming structure for user accounts exists based on a role name which is not recommended.

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FSMO (Flexible Single-Master Operations) roles and DHCP used by Active Directory are not split between servers.

The internal domain name is ad.quairading.wa.gov.au with the FSMO roles running on the SOQ-S22DC Server as well as AzureADConnect to synchronise user details to M365 Cloud.

2.3   Future State Recommendations

Quairading Administration Office

The following is additional configurations should be configured to meet industry best practice:

2.3.1   Implementation of software deployment via Intune for workstations to improve speed and reliability of new device configuration.

2.3.2   Improve system log retention.

2.3.3   Implement removable media controls.

2.4   Budget Estimate

Quairading Administration Office

The majority of this work will be implemented as part of ongoing maintenance and upgrades under the IT Support MSA provided by WCS.

3   Antivirus

3.1   Industry Best Practice

An anti-virus solution should include the following features:

3.1.1   Scheduled full system scans

3.1.2   Real-time scanning

3.1.3   Behavioural monitoring

3.1.4   Anti-malware component(s)

Each of these four features should be configured and enabled for all machines requiring protection from viruses and malware.

Scheduled scans should be conducted a minimum of once per week and should be completed on all servers and client machines.

Real-time scanning can impact performance of key applications, particularly those that use a database. As such, many anti-virus vendors have released white papers on real-time scanning exclusion best practices. These best practices should be followed to avoid performance degradation of key/critical systems.

Behavioural monitoring should also always be enabled to prevent the increasingly popular ransomware viruses that encrypt data. Good anti-virus applications are able to detect when software is attempting to encrypt data and will block that application before any major damage can take place.

3.2   Current State

Quairading Administration Office

All computers and servers use Microsoft Defender for Endpoint. This product includes the following enabled features:

3.2.1   Smart Scan

3.2.2   Real-Time Scan

3.2.3   Web Reputation

3.2.4   Automatic Attack Disruption

3.2.5   Global Threat Intelligence

Scheduled scans are enabled for the computers and servers.

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Hosted email for spam, phishing and malware protection is provided by the Microsoft Defender for 365 which is bundled with Microsoft 365 Business Premium. This system works to ensure threats are detected and stopped before entering the corporate email systems.

3.3   Future State Recommendations

Quairading Administration Office

The following is industry best practice:

3.3.1   Expand the features set of Microsoft 365 Business Premium via continuous improvement and utilization of Microsoft Secure Score.

3.4   Budget Estimate

Quairading Administration Office.

This is covered under Microsoft 365 Business Premium Licensing for AV and Email Filtering.

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4   Corporate Applications

4.1   Industry Best Practice

Due to the numerous and varied nature of corporate applications, only generalized best practices can be listed in this section. Application vendors will normally release their own best practice white papers for specific applications which should be followed where possible.

A file management system (FMS) should continue to be employed to provide easy storage for relevant corporate data. If either on premise or hosted, a FMS requiring a back-end database should utilise Microsoft SQL and access to this data should be restricted as required. An alternative to a FMS is a document management system (DMS) such as Micro Focus Content Manager or SharePoint.

Financial software should continue to be employed to provide accounting and financial management capabilities. If either on premise or hosted, financial software requiring a back-end database should utilise Microsoft SQL and access to this data should be restricted as required.

CRM software should continue to be employed to provide membership and customer based capabilities. If either on premise or hosted, CRM and access to this data should be restricted as required.

A cyber awareness training platform should be implemented to help build employee's cybersecurity skills. An automated platform should train employees at a comfortable pace appropriate to their risk profile. Options such as an online test and simulations should be included.

4.2   Current State

Quairading Administration Office.

An enterprise resource planning (ERP) suite that encompasses all business areas named SynergySoft from the company ITVision has been implemented to provide easy storage, sorting and version control for relevant corporate data. They are also used to provide accounting and financial management capabilities. The current modules include Core Financials, Customer Service, Excel Integration, Payroll, Purchase Ordering, Purchase Requisitions/Extended Security, Rates and Property including Model & Pools, Receipting, Report Manager and Stores. SynergySoft utilises an IBM U2 Universal database for the back-end database and a customized published application for the front-end interface.

Record keeping has been upgraded with the implementation of Altus ECM. This runs internally on a separate dedicated server running an SQL Database.

The SynergySoft licenses have been listed in Appendix D.

4.3   Future State Recommendations

Quairading Administration Office.

The current state meets most requirements although the development of a four-year road map is required to outline the logical transition from SynergySoft to Altus. As part of this journey which would be module by module, it would be appropriate to go to market for possible "best of breed" alternatives.

The Shire of Quairading is moving forward (very slowly currently) with the migration to Altus. This has been significantly delayed with the failure to implement Altus Payroll in the planning timeframe. This then calls into question the ability to move to full Altus Financials in the planning timeframe for the future.

To improve functionality and appearance on mobile devices (mobility), works should proceed with the current provider on the corporate website. Online payment options is one example.

A cyber awareness training platform should be implemented which hooks into HR. A solution that can start at any time for a new employee and that never stops is ideal. The idea is to reinforce knowledge without overwhelming the employee.

To improve workflow and productivity a project management tool like Trello or Monday could be investigated if the specific need and desire arises. With so many tools and packages available significant time and resources are required to make these work effectively.

4.4   Budget Estimate

Quairading Administration Office.

See the following table for an indication of on-going costings:

Description	2023-2024 Costs	2024-2025 Costs	2025-2026 Costs
SynergySoft Suite	35589	36835	38124
Altus Suite	40927	41231	41547
Website Development	7920	7920	7920
Adobe Creative Cloud	6000	6500	7000

Description	2023-2024 Costs	2024-2025 Costs	2025-2026 Costs
Cyber Awareness Training	3000	3500	3750

*Pricing excludes GST and is a budget estimate only.

5   IT Support Arrangements

5.1   Industry Best Practice

Outsourced IT services should include the following;

5.1.1   Scheduled onsite support visits;

5.1.2   The ability to log support requests which are monitored and attended to;

5.1.3   Access to 24x7x365 support with tight service level agreements;

5.1.4   Proactive monitoring of the ICT network during business hours.

IT service providers should be vendor-certified relevant to any managed technology and have enough personnel to be able to adjust support hours in line with seasonal shifts in IT requirements.

Organisations that employ the service of third party IT support providers should regularly review the support schedule to ensure it fits the business requirements.

5.2   Current State

The Shire of Quairading has contracted WCS to provide comprehensive Managed Services Support for all IT Support requirements. Centralise management, centralised ticketing, direct access to ticketing, monthly reporting are all included. Support is delivered as required with both remote and onsite services included.

The enterprise resource planning application (SynergySoft/Altus) is supported by WCS and ReadyTech.

5.3   Future State Recommendations

Local governments face increasing pressure to enhance their security posture to address growing global threats. Implementing a robust security compliance framework is essential, with the Australian Cyber Security Centre's Essential 8 being a highly recommended option.

This framework, supported and continuously updated by the Australian Federal Government, is particularly suitable for small organizations. It offers a solid foundation for demonstrating commitment to security.

Remember, security is an ongoing journey, not a final destination.

A new security specific MSA has been applied in 2024-25 to address these areas

5.4   Budget Estimate

Quairading Administration Office.

See the following table for an indication of on-going costings:

Description	2023-2024 Costs	2024-2025 Costs	2025-2026 Costs
IT Support MSA	34647	35804	37594
Security MSA		16464	21168

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6   IT Disaster Recovery Plan

6.1   Industry Best Practice

An IT Disaster Recovery Plan must set out the mitigation, preparation, warning, response and business continuity arrangements for all core IT systems.

The IT Disaster Recovery Plan must also:

6.1.1   Provide the information and procedures necessary to

6.1.1.1   Respond to an occurrence

6.1.1.2   Notify personnel

6.1.1.3   Assemble recovery teams

6.1.1.4   Recover data

6.1.1.5   Resume processing at the current or alternate site as soon as possible after a disaster has been declared

6.1.2   Create a disaster recovery structure strong enough to provide guidance to all interrelated groups, yet flexible enough to allow staff and teams to respond to whatever type of disaster may occur.

6.1.3   Identify those activities necessary to resume full services at the reconstructed disaster site or new permanent facility.

6.1.4   Establish a return to a "business as usual" environment.

Continual review of the IT Disaster Recovery Plan should occur annually – or with significant business change – with the aim to improve existing resilience against damage to the business in the event of an actual disaster or outage.

6.2   Current State

The Shire of Quairading currently has an IT Disaster Recovery Plan. This plan should be reviewed, updated and fully tested as least annually.

6.3   Future State Recommendations

Continuous development and upgrade to the IT DR Plan and annual testing.

Reviewing requirements that might change in the future.

6.4   **Budget Estimate**

Quairading Administration Office

See the following table for an indication of on-going costings:

Description	2023-2024 Costs	2024-2025 Costs	2025-2026 Costs
IT DR Plan Refresh (QAO)	2495	2495	2495

7   Internet Gateway

7.1   Industry Best Practice

A business grade internet gateway must be capable of providing advanced security services in addition to standard routing and port forwarding functionality.

Examples of advanced security services include:

7.1.1   Gateway Antivirus

7.1.2   Gateway Antispyware

7.1.3   Intrusion Prevention

7.1.4   Application Intelligence and Control

7.1.5   Web/Content Filtering

7.1.6   DPI SSL Scanning

These services deliver intelligent, real-time network security protection against the latest blended threats, including viruses, spyware, worms, Trojans, software vulnerabilities and other malicious code.

Application Intelligence and Control provides granular control and real-time visualization of applications to guarantee bandwidth prioritization and ensure maximum network security and productivity.

7.2   Current State

Quairading Administration Office

The Shire Administration Office currently has a Sophos XGS126 UTM Firewall which has been implemented and meets these requirements and recommendations. This is also connected Teltonika 4G Failover Internet. The primary internet connection is via CrispWireless PtP Wireless.

The Sophos UTM is managed via Cloud Access and monitored on a daily basis.

The Sophos UTM is provided via Managed Infrastructure as a Service.

Quairading Community Resource Centre

As an Ubiquiti outdoor point-to-point wireless link exists back to the Admin Office, no Internet Gateway is used.

Quairading Depot

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As an Ubiquiti outdoor point-to-point wireless link exists back to the CRC, no Internet Gateway is used.

7.3   Future State Recommendations

Quairading Administration Office

The new Sophos Firewall solution has been implemented but there are always improvements that are being made.

Continuous development and implementation of the last software and features needs to continue to occur.

