

Audit and Risk Committee Meeting

10 October 2022

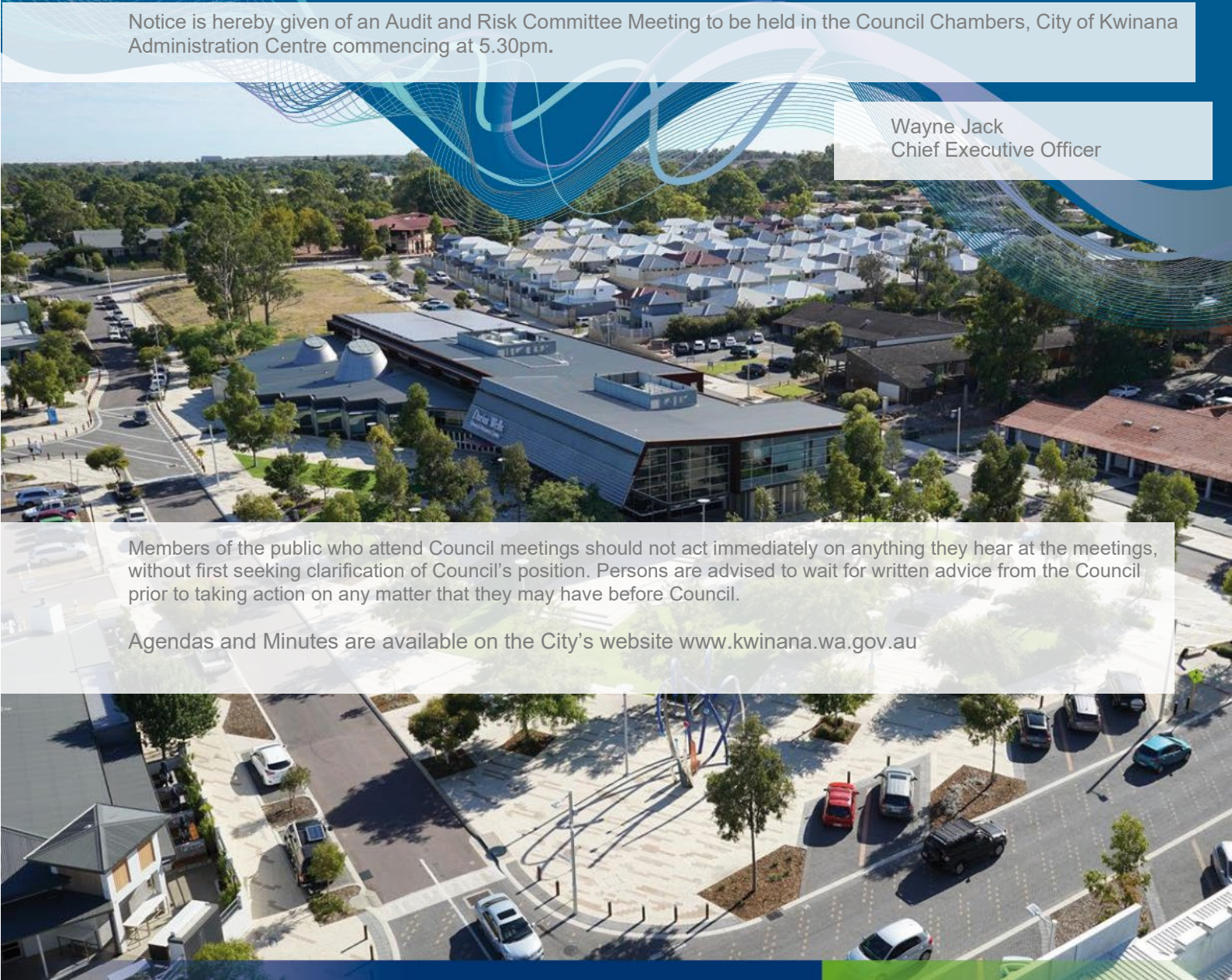
Agenda

Notice is hereby given of an Audit and Risk Committee Meeting to be held in the Council Chambers, City of Kwinana Administration Centre commencing at 5.30pm.

Wayne Jack
Chief Executive Officer

Members of the public who attend Council meetings should not act immediately on anything they hear at the meetings, without first seeking clarification of Council's position. Persons are advised to wait for written advice from the Council prior to taking action on any matter that they may have before Council.

Agendas and Minutes are available on the City's website www.kwinana.wa.gov.au



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1 OPENING AND ANNOUNCEMENT OF VISITORS

Presiding Member to declare the meeting open and welcome all in attendance.

Presiding Member to announce that the Audit and Risk Committee Meeting is being live streamed and recorded in accordance with the City's Live streaming and Recording Council Meetings policy.

By being present at this meeting, members of the public consent to the City recording and livestreaming their image and/or voice.

2 WELCOME TO COUNTRY AND ACKNOWLEDGEMENT OF COUNTRY

Councillor Barry Winmar to present the Welcome to Country:

"Ngullak nyinniny kooralong koora ngullak noitj nidja noongar boodjar. Noongar moort djoorapiny nyinniny nidja ngulla quopadok noongar boodjar kooralong.

From the beginning of time to the end, this is Noongar Country. Noongar people have been graceful keepers of our nation for many, many years.

Ngalla djoorapiny maambart boodjar ngallak bala maambart quop ngalla koort djoorapiny nidja ngalla mia mia nyinniny noongar boodjar.

We respect the earth our mother and understand that we belong to her - she does not belong to us. In all her beauty, we find comfort, wellbeing, and life that creates a home for everyone that has become a keeper of Noongar Country.

Djinanginy katatjin djoorapiny nidja weern noongar boodjar ngalla mia mia boorda.

Look, listen, understand and embrace all the elements of Noongar Country that is forever our home.

Kaya wandju ngaany Barry Winmar Wadjuk Ballardong maaman ngaany koort djoorapiny noonook nidja Noongar boodjar daadjaling waankganiny noitj Noongar Boodjar.

Hello and welcome my name is Barry Winmar and I am a Whadjuk Ballardong man my heart is happy as we are gathered on Noongar country and speaking here on Noongar Country"

Presiding Member to read the Acknowledgement of country:

"It gives me great pleasure to welcome you all here and before commencing the proceedings, I would like to acknowledge that we come together tonight on the traditional land of the Noongar people and we pay our respects to their Elders past and present."

3 ATTENDANCE, APOLOGIES, LEAVE(S) OF ABSENCE (PREVIOUSLY APPROVED)

Apologies:

Nil.

Leave(s) of Absence (previously approved):

Nil

4 PUBLIC QUESTION TIME

In accordance with the *Local Government Act 1995* and the *Local Government (Administration) Regulations 1996*, any person may during Public Question Time ask any question.

In accordance with Regulation 6 of the *Local Government (Administration) Regulations 1996*, the minimum time allowed for Public Question Time is 15 minutes.

A member of the public who raises a question during Question Time is to state his or her name and address.

Members of the public must provide their questions in writing prior to the commencement of the meeting. A public question time form must contain all questions to be asked and include contact details and the form must be completed in a legible form.

Please note that in accordance with Section 3.4(5) of the *City of Kwinana Standing Orders Local Law 2019* a maximum of two questions are permitted initially. An additional question will be allowed by the Presiding Member if time permits following the conclusion of all questions by members of the public.

5 RECEIVING OF PETITIONS, PRESENTATIONS AND DEPUTATIONS

5.1 PETITIONS

A petition must –

- be addressed to the Mayor;
- be made by electors of the district;
- state the request on each page of the petition;
- contain at least five names, addresses and signatures of electors making the request;
- contain a summary of the reasons for the request;
- state the name of the person to whom, and an address at which, notice to the petitioners can be given; and
- be respectful and temperate in its language and not contain language disrespectful to Council.

The only motion which shall be considered by the Council on the presentation of any petition are –

- that the petition be received;
- that the petition be rejected; or
- that the petition be received and a report prepared for Council.

5.2 PRESENTATIONS

In accordance with Clause 3.6 of the *Standing Orders Local Law 2019* a presentation is the acceptance of a gift, grant or an award by the Council on behalf of the local government or the community.

Prior approval must be sought by the Presiding Member prior to a presentation being made at a Council meeting.

Any person or group wishing to make a presentation to the Council shall advise the CEO in writing before 12 noon on the day of the meeting. Where the CEO receives a request in terms of the preceding clause the CEO shall refer it to the presiding member of the Council committee who shall determine whether the presentation should be received.

A presentation to Council is not to exceed a period of fifteen minutes, without the agreement of Council.

5.3 DEPUTATIONS

In accordance with Clause 3.7 of the *Standing Orders Local Law 2019*, any person or group of the public may, during the Deputations segment of the Agenda with the consent of the person presiding, speak on any matter before the Council or Committee provided that:

- the person has requested the right to do so in writing addressed to the Chief Executive Officer by noon on the day of the meeting.
- setting out the agenda item to which the deputation relates;
- whether the deputation is supporting or opposing the officer's or committee's recommendation; and
- include sufficient detail to enable a general understanding of the purpose of the deputation.

A deputation to Council is not to exceed a period of fifteen minutes, without the agreement of Council.

6 DECLARATIONS OF INTEREST (FINANCIAL, PROXIMITY, IMPARTIALITY – BOTH REAL AND PERCEIVED) BY MEMBERS AND CITY OFFICERS

Section 5.65(1) of the *Local Government Act 1995* states:

A member who has an interest in any matter to be discussed at a council or committee meeting that will be attended by the member must disclose the nature of the interest —

- in a written notice given to the CEO before the meeting; or
- at the meeting immediately before the matter is discussed.

Section 5.66 of the *Local Government Act 1995* states:

If a member has disclosed an interest in a written notice given to the CEO before a meeting then —

before the meeting the CEO is to cause the notice to be given to the person who is to preside at the meeting; and
at the meeting the person presiding is to bring the notice and its contents to the attention of the persons present immediately before the matters to which the disclosure relates are discussed.

7 CONFIRMATION OF MINUTES

7.1 MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING HELD ON 13 JUNE 2022

RECOMMENDATION

That the Minutes of the Audit and Risk Committee Meeting held on 13 June 2022 be confirmed as a true and correct record of the meeting.

8 REPORTS

8.1 REVIEW OF RISK MANAGEMENT POLICY AND RISK MANAGEMENT STRATEGY

SUMMARY

On 14 October 2020, Council adopted the Risk Management Policy ('Policy') as well as the Risk Management Strategy ('Strategy'). The Policy was to be reviewed after 2 years.

The reviewed and updated Policy (Attachment A) and Strategy (Attachment B) are presented for consideration and comment by the Audit and Risk Committee prior to their presentation to Council for adoption.

OFFICER RECOMMENDATION

That the Audit and Risk Committee:

Note the amended Risk Management Policy and Strategy as detailed in Attachment A and B for consideration and provide comment where appropriate.

VOTING REQUIREMENT

Simple majority

DISCUSSION

The City's Risk Management Policy and Risk Management Strategy have been reviewed and amended. In addition to minor grammatical changes to both documents, the Risk Management Policy has been amended to remove any unnecessary duplication with the Risk Management Strategy.

Amended Policy contained at Attachment A and Strategy contained at Attachment B showing tracked changes are presented for consideration. The Policy has been amended to remove operational and procedural elements that are more appropriately contained within the strategy and is now limited to setting out clear objectives to which the strategy responds.

Amendments to the Strategy are largely grammatical and update references to reflect amendments to other informing documents, such as the Risk Standards, the City's vision and accurately reflecting the structure of the organisation. No changes have been made to the risk appetite or risk thresholds. The Terms of Reference, set out in Appendix B have been updated to:

- Recommend that the committee select an independent chairperson (this will soon be mandated by upcoming Local Government Reform, but cannot yet be required, as the committee must elect the chair from within the membership);
- Remove the restriction for Councillors, other than the Mayor, being able to serve more than two terms on the committee; and
- Greater clarify the interrelationship between the committee and the CEO's duties in managing the organisation.

The Policy will be further reviewed in 2 years' time, or sooner should deficiencies or improvements be identified.

STRATEGIC IMPLICATIONS

This proposal will support the achievement of the following outcome/s and objective/s detailed in the Strategic Community Plan and Corporate Business Plan.

Strategic Community Plan			
Outcome	Strategic Objective	Action in CBP (if applicable)	How does this proposal achieve the outcomes and strategic objectives?
5 – Visionary leadership dedicated to acting for its community	5.1 – Model accountable and ethical governance, strengthening trust with the community	N/A – There is no specific action in the CBP, yet this report will help achieve the indicated outcomes and strategic objectives	The policy and strategy set out clearly the City's position with regard to how risk will be managed.

SOCIAL IMPLICATIONS

There are no social implications as a result of this proposal.

LEGAL/POLICY IMPLICATIONS

Local Government (Audit) Regulations 1996:

17. **CEO to review certain systems and procedures**

- (1) *The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —*
- (a) *risk management; and*
 - (b) *internal control; and*
 - (c) *legislative compliance.*

FINANCIAL/BUDGET IMPLICATIONS

There are no financial implications that have been identified as a result of this report or recommendation.

ASSET MANAGEMENT IMPLICATIONS

No asset management implications have been identified as a result of this report or recommendation.

ENVIRONMENTAL/PUBLIC HEALTH IMPLICATIONS

No environmental or public health implications have been identified as a result of this report or recommendation.

COMMUNITY ENGAGEMENT

There are no community engagement implications as a result of this report or recommendation.

ATTACHMENTS

- A. Attachment A DRAFT - Policy - Risk Management**
- B. Attachment B City of Kwinana - Risk Management Strategy**



Policy

Risk Management



Council Policy

Legal Authority	Local Government Act 1995
Department	City Governance and Legal

1. Title

Risk Management [Policy](#)

2. Purpose

The City of Kwinana ('the City') ~~is committed to~~ seeks to provide organisation-wide risk management principles, systems and processes the foundations and organisational arrangements that ensure consistent, efficient and effective assessment of risk for embedding risk awareness, monitoring and management across strategic and operational levels of the organisation.

3. Scope

This policy applies to all staff, suppliers and contractors.

~~The City's Risk Management Policy, in conjunction with the Risk Management Strategy, establishes a Risk Management Framework in accordance with AS/NZS ISO 31000:2018 Risk Management—Guidelines (Standard) which sets out the City's approach to the identification, treatment, monitoring, review and reporting of risks across all of its operations.~~

~~Adoption of the Risk Management Framework will:~~

- ~~a. Minimise the occurrence of serious injury or loss of life;~~
- ~~b. Protect assets and resources, including natural and cultural;~~
- ~~c. Meet legislative and compliance requirements;~~
- ~~d. Minimise legal liability;~~
- ~~e. Minimise disruption to operations and services;~~
- ~~f. Minimise financial loss, including through theft or fraud;~~
- ~~g. Improve the City's governance, management capability and accountability;~~
- ~~h. Ensure an effective response to critical incidents effecting services and operations;~~
- ~~i. Effective emergency response and event recovery; and~~
- ~~j. Minimise potential damage to reputation.~~

~~Achievement of these objectives will require proactive identification and mitigation of strategic and operational risks, rather than a reactive or incidence response approach.~~

~~Proactive risk management adds value to the planning process and business activities of the City and increases the probability of achieving the Council's objectives within its available budget.~~

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4. Definitions

Risk means the effect of uncertainty on objectives.

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Risk management means the application of coordinated activities to direct and control an organisation with regard to risk.

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Risk management framework means the set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation.

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5. Policy Statement

The City's Risk Management Policy, in conjunction with the Risk Management Strategy, establishes the City's risk management framework. Adoption of the risk management framework will:

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- a. Minimise the occurrence of serious injury or loss of life;
- b. Protect assets and resources, including natural and cultural;
- c. Meet legislative and compliance requirements;
- d. Minimise legal liability;
- e. Minimise disruption to operations and services;
- f. Minimise financial loss, including through theft or fraud;
- g. Improve the City's governance, management capability and accountability;
- h. Ensure an effective response to critical incidents effecting services and operations;
- i. Effective emergency response and event recovery; and
- j. Minimise potential damage to reputation.

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Achievement of these objectives will require proactive identification and mitigation of strategic and operational risks, rather than a reactive or incidence response approach.

Proactive risk management adds value to the planning process and business activities of the City and increases the probability of achieving the Council's objectives within its available budget.

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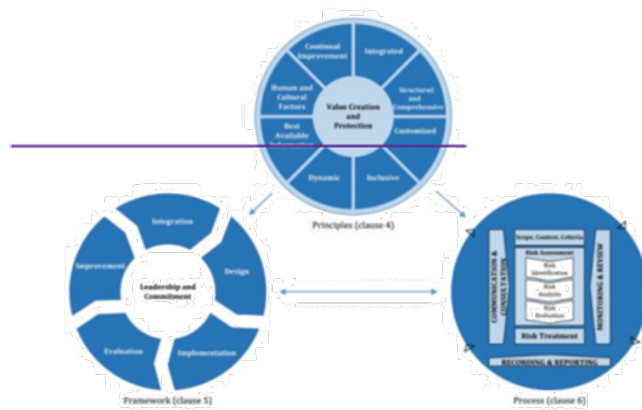
5.1 Principles, Framework and Process

The City has adopted an Enterprise Risk Management (ERM) model of risk management, aligned to the Standard. The model is comprised of three key components:

1. Principles for Managing Risk
2. Framework for Managing Risk
3. Process for Managing Risks

The Risk Management Principles outlined in the Standard are essential to developing an effective risk culture which informs decision-making.

The inter-relationship between the three components is illustrated in the diagram below:



All City of Kwinana strategic, operational and project risks items are recorded and maintained within the City's risk management software system Camms.Risk.

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6. References

Date of adoption and resolution No.	21 January 2015 #369
Review dates and resolution No.	08/04/2015 #428 28/10/2015 #011 27/09/2017 #600 14/10/2020 #275 26/10/2022 #
Next review due date	October 2024 August 2022
Related documents	Acts/Regulations <i>Local Government (Audit) Regulations 1996, Regulation 17 – CEO to review certain systems and procedures</i> Plans/Strategies/Policies/Processes <i>AS/NZS-ISO-3100:2018 Risk Management – Guidelines</i> City of Kwinana – Risk Management Strategy Camms.Risk Risk Management Software – City of Kwinana Strategic Risk Register

Note: Changes to references may be made without the need to take the Policy to Council for review.

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Risk Management Strategy



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1 Introduction

The City of Kwinana's ('the City') Strategic Community Plan identifies the following vision that guides the policies, activities and processes of the City:

A unique and liveable City, celebrated for and connected by its diverse community, natural beauty and economic opportunities

The City seeks to embed risk awareness, on-going monitoring and management at the strategic and operational levels of the organisation.

2 Purpose

The Risk Management Strategy outlines the City's approach to risk, aligned to *AS/NZS ISO 31000:2018 Risk Management - Guidelines*.

The Strategy confirms the Council's commitment to improving its capability to identify and manage risks as an integral part of business practices.

In implementing the Risk Management Strategy, it is important to ensure:

1. Risk management practices support Council's Strategic Community Plan and Corporate Business Plan;
2. A consistent and coordinated City wide approach to risk management;
3. A risk aware workforce and an environment that supports informed and responsible risk behaviours to protect the community, employees and contractors;
4. City risk areas are identified, significant risks are assessed and appropriate controls and treatments are put in place to minimise adverse impacts and ensure opportunities can be realised;
5. Governance and compliance requirements for risk management are met; and
6. Accountability through informed risk decision making and resourcing.

3 Application

The City Risk Management Strategy applies to all areas within the City's planning and organisational structure, operations and facilities.

4 Definitions

Definitions for terms used in this Risk Management Strategy are provided in the glossary at Appendix A.

5 Why Risk Management is Important

AS/NZS ISO 31000:2018 *Risk Management - Guidelines* describes risk as “the effect of uncertainty on objectives.” These ‘effects’ can be positive, negative or both.

While it is not feasible to eliminate all risks, it is possible to manage uncertainty and create an environment where the occurrence of unexpected events is minimised.

Effective management of risks creates value for a local government and its community and contributes to the demonstrable achievement of objectives whether in strategic or project based initiatives or in normal operations.

6 Risk Management Objectives

The following risk management objectives have been identified for the City:

1. Minimise the occurrence of serious injury or loss of life;
2. Protect assets and resources, including natural and cultural;
3. Meet legislative and compliance requirements;
4. Minimise legal liability;
5. Minimise disruption to operations and services;
6. Minimise financial loss, including through theft or fraud;
7. Improve the City’s governance, management capability and accountability;
8. Ensure an effective response to critical incidents affecting services and operations;
9. Effective emergency response and event recovery; and
10. Minimise potential damage to reputation.

Achievement of these objectives will require proactive identification and mitigation of strategic and operational risks, rather than a reactive or incidence response approach.

Proactive risk management adds value to the planning process and business activities of the City and increases the probability of achieving the Council’s objectives within its available budget.

7 Context

Risk management is part of the City’s strategic and business planning processes and influences the development of strategies and actions. This in turn impacts budgeting and resource allocation decisions.

The Risk Management Strategy is linked to the City’s Incident Management/Business Continuity Response Plan as well as the City of Kwinana I.T. Disaster Recovery Plan.

Risk management is supported by the Council and driven by the Executive Leadership Team. There is an expectation that all stakeholders will actively participate to ensure that the City’s risk objectives are met.

7.1.1 Internal Context

The following are important factors influencing the risk management approach within the City:

- a) Risk management needs to be a dynamic and proactive activity; and
- b) There needs to be focus on roles, responsibilities and accountability for managing risk.

7.1.2 External Context

The following are important factors in the external environment that influence the risk management approach within the City:

- a) Legislative and regulatory obligations, including under the *Local Government (Audit) Regulations 1996*, requires the proactive management of risk by the organisation; and
- b) Successful risk management involves actively working with the community and external stakeholder organisations.

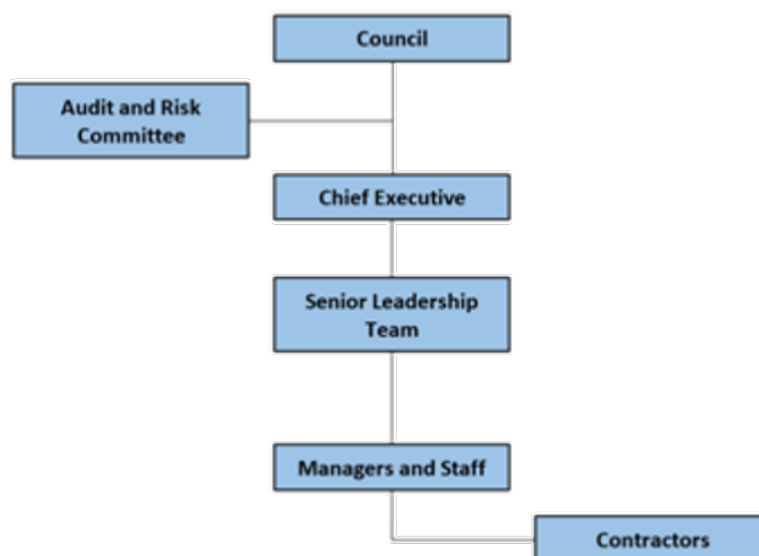
8 Ownership

The Risk Management strategy is owned by the City's Audit and Risk Committee.

9 Roles and Responsibilities

Roles, responsibilities, accountability and authority for risk management at the City are summarised in the following chart.

Figure 1: Risk Management Accountability and Reporting Levels



9.1 Council

Council has a governance role over the risk management systems of the City, providing both direction and control. The key roles and responsibilities of Council are:

- a) Ensuring an appropriate risk governance structure is in place;
- b) Supporting the Risk Management Strategy including risk management as a key element of Councils' strategies, plans and documents; and
- c) Responsible for setting City's Risk Appetite.

9.2 Audit and Risk Committee

The Audit and Risk Committee should support the overall risk management process by:

- a) Ensuring the City has appropriate risk management and internal controls in place;
- b) Approving and reviewing risk management programmes and risk treatment options for extreme risks;
- c) Setting and reviewing risk management tolerances/appetite and making recommendations to Council;
- d) Providing guidance and governance to support significant and/or high profile elements of the risk management spectrum;
- e) Monitoring strategic risk management and the adequacy of internal controls established to manage the identified risks;
- f) Monitoring the City's internal control environment and reviewing the adequacy of policies, practices and procedures;
- g) Assessing the adequacy of risk reporting;
- h) Monitoring the internal risk audit function, including development of audit programs as well as monitoring of audit outcomes and the implementation of recommendations;
- i) Setting the annual internal audit plan in conjunction with the internal auditor (taking into account the Strategic and Operational Risk Registers);
- j) Conduct an annual review of the organisation's Risk Management Policy and Strategy; and
- k) Reporting through the Chief Executive Officer to the Council on its findings.

The Terms of Reference for the Audit and Risk Committee is provided at Appendix B.

9.3 Chief Executive Officer

The key roles and responsibilities for risk management at the City for the Chief Executive Officer ('CEO') are listed below. In carrying these out, the CEO is assisted by the Audit and Risk Committee and Council.

- a) Reporting extreme and high risks to the Audit and Risk Committee and/or Council with treatment actions;
- b) Oversight of the risk management process;
- c) Promotion of a risk aware culture within Council through the risk management programme;
- d) Providing direction and advice on the management of risks within Council and ensuring that appropriate treatment measures are in place to mitigate Council exposure;
- e) Promoting a culture of risk management and ensuring strategic, comprehensive and systematic risk management programmes operate throughout Council;
- f) Ensuring that the Council's organisation vision and values (relevant to risk) are aligned and synchronised with the strategic direction (including community outcomes and budgetary considerations) and culture;
- g) Ensuring that risk management is considered in everything Council undertakes and is incorporated in the messages given to the organisation;
- h) Supporting the Audit and Risk Committee in performance of its duties; and

- i) Supporting the internal audit process.

9.4 Executive Leadership Team

The key roles and responsibilities for the Executive Leadership Team are listed below.

- a) Maintaining the overall responsibility for the effective and efficient management of all types of risks related to City activities and delivery of the Risk Management Strategy and objectives;
- b) Promotion of a risk management culture;
- c) Communicating and raising awareness of risk management to City managers and staff;
- d) Identifying, managing, and monitoring risks in their areas of responsibility;
- e) Assisting in setting the Council's risk attitude;
- f) Ensuring that Council's assets and operations, together with liability risks and hazards to the public, are adequately protected through appropriate risk planning and budgeting, internal audit processes, and appropriate internal systems and controls;
- g) Ensuring that risk management is in place and reviewed as required and at least annually for all risks for timely updating and continuous improvement;
- h) Ensuring legislative and governance requirements and obligations are met; and
- i) Integrating risk management with Council's policies, process and practices.

9.5 Governance and Risk Officer

The key roles and responsibilities of the Governance and Risk Officer are listed below.

- a) Coordinating the risk management process;
- b) Monitoring the risk profile, risk appetite and effectiveness of controls;
- c) Monitoring and reviewing high and extreme risks and the implementation of risk treatment plans/actions, as well as to assess compliance and effectiveness;
- d) Reporting extreme and high risks to the Executive Leadership Team along with treatment plans;
- e) Facilitating the management of cross-organisational risks;
- f) Reviewing how the Risk Management Policy and Strategy is communicated throughout the organisation to ensure it is embedded as part of the City's culture;
- g) Assisting with the development and maintenance of the strategic and operational risk registers;
- h) Measuring and reporting the effectiveness and adequacy of risk management and internal control processes and systems, and report to the Executive Leadership Team, Audit and Risk Committee and Council;
- i) Assisting with the education of staff in risk management; and
- j) Retaining independent risk management consulting expertise to advise the Audit and Risk Committee and assist in the conduct of risk related issues.

9.6 Managers

The key roles and responsibilities of Managers are listed below.

- a) Responsibility for the registration and maintenance of risks in the risk register pertaining to their areas of responsibility as well as at a City-wide operational level as required and appropriate;
- b) Managing of activities, projects and asset risks as required and appropriate;
- c) On-going identification and assessment of risk and appropriate responses;
- d) Management of the relevant risks as delegated within the agreed acceptable risk tolerance levels;
- e) Ensuring the effectiveness of risk controls;

- f) Responsibility for ensuring risk management and processes are imbedded in strategies, policies, business plans, contracts, and standard operating procedures; and
- g) Proactive in implementing best practice in all facets of business including asset management planning, emergency management planning, and disaster and recovery plans.

9.7 Risk Owners

The Risk Owner is assigned responsibility for the management of risks, based on their role within the respective area and their ability to competently analyse and treat risks. The key roles and responsibilities of Risk Owners are listed below.

- a) Ensuring that the risks assigned to them are managed in accordance with the Risk Management Strategy;
- b) Ensuring that risk treatment actions are completed on time and within budget;
- c) Reporting to Senior Management on risk treatment action progress in a timely manner;
- d) Escalating risks to the appropriate level if risk treatments or actions fall outside the delegation of the original risk;
- e) Escalating to the appropriate level if there are unresolved disputes in relation to shared risks (i.e. risks that apply across organisational areas/functions or involve external stakeholders); and
- f) Seeking approval to exceed the prescribed level of risk or Risk Appetite and continue to tolerate or retain a higher level of residual risk.

9.8 Risk Treatment Owners

A Risk Treatment Owner is assigned the responsibility for the management of risk treatment(s). The key roles and responsibilities of Risk Treatment Owners are listed below.

- a) Managing the implementation of specific risk treatment actions; and
- b) Providing risk treatment implementation progress reports to Risk Owners.

9.9 All Staff

All staff will:

- a) Have an awareness of the risk management framework; and
- b) Identify, monitor and report issues and potential risks as they occur.

9.10 Contractors

The role and responsibilities of contractors are listed below.

- a) Ensuring the City's assets and operations, are adequately protected through adherence to Council's policies and procedures;
- b) Ensuring liability risks and hazards to the public are appropriately managed in accordance with the risk management framework and in a manner that will not expose the City to loss or risk;
- c) Responding immediately to the investigation of any report of a hazard or incident received from a resident, City officer, employee or visitor;
- d) Adhering to legislative, regulatory and corporate legislation and standards; and
- e) Maintaining appropriate and adequate insurances as required under their contract;

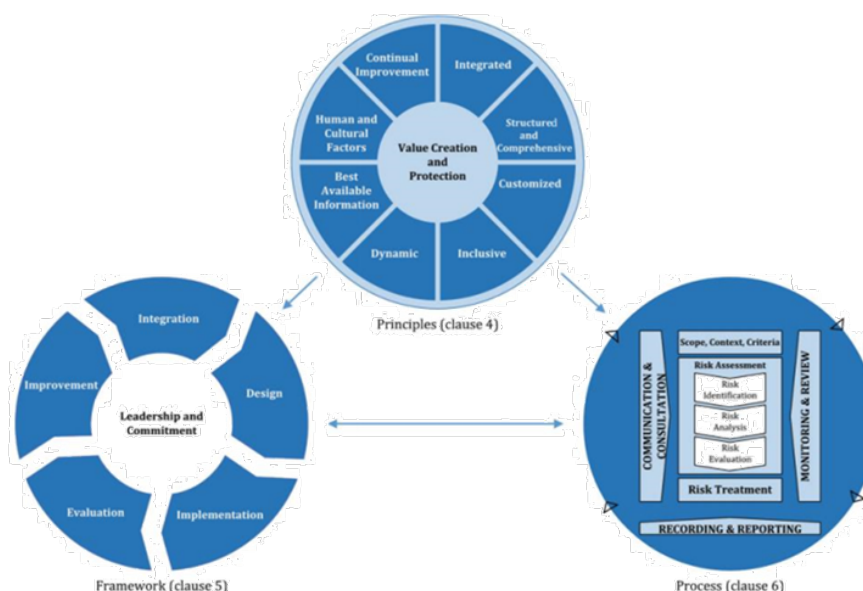
10 Enterprise Risk Management

The City has adopted an Enterprise Risk Management (ERM) model that is aligned to the *Risk Standard, AS/NZS ISO 31000:2018*. The model is comprised of three key components:

1. **Principles for Managing Risk** – the Standard establishes a number of principles that need to be satisfied before risk management will be effective.
2. **Framework for Managing Risk** – the Standard recommends that organisations should have a framework that integrates the process for managing risk into the organisation's overall governance, strategy and planning, management, reporting processes, policies, values and culture.
3. **Process for Managing Risks** – an effective process that can be applied across all areas and levels of an organisation, as well to specific functions, projects and activities.

The inter-relationship between the three components is illustrated in the diagram below.

Figure 2: Inter-relationship of the Risk Management Principles, Framework and Process



(AS/NZ ISO 3100:2018)

11 Risk Management Principles

The Risk Management Principles outlined in the *AS/NZS ISO 31000:20018 Risk Management - Guidelines*, are essential to developing a "risk culture" to support a successful Enterprise Risk Management model at the City.

An effective risk culture informs decision making by the Executive Leadership Team, management and staff across the City. It builds an understanding that risk management applies to everyone as they aim to achieve City's business objectives.

The City will adopt the following Risk Management Principles at all levels of the organisation:

1. **Integrated**
Risk Management is an integral part of all organisation activities.
2. **Structured and comprehensive**
A structure and comprehensive approach to risk management contributes to consistent and comparable results.
3. **Customized**
The risk management framework and process are customized and proportionate to the organization's external and internal context related to its objectives.
4. **Inclusive**
Appropriate and timely involvement of stakeholders enables their knowledge, views and perceptions to be considered. This results in improved awareness and informed risk management.
5. **Dynamic**
Risk can emerge, change or disappear as an organization's external and internal content changes. Risk Management anticipates, detects, acknowledges and responds to those changes and events in an appropriate and timely manner.
6. **Best available information**
The inputs to risk management are based on historical and current information, as well as on future expectations. Risk management explicitly takes into account any limitations and uncertainties associated with such information and expectations. Information should be timely, clear and available to relevant stakeholders.
7. **Human and Cultural Factors**
Human behaviour and culture significantly influence all aspects of risk management at each level and stage.
8. **Continual Improvement**
Risk Management is continually improved through learning and development.

12 Risk Management Framework

The *AS/NZS ISO 31000:2018 Risk Management - Guidelines*, defines a Risk Management Framework as a "set of components that provide the foundations and organisational arrangements for integrating, designing, implementing, evaluation, improving risk management throughout the organisation".

Through the City's Risk Management Policy and demonstrated Executive Leadership Team commitment, the Risk Management Framework supports risk management practice, reporting, responsibilities and accountabilities at all levels.

The success of the Risk Management Framework also depends on the effectiveness of the processes that embed it throughout the City.

The Framework provides a conceptual structure for communicating risk information, promoting greater awareness and co-ordination of risk management processes. It also identifies how risk management will be monitored and reported.

The following diagram shows the relationship between the components of the Risk Management Framework.

Figure 3: Relationship of the Components of the Risk Management Framework



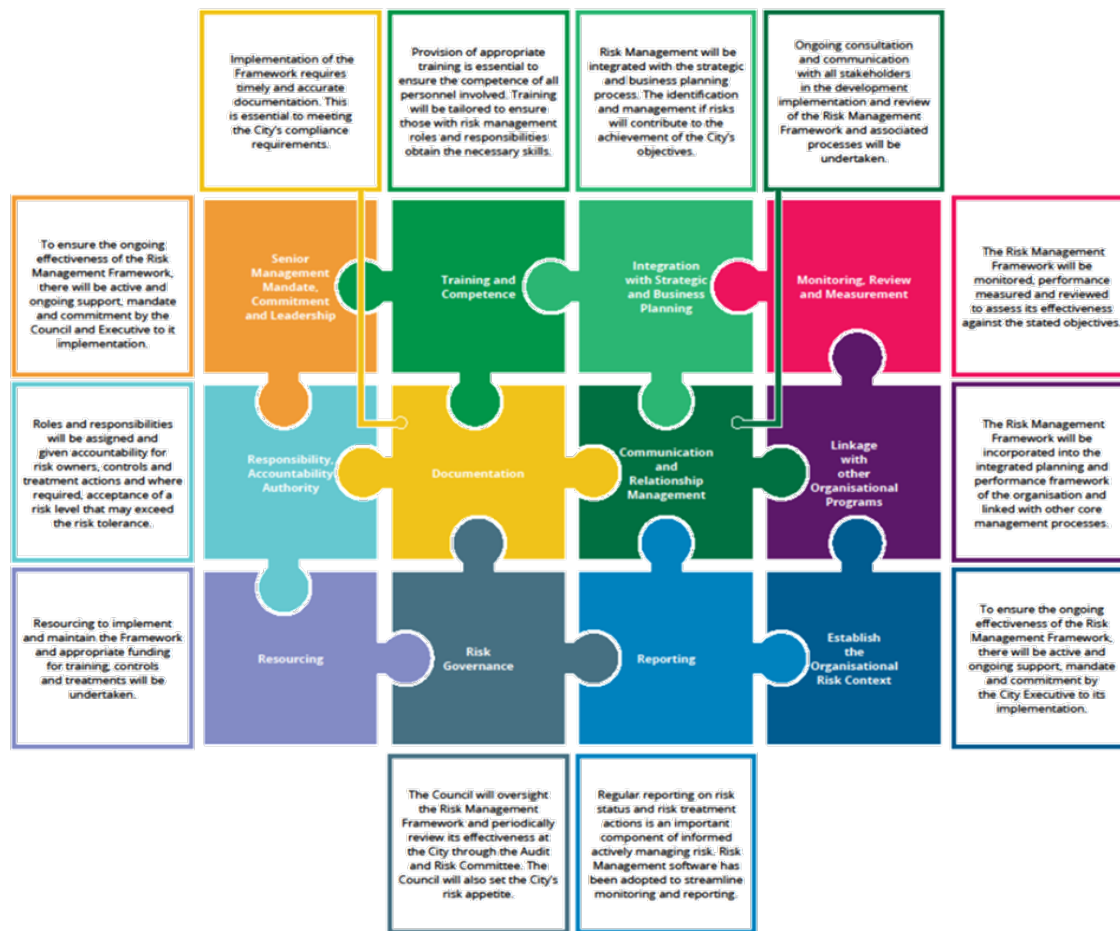
Figure 3 — Framework

12.1 Major Elements

The major elements of an effective Risk Management Framework are shown in figure 3, together with a description on how each of these will be applied by the City.

Figure 4: Elements of the Risk Management Framework

Figure 5: Elements of the Risk Management Framework



12.2 Senior Management Support

To ensure the ongoing effectiveness of the Risk Management Framework, it is critical that there is active and ongoing support by the City's Executive Leadership Team.

It is important to develop and maintain a risk management culture and awareness of risk and of the impacts of exposure to risk. It is also vital that all levels of management in the City provide unqualified support for the Framework and are actively demonstrating and communicating that support.

Demonstrating Support

Executive Leadership Team support will be demonstrated by:

1. Leadership through involvement in the risk management process;
2. Membership of the appropriate Committees reviewing risk;
3. Prioritising and allocating resources based on risk;
4. Championing of stakeholder relationships;
5. Effective escalation of risks (where appropriate) and continual follow up;
6. Acceptance of accountability for risks outside the tolerance and authority;
7. Acknowledging, rewarding and publicising effective risk management;
8. Asking the right questions of staff and contractors. The questions should not be limited to how many risks the area currently has. Managers and senior managers alike should be asking:
 - a) Do I understand the risk?
 - b) Is the risk description clear and formatted correctly?
 - c) Is the risk appropriate and relevant to the area?
 - d) Has the risk been accepted for retention and approved?
 - e) Is the risk level justifiable based on the assumptions?
 - f) Are the treatment actions appropriate and cost effective?
 - g) What is the assessed current level of risk (i.e. how close is the risk to the target level of residual risk)?
 - h) Have the treatment actions been adequately resourced, budgeted and scheduled?
 - i) Are the 'downstream' consequences of the treatments understood?
 - j) Have completed treatment actions been recorded in the risk register?
 - k) Can the residual risk score (i.e. post-mitigation risk level) be supported based on the effectiveness of the actions?
 - l) If the residual risk score is still above the level of authority of the manager, has the risk been appropriately escalated?
 - m) Are risk reviews being conducted and are the results of these reviews documented in the risk register?

By being more involved in the review of risks, the Executive Leadership Team can be assured that the outputs of the Risk Management Framework will have the desired result of reducing uncertainty and increasing the probability that outcomes at all levels will be achieved.

12.3 Integration with Strategic and Business Planning

The identification and assessment of risks is an integral part of strategic and business planning processes.

In strategic and business planning risks will be identified, assessed and where appropriate, additional treatments to existing controls identified to minimise the likelihood of the risk event occurring and/or the severity of the consequences.

For strategic planning the following type of risks will be considered:

- a) Strategic risks; and
- b) Strategy implementation risks (could be strategic or operational risks).

For business planning the following type of risks will be considered:

- a) Operational risks; and
- b) Project risks (for major capital projects).

Failure to incorporate risk management in the integrated planning process significantly reduces its effectiveness.

13 Risk Management Process

The Risk Management process to be followed within City is shown in Figure below and is in accordance with the *AS/NZS ISO 31000:2018 Risk Management –Guidelines*.

Figure 6: Risk Management Process

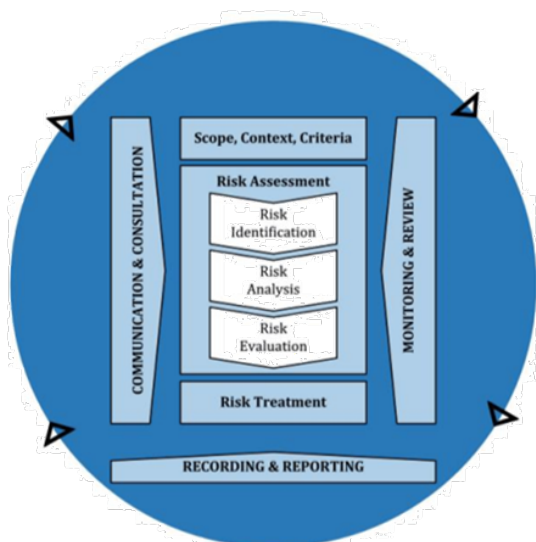


Figure 4 — Process

This process provides a structured approach to managing the City's Risks.

Each of the Risk Management Process steps is described in more detail in the following sections.

13.1 Communication and Consultation

Communication and consultation with internal and external stakeholders needs to take place at all stages of the risk management process. This will ensure that those responsible and accountable for implementing risk management understand the basis on which decisions are made and why particular actions are required.

Implementation of the Risk Management Strategy involves the development and review of plans, programs and services which involves ongoing consultation and communication with stakeholders (both internal and external). These stakeholders should include all those who may be involved in or affected by the City's risk management decisions and actions.

Consultation and proactive stakeholder engagement can assist in clarifying the link between statistical evidence and the perception of risk.

Effective communication and consultation with the City's stakeholders aims to:

- a) Bring different areas of expertise together for each step in of risk management processes;
- b) ensure that different views are appropriately considered when defining risk criteria and when evaluating risks;
- c) provide sufficient information to facilitate risk oversight and decision making;
- d) build a sense of inclusiveness and ownership among those affected by risk.

13.1.1 Internal Communication and Consultation

Communication and consultation within the City builds a risk aware workforce and supports accountability and ownership of risk.

This includes the following:

- a) Key components of the Risk Management Strategy and Framework and any subsequent modifications;
- b) Relevant information derived from the application of risk management is available to staff at all levels of the organisation;
- c) Processes are in place for consultation to occur with internal stakeholders; and

Provision of a risk management software system to support the implementation and maintenance of the City's Risk Management Framework.

13.1.2 External Communication and Consultation

Communication and consultation with the City's external stakeholders supports effective engagement, exchange of information and helps build confidence in the organisation.

This includes the following:

- a) External reporting to meet legislative/regulatory and governance compliance requirements;
- b) Communication with stakeholders in the event of a crisis or contingency; and
- c) Communication with stakeholders on the City's management of risk.

13.1.3 Communication and Consultation Planning

Because stakeholder communication and consultation needs to take place at each level of the risk management process, planning can ensure that this done in a considered and systematic way.

An effective communication and consultation plan should:

- a) Identify the stakeholders, both primary and secondary;
- b) State the communication and consultation objectives;
- c) Identify the most appropriate methods to be used for each group; and
- d) Have an evaluation process to determine if objectives are being met.

13.2 Establishing the Context

Establishing the context defines the external and internal parameters within which risks will be managed at the City as well as sets the scope and risk criteria for the rest of the risk management process. Although similar to those considered in the design of the Risk Management Framework, the parameters are considered here in more detail and with reference to how they relate to the risk management process.

13.2.1 Risk Impact Categories

The Risk Impact Categories are those areas against which the consequences/impacts of risk will be measured at the City and are described in the table below.

Table 1: Risk Impact Categories

Risk Impact Category	Description
Environmental	Harm to the environment or heritage asset or area.
Financial	Financial loss that may or may not be managed within the existing budget and may or may not impact a service.
Health and Safety	Harm or injury to people with potential time loss and/or medical expenses.
ICT, Infrastructure and Assets	Damage to assets/infrastructure with financial consequences. Loss of utilities/ICT systems resulting in disruption to services.
Legislative Compliance	Breach of legislation and compliance requirements that may or may result in legal action and financial penalties.
Reputation/Image	Media exposure that may or may not impact reputation and image and may or may not require action or intervention.
Service Delivery	Disruption to a service or major project in progress that may result in delays to delivery.

13.2.2 Risk Appetite

The ISO Guide 73:2009, Risk Management – Vocabulary defines risk appetite as “The amount and type of risk that an organisation is willing to pursue or retain”.

The AS/NZS ISO 3100:2018 Risk Management – Guidelines defines risk attitude (in the context of risk evaluation) as an “Organisations approach to assess and eventually pursue, retain, take or turn away from risk.

Risk appetite or risk attitude is in practice quite difficult to universally define for an organisation, as it varies between risk categories. For this reason, the risk appetite/attitude for residual risk has been identified for each Impact Category for the City in the following table.

Table 2: Risk Appetite Rating

Impact Category	Level of residual risk the City is willing to retain			
	Low	Moderate	High	Extreme
Environmental		●		
Financial	●			
Health and Safety	●			
ICT, Infrastructure and Assets		●		
Legislative Compliance	●			
Reputation/Image	●			
Service Delivery		●		

The moderate rating for Environmental, ICT/Infrastructure/Assets and Service Delivery categories reflects the reality that it is not possible to provide the resources necessary to ensure that the level of residual risk will be low in every instance and to manage the escalation process that would result.

The aim is to apply control measures to minimise residual risks to the prescribed tolerance level or below. Any residual risks above the prescribed tolerance level are to be escalated and assigned to the appropriate level within the City. They can then be actioned/resourced to bring the risk back within the prescribed tolerance level.

Authority for Acceptance of Risk above Tolerance Levels

Approval is required to exceed the prescribed level of risk or Risk Appetite and continue to tolerate or retain a higher level of residual risk.

The assigned authority for control and management (including retention) of residual risk above the prescribed tolerance for City risks is shown in the table below.

Table 3: Authority for Acceptance of Risk above Tolerance Levels

Impact Category	Authority for Continued Tolerance/Retention of City Risks			
	Low	Moderate	High	Extreme
Environmental	Director	Director	Chief Executive	Chief Executive
Financial	Director	Director	Chief Executive	Chief Executive
Health and Safety	Director	Chief Executive	Chief Executive	Chief Executive
ICT, Infrastructure and Assets	Director	Director	Chief Executive	Chief Executive
Legislative Compliance	Director	Chief Executive	Chief Executive	Chief Executive
Reputation/Image	Director	Chief Executive	Chief Executive	Chief Executive
Service Delivery	Director	Director	Chief Executive	Chief Executive

From Table 4 it can be seen that risks that are High or Extreme for all Impact Categories are outside the City's Risk Appetite and Risk Tolerance and must be managed to reduce the level of risk exposure. Where the level of risk cannot be reduced, approval must be obtained from the CEO to proceed with treatment options for avoiding, treating, transferring/sharing or accepting the risk.

Where the identified risk/hazard has the potential to cause immediate danger to people, the situation needs to be stabilised before the issue is escalated in accordance with the risk escalation process set out at Appendices D and E.

13.3 Risk Identification

The aim of risk identification is to generate a list of risks based on the event(s) that might create, enhance, prevent, degrade, accelerate or delay the achievement of the City's objectives. It is important to find the right balance between comprehensively identifying risks and not over-doing the process resulting in an unmanageable number of low impact risks.

Risk identification should include risks whose source is not under control of the City, or is not evident. It should also consider a wide range of consequences and their follow-on effects (including cascade and cumulative effects). All significant causes and consequences need to be considered.

The following questions are important in the risk identification process:

- What might happen or what can go wrong i.e., the risk event?
- What would cause it to happen?
- What would the effect on the Council's objectives be?

To ensure their effectiveness, risk identification should involve members of the wider stakeholder community where appropriate.

13.3.1 Common Risk Description Structure

Identified risks need to be described in a consistent manner so that they can be readily understood by all stakeholders. The common method for describing risks to be used at the City is shown below.

Table 4: Risk Description Structure

Item	Description
Name	Relate name to system impacted and explanation of cause
Cause/s	Explanation of what might cause the risk event to occur (list each cause)
Consequence	Identify local consequences and attempt to identify how these affect major areas

An example of a risk in this format is shown below.

Table 5: Example Risk in Risk Description Structure

Item	Description
Name	Injury from manual handling
Cause/s	Failure to comply with policies and procedures related to manual handling Poor staff training Failure to comply with mandated training Poor equipment maintenance Lack of appropriate equipment Failure to undertake worksite inspections Poor risk assessment of task Poor hazard identification Lack of incident reporting
Consequence	Workplace injury claim and lost days Litigation relating to breach of Work Health & Safety duties Adverse publicity relating to event

13.4 Risk Analysis

The aim of risk analysis is to differentiate minor acceptable risks from major risks, and to provide data to assist in the evaluation and treatment of risks.

Risk analysis involves considering the causes and sources of risk, their consequences (effects) as well as the likelihood of such consequences occurring.

Risk level is determined by combining both the estimates/rating of consequence and the likelihood, in the context of the existing control measures.

It is important to recognise that the consequence and likelihood ratings are estimates. As such, they should involve a range of perspectives from the wider stakeholder community.

It is preferable that those conducting the risk analysis have been provided with the appropriate training to facilitate a more objective assessment. Analysis can be quantitative, qualitative or semi-qualitative in nature, depending on the type of risk as well as the availability and quality of data and information.

It is important to determine the most probable/conceivable consequence and likelihood rather than automatically stating the most extreme result. For example, stating that exposure to any hazard could almost certainly result in death would result in the City wide risk profile being unnecessarily skewed to the high to extreme end of impact.

13.4.1 Likelihood

All areas within the City will use the likelihood rating system for analysing risks shown in the table below.

Table 6: Likelihood Rating Matrix

Likelihood Rating	Continuous Time Based (e.g. project duration or financial year)	Annual Return Period	Activity/Frequency Based	Probability
Almost Certain A	80-100% probability that the event will occur in the time period being considered.	Likely to occur at least once in every 1 to 1 ¼ years.	The event is likely to occur almost every time the activity is carried out or the organisation is exposed to the hazard.	Over 0.8 (> 4:5)
Likely B	50-79% probability that the event will occur in the time period being considered.	Likely to occur once every 1 ¼ years to 2 years.	The event is likely to occur more often than not when the activity is carried out or the organisation is exposed to the hazard.	0.5 - 0.79 (1:2 - 8:10)
Possible C	25-49% probability that the event will occur in the time period being considered.	Likely to occur once every 2 years to every 4 years.	The event is likely to occur less often than not when the activity is carried out or the organisation is exposed to the hazard.	0.25 - 0.49 (1:4 to 1:2)
Unlikely D	2-24% probability that the event will occur in the time period being considered.	Likely to occur once every 4 years to every 50 years.	The event is seldom likely to occur when the activity is carried out or the organisation is exposed to the hazard.	0.02 -0.24 (1:50 to 1:4)
Rare E	0-2% probability that the event will occur in the time period being considered.	Not likely to occur more than once in 50 years.	The event is not likely to occur when the activity is carried out or the organisation is exposed to the hazard.	0 - 0.02 (< 1:50)

13.4.2 Consequence

As with likelihood, for risk assessments to be effective there needs to be a structured approach across the City to assessing consequence. Refer to Appendix C for detailed Consequence criteria according to rating.

Table 7: Consequence Rating Matrix

Consequence Rating	Description
Insignificant	Effect is minimal
Minor	Event requires minor levels of resource and input for easy remediation
Moderate	Some objectives affected
Major	Some important objectives affected or cannot be achieved
Severe	Disaster with potential to lead to collapse or having a profound effect

13.4.3 Determining the Overall Risk Level/Score

To determine the overall risk level for a particular risk, the likelihood and consequence scores for the risk can be plotted in a matrix, as shown below.

Table 8: Risk Scoring Matrix

Likelihood	Consequence				
	Insignificant	Minor	Moderate	Major	Severe
Almost Certain	Medium	Medium	High	Extreme	Extreme
Likely	Medium	Medium	High	Extreme	Extreme
Possible	Low	Medium	High	High	Extreme
Unlikely	Low	Low	Medium	High	Extreme
Remote	Low	Low	Medium	Medium	High

Identified risks are to be assessed against all Risk Categories. Because it is not practical to give a risk multiple ratings, the highest consequence rating against the Risk Category is used. This is illustrated in the table below (for revised risk assessment/with controls).

Table 9: Calculating Risk Level against Risk Categories

Risk Name	Likelihood	Risk Category	Consequence	Risk Level
Injury from manual handling	Possible	Accreditation/Legislative Compliance	Moderate	High
		Asset/Infrastructure	Minimum	
		Consumer/Customer/Community Concern	Minimum	
		Employee/Visitor/Contractor Event	Moderate	
		Environmental/Service Event	Minimum	
		Financial	Moderate	
		Patient/Resident	Minor	
		Reputation/Image	Minor	

The City determines the risk level for inherent risk (i.e. without controls). In risk management, this is sometimes identified as the Potential Exposure ('PE') (i.e. the plausible maximum impact arising from a risk if all current controls fail). The risk is then reassessed (revised risk) with controls factored in.

13.4.4 Controls

Controls are those policies, procedures, plans, processes and systems that have been designed and implemented over time in response to risks/issues that have or may occur. Most risks identified will not be new or unique and there may be some controls already in place to manage them.

Controls typically fit into three distinct types:

1. **Preventative Controls** - aimed at preventing the risk occurring in the first place. They include policies, procedures, plans processes and systems;
2. **Detective Controls** - used to identify when a risk has become an issue/incident. They include audits, stocktakes, reviews, etc; and
3. **Mitigating Controls** - aimed at minimising the consequences that arise from the issue/incident. They include Business Continuity Plans, Disaster Recovery Plans, personal protective equipment, etc.

Following the identification of existing controls, it is necessary to evaluate them for effectiveness. The fact that proven processes are being followed does not necessarily mean that risk is being mitigated. The experience level of the personnel undertaking the processes and the rigour with which the processes are being followed and supervised will also impact upon the control effectiveness.

For each risk identified, the following questions need to be asked:

1. Is there anything in place at the moment that would effectively decrease the likelihood or the impact of this risk? If the answer is yes, then:
2. How effective are the current controls in preventing this risk from occurring or reducing the impact?

There is usually a direct correlation between the effectiveness of an existing control and the likelihood of the risk occurring (i.e. the more effective the control, the less likely the risk is to occur) and/or the impact of the risk (i.e. non effective controls may increase the impact).

The outcome of this evaluation should influence further analysis of the likelihood and potential consequences of the risk.

The table below shows the rating and description for the effectiveness of current controls at the City.

Table 10: Effectiveness of Control Measures

Effectiveness Rating	Description
Fully Effective	Fully effective at all times (i.e. will significantly reduce the likelihood and/or consequence of the risk at all times).
Substantially Effective	Effective in most circumstances (i.e. will have a reasonably significant effect in terms of reducing the likelihood and/or consequence of the risk)
Partially Effective	Partial control most of the time (i.e. will have some effect in terms of reducing the likelihood and/or consequence of the risk)
Largely Ineffective	Partial control in some circumstances (i.e. will have very little effect in terms of reducing the likelihood and/or consequence of the risk)
Totally Ineffective	Not effective at all in mitigating the risk (i.e. will not have any effect in terms of reducing the likelihood and/or consequence of the risk)

13.5 Risk Evaluation

The purpose of Risk Evaluation is to determine whether a risk needs further treatment and the priority for treatment implementation.

Risk evaluation involves comparing the level of risk level established during the Risk Analysis process with the Risk Appetite and Evaluation Criteria for the City.

In some cases the Risk Evaluation can lead to a decision to undertake further Risk Analysis. The Risk Evaluation can also lead to a decision not to treat the risk (i.e. just maintain existing controls).

13.6 Risk Treatment

Risk treatment consists of determining what will be done in response to the identified, analysed and evaluated risks, including identifying resource implications for the implementation of the treatment actions.

Risk treatment involves a cyclical process of:

- a) Assessing a risk;
- b) Deciding whether residual risk levels are tolerable;
- c) If not tolerable, generating a new risk treatment; and
- d) Assessing the effectiveness of that treatment.

Once implemented, risk treatments may become risk controls.

13.6.1 Treatment Options

Risk treatment decisions are guided by a series of questions:

1. Can the risk be avoided altogether by not undertaking the activity?
2. Can the likelihood of the risk occurring be reduced by strengthening/ensuring the effectiveness of current controls?

3. Can the likelihood of the risk occurring be reduced by adding new controls (i.e. initial treatments)?
4. If the event occurs, can the consequences be reduced through sharing the risk with another party or by a Business Continuity Plan/Disaster Recovery Plan?

Where risk treatment options can impact on risk elsewhere in the City, relevant staff or contractors they should be included in the decision making.

Selecting the most appropriate risk treatment option involves balancing the costs of implementation against the benefits with regard to legal, regulatory and other requirements. Decision making should also take into account such risks where risk treatment is not justifiable (e.g. severe consequence but rare likelihood).

There are four main treatment options for the mitigation of identified risks at the City. These are listed in more detail below.

1. Avoid

Avoiding a risk/event with detrimental consequences by deciding not to proceed with the activity likely to create the risk, or by disposing of the asset, etc.

2. Treat

Treating risks to reduce the likelihood and/or consequence of the risk.

Where risk treatments are identified for a given risk, the City risk management software compiles a Risk Treatment Plan for each risk. Each risk treatment action has an owner, start and end date, frequency of progress reporting and revision date.

All risk treatments identified by the City and incorporated in the Risk Treatment Plan need to be adequately resourced to ensure they can be successfully implemented and completed.

Upon completion of the risk treatments, the Risk Register is to be updated and the risk reassessed as to whether treatment actions have been successful in reducing the likelihood and/or consequence.

3. Transfer/Share

Risk transfer/share involves transferring part of the risk (i.e. either management of the activity/service or consequences) to another party. Sharing risk does not mean that the responsibility/accountability for the risk has been transferred.

Examples of transferring or sharing of risk include:

- a) **Contracting and/or Insurance** - the most widely used forms of risk transfer. In practice, it is virtually impossible to transfer all of the risk to a third party (e.g. transferring a risk to a contractor could still see the City's reputation damaged should an adverse event/incident occur).
- b) **Escalation** – occurs when there is a requirement for a higher level of line management within the Council to take action in relation to a risk. When a risk has been escalated, management of the risk has not been transferred as the consequences will still impact on the area concerned.

However, the treatment of all or part of the risk has been transferred to line management. In the case where a risk has been escalated, line management is to maintain active visibility on the progress of actions and report back to the Executive Leadership Team at regular intervals.

Reasons for risk escalation include:

- The residual risk (after treatment risk level) is outside the Risk Tolerance level;
- The risk treatment actions are outside the control of the City; or
- The risk owner has attempted risk treatment actions, but they have not been successful

The overarching principle in relation to risk transfer/share is that if the City owns all or part of the consequences then it still owns the risk.

4. Accept

Accepting the consequences of the risk occurring.

Risks are accepted or retained for a number of reasons, including:

- a) Risk treatment is not cost effective;
- b) The risk is at or below the acceptable level for that type of risk;
- c) The risk is outside the control of the Council; or
- d) The risk exceeds the acceptable level for that type of risk but nothing more can be done to reduce the risk (if this is the case it needs to be escalated and well documented).

Where a decision to accept a risk is taken, the risk needs to be recorded in the Risk Register along with the reason(s) for the decision not to treat the risk.

13.6.2 Cost Effectiveness of Risk Treatments

Determining whether a risk is cost effective is not as simple as identifying the cost of a consequence versus the cost of a treatment.

A risk that may have no direct financial consequence may still have other major or severe consequences (e.g. reputation). In such cases it may be the right decision to still treat the risk to reduce the consequences against the respective Risk Categories, thereby reducing the risk level to within the Risk Appetite of the City.

For this reason it is critical that risks are assessed against all Risk Categories. If risks are not fully assessed, it is difficult to conduct a full assessment of cost effectiveness.

13.6.3 Residual Risk

Residual risk is the risk level remaining after risk treatment options/actions have been implemented. After determining the risk treatments for each risk, the risk is reassessed to determine the post-mitigation risk level (i.e. the residual risk level).

For risks where the decision is taken to accept the risk, the residual risk level will be the same as the pre-mitigation risk level.

The table below summarises the risk acceptance rating and criteria for each risk level at the City.

Table 11: Risk Acceptance Criteria

Risk Level	Risk Acceptance Rating	Risk Acceptance Criteria	Responsibility
Extreme	Unacceptable	Active Management Risk only acceptable with excellent controls and all treatments explored and implemented where appropriate. Managed at the highest level of authority and subject to continuous monitoring and formal monthly review/reporting.	Chief Executive

Risk Level	Risk Acceptance Rating	Risk Acceptance Criteria	Responsibility
High	Urgent Attention Required	Regular Monitoring and Review Risk acceptable with excellent controls, managed by senior management and subject to formal quarterly review/reporting.	Chief Executive
Medium	Monitor	Periodic Monitoring Risk acceptable with adequate controls, managed by specific procedures and subject to formal six monthly review/reporting.	Director
Low	Acceptable	Annual Monitoring Risk acceptable with adequate controls, managed by routine procedures and subject to formal annual review/reporting.	Director

13.7 Risk Escalation

The escalation of a risk to a higher level of line management to deal with it or for acceptance of a risk beyond the Council's Risk Appetite and Risk Tolerance.

Not all risks can be treated at the local level, however without a structured and documented escalation process, staff at that level may be put in a position where they feel they have to accept a risk beyond their control, authority or accountability.

The Risk Escalation process for the City is provided at Appendix D. The form to be used as part of this process is provided at Appendix E.

13.8 Contingency Plans

Contingency Plans are developed to deal with a risk if it occurs and becomes an issue. The purpose of developing a Contingency Plan is to determine at an early stage the strategy to recover from such a situation and to minimise the impact.

In essence, developing Contingency Plans enables the City to be proactive in dealing with risk issues prior to them arising.

If a Contingency Plan is developed it needs to be costed and will form part of the consequence rating for the risk (e.g. if the risk eventuates, the cost of a facility closure for a protracted period of time needs to be considered in the Consequences).

As a general rule, Contingency Plans should be developed for risks with a pre-mitigation risk score of high or extreme, regardless of the post-mitigation (residual risk) score.

14 Monitoring, Reporting and Review

The purpose of risk monitoring, reporting and review at the City is to:

- a) Provide an understanding of the strategic and operational risk exposure;

- b) Identify the priority risks that require management attention;
- c) Inform stakeholders on the City's risk profile and management;
- d) Provide managers and staff with the necessary information to make informed risk management decisions;
- e) Ensure the Risk Policy and Strategy align to the City's internal and external environments;
- f) Risk management objectives are aligned to the objectives of the organisation; and
- g) Risk management is contributing to organisational performance.

14.1 Risk Review and Reporting Frequency

It should be noted that when there is a significant change to circumstances, all risks should be reviewed and reported on at that time. Examples of the types of changes that would trigger a full review include (but are not limited to):

- a) Changes to key personnel (e.g. Senior Manager);
- b) Significant changes to policy; or
- c) Significant changes to the organisational and/or services structure.

Conducting such reviews will ensure that the Risk Registers remains current.

The table below summarises the risk reporting requirements at the City.

Table 12: Risk Reporting Requirements

Report	Frequency	Audience
Risk Treatment Action Status Report	Monthly	Senior Management, Department Managers
	Quarterly	Audit and Risk Committee
Incident Report	Monthly	Senior Management, Department Managers
	Quarterly	Audit and Risk Committee
Strategic Risk Report	Quarterly	Senior Management, Audit and Risk Committee
Operational Risk Report	Quarterly	Senior Management, Department Managers, Audit and Risk Committee
Risk Management Strategy and Framework Audit Report	Annual	Senior Management, Council

Monitoring and Review need to be planned as part of the Risk Management process to ensure that risks are being effectively managed.

As few risks remain static, they need to be regularly reviewed for currency and accuracy. Risk assessment, treatment strategies and the effectiveness of mitigation actions need to be monitored to ensure changing circumstances do not alter priorities or expected outcomes.

Risk Owners are to monitor the currency and status of the risks that have been allocated to them and report on them in accordance with the requirements of this plan.

Risks are to be formally monitored and reviewed/reported on by the Risk Owner in accordance with the table below.

Table 13: Residual Risk Levels and Review Frequency

Risk Level	Review Frequency
Extreme	Monthly
High	Quarterly
Medium	Annually
Low	Annually

14.2 Measurement of Performance

Risk management performance at the City will be assessed against the following criteria:

1. **Compliance:** measuring compliance with the City's Risk Management Policy and Strategy directives and objectives;
2. **Maturity:** measuring the maturity of the City's Risk Management Strategy and Framework against industry best practice; and
3. **Value Add:** measuring the extent to which risk management is contributing to the achievement of the City's objectives and outcomes.

14.2.1 Compliance

The Risk Management Framework will be audited annually to ensure that the core directives/requirements and objectives detailed in the following the City documents are being complied with:

1. Risk Management Policy; and
2. Risk Management Strategy

14.2.2 Maturity

To determine the current risk management maturity or progress of an organisation, a critical evaluation or assessment is undertaken to determine the following:

- a) How effectively risk management practices are currently being undertaken;
- b) How well risk management practices have been integrated into existing management and operational practices;
- c) If the Risk Management Framework requires adjustment; and
- d) How the risk maturity of the workforce has improved.

Assessments are typically undertaken annually by an independent assessor. They involve a range of development, application, documentation and review items, with an alignment to AS/NZS ISO 31000:2018 and requirement for validation. A typical risk management maturity scale is outlined in the table below.

Table 14: Risk Management Maturity Scale

Level 1	Level 2	Level 3	Level 4	Level 5
Awareness	Understanding	Initial Application	Embedded	Mature
There is a general understanding within the organisation of the benefits of risk management to the organisation, however, at this stage, no active measures have been taken that would constitute the implementation of a Risk Management Framework.	<p>A Risk Management Framework has been designed and implementation has commenced or has been programmed to commence in the near future.</p> <p>There may be some risk management being done within the organisation, however, this is on an ad-hoc basis and is reliant on individuals within the organisation, as opposed to leadership from senior management.</p>	A Risk Management Framework has been implemented in all key functional areas within the organisation; however, there are areas within the organisation that have yet to incorporate sound risk management practices into their processes.	A Risk Management Framework has been implemented in all key functional areas within the organisation, however, not all of the functional areas can be regarded as 'best practice' in relation to their risk management but steps are being taken to continually improve.	A Risk Management Framework has been implemented in all key functional areas within the organisation, and all of the functional areas can be regarded as 'best practice' in relation to their risk management.

(Source: Paladin Risk Management Services, 2014)

14.2.3 Value Add

It is more difficult to measure the contribution of the Risk Management Strategy and Framework to organisational performance than it is to measure compliance and risk management maturity.

Performance measurement will focus on measures that demonstrate how well the organisation is managing its risks as indicators of the performance of the Risk Management Framework. The following table lists exemplified key performance indicators that could be used for this purpose.

Table 15: Example Value Add Key Performance Indicators

Performance Area	Key Performance Indicators
Risk Treatment Plan	% of off-track risk treatment actions
Risk Reviews	% of risk reviews undertaken as scheduled
Incident Management	Number of safety incidents
Risk Training	% of nominated staff undertaking risk management training
Risk Exposure	% of risks exceeding prescribed level of residual risk with authorisation

14.3 Retiring Risks

Risks are to be retired after the chance of something happening has clearly passed. It is important that appropriate approval is provided (and recorded in the Risk Register) when a risk is to be retired.

The following table provides the approval authority for the retirement of risks:

Table 16: Approval for Retirement of Risks

Risk Level	Review Frequency
Extreme	Chief Executive
High	Chief Executive
Medium	Director
Low	Director

Within the City context, very few risks will be retired. Risks are not to be retired simply because no treatment is required or treatments have already been implemented and the risk has reached its target level.

Examples of risks that could be retired include risks associated with projects with defined start and end dates.

15 Resourcing

The City is committed to ensuring risks are managed and resourced in accordance with the Risk Management Strategy and Framework.

The table below summarises the resourcing strategy for key areas of the Risk Management Strategy and Framework.

Table 17: Resourcing Strategy

Area	Resource Requirements	Budget
Risk Treatment Actions	Internal Resources	Operational and Capital Budgets
Risk Management Training	External and Internal Training Resources	Operational Budget
Risk Management Framework Audit	External Provider	Operational Budget
Risk Management System	External Provider	Operational Budget

Training

To ensure persons at all levels of the organisation can effectively carry out their risk management roles and responsibilities, appropriate risk management training will be provided.

Risk Management training at the City will be tailored for the following target audiences:

1. Council and Executive Leadership Team

- a) The risk management roles and responsibilities of the Council and Executive Leadership Team;
- b) An overview of the risk management process and how risks are identified, analysed, and managed; and
- c) The types of reports that will be received and how to interpret and analyse the information as a basis for making decisions.

2. Department Managers

- d) The risk management roles and responsibilities of Department managers;
- e) More detailed training on the risk management process and how risks are identified, analysed and managed; and
- f) The types of reports that will be received and how to interpret and analyse the information as a basis for making decisions.