From time to time a review needs to be undertaken to ensure that the current hardware firewall offers the best value for the Shire.

7.4   Budget Estimate

Quairading Administration Office.

See the following table for an indication of on-going costings:

Description	2023-2024 Costs	2024-2025 Costs	2025-2026 Costs
Admin Office	2280	2280	2575

*Pricing excludes GST and is a budget estimate only.

8   ISP Links

8.1   Industry Best Practice

Industry best practices dictate most organisation's IT infrastructure should have a measure of redundancy to as many components as possible – including (and especially) connections to the Internet.

A business grade Internet connection suitable for the Shire of Quairading should have the following characteristics:

8.1.1   Provided by a Tier 1 or 2 ISP

8.1.2   Guaranteed bandwidth of at least 100Mbps (preferred 100Mbps or higher at main office)

8.1.3   100Mbps (preferred 250Mbps) for a full cloud/hosted platform

8.1.4   Guaranteed contention ratio

8.1.5   Synchronous uplink

8.1.6   Delivered over fibre optic

8.1.7   Corporate/Enterprise level SLA

A secondary Internet connection should also be provided by a different ISP than the primary connection. The secondary connection can be a slower/lower specification service as its main function is to act as a backup connection when the primary connection fails.

In addition to failover capability, a secondary Internet connection can be utilised for load balancing. Low priority Internet services can be routed through the secondary connection to free up bandwidth from the primary connection.

8.2   Current State

Quairading Administration Office

A fibre optic Internet service is too expensive as the primary Internet link. In 2022, the Shire connected all buildings to CRISP, a regional wireless provider with a wireless enterprise link (60Mbps/60Mbps).

This change has dramatically increased the reliability and performance of the IT systems. This type of bandwidth will cater for automatic offsite backups for disaster recovery, secure remote access for staff and the introduction of some hybrid cloud options.

A Telstra NextG/4G Failover service is setup and configured.

The following ISP links are currently active:

Site	Connection Type	Speed	Monthly Cost
Admin Office	CrispWireless	60Mbps/60Mbps	$169
Admin Office	Telstra NextG	20Mbps/20Mbps	$75

8.3   Future State Recommendations

Quairading Administration Office

The possibility of a fibre optic Internet can be reinvestigated in 2025 after the 36 month contract with CrispWireless has expired to see if there is a competitive option available.

Secondary Internet could be upgraded to Starlink Internet. The main benefit of this over current 4G connection is that if there is a major disruption like a fire or state power outage which might take out the 4G network, as we witnessed in many areas of the Wheatbelt in January 2024.

8.4   Budget Estimate

Quairading Administration Office.

See the following table for an indication of on-going costings:

Description	2023-2024 Costs	2024-2025 Costs	2025-2026 Costs
Primary Link (Wireless)	2028	2028	
Primary Fibre Optics			4200
Secondary Link (NextG)	900	900	
Starlink Failover Link			2028

*Pricing excludes GST and is a budget estimate only.

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9   Uninterruptable Power Supply

9.1   Industry Best Practice

Uninterruptable Power Supplies (commonly referred to as UPS) deliver online power quality and scalable battery runtimes for key IT infrastructure. In addition to providing clean power to IT equipment, a UPS is primarily utilised to keep expensive IT hardware powered on during a power outage.

High-grade UPS equipment should be installed to keep IT hardware in the main server rack(s) online for at least 1 hour during a power outage. If a power outage extends longer than the battery life of the UPS equipment, the UPS hardware should be set to gracefully shutdown all virtual servers prior to host hardware and other equipment losing power.

High-grade UPS equipment should also be equipped with modules to provide additional features such as environmental monitoring, network management and email notifications. High-grade UPS solutions address internal faults/outages by using a standby module. Alternatively, two units can be used to offer hardware redundancy.

Lower-grade UPS equipment should be installed in any location with network equipment such as switches, firewalls or modems and provide an uptime of at least 30 minutes in the event of a power outage.

Any UPS equipment powering core IT infrastructure should be tested annually to ensure indicated up-times are accurate.

9.2   Current State

Quairading Administration Office

An Eaton 9PX 2000 RT UPS with no Extended Battery Module (EBM) is installed in the Administration Building computer room. This UPS is rated at 2000VA and power rails ensures all IT hardware in the server cabinets are powered via the UPS. This UPS will provide approximately 30 minutes uptime for the IT infrastructure in the event of a power outage.

This UPS does have the ability to communicate on the network but automatic shutdown procedures and parameters are not configured in cases of prolonged power outages. No shutdown can be automatically performed based on extreme temperature and/or humidity and no email notifications are configured.

9.3 **Future State Recommendations**

Quairading Administration Office

The UPS equipment partly meets the Shire of Quairading's current requirements. An uptime test should be completed on an annual basis to ensure uptimes indicated are accurate. A failed test will confirm if new batteries are required.

As there is already an SNMP card (network management) installed, an EMP card (temperature probe) should be installed. This will deliver more control and allow the UPS to shut itself off and on based on set temperature and humidity readings.

9.4 **Budget Estimate**

Unfortunately, an existing UPS warranty cannot be extended so servicing the UPS is the cheapest alternative to replacing the UPS.

Device replacement would be scheduled for 2026/27 FY.

Quairading Administration Office

See the following table for an indication of on-going costings:

Description	2023-2024 Costs	2024-2025 Costs	2025-2026 Costs
EMP Card		395	
Batteries		1250	

*Pricing excludes GST and is a budget estimate only.

10   Computer Room

10.1   Industry Best Practice

The room(s) containing core IT infrastructure should have the following properties:

10.1.1   Independent and redundant air-conditioning

10.1.2   Backup ventilation fan

10.1.3   Dedicated 15A+ (or higher) power circuit for each UPS

10.1.4   Sufficient storage for IT hardware, spare cabling and software

10.1.5   Non-carpet flooring to minimise dust

10.1.6   Lockable door

In addition to the above, a desk and chair should be provided for any IT support staff that attend site if possible.

10.2   Current State

Quairading Administration Office

A 28RU cabinet is located in a shared multi use storage/archive room. The room door is locked. There is a split system air conditioning installed in this room, however, this is only in use during business hours.

Data cabling is well set out and labelled correctly with ample cable management. Most communications equipment is rack mounted although the UPS which is designed to be rack mounted, is installed on its side with the rail kit still in the box. Unfortunately, the HPE server is not rack mounted.

Quairading Community Resource Centre

As the Community Resource Centre is a multi-tenanted building, the Shire of Quairading equipment is located in a wall-mounted cabinet in the storeroom. This wall-mounted cabinet contains equipment for all tenants making it less secure.

Data cabling is messy as no cable management is used.

Quairading Depot

Quairading Depot was upgrading with a new rack at the end of 2022. Data cabling is well managed and fully documented.

10.3 **Future State Recommendations**

Quairading Administration Office

The shared multi use storage/archive room means the door to this room cannot change and must stay locked at all times with the key documented and stored safely.

The door to the right hand side of the cabinet must be re-installed and the key to the cabinet documented and stored safely.

The replacement server is rack mounted and cabling has been improved in 2022.

Quairading Community Resource Centre

As the Community Resource Centre is a multi-tenanted building, it is very difficult to segregate the equipment for all tenants.

As the data cabling is messy and no cable management is used, shorter CAT6a cables should be used to help make the install cleaner and easier to fault find.

Documentation needs to be updated with Visio Maps created for better remote support options.

Quairading Depot

No further changes are required for this.

10.4 **Budget Estimate**

Quairading Community Resource Centre

See the following table for an indication of on-going costings:

Description	2023-2024 Costs	2024-2025 Costs	2025-2026 Costs
Supply CAT6a Cables		500	
Project Labour		2500	

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11   Local Area Network

11.1   Industry Best Practice

Core network switching should provide the following:

11.1.1   Layer 3 routing functionality

11.1.2   Management interface

11.1.3   Power over Ethernet

11.1.4   At least 1000Mbps (1 gigabit) connectivity to all computers

11.1.5   At least 10000Mbps (10 gigabit) connectivity to all servers

Additionally, core network switching should always be configured in a redundant stack.

Local area networks should utilise VLAN encapsulation for logical segregation of network traffic.

Internal Wi-Fi access points can be configured on different frequency ranges. Each range is divided into channels. Fine tuning can increase performance gains. Wireless network access can be configured using SSIDs, VLANs and user authentication to increase security.

Public/visitor Wi-Fi networks should also be securely segregated from corporate networks via VLAN encapsulation.

11.2   Current State

Quairading Administration Office

In the server rack there is a Ubiquiti USW-PRO-48-POE in the shared Multi-Use Storage/Archive room. This switch, which was upgraded in 2022, has has over 25% capacity available. This switch is full Layer 3 and POE enabled.

There are currently two Ubiquiti U6 LR Wireless Access Points installed in the main office to provide full coverage and redundancy. This Wi-Fi network is the corporate network it has a segregated guest network for visitors.

Quairading Community Resource Centre

There is a Ubiquiti USW-PRO-24 switch rack mounted inside the wall-mounted cabinet in the Community Resource Centre storeroom. 18 of the 24 ports are free so there is plenty of space available for expansion. NOTE: This is not POE Enabled.

There is no Wi-Fi provided by the Shire.

Quairading Depot

There has been a Ubiquiti USW-PRO-24-POE installed in the new comms rack at the Depot. This is a 24 port Layer 3 switch and this currently has 6 ports available.

Internal Wi-Fi is delivered through multiple Ubiquiti AP AC-Pro. This Wi-Fi network is the corporate network it has a segregated guest network for visitors.

11.3 Future State Recommendations

All Commercial Shire Buildings

To address current and future security requirements, standardised on networking equipment needs to be purchased as the network is expanded and upgraded.

Ongoing management and performance monitoring of network to ensure smooth and efficient operations for all staff members. This is across wireless, wireless and ptp networks.

Review security configuration of the network on a regularly basis to see if there are any improvements that can be implemented.

11.4 Budget Estimate

Quairading Administration Office

See the following table for an indication of on-going costings:

Description	2023-2024 Costs	2024-2025 Costs	2025-2026 Costs
EAP Security Configurations		1500	

*Pricing excludes GST and is a budget estimate only.

12   Desktops / Laptops

12.1   Industry Best Practice

Standard IT practices and return on investment analysis from Industry bodies such as Gartner Group dictate a three-year lifecycle for standard business desktops. These industry standards are reflected by the tier one companies such as HP, Lenovo and DELL who generally ship such machines with a standard three-year onsite warranty.