3. City Staff (and appropriate Contractors)

- g) General awareness training in the risk management process and hazard identification as it applies to their operational duties.

16 Documentation

Risk Management Strategy and Framework documentation provides the following benefits:

- a) Evidence that implementation has been conducted properly;
- b) A body of knowledge for the organisation to work with;
- c) A basis for effective review of decisions and processes;
- d) An accountability and audit mechanism;
- e) Source of information for effective communication with stakeholders;
- f) A basis for monitoring and review; and
- g) A basis for accreditation.

The following is a list of the documentation necessary to implement and maintain the Risk Management Framework:

- 1. The City's Risk Management Policy;
- 2. The City's Risk Management Strategy;
- 3. The City's Strategic Risk Register; and
- 4. The City's Operational Risk Register.

Review requirements are specified in each of these documents.

Risk Registers

A critical element of Risk Management is the recording of risks. Risks that are not recorded are not able to be managed and the risk exposure of the Council is unlikely to be increased.

The most effective means of capturing risk is through the use of Risk Registers.

A Risk Register captures all of the information necessary to ensure the risk can be effectively managed.

An effective Risk Register follows the Risk Management Process as defined in the Standard and allows for the capture of all identified risks, the controls and their effectiveness, the assessed risk level, the treatment strategy and individual treatment actions.

The City utilises Camms.Risk software for maintenance of its Risk Register.

17 Conclusion

The City Risk Management Strategy and Framework together with the Risk Management Policy provide an enterprise wide, integrated approach to risk management.

The Council and Executive Leadership Team have a commitment to implementing, maintaining, reviewing and reporting on the Risk Management Strategy. There is also a commitment to supporting and encouraging a risk management culture throughout the organisation.

Improving the City's maturity in the risk management processes to realise the benefits that come from effective risk management will take commitment from everyone across the organisation.

18 References

1. AS/NZS ISO 31000:2018 Risk Management - Principles and Guidelines
2. Work Health and Safety Act 2020
3. ISO Guide 73:2009 Risk Management – Vocabulary
4. City of Kwinana Risk Management Policy
5. City of Kwinana IT Business Continuity
6. City of Kwinana Disaster Recovery Plans

19 Review and Document Control

Review of the Risk Management Strategy is required to ensure that it meets governance, risk and compliance requirements.

The Risk Management Strategy is to be reviewed annually by the Chief Executive.

Any change to the following will trigger an immediate review of the Risk Management Strategy:

- a) Strategic and operating environments
- b) Corporate compliance requirements
- c) Risk management roles and responsibilities

20 Appendices

Appendix A: Glossary of Terms

Term	Definition
Consequences	Outcome of an event affecting objectives (AS/NZS ISO 31000:2018).
Contingency	Contingency is an allowance for future increases to estimated costs for project cost elements and is the aggregate of amounts (if any) included in the Project Approval: <ul style="list-style-type: none"> to meet the assessed risk of project acquisition cost increases that may arise as a result of underestimates due to inherent cost uncertainties; to meet the residual project risk after all planned risk mitigation/elimination/treatment measures; and to meet 'unknown unknowns'.
Control	Measure that is modifying risk (AS/NZS ISO 31000:2018).
Exposure	The risk exposure is a qualitative value of the sum of the consequences of an event multiplied by the probability of that event occurring.
Likelihood	Chance of something happening (AS/NZS ISO 31000:2018)
Residual Risk	Risk remaining after risk treatment (AS/NZS ISO 31000:2018)
Risk	Effect of uncertainty on objectives (AS/NZS ISO 31000:2018)
Issue/Incident	An event that has occurred that has taken DSO outside its tolerances/Risk Appetite
Risk Acceptance	An informed decision to accept the consequences and the likelihood of a particular risk.
Risk Analysis	A process to comprehend the nature of risk and to determine the level of risk (AS/NZS ISO 31000:2018).
Risk Appetite	The amount and type of risk that an organisation is prepared to pursue, retain or take.
Risk Avoidance	An informed decision to withdraw from, or to not become involved in, a risk situation.
Risk Identification	Process of finding, recognising and describing risks (AS/NZS ISO 31000:2018)
Risk Management	Coordinated activities to direct and control an organisation with regard to risk (AS/NZS ISO 31000:2018).
Risk Management Plan	Scheme within a risk management framework specifying the approach, the management components and resources to be applied to the management of risk Coordinated activities to direct and control an organisation with regard to risk (AS/NZS ISO 31000:2018).
Risk Register	A Risk Register provides a repository for recording each risk and its attributes, evaluation and treatments.
Risk Source	Element which alone or in combination has the intrinsic potential to give rise to risk (AS/NZS ISO 31000:2018).

Term	Definition
Risk Owner	Person or entity with the accountability and authority to manage a risk (AS/NZS ISO 31000:2018).
Risk Retention	Intentionally or unintentionally retaining the responsibility for loss, or financial burden of loss within the organization. (AS/NZS 4360:2004)
Risk Tolerance	An organisation's or stakeholder's readiness to bear the risk after risk treatment in order to achieve objectives.
Risk Transfer	Sharing with another party, the burden of loss or benefit of gain, for a risk (AS/NZS 4360:2004)
Risk Treatment	Process to modify risk (AS/NZS ISO 31000:2018).
Risk Treatment Plan	The defined approach to treating an identified risk. The plan should include details of who is responsible for implementation; resources required; budget allocated; timetable for implementation; and method of review.
Stakeholder	Person or organisation that can affect, be affected by, or perceive themselves to be affected by, a decision or activity. (AS/NZS ISO 31000:2018)

Appendix B:

Audit and Risk Committee - Terms of Reference

Purpose

- 1.1 To assist the Council to discharge its responsibility with regard to the exercise of due care, diligence and skill in relation to the oversight of:
- the robustness of the internal control framework;
 - the integrity and appropriateness of external reporting, and accountability arrangements within the organisation for these functions;
 - the robustness of internal risk management systems, including the City's processes, practices and procedures;
 - internal and external audit;
 - accounting policy and practice;
 - significant projects and programs of work focusing on the appropriate management of risk;
 - compliance with applicable laws, regulations, standards and best practice guidelines for public entities;
 - the establishment and maintenance of controls to safeguard the Council's financial and non-financial assets; and
 - Councils risk appetite and the acceptability of level of risk.

The Audit and Risk Committee (Committee) is a formally appointed Committee of Council and is responsible to that body. The Committee does not have executive powers or authority to implement actions in areas over which the Chief Executive Officer (CEO) has legislative responsibility and does not have any delegated power from Council. The Committee does not have any management functions and cannot involve itself in management processes or procedures.

- 1.2 As reflected in this Terms of Reference, the foundations on which this Committee operates includes: independence; clarity of purpose; competence; open, effective and respectful relationships and a transparent "no surprises" ethos.

Membership and participation

- 1.3 Members of the Audit and Risk Committee shall be impartial and independent at all times.
- 1.4 The Committee will comprise of six members, namely two independent external members and four City of Kwinana Elected Members, of which should include the Mayor and Deputy Mayor.

1.5 Appointment of independent members

- Identify skills required for independent members of the Committee. Appointment panels will include the Mayor and/or Deputy Mayor and two other Elected Members. Council approval is required for all independent member appointments;
- The independent members are appointed for two year terms to coincide with the City's ordinary election cycle and in compliance with section 5.11 of the *Local Government Act 1995*.
- An independent member is not to be a staff member or Elected Member.
- Independent members are eligible for re-appointment to a maximum of two terms. By exception, the Council may approve further terms to ensure continuity of knowledge;
- The Committee will comprise of six members, namely two independent external members and four City of Kwinana Elected Members.

1.6 All Committee members have full voting rights.

1.7 The term of an Elected Member appointed to the Committee will be for a two year term, to coincide with the City's ordinary election cycle and in compliance with section 5.11 of the *Local Government Act 1995*. Elected Members are able to nominate/re-nominate at a meeting of Council following the ordinary election, if necessary a ballot will be conducted.

1.8 The Chief Executive Officer and Executive Leadership Team (herein referred to as "Management") will not be members of the Committee. The Chief Executive Officer should attend every Committee meeting and shall play a key role on the committee by providing expert advice to the Committee.

1.9 The members, taken collectively, will have a broad range of skills and experience relevant to the operations of the Council. At least one independent member should have accounting or related financial management experience, with an understanding of accounting and auditing standards in a public sector/local government environment.

The Minister for Local Government has announced that impending Local Government Reform will require that all local governments appoint an independent chair. While this reform has not yet been enacted, the City recommends selection of one of the independent members as an Independent Chairperson. Section 5.12 of the *Local Government Act 1995* prescribes that committee presiding members and deputy presiding members, must be elected in accordance with the procedures established in Schedule 2.3 of the *Local Government Act 1995*. This is an election process and not a vote / resolution by the Committee.

Quorum

1.10 A quorum shall consist of at least 50% of the number of members of the Committee, one of whom is to be an independent member, unless a reduction is approved by the local government under s5.15 of the *Local Government Act 1995*.

Meetings

- 1.11 The Committee should meet at times during the year that most effectively coincides with the requirements of the legislation for that year, and operational activities, with a view to providing the necessary reports well before the due dates.

Procedure

- 1.14 In order to give effect to its advice, the Committee should make recommendations to the Council and to Management.
- 1.15 The external auditors, the internal audit manager and the co-sourced internal audit firm (if appointed) should meet with the Committee Chair outside of formal meetings as considered appropriate.
- 1.16 Where necessary, the Committee Chair will meet with the CEO or delegate before each Committee meeting and at other times as required as agreed by the Chair.

Duties and responsibilities

- 1.17 Internal control framework
- Consider the adequacy and effectiveness of internal controls and the internal control framework including overseeing privacy and cyber security;
 - Critically examine the steps Management has taken to embed a culture that is committed to probity and ethical behaviour;
 - Review the organisation's processes or systems in place to capture and effectively detect and/or investigate fraud or material litigation should it be required; and
 - Seek confirmation annually and as necessary from internal and external auditors, attending Elected Members, and Management, regarding the completeness, quality and appropriateness of financial and operational information that is provided to the Council.
- 1.18 Risk management
- Review and consider Management's risk management framework in line with Council's risk appetite, which includes policies and procedures to effectively identify, treat and monitor significant risks, and regular reporting to the Council;
 - Assist the Council to determine its appetite for risk;
 - Review the principal risks that are determined by Council and Management, and consider whether appropriate action is being taken by Management to treat Council's significant risks;
 - Assess the effectiveness of, and monitor compliance with, the risk management framework; and
 - Consider any emerging risks trends and report these to Council where appropriate.
 - To examine and consider the transfer of risk through an annual review of Council's insurances.

1.19 Internal audit

- Review and approve the annual internal audit plan, which is to be based on the Council's risk framework;
- Monitor performance against the annual audit plan at each regular quarterly meeting;
- Monitor all internal audit reports and the adequacy of Management's response to internal audit recommendations;
- Review six monthly fraud reporting and ensure fraud issues are disclosed to the external auditor;
- Provide a functional reporting line for the internal audit and ensure objectivity and transparency of the internal audit;
- Oversee and monitor the performance and independence of both the internal auditors and co-sourced auditors who may be appointed from time to time;
- Review the range of services provided by the co-sourced partner and make recommendations to Council regarding the conduct of the internal audit function; and
- Monitor compliance with Council's delegation policies.

1.20 External reporting and accountability

- Consider the appropriateness of the Council's existing accounting policies and practices and approve any changes as deemed appropriate;
- Contribute to improve the quality, credibility and objectivity of the accounting processes, including financial reporting;
- Consider and review the draft annual financial statements and any other financial reports that are to be publicly released and make recommendations to Management on any matters that arise from those statements or reports;
- Consider the underlying quality of the external financial reporting, including:
 - changes in accounting policy and practice;
 - any significant accounting estimates and judgements, accounting implications of new and significant transactions, management practices;
 - and any significant disagreements between Management and the external auditors; and
 - the propriety of any related party transactions and compliance with applicable Australian and international accounting standards and legislative requirements.
- Consider the disclosure of contingent liabilities and contingent assets as well as the clarity of disclosures generally;
- Consider whether the external reporting is consistent with Committee members' information and knowledge, and whether it is adequate for stakeholder needs;
- Recommend to Council:
 - the adoption of the Financial Statements and Reports; and
 - the Statement of Service Performance; and
 - the signing of the Letter of Representation to the Auditors by the Mayor and the Chief Executive Officer.

- Enquire of external auditors any information that affects the quality and clarity of the Council's financial statements, and assess whether appropriate action has been taken by Management;
- Request visibility of appropriate management signoff on the financial reporting and on the adequacy of the systems of internal control; including:
- certification from the Chief Executive Officer, and other staff that risk management and internal control systems are operating effectively.
- Consider and review the Community Strategic Plan Term and Annual Plans before adoption by the Council;
- Apply similar levels of enquiry, consideration, review and management sign off as are required above for external financial reporting; and
- Review and consider the Summary Financial Statements for consistency with the Annual Report.

1.21 External audit

- Review and monitor whether Management's approach to maintaining an effective internal control framework is sound and effective, and in particular:
 - Review whether Management has taken steps to embed a culture that is committed to probity and ethical behaviour;
 - Review whether Management has in place relevant policies and procedures and how such policies and procedures are reviewed and monitored; and
 - Review whether there are appropriate systems processes and controls in place to prevent, detect and effectively investigate fraud.
- Annually review the independence of the audit engagement with the external auditor appointed by the Office of the Auditor General;
- Annually review the term of the audit engagement with the external auditor appointed by the Office of the Auditor General, including the adequacy of the nature and scope of the audit, and the timetable and fees;
- Review all external audit reporting, discuss with the auditors and review action to be taken by Management on significant issues and recommendations and report such actions to Council as appropriate;
- The external audit reporting should describe:
 - Council's internal control procedures relating to external financial reporting, findings from the most recent external audit and any steps taken to deal with such findings;
 - All relationships between the Council and the external auditor;
 - Critical accounting policies used by Council; and
 - Alternative treatments of financial information within Generally Accepted Accounting Practice that have been discussed with Management, the ramifications of these treatments and the treatment preferred by the external auditor.
- Ensure that the lead audit engagement and concurring audit directors are rotated in accordance with best practice and Australian Auditing Standards.

1.22 Compliance with legislation, standards and best practice guidelines

- Review the effectiveness of the system for monitoring the Council's compliance with laws (including governance legislation, regulations and associated government policies), with Council's own standards.

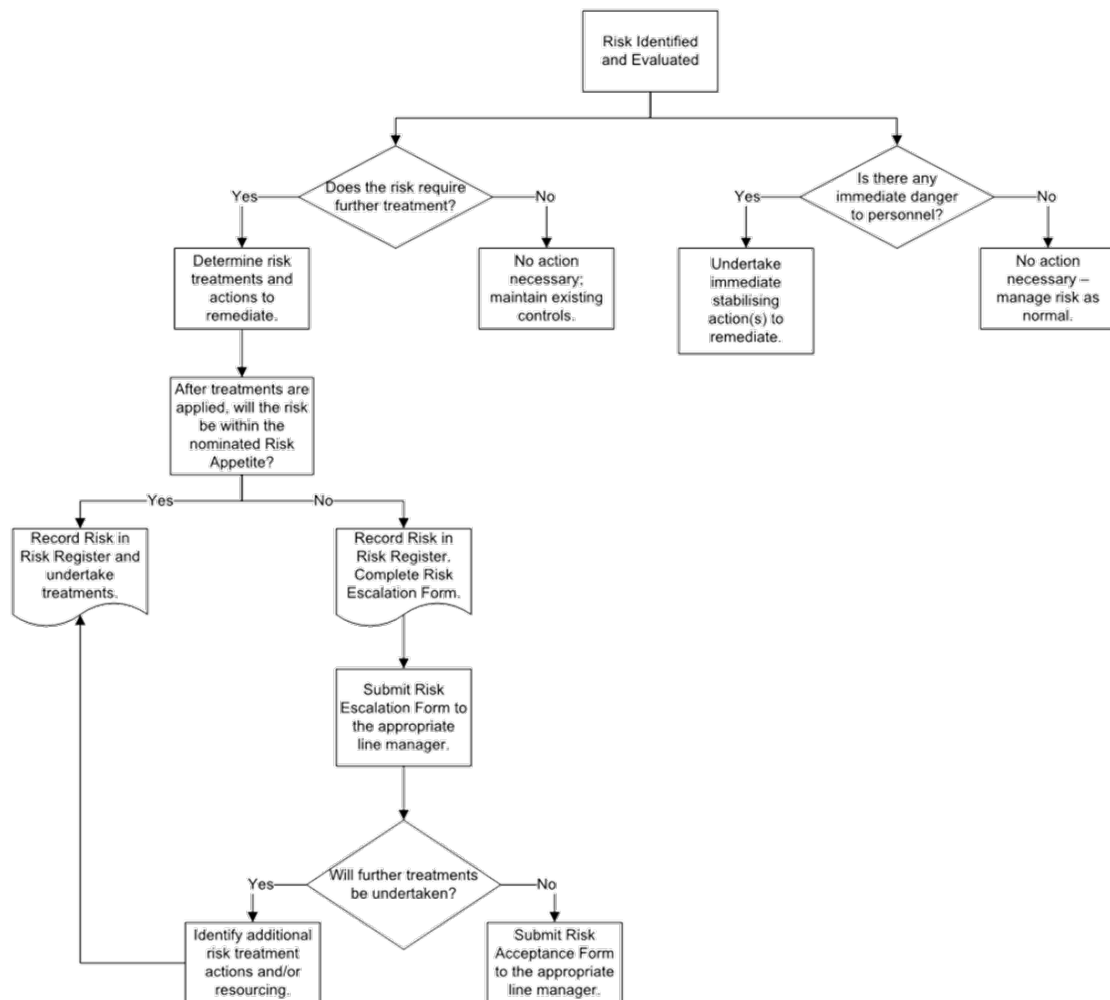
Appendix C: Consequence Criteria and Rating

Impact Category	Insignificant	Minor	Moderate	Major	Severe
Environmental	<p>Negligible damage that is contained on-site.</p> <p>AND</p> <p>The damage is fully recoverable with no permanent effect on the environment or the asset, It will take less than 6 months for the resource to fully recover.</p>	<p>Minor damage to the environment or heritage asset or area that is immediately contained on-site. It will take less than 2 years for the resource or asset to fully recover or it will only require minor repair.</p> <p>OR</p> <p>Disturbance to scarce or sensitive environmental or heritage asset or area.</p>	<p>Moderate damage to the environment or a heritage listed asset or area, which is repairable. The resource or asset will take up to 10 years to recover.</p>	<p>Irreversible and extensive damage is caused to a non-Heritage Listed area or asset but that has heritage values.</p> <p>OR</p> <p>Irreversible and extensive damage is caused to a non-environmentally significant area or asset.</p> <p>OR</p> <p>Significant damage is caused to a Heritage Listed area or asset that involves either extensive remediation or will take more than 10 years to recover.</p> <p>OR</p> <p>Significant damage is caused to an environmentally significant area or asset from which it</p>	<p>Irreversible and extensive damage is caused to a World Heritage Listed Area, a National Heritage Listed Site, a Register of the National Estate Site or a Council Heritage Listed area or asset.</p> <p>OR</p> <p>Irreversible and extensive damage is caused to a Matter of National Environmental Significance under the Act (e.g. endangered species, RAMSAR wetland, marine environment).</p>

Impact Category	Insignificant	Minor	Moderate	Major	Severe
				will take more than 10 years to recover.	
Financial	Minimal financial impact requiring no action or approval within local authority levels. Less than \$10,000.	A financial loss that can be managed within existing department budget. \$10,000 to less than \$100,000.	A financial loss that can be managed within existing organisational budget. \$100,000 to less than \$1M.	A financial loss resulting in potential reduction in a service. \$1M to less than \$5M.	A critical financial loss resulting in closure or significant reduction in a service. Greater than \$5M.
Health and Safety	Minor injury or ailment that does NOT require medical treatment by a physician or a qualified first aid person.	Injuries or illness requiring medical attention with no long-term effects. OR Exposure of public and staff to a hazard that could cause minor injuries or minor adverse health effects	One or more injuries or illness requiring hospitalisation with some long-term effects. OR Public or staff exposed to a hazard that could cause injuries or moderate adverse health effects	One or more serious casualties or illness with long-term effects. <u>OR</u> Public or staff exposed to a hazard that results in major surgery or permanent disablement.	One or more fatalities or life threatening injuries or illness. OR Public or staff exposed to a severe, adverse long-term health impact or life-threatening hazard.
ICT, Assets/Infrastructure	Some damage where repairs are required however facility or infrastructure is still operational. Loss of utilities/systems resulting in minor IT	Short term loss or damage where repairs required to allow the infrastructure to remain operational using existing internal resources.	Short to medium term loss of key assets and infrastructure where repairs required to allow the infrastructure to remain operational.	Widespread, short term to medium term loss of key assets and infrastructure. Where repairs required to allow the infrastructure to remain operational.	Widespread, long term loss of substantial key assets and infrastructure. Where infrastructure requires total rebuild or replacement.

Impact Category	Insignificant	Minor	Moderate	Major	Severe
	disruption to a service for up to 12 hours.	Loss of utilities/systems resulting in minor IT disruption to a service (>12 hours - 24 hours).	Cost outside of budget allocation. Loss of utilities/systems resulting in IT disruption to a department for up to 12 hours.	Cost significant and outside of budget allocation. Loss of utilities/systems resulting in serious IT disruption to several services or more than 1 department for up to 12 hours.	Failure of utilities/systems resulting in the loss of function for several departments (> 12 hours).
Legislative Compliance	Minor technical breach but no damages. No monetary penalty AND/OR Internal query.	Minor technical non-compliances and breaches of regulations or law with potential for minor damages or monetary penalty. AND/OR Special audit by outside agency or enquiry by Ombudsman.	Compliance breach of regulation with investigation or report to authority with prosecution and/or possible fine. AND/OR Non-compliance with Corporate/Council Policy	Major compliance breach with potential exposure to large damages or awards. Prosecution with 50% to maximum penalty imposed. OR Multiple compliance breaches that together result in potential prosecution with 50% to maximum penalty imposed	Serious compliance breach with potential prosecution with maximum penalty imposed. OR Multiple compliance breaches that together result in potential prosecution with maximum penalty imposed
Reputation/Image	Customer complaint. AND/OR Not at fault issue, settled quickly with no impact.	Non-headline community media exposure. Clear fault. Settled quickly by the City response. Negligible impact.	Negative local (headline) and some regional media coverage. Council notification. Slow resolution.	Negative regional (headline) and some national media coverage. Repeated exposure. Council involvement. At fault or unresolved	Maximum multiple high-level exposure. Sustained national media coverage. Direct Council intervention. Loss of credibility and public

Impact Category	Insignificant	Minor	Moderate	Major	Severe
				complexities impacting public or key groups.	/ key stakeholder support.
Service Delivery	<p>Some non-essential tasks will not be able to be achieved.</p> <p>AND/OR</p> <p>Unable to provide service for <1 business day.</p> <p>AND/OR</p> <p>Major Project in progress delay for < 1 month.</p>	<p>Less than 5% of essential tasks will not be achieved.</p> <p>AND/OR</p> <p>Unable to provide service for 1-3 business days.</p> <p>AND/OR</p> <p>Major Project in progress delay for 1 - 2 months.</p>	<p>5% - 10% of essential tasks will not be achieved</p> <p>AND/OR</p> <p>Unable to provide service for 3-10 business days.</p> <p>AND/OR</p> <p>Major Project in progress delay for 2-3 months.</p>	<p>10% - 20% of essential tasks will not be achieved.</p> <p>AND/OR</p> <p>Unable to provide service for 10-20 business days.</p> <p>AND/OR</p> <p>Major Project in progress delay for 3-6 months.</p>	<p>Greater than 20% of essential tasks will not be achieved.</p> <p>AND/OR</p> <p>Unable to provide service for >20 business days.</p> <p>AND/OR</p> <p>Major Project in progress delay for > 6 months.</p>

Appendix D: Risk Escalation Process

Appendix E: Residual Risk Escalation Form**Purpose of the Form**

The purpose of the City's Residual Risk Escalation Form is to escalate residual risks that are outside the Risk Tolerance levels or the control/authority/delegation of the responsible manager within the City to retain.

The form is used to ensure that accountability for the retention of a risk resides at the appropriate level within the organisation.

This form will also provide a record of the manager within the City who has accepted retention of the risk and the reasons behind that acceptance and provides a robust audit trail that will provide protection for responsible officers should the risk eventuate.

This form can be used in the following situations:

- 1) To escalate a risk up to a Director or the Chief Executive
- 2) To request a risk item to be added to the agenda for the appropriate City of Kwinana Committee for consideration

Instructions for Completion

The form must currently be submitted/escalated in hard copy form in order to ensure an audit trail of signatures.

The form must be submitted to an appropriate Director or Risk Executive Officer upon completion for scrutiny/sign-off prior to being submitted to the next appropriate level.

Once completed, the form is to be scanned with copies provided to:

- a) The Director
- b) The Chief Executive (where relevant)
- c) Risk Executive Officer

A. RISK DETAILS

Risk Description

Risk Number:	
Risk Name:	
Causes:	
Consequences:	
Risk Owner:	

Risk Assessment

Likelihood:		
Justification for Likelihood:		
Consequence Rating:		
Impact Category:	Consequence Rating	Justification (High and Extreme only)
Environmental		
Financial		
Health and Safety		
IT, Infrastructure and Assets		
Legislative Compliance		
Reputation/Image		
Service Delivery		

Assessed risk level (without treatment):		
Is the risk level within the City's Risk Tolerance (Circle One):	Yes	No

Stabilising Actions (from Integrated Risk Manager)

Have any actions been taken to stabilise the situation and minimise/eliminate the chance of harm? (Circle One):	Yes	No
---	-----	----

If the answer is yes, please describe these actions below:

This image shows a single sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

Risk Treatments (from Integrated Risk Manager)

Are there any treatment actions that can reduce the risk? (Circle One):	Yes	No
---	-----	----

If yes, complete Proposed Treatment Actions section below. If no, complete Assessment of Tolerance Section below:

Proposed Treatment Actions	Approximate Cost (\$)	Within Delegation of Manager? (Circle One):	
		Yes	No
		Yes	No
		Yes	No
		Yes	No
		Yes	No
		Yes	No
		Yes	No
		Yes	No

Assessment of Risk Tolerance

Assessed residual risk level (with treatments that are <u>within</u> the delegation of Manager)		
After these treatments is the residual risk level within the City's Risk Tolerance? (Circle One):	Yes	No

Assessed residual risk level (with treatments that are <u>outside</u> the delegation of Manager)		
After these treatments is the residual risk level within the City's Risk Tolerance? (Circle One):	Yes	No

If the answer is 'no' to either of the questions listed above, the residual risk is to be escalated to the respective Director.

B. RISK ESCALATION

Director

Name:	
Position:	
Email:	
Phone Number:	

Are the proposed residual risk treatments within your delegation? (Circle One):	Yes	No
If no, provide explanation below:		
After treatments within your delegation is the residual risk within the City's Risk Tolerance? (Circle One):	Yes	No
Do you accept retention of this residual risk? (Circle One):	Yes	No
Justification: (If you have the authority to accept retention of this risk and choose to accept the risk, justification is required. If you have the authority and choose not to accept the risk, justification is required)		
Who does the residual risk require escalation to? (Circle One):	CEO	City Committee
If a Committee, state which one:		
Signature:		
Date:		

Review/Endorsement by Risk Executive Officer

In your opinion, do you believe the assessment to be reflective of the residual risk level? (Circle One): If Yes - submit to the Chief Executive If Yes - include on the City of Kwinana Committee Agenda If No - return to Department	Yes	No
Who do you wish to escalate this issue to? (Circle One):	CEO	City Committee
If a Committee, state which one:		
Signature:		
Date:		

Chief Executive

Name:	
Email:	
Phone Number:	

Are the proposed residual risk treatments within your delegation? (Circle One):	Yes	No
If no, provide explanation below:		
After treatments within your delegation is the residual risk within the City's Risk Tolerance? (Circle One):	Yes	No
Do you accept retention of this residual risk? (Circle One):	Yes	No
Justification: (If you have the authority to accept retention of this risk and choose to accept the risk, justification is required. If you have the authority and choose not to accept the risk, justification is required)		
Does the residual risk require escalation to the Council? (Circle One):	Yes	No
Signature:		
Date:		

If the residual risk requires escalation above CEO, a formal brief note is to be developed for the City Council with this Escalation Form as an Attachment.

The brief is to include as a recommendation that the residual risk be retained or that appropriate funding be sought for treatment.

Document Control

Document Title:	Risk Management Strategy
Developed By:	City of Kwinana
Authorised By:	CEO
Endorsed By:	Council
Date Developed:	August 2020
Date Reviewed:	
Next Review Due:	

8.2 INFORMATION REPORT - INSURANCE COVERAGE FOR THE CITY 2022-23

SUMMARY

As part of the City's normal approach to mitigating risk, and in accordance with statutory obligations in some cases, the City maintains insurance coverage for a number of matters. Insurance coverage, other than coverage for marine cargo, is sourced through the Local Government Insurance Scheme (LGIS), which is a joint self-insurance scheme owned by Western Australian local government authorities. The City maintains the following policies:

Policy	Maximum Aggregate Liability
LGIS Fire	\$20,000,000
LGIS Liability	Public Liability \$600,000,000 Product Liability \$600,000,000 Professional Liability \$600,000,000
LGIS Commercial Crime and Cyber Liability	\$2,000,000
Casual Hirers Liability	\$10,000,000
LGIS Management Liability	\$19,000,000
LGIS Pollution Legal Liability	\$5,000,000
LGIS Property	\$600,000,000
LGIS Motor Vehicle	\$20,000,000 Third Party \$35,000,000
LGIS Corporate Travel	\$10,000,000
LGIS Personal Accident – Volunteers, Councillors	\$10,000,000
Marine Cargo	\$100,000
LGIS Workcare	As per statutory requirement – includes Journey Injury Protection

Details of liability limitations, extent of coverage and payable excess, is included at attachment A.

OFFICER RECOMMENDATION

That the Audit and Risk Committee:

- Note the extent of insurance coverage in place for the City of Kwinana, as detailed within this report and Attachment A, and provide comment where appropriate; and**
- Recommend Council continue to increase the reserve through the utilisation of savings for workers compensation to a maximum of \$750,000 over a number of years.**

VOTING REQUIREMENT

Simple majority

DISCUSSION

The details of insurance coverage, including extent of coverage, liability limitations and payable excess are defined in attachment A. As LGIS is a self-insurance scheme, with external underwriting, policies are determined on behalf of local government in Western Australia generally, with some sharing of risk, with the intention of managing the overall cost of insurance to the industry. In some cases, a decision is made by LGIS to adjust coverage, with a change in risk (through a change in payable excess or liability limit etc) sharing, to manage the cost of premiums. As LGIS is a self-insurance scheme, with local government in Western Australia sharing some of the risk, the sector also gets the benefit of savings (or dividends). The total cost of insurance to the City for the 2022-23 year is \$479,435. Due to current market conditions, there will be no dividend distributed to Councils this financial year.

The City participates in the Workers' Compensation performance based scheme, where the payable premium is variable, depending on the value of claims paid in a year. Opting into this system allows the City to pay a lower insurance premium than the general risk-based premium. However, if the City performs poorly, in terms of claims value, the total premium payable can be greater than the standard premium. The performance-based system for Workers' Compensation rewards the City for its efforts to maintain a safe workplace, and for efficient claims management. Accordingly, a well-managed business, with efficacious safety systems, should be using this system. However, regardless of the quality of safety systems, there is a residual risk of a significant claim, which could result in the City paying more in one, or a number of years. Importantly, this includes legacy claims from previous years.

Attachment B shows the current LGIS Performance based claims report. As noted within the report, there are six open claims from previous financial years. For the 2021/2022 financial year, the contribution made to date is \$252,703. The City will meet the cost of claims from this contribution, up to the value of the maximum contribution of \$668,206. Noted is the risk that the City's actual contribution for the year could be an additional \$407,160. To cover this cost, the City will have approximately \$550,000 in reserve after year-end adjustments, as per the recommendation accepted previously by Council. However, a further recommendation is now made, to allocate any savings in actual insurance costs against budgeted insurance costs to be transferred to the Workers Compensation Reserve, as well as any future dividends or surplus distributions from LGIS.

STRATEGIC IMPLICATIONS

There are no strategic implications as a result of this proposal.

SOCIAL IMPLICATIONS

There are no social implications as a result of this proposal.

LEGAL/POLICY IMPLICATIONS

The City operates under various provisions related to liability and safety. In some cases, such as workplace safety, insurance coverage is mandated by legislation.

FINANCIAL/BUDGET IMPLICATIONS

The value of insurance premiums are allowed for within the annual budget.

ASSET MANAGEMENT IMPLICATIONS

A register of the City's assets is provided to LGIS as part of the annual questionnaire to evaluate the level of cover needed.

ENVIRONMENTAL/PUBLIC HEALTH IMPLICATIONS

There are no environmental or health implications as a result of this report.

COMMUNITY ENGAGEMENT

There are no community engagement implications as a result of this report.

ATTACHMENTS

- A. Attachment A - Insurance Report 2022-23**
- B. Attachment B - LGIS WorkCare Performance Based Claims Report**



DISCLOSURES



Disclosures

Member Service Charter

Our members are at the heart of LGIS, it's only through working together that we can successfully protect WA local governments and their communities. The attached document, and the service promise within it, is integral to us delivering on our commitment to work together with our members.

This Member Service Charter encapsulates our promise to members to deliver high levels of services anchored in our in-depth knowledge of local government. All LGIS employees, volunteers and contractors are expected to adhere to this charter, and deliver a high level of service to our members and other stakeholders.

This document comprehensively covers our service commitment and includes key elements which all members are encouraged to be familiar with. These are:

- LGIS Financial Services Guide
- LGIS Collection Statement
- LGIS Privacy Statement

Financial Services Guide (FSG)

You can find 'JLT-Our Commitment to You and Financial Services Guide' on the LGIS website at lgiswa.com.au

Most of the amendments are minor in nature, but we would like to highlight the following clauses under the heading 'Important Terms of Our Agreement with You':

- **Sanctions and Embargoes-** In addition to the increasing imposition of sanctions and embargoes by governments we are also encountering international banks' limited appetite for certain transactions which may not be directly caught by the sanctions and for which they may elect not to handle any monies. In this regard this section explains our approach and that the banks may also limit our ability to transact.

This FSG provides the terms under which we will provide our services to you and you agree to be bound by these terms.

Claims made policy

All or part of this policy is subject to claims made provision. This means that claims or possible claims must be notified to the Scheme during the currency of the protection period. Such a policy will not provide indemnity for claims, or possible claims, notified after the policy expires.

To protect your interests, please ensure that any claims or circumstances which you believe may give rise to a claim, and which have not been notified by you on the renewal declaration or previously notified to the Scheme, are notified to LGISWA immediately or in any event prior to expiry of the current protection.

New claims

Any terms to you is based on the understanding that there will be no deterioration in the claims experience between the date LGIS provided our terms and the expiry date of the protection or the date of inception of new risks.

If claims do occur during this period, LGISWA has the right to revise the terms provided or even rescind their protection.



SCHEME COVER AND POLICY PROFILES

LGIS Liability

OUR REF: 000047

NOTE: Where a coverage heading incorporates provision for an amount to be inserted (e.g. Sub-Limit) but no amount is recorded, no cover is provided under this policy.

MEMBER	City of Kwinana
ABN AND ITC DETAILS	ABN: 13 890 277 321 ITC: 100.00%
BUSINESS	Municipal or other Local Government Authorities, and all incidental and associated functions of The Member pursuant to the Local Government Act
PERIOD OF PROTECTION	From: 30 June 2022 at 4 PM Local Time (WA). To: 30 June 2023 at 4 PM Local Time (WA).
GEOGRAPHICAL SCOPE	<p>This Protection Policy will apply worldwide except:</p> <ul style="list-style-type: none"> ▶ In respect of Claims made or actions instituted within the United States of America or the Dominion of Canada or any other territory coming within the jurisdiction of the Courts of the United States of American or the Dominion of Canada. ▶ In respect of Claims made which are governed by the laws of the United States of American or the Dominion of Canada, whether by agreement of the Member or otherwise. ▶ Liability accruing to The Member as a consequence of any indemnity, undertaking or hold harmless agreement provided to any party which indemnifies that party against awards, claims or damages or costs associated with actions in the Courts of Canada and/or the United States of America their protectorates or dependencies. <p>However, the above clauses (a) and (b) shall not apply to such Claims arising from the presence with the United States of America or the Dominion of Canada of any Member who is normally a resident in the Commonwealth of Australia and who at the time of the occurrence was in the course of the Business and who is neither a manual worker nor a supervisor of such work.</p>
JURISDICTIONAL SCOPE	Australia
GOVERNING LAW OF CONTRACT	Australian

INTEREST PROTECTED

A. The scheme will pay to or on behalf of The Member all sums for which The Member shall become legally liable to pay by way of compensation in respect of:

- Death or Personal Injury
- Loss or Damage to Property

happening during the Period of Protection and caused by an occurrence in connection with the Business, from:

i. **Public Liability**

ii. **Products Liability**

All as defined in the Protection Wording.

B. Professional Indemnity (this is a Claims Made Coverage)

Any Claim or Claims first made against The Member and notified to the Scheme during the Period of Protection arising out of any negligent act, error or omission whenever or wherever the same was or may have been committed or alleged to have been committed by The Member in the conduct of The Member's Business (other than any indemnity provided by this protection under A (i) Public Liability and (ii) Products Liability).

LIMITS OF PROTECTION**Section A**

Public Liability	\$600,000,000 any one occurrence
Products Liability	\$600,000,000 any one occurrence and in the aggregate any one period of protection.

Section B

Professional Indemnity	\$600,000,000 any one occurrence and in the aggregate any one period of protection.
------------------------	---

The arrangements for this cover are governed by, and subject to, the terms of the Trust Deed, which includes:

'Pooled Cover' (as defined in the Trust Deed) of the first \$2,000,000 in respect to each of the Limits of Protection; and

'Indemnity Cover' (as defined in the Trust Deed) arranged on behalf of the Member, of \$598,000,000 in excess of 'Pooled Cover'.

SUB LIMITS

Property in Care, Custody and Control	\$250,000
---------------------------------------	-----------

MEMBER RETAINED RISK (MRR) PAYMENT

Public Liability	\$Nil any One Claim arising from an Occurrence
Professional Indemnity	\$5,000 any One Claim arising from an Occurrence
Libel and Slander	\$5,000 any One Claim arising from an Occurrence
Damage to Aircraft	\$25,000 any one claim arising from an occurrence

**PROTECTION WORDING
AND CONDITIONS 1.
2020v1**

LGIS Liability Protection Wording version 19 dated 30 June

Building Works (Exclusion 15)

Claims arising out of the erection, demolition, alteration of and/or addition to buildings by or on behalf of The Member except such erection, demolition, alteration or addition not exceeding in cost (project value), of \$1,000,000

Endorsements**Coronavirus, epidemic and/or pandemic Exclusion**

This clause shall be paramount and shall override anything contained in this Protection Policy inconsistent therewith.

This protection excludes coverage for:

- 1) any loss, damage, liability, cost, or expense directly or indirectly arising from the transmission or alleged transmission of:
 - a) Coronavirus disease (COVID-19);
 - b) Severe Acute Respiratory Syndrome Coronavirus 2 (SARS-CoV-2); or
 - c) any mutation or variation of SARS-CoV-2;
 or from any fear or threat of a), b) or c) above;
- 2) any liability, cost or expense to identify, clean up, detoxify, remove, monitor, or test for a), b) or c) above;
- 3) any liability for or loss, cost or expense arising out of any loss of revenue, loss of hire, business interruption, loss of market, delay or any indirect financial loss, howsoever described, as a result of any of a), b) or c) above or the fear or the threat thereof.

All other terms, conditions and limitations of the insurance remain the same.

2. Scheme Rules and Trust Deed
3. Member's Certificate of Membership

PROTECTION
Pooled Cover
Indemnity Cover

PROVIDER
LGIS Liability
QBE and other Insurers

PROPORTION
100%
100%

REMARKS

Subject to payment of the Contribution for the Period of Protection, the Member will be protected by the LGISWA Scheme ("Scheme") in accordance with and subject to the terms, exclusions, limitations, extensions and conditions contained in or endorsed on or otherwise expressed in this Protection Wording and subject to the terms of the Trust Deed governing The Scheme.

LGIS Casual Hirers Liability

OUR REF: 000354

NOTE: Where a coverage heading incorporates provision for an amount to be inserted (e.g. Sub-Limit) but no amount is recorded, no cover is provided under this policy.

MEMBER	City of Kwinana
COVERING	Casual Hirers of facilities owned by the Member A Casual Hirer means any person or group of persons (not being a sporting body, club, association, corporation or incorporated body), who hires a Council facility for non-commercial or non-profit making purposes, less frequently than once per calendar month or twelve times per calendar year.
ABN AND ITC DETAILS	ABN: 13 890 277 321 ITC: 100.00%
BUSINESS	Principally Local Government Authority including the hire of facilities from The Member
PERIOD OF PROTECTION	From:30 June 2022 at 4 PM Local Time (WA). To:30 June 2023 at 4 PM Local Time (WA).
GEOGRAPHICAL SCOPE	Australia
JURISDICTIONAL SCOPE	Australia
GOVERNING LAW OF CONTRACT	Australian
INTEREST PROTECTED	<u>General Liability</u> Legal Liability to Third Parties for - <ul style="list-style-type: none"> ▪ death, illness or personal/bodily injury. ▪ loss or damage to property during the period of protection as a result of an occurrence happening in connection with the use of the hired facility by the Hirer.
LIMIT OF LIABILITY	<u>Section 1 – General Liability</u> \$10,000,000 any one occurrence.
MEMBER RETAINED RISK (MRR) PAYMENT	The Member shall bear the first \$500 of each and every Claim or series of claims arising out of the one Occurrence. All indemnifiable liability attributable to one source or original cause shall be deemed one Occurrence for the purpose of the application of the above MRR.

PROTECTION POLICY

WORDING AND CONDITIONS 1. LGISWA Casual Hirers' Liability Protection Version:
V2.20200630

2. Scheme Rules and Trust Deed
3. Member's Certificate of Membership

PROTECTION

Pooled Cover
Indemnity Cover

PROVIDER

LGIS Liability
QBE and other Insurers

PROPORTION

100%
100%

REMARKS

Subject to payment of the Contribution for the Period of Protection, the Member will be protected by the LGISWA Scheme ("Scheme") in accordance with and subject to the terms, exclusions, limitations, extensions and conditions contained in or endorsed on or otherwise expressed in this Protection Wording and subject to the terms of the Trust Deed governing The Scheme.

LGIS Commercial Crime and Cyber Liability

OUR REF: 000962

NOTE: Where a coverage heading incorporates provision for an amount to be inserted (e.g. Sub-Limit) but no amount is recorded, no cover is provided under this policy.

MEMBER	City of Kwinana
ABN AND ITC DETAILS	ABN 13 890 277 321 ITC 100.00%
BUSINESS	Municipal or other Local Government Authorities, and all incidental and associated functions of The Member pursuant to the Local Government Act
GEOGRAPHICAL LIMIT	Anywhere in the world to the extent permitted by the local applicable law
GOVERNING LAW OF CONTRACT	Australian
PERIOD OF PROTECTION	From: 30 June 2022 at 4 PM Local Time (WA). To: 30 June 2023 at 4 PM Local Time (WA).
COVERAGE SECTIONS	Coverage A: Commercial Crime Protection Coverage B: Cyber Protection
	Covered Covered

COVERAGE A COMMERCIAL CRIME PROTECTION

INTEREST PROTECTED	Loss sustained as a result of (i) an internal crime (ii) an external crime (iii) a theft; or (iv) physical loss or damage as defined in the Scheme Protection Wording.
LIMITS OF PROTECTION	Limit any one loss, or series of related losses arising out of any one event inclusive of the Pooled Cover, in any one Protection Period The arrangements for this cover are governed by, and subject to, the terms of the Trust Deed, which includes: - Pooled Cover (as defined in the Trust Deed) of \$50,000 any one loss or series of related losses arising from any one event; and

	- Indemnity Cover arranged on behalf of the Scheme (as defined in the Trust Deed) inclusive of the Pooled Cover	
	Sum Protected Any one Period of Protection	\$2,000,000
SUB-LIMITS OF PROTECTION	Computer Costs	\$250,000
	Social Engineering Fraud	\$250,000
EXTENSIONS	Limit any one loss, or series of related losses arising out of any one event inclusive of the Pooled Cover, in any one Protection Period.	
	The protection provided by these extension form part of, and is not addition to, the Sum Protected	
	a. Contractual Penalties	\$500,000
	b. Interest	\$500,000
	c.. Public Relations Expenses	\$100,000
	d. Outsourcing	Covered
	e. Extortion	Covered
	f. Erroneous Funds Transfer	Covered
	If "Not Covered" appears against any Extension, such Extension shall be deemed to be deleted.	
MEMBER RETAINED RISK (MRR) PAYMENT	Any one loss, or series of related losses arising out of any one event	\$5,000
DISCOVERY PERIOD	12 months	

COVERAGE B CYBER PROTECTION

INTEREST PROTECTED	We will pay on your behalf	
	<ul style="list-style-type: none"> • Incident Response • Business Interruption • Data and System Recovery • Cyber Extortion 	
	We will pay to you on your behalf	
	<ul style="list-style-type: none"> • Privacy and Security Network Liability • Media Liability 	
	as defined in the Scheme Protection Wording.	
LIMITS OF PROTECTION	Limit any one loss, or series of related losses arising out of any one event inclusive of the Pooled Cover.	
	The arrangements for this cover are governed by, and subject to, the terms of the Trust Deed, which includes:	

- Pooled Cover (as defined in the Trust Deed) of \$5,000 any one loss and in the aggregate, any one Period of Protection across all Members of the Scheme; and

- Indemnity Cover arranged on behalf of the Scheme (as defined in the Trust Deed) inclusive of the Pooled Cover, as per the below

First Party Protection Agreements

Incident Response	Maximum Limit of Protection
Business Interruption	Maximum Limit of Protection
Data Systems recovery	Maximum Limit of Protection
Cyber Extortion	Maximum Limit of Protection

Third Party Protection Agreements

Privacy and Network Security Liability	Maximum Limit of Protection
Media Liability	Maximum Limit of Protection
Consumer Redress Fund	Maximum Limit of Protection
Payment Card Loss	\$Nil (if not compliant) otherwise \$1,000,000
Regulatory Fines	Full protection limit

Protection Agreement Extensions

Emergency Incident response	\$25,000
Betterment Costs	\$25,000
Cyber Crime	\$25,000
Reward Expenses	\$100,000
Telecommunication Fraud	\$25,000

COVERAGE AGGREGATE LIMIT OF PROTECTION

Maximum aggregate Limit of Protection any one Period of Protection (All Protection Clauses)	\$5,000,000
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MEMBER RETAINED RISK (MRR) PAYMENT

Business Interruption	12 Hours
All other losses, each and every Claim	\$15,000

RETROACTIVE DATE

30th June 2016

PROTECTION WORDING AND CONDITIONS

1. LGISWA Cyber & Commercial Crime Liability Protection Wording reference/version number CHUBB elite II fraud Protector Insurance Policy (ed. AU 11/13).

Endorsements

COVERAGE A: COMMERCIAL CRIME PROTECTION

Effective Date 30 June 2020

Social Engineering Endorsement

By way of endorsement to the protection, the parties agree as follows (subject otherwise to all other terms, conditions, limits of protection and exclusions of the protection):

A. It is understood and agreed that there is no cover under the definition of **External Crime** for loss as a result of **Social Engineering Fraud**.

B. Clause 11. is amended by adding the following:

Social Engineering Fraud means:

- i) an act or acts by a **fake person**, acting alone or in collusion with others, of taking **your property, money or securities** with the intention of permanently depriving **you** of its use, which is committed by means of that **fake person** deceiving an **employee** into transferring, paying or delivering that **property, money or securities**; or
- ii) a **computer crime** which involves a person other than an **employee** deceiving an **employee** into providing any security detail for operating or having access to an account held by **you** with a bank or any other financial institution.

Fake Person means a person purporting or claiming to be, or impersonating:

- i) an **employee** authorised to instruct other **employees** to transfer, pay or deliver **property, money or securities**;
- ii) a **vendor**; or
- iii) a **client**,

but who is not such **employee, vendor or client**.

Client means a customer of **yours** to whom goods or services are provided under written contract or for a fee.

Vendor means a person that provides, or has provided, goods or services to **you** under a legitimate pre-existing arrangement or written agreement.

C. Clause 2. **What has gone wrong?** is deleted and replaced with:

2. What has gone wrong?

You have suffered a loss because of:-

- a. an **internal crime**;
- b. an **external crime**;
- c. a **theft, physical loss or damage**; or
- d. a **social engineering fraud**.

D. Clause 3. **What does the Protection pay?** is deleted and replaced with the following:

3. What does the Protection pay?

We will pay up to the **limit of protection** for loss (as described below) which **you** suffer as a result of an act or acts described under *What has gone wrong*, but we will not pay for loss referred to under *What is not covered*.

The loss that we will pay must be direct financial loss sustained by **you** anywhere in the world in connection with a single act or series of related, continuous or repeated acts of **internal crime** committed by one or more of **your employees** or an act of **external crime, theft, physical loss or damage or social engineering fraud** committed by persons who are not **your employees**.

The loss will include the direct financial loss sustained by a **client** which is **discovered** during the **period of protection** an **internal crime, external crime or social engineering fraud** and where **you** have responsibility for the care, custody and control of the **money, securities or property** of any **client**, unless caused by an **employee** in collusion with a **client** or any employee thereof.

The loss must be sustained prior to the end of the **period of protection** and be **discovered** by **you** prior to the end of the **period of protection** or the **discovery period**, if applicable.

In respect of a direct financial loss resulting from a **social engineering fraud**, we will pay up to the amount shown in your **Certificate of Membership** which is part of the **limit of protection** and **you** must pay the **excess** for each loss.

Effective Date 30 June 2020

Cryptocurrency Exclusion (Absolute) - Applicable to all Protection Clauses

It is agreed that the Section "What is not covered?" is amended by adding the following:

We will not pay loss consisting of or which is due to:

(m) loss of cryptocurrency or any other electronic or digital currency not authorized or adopted by a sovereign government as part of its currency.

Effective Date 30 June 2021

Extortion Endorsement (removal of Computer Crime)

By way of this Endorsement to the **Protection Policy (Policy)**, the parties agree as follows (subject otherwise to all other terms, conditions, limits of liability and exclusions of the **Policy**):

It is agreed that the Section 5. Extensions is amended by deleting e) Extortion in its entirety and replacing it with the following:

- (e) **Extortion:** We will pay for any loss, excluding all costs and expenses, of monies or **property** paid by **you** as a result of the communicated threat to do bodily harm to a director, **employee**, partner, or relative, provided that prior to the surrender of any **money, securities or property**, the **employee** receiving the threat has reported the threat or demand to a director, officer or manager and that **you** have reported the matter to the police.

We will not pay for any payments in respect of negotiation or investigation, medical or travel costs, medical fees or other ancillary expenses incurred by **you** in respect of any extortion.

This extension is subject to the **Member Retained Risk payment (MRRP)** as specified in the Membership Certificate.

In all other respects this **Policy** remains unaltered.

COVERAGE B CYBER PROTECTION

CyberERMv2-000014 0319

This endorsement provides crisis response services through your election to utilise the Cyber Incident Response Team for Incident Response Expenses or Emergency Incident Response Expenses outlined in the protection wording. Any election to utilise or not utilise the services under this endorsement will not prejudice any of your rights under this Cover.

In the event of an actual or reasonably suspected Cyber Incident or Business Interruption Incident, you may either:

1. contact the Chubb Cyber Incident Response Centre through any of the following:

Chubb Cyber Alert App: download for iPhone and Android devices available on www.chubbcyberalert.com

Chubb Cyber Alert Website: www.chubbcyberalert.com

Chubb Cyber Alert Hotline: 1 800 027 428

or

2. choose and contact a Cyber Incident Response Manager from our Pre-Approved Response Manager Panel.

Solely in regards to coverage under this endorsement, the Cover is amended as follows:

Should the Member engage the Cyber Incident Response Manager, the excess for the Cyber Incident Response Manager's service shall be as per the Certificate of Membership.

Section 3 'General Definitions' is amended by adding the following definitions:

Chubb Cyber Incident Response Centre is the emergency call centre service for the purpose of contacting the Cyber Incident Response Manager.

Cyber Incident Response Manager means either the following:

1. the individual designated through the Chubb Cyber Incident Response Centre to coordinate the Cyber Incident Response Team; or
2. the individual or entity on our Pre-Approved Response Manager Panel that is chosen by you to coordinate the Cyber Incident Response Team.

Cyber Incident Response Team means the entities engaged by the Cyber Incident Response Manager to provide incident response services described in the protection wording.

A list of Cyber Incident Response Team members is available on request.

Pre-Approved Response Manager Panel means the list of firms on the pre-approved incident manager list available on request from us.

Section 5 'General Conditions' is amended as follows:

1. Subsection 5.10, Notification is amended to include the following:
 - F. If you contact the Chubb Cyber Incident Response Centre for assistance in the event of an actual or reasonably suspected Cyber Incident or a Business Interruption Incident, you will then be provided with the following two options:
 - i. Option 1: The Chubb Cyber Incident Response Centre will provide notice to us on your behalf.

You can choose to have the Chubb Cyber Incident Response Centre provide notice to us on your behalf. In order to exercise this option, you must give specific consent to the Chubb Cyber Incident Response Centre to allow them to provide notice to us on your behalf. Your notification requirements are only satisfied if you provide specific consent to the Chubb Cyber Incident Response Centre to perform this task for you.

- ii. Option 2: The Chubb Cyber Incident Response Center will not provide notice to us on your behalf.

You are not required to give your consent to the Chubb Cyber Incident Response Centre to provide notice to us of the Cyber Incident or Business Interruption Incident, even if you elect to utilise its services. If you decide that you do not want to allow the Chubb Cyber Incident Response Centre to provide notification on your behalf, then you must provide notification to us as directed in this Section 5.10.

2. Section 5 'General Conditions' is amended to include the following additional condition:

5.24 Incident Response Clause

- Any Expenses incurred utilising the Cyber Incident Response Manager or Cyber Incident Response Team are part of and not in addition to, the Limit of Protection for Incident Response Expenses, as listed on the Schedule.
- You are under no obligation to contract for services with the Cyber Incident Response Team.
- We have no obligation to provide any of the services provided by the Cyber Incident Response Team.
- It is understood that the Cyber Incident Response Managers and Cyber Incident Response Team service providers are independent contractors, not our agents. You agree that we assume no liability arising out of any services rendered by a Cyber Incident Response Team service provider. We shall not be entitled to any rights or subject to any obligations or liabilities set forth in any agreement entered into between you and any Cyber Incident Response Team service provider. You acknowledge and are aware that the services you contract for with the Cyber Incident Response Manager and the Cyber Incident Response Team could include or entirely be services that are not covered by this Protection Wording. We shall have no duty to notify you when this is the case. You will be responsible for the costs, bills and fees associated with the retention of the Cyber Incident Response Managers and the Cyber Incident Response Team when their services are not covered under this Protection Wording.

In all other respects this coverage remains unaltered.

CYB-61-021 Not for Profit - Net Profit Amendment Endorsement

By way of endorsement to the Protection, the parties agree as follows (subject otherwise to all other terms, conditions, limits of protection and exclusions of the Protection):

It is agreed that Section 1. Protection Clauses, 1.6 Business Interruption, is amended by deleting the definition of Net Profit, in its entirety and replacing it with the following:

Net Profit means revenue that would have been earned, based upon:

- fees for services; and
- other income sources,

minus the sum of:

- a) all expenses that would have been incurred in generating such revenue;
- b) any revenue that can reasonably be recovered, earned or otherwise recouped; and

- c) revenue that could reasonably continue to be earned by continuing all or any part of operations during the Period of Indemnity, regardless of whether all or part of such operations are actually continued,

plus a Member's continuing normal operating and payroll expenses.

In all other respects this coverage remains unaltered.

CyberERM1 – Difference in Conditions Endorsement

It is agreed that this Protection is amended as follows:

If a matter is notified during the Period of Protection, the Member specified in the Certificate of Membership, may elect to have such matter adjusted according to the terms of the cover immediately preceding this protection wording, within thirty (30) days of receipt of a coverage letter from us evaluating coverage for such matter notified under this Protection Wording.

Notwithstanding the above;

- a) the applicable Limit of Protection under this Protection shall remain the maximum aggregate protection limit irrespective of which protection terms are applied;
- b) the Member specified in the Certificate of Membership shall be liable for the Excess applicable for the most similar coverage under this protection wording; and;
- c) the provisions of this endorsement shall not apply to the extent that any endorsement to this protection wording excludes, directly or indirectly, the notified matter.

The provisions of this endorsement shall expire twelve (12) months after the inception of this cover

Infrastructure Outage

The following Exclusion is added to Section 4 (General Exclusions):

A. We shall not be liable for Loss on account of any Claim:

alleging, based upon, arising out of, or attributable to any failure, disturbance, interruption, or outage to:

(i) electricity, including any surge, spike, brownout, or blackout, unless such **Loss** is in respect of a power failure, surge or diminution of an electrical system under the **Member's** direct operational control and which is a result of a **Computer Malicious Act**; and/or **Unauthorised Use or Access**; and/or a failure of **Network Security**;

(ii) gas;

(iii) water;

(iv) satellite;

- (v) internet or telecommunications services;
- (vi) any telecommunications infrastructure or internet infrastructure, unless such **Loss** is in respect of telecommunications or internet infrastructure under the **Member's** direct operational control and which is a result of a **Computer Malicious Act**; and/or **Unauthorised Use or Access**; and/or a failure of **Network Security**.

Microsoft Exchange Servers

The following Exclusion is added to Section 4 (General Exclusions):

- B. We shall not be liable for **Loss** on account of any **Claim**:
- C. On Premises Microsoft Exchange Servers
alleging, based upon, arising out of or attributable to any on premises Microsoft Exchange Servers or **your** use of any on premises Microsoft Exchange Servers, where, at the time of the first known date of the **Wrongful Act and/or Cyber Extortion Event**:
 - (i) **you** have not carried out the response steps recommended by Microsoft in relation to the vulnerabilities to the Microsoft Exchange Server software that were reported by Microsoft on 2nd March 2021; and
 - (ii) a vulnerability of such on premises Microsoft Exchange Servers is listed as a Common Vulnerability and Exposure (a "CVE") in the National Vulnerability Database operated by the National Institute of Standards and Technology, and such vulnerability:
 - (a) has been assigned a Base Score or Overall Score of 8.0 or greater according to the Common Vulnerability Scoring System ("CVSS") version 2.0 or later; and
 - (b) has a patch, fix or mitigation technique that has been available for 60 days or more, but has not been applied to the **Covered Computer System, Covered Telecom System** or any **Computer System** or fixed line telecom system operated for your benefit, by a **Third Party** under a written agreement or contract with you.

Loss of Technical Support

By way of endorsement to the **Policy**, the parties are hereby agreed as follows:

Section 4. General Exclusions is amended by adding the following:

4.20 Loss of Technical Support

alleging, based upon, arising out of, attributable to, directly or indirectly resulting from, as a result of, or in any way involving or related to any software or hardware which has reached end-of-life or

end-of-support status, or where the vendor's technical support for any software or hardware has expired, been withdrawn, or is no longer available.

Shared Computer System Endorsement

This endorsement varies the standard terms of your protection. It may expand, reduce, or impose additional conditions on your cover as set out in the standard policy terms and should be read carefully.

The **Policy** is amended as follows:

Aggregate Limit of Protection		Per Member Certificate	
Always subject to the Maximum Limit of Protection any one period		Limit of Protection for any one Single Claim and in the Aggregate	Member Retained Risk Payment (MRRP)
First Party Protection Agreements for any one Single Claim and in the Aggregate			
Incident Response	in respect of a Covered Computer System	Maximum Limit of Protection	Standard MRRP
	in respect of a Shared Computer System	Maximum Limit of Protection	200% of the applicable MRRP for Incident Response Covered Computer System
Business Interruption	(i) of a Covered Computer System	Maximum Limit of Protection	Standard MRRP Waiting Period: 12Hrs
	(ii) of a Shared Computer System	Maximum Limit of Protection	200% of the applicable MRRP for Business Interruption Covered Computer System Waiting Period: 200% of the applicable MRRP for the Business Interruption Covered Computer System
Data and System Recovery	(i) of a Covered Computer System	Maximum Limit of Protection	Standard MRRP
	(ii) of a Shared Computer System	Maximum Limit of Protection	200% of the applicable MRRP for Data and System Recovery Covered Computer System
Cyber Extortion	(i) of a Covered Computer System	Maximum Limit of Protection	Standard MRRP
	(ii) of a Shared Computer System	Maximum Limit of Protection	200% of the applicable MRRP for Cyber Extortion Covered Computer System

Third Party Protection Agreements any one Single Claim and in the Aggregate			
Privacy and Network Security Liability		Maximum Limit of Protection	Standard MRRP
Sub limits			
Consumer Redress Fund		Maximum Limit of Protection	Standard MRRP
Payment Card Loss		Maximum Limit of Protection	Standard MRRP
Regulatory Fines		Maximum Limit of Protection	Standard MRRP
Media Liability		Maximum Limit of Protection	Standard MRRP
Protection Agreements Extensions any one Single Claim and in the Aggregate			
Emergency Incident Response	in respect of a Covered Computer System	Maximum Limit of Protection	Standard MRRP
	in respect of a Shared Computer System	Maximum Limit of Protection	200% of the applicable MRRP for Emergency Incident Response Covered Computer System
Betterment Costs		Maximum Limit of Protection	Standard MRRP
Cyber Crime	(i) of a Covered Computer System	Maximum Limit of Protection	Standard MRRP
	(ii) of a Shared Computer System	Maximum Limit of Protection	200% of the applicable MRRP for Cyber Crime Covered Computer System
Reward Expenses		Maximum Limit of Protection	Standard MRRP
Telecommunications Fraud	(i) of a Covered Telecom System	Maximum Limit of Protection	Standard MRRP
	(ii) of a Shared Telecom System	Maximum Limit of Protection	200% of the applicable MRRP for Telecommunications Fraud Covered Computer System

1. The Member Certificate is amended as follows:
2. The following Protection Agreements Extensions are amended as follows:
 - 2.1 The Cyber Crime protection agreement is deleted and replaced with the following:
 - 2.3 Cyber Crime
 - **Direct Financial Loss** solely as a result of **Theft of Your Money or Securities** due to **Malicious Use or Access** of:
 - a **Covered Computer System**; or
 - a **Shared Computer System**,

- by a **Third Party**, discovered by any **Control Group** member during the **Policy Period**;

and reported to **Us** pursuant to General Condition 5.10 Notification of the **Policy**.

2.2 The Telecommunications Fraud protection agreement is deleted and replaced with the following:

- 2.5 Telecommunications Fraud

Telecommunications Expenses due to a **Telecom Malicious Act** or **Malicious Use or Access** of:

(i) a **Covered Telecom System**; or

- a **Shared Telecom System**,

by a **Third Party**, discovered by any **Control Group** member during the **Policy Period**;

and reported to **Us** pursuant to Notification provisions of the **Policy**.

3. The following definitions are added to the General Definitions section of the **Policy**:

3.1 **Shared Computer System** means a **Computer System**, other than a **Covered Computer System**, operated for **Your** benefit, by a **Third Party** under a written agreement or contract with **You** to provide data hosting, cloud services or computing, co-location, data back-up, data storage, data processing, platforms-as-a-service, software-as-a-service, infrastructure-as-a-service, or any similar type of outsourced computing services.

- 3.2 **Shared Telecom System** means a fixed line telecom system operated for **Your** benefit by a **Third Party** under a written agreement or contract with **You**.

- 3.3 **Telecom Malicious Act** means any malicious act committed against a **Covered Telecom System** or a **Shared Telecom System** or malicious access to or hacking of a **Covered Telecom System** or **Shared Telecom System**, for the purpose of creating, deleting, taking, collecting, altering or destroying **Telecom Data** or services.

- **Telecom Malicious Act** includes a distributed denial of service attack or the introduction of malicious code, ransomware, cryptoware, virus, trojans, worms and logic or time bombs or any malware, programs, files or instructions of a malicious nature which may disrupt, harm, impede access to, or in any other way corrupt the operation of a **Covered Telecom System**, a **Shared Telecom System**, **Telecom Data** or software within.

- 3.4 **Telecom Data** means any software or other information in electrical form which is stored on a **Covered Telecom System** or a **Shared Telecom System**. **Telecom Data** includes any information or programs that allow a **Covered Telecom System** or a **Shared Telecom System** and any of their accessories to function, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media that

- are used with electronically controlled equipment or other electronic backup facilities.
- **Telecom Data** does not constitute the actual hardware or tangible property.
 - 4. The following definitions in the General Definitions section of the **Policy** are amended:
 - 4.1 The definition of **Business Interruption Incident** is deleted and replaced with the following:
 - > **Business Interruption Incident** means inability to access, disruption of, or disturbance to:
 - (i) a **Covered Computer System** or the taking of, corruption of or destruction of **Data** stored on a **Covered Computer System**; or
 - (ii) a **Shared Computer System** or the taking of, corruption of or destruction of **Data** stored on a **Shared Computer System**,
 - caused solely and directly by:
 - A. a Computer Malicious Act;
 - B. Unauthorised Use or Access;
 - C. Human Error;
 - D. a failure of Network Security;
 - E. Programming Error;
 - F. the reasonable and necessary shutdown of all or parts of a **Covered Computer System** or a **Shared Computer System** in an attempt to mitigate the effects of any of items A-E above; or
 - G. solely in respect of paragraph (i), a power failure, surge or diminution of an electrical system controlled by **You**, which is a result of any of items A, B, or D above.
 - 4.2 The definition of **Computer Malicious Act** is deleted and replaced with the following:
 - 3.9 **Computer Malicious Act** means any malicious act committed against a **Covered Computer System** or a **Shared Computer System**, or malicious access to or hacking of a **Covered Computer System** or a **Shared Computer System**, for the purpose of creating, deleting, taking, collecting, altering or destroying **Data** or services, without involving any physical damage to a **Covered Computer System** or a **Shared Computer System**, telecommunications equipment or infrastructure. **Computer Malicious Act** includes a distributed denial of service attack or the introduction of malicious code, ransomware, cryptoware, virus, trojans, worms and logic or time bombs or any malware, programs, files or instructions of a malicious nature which may disrupt, harm, impede access to, or in any other way corrupt the operation of a **Covered Computer System**, **Shared Computer System**, **Data** or software within.
 - 4.3 The definition of **Covered Computer System** is deleted and replaced with the following:
 - 3.12 **Covered Computer System** means a **Computer System**:
 - A. leased, owned, or operated by **You**; or

- B. operated solely for **Your** benefit by a **Third Party** under a written agreement or contract with **You**.
- 4.4 The definition of **Covered Telecom System** is deleted and replaced with the following:
 - 3.13 **Covered Telecom System** means:
 - A. **Your** fixed line telecom system; or
 - B. a fixed line telecom system operated solely for **Your** benefit by a **Third Party** under a written agreement or contract with **You**.
- 4.5 The definition of **Cyber Extortion Event** is deleted and replaced with the following:
 - 3.15 **Cyber Extortion Event** means any credible threat or connected series of credible threats made against **You**, expressing intent to perform or cause, or the actual performance of or causing of, the following:
 - H. the release, divulgence, dissemination, destruction or use of confidential, sensitive or proprietary information, or personally identifiable information, stored on a **Covered Computer System** or a **Shared Computer System**;
 - I. a failure of **Network Security** on a **Covered Computer System** or a **Shared Computer System**;
 - J. the introduction or infliction of a **Computer Malicious Act** on a **Covered Computer System** or a **Shared Computer System**;
 - K. the alteration, corruption, destruction, misappropriation, manipulation of, or damage to **Data**, instructions or any electronic information transmitted or stored on a **Covered Computer System** or a **Shared Computer System**; or
 - L. the restriction or inhibition of access to a **Covered Computer System** or a **Shared Computer System**;

for the purpose of demanding **Money** and/or cryptocurrency(ies) from **You**, or that **You** otherwise meet a demand, in exchange for the mitigation or removal of such threat or connected series of threats, or the reversal or termination of the actual performance of such threats or series of connected threats.