A replacement business desktop should be obtained from a tier one vendor such as Dell, HP or Lenovo who have a three-year hardware life cycle. This ensures a small number of Standard Operating Environment's (SOE) can be maintained across the three-year desktop lifecycle.

A shift away from small form factor desktop machines to "mini desktop" frees up office desk space for all staff. These machines are also more energy efficient and have silent operation.

A true business laptop will ensure standard accessories including docking stations, and extended batteries are available.

12.2   Current State

Quairading Administration Office, Community Resource Centre & Depot

The Shire of Quairading currently utilise a majority of business/enterprise computers systems primarily from Lenovo, Dynabook and Dell. The fleet numbers approximately 30 computers.

Windows 10/11 Business & Microsoft 365 Business Premium have been deployed thru Intune.

Windows updates for computers and servers is managed by Wallis Computer Solutions

Third-party patching (Java, Adobe, Flash etc.) has been implemented by Wallis Computer Solutions.

12.3   Future State Recommendations

Quairading Administration Office, Community Resource Centre & Depot

The Shire will be standardising the purchasing of computers. In an ideal world one manufacturer is chosen which can reduce the overheads involved with managing a fleet of computers from a driver/support point of view. Bulk purchasing of computers can lead to discounted pricing. The purchasing of computers can be staggered across multiple years so that the fleet is refreshed

regularly without requiring a big capex investment. The Shire will compare the leasing model with outright purchasing during the next computer purchase.

Staff will be given a mini desktop if they never leave the office or require a fixed desktop setup.

Customer facing front office staff are an example of this. To increase mobility and productivity, key staff should be supplied a laptop with accessories such as a docking station and two LCD screens. The laptop is taken home to be securely used remotely and placed back into the docking station when in the office. Most importantly, every user should only have one computer.

The Shire will research implementing an SOE which would include Windows 11 Professional with Office 365. A migration to Office 365 has been completed in 2022. Office 365 will provide additional capabilities such as Microsoft Teams and SharePoint Online.

Please refer to Appendix A for a complete list of desktop/laptop hardware replacements and relevant information.

Budget Estimate

Description	Current Replacement Costs
Desktop Mini with Accessories and Screens	2000
Business Laptop with Accessories and Screens	2750
Business Tablet with Accessories and Screens	3500

Quairading Administration Office, Community Resource Centre & Depot

See the following table for an indication of on-going costings. These costings are excluding related project labour:

Description	2023-2024 Costs	2024-2025 Costs	2025-2026 Costs
Desktop Mini	4000	2000	2000
Business Laptop	5500	8250	8250
Business Tablet	7000	7000	7000
Office 365	15018	15985	16865

*Pricing excludes GST and is a budget estimate only.

13   Servers

13.1   Industry Best Practice

Physical server hardware should be specified which supports a virtual server environment, to provide the best possible return on investment on server hardware via increased utilisation. If uptime is essential the N+1 architecture delivers a minimum of two physical servers using a software defined storage solution.

The greater IT Industry has observed a large shift to virtual server environments, which started nearly a decade ago in the enterprise market space. This trend has migrated rapidly down to the small to medium business in recent times as vendors target their pricing and products towards this more price sensitive end of the market.

Current offerings of server hardware provide significant excess performance capability which can be employed to support multiple simultaneous servers on the one server. This approach makes the best use of expensive server hardware, allows effective management of shared server storage and can be leveraged to reduce downtime.

Physical server hardware should employ as many redundancy options as possible, such as:

13.1.1   Redundant power supplies

13.1.2   Redundant cooling

13.1.3   Redundant 10GB network connectivity

13.1.4   Redundant hard drive configurations (RAID5 + hot spare disks)

Virtual servers should be built to a Windows Server 2019 standard as a minimum.

13.2   Current State Recommendations

Quairading Administration Office

A Server Migration/Replacement with Dell PowerEdge R540 Server and Migration to O365 has occurred in 2022 and this comes with a 7 year ProSupport Warranty (Expiring 2029)

13.3   Budget Estimate

Quairading Administration Office

See the following table for an indication of on-going costings:

Description	2023-2024 Costs	2024-2025 Costs	2025-2026 Costs
Server Replacements			

14   **Storage**

14.1   **Industry Best Practice**

Two common forms of storage exist being SAN hardware or local disk server storage.

SAN hardware should always be capable of easy expansion for future data requirements, by allowing additional hard drives and hard drive shelves to be installed. This flexibility will ensure a major upgrade to server infrastructure will not be required in the standard server/SAN life cycle. The SAN is one of the most vital components of the IT infrastructure and therefore should employ as many redundancy options as possible, such as:

14.1.1   Redundant storage processors

14.1.2   Redundant power supplies

14.1.3   Redundant cooling

14.1.4   Redundant 10GB network connectivity

14.1.5   Redundant hard drive configurations (RAID5 + hot spare disks)

Local disk server storage should always be capable of easy expansion for future data requirements, by allowing additional hard drives to be installed. Local disk server storage should employ redundancy options such as:

14.1.6   Redundant hard drive configurations (RAID5 + hot spare disks)

14.1.7   Software defined storage solution (two or more physical servers)

14.2   **Current State**

Quairading Administration Office
The Shire of Quairading Dell R550 meets all requirements although it is server vs specific SAN.

14.3   **Future State Recommendations**

Quairading Administration Office
The Shire of Quairading Dell R550 meets all requirements with warranty due for expiry in 2029.

14.4   **Budget Estimate**

Quairading Administration Office
The Shire of Quairading Dell R550 meets all requirements and no additional costs for the foreseeable future.

15   IP Telephony

15.1   Industry Best Practice

IP Telephony is the technology that makes it possible to have telephone conversations over the Internet or a dedicated IP network (instead of dedicated voice transmission lines).

A dedicated IP network should be utilised in order to guarantee quality, as voice calls over the Internet take a "best effort" approach, which can result in poor or degraded quality.

Consideration should be given for a VOIP PABX, which allows for control and configuration of the telephony system by internal staff or contracted support staff.

Client computers should be connected to the local area network via the associated VOIP phone handset, therefore all VOIP phone handsets should allow gigabit connectivity to the network. This approach reduces switching and cabling costs.

15.2   Current State Recommendations

Quairading Administration Office & Medical Clinic

A 3CX VoIP Phone System has been deployed for both Administration Office and Medical Clinic. Services have been migrated to the new carrier with the ability for remote access, call routing between locations, voicemail and remote provisioning of devices.

This is all setup, configured, managed by Wallis Computer Solutions.

This is a fixed price 60 month agreement including handsets, calls and support.

This system is scalable and can increase in handsets as required by the Shire.

15.3   Budget Estimates

Quairading Administration Office & Medical Clinic

See the following table for an indication of on-going costings:

Description	2023-2024 Costs	2024-2025 Costs	2025-2026 Costs
3CX Phone System	12210	12420	12630

16   **Printing**

16.1   **Industry Best Practice**

Printing is one of the most critical functions of an IT system and consequently can be one of the most frustrating when not setup correctly. One or two large duty cycle multifunction copiers should be deployed on each floor or central location within the main office. Printer drivers should be deployed utilising universal drivers where possible, via Microsoft group policy.

Where required, additional printers can be deployed, however these should always be laser printers, sourced from a Tier 1 vendor and capable of connecting to the local area network.

The printing technology should also be capable of providing a "secure print" feature, which prevents documents from being physically printed, until a staff member logs into the printer and "releases" the print job. This allows for secure and confidential printing in a centralised printing environment.

16.2   **Current State**

Quairading Administration Office

Centralised printing has been implemented using a mixture of printers with the Canon iR-ADV 7765 being the central multi-function printer. Secure Print has not been implemented.

One smaller HP LaserJet printers are also in operation.

A Kyocera M4132idn has been deployed in 2023 to the Depot.

Future State Recommendations

Quairading Administration Office

The Canon C7765 has its final payment due in May 2024.

It is expected that it will be replaced in 2024-25 Financial Year, most likely on a lease for something with a similar cost.

The depot printer installed in 2023 should be fine for ~ 5 Years. So replacement should be planned for around 2028.

16.3   Budget Estimates

Quairading Administration Office

See the following table for an indication of on-going costings.

Depot printer was purchased and Office Photocopier is leased over 60 months.

Description	2023-2024 Costs	2024-2025 Costs	2025-2026 Costs
Depot MFP Purchase	3729		
Office Photocopier Lease	3390	3390	3390

*Pricing excludes GST and is a budget estimate only.

APPENDIX A: WORKSTATIONS / TABLETS / LAPTOPS

Agent Name	Agent Type	Agent Manufacturer	Agent Mainboard	Windows Version	Agent User	Agent Serial Number	Purchased
SOQ-WS2WX64	WorkStation	HP	HP EliteDesk 800 G3 SFF	Windows 10 Pro	SOQ\jason.mashford	AUD7320BNG	17/18
SOQ-WS3WX64	WorkStation	HP	HP EliteDesk 800 G3 SFF	Windows 10 Pro	SOQ\debra.matthews	AUD8070FY9	17/18
SOQ-LP6WXI	Laptop	LENOVO	81YE	Windows 10 Pro	SOQ\sarah.caporn	PF271AF6	18/19
SOQ-LP10WXI	Laptop	Acer	TravelMate P215-52	Windows 10 Pro	SOQ\jason.lilleyman	03800343	19/20
SOQ-LP11WX64	Laptop	LENOVO	82C5	Windows 10 Pro	SOQ\cynthia.yarran	PF2N03MJ	19/20
SOQ-LP12WX64	Laptop	LENOVO	82C5	Windows 10 Pro	SOQ\chambers	PF2MXDVL	19/20
SOQ-LP13WX64	Laptop	LENOVO	82C5	Windows 10 Pro	SOQ\tricia.brown	PF2MXDTZ	19/20
SOQ-LP14WX64	Laptop	LENOVO	82C5	Windows 10 Pro	SOQ\Chambers	PF2MZ2J3	19/20
SOQ-LP15WXI	Laptop	LENOVO	82C5	Windows 10 Pro	SOQ\jason.mashford	PF2MZFRN	19/20
SOQ-LP16WX64	Laptop	LENOVO	82C5	Windows 10 Pro	SOQ\wrf	PF2MZN0Y	19/20
SOQ-LP1WX64	Laptop	ASUS	X541UAK	Windows 10 Pro	AzureAD\Quairading-Managerof	H4N0CX15D55817D	19/20
SOQ-LP7WX64	Laptop	ASUS	ZenBook UX362FA_UX362FA	Windows 10 Pro	SOQ\Nicole.Gibbs	KCN0CV01200349B	19/20
SOQ-LP8WX64	Laptop	ASUS	ZenBook UX362FA_UX362FA	Windows 10 Pro	SOQ\cynthia.lowe	KCN0CV012020499	19/20
SOQ-LP17WX64	Laptop	ASUS	ZenBook UX363EA_UX363EA	Windows 10 Pro	SOQ\dean.mastin	LBN0CX13U131479	21/22
SOQ-LP18WXI	Laptop	LENOVO	82KB	Windows 11 Pro	SOQ\josh.thompson	PF39V8JX	21/22