Cyber Extortion Event shall not include any threats or connected series of threats made against **You** expressing intent to perform or cause any of the above if made, approved or directed by a member of the **Control Group**.
- 4.6 The definition of **Cyber Incident** is deleted and replaced with the following:
 - 3.17 **Cyber Incident** means any actual or reasonably suspected;
 - M. **Computer Malicious Act, Human Error, Programming Error, failure of Network Security, or Unauthorised Use or Access** or any other threat or action against a **Covered Computer System** or a **Shared Computer System**, including those threats or actions done in the commission of a **Cyber Extortion Event**;
 - N. a **Privacy and Network Security Wrongful Act**; or
 - C. power failure, surge or diminution of an electrical system controlled by **You**, which is the result of a **Computer Malicious Act, Unauthorised Use or Access** or a failure of **Network Security**;

- that creates the need for **Incident Response Expenses**.
- 4.7 The definition of **Data** is deleted and replaced with the following:
- 3.19 **Data** means any software or other information in electrical form which is stored on a **Covered Computer System** or a **Shared Computer System**. **Data** includes any information or programs that allow a **Covered Computer System** or a **Shared Computer System** and any of their accessories to function, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media that are used with electronically controlled equipment or other electronic backup facilities.
- 4.8 **Data** shall not include or be considered tangible property. The definition of **Data and System Recovery Costs** is deleted and replaced with the following:
- 3.20 **Data and System Recovery Costs** means any reasonable costs:
 - O. to recover or reconstruct any **Data** that has been damaged, compromised or lost. These costs to recover or reconstruct **Data** are only available up and until a reasoned determination has been made by the third party forensics firm retained to recover the lost **Data**, that the **Data** cannot be recovered or reconstructed; and
 - P. to repair or restore software or applications in a **Covered Computer System** or a **Shared Computer System** but only if necessary to restore a **Covered Computer System** or a **Shared Computer System** to the same or equivalent condition or functionality as existed before the **Business Interruption Incident**; and
 - Q. to identify and remediate the cause of the **Business Interruption Incident**; and
 - R. with **our** prior consent, which will not be unreasonably withheld or delayed:
 - (i) to update, upgrade, replace, or improve a **Covered Computer System** or a **Shared Computer System**, but only where costs to update, upgrade, replace or improve the damaged or compromised software or applications on a **Covered Computer System** or a **Shared Computer System** to a newer or improved standard, condition, functionality, or version are reasonably expected by **You** to be less than or equal to the cost(s) to repair, fix or restore the same; or
 - (ii) to update, upgrade, replace, or improve a **Covered Computer**, but only where **Betterment Costs** are applicable; and
 - (ii) any other reasonable costs to get **Your** business back to full operating condition, but only to the extent that the **Business Interruption Incident** solely created or caused the issue or problem that prevented **Your** business from being fully operational.
- **Data and System Recovery Costs** include, but are not limited to:
 1. the use of external equipment whether by hiring a third party or leasing the equipment;
 2. the implementation of an alternate work method in accordance with a business continuity plan;
 3. costs to subcontract with an external service provider; and
 4. increased costs of labour.

- **Data and System Recovery Costs** do not include:
 - (a) costs or expenses incurred to identify or remediate software vulnerabilities;
 - (b) costs to replace any hardware or physical property;
 - (c) costs incurred to research and develop **Data**, including **Trade Secrets**;
 - (d) the economic or market value of **Data**, including **Trade Secrets**;
 - (e) any other loss or damage which does not result directly from the **Business Interruption Incident**;
 - (f) **Incident Response Expenses**; or
 - (g) costs to update, upgrade, replace, maintain, or improve any **Data** or **Computer System** beyond what is provided in 3.20, D, (i) and (ii).
- 4.9 The definition of **Human Error** is deleted and replaced with the following:
 - 3.26 **Human Error** means an operating error or omission of:
 - (i) the **Covered Computer System** by **You** or a **Third Party** operating such **Covered Computer System** solely for **Your** benefit under a written agreement or contract with **You**; or
 - (ii) the **Shared Computer System** by a **Third Party** operating such **Shared Computer System** for **Your** benefit under a written agreement or contract with **You**.
 - **Human Error** includes the choice of the program used, an error in setting parameters or any inappropriate single intervention which results in a loss, alteration or destruction of **Data**.
- 4.10 The definition of **Malicious Use or Access** is deleted and replaced with the following:
 - 3.35 **Malicious Use or Access** means:
 - (i) the prohibited, unlawful and unauthorised entry to, use or access of a **Covered Computer System** or a **Shared Computer System**; or
 - (ii) the prohibited, unlawful and unauthorised entry to, use or access of a **Covered Telecom System** or a **Shared Telecom System**.
- 4.11 The definition of **Network Security** is deleted and replaced with the following:
 - 3.45 **Network Security** means those activities performed by **You**, or by others on behalf of **You**, to protect against **Computer Malicious Acts** or **Unauthorised Use or Access** to a **Covered Computer System** or a **Shared Computer System**.
- 4.12 The definition of **Programming Error** is deleted and replaced with the following:
 - 3.59 **Programming Error** means an error:
 - (i) by **You** or by a **Third Party** operating a **Covered Computer System** solely for **Your** benefit under a written agreement or contract with **You**, that occurs during the development or encoding of a program, application or operating system on a **Covered Computer System** that would, once in operation, result in a

malfunction and/or an interruption of operation and/or an incorrect result of such **Covered Computer System**; or

- (ii) by a **Third Party** operating a **Shared Computer System** for **Your** benefit under a written agreement or contract with **You**, that occurs during the development or encoding of a program, application or operating system on a **Shared Computer System** that would, once in operation, result in a malfunction and/or an interruption of operation and/or an incorrect result of such **Shared Computer System**.

Programming Error does not include integration, installation, upgrade or patching of any software, hardware or firmware on a **Covered Computer System** or a **Shared Computer System** unless **You** can evidence that the **Programming Error** arises from an **Accepted Program**.

- 4.13 The definition of **Telecommunication Expenses** is deleted and replaced with the following:
- 3.69 **Telecommunications Expenses**, applicable to Protection Agreement Extension 2.5 only, means the amount invoiced for unauthorised voice or data charges or unauthorised bandwidth. **Telecommunications Expenses** shall not include any fraudulent charges waived, reimbursed, or recovered by or on behalf of the telecommunications provider. Additionally, **Telecommunications Expenses** shall not include any voice, data or bandwidth charges incurred because of the intentional, negligent or wrongful misuse or overuse of a **Covered Telecom System** or **Shared Telecom System** by employees or authorised third parties, who have legitimate access to a **Covered Telecom System** or **Shared Telecom System**.
- **Telecommunications Expenses** shall be a part of and not in addition to the applicable **Aggregate Limit** shown in the **Schedule** for Telecommunications Fraud, and shall reduce such applicable **Aggregate Limit**.
- 4.14 The definition of **Unauthorised Use or Access** is deleted and replaced with the following:
- 3.75 **Unauthorised Use or Access** means the entry or access to a **Covered Computer System** or to a **Shared Computer System** by an unauthorised party or individual, including an employee or authorised party acting outside of their authority.
- 4.15 The definition of **Waiting Period** is deleted and replaced with the following:
- 3.75 **Waiting Period** means the number of hours specified in Item 3 (Business Interruption part (i) and part (ii)) of the **Schedule** following a **Business Interruption Incident**.
- 4.16 The definition of **Wrongful Act** is deleted and replaced with the following:
- 3.78 **Wrongful Act** means an actual or alleged **Privacy and Network Security Wrongful Act**, **Media Wrongful Act**, **Malicious**

Use or Access, Telecom Malicious Act, Cyber Incident, or Business Interruption Incident.

- 5. The following Exclusion is amended:
- 5.1 The Wear and Tear and Governmental Authority exclusion is deleted and replaced with the following:
- **We shall not be liable for Loss on account of any Claim:**
- 4.14 Wear and Tear and Governmental Authority
 - solely with respect to coverage under Protection Agreements 1.1, 1.2 and 1.3, and Protection Agreement Extension 2.1:
- S. alleging, based upon, arising out of, or attributable to the ordinary wear and tear or gradual deterioration of a **Covered Computer System** or **Shared Computer System**, a **Covered Telecom System**, a **Shared Telecom System**, **Data** or **Telecom Data** including any data processing media.
- T. for any action of a public or governmental authority, including the seizure, confiscation or destruction of a **Covered Computer Systems System** or **Shared Computer System**, a **Covered Telecom System**, a **Shared Telecom System**, **Data** or **Telecom Data**.
- 6. Section 4A. Exclusions Applicable to Definitions (Section 3) is amended as follows:
- 6.1 The following exclusion relating to the definition of **Telecom Data** is added:
 - *Telecom Data*
 - **Telecom Data** does not constitute the actual hardware or tangible property.
- 6.2 4A.3 *Cyber Extortion Event* is deleted and replaced with the following:
 - **Cyber Extortion Event** shall not include any threats or connected series of threats made against **You** expressing intent to perform or cause any of the above if made, approved or directed by a member of the **Control Group**.
- 6.3 4A.5 *Data* is deleted and replaced with the following:
 - **Data** shall not include or be considered tangible property.
- 6.4 4A.6 *Data and System Recovery Costs* is deleted and replaced with the following:
 - **Data and System Recovery Costs** do not include:
 - (a) costs or expenses incurred to identify or remediate software vulnerabilities;
 - (b) costs to replace any hardware or physical property;
 - (c) costs incurred to research and develop **Data**, including **Trade Secrets**;
 - (d) the economic or market value of **Data**, including **Trade Secrets**;
 - (e) any other loss or damage which does not result directly from the **Business Interruption Incident**;
 - (f) **Incident Response Expenses**; or

- (g) costs to update, upgrade, replace, maintain, or improve any **Data** or **Computer System** beyond what is provided in 3.20, D, (i) and (ii).
- 6.5 4A.11 *Programming Error* is deleted and replaced with the following:
Programming Error does not include integration, installation, upgrade or patching of any software, hardware or firmware on a **Covered Computer System** or a **Shared Computer System** unless **You** can evidence that the **Programming Error** arises from an **Accepted Program**.
 - 6.6 4A.17 *Telecommunications Expenses* is deleted and replaced with the following:
 - Telecommunications Expenses** shall not include any fraudulent charges waived, reimbursed, or recovered by or on behalf of the telecommunications provider. Additionally, **Telecommunications Expenses** shall not include any voice, data or bandwidth charges incurred because of the intentional, negligent or wrongful misuse or overuse of a **Covered Telecom System** or **Shared Telecom System** by employees or authorised third parties, who have legitimate access to a **Covered Telecom System** or **Shared Telecom System**.

In all other respects this **Protection Policy** remains unaltered.

- Members Certificate of Membership
- Scheme Rules and Trust Deed

PROTECTION
Pooled Cover
Indemnity Cover

PROVIDER
LGIS Liability
Chubb Australia and other Insurers

PROPORTION
100%
100%

REMARKS

Subject to payment of the Contribution for the Period of Protection, the Member will be protected by the LGISWA Scheme ("Scheme") in accordance with and subject to the terms, exclusions, limitations, extensions and conditions contained in or endorsed on or otherwise expressed in this Protection Wording and subject to the terms of the Trust Deed governing The Scheme.

LGIS Management Liability

OUR REF: 001827

NOTE: Where a coverage heading incorporates provision for an amount to be inserted (e.g. Sub-Limit) but no amount is recorded, no cover is provided under this policy.

MEMBER	City of Kwinana		
ABN AND ITC DETAILS	ABN	13 890 277 321	ITC 100.00%
BUSINESS	Municipal or other Local Government Authorities, and all incidental and associated functions of The Member pursuant to the Local Government Act		
JURISDICTION	Councillors' and Officers' Liability Worldwide excluding USA and Canada Statutory Liability Australia and New Zealand Employment Practices Liability Worldwide excluding USA and Canada Cyber Extortion Not Covered		
GEOGRAPHICAL SCOPE	Councillors' and Officers' Liability Worldwide excluding USA and Canada Statutory Liability Australia and New Zealand Employment Practices Liability Worldwide excluding USA and Canada Cyber Extortion Not Covered		
GOVERNING LAW OF CONTRACT	Australian		
PERIOD OF PROTECTION	From:30 June 2022 at 4 PM Local Time (WA). To:30 June 2023 at 4 PM Local Time (WA).		
COVERAGE SECTIONS	Councillors' and Officers' Liability	Covered	
	Statutory Liability	Covered	
	Employment Practices Liability	Covered	
	Cyber Extortion	Not Covered	

MAXIMUM LIMIT OF PROTECTION

The arrangements for this cover are governed by, and subject to, the terms of the Trust Deed, which includes:

- Pooled Cover (as defined in the Trust Deed) of \$5,000 any one loss and in the aggregate, any one Period of Protection across all Members of the Scheme; and
- Indemnity Cover arranged on behalf of the Scheme (as defined in the Trust Deed) inclusive of the Pooled Cover, as per the below

Sum of limits under all coverage sections \$19,000,000 in the aggregate

LIMITS OF PROTECTION**Coverage Sections**

Councillors' & Officers' Liability	\$10,000,000 in the aggregate
Statutory Liability	\$4,000,000 in the aggregate
Employment Practices Liability	\$5,000,000 in the aggregate
Cyber Extortion	Nil

SUB-LIMITS OF PROTECTIONCouncillors' and Officers' Liability

Emergency Costs and Expenses	10% of limit of liability
Tax Liability	\$100,000 in the aggregate
Bail Bond Costs	10% of limit of liability
Crisis Costs	\$25,000 in the aggregate
Public Relations Expenses	\$25,000 in the aggregate
Reputation Protection Expenses	\$50,000 in the aggregate
Deprivation of Assets Expenses	\$100,000 in the aggregate
Court Attendance Costs	\$20,000 in the aggregate
Additional Excess Limit for Non-Indemnifiable Loss:	
Individual Additional Excess Limit	\$1,000,000 in the aggregate or Limit of Protection, whichever is the lesser
Aggregate Excess Limit	100% of the Limit of Protection
Cyber Privacy & Confidentiality:	
Limit of Protection for Covered Persons	\$500,000 in the aggregate
Limit of Protection for the Member	\$50,000 in the aggregate

Statutory Liability

Emergency Defence Costs	\$25,000 in the aggregate
Public Relations Expenses	\$50,000 in the aggregate

Employment Practices Liability

Contractual Liability Defence Costs	\$50,000 in the aggregate
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MEMBER RETAINED RISK (MRR) PAYMENTCouncillors' and Officers' Liability

Individual	Nil
Organisation	\$5,000 for each and every claim
Legal Representation Expenses	\$5,000 for each and every claim

Statutory Liability

Individual	\$2,000 for each and every claim
Organisation	\$2,000 for each and every claim

	<u>Employment Practices Liability</u>	
	Each Claim	\$12,500 for each and every claim
	<u>Cyber Extortion</u>	
	Each Claim	\$12,500 for each and every claim
CONTINUOUS COVER	Councillors' & Officers' Liability and Employment Practices Liability	30 June 2002
	Statutory Liability	30 June 2007
	Cyber Extortion	Not Covered
PRIOR AND PENDING LITIGATION DATE	Councillors' & Officers' Liability and Employment Practices Liability Unlimited excluding prior and known circumstances	
	Statutory Liability 30 June 2015	
	Cyber Extortion Not Covered	
ACQUISITION LIMIT	10% of Total Asset Value in the latest Annual Financial Report	
DISCOVERY PERIOD	12 months at 100% of the Annual Contributions	
PROTECTION WORDING & CONDITIONS	LGISWA Management Liability Protection Wording V1.20200630/11.2016	
CERTIFICATE NUMBER	001827	
PROTECTION		PROPORTION
Pooled Cover	LGIS Liability	100%
Indemnity Cover	Chubb Australia	100%
REMARKS	Subject to payment of the Contribution for the Period of Protection, the Member will be protected by the LGISWA Scheme ("Scheme") in accordance with and subject to the terms, exclusions, limitations, extensions and conditions contained in or endorsed on or otherwise expressed in this Protection Wording and subject to the terms of the Trust Deed governing The Scheme	

LGIS Pollution Legal Liability

OUR REF: 001743

NOTE: Where a coverage heading incorporates provision for an amount to be inserted (e.g. Sub-Limit) but no amount is recorded, no cover is provided under this policy.

MEMBER	City of Kwinana
ABN AND ITC DETAILS	ABN 13 890 277 321 ITC 100.00%
BUSINESS	Municipal or other Local Government Authorities, and all incidental and associated functions of The Member pursuant to the Local Government Act
GEOGRAPHICAL SCOPE	This Policy applies to loss or claims arising from Pollution Conditions or Effluent Re-Use Conditions that occur in the Commonwealth of Australia.
JURISDICTIONAL SCOPE	As per Geographical Scope
GOVERNING LAW OF CONTRACT	Australian
PERIOD OF PROTECTION	From:30 June 2022 at 4 PM Local Time (WA). To:30 June 2023 at 4 PM Local Time (WA).
PROTECTED PROPERTIES	Real property owned, leased, rented or occupied by the Member at the Inception Date
SPECIFIC COVERAGES	Coverages available under this policy apply to specific asset types owned, leased, rented or occupied by the Member at the Inception Date as follows:

Asset Type	Coverages
Airport	B, C, D, E, F, I
Animal Management Facility	A, B, C, D, E, F, I
Caravan Park	B, C, D, E, F, I
Depot	B, C, D, E, F, I
Fire Station	D, E, F, I
Gun Club	D, E, F, I
Healthcare Facilities	A, B, C, D, E, F, I
Landfill	D, E, F, I
Waste Transfer Station	B, C, D, E, F, I

Manufacturing Facility	B, C, D, E, F, I
Vacant Land	B,C,D,E,F,H,I
Waste Water Treatment Facility	B, C, D, E, F, H, I
Other Assets	G, H, I

LIMITS OF PROTECTION

The arrangements for this cover are governed by, and subject to, the terms of the Trust Deed, which includes:

- Pooled Cover (as defined in the Trust Deed) of \$5,000 any one loss and in the aggregate, any one Period of Protection across all Members of the Scheme; and
- Indemnity Cover arranged on behalf of the Scheme (as defined in the Trust Deed) inclusive of the Pooled Cover, as per the below

1. DISCOVERY AND THIRD PARTY CLAIMS**Coverage B – On Site Clean Up of New Conditions**

Any one loss and/or claim and in the aggregate any one Period of Protection
\$250,000

2. THIRD PARTY CLAIMS**Coverage A – On Site Clean Up of Pre-existing Conditions**

Any one loss and/or claim and in the aggregate any one Period of Protection \$250,000

Coverage C – Third Party Claims For On-Site Bodily Injury And Property Damage

Any one loss and/or claim and in the aggregate any one Period of Protection \$250,000

Coverage D – Third Party Claims For Off-Site Clean-Up Resulting From Pre-Existing Conditions

Any one loss and/or claim and in the aggregate any one Period of Protection \$5,000,000

Coverage E – Third Party Claims For Off-Site Clean-Up Resulting From New Conditions

Any one loss and/or claim and in the aggregate any one Period of Protection \$5,000,000

Coverage F – Third Party Claims For Off-Site Bodily Injury And Property Damage

Any one loss and/or claim and in the aggregate any one Period of Protection \$5,000,000

Coverage G – Legal Liability For Pollution Conditions

Any one loss and/or claim and in the aggregate any one Period of Protection \$5,000,000

Coverage H – Effluent Re-Use Legal Liability

Any one loss and/or claim and in the aggregate any one Period of Protection \$5,000,000

Coverage I - Pollution Conditions Resulting From Transported Cargo

Any one loss and/or claim and in the aggregate any one Period of Protection \$5,000,000

3. EMERGENCY RESPONSE COSTS

Any one loss and/or claim and in the aggregate any one Period of Protection \$250,000

MEMBER AGGREGATE LIMIT OF PROTECTION

Any one loss and/or claim and in the aggregate any one Period of Protection \$5,000,000
further subject to Scheme Aggregate limit of protection across all Members

SCHEME AGGREGATE LIMIT OF PROTECTION

Maximum policy aggregate limit of protection across all Participating Members any one Period of Protection \$50,000,000

MEMBER RETAINED RISK (MRR) PAYMENT

Each and every claim \$50,000

CONTINUITY DATE

30 June 2016

PROTECTION WORDING AND CONDITIONS

LGISWA Pollution Legal Liability Protection Wording V1.20200630/WAJun2020

PROTECTION

PROVIDER

PROPORTION

Pooled Cover
Indemnity Cover

LGIS Liability
AIG Australia

100%
100%

REMARKS

Subject to payment of the Contribution for the Period of Protection, the Member will be protected by the LGISWA Scheme ("Scheme") in accordance with and subject to the terms, exclusions, limitations, extensions and conditions contained in or endorsed on or otherwise expressed in this Protection Wording and subject to the terms of the Trust Deed governing The Scheme

LGIS Property

OUR REF: 000724

NOTE: Where a coverage heading incorporates provision for an amount to be inserted (e.g. Sub-Limit) but no amount is recorded, no cover is provided under this policy.

MEMBER	City of Kwinana		
MEMBERSHIP NUMBER	000047		
ABN AND ITC DETAILS	ABN: 13 890 277 321	ITC: 100.00%	
BUSINESS	Local Government		
PERIOD OF PROTECTION	From:30/06/22 at 4 PM Local Time (WA). To:30/06/23 at 4 PM Local Time (WA).		
GEOGRAPHICAL SCOPE	Australia		
JURISDICTIONAL SCOPE	Australia		
GOVERNING LAW OF CONTRACT	Australian		
SUMMARY OF COVER	Industrial Special Risks	Covered	
	Machinery Breakdown	Covered	
	Electronic Equipment	Covered	
	General Property	Covered	
SCOPE OF COVER	Section 1 – Protected risks of physical loss, destruction or damage to property not specifically excluded in the policy wording; and Additional Cover. Machinery Breakdown This Section provides protection for repair costs following Breakdown of Machinery and Pressure Equipment whilst located at the Member’s situation/s. Electronic Equipment Breakdown This Section provides protection for repair costs following Breakdown of Electronic Equipment whilst located at the Member’s situation/s. General Property This Section covers Accidental Loss or Damage to all items of portable property, such as, but not limited to mobile phones.		

iPads, laptop computers, survey equipment, Mayoral Chains and Medallions, sound meters, water testing kits, and cameras.

Section 2 – Resultant Consequential Loss (Business Interruption)

INTEREST PROTECTED

Section 1 - Material Loss or Damage

All real and personal property of every kind and description (except as excluded in the Protection Policy Document) belonging to the Member or for which the Member is responsible or has assumed responsibility to insure prior to the occurrence of any damage including all such property in which the Member may acquire an insurable interest during the Period of Protection.

Section 2 - Consequential Loss

Item 1: Gross Revenue/Increase Cost of Working

Item 2: Loss of Rent Receivable/Increase Cost of Working

Item 3: Claims Preparation and Proving Costs

Item 4: Additional Increased Cost of Working

Item 5: Accounts Receivable

LIMITS OF LIABILITY

Maximum Limit of Liability shall apply to all Members on an Any One Event basis in excess of the LGIS Property Pooled Cover.

Sections 1 and 2 Combined: \$600,000,000 Any One Event

Other than:

Named Cyclone North of the 26 th parallel	\$100,000,000
Flood North of the 26 th parallel	\$100,000,000
Acquired Properties/companies	\$5,000,000

Applicable to all Members in the Aggregate on an Any One Event basis.

Other than

Unnamed Direct Suppliers/Customers Premises	\$50,000,000
Closure by Public Authority	\$10,000,000

Applicable to all Members in the Aggregate any one Period of Protection

The arrangements for this cover are governed by, and subject to, the terms of the Trust Deed, which includes:

'Pooled Cover' (as defined in the Trust Deed) of \$8,000,000 in the aggregate over all claims from Member Councils; and

'Indemnity Cover' (as defined in the Trust Deed) arranged on behalf of the Member, of \$600,000,000 in excess of 'Pooled Cover'

Member Limits of Liability

Individual Limits and Sub-limits apply per member, per event as declared on that Member's Certificate of Membership or Schedule but always limited to the Scheme Limits of Liability as shown above.

**DECLARED VALUES IN
ACCORDANCE WITH THE
BASIS OF SETTLEMENT**

Section 1 - Material Damage	\$As per Property Register
General Property	\$As per Property Register

TOTAL	\$As per Property Register
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SUB-LIMIT(S) OF LIABILITY

Unless otherwise stated below, the following sub-limits of liability will apply on a per member, per event basis for all coverages provided, and are part of, not in addition to, the above limit(s) of liability.

Section 1 - Material Loss or Damage

Accidental Damage	\$30,000,000
Rewriting of Records	\$1,000,000
Money	\$1,000,000
Personal Property	
(Any one employee/Councilor/ Elected Member/ Visitor)	\$10,000
Fusion	\$50,000
Clearance of Drains	\$2,000,000
Temporary Removal and Limited Transit	
(Land Based Only)	\$1,000,000
Landscaping/Gates and Fences	\$2,000,000
Customers Property	\$1,000,000

Action by the Sea \$5,000,000 reducing to \$2,000,000 Jetties only and \$1,000,000 Marine structures (any one protection period)

Miscellaneous Structures and Equipment (any one event
\$2,000,000 or as declared by the member whichever is greater)
Further limited to the lesser limits for any one item or any one situation as listed below.

Street signs and/or parking meters and/or street lights and/or lamp posts	\$30,000
Bus shelters and/or public seating	\$30,000
Public ablution blocks	\$50,000
Signs (other than street signs)	\$10,000 per sign
Structures and/or equipment of all types at sporting grounds and/or ovals and/or parks and/or gardens and/or playgrounds and/or reserves where the total value of such items does not exceed	\$150,000
Reticulation systems including pumps (and related wiring), pipe work and sprinklers where the total asset value of such reticulation systems does not exceed	\$40,000
Statues and/or structures and/or sculptures and/or other works of art, artwork and curios and/or culture in the open air; not exceeding	\$100,000 per situation
Jetties, wharfs, and/or boat ramps where the value of assets so described does not exceed	\$50,000 per situation
Gates and/or fences and/or landscaping and/or foreshore and/or Street Furniture beautification where the value of assets does not exceed	\$50,000 per situation
Windmills and/or bore pumps and/or tanks and/or radio towers and/or solar panels where the value of assets does not exceed	\$20,000 per situation
Video surveillance cameras where the value of assets does not exceed	\$10,000 per situation
Street banners and/or Christmas decorations and/or flagpoles where the value of assets does not exceed	\$50,000 per situation

Any watercraft whilst in storage or transit including any accessories. Exclusion 3a does not apply provided that no cover is provided whilst any watercraft is in or on water \$10,000

Dilapidation (\$200,000 Annual Aggregate)	\$50,000
Green Assets	\$500,000 Annual Aggregate
Greens (Aggregate \$500,000)	\$100,000
Pontoons	\$300,000

Extra Cost of Reinstatement	
Any One Event across all Situations of the Member	\$50,000,000

Removal of Debris	
Any One Event across all Situations of the Member	\$100,000,000

Architects and Professional Fees	
Any One Event across all Situations of the Member	\$20,000,000

Section 2 – Business Interruption

Loss of Revenue / Loss of Rent Receivable (Per annum)	\$35,000,000
Claims Preparation Costs	\$200,000
Additional Increased Cost of Working	\$1,000,000
Accounts Receivable	\$2,000,000
Public Utilities (land based only)	\$5,000,000
Prevention of Access	\$5,000,000
Unnamed Direct Suppliers/Customers Premises (Australia)	

\$2,000,000

Government Incentives unless otherwise declared under Gross Revenue	\$100,000
Fines and Penalties	\$100,000
Closure by Public Authorities	\$500,000
Notifiable Disease (Aggregate)	\$Not
Covered	

Evacuation Centre (\$150,000 Aggregate)	\$500,000
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Additional Cover (Section 1 and 2 Combined)

Machinery Breakdown	
Each and every claim or series of claims arising out of the one event	\$200,000
Electronic Equipment Breakdown	
Each and every claim or series of claims arising out of the one event	\$200,000
General Property	
Non specified items maximum any one item	\$10,000

INDEMNITY PERIOD	36 Months
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MEMBER RETAINED RISK (MRRP) PAYMENT	Individual MRRPs apply as per Member's Certificate of Membership
	Standard (Any One Loss or series of Losses arising out of Any One Event)
	\$10,000

Earthquake, Subterranean Fire or Volcanic eruption

\$20,000 or an amount equal to 1% of the total declared values at the situation where the damage occurs whichever is the lesser.

Each of the Members property(s) declared on the Property Register is to be considered a "Situation" for the operation of this MRRP. In the event of an earthquake affecting multiple members "Situations" the excess will apply to each Member but not exceeding \$20,000 any one Member.

Action by the Sea (Jetties and Marine Structures)

10% per claim or \$50,000 whichever is the greater Any One Event

Personal Property	\$250 Any One Event
Unregistered Heavy Plant and Vehicles	\$10,000 any one asset
E-Bikes, Scooters	\$500 any one asset
Personal Property (Bushfire Volunteers)	Nil Any One Event
Named Cyclone	\$100,000 Any One Event
Machinery Breakdown	\$100 Any One Event
Electronic Breakdown	\$250 Any One Event
General Property	\$100 Any
One item	
Public Utilities (Land Based Only)	48 hours
Prevention of Access	48 hours

Should more than one MRRP appear under this Policy for any one loss or series of losses arising from the one event, such MRRPs shall not be aggregated – the highest single monetary (or its monetary equivalent) level of MRRPs only shall apply.

PROTECTION POLICY

WORDING AND CONDITIONS 1.LGIS Protection Policy Wording V1.2017_24062020v2.

Endorsements

- 2.Members Certificate of Membership and Property Register
3. Scheme Rules and Trust Deed

LGIS Motor Fleet

OUR REF: 002156

NOTE: Where a coverage heading incorporates provision for an amount to be inserted (e.g. Sub-Limit) but no amount is recorded, no cover is provided under this policy.

MEMBER	City of Kwinana
ABN AND ITC DETAILS	ABN 13 890 277 321 ITC 100.00%
BUSINESS	The business of the Member is principally Local Government Authority, including all associated activities incidental to or associated therewith.
TERRITORIAL LIMITS	Australia
JURISDICTIONAL SCOPE	Australia
GOVERNING LAW OF CONTRACT	Australian
PERIOD OF PROTECTION	From:30 June 2022 at 4 PM Local Time (WA). To:30 June 2023 at 4 PM Local Time (WA).
PROTECTION	All Motor Vehicles and Trailers owned, leased mortgaged under Hire Purchase Agreement, hired in or let out on hire, loaned to or by, or used or operated by the Participating Members including to the extent the Participating Member has accepted responsibility to insure. All as defined in the Scheme Protection Wording.
LIMITS OF PROTECTION	Limit any one loss, or series of related losses arising out of any one event inclusive of the Pooled Cover. The arrangements for this cover are governed by, and subject to, the terms of the Trust Deed, which includes: - Pooled Cover (as defined in the Trust Deed) of \$6,000,000 any one loss and in the aggregate, any one Period of Protection across all Members of the Scheme; and - Indemnity Cover arranged on behalf of the Scheme (as defined in the Trust Deed) inclusive of the Pooled Cover, as per the below:
LIMITS OF PROTECTION	Individual Limits and Sub-limits apply per member, as declared on that Member's Certificate of Membership

Section 1 Loss or damage to vehicles as per Interest Protected.

Following loss or damage, the maximum amount payable under this Section for a covered vehicle is:

1. the cost of repairs to the vehicle;
2. the market value of the vehicle at the time of loss; or
3. the declared value stated in the Member's Motor Vehicle and Plant Register,

whichever is the lesser.

The maximum amount payable for any one event for loss or damage to all vehicles is \$20,000,000, which is inclusive of all Additional Covers – Section 1.

Section 2 Protection for Third Party Liability

The total liability under this Section is \$35,000,000, for all claims arising from the one accident or series of accidents resulting from the one original cause, unless the vehicle is being used for transportation of dangerous goods in which case the total liability under this Section is limited to \$5,000,000. The limits include all costs and expenses for all claims arising from the one accident, or series of accidents resulting from the one original cause.

All as defined in the Scheme Protection Wording.

ADDITIONAL COVERS**Section 1**

Disability Modifications (maximum per event)	\$15,000
Councillor's/Director's/Employee's Personal Property (trailers limited to \$2,000) (maximum per event)	\$10,000
Expediting Expenses (maximum per event)	\$10,000
Family Expenses (maximum per event)	\$5,000
Family Expenses (maximum per period of protection)	\$25,000
First Aid Kits (maximum per event)	\$5,000
Funeral Expenses (maximum per event)	\$20,000
Hire of vehicle following theft per event (maximum amount per vehicle \$400 per day)	\$10,000
Journey Disruption (maximum per event)	\$5,000
Replacing Lock/Keys (maximum per vehicle)	\$10,000
Loss of Use Per vehicle, Per event	\$5,000
Medical and related expenses (non-Medicare aggregate)	\$1,000
New Vehicle Replacement (maximum per vehicle)	\$1,000,000
Re-Delivery Following Theft (reasonable costs)	Included
Removal and Delivery Expenses (reasonable costs)	Included
Removal of Debris/Load (maximum per event)	\$150,000
Retrieval Costs (maximum per protection period)	\$100,000
Rewards offered following theft (maximum per event)	\$10,000
Signwriting (reasonable replacement cost)	Included
Total Loss of Encumbered Vehicles	
(Vehicle value \$750,000 or less),	
the lesser of	25% market value or 25% declared value
(Vehicle value in excess of \$750,000),	
the lesser of	20% market value or 20% declared value
Traffic management costs (maximum per event)	\$10,000
Two-wheel or box trailers (maximum per vehicle)	lesser of Market Value or \$5,000

Volunteer Bushfire Brigade Members vehicles (where declared on Members Motor Vehicle and Plant Register) Maximum per event	\$1,000,000
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Section 2

Non Owned Trailer Liability (maximum per event)	\$250,000
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Section 3 Additional Covers applicable to All Sections

Automatic Additions to Council fleet	\$750,000
Crash Scene/Site Management (maximum per event)	\$10,000
Crisis Coverage (maximum per event)	\$50,000
Police, Fire Brigade and other Authorities costs levied (maximum per event)	\$100,000
Psychological Counselling (maximum per event)	\$20,000
Vehicle Testing (maximum per event)	\$600,000
Volunteer Loss of No Claim Bonus/Excess	\$1,500

All as defined in the Scheme Protection Wording.

**MEMBER RETAINED
RISK (MRRP) PAYMENT**

Each Vehicle, each Claim	\$500.00
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- | | |
|--|----------|
| 1. Volunteer Bushfire Brigade Members Vehicles | Nil |
| 2. Councillors Vehicles | Nil |
| 3. Volunteers Vehicles | Nil |
| 4. Employees Vehicles | Nil |
| 5. Capped MRR Any One Event | \$30,000 |

Note

1. MRR also applies to windscreen only claims.
2. Other additional MRR may also apply as per Scheme Wording.
3. MRR applies separately to each vehicle and each claim on that vehicle.
4. Age and Inexperienced Drivers' MRR does not apply.

**SCHEME WORDING
AND CONDITIONS**

1. LGISWA Motor Fleet Protection wording version number ZU12208 - V5 03/19 - PCUS-014388-2019 except as otherwise modified by the following endorsements which are shown in full on the Endorsement Schedule:

Bushfire Brigade Member Vehicles

This policy extends to provide protection to any owner, hirer or lessee of any:

privately owned vehicle, appliance, equipment or apparatus, the market value or the reasonable cost of repair, or the sum insured per vehicle, whichever is the lesser, of any such vehicle, appliance, equipment or apparatus, (which includes but is not limited to movable plant, hand tools, rescue equipment, ropes ladders and the like) associated with the use of that vehicle lost or damaged that is used under the direction of a Bush Fire Control Officer or an Officer or a Member of a Bush Fire Brigade for the purposes of the Bush Fires Act 1954, such loss or damage caused in the course of Normal Brigade Activities, or whilst such vehicle, appliance, equipment or apparatus is proceeding to or returning

from, or parked at the scene of a bushfire or whilst involved in any Bushfire Brigade activities including but not limited to attending meetings.

Provided that:-

(a) the amount payable in respect of any such loss or damage shall not exceed the Indemnity Limit shown in the schedule and the total amount payable for all claims on this policy arising out of the one event shall not exceed \$1,000,000.

(b) loss or damage does not include loss or damage that is caused by or results from wear or tear, mechanical or electrical breakdown, failure or breakage, unless any failure or breakage is directly as a result of activities where such loss or damage is caused in the course or normal Brigade Activities.

For the purpose of this extension, nil MRR applies.