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Agent Name	Agent Type	Agent Manufacturer	Agent Mainboard	Windows Version	Agent User	Agent Serial Number	Purchased
SOQ-LP19WXI	Laptop	Acer	Extensa 215-54	Windows 11 Pro	SOQ\morganne.brunsdon	NXEGJSA0022110BE0C3400	21/22
SOQ-LP22WXI	Laptop	Dell	Inspiron 7506 2n1	Windows 11 Pro	CrHayes	5KMVMG3	21/22
SOQ-LP24WXI	Laptop	Dell	Inspiron 7506 2n1	Windows 11 Pro	SOQ-LP24WXI\crhippisley	9KMVMG3	21/22
SOQ-LP25WXI	Laptop	Dell	Inspiron 7506 2n1	Windows 11 Pro	SOQ\soqadmin	4KMVMG3	21/22
SOQ-LP26WXI	Laptop	Dell	Inspiron 7506 2n1	Windows 11 Pro	SOQ-LP26WXI\crstacey	3KMVMG3	21/22
SOQ-LP28WXI	Laptop	Dell	Inspiron 7506 2n1	Windows 11 Pro	SOQ-LP28WXI\crcowcill	4TXRMG3	21/22
SOQ-LP29WXI	Laptop	Dell	Inspiron 7506 2n1	Windows 11 Pro	CrCHeang	6KMVMG3	21/22
SOQ-LP30WXI	Laptop	Dell	Inspiron 7506 2n1	Windows 11 Pro	SOQ-LP30WXI\crsmith	7KMVMG3	21/22
SOQ-LP31WXI	Laptop	Dell	Inspiron 7506 2n1	Windows 11 Pro	SOQ-LP31WXI\crhaythornthwaite	6LZRMG3	21/22
SOQ-LP27WX64	Laptop	Dynabook Inc.	TECRA A50-K	Windows 11 Pro	SOQ\natalie.ness	92136246H	22/23
SOQ-LP33WX	Laptop	Dynabook Inc.	TECRA A50-K	Windows 11 Pro	SOQ\chloe.nella	33079476H	22/23
SOQ-LP34WX	Laptop	Dynabook Inc.	TECRA A50-K	Windows 11 Pro	SOQ\marion.haeusler	33079738H	22/23
SOQ-WS32WX	WorkStation	EDsys Computers	EDAIOI5245	Windows 11 Pro	SOQ-WS32WX\Library	B349723	22/23
SOQ-LP35WXI	Laptop	Dynabook Inc.	TECRA A50-K	Windows 11 Pro	SOQ\dean.mastin	63100709H	23/24
SOQ-LP36WXI	Laptop	Dynabook Inc.	TECRA A50-K	Windows 11 Pro	SOQ\sarah.caporn	63107966H	23/24
SOQ-LP37WXI	Laptop	Dynabook Inc.	TECRA A50-K	Windows 11 Pro	SOQ\tricia.brown	34084233H	23/24

APPENDIX B: PRINTERS

Quairading Administration Office.

Printer Name	Make	Model	Serial No	Location	IP Address	Date Purchased
SOQ-OFF-PRT1	Canon	iR-ADV C7765	5C25653 I R	Administration Building	172.20.61.40	2017-18 Replace: 2024-25
SOQ-OFF-PRT2	HP	M2235dn		Administration Building	172.20.61.41	~2015
SOQ-DEP-PRT3	Kyocera	Ecosys M4132idn	CN79M6507C	Depot	172.20.61.42	2022-23

APPENDIX C: MICROSOFT LICENSES

Quairading Administration Office.

Part No	Product Description	Qty Ordered	Coverage Period
	Server 2022 Standard 16 Core	2	Perpetual
	Server 2022 User CALs	32	Perpetual
	Server 2022 Remote Desktop Services – User CAL	29	Perpetual
	SQL Server 2019 Standard	1	Perpetual
	SQL Server 2019 User CALs	29	Perpetual
	WCS O365 Administrative Bundle	1	Annual
	Microsoft 365 Business Basics + EOA	7	Annual
	Microsoft 365 Business Premium	30	Annual
	Microsoft 365 Defender for Server	5	Annual

APPENDIX D: ADDITIONAL LICENSES – SYNERGYSOFT AND ALTUS

Cost	2022/23	2023/24	2024/25	2025/26	2026/27
Annual licence fee (existing)	$22,924	$23,726*	$24,557*	$25,416*	$26,306*
50% uplift	$11,462	$11,863*	$12,278*	$12,708*	$13,153*
Altus Payroll licence fee	$8,400	$8,694*	$8,998*	$9,313*	$9,639*
Altus Payroll implementation	$49,883				
Module Implementation Costs (Smoothed)		$32,233	$32,233	$32,233	$32,233
Total investment	$92,669	$76,517	$78,066	$79,671	$81,331

* Includes CPI estimate increase at 3.5% per annum

APPENDIX E: SUMMARY OF ESTIMATES

Quairading Administration Office/CRC/Depot.

Category	Description	Priority Number	Dependency Category	2023-2024 Costs	2024-2025 Costs	2025-2026 Costs
5.1	Backup & Disaster Recovery	1	5.1, 5.6, 5.7, 5.8	10010	10010	12578
5.2	Domain	4		0	0	0
5.3	Anti-Virus	11		0	0	0
5.4	Corporate Applications	7		93427	95986	98341
5.5	IT Support Arrangement	8		34647	51111	55815
5.6	IT Disaster Recovery Plan	2	5.1	2495	2495	2495
5.7	Internet Gateway	3	5.8	2280	2280	2580
5.8	ISP Links	5	5.7	2928	2928	6228
5.9	Uninterrupted Power Supply	13			1645	
5.10	Computer Room	16			3000	
5.11	Local Area Network	12			1500	
5.12	Desktop / Laptops	6		31518	33235	34115
5.13	Servers	9	5.14	0	0	0
5.14	Storage*	10	5.13	0	0	0
5.15	IP Telephony	14		8712	12420	12630
5.16	Printing	15		7119	3390	3390
	MINOR EQUIPMENT					
	TOTAL					

The Priority Number suggests the importance of the change. 1 represents a high priority i.e. now and 16 represents a low priority.

The Dependency Category shows a link between the categories. A link means other categories are required to complete the task.

* The costs associated with 5.14 Storage are incurred within the 5.13 Server item due to Server and Storage being the same hardware.

GLOSSARY OF TERMS

3DES

Triple DES is a mode of the DES encryption algorithm that encrypts data three times. Three 64-bit keys are used, instead of one, for an overall key length of 192 bits (the first encryption is encrypted with second key, and the resulting cipher text is again encrypted with a third key).

4G

4G is the fourth generation of wireless mobile telecommunications technology, succeeding 3G. Potential and current applications include amended mobile web access, IP telephony, gaming services, high-definition mobile TV, video conferencing, and 3D television

Active Directory

Active Directory (AD) is a directory service that Microsoft developed for Windows domain networks. It is included in most Windows Server operating systems as a set of processes and services. Initially, Active Directory was only in charge of centralized domain management. Starting with Windows Server 2008, however, Active Directory became an umbrella title for a broad range of directory-based identity-related services.

ADSL

(Asymmetric Digital Subscriber Line) is a technology for transmitting digital information at a high bandwidth on existing phone lines to homes and businesses. ADSL is an asynchronous service that delivers a faster download speed but slower upload speed.

AES

Advanced Encryption Standard (AES) is an encryption algorithm for securing sensitive but unclassified material by U.S. Government agencies and, as a likely consequence, may eventually become the de facto encryption standard for commercial transactions in the private sector.

BDSL

(Broadband or Business Digital Subscriber Line) is a technology for transmitting digital information at a high bandwidth on existing phone lines to homes and businesses. Unlike ADSL, BDSL is a synchronous service that delivers the same download and upload speeds.

CAL

A Client Access License (CAL) is a license granting access to certain Microsoft server software. CALs are used in conjunction with Microsoft Server software licenses to allow Users and Devices to access and utilise the services of that server software.

Cat5

ANSI/EIA (American National Standards Institute/Electronic Industries Association) Standard 568 is one of several standards that specify "categories" (the singular is commonly referred to as "CAT") of twisted pair cabling systems (wires, junctions, and connectors) in terms of the data rates that they can sustain. Cat5 supports data rates of 100 Mbps or 1000 Mbps (4 pair).

Cat6

ANSI/EIA (American National Standards Institute/Electronic Industries Association) Standard 568 is one of several standards that specify "categories" (the singular is commonly referred to as "CAT") of twisted pair cabling systems (wires, junctions, and connectors) in terms of the data rates that they can sustain. Cat6 supports data rates of 1000 Mbps (1Gbps) or 10000 Mbps (10Gbps).

Cloud Computing

A type of Internet-based computing that provides shared computer processing resources and data to computers and other devices on demand. It is a model for enabling ubiquitous, on-demand access to a shared pool of configurable computing resources which can be rapidly provisioned and released with minimal management effort.

CMS

A content management system (CMS) is a computer application that supports the creation and modification of digital content using a simple interface to abstract away low-level details unless required, usually supporting multiple users working in a collaborative environment.

CPU

A central processing unit (CPU) is the electronic circuitry within a computer that carries out the instructions of a computer program by performing the basic arithmetic, logical, control and input/output (I/O) operations specified by the instructions.

CRM

Customer relationship management (CRM) is a term that refers to practices, strategies and technologies that companies use to manage and analyze customer interactions and data throughout the customer lifecycle, with the goal of improving business relationships with customers.

Deep Packet Inspection

Deep packet inspection (DPI) is a technology which allows a firewall device to classify passing traffic based on rules that not only include information about layer 3 and layer 4 contents of the packet, but also include information that describes the contents of the packet's payload – including the application data (for example, an FTP session, or a HTTP Web browser session, or even a middleware database connection).

DHCP

Dynamic Host Configuration Protocol (DHCP) is a communications protocol that lets network administrators

manage centrally and automate the assignment of Internet Protocol (IP) addresses in an organisation's network.

DNS

The domain name system (DNS) is the way that Internet domain names are located and translated into Internet Protocol addresses.

Domain

A domain name is an identification string that defines a realm of administrative autonomy, authority, or control on the Internet. Domain names are formed by the rules and procedures of the Domain Name System (DNS). Domain names are used in various networking contexts and application-specific naming and addressing purposes.

Disaster Recovery

Disaster recovery (DR) involves a set of policies and procedures to enable the recovery or continuation of vital technology infrastructure and systems following a natural or human-induced disaster. Disaster recovery focuses on the IT or technology systems supporting critical business functions.

EDRMS

Electronic document and records management system (EDRMS) is a type of content management system and refers to the combined technologies of document management and records management systems as an integrated system.

EMC

EMC is a leading provider of IT storage hardware solutions to promote data backup and recovery and accelerate the journey to cloud computing.

ESXi

ESX Server is VMware's flagship enterprise server virtualization platform. It comes in two versions – ESX Server and ESXi Server where the latter has no service console and is the thinnest version available. ESX is an enterprise-level product developed by VMware Inc. that is used for server virtualization.

Ethernet

Ethernet is the most widely installed local area network LAN technology. An Ethernet LAN used to use coaxial cable but these days uses special grades of twisted pair wires.

Fibre

An optical fibre is a flexible, transparent fibre made by drawing glass (silica) or plastic to a diameter slightly thicker than that of a human hair. Optical fibres are used most often as a means to transmit light between the two ends of the fibre and find wide usage in fibre-optic communications, where they permit transmission over longer distances and at higher bandwidths (data rates) than wire cables.

Firewall

A firewall is a set of related programs, located at a network gateway that protects the resources of a private network from users from other networks. The term also implies the security policy that is used with the programs.

FSMO

FSMO is a specialized domain controller (DC) set of tasks, used where standard data transfer and update methods are inadequate. Active Directory (AD) normally relies on multiple peer DCs, each with a copy of the AD database, being synchronized by multi-master replication.

FTP

File Transfer Protocol (FTP) is a standard Internet protocol. It is arguably the simplest way to exchange files between computers on the Internet. It is also commonly used to download programs and other files to your computer from other servers.

GAS

Gateway anti-spyware (GAS) is a signature-based security solution that provides dynamic spyware protection at the perimeter of your network. The service blocks the installation of malicious spyware at the gateway and disrupts background communications from existing spyware programs that transmit confidential data.

GAV

Gateway anti-virus (GAV) is a signature-based security solution that provides protection at the perimeter of your network. They are your first line of defense, scanning inbound and outbound traffic to identify and block malicious threats before they can enter your network.

GIS

A geographic information system (**GIS**) is a computer system for capturing, storing, checking, and displaying data related to positions on Earth's surface. **GIS** can show many different kinds of data on one map. This enables people to more easily see, analyze, and understand patterns and relationships.

Group Policy

Group Policy is a feature of the Microsoft Windows NT family of operating systems that controls the working environment of user accounts and computer accounts. Group Policy provides the centralized management and configuration of operating systems, applications, and users' settings in an Active Directory environment.

GWIP

Government Wideband Internet Protocol (GWIP) is a uniquely flexible, high-speed data networking solution that offers a simple cost-effective means of interconnecting offices throughout Australia.

HDD

A hard disk drive (HDD), hard disk, hard drive or fixed disk is a data storage device used for storing and retrieving digital information using one or more rigid rapidly rotating disks (platters) coated with magnetic material.

Hybrid cloud

A composition of two or more clouds (private, community or public) that remain distinct entities but are bound together, offering the benefits of multiple deployment models. Hybrid cloud can also mean the ability to connect collocation, managed and/or dedicated services with cloud resources.

ICT

Information and communications technology (ICT) is an extended term for information technology (IT) which stresses the role of unified communication and the integration of telecommunications (telephone lines and wireless signals), computers as well as necessary enterprise software, middleware, storage, and audio-visual systems, which enable users to access, store, transmit, and manipulate information.

IP Address

An IP address is a 32-bit number that identifies each sender or receiver of information that is sent in packets across the network or Internet. The IP address has two parts: the identifier of a particular network on the Internet and an identifier of the particular device within that network. Due to the enormous growth of the Internet and the predicted depletion of available addresses, a new addressing system (IPv6), using 128 bits for the address, was developed in 1995.

IPS

Intrusion Prevention Service (IPS) is a pre-emptive approach to network security used to identify potential threats and respond to them swiftly. However, because an exploit may be carried out very quickly after the attacker gains access, intrusion prevention systems also have the ability to take immediate action, based on a set of rules established by the network administrator.

IPsec

A suite of protocols defining the security services developed by the Internet Engineering Task Force (IETF). IPsec is said to be especially useful for implementing virtual private networks and for remote user access through dial-up connection to private networks.

ISP

An ISP (Internet service provider) is a company that provides individuals and other companies' access to the Internet and other related services such as Web site building and virtual hosting. An ISP has the equipment and the telecommunication line access required to have a point-of-presence on the Internet for the geographic area served.

HA Pair

Some SonicWALL Firewall devices can be configured as a High-availability pair (HA Pair) which allows the primary and backup firewall devices to continuously synchronise so that the backup unit can seamlessly assume all network responsibilities should the primary unit fail.

HTTP

The Hypertext Transfer Protocol (HTTP) is the set of rules for exchanging files (text, graphic images, sound, video, and other multimedia files) on the World Wide Web. By default, HTTP operates on port 80.

LAN

A local area network (LAN) is a group of computers and associated devices that share a common communications line and typically share the resources of a single processor or server within a small geographic area (for example, within an office building).

Load Balancing

Load balancing allows the enabling of an interface as a secondary WAN port. The primary and secondary WAN ports are used in a more dynamic active/active setup, where the outbound traffic is divided to flow out between the primary WAN port and the secondary WAN port.

LRM

Limited Retirement Mode (LRM) is an announcement by Dell SonicWALL to indicate that it will no longer develop or release firmware updates or new features for these products. Software and firmware support for products in LRM is limited to critical bugs and security vulnerabilities.

LTO

Linear Tape-Open (LTO) is an open-format tape storage technology developed by Hewlett-Packard (HP), International Business Machines (IBM), and Certance. The term "open-format" means that users have access to multiple sources of storage media products that will be compatible. The high-capacity implementation of LTO technology is known as the LTO Ultrium format, or simply LTO Ultrium.

Malware

Malware (for "malicious software") is any program or file that is harmful to a computer user. Thus, malware includes computer viruses, worms, Trojans, and also spyware, programming that gathers information about a computer user without permission.

Mbps

Mbps stands for millions of bits per second or megabits per second and is a measure of bandwidth (the total information flow over a given time) on a telecommunications medium. Depending on the medium and the transmission method, bandwidth is also sometimes measured in the Kbps (thousands of bits or kilobits per second) range or the Gbps (billions of bits or gigabits per second) range.

MTO

The maximum tolerable outage is the amount of time the critical business functions may be without the support of IT systems and applications before business operations are severely impacted. The MTO encompasses all activities from point of impact to point of recovery.

NAS

Network-attached storage (NAS) is a file-level computer data storage server connected to a computer network providing data access to a heterogeneous group of clients. NAS is specialised for serving files either by its hardware, software, or configuration. It is often manufactured as a computer appliance – a purpose-built specialised computer.

NAT

Network Address Translation (NAT) is the translation of an Internet Protocol address IP Address used within one network to a different IP address known within another network. One network is designated the inside network and the other is the outside.

NBN

The National Broadband Network (NBN) is an Australian national wholesale-only, open-access data network. It is based on the premise that access to fixed line, wireless and satellite broadband connections are sold to retail service providers (RSPs), who then sell internet access and other services to consumers.

NSA

Dell SonicWALL Network Security Appliance (NSA) Series firewall's offer high-performance security against an array of attacks. The NSA Series combines Dell's patented Reassembly-Free Deep Packet Inspection (RFDPI) single-pass threat prevention engine with a powerful, scalable multi-core architecture.

NTFS

NT File System (sometimes New Technology File System) is the file system that the Windows NT operating system uses for storing and retrieving files on a hard disk. NTFS is the Windows NT equivalent of the Windows 95 file allocation table (FAT) and the OS/2 High Performance File System (HPFS).

On-premises

Software is installed and runs on computers on the premises (in the building) rather than at a remote facility such as a server farm or cloud. On-premises software is sometimes referred to as "shrinkwrap" software, and off-premises software is commonly called "software as a service".

PoE

Power over Ethernet (PoE) is the process of transmitting power to the target device at the end of an Ethernet cable by carrying power in the unused 4/5 and 7/8 wires. It enables access points and other remote devices to be installed where there is no power outlet.

Port

A port referred to in TCP/IP and UDP networks, is an endpoint to a logical connection. The port number identifies what type of port it is. For example, port 80 is used for HTTP traffic. Ports on a system can be left open for an incoming connection or closed to restrict unwanted access.

RAID

RAID (originally redundant array of inexpensive disks, now commonly array of independent disks) is a data storage virtualization technology that combines multiple physical disk drive components into a single logical unit for the purposes of data redundancy, performance improvement, or both.

RAM

Random-access memory (RAM) is a form of computer data storage. A random-access memory device allows data items to be read or written in almost the same amount of time irrespective of the physical location of data inside the memory

Ransomware

A computer malware that installs covertly on a victim's computer, executes a cryptovirology attack that adversely affects it, and demands a ransom payment to restore it. Simple ransomware may lock the system in a way which is not difficult for a knowledgeable person to reverse, and display a message requesting payment to unlock it.

RDP

Remote Desktop Protocol (RDP) is a proprietary protocol developed by Microsoft, which provides a user with a graphical interface to connect to another computer over a network connection.

Router

On the Internet, a router is a device or, in some cases, software in a computer, that determines the next network point to which a packet should be forwarded toward its destination. The router is connected to at least two networks and decides which way to send each information packet based on its current understanding of the state of the networks it is connected to.

RPO

The point in time to which systems and data must be recovered after an outage (e.g., end of the previous day's processing). RPOs are often used as the basis for the development of backup strategies.

RTO

The period of time within which systems, applications or functions must be recovered after a disaster declaration (e.g. one business day). RTOs are often used to determine whether or not to implement the recovery strategies/plan.

SAN

A storage area network (SAN) is a network which provides access to consolidated, block level data storage. SANs are primarily used to enhance storage devices so that the devices appear to the operating system as locally attached devices. A SAN typically has its own network of storage devices that are generally not accessible through the local area network (LAN) by other devices.