Capped MRR Any One Event

You shall be liable for the MRR as detailed in the policy, which applies to each claim throughout the period of protection.

Should the total of all MRR paid by you arising out of any one event during the period of protection reach \$30,000, then the policy shall revert to a nil MRR basis for any further claims arising out of that event.

Councillors / Directors / Employees / Volunteers Vehicles

Section 3 – Additional protection applicable to All Sections, 1.5 'Councillors/directors/employee's vehicles' is deleted in its entirety and replaced with the following:

1.5. Councillors vehicles

Your policy is extended to cover loss or damage to vehicles owned or driven by Councillors, Directors, Employees, or Volunteers of the Member or driven by another person on behalf of the Councillors, Directors, Employees, or Volunteers, whilst such vehicles are being used in connection with your business and including (but not limited to) attending as a member, meetings of the council or a committee of the council, or have a delegate of the council, meeting of municipal or association conferences of country or regional councils or committees of them.

However:

1.5.1 The maximum we will pay under Section 1 – Protection for Loss or damage to your councillors, directors or employees vehicles, is \$75,000 any one loss, any one event or the amount declared specified in the schedule whichever is the greater; and

1.5.2 As far as allowed by law, this Additional Cover will only provide cover in excess of any amount for which your councillors, directors, employees are otherwise insured.

The policy will extend to the driver of the vehicle as though he/she is the protected.

The owner of a vehicle protected under this extension, shall be entitled to claim car hire costs to maximum of \$1,000 any one claim. Car hire costs may be claimed from the time the vehicle is in the

custody of the repairer for the purpose of repair works or once the theft is reported to the Police, whichever is applicable, and ends as soon as the vehicle is repaired and/or replaced and/or returned to the owner.

For the purpose of this extension, nil MRR applies.

Employee Indemnification Clause

Section 3 – Additional cover applicable to All Parts, 1.6 'Cover for other owners' is extended to include Councillors, Employees, Bushfire Brigade members and volunteer workers but only whilst such persons are acting within the scope of their employment or authority and using their own or their spouse's vehicle within the scope of your authority.

For the purpose of this extension, nil MRR applies and such cover is not subject to Declaration of vehicles.

Declaration of Vehicles

Notwithstanding Terms and Conditions applicable to All Sections, 3.5 'Declaration of vehicles', no contribution adjustment shall occur unless either the number of vehicles or their value (as the case may be) has increased or decreased by 10% or more during the period of protection.

Fire and Theft Cover

Where your vehicle noted in the Member's Motor Vehicle and Plant Register is to be covered for fire and theft, then Section 2 – Cover for Third Party Liability is deleted and the respective vehicle is only covered for damage caused directly by fire or theft.

Special Condition to Section 2

We will not provide any cover for death or bodily injury under Section 2 of this policy unless prior to the commencement of this policy, you have provided to us the following details of any other policy covering you for legal liability for death or bodily injury (other than CTP or workers compensation insurance) which is in force as at the date of commencement of this policy or which will be brought into force during the period of protection:

Third Party Liability cover only

Where a vehicle noted in the Member's Motor Vehicle and Plant Register is to be covered for Third Party Liability, then Section 1 – Cover for Loss or Damage to your Vehicle is deleted.

Vehicle Testing

The limit of liability for cover under Section 3, 1.17 Vehicle testing is \$600,000 per event.

Where a vehicle noted in the schedule is to be covered for Third Party Liability, then Section 1 – Cover for Loss or Damage to your Vehicle is deleted.

Waiver of subrogation

We agree to waive any rights, remedies or relief to which we may become entitled by subrogation against:

- (a) any company, corporation or organisation (including their directors, officers, employees or servants):
 - (i) associated and/or related and/or affiliated companies owned or controlled by you, or
 - (ii) which is a subsidiary of yours, or
 - (iii) in which you have a financial interest, or
 - (iv) which comprise the protected under this policy;
- (b) any person and/or firm and/or company having an insurable interest herein;
- (c) any Railway Authority or Government, Semi-Government or Statutory or Municipal Authority, where required under the terms of any agreement or contract entered into by you;
- (d) any directors, officers, employees or servants, partners or individual connected herewith, at the option of you.

This protection shall not be prejudiced by you agreeing to such provision and that the indemnity and/or release given by you shall be equally binding upon us, whether such releases or agreements are given in the past, present or hereafter.

2.Members Certificate of Membership and Motor Vehicle Register

3. Scheme Rules and Trust Deed

CERTIFICATE NUMBER	002156	
PROTECTION		PROPORTION
Pooled Cover	LGIS Property	100%
Indemnity Cover	Zurich Australia 100%	
ISSUED BY	Udam Wickremaratne, Portfolio Manager LGIS Property	
REMARKS	Subject to payment of the Contribution for the Period of Protection, the Member will be protected by the LGISWA Scheme ("Scheme") in accordance with and subject to the terms, exclusions, limitations, extensions and conditions contained in or endorsed on or otherwise	

LGIS WorkCare

OUR REF: 000579

NOTE: Where a coverage heading incorporates provision for an amount to be inserted (e.g. Sub-Limit) but no amount is recorded, no cover is provided under this policy.

MEMBER	City of Kwinana
ABN AND ITC DETAILS	ABN: 13 890 277 321 ITC: 100.00%
BUSINESS	The business of the Member is principally Local Government Authority, including all associated activities incidental to or associated therewith
PERIOD OF PROTECTION	From: 30 June 2022 at 4:00 PM Local Time (WA). To: 30 June 2023 at 12:00 AM Local Time (WA).
DESIGNATED STATE OR TERRITORY	Western Australia
JURISDICTIONAL SCOPE	Australia
GOVERNING LAW OF CONTRACT	Australian
COVERAGE SECTIONS	<p>A: Workers' Compensation Coverage is granted to The Member in accordance with the Workers Compensation and Injury Management Act 1981 (as amended) including unlimited common law cover.</p> <p>B: Journey Accident Cover Cover under the Protection applies whilst a Covered Person is on a Journey. Journey means a trip undertaken by a Covered Person in the course of their employment with the Member. Cover shall commence from the time the Covered Person leaves their normal place of residence and travel directly (as defined) to their normal place of employment. Cover ceases upon arrival at place of normal employment. Cover will re-commence for the return journey from the Covered Persons normal place of employment to travel directly to their normal place of residence and shall cease upon arrival at normal place of residence. A journey also extends to include cover for activities undertaken during lunchtimes and meal breaks. Travel directly means travel to and from the Covered Persons normal place of residence or normal place of employment and shall include any minor deviations or interruptions which in no way increase the risk of bodily injury that would have normally arisen had the person travelled directly without deviation or interruption.</p>

**COVERAGE SECTION
SCHEDULE OF BENEFITS/
LIMIT OF PROTECTION**
Coverage A: Workers' Compensation

in accordance with the Workers Compensation and Injury Management Act 1981 (as amended) including unlimited common law cover

Coverage B: Journey Injury Protection
Part A – Lump Sum Benefits

All employees	\$300,000
Contracted Employees	\$300,000
Directors	\$300,000
Chief Executive Officer	\$300,000

Part B Weekly Benefits

100% of weekly earnings (as defined) to a maximum of:

All employees	\$5,690
Contracted Employees	\$5,690
Directors	\$5,690
Chief Executive Officer	\$5,690

BENEFIT PERIOD

104 weeks from the date you first become entitled to the payment of weekly compensation

**COVERAGE SECTION
AGGREGATE LIMITS
OF PROTECTION**
Coverage A: Workers' Compensation

The arrangements for this cover are governed by, and subject to, the terms of the Trust Deed, which includes:

'Pooled Cover' (as defined in the Trust Deed) of up to \$500,000 indexed any one claim/event; and

'Indemnity Cover' (as defined in the Trust Deed) arranged on behalf of the Member, of Unlimited in excess of 'Pooled cover indexed any one claim / event.

Coverage B: Journey Accident Cover

The arrangements for this cover are governed by, and subject to, the terms of the Trust Deed, which includes:

'Pooled Cover' (as defined in the Trust Deed) of up to \$5,000 any one claim and in the aggregate any on period of protection; and

'Indemnity Cover' (as defined in the Trust Deed) arranged on behalf of the Member, \$10,000,000 inclusive of 'Pooled cover any one event and in the aggregate across all Members of the Scheme.

**EXCESS PERIOD
(only applicable to
Coverage B)**

Nil days

**CONTRIBUTION
CALCULATION**

Estimated Wages	\$25,486,090
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PROTECTION WORDING

LGISWA WorkCare Protection Wording V1.20200630; and
LGISWA Trust Deed and Scheme Rules

LGIS Corporate Travel

OUR REF: 002113

NOTE: Where a coverage heading incorporates provision for an amount to be inserted (e.g. Sub-Limit) but no amount is recorded, no cover is provided under this policy.

MEMBER	City of Kwinana
ABN AND ITC DETAILS	ABN 13 890 277 321 ITC 100.00%
BUSINESS	Local Government
GEOGRAPHICAL SCOPE	Worldwide
GOVERNING LAW OF CONTRACT	Australian.
PERIOD OF PROTECTION	From: 30 June 2022 at 4 PM Local Time (WA). To: 30 June 2023 at 4 PM Local Time (WA).
SCOPE OF COVER	Protection applies whilst a Covered Person is on a Journey
COVERED PERSON(S)	The Mayor, President, Chairperson, Elected Members, Councillors, Commissioners. Chief Executive Officer, Deputy Chief Executive Officer, Executives, All Other Employees of the Member Accompanying Partners/Spouses/Children of the Covered Persons Voluntary Workers Children involved in Member authorised excursions. Members of any Committees and Trusts.
JOURNEY DESCRIPTION	<i>Journey</i> means a Declared Trip undertaken on behalf of the Member provided such travel involves a destination fifty (50) kilometres or more from the Covered Persons normal place of residence or Member's premises. Cover shall commence from the time a Covered Person leaves their normal place of residence or Member's premises, whichever is left last and continue on a fulltime twenty-four (24) hour basis until the Covered Person returns to their normal place of residence or place of business, whichever occurs first. The maximum duration of any one trip is the lesser of the original itinerary of the Declared Trip or one hundred & eighty (180) days.
SCHEDULE OF BENEFITS	Section 1 – Personal Accident & Sickness (Events 1 to 22) Event 1- Accidental Death \$300,000 Event 2 - Permanent Total Disablement \$300,000 Events 3 - 19 - Other Permanent Disablement \$300,000 Event 20 - Temporary Total Disablement (Injury) 100% of weekly income to a maximum of \$2,500

Payable for up to 156 weeks and subject to a nil excess period
Event 22 - Temporary Total Disablement (Sickness) Not Insured

Accompanying Spouse/Partner

Event 1- Accidental Death	\$300,000
Event 2 - Permanent Total Disablement	\$300,000
Events 3 - 19 - Other Permanent Disablement	\$300,000
Event 20 - Temporary Total Disablement (Injury)	
100% of weekly income to a maximum of	\$2,500
Payable for up to 156 weeks and subject to a nil excess period	
Event 22 - Temporary Total Disablement (Sickness)	Not Insured

Accompanying Dependent Children

Event 1- Accidental Death	\$25,000
Event 2 - Permanent Total Disablement	\$300,000
Events 3 - 19 - Other Permanent Disablement	\$300,000
Event 20 - Temporary Total Disablement (Injury)	Not Insured
Event 22 - Temporary Total Disablement (Sickness)	Not Insured

NOTE: Cover is limited in respect to persons aged under 16 and over 86 – please refer to the PROTECTION WORDING AND CONDITIONS below for details.

Section 1 – Personal Accident & Sickness (Events 24 to 43)

Events 24 to 32 - Fractured Bones	\$5,000
Events 33 to 37 - Injury Resulting in Surgery	\$20,000
Events 38 to 41 - Sickness Resulting in Surgery	\$20,000
Events 42 to 43 - Injury resulting in Loss or Damage to Teeth	\$5,000

Section 2 - Overseas Medical & Evacuation

Overseas Medical & Evacuation	Unlimited
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Section 3 - Chubb Response 24/7

Chubb Response 24/7	Included
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Section 4 - Loss of Deposits, Cancellation & Curtailment

Loss of Deposits, Cancellation & Curtailment	Unlimited
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Section 5 - Luggage, Money & Portable Electronic Equipment

Deprivation of Luggage	\$3,000
Personal Luggage	\$20,000
Personal Money & Travel Documents	\$5,000
Portable Electronic Equipment	\$10,000

Section 6 - Rental Vehicle Excess

Rental Vehicle Excess	\$8,000
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Section 7 - Missed Transport Connection & Overbooked Flights

Missed Transport Connection	\$5,000
Overbooked Flights	\$5,000

Section 8 - Personal Liability & Identity Theft

Personal Liability	\$10,000,000
Identity Theft	\$20,000

Section 9 - Alternative Employee or Resumption of Assignment

Alternative Employee or Resumption of Employee	\$20,000
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Section 10 - Kidnap, Ransom, Extortion, Hijack & Detention

Kidnap, Ransom & Extortion	\$500,000
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Hijack & Extortion - \$1,000 per day up to a maximum of \$20,000

Section 11 - Extraterritorial Workers' Compensation (ETWC)

ETWC Weekly Benefit \$1,000
ETWC Event Benefit \$1,000,000

Section 12 - Political Unrest & Natural Disaster Evacuation

Political Unrest & Natural Disaster Evacuation \$20,000

Section 13 – Search & Rescue Expenses

Necessary Search and Rescue Operations \$20,000
per covered person and \$100,000 in the aggregate

Lifestyle Protection Benefits

Accommodation and Transport Expenses \$10,000
Bed Care Benefit \$200 per day up to a maximum of 30 days
Coma Benefit \$500 per week up to a maximum of 26 weeks
Dependent Child Supplement \$10,000 per dependent child up to a maximum of \$30,000
Domestic Help Benefit \$500 per week up to a maximum of 52 weeks
Education Fund Benefit \$5,000
Executor Emergency Cash Advance Benefit \$5,000
Home Burglary Excess Benefit \$500
Independent Financial Advice Benefit \$5,000
Keys & Locks Benefit \$1,500
Loss of Life Benefit \$50,000
Modification Benefit \$15,000
Orphan Benefit \$10,000 per dependent child up to a maximum of \$30,000
Out of Pocket Expenses \$5,000
Premature Birth/Miscarriage Benefit \$5,000
Rehabilitation Benefit \$5,000
Repatriation and Funeral Expenses \$50,000
Spouse or Accidental Death Benefit \$25,000
Spouse or Partner Employment Training Benefit \$10,000
Student Tutorial Benefit \$500 per week up to a maximum of 52 Week
Unexpired Membership Benefit \$3,000
Corporate Protection Benefits
Chauffeur Benefit \$3,000
Childcare Benefit \$5,000
Corporate Image Protection \$15,000
Replacement Staff/Recruitment Costs \$5,000
Trauma Benefit \$5,000
Supplementary Election Benefit \$50,000

**AGGREGATE LIMITS
OF PROTECTION**

The arrangements for this cover are governed by, and subject to, the terms of the Trust Deed, which includes:

- Pooled Cover (as defined in the Trust Deed) of \$5,000 any one loss and in the aggregate, any one Period of Protection across all Members of the Scheme; and
- Indemnity Cover arranged on behalf of the Scheme (as defined in the Trust Deed) inclusive of the Pooled Cover, as per the below

A.	Any one Accident or Occurrence	\$10,000,000
B.	Non Scheduled Air travel	
	- Single Engine	\$300,000
	- Multi Engine	\$300,000
	- Helicopter	\$300,000
C.	Kidnap-Ransom and Extortion	\$500,000
D.	Extra Territorial Workers Compensation	\$5,000,000
E.	Political Unrest and Natural Disasters Evacuation	\$500,000

EXCESS

Section 5 (Luggage, Money & Portable Electronic Equipment)
 Portable Electronic Equipment \$250 each and every claim

**PROTECTION WORDING
AND CONDITIONS**

LGISWA Corporate Travel Protection Wording v120200630

Endorsement One

General Provision 'Age Limitations' is deleted in its entirety and replaced with:

Age Limitations

1. In respect to each Covered Person aged eighty-six (86) years or over and under ninety-one (91) years at the time of loss:
 - a) cover under Section 1, Part A, Events 2 is limited to a maximum of \$300,000 or as otherwise shown in the Certificate of Membership, whichever is the lesser; and
 - b) Section 1, Parts B and C, Events 25, 26, 27 and 28 (Weekly Benefits - Bodily Injury and Weekly Benefits - Sickness) are restricted to a maximum period of 26 weeks; and
 - c) no benefit is payable under Section 1, Personal Accident and Sickness, Additional Benefit 3, Death by Specified Causes (Specified Sickness).

This will not prejudice any entitlement to claim benefits which has arisen before a Covered Person has attained the age of eighty- six (86) years.

2. In respect to each Covered Person aged ninety-one (91) years or over at the time of loss:
 - a) cover under Section 1, Part A, Event 1 is limited to a maximum of \$25,000 or as otherwise shown in the Certificate of Membership, whichever is the lesser; and
 - b) no benefit is payable under Section 1, Part A, Events 2-19; and
 - c) no benefit is payable under Section 1, Part B and C Events 25, 26, 27 and 28 (Weekly Benefits - Bodily Injury and Weekly Benefits - Sickness); and
 - d) no benefit is payable under Section 1, Personal Accident and Sickness, Additional Benefit 3, Death by Specified Causes (Specified Sickness); and
 - e) any loss under any Section of the Policy as a direct or indirect result of a Pre-Existing Condition(s) is excluded.

This will not prejudice any entitlement to claim benefits which has arisen before a Covered Person has attained the age of ninety-one (91) years.

3. In respect to each Dependent Child(ren) aged sixteen (16) years or under at the time of loss:

- a) cover under Section 1, Part A, Event 1, or Additional Benefit 3, Death by Specified Causes (Specified Sickness) is limited to a maximum of \$25,000; and
- b) cover under Section 1, Part A, Events 2-19 are limited to a maximum of \$250,000

Endorsement Two

Journey Definition

The Journey definition in the protection wording is deleted in its entirety and replaced with:

Journey means the journey described in the Schedule and is extended to include Incidental Private Travel, but does not include normal commuting between the Covered Person's normal place of residence and business.

Endorsement Three

Supplementary Election Benefit

It is hereby declared and noted that should a benefit be paid under this Policy with respect to an Accidental Death or the Permanent Total Disablement of an elected member of council, We will also pay the reasonable costs incurred by the Member to conduct a supplementary election up to a maximum of \$50,000 per Event.

Endorsement Four

General exclusion 1a is deleted in respect of a Covered Person who is on a Journey to attend a meeting of the Member and engaging in aerial activities as a licenced pilot, when declared to and accepted by Us in advance. This cover only applies to Section 1, Events 1-19, and limited to \$100,000 per event and \$200,000 in any Period of Protection.

CERTIFICATE NUMBER 002113

PROTECTION

Pooled Cover
Indemnity Cover

LGIS Liability
Chubb Australia

PROPORTION

100%
100%

ISSUED BY

Carrisa Chung, Portfolio Manager LGIS WorkCare

REMARKS

Subject to payment of the Contribution for the Period of Protection, the Member will be protected by the LGISWA Scheme ("Scheme") in accordance with and subject to the terms, exclusions, limitations, extensions and conditions contained in or endorsed on or otherwise

LGIS Personal Accident

OUR REF: 001627

NOTE: Where a coverage heading incorporates provision for an amount to be inserted (e.g. Sub-Limit) but no amount is recorded, no cover is provided under this policy.

MEMBER	City of Kwinana														
ABN AND ITC DETAILS	ABN 13 890 277 321 ITC 100.00%														
BUSINESS	Local Government														
GEOGRAPHICAL SCOPE	Worldwide														
GOVERNING LAW OF CONTRACT	Australian														
PERIOD OF PROTECTION	From: 30 June 2022 at 4 PM Local Time (WA). To: 30 June 2023 at 4 PM Local Time (WA).														
SCOPE OF COVER	The Protection being provided shall only apply whilst a Covered Person is engaged in work as an elected member or voluntary worker, provided that such work is authorised by the Member, including necessary direct travel to and from such work on behalf of the Member.														
COVERED PERSON(S)	The Mayor, President, Chairperson, Elected Members, Councillors, Commissioners. Voluntary Workers Children involved in Member authorised excursions. Members of any Committees and Trusts established by the Member Other Persons where the Member is required to provide whilst such persons are engaged in any Government Labour Market, Training, Work Experience or Job Creation Projects.														
SCHEDULE OF BENEFITS	<p>Part A – Accidental Death & Disablement</p> <table> <tr> <td>Event 1 - Accidental Death</td><td>\$300,000</td></tr> <tr> <td>Event 2 - Permanent Total Disablement</td><td>\$300,000</td></tr> <tr> <td>Events 3 to 19 - Disablement</td><td>\$300,000</td></tr> </table> <p>Part B – Weekly Injury Benefit</p> <table> <tr> <td>Event 20 - Temporary Total Disablement</td><td></td></tr> <tr> <td>100% of <i>income</i> to a maximum of</td><td>\$2,500</td></tr> <tr> <td>Excess Period</td><td>Nil</td></tr> <tr> <td>Benefit Period</td><td>104 weeks</td></tr> </table> <p>NOTE: Cover is limited in respect to persons aged under 16 and over 85 – please refer to the PROTECTION WORDING AND CONDITIONS below for details.</p>	Event 1 - Accidental Death	\$300,000	Event 2 - Permanent Total Disablement	\$300,000	Events 3 to 19 - Disablement	\$300,000	Event 20 - Temporary Total Disablement		100% of <i>income</i> to a maximum of	\$2,500	Excess Period	Nil	Benefit Period	104 weeks
Event 1 - Accidental Death	\$300,000														
Event 2 - Permanent Total Disablement	\$300,000														
Events 3 to 19 - Disablement	\$300,000														
Event 20 - Temporary Total Disablement															
100% of <i>income</i> to a maximum of	\$2,500														
Excess Period	Nil														
Benefit Period	104 weeks														

Part C – Fractured Bones

Events 22 to 30 - Fractured Bones	\$5,000
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Part D – Injury Resulting in Loss or Damage to Teeth

Events 31 to 32 – Injury resulting in Loss or Damage to Teeth	\$500
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Lifestyle Protection Benefits

Accidental H.I.V. Infection Benefit	\$30,000
Accommodation and Transport Expenses	\$10,000
Coma Benefit \$500 per week up to a maximum of	26 weeks
Dependent Child Supplement \$10,000 per <i>dependent child</i>	
up to a maximum of	\$30,000
Domestic Help Benefit \$500 per week up to a maximum of	52 weeks
Education Fund Benefit	\$5,000
Funeral Expenses Benefit	\$8,000
Independent Financial Advice Benefit	\$5,000
Modification Benefit	\$15,000
Non-Medicare Medical Expenses Benefit 100% of costs up to a maximum of	\$20,000
subject to an excess of \$25 each and every claim	
Orphan Benefit \$10,000 per <i>dependent child</i> up to a maximum of	\$30,000
Out of Pocket Expenses	\$5,000
Personal Vehicle Excess Benefit	\$1,000
Rental Vehicle Reimbursement \$500 per week up to a maximum of	\$1,000
Premature Birth/Miscarriage Benefit	\$10,000
Rehabilitation Benefit	\$5,000
Spouse or Partner Employment Training Benefit	\$10,000
Student Tutorial Benefit \$500 per week up to a maximum of	52 Weeks
Unexpired Membership Benefit	\$3,000

Corporate Protection Benefits

Chauffeur Benefit	\$3,000
Childcare Benefit	\$10,000
Corporate Image Protection	\$15,000
Visitors Benefit	\$10,000
Work Experience Benefit	\$5,000
Workplace Assault Benefit	\$5,000
Workplace Trauma Benefit	\$5,000

AGGREGATE LIMITS OF LIABILITY

The arrangements for this cover are governed by, and subject to, the terms of the Trust Deed, which includes:

- Pooled Cover (as defined in the Trust Deed) of \$5,000 any one loss and in the aggregate, any one Period of Protection across all Members of the Scheme; and

- Indemnity Cover arranged on behalf of the Scheme (as defined in the Trust Deed) inclusive of the Pooled Cover, as per the below

A. Any one Accident or Occurrence	\$10,000,000
B. Non-Scheduled Air Travel	
- Single-engine	Not Covered
- Multi-engine	Not Covered
- Helicopter	Not Covered

PROTECTION WORDING AND CONDITIONS

LGISWA Personal Accident Protection Wording
V1.20200630-16DSVW03 **including the following
Endorsements:**

: Endorsement One

General Provision 'Age Limitations' is deleted in its entirety and replaced with:

Age Limitations

1. In respect to each Covered Person aged eighty-six (86) years or over and under ninety-one (91) years at the time of loss:
 - a) cover under Part A, Events 2 is limited to a maximum of \$300,000 or as otherwise shown in the Certificate of Membership, whichever is the lesser; and
 - b) Events 25 or 26 (Weekly Benefits - Bodily Injury) are restricted to a maximum period of 26 weeks.

This will not prejudice any entitlement to claim benefits which has arisen before a Covered Person has attained the age of eighty- six (86) years.

2. In respect to each Covered Person aged ninety-one (91) years or over at the time of loss:
 - a) cover under Part A, Events 1 is limited to a maximum of \$25,000 or as otherwise shown in the Certificate of Membership, whichever is the lesser; and
 - b) no benefit is payable under Part A, Events 2-19; and
 - c) no benefit is payable under Part B, Events 25 or 26 (Weekly Benefits - Bodily Injury).

This will not prejudice any entitlement to claim benefits which has arisen before a Covered Person has attained the age of ninety-one (91) years.

3. In respect to each Covered Person aged sixteen (16) years or under at the time of loss:
 - a) cover under Part A, Event 1, Accidental Death is limited to a maximum of \$25,000

Endorsement Two

Supplementary Election Benefit

It is hereby declared and noted that should a benefit be paid under this Protection with respect to an Accidental Death or the Permanent Total Disablement of an elected member of council, We will also pay the reasonable costs incurred by the Member to conduct a supplementary election up to a maximum of \$50,000 per Event.

CERTIFICATE NUMBER 001627

PROTECTION
Pooled Cover

LGIS Liability

PROPORTION
100%

Indemnity Cover	Chubb Australia	100%
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ISSUED BY	Carrisa Chung, Portfolio Manager LGIS WorkCare
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REMARKS	Subject to payment of the Contribution for the Period of Protection, the Member will be protected by the LGISWA Scheme ("Scheme") in accordance with and subject to the terms, exclusions, limitations, extensions and conditions contained in or endorsed on or otherwise
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LGIS Bushfire

OUR REF: 000844

NOTE: Where a coverage heading incorporates provision for an amount to be inserted (e.g. Sub-Limit) but no amount is recorded, no cover is provided under this policy.

MEMBER	City of Kwinana
ABN AND ITC DETAILS	ABN: 13 890 277 321 ITC: 100.00%
BUSINESS	Local Government
PERIOD OF PROTECTION	From: 30 June 2022 at 4:00 PMLocal Time (WA). To: 30 June 2023 at 12:00 AMLocal Time (WA).
GEOGRAPHICAL SCOPE	106
JURISDICTIONAL SCOPE	Australia
GOVERNING LAW OF CONTRACT	Australian
INTEREST INSURED	<p>Volunteer Bush Fire Brigade Members in respect of medical expenses, loss of salary/wages and death benefit as prescribed by the <i>Fire and Emergency Services Act 1998</i> (as amended), <i>Workers Compensation & Injury Management Act 1981</i> (as amended) and <i>Bush Fires Act 1954</i> (as amended), for injury and specified disease sustained by volunteer bushfire brigade members in the course of their normal brigade activities (as defined).</p> <p>Statutory Legal liability to volunteer bushfire members and cadets in accordance with the <i>Bushfire Act 1954</i> (as amended) and <i>Workers Compensation & Injury Management Act 1981</i> (as amended).</p>
INSURED PERSONS	<p>All volunteer fire fighters and cadets in accordance with the <i>Bushfires Act 1954</i> as amended and replaced from time to time and <i>Fire and Emergency Services Act 1998</i> as amended and replaced from time to time.</p> <p>Estimated Number of Active Bushfire Volunteer Members 96</p>
LIMITS OF LIABILITY	<p>LGIS Bushfire Injury Pooled Cover in the aggregate of all claims \$750,000</p> <p>Indemnity Cover In excess of Pooled Cover</p>

As per Bush Fire Act 1954 (as amended), Fire and Emergency Services Act 1998 (as amended) and Workers Compensation & Injury Management Act 1981 (as amended).

Member Limits of Liability

As defined in the Bush Fire Act 1954 (as amended), Fire and Emergency Services Act 1998 (as amended) and Workers Compensation & Injury Management Act 1981(as amended).

**AGGREGATE LIMIT
OF LIABILITY**

For all claims arising from any one event (as defined in the wording) and during any one Policy Period \$20,000,000

**POLICY WORDING
AND CONDITIONS**

- 1 LGISWA Scheme Bushfire Injury Protection Version: V1.2020063
- 2 Members Certificate of Membership
- 3 Scheme Rules and Trust Deed

PROTECTION PROVIDER

The LGIS Bushfire Injury Scheme provides protection for the first \$250,000 in the aggregate of all losses in the policy period, subject to the Zurich Australian Insurance Ltd Policy wording reference/version number and the Bush Fire Act 1954 (as amended)

LGIS Bushfire provides cover in excess of the Scheme Protection up to the Limits of Liability shown.

MEMBER NUMBER

.....

LGIS WorkCare Performance Based Claims Report



City of Kwinana											
Claims Performance as at 31 July 2022											
Fund Year	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
Approach	Traditional	Traditional	Traditional	Traditional	Traditional	Traditional	Min Deposit	Blended	Blended	Blended	Blended
Actual or Estimated Wages	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Estimated
Wages	\$16,390,923	\$17,343,907	\$18,675,913	\$20,577,466	\$20,389,857	\$20,626,146	\$22,108,386	\$22,768,805	\$22,906,103	\$23,820,614	\$24,298,392
Deposit Rate	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	1.45%	1.09%	1.12%	1.08%	1.04%
Deposit Contribution	\$327,818	\$346,878	\$373,518	\$411,549	\$407,797	\$412,523	\$320,572	\$247,611	\$257,407	\$257,263	\$252,703
Deposit Claims Threshold	\$245,864	\$260,159	\$280,139	\$308,662	\$305,848	\$309,392	\$240,429	\$168,443	\$175,107	\$175,009	\$171,907
Min Rate	1.60%	1.60%	1.60%	1.60%	1.60%	1.60%	1.45%	1.45%	1.45%	1.35%	1.30%
Min Contribution	\$262,255	\$277,503	\$298,815	\$329,239	\$326,238	\$330,018	\$320,572	\$330,148	\$332,138	\$321,578	\$315,879
Min Claims Threshold	\$196,691	\$208,127	\$224,111	\$246,930	\$244,678	\$247,514	\$240,429	\$247,611	\$249,104	\$241,184	\$236,909
Max Rate	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	2.75%	3.45%	3.25%	3.00%	2.75%
Max Contribution	\$573,682	\$607,037	\$653,657	\$720,211	\$713,645	\$721,915	\$607,981	\$785,524	\$744,448	\$714,618	\$668,206
Max Claims Threshold	\$430,262	\$455,278	\$490,243	\$540,158	\$535,234	\$541,436	\$455,985	\$589,143	\$558,336	\$535,964	\$501,154
Current Status											
Status	INACTIVE	INACTIVE	INACTIVE	INACTIVE	INACTIVE	INACTIVE	INACTIVE	ACTIVE	INACTIVE	ACTIVE	ACTIVE
Maximum Threshold Exceeded	NO	NO	NO	NO	YES	NO	NO	NO	NO	NO	NO
Total Number of Claims	10	14	14	18	17	0	9	13	9	9	6
Open Claims	0	0	0	0	0	0	0	1	0	1	4
Claims Paid	\$229,336	\$155,113	\$97,731	\$342,547	\$544,099	\$162,827	\$16,330	\$235,988	\$47,720	\$89,998	\$33,787
Claims Incurred (paid + outstanding)	\$229,336	\$155,113	\$97,731	\$342,547	\$544,099	\$162,827	\$16,330	\$255,376	\$47,720	\$91,747	\$494,898
Contribution Required on Claims <i>(\$75 claims requires \$100 contribution) No more than Max; No less than Min</i>	\$305,781	\$277,503	\$298,815	\$456,730	\$713,645	\$330,018	\$320,572	\$330,148	\$257,407	\$257,263	\$659,863
<i>For Blended the contribution required is (70/50)+5% upfront 80% minimum contribution</i>											
Contribution Paid to Date	\$305,781	\$277,503	\$298,814	\$456,729	\$713,645	\$330,018	\$320,572	\$330,148	\$257,407	\$257,263	\$252,703
Additional / Return Contribution Due	\$0	-\$0	\$0	\$0	-\$0	\$0	-\$0	\$0	\$0	\$0	\$0
Claims Projection											
Claims Outstanding	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$19,387	\$0	\$1,750	\$461,111
Claims Incurred (paid + outstanding)	\$229,336	\$155,113	\$97,731	\$342,547	\$544,099	\$162,827	\$16,330	\$255,376	\$47,720	\$91,747	\$494,898
Reserving Required on Claims	\$0	-\$0	\$0	\$0	-\$0	\$0	-\$0	\$10,353	\$0	\$0	\$407,160

8.3 REGULATION 17 AUDIT AND DEVELOPER CONTRIBUTION PAYMENT AUDIT - ACTION UPDATE

SUMMARY

At the Audit and Risk Committee meeting of 14 June 2021, the findings of the recent Regulation 17 Audit conducted by Paxon Group as well as the Developer Contribution Payment ('DCP') Audit conducted by Crowe Australia were presented. Both audits contained recommendations as to areas of potential improvement to current practices.

An update of the actions recommended by the audits has been provided to the committee at its subsequent meetings. Those actions, as well as details from the relevant officers regarding the progress of their implementation are provided for noting and comment by the Committee.

Those actions that have no further action required, due to having sufficient processes in place or amended to reflect the audit findings, are detailed in Attachment A and B and are recommended to be closed.

OFFICER RECOMMENDATION

That the Audit and Risk Committee:

- **Note and provide comment where appropriate, the Regulation 17 audit action report detailed in Attachment A and the Developer Contribution Payment audit action report detailed in Attachment B.**
- **Note the closure of the following actions from the Regulation 17 audit as detailed in Attachment A:**
 - **I00003 Update Risk Management Policy**
 - **I00004 Update Risk Management Strategy with next review date**
 - **I00017 Compliance & key dates calendar out of date**
- **Note the closure of the following actions from the Developer Contribution Payment audit as detailed in Attachment B:**
 - **I00057 DCP Recording System**
 - **I00061 Management Reporting**
 - **I00068 Infrastructure Projects – Legal Agreements**

VOTING REQUIREMENT

Simple majority

DISCUSSION

City Officers have updated the following Regulation 17 actions, which are now recommended for closure:

- I00003 Update Risk Management Policy
- I00004 Update Risk Management Strategy with next review date
- I00017 Compliance & key dates calendar out of date

It is further recommended that the Committee note the closing of the following actions from DCP Audit:

- I00057 DCP Recording System
- I00061 Management Reporting
- I00068 Infrastructure Projects – Legal Agreements

Full details of the completed actions are included in Attachments A and B and are provided to the Committee for noting and comment where appropriate.