SAS

Serial Attached SCSI (SAS) is a point-to-point serial protocol that moves data to and from computer storage devices such as hard drives and tape drives. SAS replaces the older Parallel SCSI (Small Computer System Interface, usually pronounced "scuzzy") bus technology that first appeared in the mid-1980s.

SATA

Serial ATA (SATA, abbreviated from Serial AT Attachment) is a computer bus interface that connects host bus adapters to mass storage devices such as hard disk drives, optical drives, and solid-state drives. Serial ATA succeeded the older Parallel ATA (PATA) standard, offering several advantages over the older interface: reduced cable size and cost (seven conductors instead of 40 or 80), native hot swapping, faster data transfer through higher signalling rates, and more efficient transfer through an (optional) I/O queuing protocol.

SFF

A small form factor (SFF) is a computer form factor designed to minimize the volume of a desktop computer. In some cases, this term can be used to describe physical hard disks that are smaller than the standard 3.5" hard drives.

SIP

The Session Initiation Protocol (SIP) is a communications protocol for signaling and controlling multimedia communication sessions. The most common applications of SIP are in Internet telephony for voice and video calls, as well as instant messaging, over Internet Protocol (IP) networks.

SLA

A service-level agreement (SLA) is a part of a standardised service contract where a service is formally defined. Particular aspects of the service – scope, quality, responsibilities – are agreed between the service provider and the service user. A common feature of an SLA is a contracted delivery time (of the service or performance).

SMTP

Simple Mail Transfer Protocol is a protocol for sending e-mail messages between servers. Most e-mail systems that send mail over the Internet use SMTP to send messages from one server to another; the messages can then be retrieved with an e-mail client using either POP or IMAP. SMTP is usually implemented over Transmission Control Protocol port 25.

Snapshot

In computer systems, a snapshot is the state of a system at a particular point in time. The term was coined as an analogy to that in photography. It can refer to an actual copy of the state of a system or to a capability provided by certain systems.

SNMP

Simple Network Management Protocol (SNMP) is an "Internet-standard protocol for managing devices on IP networks. Devices that typically support SNMP include routers, switches and servers. It is used mostly in network management systems to monitor network-attached devices for conditions that warrant administrative attention.

SOE

Standard Operating Environment is a specification for a using a standard architecture and applications within an organisation. There is no industry-wide SOE standardisation, however organisations would usually deploy standard disks, operating systems, computer hardware (with the same configurations), and standard applications and software.

Spyware

Spyware is any technology that aids in gathering information about a person or organisation without their knowledge. On the Internet (where it is sometimes called a spybot or tracking software), spyware is

programming that is put in someone's computer to secretly gather information about the user and relay it to advertisers or other interested parties.

SQL

Structured Query Language (SQL) is a special-purpose programming language designed for managing data held in a relational database management system (RDBMS), or for stream processing in a relational data stream management system (RDSMS).

SSD

Like a memory stick, there are no moving parts to an Solid State Disk (SSD.) Rather, information is stored in microchips. Conversely, a hard disk drive uses a mechanical arm with a read/write head to move around and read information from the right location on a storage platter. This difference is what makes SSD so much faster.

SSO

Single sign-on (SSO) is a property of access control of multiple related, but independent software systems. With this property a user logs in with a single ID and password to gain access to a connected system or systems without using different usernames or passwords, or in some configurations seamlessly sign on at each system.

Stateful Inspection

Stateful packet inspection (SPI) is a firewall architecture that works at the network layer. Unlike static packet filtering, which examines a packet based on the information in its header, stateful inspection tracks each connection traversing all interfaces of the firewall and makes sure they are valid. A stateful inspection firewall also monitors the state of the connection and compiles the information in a state table.

Switch

In telecommunications, a switch is a network device that selects a path or circuit for sending a unit of data to its next destination. A switch may also include the function of the router, a device or program that can determine the route and specifically what adjacent network point the data should be sent to.

TIPT

Telstra Internet Protocol Telephony (TIPT) is a complete unified communications solution that's simple, flexible and scalable, and highly reliable. It allows you to converge voice, video and data on one network while providing a consistent user experience across devices and locations.

Trojan

A Trojan is a program in which malicious or harmful code is contained inside apparently harmless programming or data in such a way that it can get control and do its chosen form of damage, such as ruining the file allocation table on your hard disk.

UAT

In software development, user acceptance testing (UAT) - also called beta testing, application testing, and end user testing - is a phase of software development in which the software is tested in the "real world" by the intended audience.

UPS

An uninterruptable power supply (UPS) is a power supply that includes a battery to maintain power in the event of a power outage. Typically, a UPS keeps a computer running for several minutes after a power outage, gracefully shuts down the computer and powers it back on when the power is restored.

UTM

Unified threat management (UTM) is a solution in the network security industry, and since 2004 it has become established as a primary network gateway defense solution for organizations. In theory, UTM is the evolution of the traditional firewall into an all-inclusive security product able to perform multiple security functions within one single system: network firewalling, network intrusion prevention (IPS), gateway antivirus (AV), gateway anti-spam, VPN, content filtering, load balancing, data loss prevention, and on-appliance reporting.

VCM

VCM refers to a VMware vCentre Management server. A VMware vCenter Management server allows for the management of multiple ESX servers and virtual machines (VMs) from different ESX servers through a single console application.

Virtual Machine

A virtual machine (VM) is a software implementation of a machine (i.e. a computer) that executes programs like a physical machine. Virtual machines are separated into two major categories, based on their use and degree of correspondence to any real machine. Multiple OS environments can co-exist on the same computer, in strong isolation from each other.

VoIP

VoIP (voice over IP - that is, voice delivered using the Internet Protocol) is a term used in IP telephony for a set of facilities for managing the delivery of voice information using the Internet Protocol (IP). In general, this

means sending voice information in digital form in discrete packets rather than in the traditional circuit-committed protocols of the public switched telephone network (PSTN).

VPN

A VPN (virtual private network) is a way to use a public telecommunication infrastructure, such as the Internet, to provide remote offices or individual users with secure access to their organisation's network.

VSS

Volume Shadow Copy (VSS) is a technology included in Microsoft Windows that allows taking manual or automatic backup copies or snapshots of computer files or volumes, even when they are in use.

WAN

A wide area network (WAN) is a geographically dispersed telecommunications network. The term distinguishes a broader telecommunication structure from a local area network.

WAN Failover

WAN failover allows the enabling of an interface as a secondary or backup WAN port. The secondary WAN port can be used in a simple active/passive setup, where traffic is only routed through the secondary WAN port if the primary WAN port is down and/or unavailable.

Wi-Fi

A technology that allows electronic devices to connect to a wireless LAN (WLAN) network, mainly using the 2.4 gigahertz (12 cm) UHF and 5 gigahertz (6 cm) SHF ISM radio bands. A WLAN is usually password protected, but may be open, which allows any device within its range to access the resources of the WLAN network.

WSUS

Windows Server Update Services is a free add-on for managing patches and updates to the Microsoft Windows XP, Windows Server and Microsoft Office systems. Aimed mainly at small and medium-sized businesses WSUS is intermediate between the simpler Windows Update for individual computer users and the more robust Systems Management Server (SMS) for large enterprises.

ITEM 9   STANDING ITEMS – RISK MANAGEMENT REPORTS AND ISSUES

9.1   Risk Register Matrix Management Review - June 2024

Responsible Officer   Natalie Ness, Chief Executive Officer

Reporting Officer   Natalie Ness, Chief Executive Officer

Attachments   1.   Risk Register ⇩ 📄

Voting Requirements   Simple Majority

Disclosure of Interest   Reporting Officer: Nil

                               Responsible Officer: Nil

COMMITTEE RESOLUTION: ARC 010-24/25

Moved: Cr JR Hippisley
Seconded: Cr JN Haythornthwaite

That the Audit & Risk Committee to recommend to Council, that Council:

1.   Note the information provided.

2.   Replace the September Concept Forum meeting set to be held 26 September 2024 to implement a biennial Risk Management Review, facilitated by an independent risk consultant to ensure all Councillors can actively participate.

FOR: Crs TJ Stacey, JN Haythornthwaite, JC Hayes and JR Hippisley

AGAINST: Nil

                                                                    CARRIED 4/0

IN BRIEF

Shire Officers have been directed to report to Council on progress against the Shire of Quairading Risk Register Matrix to mitigate, manage and eliminate risk across the Shire. [See Attachment 1]

In October 2022 the Executive engaged an independent facilitator for a Risk Management Review session. This was in response to the previous Risk Management Dashboard report focusing on operational risks, with high-level strategic risks not represented in the Risk Register and so are not visible to Council.

As a result, from the Risk Management Review session held in October 2022, a new Shire of Quairading Risk Register was developed and endorsed by Council in November 2022, enabling Officers to accurately report against organisational risk to Council.

This month an internal review of the Risk Matrix was conducted in response to:

-    A CEO in the Chief Executive Officer role for less than 12 months.

MATTER FOR CONSIDERATION

For Council to note the information provided.

For Council to allocate the September 2024 Concept Forum Meeting (26 September 2024) as the forum for the biennial Risk Management Review session.

BACKGROUND

The Shire of Quairading Council recognises that risk management is an integral part of good governance and management practice.

The Risk Management Governance Framework requires that:

- Risk management is performed consistently throughout the whole organisation
- Risks are assessed and managed in a context that is relevant to each part of the organisation.

All levels of staff have a role to play in adopting risk management awareness and integrating risk management activities within their business unit environments.

As part of the Risk Management Governance Framework, a relationship between strategic and operational risks exists, allowing risk oversight to occur at both contexts (i.e., at an executive or operational level). There is potential for a risk to be escalated and/or deescalated between strategic and operational risk because of a risk changing either through increased controls effectiveness or an emerging or changing operational risk requiring Executive Management Team (EMT) oversight.

Council's Risk Management Governance Framework provides the foundations for designing, developing, implementing, monitoring, reviewing, and communicating risk management and continuous improvement of performance associated with Council strategy, operations and routine tasks.

Council has requested the CEO conduct a review of its risk management and report progress on issues identified as high-risk (highlighted in Attachment 1 in red). The Shire of Quairading Risk Register is to be formally reviewed by Council every two years with the last review conducted in October 2022.

Since the enactment of the *Workplace Health & Safety Act 2020* in March 2022, the departure of the previous CEO in October 2023, and a relatively new EMT, a review of the Shire's Risk Register has been conducted internally. The previous CEO had concerns that the risks being reported to Council were risks that are predominantly operational and risks that are generally managed as core business. While it is important to include operational risks, the CEO was concerned that high-level risks were not represented in the previous Risk Management Dashboard Report to Council.

The current Shire of Quairading Risk Register Matrix endorsed by Council in November 2022, represents both operational and high-level risks and is due for its biennial review by Council and EMT. The CEO is recommending to the Audit & Risk Committee that a Risk Register Matrix Review Workshop be organised to replace the September 2024 Concept Forum Meeting on the 26 September 2024, with an external facilitator, ensuring that all Councillors and EMT actively participate to review the Shire of Quairading Risk Register Matrix.

STATUTORY ENVIRONMENT

Local Government Act 1995
Local Government (Audit) Regulations 1996
AS/NZS ISO 3100:2009 Risk Management – Principles and Guidelines
Workplace Health and Safety Act 2020

POLICY IMPLICATIONS

Risk Management Policy

Shire of Quairading Risk Management Governance Framework

FINANCIAL IMPLICATIONS

There is no significant cost in running the Risk Register Matrix Review session. The cost of the Review is included in the FY2425 Budget.

Failing to identify, manage, mitigate and/or eliminate risk could potentially be cost prohibitive.

ALIGNMENT WITH STRATEGIC PRIORITIES

5.4   Governance & Leadership: Implement systems and processes that meet legislative and audit obligations

CONSULTATION

It is Officer's recommendation to engage an external facilitator to assist with reviewing the Shire of Quairading Risk Register.

RISK MANAGEMENT PRIORITIES

This report addresses the following identified Strategic Risk Management Priorities:

Uncertainty of Quairading's long-term future results in the further attenuation and closure of local businesses.

Work health and safety legislation increases liability of Councillors and Executive (personal wealth and assets) in the management of Bushfire and Volunteer Fire and Rescue Services Brigades.

Non-compliance with work health and safety legislation increases the risk and potential liability to the public, staff and Councillors.

RISK ASSESSMENT

Option 1	
Financial	Medium *There is no significant cost in running the Risk Review session. The Review is included in the FY2425 Budget.* *Failing to identify, manage, mitigate and/or eliminate risk could be potentially cost prohibitive.*
Health	Medium *Failing to address Work Health & Safety obligations can result in life long mental and physical health harm to employees and the general public.*
Reputation	High *Breaches of the Work Health & Safety Act could result in cost prohibitive consequences that mean the local government can no longer operate.*

Operations	High
	The Work Health & Safety Act 2020 demands that all risk is managed across operations.
Natural Environment	Low
	N/A

	Consequence				
Likelihood	Insignificant	Minor	Moderate	Major	Critical
Rare	LOW Accept the risk Routine management	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Unlikely	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Possible	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quartely senior management review	HIGH Quarterly senior management review
Likely	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review	EXTREME Monthly senior management review
Almost certain	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	EXTREME Monthly senior management review	EXTREME Monthly senior management review

COMMENT

Nil

Shire of Quairading Risk Register   **August 2024**

Risk Id	Description of Risk (Risk Statement)	Impact (consequences)	Likelihood	Consequence	Rating/Score	Last Review; Change in Rating	Risk Management / Mitigation Actions	Resourcing Implications	Person(s) responsible	Mitigation Action(s) Timeline
1.	Mains power supply failure can result in the loss of emergency communications	• Significantly impact the ability to control any emergency situation • Community safety highly compromised • Any required evacuations will be severely affected	Almost Certain	Catastrophic	25 E	Existing Risk	1. Secure capital and operational funding to establish and operate a local microgrid (provides local energy generation and storage and incorporates renewable and battery energy) 2. Lobby government and opposition for a more reliable service and significantly less outages 3. Work to future proof emergency communications where able (e.g. via Uninterruptible Power Supply – UPS)	Nil, other than officer time. Electricity is a State Government responsibility.	CEO	Dec 2024
2.	Continued unreliability of town and community mains power has the potential to significantly impact business	• Significant immediate and longer-term impacts on business sustainability ranging from loss of perishable stock to inability to expand • Many critical services impacted when power out including emergency communications, fuel, eftpos, refrigeration, climate control and medical equipment • Strong disincentive for new businesses to establish in the town or Shire – further growth thwarted • Community sustainability threatened • Community safety threatened	Almost Certain	Major	20 E	Existing Risk	1. Secure capital and operational funding to establish a microgrid 2. Lobby government and opposition for more reliable service 3. Work to future proof emergency communications where able (e.g. via Uninterruptible Power Supply – UPS)	Nil, other than officer time. Electricity is a State Government responsibility	CEO	Dec 2024

Endorsed 24 November 2022
Resolution: 121 - 22/23

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Risk Id	Description of Risk (Risk Statement)	Impact (consequences)	Likelihood	Consequence	Rating/Score	Last Review; Change in Rating	Risk Management / Mitigation Actions	Resourcing Implications	Person(s) responsible	Mitigation Action(s) Timeline
3.	If Quairading Medical Practice loses its current Doctor and cannot attract a replacement, there will be significant negative flow-on effects	• Negative impact in terms of no local medical service available • Flow on effects could include closure of chemist, hospital and other allied health services • Closure of health services will result in outward migration, low inward migration • Having to travel to other towns for medical services • Threats to community sustainability and potential collapse of the town	Likely	Catastrophic	12 H	Existing Risk	1. Keep costs for running the medical practice as cost-effective as possible 2. Establish a second option Practitioner for when the current Practitioner takes annual lave/professional development leave 3. Current Supply of Practitioner Agreement for a term of three years expiry 25 January 2027 + three-year option 4. Establish a second option Practitioner for when the current Practitioner eventually leaves (including list of locums)	Nil, other than officer time	CEO	Present options Oct 2024
4.	The continued absence of local aged residential independent living unit facilities increases the probability that residents will have to leave Quairading when advancing in years (often well before requiring residential aged care)	• Outward migration/less inward migration • Loss of associated professional and community-based services • Impacts on community fabric and viability • Population decline	Almost Certain	Major	20 E	New Risk	1. Explore joint venture options for the construction of Residential Independent Living Units 2. Noting that the Shire does not have 50% of the total cost of the project to contribute to a grant/tender application under the Housing Support Program funding stream explore options with bespoke groups i.e., CEACA.	Nil, other than officer time until a solution has been identified	CEO	Dec 2024

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#	Risk	Consequences	Likelihood	Consequence	Rating	Risk Status	Treatments/Actions	Cost	Responsibility	Timeframe
5.	If the Shire is unable to increase its core funding and rates base, it is probable that it will be unable to keep up with cost rises/inflation	• Loss of independence and, therefore, control • Diminished service offering • Impacts on reputation • Impacts on community safety and sustainability	Almost Certain	Major	**20 E**	Existing Risk	1. Establish additional residential housing and worker's/short-stay accommodation 2. Finalise the development and sales of Stage 2 of the Light Industrial Lots	In excess of $1M	CEO	Dec 2024
6.	The resale value/return on investment for local properties remains low, which creates the potential for detrimental effects on community sustainability	• Further investment into the town and Shire is reduced • Community viability and amenity impacted • Population decline	Almost Certain	Major	**20 E**	Existing Risk	1. Promote Quairading as a destination with a 'point of difference' (e.g., as Beverly and Katanning have done) 2. Consider marketing campaigns and other strategies for attracting new investors and residents into the Shire, including people seeking a 'tree change' 3. Lead by example, explore and promote quality affordable housing options	$50,000 budget investment in tourism initiatives $15,000 investment in settlement costs for Cuneata Rise Land Sale	CEO	June 2025
7.	An inability to source sufficiently skilled new employees has the potential to affect Shire operations and programs	• Shire core business impacted • Community sustainability and safety compromised • Negative reputational outcomes • Decline in population	Likely	Major	**16 M**	New Risk	1. Develop and adopt a Workforce Plan inclusive of: • Employee retention scheme with attendant benefits and incentives • 'Persuasive' staff recruitment and induction processes • Training & development planning • Succession planning • Promotion of work flexibility • Demonstrate respect for staff when speaking with the community 2.	Up to $20,000 per annum for the training component	CEO	Sep 2024

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| 8. | The employment of un- or under-qualified Shire personnel (e.g. in technical services) has the potential to create major WH&S consequences | • Shire core business impacted
• Shire and community safety diminished
• Severe legal penalties
• Negative reputational outcomes/lawsuits
• Note: in such instances, any damaged Shire equipment would not be covered by insurance | Likely | Catastrophic | **20**
E | New Risk | 1. Retain new focus on 'safety first'
2. Develop and adopt a Workforce Plan inclusive of:
  • Employee retention scheme with attendant benefits and incentives
  • 'Persuasive' staff recruitment and induction processes
  • Training & development planning
  • Succession planning
  • Promotion of work flexibility
  • Demonstrate respect for staff when speaking with the community | Up to $20,000 per annum for the training component | CEO | Jun 2025 |
| 9. | If routine maintenance of Shire roads is not completed to standard requirements, public safety dangers and other negative outcomes are probable | • Personal and/or public liability (up to $1M fine and/or 20 years in prison)
• Increased injury and fatality
• Diminished access to properties – impacts on farm operations and productivity
• Dissatisfied community/ratepayers
• Negative reputational outcomes/lawsuits
• Death or permanent injury | Almost Certain | Catastrophic | **25**
E | New Risk | 1. Retain new core focus on 'safety first'
2. Internal WH&S Audit
3. Institute strong cost management (e.g. materials, contractors)
4. Ensure machine and plant operators are sufficiently qualified
5. Respond actively to external feedback/if the risk can't be mitigated immediately, use barriers, signage etc. | Operational budget | EM, W&S | Ongoing |

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10.	Any non-compliance with WH&S legislation, has the potential to detrimentally affect Shire functioning *Includes Work Health & Safety Act 2020 and Fair Work Act 2009 (Amended 2013)*	• Personal and/or public liability (up to $1M fine and/or 20 years in prison) • Negative reputational outcomes/lawsuits • Financial losses/fines • Dissatisfied community/ratepayers • Death or permanent injury	**Almost Certain**	**Catastrophic**	**25 E**	New Risk	1. Council to maintain strong oversight of Risk Management Framework, Policy and Matrix 2. CEO to report against mitigation or elimination strategies to Council monthly 3. Retain new core focus on 'safety first' 4. Internal WH&S Audit 5. Institute strong cost management (e.g. materials, contractors) 6. Ensure machine and plant operators are sufficiently qualified 7. Respond actively to external feedback/if the risk can't be mitigated immediately, use barriers, signage etc.	Operational budget	CEO	Ongoing
11.	New WA Work Health & Safety legislation has the potential to increase WH&S breaches for the Shire in managing Bushfire and VFRS Brigades *Refers to Work Health & Safety Act 2020*	• Personal and/or public liability (up to $1M fine and/or 20 years in prison) • Severe legal penalties • Negative reputational outcomes/lawsuits • Bushfire and VFRS Brigades become increasingly marginal operationally (i.e., increased compliance, safety training and reporting requirements) • Community safety diminished • Death or permanent injury	**Almost Certain**	**Catastrophic**	**25 E**	New Risk	1. CESM to report against risk mitigation and elimination strategies monthly to Council 2. CESM to monitor and maintain registration and training requirements 3. Enact a no training, no fire ground policy position 4. Improve communications via the new app software	Operational budget	EM, W&S	Dec 2024