Further updates will be provided to each meeting of the Audit and Risk Committee until such time as all actions are approved for closure by the Committee.

In relation to its recording and monitoring of actions, the City is presently transitioning its reporting across the organisation:

- Strategic Community Plan and Corporate Business Plan Reporting – Previously the City stored and tracked this information in Performance Manager (Civica). Progress against actions is now being reported quarterly through spreadsheets as we progress towards tracking this information in TechOne. The final quarter for the last financial year was provided to Council at its meeting of 28 September 2022.
- Team Business Plan Reporting – Remains on hold until the transition to recording this information in TechOne. Team Business Plans are currently being progressed through spreadsheets ahead of the new system.
- Opportunities for Improvement and Internal Non-Conformance Reporting – The City is transitioning from Performance Manager to Promapp software, with the intention of being able to identify, investigate and action an improvement/incident, rather than just report on them.

STRATEGIC IMPLICATIONS

This proposal will support the achievement of the following outcome/s and objective/s detailed in the Strategic Community Plan and Corporate Business Plan.

Strategic Community Plan			
Outcome	Strategic Objective	Action in CBP (if applicable)	How does this proposal achieve the outcomes and strategic objectives?
5 – Visionary leadership dedicated to acting for its community	5.4 – Establish a culture of continuous improvement achieving high levels of business excellence	5.4.4 – N/A – There is no specific action in the CBP, yet this report will help achieve the indicated outcomes and strategic objectives	Implementation of the Audit recommendations will improve the City's internal systems.

SOCIAL IMPLICATIONS

There are no social implications as a result of this proposal.

LEGAL/POLICY IMPLICATIONS

No legal/policy implications have been identified as a result of this report or recommendation.

FINANCIAL/BUDGET IMPLICATIONS

There are no financial implications that have been identified as a result of this report or recommendation.

ASSET MANAGEMENT IMPLICATIONS

No asset management implications have been identified as a result of this report or recommendation.

ENVIRONMENTAL/PUBLIC HEALTH IMPLICATIONS

No environmental or public health implications have been identified as a result of this report or recommendation.

COMMUNITY ENGAGEMENT

There are no community engagement implications as a result of this report or recommendation.

ATTACHMENTS

- A. Attachment A - Regulation 17 review audit - 10 October 2022 Audit and Risk Committee Meeting**
- B. Attachment B - Developer Contribution Payment audit - 10 October 2022 Audit and Risk Committee Meeting**

Incident Register



Filter: Open; Priority: All; Portfolio: Internal non-conformance (Audit); Categories: Reg. 17 Audit

PRIORITY	TITLE	PORTFOLIO	PORTFOLIO MANAGER	CATEGORY	LOCATION	DATE	DUE DATE	STATUS	OWNER
LOW	I00003: Update Risk Management Policy	Internal non-conformance (Audit)	Vicky Patton	Reg. 17 Audit		24 Jun 2021	30 Sep 2021	Close	Russell Mark
LOW	I00004: Update Risk Management Strategy with next review date	Internal non-conformance (Audit)	Vicky Patton	Reg. 17 Audit		09 Jul 2021	23 Sep 2022	Close	Russell Mark
MED	I00014: Disaster Recovery Plan is out of date	Internal non-conformance (Audit)	Vicky Patton	Reg. 17 Audit		16 Jun 2021	23 Sep 2022	Under review	Russell Mark
LOW	I00017: Compliance & key dates calendar out of date	Internal non-conformance (Audit)	Vicky Patton	Reg. 17 Audit		16 Jun 2021	23 Sep 2022	Close	Russell Mark

Printed: 23 Sep 2022 13:01:11 by Vicky Patton for City of Kwinana

Internal non-conformance (Audit)

PORTFOLIO MANAGER: Vicky Patton



I00003 Update Risk Management Policy

Risk Management Policy

•Paxon examined a "Risk Management Policy" (Policy) which was last reviewed in 2020. The reviewed policy was adopted by council in October 2020 and is due for the next review in August 2022.

The Policy refers to:

- "Related documents" of
- AS/NZS ISO 3100:2018 Risk Management –Guidelines
- City of Kwinana – Risk Management Strategy;
- However, the policy does not refer to the City's Strategic Risk Register.

Overview

LOW

Owner:	Russell Mark	Current Phase: Close
Reporter:	Rhys Pryce (Rhys.Pryce@kwinana.wa.gov.au)	
Reported:	24 Jun 2021	Date of Audit Action: 24 Jun 2021
Category:	Reg. 17 Audit	
Product or service:	Update Risk Management Policy	
Responsible Officer:	Russell Mark	

Investigation

Investigation Completed:	24 Jun 2021 (target: 23 Aug 2021)
Findings and Summary:	<p>The City operates in a dynamic environment and without reference to the City's Strategic Risk Register the significance of outstanding risk items may not be fully appreciated.</p> <p>The City should:</p> <ul style="list-style-type: none"> •Update the policy to include the City's Strategic Risk Register as a related document.

Actions

REMEDIAL ACTION, RUSSELL MARK

The Policy shall be reviewed to ensure all appropriate documents are referred to.

- The City is in the process of transitioning to Camms.Risk for recording of all strategic, operational and project risks.
- The Policy shall be reviewed to ensure all appropriate documents are referred to.

Action Completed: (target: 30 Sep 2021)

Progress update: The City's Risk Management Policy has been included on the Audit and Risk Committee Agenda for it's meeting to be held, 10 October 2022, should the Audit and Risk Committee move the recommendation the Policy will be presented to the next Ordinary Meeting of Council for adoption,

Internal non-conformance (Audit)

PORTFOLIO MANAGER: Vicky Patton



I00004 Update Risk Management Strategy with next review date

Paxon examined a "Risk Management Strategy" (Strategy) which incorporates the Risk Management Framework (Framework). This was developed in August 2020. The Strategy and Framework was prepared internally by City of Kwinana.

The Strategy states:

- "The Risk Management Strategy is required to be reviewed annually by the Chief Executive Officer, or immediately if required. However, the "Next Review Date" is not indicated in the document.

Overview

LOW

Owner:	Russell Mark	Current Phase: Close
Reporter:	Alison Dymond (alison.dymond@kwinana.wa.gov.au)	
Reported:	09 Jul 2021	Date of Audit Action: 09 Jul 2021
Category:	Reg. 17 Audit	
Product or service:	Risk Management Strategy	
Responsible Officer:	Russell Mark	
Type of Report:	Reg.17	

Investigation

Investigation Completed: 16 Sep 2021 (target: 30 Sep 2021)

Findings and Summary: •The City operates in a dynamic environment. The City's Framework may be overlooked for review by the Next Review Date.

The City should:

- Update the Risk Management Strategy with "Next Review Date" without delay; and
- Review the Framework on a regular basis.

Actions

REMEDIAL ACTION, RUSSELL MARK

Update next review date to ensure framework is reviewed on regular basis

The Risk Management Strategy must have a review date to ensure it is reviewed regularly.

Action Completed: (target: 16 Sep 2021)

Progress update: The City's Risk Management Strategy has been included on the Audit and Risk Committee Agenda for it's meeting to be held, 10 October 2022, should the Audit and Risk Committee move the recommendation the Policy will be presented to the next Ordinary Meeting of Council for adoption,

Internal non-conformance (Audit)

PORTFOLIO MANAGER: Vicky Patton



I00014 Disaster Recovery Plan is out of date

The City's Disaster Recovery Plan is outdated (2018) V2 and still includes names of previous CEO and officers. Reference to COVID-19 situations are not included. Paxon have been advised that a Cloud Disaster Recovery is being sourced

Overview

MED

Owner:	Russell Mark	Current Phase: Under Action
Reporter:	Alison Dymond (alison.dymond@kwinana.wa.gov.au)	
Reported:	12 Jul 2021	Date of Audit Action: 16 Jun 2021
Category:	Reg. 17 Audit	
Product or service:	Polices & Procedures	
Responsible Officer:	Russell Mark	
Type of Report:	Reg.17	

Investigation

Investigation Completed:	21 Sep 2021 (target: 01 Dec 2021)
Findings and Summary:	Business Continuity may not be guaranteed in the case of a disaster

Actions

REMEDIAL ACTION, RUSSELL MARK

Ensure updated Disaster Recovery Plan is updated to align with Cloud DR

N/A

Action Completed: (target: 01 Dec 2021)

Progress update: The City's Crisis Management and Business Disruption Manual and Plan has been provided to LGIS for there review. Once the review has been conducted it would be considered best practice to implement a schedule to carry out training and a mock exercise.

Internal non-conformance (Audit)

PORTFOLIO MANAGER: Vicky Patton



I00017 Compliance and key dates calendar out of date

City Business Compliance and Key Dates Calendar not updated since 12 March 2020

Overview

LOW

Owner:	Russell Mark	Current Phase: Close
Reporter:	Alison Dymond (alison.dymond@kwinana.wa.gov.au)	
Reported:	12 Jul 2021	Date of Audit Action: 16 Jun 2021
Category:	Reg. 17 Audit	
Product or service:	Polices & Procedures	
Responsible Officer:	Russell Mark	
Type of Report:	Reg.17	

Investigation

Investigation Completed:	12 Jul 2021 (target: 31 Jul 2021)
Findings and Summary:	Risk that compliance dates may not be met for statutory requirements

Actions

OTHER ACTION, RUSSELL MARK

Ensure calendar is kept current

The City should ensure the City's Compliance Calendar is reviewed annually and kept current.

Action Completed: (target: 16 Sep 2021)

Progress update: The Annual Calendar is in it's final stages, procedures are being developed to ensure Officers are aware of the correct process for adding, updating and reviewing their actions/event within the Annual Calendar.

Incident Register



Filter: Open; Priority: All; Portfolio: Internal non-conformance (Audit); Categories: Developer Contributions Audit

PRIORITY	TITLE	PORTFOLIO	PORTFOLIO MANAGER	CATEGORY	LOCATION	DATE	DUE DATE	STATUS	OWNER
MED	I00057: DCP Recording System - A	Internal non-conformance (Audit)	Vicky Patton	Developer Contributions Audit		16 Sep 2021	23 Sep 2022	Close	Stacey Hobbins
MED	I00061: Management Reporting	Internal non-conformance (Audit)	Vicky Patton	Developer Contributions Audit		16 Sep 2021	23 Sep 2022	Close	Paul Neilson
MED	I00068: Infrastructure Projects - Legal Agreements	Internal non-conformance (Audit)	Vicky Patton	Developer Contributions Engineering Audit		16 Sep 2021	23 Sep 2022	Close	Russell Mark

Printed: 23 Sep 2022 12:51:50 by Vicky Patton for City of Kwinana

Internal non-conformance (Audit)

PORTFOLIO MANAGER: Vicky Patton



I00057 DCP Recording System - A

The administration of DCP activity is managed via three complex excel spreadsheets.

Overview

MED

Owner:	Stacey Hobbins	Current Phase: Close
Reporter:	Rhys Pryce (Rhys.Pryce@kwinana.wa.gov.au)	
Reported:	16 Sep 2021	Date of Audit Action: 16 Sep 2021
Category:	Developer Contributions Audit	
Product or service:	DCP	
Responsible Officer:	Stacey Hobbins	

Investigation

Investigation Completed: 16 Sep 2021 (target: 16 Oct 2021)

Findings and Summary:

The administration of DCP activity is managed via three complex excel spreadsheets:

- DCA reconciliation
This spreadsheet is a record of levies collected and credits paid to the developer. The levy balance is reconciled to the general ledger reserve balances. This reconciliation is performed by the Finance Manager.
- Cost Apportionment Schedule (CAS)
This complex spreadsheet calculates the levies to be paid by developers and tracks the project infrastructure costs. This spreadsheet is maintained by the Finance Manager.
- Engineering Costing register. This register records the DCP project costs and is maintained by the Engineering team.

Each spreadsheet (DCP Worksheets) plays a critical part in the management of DCP activity and should an error or inadvertent amendment be made to the data, there is the ability to significantly impact the effective delivery of the DCP and particularly the financial resources of Council.

After review of each of the spreadsheets we noted the following:

- There is no reconciliation between the data sets or spreadsheets to ensure all data remains accurate.
- Each spreadsheet is maintained independently with no regular review or approval of data to ensure that data is current, complete and accurate. For example, the CAS is maintained by the Finance Manager with no further oversight or checking. It is noted that the CAS is audited on an annual basis.
- The CAS spreadsheet was developed in the early stages of DCA1 and is a complex spreadsheet that includes extensive formulas, data and calculations. This spreadsheet in its current form does not allow for effective management as it is too complicated and the knowledge to interpret the calculations resides solely with the Finance Manager.

It is acknowledged that DCA1 is the first DCA to be delivered and, since the outset, there has been a number of staff changes and the current staff have 'inherited' the recording tools.

However, in the absence of robust internal controls over the management of DCP data and calculations, there is a heightened risk of error which may impact the effective delivery of the DCP with increased financial exposure to the organisation.

As the volume of DCP activity is planned to increase in coming years with further development sites, the risks will increase and need to be managed.

Actions

REMEDIAL ACTION, STACEY HOBBS

Close**Strengthen internal controls over management data**

Management need to strengthen internal controls over the management of data by:

- Implementing a procedure to reconcile data between the three key spreadsheets. This reconciliation should be performed on a quarterly basis with an appropriate, independent approval mechanism. The approval needs to be evidenced.
- The procedure should be documented and outline roles and responsibilities, the method, timing and oversight. Confirmation of the approval need to be ascertained. it is recommended that a procedure be prepared. This should be performed annually to align with the annual review process. Specific to the CAS for DCA1, investigate re-designing the spreadsheet to reduce the level of complexity.

Action Completed: (target: 30 Sep 2021)

Progress Update:

Following the 2020 annual review, reconciliation between the key spreadsheets was highlighted as a key issue and a debrief in regards to the issues was undertaken by the working group.

DCA1 Spreadsheet review identified as required but is not within current resourcing to conduct internally. Estimated 4 to 6 weeks full-time to complete task.

Spreadsheet is locked down and suitably backed up to minimise the risk.

The minimal risk level does not make it feasible to enact further processes to address the risk at the moment.

Appointment of further internal staffing resources or external consultant would be at the City's expense, given the administration budget of DCA1 has been fully utilised. We aren't likely to see the boom levels of development we have seen in recent years.

In relation to potential software options, it would be prohibitively costly bespoke software (and would involve re-entering the entire CAS). However, OneCouncil may open up options.

Action to be closed.

Internal non-conformance (Audit)

PORTFOLIO MANAGER: Vicky Patton



I00061 Management Reporting

Currently the level of regular management reporting of DCP activity is limited.

Overview

MED

Owner:	Paul Neilson	Current Phase: Close
Reporter:	Rhys Pryce (Rhys.Pryce@kwinana.wa.gov.au)	
Reported:	16 Sep 2021	Date of Audit Action: 16 Sep 2021
Category:	Developer Contributions Audit	
Product or service:	DCP	
Responsible Officer:	Paul Neilson	

Investigation

Investigation Completed: 16 Sep 2021 (target: 16 Oct 2021)

Findings and Summary: Currently the level of regular management reporting of DCP activity is limited to:

- A monthly finance report that outlines the DCA reserve balances.

- Ad hoc council briefings where there has been a change to the delivery of a DCP that has a financial impact that requires Council approval.

- CAS is presented to Council on an annual basis and is published on the website.

- Annual reviews of development activity

This level of reporting is:

- not adequate to support decision making;
- does not facilitate adequate oversight to identify potential risks that may need to be managed, and
- does not provide assurance to Council that the DCP function is operating as expected.

The current reporting does not provide oversight of key activities such as:

- Status of the development
- Income collected
- Projects delivered
- Projects to be completed
- Level of developer liability

As there are a number of levers involved in the administration of DCP's including finance, engineering and planning, the need for management reporting is essential to bring all elements together.

For example, DCA1 has a balance of \$599,721. From this, there is a level of understanding required to understand if this balance is sufficient to deliver on the DCP projects. Further regular reporting and interpretation is required to track and monitor this.

In addition, the Administration Policy states" If there are insufficient funds, the developer will be entitled to the amount of interest calculated by the City on the DCP Credit from the date of Estate Completion until the payment of the DCP Credit.

The monitoring of this process is difficult without management reporting in place.

It is acknowledged that working in excel spreadsheets does not provide the functionality to generate management reporting.

Actions



REMEDIAL ACTION, PAUL NEILSON

Develop management reporting for DCP activity

Management need to develop management reporting for DCP activity. Reporting should include data pertaining to the status of all DCP activity as identified. Management reporting should be tailored to both the Cross Functional Team, the Working group and Council.

Action Completed: 22 Sep 2021 (target: 31 Dec 2021)

Completion Remarks: Report format has been prepared showing items entered into for pre-funding for the quarter for each DCA. Shall provide an overview of matter such as delays, matters over cost etc. A map to be provide showing areas of activity.

Will be presented to cross-functional DCP team, Audit and Risk Committee and Council quarterly and will highlight activity each quarter (for each DCA).

Action to be closed.

REMEDIAL ACTION, PAUL NEILSON

Develop management reporting for developer liability

Management reporting should be developed to monitor the level of developer liability. This reporting should form the basis of a 'statement of liability' that is provided to each developer on a regular basis.

Action Completed: 22 Sep 2021 (target: 31 Dec 2021)

Progress Update: Please see above comments.

Internal non-conformance (Audit)

PORTFOLIO MANAGER: Vicky Patton



I00068 Infrastructure Projects - Legal Agreements

Legal agreements are used to enforce the delivery of works in kind and the collection of levies.

Overview

MED

Owner:	Russell Mark	Current Phase: Close
Reporter:	Rhys Pryce (Rhys.Pryce@kwinana.wa.gov.au)	
Reported:	16 Sep 2021	Date of Audit Action: 16 Sep 2021
Category:	Developer Contributions Audit	
Location:	Engineering	
Product or service:	DCP	
Responsible Officer:	Aron Holbrook	

Investigation

Investigation Completed: 16 Sep 2021 (target: 16 Oct 2021)

Findings and Summary: Legal agreements are used to enforce the delivery of works in kind and the collection of levies.

The agreements set out the developer obligations in legal form. A standard legal agreement template is in place; 'Pre-Funding of Approved Infrastructure Agreement'.

This agreement includes standard requirements such as the provision of insurances for public liability and professional indemnity to be taken out and maintained by the developer.

We were advised that monitoring the requirements in the agreements is the responsibility of the Planning department.

After discussions with management, we identified that the process for monitoring key requirements of the agreements is not supported by a documented procedure to ensure that all requirements have been met, such as monitoring the currency of insurance policies.

This process, while performed by individual officers within the Planning team, it is not documented to record and evidenced that monitoring has occurred.

In addition, there is no corporate register maintained of legal agreements in place to support both WIK and levy collection across all DCP's.

In the absence of clear guidance to monitor the requirements in the agreements, there is a risk that the requirements are not met which may expose the organisation to potential legal action.

Actions

REMEDIAL ACTION, ARON HOLBROOK

Develop and implement a procedure to ensure the requirements outlined in the Pre-Funding of Approved Infrastructure Agreements are monitored and met.

Management need to develop and implement a procedure to ensure the requirements outlined in the Pre-Funding of Approved Infrastructure Agreements are monitored and met.

Action Completed: 18 Jan 2022 (target: 31 Mar 2022)

Progress update: The Coordinator Strategic Planning manages legal agreements for provisional contributions pending scheme amendment finalisation. A spreadsheet 'Community Developer Contribution Cost Apportionment Schedule Amendment 145 - Working Model' records calculations and legal agreements (though only covers planning/ credit agreements).

Where there is pre-funding of infrastructure, reimbursement/deduction occurs at the time the development proceeds (for example, where roads are constructed prior to developing the lots). A legal agreement for pre-funding has been developed. At practical completion, the City will examine compliance with any requirements.

Infrastructure pre-funding legal agreement register had been created to record all future agreements this new financial year.

Action to be closed.

REMEDIAL ACTION, ARON HOLBROOK

Develop a register of all current legal agreements relating to DCP's.

A register of all current legal agreements relating to DCP's should be established and maintained.

Action Completed: 18 Jan 2022 (target: 31 Mar 2022)

Completion Remarks: Please see above comment.

REMEDIAL ACTION, ARON HOLBROOK

Perform a stocktake of original agreements against the register.

A stocktake of original agreements against the register should be conducted periodically.

Action Completed: 18 Jan 2022 (target: 31 Mar 2022)

Completion Remarks: Please see above comment.

8.4 RISK MANAGEMENT REPORT

SUMMARY

The City's Risk Management Policy provides the foundations and organisational arrangements for embedding risk awareness, monitoring and management across strategic and operational levels of the organisation.

At each Audit and Risk Committee Meeting, a report is presented detailing all identified strategic risks and high-level operational risks, as well as the status of the actions to manage those risks.

These reports are provided at Attachments A and B. The City is continuing its transition to the Camms.Risk system, including providing further risk training and education across the organisation.

OFFICER RECOMMENDATION

That the Audit and Risk Committee note and provide comment where appropriate on:

- **City of Kwinana Organisational Risk Register – Strategic Risks detailed in Attachment A.**
- **City of Kwinana Organisational Risk Register – Operational Risks detailed in Attachment B.**

VOTING REQUIREMENT

Simple majority

DISCUSSION

The City's Risk Management Strategy sets the following role and responsibilities for the Committee:

- a) Ensuring the City has appropriate risk management and internal controls in place.
- b) Approving and reviewing risk management programmes and risk treatment options for extreme risks.
- c) Setting and reviewing risk management tolerances/appetite and making recommendations to Council.
- d) Providing guidance and governance to support significant and/or high-profile elements of the risk management spectrum.
- e) Monitoring strategic risk management and the adequacy of internal controls established to manage the identified risks.
- f) Monitoring the City's internal control environment and reviewing the adequacy of policies, practices and procedures.
- g) Assessing the adequacy of risk reporting.
- h) Monitoring the internal risk audit function, including development of audit programs as well as monitoring of audit outcomes and the implementation of recommendations.

- i) Setting the annual internal audit plan in conjunction with the internal auditor taking into account the City Strategic and Operational Risk Registers.
- j) Conduct an annual review of the organisation's Risk Management Policy and Strategy; and
- k) Reporting through the Chief Executive Officer to the Council on its findings.

The Organisational Risk Registers are provided to the Audit and Risk Committee on a quarterly basis for their review and as an opportunity to provide advice regarding risk management, as the City is focussed on creating a culture that is committed to openness and transparency and fulfilling its responsibilities in relation to risk management.

The City of Kwinana Risk Management Strategy establishes the risk appetite/attitude for residual risk as follows:

Impact Category	Level of residual risk the City is willing to retain			
	Low	Moderate	High	Extreme
Environmental		●		
Financial	●			
Health and Safety	●			
ICT, Infrastructure and Assets		●		
Legislative Compliance	●			
Reputation/Image	●			
Service Delivery		●		

The Organisational Risk Register shows all strategic risks. Strategic and Operational Risk Registers are provided for the Committee's noting and comment where appropriate, showing those risks having a residual risk assessment of 'High' or 'Extreme'.

The March 2022 quarterly product update to Camm.Risk included amendments to the controls module, whereby risk controls are now maintained in a separate register. As a result, risk controls are no longer able to be amended within individual risks. Rather, officers are required to amend and update all controls from the separate control module.

Additional changes include the ability to select a risk control to link to each risk action. This enhances the relationship between risk controls and risk actions.

STRATEGIC IMPLICATIONS

This proposal will support the achievement of the following outcome/s and objective/s detailed in the Strategic Community Plan and Corporate Business Plan.

Strategic Community Plan			
Outcome	Strategic Objective	Action in CBP (if applicable)	How does this proposal achieve the outcomes and strategic objectives?
5 – Visionary leadership dedicated to acting for its community	5.1 – Model accountable and ethical governance, strengthening trust with the community	N/A – There is no specific action in the CBP, yet this report will help achieve the indicated outcomes and strategic objectives	City Officers report risk in an accountable and transparent manner.

SOCIAL IMPLICATIONS

There are no social implications as a result of this proposal.

LEGAL/POLICY IMPLICATIONS

Regulation 17 of the Local Government (Audit) Regulations 1996 provides:

17. CEO to review certain systems and procedures

- (1) *The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —*
 - (a) *risk management; and*
 - (b) *internal control; and*
 - (c) *legislative compliance.*
- (2) *The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.*
- (3) *The CEO is to report to the audit committee the results of that review.*

FINANCIAL/BUDGET IMPLICATIONS

There are no financial implications that have been identified as a result of this report or recommendation.

ASSET MANAGEMENT IMPLICATIONS

No asset management implications have been identified as a result of this report or recommendation.

ENVIRONMENTAL/PUBLIC HEALTH IMPLICATIONS

No environmental or public health implications have been identified as a result of this report or recommendation.

COMMUNITY ENGAGEMENT

There are no community engagement implications as a result of this report or recommendation.

ATTACHMENTS

- A. Attachment A - Strategic CAMMS.Risk Report - 10 October 2022 Audit and Risk Committee Meeting**
- B. Attachment B - Operational CAMMS.Risk Report - 10 October 2022 Audit and Risk Committee Meeting**

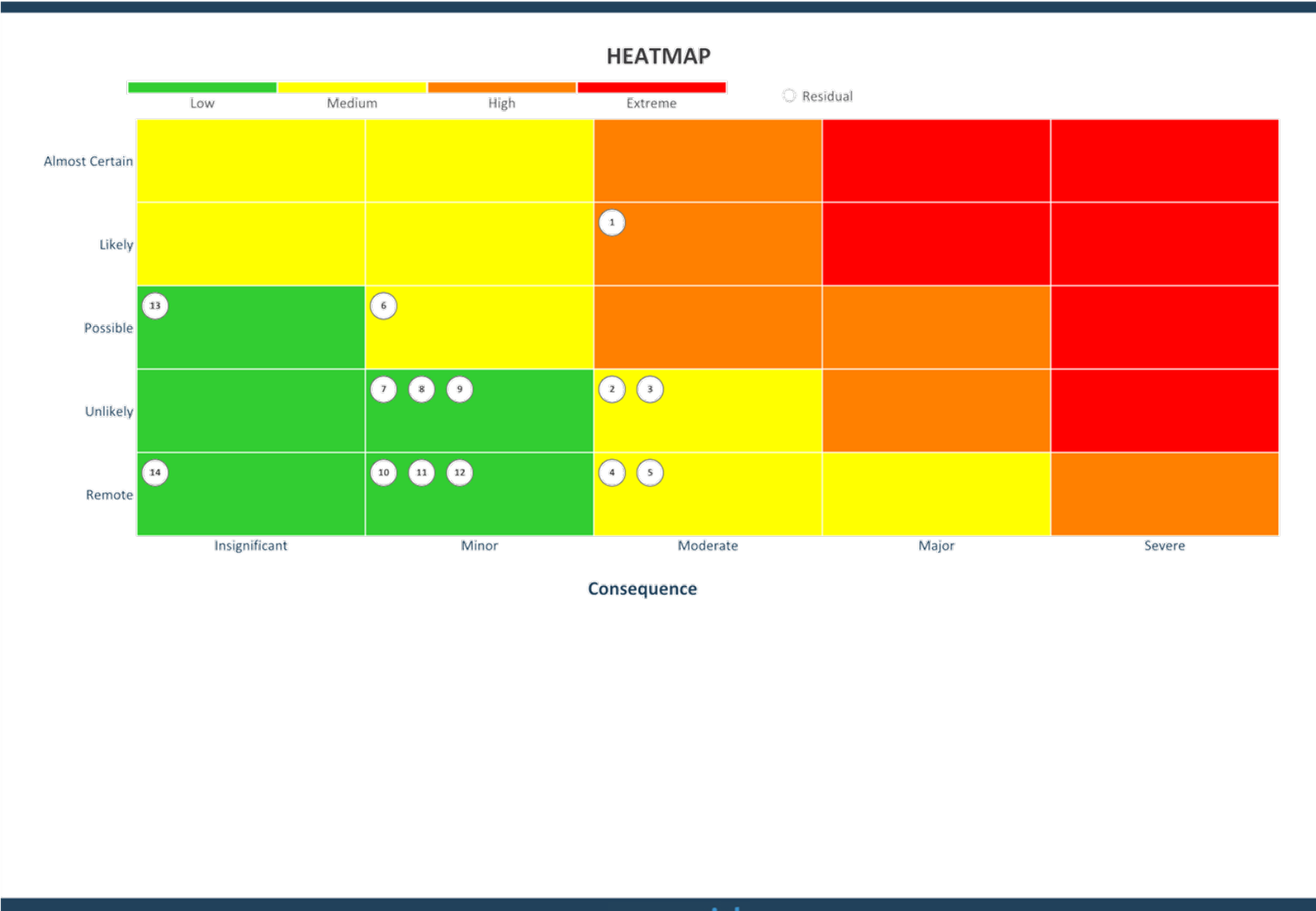


Heatmap Report

City of Kwinana

camms**risk**

Print Date: 27-Sep-2022



RISK SUMMARY

Strategic

No.	Risk Title	Residual	Trend
4	SR2 - Financial ratios falling below DLGSC standards	Medium	↔
13	SR3 - Strategic performance is not reported back to Council for aid in decision making	Low	↔
3	SR6 - City infrastructure failure due to under-funding	Medium	↔
5	SR7 - Corporate Business System is not delivered on time, on budget, or at the required quality	Medium	↔
8	SR9 - Inadequate asset data leading to poor financial reporting and investment to address the City's commitment to asset management	Low	↔
6	SR12 - Non-compliance with newly introduced WHS Bill (and associated regulations)	Medium	↔
11	SR16 - The City does not carry out its integrated planning requirements in accordance with the relevant legislation	Low	↔
1	SR17 - State Government Waste Avoidance and Resource Recovery Strategy 2030 requirement for 3-bin FOGO waste systems to be implemented across Perth and Peel by 2025	High	↔
10	SR18 - Inadequate engagement practices	Low	↔
7	SR19 - The City operating services and projects that are not aligned to the Strategic Community Plan and Corporate Business Plan	Low	↔
9	SR20 - Under insuring assets resulting in insufficient insurance proceeds to fund projects if replacement required	Low	↔
12	SR23 - Financial loss arising from inaccurate assessment of DCP infrastructure cost estimates resulting in inability to deliver required infrastructure	Low	↔
2	SR25 - Impact of reform to the Retirement Villages Act 1992 on the City's ability to operate Banksia Park Retirement Estate and Callistemon Court Retirement Village	Medium	
14	SR26 - Risks resulting from the City's operation of Bright Futures Children's Services	Low	

RISK OVERVIEW

Strategic

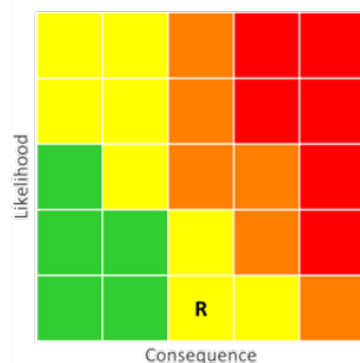
SR2
Financial ratios falling below DLGSC standards
Risk Category: Financial, ICT, Assets/Infrastructure

Responsible person: Chief Financial Officer

Last Reviewed Date: 29 Sep, 2021

Next Review Date: 02 Mar, 2023

Individual Heatmap


R Residual Risk Assessment

Risk Appetite


OUT OF APPETITE

Causes

- Inadequate asset sustainability practices

Consequences

- Failure or reduction in service of infrastructure assets, plant, equipment or machinery. These include fleet, buildings, roads, playgrounds, boat ramps and all other assets and their associated lifecycle from procurement to maintenance and ultimate disposal.

Risk Review Comments: Officers are continuing to ensure that Long Term Financial Plans and budgets are seeing an improvement to ratios.

Risk Treatment: Treat

Existing Risk Controls

Control Title	Control Owner	Control Effectiveness	Next Review Date
2022-2041 Long Term Financial Plan	Chief Financial Officer	Substantially Effective	30 Jun, 2022

Risk Actions

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
Ensure that future budgets and LTFPs continue to increase asset renewal expenditure to bring the asset sustainability ratio to an acceptable level.	Chief Financial Officer	In Progress	25	30 Jun, 2032
Comment: In December 2021 the City reviewed the 4 year long term plan. The City adopted the 2022-23 budget in June. Both plans intended to improve ratios in this area.				
Investigate options to create a report in OneCouncil to provide current ratio status at quarterly intervals.	Chief Financial Officer	Not Started	0	30 Sep, 2023
Comment: -				

SR3 Strategic performance is not reported back to Council for aid in decision making	
Risk Category: Legislative Compliance, Service Delivery	Responsible person: Integrated Planning and Special Projects Officer
Last Reviewed Date: 05 May, 2021	Next Review Date: 31 Dec, 2022

Individual Heatmap

R Residual Risk Assessment

Causes

- Failure to set up performance reporting processes

Risk Review Comments: Whilst this action is referring to the old software system, it is imperative to review this action again in December when TechOne should have introduced the module (PPLGS) which is how Strategy & Improvement will ensure strategic performance is reported back to Council.

Risk Treatment: Treat

Existing Risk Controls

Control Title	Control Owner	Control Effectiveness	Next Review Date
Improve the reporting function through Performance Manager to provide Council with the best possible update on progress towards the Strategic Community Plan and Corporate Business Plan.	Integrated Planning and Special Projects Officer	Substantially Effective	07 Nov, 2022

Risk Actions

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
Review appropriateness of reporting function through a performance management system.	Integrated Planning and Special Projects Officer	In Progress	50	03 Dec, 2022

Comment: The City is currently in the progress of moving to OneCouncil to provide its performance management system and reporting. In the interim updates on Strategic Community Plan and Corporate Business Plan outcomes, objectives and actions are being managed captured within an Excel spreadsheet.