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| 12. | High staff turnover has the potential to negatively impact current Shire employees | • Increased burnout
• Poor 'corporate memory' and knowledge retention
• Low staff morale
• Less effective service delivery | Almost Certain | Moderate | 15
M | New Risk | 1. Develop and adopt a Workforce Plan inclusive of:
  • Employee retention scheme with associated benefits and incentives
  • 'Persuasive' staff recruitment and induction processes
  • Training & development planning
  • Succession planning
  • Promotion of workforce flexibility
2. | Operational budget, | CEO | Dec 2024 |

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Risk Id	Description of Risk (Risk Statement)	Impact (consequences)	Likelihood	Consequence	Rating/Score	Last Review; Change in Rating	Risk Management / Mitigation Actions	Resourcing Implications	Person(s) responsible	Mitigation Action(s) Timeline
13.	If the Shire is struggling to remain financially viable, the ability to comply with its Asset Management Plan may be compromised	• Cost of managing aging infrastructure becomes prohibitive • Creates degradation and loss of useful/useable assets • Increased safety risk • Reduced ability to regenerate or create economic benefit across the Shire	Almost Certain	Catastrophic	25 E	New Risk	1. Promote Quairading as a destination with a 'point of difference' (e.g. as Beverly has done) 2. Consider marketing campaigns and other strategies for attracting new investors and residents into the Shire, including people seeking a 'tree change' 3. Lead by example, explore and promote quality affordable housing options 4. Increase light industrial activity 5. Support small business ventures through flexibility 6. Increase the rate-base through the above-mentioned strategies	$500,000 - $1M	CEO EMED	Jun 2025
14.	Continuing uncertainty regarding Quairading's long-term future may result in the further attenuation and closure of local businesses	• Uncertainty breeds more uncertainty – vicious cycle • Businesses unable to gain finance • Business confidence further diminished • Business owners move to more robust and profitable locations • Loss of key community services and infrastructure	Possible	Major	12 H	New Risk	1. Promote Quairading as a destination with a 'point of difference' (e.g. as Beverly has done) 2. Consider marketing campaigns and other strategies for attracting new investors and residents into the Shire, including people seeking a 'tree change' 3. Lead by example, explore and promote quality affordable housing options 4. Increase light industrial activity 5. Support small business ventures through flexibility	$500,000 - $1M	CEO EMED	Jun 2025

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Risk Id	Description of Risk (Risk Statement)	Impact (consequences)	Likelihood	Consequence	Rating/Score	Last Review; Change in Rating	Risk Management / Mitigation Actions	Resourcing Implications	Person(s) responsible	Mitigation Action(s) Timeline
							6. Increase the rate-base through the above-mentioned strategies			
15.	New local government compliance requirements have the potential to affect rate payers' service delivery expectations (e.g. not being met/expectations verses reality)	• Blame towards new staff and Council Members (our predecessors used to do it, why can't we?) • Diminished service outcomes • Disgruntled ratepayers • Reputational impacts • Higher instances of rates payment defaults/debt collections	Likely	Moderate	12 H	New Risk	1. Increase formal and informal messaging to community members 2. Continue the new focus on social media messaging, retaining avenues for hard copy dissemination for the older generation 3. Formalise regular contributions to the Banksia Bulletin and Passion Sheet	Operational budget	CEO EMED	Current and Ongoing
16.	Not taking necessary steps in positioning for Shire amalgamation has the potential to leave Quairading without any representation (including employees) in a merged and larger local government	• No (or very few) Shire employees remain in Quairading • Diminished service outcomes • Quairading sustainability becomes further impacted • No employment results in fewer families and a resulting declining population	Unlikely	Catastrophic	10 H	New Risk	1. Prepare Shire for possibility of amalgamation/stay in a healthy negotiating position 2. Ensure Shire employees gain or are recruited with necessary qualifications 3. Establish Employee retention scheme with associated benefits and incentives 4. Improve overall Shire economy through strategies nominated above.	Operational budget	CEO	Current and Ongoing
17.	If construction of roads are not completed as and when required, public safety dangers and other negative outcomes are probable	• Personal and/or public liability (up to $1M fine and/or 20 years in prison) • Increased injury and fatality • Diminished access to properties – impacts on farm operations and productivity • Dissatisfied community/ratepayers	Unlikely	Catastrophic	10 H	New Risk	1. Never refuse offers of funding 2. Source additional external grant funding for new roads 3. Ensure machine and plant operators are sufficiently qualified 4. Retain new core focus on 'safety first' 5. Internal WH&S Audit	Operational budget	EM, W&S	Current and Ongoing

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Risk Id	Description of Risk (Risk Statement)	Impact (consequences)	Likelihood	Consequence	Rating/Score	Last Review; Change in Rating	Risk Management / Mitigation Actions	Resourcing Implications	Person(s) responsible	Mitigation Action(s) Timeline
		• Negative reputational outcomes/lawsuits • Death or permanent injury					6. Institute strong cost management (e.g. materials, contractors) 7. Ensure machine and plant operators are sufficiently qualified 8. Respond actively to external feedback/if the risk can't be mitigated immediately, use barriers, signage etc.			
18.	Natural disasters have the potential to affect Shire business continuity *Includes fire, flood, storm, earthquake, chemical spill, terrorism*	• Loss of infrastructure • Injury and fatalities • Recovery cost-prohibitive • Lack of business continuity • Core business stops • Businesses choose not to re-establish or to re-establish somewhere else • Generational farms are no longer workable	Possible	Major	12 M	New Risk	1. Business Continuity Framework 2. Local Emergency Management Arrangements – current 3. LEMC Exercises 4. Bushfire Risk Management Plan 5. Quarterly meetings with Agencies	Cost-prohibitive, 100% reliant of State and Federal funding	Council	Current and Ongoing
19.	Any data breach/hack of Shire information and communications technology systems has the potential to affect Shire operations	• Financial misappropriate or loss • Community member and/or employee financial records compromised or stolen • Loss of data and data integrity • Shire business continuity significantly compromised • Shire reputation impacted	Possible	Minor	6 M	New Risk	1. Business Risk Continuity Framework 2. Review IT Strategy Plan and Security Framework 3. Effective firewalls 4. Equipment storage security access controls 5. IT Disaster Recovery Plan 6. UPS / Generator / backup	Operational budget	CEO EMCS	Sep 2024

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Risk Id	Description of Risk (Risk Statement)	Impact (consequences)	Likelihood	Consequence	Rating/Score	Last Review; Change in Rating	Risk Management / Mitigation Actions	Resourcing Implications	Person(s) responsible	Mitigation Action(s) Timeline
20.	The increasing cost of running Quairading Medical Practice may result in having to cease or reduce medical services	• Dissatisfied community/ratepayers • Negative reputational outcomes • Quairading sustainability becomes further impacted • Negative impact in terms of no local medical service available • Flow on effects could include closure of chemist, hospital, and other allied health services • Closure of health services will result in outward migration, low inward migration • Having to travel to other towns for medical services • Threats to community sustainability and potential collapse of the town	Unlikely	Moderate	6 M	New Risk	1. The risk is deemed moderate because at this point in time the community is accepting of the need to fund the increasing costs of operating the Medical Practice	Significant: $400,000 per annum	CEO EMCS	Current and Ongoing
21.	Misconduct (non-financial) by a Shire employee has the potential to produce negative consequences	• Fair Work Commission issues breaches/fines • Council is stood down pending the outcome of an independent investigation • Termination of employee/s • CEO removal • Local government public and media scrutiny • Independent investigations • Negative reputational outcomes • Financial penalties	Likely	Minor	8 M	New Risk	Update/institute: 1. Delegated authority framework 2. IT Security Framework 3. Cash handling procedures 4. Staff on-boarding/induction program 5. Performance management program 6. Supervision and induction for plant and equipment 7. External audits (OAG) 8. HR Policies/Code of Conduct (Council and staff)	Operational budget	CEO EO	Current and Ongoing

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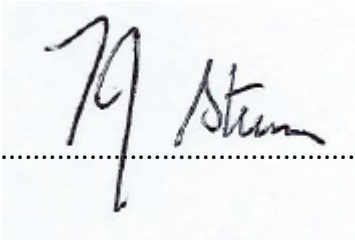| Risk Id	Description of Risk (Risk Statement)	Impact (consequences)	Likelihood	Consequence	Rating/Score	Last Review; Change in Rating	Risk Management / Mitigation Actions	Resourcing Implications	Person(s) responsible	Mitigation Action(s) Timeline
		• Business continuity and viability impacts								
22.	Financial misconduct by (a) a Shire employee, and (b) an executive/office holder have the potential to produce negative consequences	• Council is stood down pending the outcome of an independent investigation • Termination of employee/s • CEO removal • Local government public and media scrutiny • Independent investigations • Negative reputational outcomes • Financial penalties • Business continuity and viability impacts	Rare	Catastrophic	5 M	New Risk	Update/institute: 1. Cash handling processes 2. Financial management review/controls 3. Delegated authority framework 4. IT Security Framework 5. Staff on-boarding/induction program 6. Performance management program 7. External audits (OAG) 8. HR Policies/Code of Conduct (council and staff)	Operational budget	CEO	Current and Ongoing

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ITEM 10   EMERGING ISSUES/LATE ITEMS

Nil

ITEM 11   NEXT MEETING DATE

The next Audit & Risk Committee Meeting is scheduled to take place on Tuesday 12 November 2024 commencing at 5.00pm in the Council Chambers, 10 Jennaberring Road, Quairading, WA.

ITEM 12   CLOSURE

There being no further business, the Chairperson closed the Meeting at 5.21 pm.

I certify the minutes of the Audit & Risk Committee meeting held on 13 August 2024 were confirmed 12 November 2024 as recorded on Resolution No. ARC 011 - 24/25.

Confirmed... 12.11.2024