Risk Appetite

WITHIN APPETITE

SR6		City infrastructure failure due to under-funding																																						
Risk Category: ICT, Assets/Infrastructure, Service Delivery		Responsible person: Director City Infrastructure		Last Reviewed Date: 25 Aug, 2021	Next Review Date: 25 Nov, 2023																																			
Individual Heatmap <p>R Residual Risk Assessment</p>		Causes <ul style="list-style-type: none"> • failure to fund asset renewal obligations and asset maintenance requirements over the long term • Inadequate asset sustainability practices 																																						
		Consequences <ul style="list-style-type: none"> • Failure or reduction in service of infrastructure assets, plant, equipment or machinery. These include fleet, buildings, roads, playgrounds, boat ramps and all other assets and their associated life-cycle from procurement to maintenance and ultimate disposal. It does not include issues with the inappropriate use of the plant, equipment or machinery. • Failure to fulfill statutory regulations or compliance requirements • Financial burden of extended project implementation 																																						
		Risk Review Comments: Risk reviewed 17/05/2022 (Director City Infrastructure). Risk reviewed 14/09/2022. Risk is managed through LTFP, Works Programs and regular asset inspections.																																						
		Risk Treatment: Avoid																																						
		Existing Risk Controls <table border="1"> <thead> <tr> <th>Control Title</th> <th>Control Owner</th> <th>Control Effectiveness</th> <th>Next Review Date</th> </tr> </thead> <tbody> <tr> <td>Advocate to maintain asset financial ratios in the annual report and the My Council Website</td> <td>Manager Asset Management Services</td> <td>Partially Effective</td> <td>30 Nov, 2022</td> </tr> <tr> <td>Provide updated financial data for asset valuation and financial ratios</td> <td>Manager Asset Management Services</td> <td>Partially Effective</td> <td>30 Nov, 2022</td> </tr> <tr> <td>Develop Asset Management Plans</td> <td>Manager Asset Management Services</td> <td>Partially Effective</td> <td>30 Nov, 2022</td> </tr> </tbody> </table>				Control Title	Control Owner	Control Effectiveness	Next Review Date	Advocate to maintain asset financial ratios in the annual report and the My Council Website	Manager Asset Management Services	Partially Effective	30 Nov, 2022	Provide updated financial data for asset valuation and financial ratios	Manager Asset Management Services	Partially Effective	30 Nov, 2022	Develop Asset Management Plans	Manager Asset Management Services	Partially Effective	30 Nov, 2022																			
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Provide asset financial data	Manager Asset Management Services	Completed	100	30 Jun, 2031																																				
Comment: Asset data is provided in accordance with financial valuation cycle.																																								

SR7	Corporate Business System is not delivered on time, on budget, or at the required quality			
Risk Category: Service Delivery, Financial		Responsible person: Director City Infrastructure		Last Reviewed Date: 14 Sep, 2022
Next Review Date: 15 Feb, 2023				

Individual Heatmap

Consequence

R Residual Risk Assessment

Causes

- Errors omissions delays
- Failure of IT or systems and infrastructure
- Staff issues due to COVID

Consequences

- Financial loss to the City
- Instability, degradation of performance, or other failure of IT Systems Infrastructure, Communication or Utility causing the inability to continue business activities and provide services to the community. This does not include new system implementations - refer "inadequate Project/Change Management

Risk Review Comments: Fortnightly oversight by project board, regular checking with Techone to confirm their confidence in progress - 17/05/2022.

Phase one successfully went live 1 July 2022. Risk "paused" until phase two commences. A reassessment of the risk will be undertaken once phase two planning has been completed. 14/09/2022

New Project Manager appointed commencing October 2022.

Risk Treatment: Avoid

Risk Appetite

WITHIN APPETITE

Existing Risk Controls

Control Title	Control Owner	Control Effectiveness	Next Review Date
Ensure sufficient procedures in place to minimise potential errors, failure of IT or systems and infrastructure	Director City Infrastructure	Substantially Effective	28 Aug, 2022

Risk Actions

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
Review the adequacy of current systems and procedures	Director City Infrastructure	Completed	100	28 Feb, 2022

Comment: Added regular meeting with CEO and contract for alternative consultant. Recheck schedule, and "sanity" check each module to ensure resources are in place, and deliverables for go-live are achievable.

SR9	Inadequate asset data leading to poor financial reporting and investment to address the City's commitment to asset management		
Risk Category: ICT, Assets/Infrastructure, Financial	Responsible person: Manager Asset Management Services	Last Reviewed Date: 14 Sep, 2022	Next Review Date: 09 Dec, 2023

Individual Heatmap

Consequence

R Residual Risk Assessment

Causes

- Inadequate asset sustainability practices

Consequences

- Failure or reduction in service of infrastructure assets, plant, equipment or machinery. These include fleet, buildings, roads, playgrounds, boat ramps and all other assets and their associated lifecycle from procurement to maintenance and ultimate disposal.
- Instability, degradation of performance, or other failure of IT Systems Infrastructure, Communication or Utility causing the inability to continue business activities and provide services to the community. This does not include new system implementations - refer "inadequate Project/Change Management"

Risk Review Comments: Reviewed 17/05/2022). Risk reviewed and target adjusted. 14/09/2022

Risk Treatment: Treat

Existing Risk Controls

Control Title	Control Owner	Control Effectiveness	Next Review Date
Prioritisation of asset management and accurate planning of works.	Manager Asset Management Services	Substantially Effective	13 Nov, 2022

Risk Actions

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
Review systems associated with prioritisation of asset management and accurate planning of works	Manager Asset Management Services	In Progress	50	02 Dec, 2022

Comment: To be reviewed annually with LTFP

Future development of prioritisation of community infrastructure to include community factors.

Risk Appetite

WITHIN APPETITE

SR12

Non-compliance with newly introduced WHS Bill (and associated regulations)

Risk Category: Legislative Compliance

Responsible person: Manager Human Resources

Last Reviewed Date: 21 Apr, 2022

Next Review Date: 10 Jun, 2024

Individual Heatmap

Likelihood

Consequence

R Residual Risk Assessment

Risk Appetite

Causes

- Changes to legislative requirements by State Government

Consequences

- Financial loss to the City
- Negative reputation from bad publicity
- New legislative obligations imposed on the City
- Non-compliance to WHS legislation

Risk Review Comments:

Reviewed and updated 18 August 2022.

Risk Treatment:

Treat

Existing Risk Controls

Control Title	Control Owner	Control Effectiveness	Next Review Date
Monitor implementation of Regulations and advice from WALGA	Manager Human Resources	Substantially Effective	29 Oct, 2022
Conduct gap analysis	Manager Human Resources	Substantially Effective	29 Sep, 2022
Implement appropriate staff/volunteer training (including possible induction training)	Manager Human Resources	Substantially Effective	29 Oct, 2022

Risk Actions

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
Develop training for key staff (including induction, where appropriate)	Manager Human Resources	In Progress	25	01 Nov, 2022
Comment: Education session organised for OMT, ELT and OCM				
Implement actions identified in GAP analysis.	Manager Human Resources	Completed	100	31 Mar, 2023
Comment: The City has 12 months to undertake these tasks following enacting of new laws on 31 March 2022.				
Monitor implementation of Regulations and WALGA advice	Manager Human Resources	Completed	100	03 Nov, 2022
Comment: Regulations have now come into effect (31 March 2022). No WALGA advice forthcoming.				
WorkSafe have released 23 codes of practice for reference.				

SR16

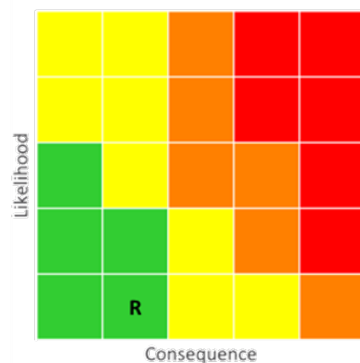
The City does not carry out its integrated planning requirements in accordance with the relevant legislation

Risk Category: Legislative Compliance

Responsible person: Integrated Planning and Special Projects Officer

Last Reviewed Date: 28 Apr, 2022

Next Review Date: 17 Aug, 2023



R Residual Risk Assessment

Risk Appetite



Causes

- Failure to fulfill statutory regulations or compliance requirements

Consequences

- Failure to correctly identify, interpret, assess, respond and communicate laws and regulations as a result of an inadequate compliance framework. This could result in fines, penalties, litigation or increase scrutiny from regulators or agencies. This includes, new or proposed regulatory and legislative changes, in addition to the failure to maintain updated legal documentation (internal and public domain) to reflect changes. This does not include Occupational Safety and Health Act (refer ""Inadequate safety and security practices"") or any Employment Practices based legislation (refer ""Ineffective Employment practices") It does include legislative based obligations for Local Government, such as the Local Government Act 1995.

Risk Review Comments: The City has appointed a City Strategy and Improvement Team that has developed integrated planning and reporting processes, including the development of an annual compliance calendar that alerts staff to the legislative requirements for integrated planning and reporting.

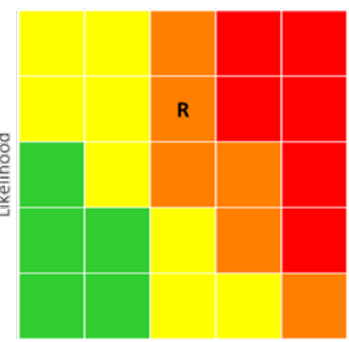

Risk Treatment: Treat

Existing Risk Controls

Control Title	Control Owner	Control Effectiveness	Next Review Date
Part of the position description of the Integrated Planning and Special Projects Officer role includes completion of the Strategic Community Plan and Corporate Business Plan.	Integrated Planning and Special Projects Officer	Substantially Effective	08 May, 2023

Risk Actions

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
The appointment of an Integrated Planning Officer to oversee the review and improvement of all integrated planning documents.	Integrated Planning and Special Projects Officer	Completed	100	17 May, 2021
Comment: -				

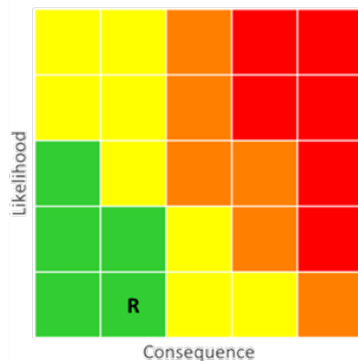
SR17		State Government Waste Avoidance and Resource Recovery Strategy 2030 requirement for 3-bin FOGO waste systems to be implemented across Perth and Peel by 2025																																																
Risk Category: Legislative Compliance, Environmental, Financial, Reputation/Image		Responsible person: Acting Manager Environment and Health Services		Last Reviewed Date: 30 May, 2022	Next Review Date: 30 Jun, 2023																																													
Individual Heatmap  <p>R Residual Risk Assessment</p>		Causes <ul style="list-style-type: none"> • Change to the City's legislative obligations by State Government 																																																
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		Risk Review Comments: Talis Consultants "FOGO Feasibility Study Perth and Peel Region (March 2022)" final report received May 2022. Scoping and bench-marking for the development of the City of Kwinana specific feasibility assessment has commenced and this project is on-track to be completed within 2022-23, in accordance with the City's adopted Waste Plan.																																																
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SR18**Inadequate engagement practices**Risk Category: Reputation/Image, Financial,
Legislative Compliance, Service Delivery

Responsible person: Coordinator Engagement and Place

Last Reviewed Date: 29 Sep, 2021

Next Review Date: 01 Jun, 2023

Individual Heatmap**Risk Appetite****Causes**

- Failure to maintain effective working relationships with the community and stakeholders, including media, businesses, agencies, organisations, community groups, government officials and/or Elected Members, due to ineffective communication, relationship management, partnering, consultation and other engagement practices.

Consequences

- Errors, omissions or delays in operational activities as a result of unintentional errors or failure to follow due process.
- Financial burden of extended project implementation
- Financial burden of failing to realise opportunities for partnerships
- Inadequate analysis, design, delivery and/or status reporting of change initiatives, resulting in additional expenses, time requirements of scope changes
- Potential risk to organisational reputation
- Providing inadequate advice/information

Risk Review Comments: Investigating flagged CRM module as part of the Phase 2 OneCouncil roll out.**Risk Treatment:** Treat**Existing Risk Controls**

Control Title	Control Owner	Control Effectiveness	Next Review Date
Engagement Action Plan	Manager Community Engagement	Partially Effective	31 Aug, 2022
Adequate engagement rationale included in Council Reports and Project Planning Process.	Manager Community Engagement	Substantially Effective	30 May, 2022
Diverse and effective City Advisory Groups	Manager Community Engagement	Substantially Effective	31 Aug, 2022
Stakeholder management database and management planning to be improved	Manager Community Engagement	Substantially Effective	31 Aug, 2022
Engagement culture to be led and championed by Executive, Managers, Councillors and by establishment of cross-functional championing team	Manager Community Engagement	Substantially Effective	31 Aug, 2022
IAP2 Certificate training for key staff engaging on projects or plans	Manager Community Engagement	Substantially Effective	31 Aug, 2022
Consultation Guide developed and used by staff	Manager Community Engagement	Substantially Effective	30 May, 2022
Engagement Framework endorsed	Manager Community Engagement	Partially Effective	31 Aug, 2022
Reviewed Engagement Policy endorsed	Manager Community Engagement	Partially Effective	31 Aug, 2022

Risk Actions

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
Establish staff awareness campaign in relation to the new Engagement Policy.	Coordinator Engagement and Place	In Progress	25	19 Sep, 2022

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
Comment: Community Engagement Specialist role to commence, October 2022. This role will be dedicated resource to improve/action engagement outcomes for the City.				
Implement the City's Engagement Policy, establishing the principles for engagement between the City, stakeholders and the wider community.	Coordinator Engagement and Place	In Progress	75	19 Sep, 2022
Comment: Council report in June before advertising				

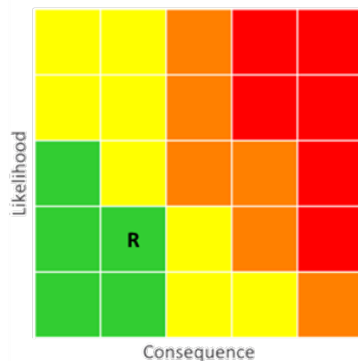
SR19**The City operating services and projects that are not aligned to the Strategic Community Plan and Corporate Business Plan**

Risk Category: Legislative Compliance

Responsible person: Integrated Planning and Special Projects Officer

Last Reviewed Date: 28 Apr, 2022

Next Review Date: 28 May, 2023

Individual Heatmap

R Residual Risk Assessment

Risk Appetite**Causes**

- Failure to fulfill statutory regulations or compliance requirements

Consequences

- Failure to correctly identify, interpret, assess, respond and communicate laws and regulations as a result of an inadequate compliance framework. This could result in fines, penalties, litigation or increase scrutiny from regulators or agencies. This includes, new or proposed regulatory and legislative changes, in addition to the failure to maintain updated legal documentation (internal and public domain) to reflect changes. This does not include Occupational Safety and Health Act (refer "Inadequate safety and security practices") or any Employment Practices based legislation (refer "Ineffective Employment practices") It does include legislative based obligations for Local Government, such as the Local Government Act 1995.

Risk Review Comments: During a major Strategic Community Plan (SCP) Review (once every four years) all City services and projects are assessed and aligned with SCP and Corporate Business Plan (CBP) outcomes. To keep services and projects aligned (in between these major reviews), the CBP is reviewed once every year. In addition to this, a quarterly performance report is provided to Council to indicate the alignment of its key services and projects.

Risk Treatment: Treat

Existing Risk Controls

Control Title	Control Owner	Control Effectiveness	Next Review Date
City Officers report quarterly to provide Council with the best possible update on progress towards the Strategic Community Plan and Corporate Business Plan.	Integrated Planning and Special Projects Officer	Substantially Effective	19 Jun, 2022

Risk Actions

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
The Quarterly Performance Report is presented to Council.	Integrated Planning and Special Projects Officer	Completed	100	30 Jun, 2022
Comment: The Quarter 4 (April to June 2022), Quarterly Performance Report regarding the Strategic Community Plan and Corporate Business Plan has been prepared and will be presented to Council at the Ordinary Council Meeting scheduled to be held on 28 September 2022.				

SR20
Under insuring assets resulting in insufficient insurance proceeds to fund projects if replacement required

Risk Category: Financial, ICT, Assets/Infrastructure

Responsible person: Chief Financial Officer

Last Reviewed Date: 21 Feb, 2022

Next Review Date: 27 Nov, 2022

Individual Heatmap

Consequence

R Residual Risk Assessment

Risk Appetite

Causes

- Inaccurate asset valuations
- replacement costs

Risk Review Comments: Reviewed and amended, additional controls added.

Risk Treatment: Avoid

Existing Risk Controls

Control Title	Control Owner	Control Effectiveness	Next Review Date
revaluations of assets	Chief Financial Officer	N/A	30 Jun, 2025
For each department across the City, cross check current asset list against assets insured	Chief Financial Officer	Substantially Effective	26 May, 2022

Risk Actions

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
Complete annual LGIS questionnaire, including checking with each department that all assets are adequately insured	Finance Officer	Completed	100	31 Mar, 2022

Comment: Building revaluations are completed on a five-year cycle as part of the annual audit program. The revaluation report is provided to LGIS to update insurance replacement values.

+ -

SR23**Financial loss arising from inaccurate assessment of DCP infrastructure cost estimates resulting in inability to deliver required infrastructure**

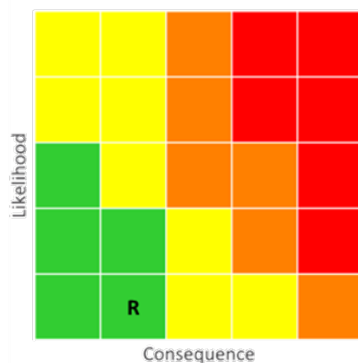
Risk Category: Financial, Reputation/Image, Service Delivery

Responsible person: Manager Engineering Services

Last Reviewed Date: 14 Sep, 2022

Next Review Date: 15 Feb, 2023

Individual Heatmap



Risk Appetite



Causes

- Appointment of separate consultants for annual review of DCP calculations for landscaping and road drainage resulted in incorrect calculation figures not being identified
- Inaccurate assessment of costs
- Lack of adequate information to guide calculation

Risk Review Comments: DCP Audit has been conducted, audit findings have been provided to the finance team. The new process with regards to minimising the use of multiple consultants has been developed and is currently being undertaken/tested with regards to engagement of external consultant.

Risk reviewed 14/09/2022. Implementing tender to cover all estimates required for infrastructure. Contract will require consultant to directly enter estimates into costing system to remove risk of typographical error.

Risk Treatment: Avoid

Existing Risk Controls

Control Title	Control Owner	Control Effectiveness	Next Review Date
Annual audit of Developer Contribution Payments (DCP)	Manager Engineering Services	Substantially Effective	06 May, 2022
Minimise use of multiple external consultants where possible	Manager Engineering Services	Substantially Effective	06 May, 2022

Risk Actions

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
Develop and implement processes to minimise use of multiple external consultants where possible.	Manager Engineering Services	Completed	100	21 Oct, 2022
Comment: No further action required.				
Estimate of works costs to cover all works with a single consultant, and enter data directly into costing system.	Manager Engineering Services	In Progress	70	31 Dec, 2022
Comment: Tender package being finalised on the basis of single consultant over 3+ years.				

SR25

Impact of reform to the Retirement Villages Act 1992 on the City's ability to operate Banksia Park Retirement Estate and Callistemon Court Retirement Village

Risk Category: Legislative Compliance, Financial

Responsible person: Manager Human Resources

Last Reviewed Date: 27 Sep, 2022

Next Review Date: 12 Dec, 2024

Individual Heatmap

Likelihood

Consequence

R

Residual Risk Assessment

Risk Appetite

OUT OF APPETITE

Causes

- Changes to legislation

Risk Review Comments: -

Risk Treatment: Avoid

Existing Risk Controls

Control Title	Control Owner	Control Effectiveness	Next Review Date
Monitor impending amendments to the Retirement Villages Act 1997 (WA) and review adequacy of existing City resources to meet additional legislative obligations imposed.	Manager Human Resources	N/A	12 Nov, 2022

Risk Actions

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
Review 'Decision Regulatory Impact Statement' (DRIS) recommending amendments to the Retirement Villages Act 1997 to determine appropriate City response.	Manager Human Resources	Not Started	0	12 Dec, 2022

Comment: -

Consequences

- Banksia Park and Callistemon Court being potentially financially non-viable to the City
- Non-compliance with legislation

Item 8.4 - Attachment A

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SR26

Risks resulting from the City's operation of Bright Futures Children's Services

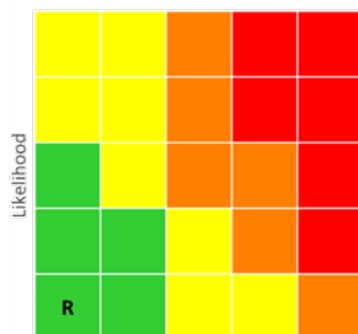
Risk Category: Legislative Compliance, Financial, Reputation/Image

Responsible person: Manager Community Services

Last Reviewed Date: 19 Sep, 2022

Next Review Date: 19 Sep, 2023

Individual Heatmap



Consequence

R Residual Risk Assessment

Risk Appetite



WITHIN APPETITE

Causes

- Addition of private competing facilities within the district
- Economic pressures impact the financial viability of operations
- Failure by the City to comply with its legislative requirements

Consequences

- Financial liability of the City
- Legislative non-compliance
- Reputational damage

Risk Review Comments: ATO has finalised the matter. Transfer of service to be completed by the end of November 2022.

Existing Risk Controls

Control Title	Control Owner	Control Effectiveness	Next Review Date
Transfer of service to an external agency resulting in the City ceasing its operations	Manager Community Services	Fully Effective	19 Dec, 2022

Risk Actions

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
Complete process for the City to transfer the service to Wanslea	Manager Community Services	In Progress	50	19 Oct, 2022

Comment: -



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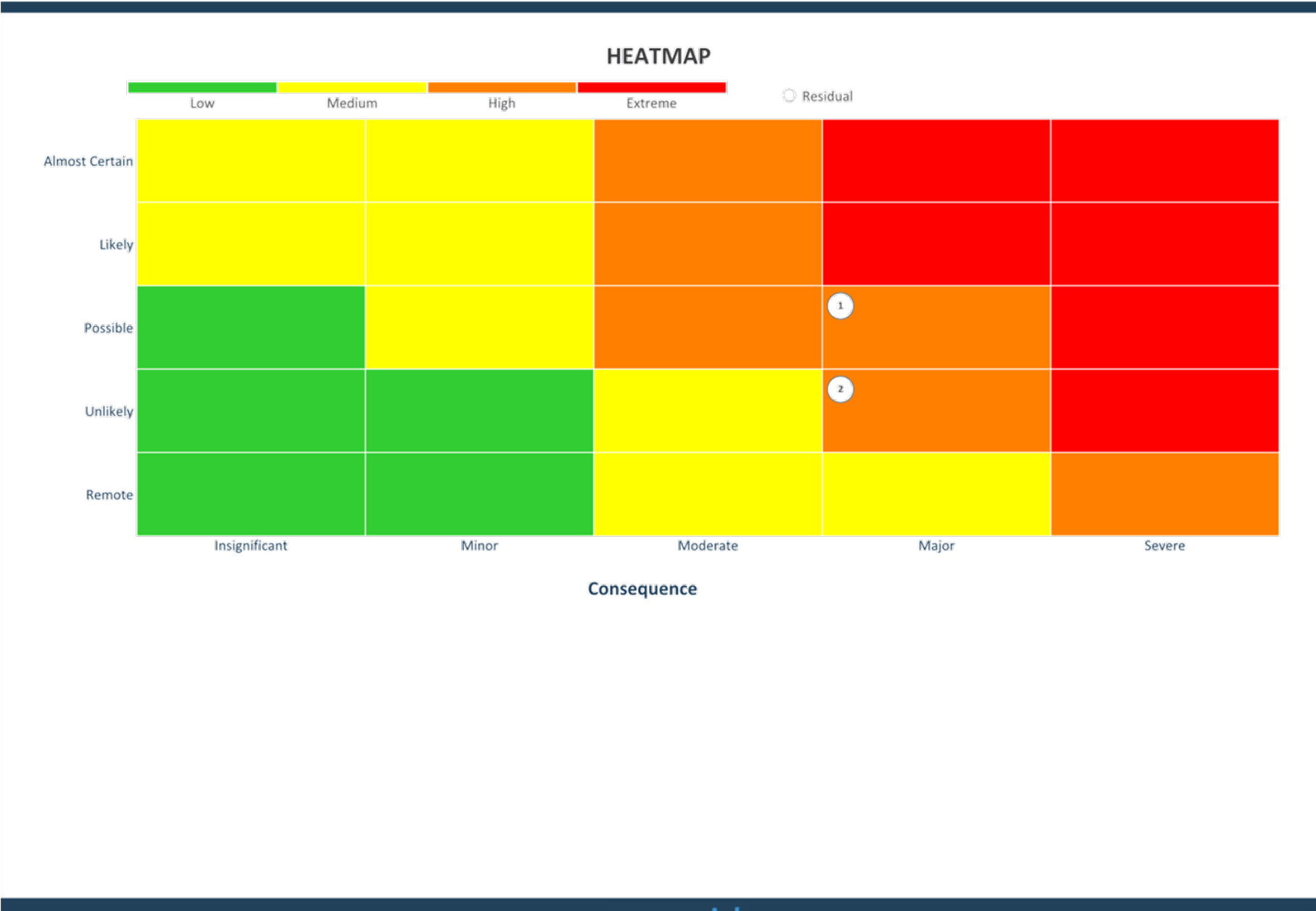


Heatmap Report

City of Kwinana

camms**risk**

Print Date: 23-Sep-2022



RISK SUMMARY

Operational

No.	Risk Title	Residual	Trend
1	OR11 - Risk to the City resulting from a delay in taking action in response to property owners failure to comply with a health notice, resulting in sanitary and maintenance issues, nuisance and risk of fire.	High	
2	OR105 - Risk of incident or injury to volunteer bush fire brigade volunteers whilst fire fighting	High	

RISK OVERVIEW

Operational

OR11

Risk to the City resulting from a delay in taking action in response to property owners failure to comply with a health notice, resulting in sanitary and maintenance issues, nuisance and risk of fire.

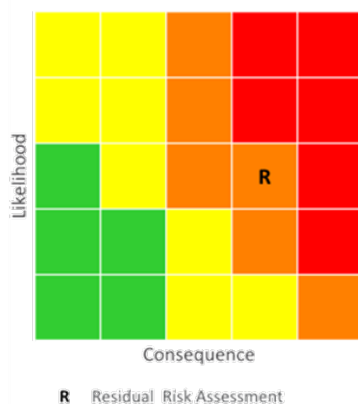
Risk Category: Legislative Compliance, Health and Safety

Responsible person: Acting Manager Environment and Health Services

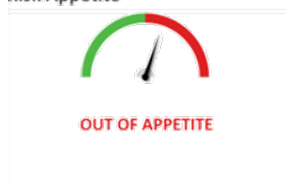
Last Reviewed Date: 22 Apr, 2022

Next Review Date: 01 Feb, 2023

Individual Heatmap



Risk Appetite



Causes

- Community mental health and socioeconomic issues
- Failure to fulfill statutory regulations or compliance requirements
- Lack of information / uncertainty as to the appropriate course of action
- Lack of staff resources

Risk Review Comments: Whilst the City is compliant and has appropriate procedures in place that mitigate this risk item, the City is currently dealing with a non-compliant property with a range of complexities that pushes this risk item out of appetite. City Officer are trying to facilitate an acceptable outcome within their limitations.

Risk Owner Comments: Risk review has been undertaken, risk actions have been amended to reflect the City's processes that address the mitigation of this risk item.

Risk Treatment: Treat

Existing Risk Controls

Control Title	Control Owner	Control Effectiveness	Next Review Date
---------------	---------------	-----------------------	------------------

Risk Actions

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
Ensure process is in place relating to assessing properties following the issuing of a notice to ensure they are cleaned to health standards.	Acting Manager Environment and Health Services	In Progress	30	30 Jun, 2022
Comment: processes are being developed and undertake				
Recover charges on works carried out.	Acting Manager Environment and Health Services	Completed	100	30 Jun, 2022
Comment: Process is in place to recover charges on works carried out.				
Request assistance from Department of Communities and other alternative accommodations.	Acting Manager Environment and Health Services	Completed	100	01 Oct, 2021
Comment: A State appointed guardian has been appointed				

OR105 Risk of incident or injury to volunteer bush fire brigade volunteers whilst fire fighting																										
Risk Category: Health and Safety		Responsible person: Emergency Service Coordinator		Last Reviewed Date: 07 Jun, 2022 Next Review Date: 04 Oct, 2023																						
Individual Heatmap <p>R Residual Risk Assessment</p>		Causes <ul style="list-style-type: none"> Excessive work hours Insufficient training and resources Responding to a fire when not rested Rushing <p>Consequences</p> <ul style="list-style-type: none"> Exposing the City to negative publicity and/or legal liability Injury to employee, contractor or member of the public <p>Risk Review Comments: Due to the changes in the new Induction/Training process and documentation this risk will undertake a major review in the coming month. The new processes and documentation should reduce and mitigate some of the risk to the organisation and officers.</p> <p>Risk Treatment: Treat</p> <p>Existing Risk Controls</p> <table border="1"> <thead> <tr> <th>Control Title</th> <th>Control Owner</th> <th>Control Effectiveness</th> <th>Next Review Date</th> </tr> </thead> <tbody> <tr> <td>Adequate procedures relating to induction and training of volunteer fire fighters</td> <td>Emergency Service Coordinator</td> <td>N/A</td> <td>23 Sep, 2022</td> </tr> <tr> <td>Adequate internal procedures relating to management of volunteer fire fighters (including in relation to shift management (shorter shifts), organised transport and temporary accommodation)</td> <td>Emergency Service Coordinator</td> <td>Substantially Effective</td> <td>23 Sep, 2022</td> </tr> </tbody> </table> <p>Risk Actions</p> <table border="1"> <thead> <tr> <th>Risk Action Title</th> <th>Responsible Officer</th> <th>Action Status</th> <th>% Completed</th> <th>End Date</th> </tr> </thead> <tbody> <tr> <td>Review adequacy of current practices relating to fatigue management for bushfires</td> <td>Emergency Service Coordinator</td> <td>Completed</td> <td>100</td> <td>23 Sep, 2022</td> </tr> </tbody> </table> <p>Comment: Volunteer Bushfire Officers under go basic training, the training includes fatigue management. The Incident Controller and Incident Management Team (IMT) manage rosters to ensure Officers don't work for extended hours without appropriate breaks.</p>			Control Title	Control Owner	Control Effectiveness	Next Review Date	Adequate procedures relating to induction and training of volunteer fire fighters	Emergency Service Coordinator	N/A	23 Sep, 2022	Adequate internal procedures relating to management of volunteer fire fighters (including in relation to shift management (shorter shifts), organised transport and temporary accommodation)	Emergency Service Coordinator	Substantially Effective	23 Sep, 2022	Risk Action Title	Responsible Officer	Action Status	% Completed	End Date	Review adequacy of current practices relating to fatigue management for bushfires	Emergency Service Coordinator	Completed	100	23 Sep, 2022
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Risk Action Title	Responsible Officer	Action Status	% Completed	End Date																						
Review adequacy of current practices relating to fatigue management for bushfires	Emergency Service Coordinator	Completed	100	23 Sep, 2022																						
Risk Appetite <p>OUT OF APPETITE</p>																										



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8.5 WORK HEALTH AND SAFETY (WHS) STATISTICAL REPORT - 23 SEPTEMBER 2022

SUMMARY

This statistical data is provided to the Audit and Risk Committee for noting.

Council has endorsed a Health and Safety Policy to meet its moral and legal obligation to provide a safe and healthy work environment for all employees, contractors, customers and visitors. This commitment extends to ensuring the City's operations do not place the community at risk of injury, illness, or property damage. At every Audit and Risk Committee meeting the Committee receives a report detailing statistical data. This report entitled the City of Kwinana WHS Statistical Data Report is enclosed as Attachment A.

For the City to meet its moral and legal obligations, a Health and Safety Framework has been developed and previously detailed to the Audit and Risk Committee. Further, the City has specific operational policies and procedures to achieve the outcomes of this framework. With the introduction and transition to the new Work Health and Safety legislation, the City has now developed a Safety and Wellbeing Strategic Plan 2022 -2024 which will provide an overview and monitoring of the identified strategic safety and wellbeing actions linking the framework and operational processes. This strategic plan will be presented at every Audit and Risk Committee meeting and will detail the progress and is enclosed as Attachment B.

OFFICER RECOMMENDATION

That the Audit and Risk Committee:

- 1. Note the City of Kwinana WHS Statistical Data Report detailed in Attachment A.**
- 2. Note the City of Kwinana Safety and Well-being Strategic Plan 2022 – 2024 detailed in Attachment B.**

VOTING REQUIREMENT

Simple majority

DISCUSSION

The WHS Statistical Data Report is provided to the Audit and Risk Committee at each Audit and Risk Committee Meeting. The City assesses the incident reporting data to provide information on the nature and extent of injury and/or disease, including a comprehensive set of data for the workplace, to assist in the efficient allocation of resources, to identify appropriate preventative strategies and monitor the effectiveness of these strategies and to provide a set of data for benchmarking against other Local Governments. As a result, the City can adequately identify, evaluate and manage the safety and health aspects of its workforce operations.

Summary of Statistical Data:

The statistical data report details information over a three-month period, 1 July 2022 to 30 September 2022. From the represented data, it is noted that the incident count trend has decreased by three incidents, with one incident reported in July, four incidents in August and no incidents in September 2022. These five incidents are from the following directorates:

- Four from City Life, and
- One from City Infrastructure directorate.

It should be noted, that one of the incidents, recorded as a loss time injury, reported in August 2022 is likely to be retracted as an initial investigation has determined that the submitted report had been falsified. This will be concluded at the completion of the investigation with applicable actions being implemented. The remainder of the incidents were listed as one loss time injury, one provision of first aid and two reports only.

OSH System Update:

As discussed at the Audit and Risk Committee meeting in October 2021, the City had undertaken research into an appropriate electronic system to remove the various manual and laborious recording systems and to further enhance the City's Health and Safety Management framework. A preferred system has been assessed, namely MyOSH and the City has progressed the implementation of the software.

The software is currently in the final stages of configuration and an extensive testing program has been undertaken. The historical data will now be migrated to the new system and once uploaded, the finalisation of the statistical data reports will be confirmed. A training plan is now in the process of being developed and rolled out across the City. It is anticipated that the software system will go live in November 2022.

Safety and Wellbeing Strategic Plan 2022-2024:

The Safety and Wellbeing Strategic Plan 2022-2024 is a newly developed document that is designed to provide a link between the Health and Safety Framework and the operational processes to ensure that the City is delivering on its moral and legal obligations. This strategic plan will provide visibility across the City and has been created with input from the Work Health and Safety Committee, the Executive Leadership and Senior Management teams and the identified responsible officers. The strategic plan listed five safety and wellbeing priorities and describes the strategic outcomes to be achieved, the key performance measures and the progress of delivery. The inclusion of the traffic light system will enhance the visual representation of advancement. The strategic plan will be reviewed on a monthly basis by the Work Health and Safety Committee who will ensure the currency and validity of the document which will be presented to the management teams and to the Audit and Risk Committee.

STRATEGIC IMPLICATIONS

There are no strategic implications as a result of this proposal.

SOCIAL IMPLICATION

There are no social implications as a result of this proposal.

LEGAL/POLICY IMPLICATIONS

Regulation 17 of the Local Government (Audit) Regulations 1996 provides:

17. *CEO to review certain systems and procedures*

- (1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —
 - (a) risk management; and*
 - (b) internal control; and*
 - (c) legislative compliance.**
- (2) The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.*
- (3) The CEO is to report to the audit committee the results of that review.*

FINANCIAL/BUDGET IMPLICATIONS

There are no financial implications as a result of this report.

ASSET MANAGEMENT IMPLICATIONS

There are no asset management implications as a result of this report.

ENVIRONMENTAL/PUBLIC HEALTH IMPLICATIONS

There are no environment/public health implications as a result of this report or recommendation.

COMMUNITY ENGAGEMENT

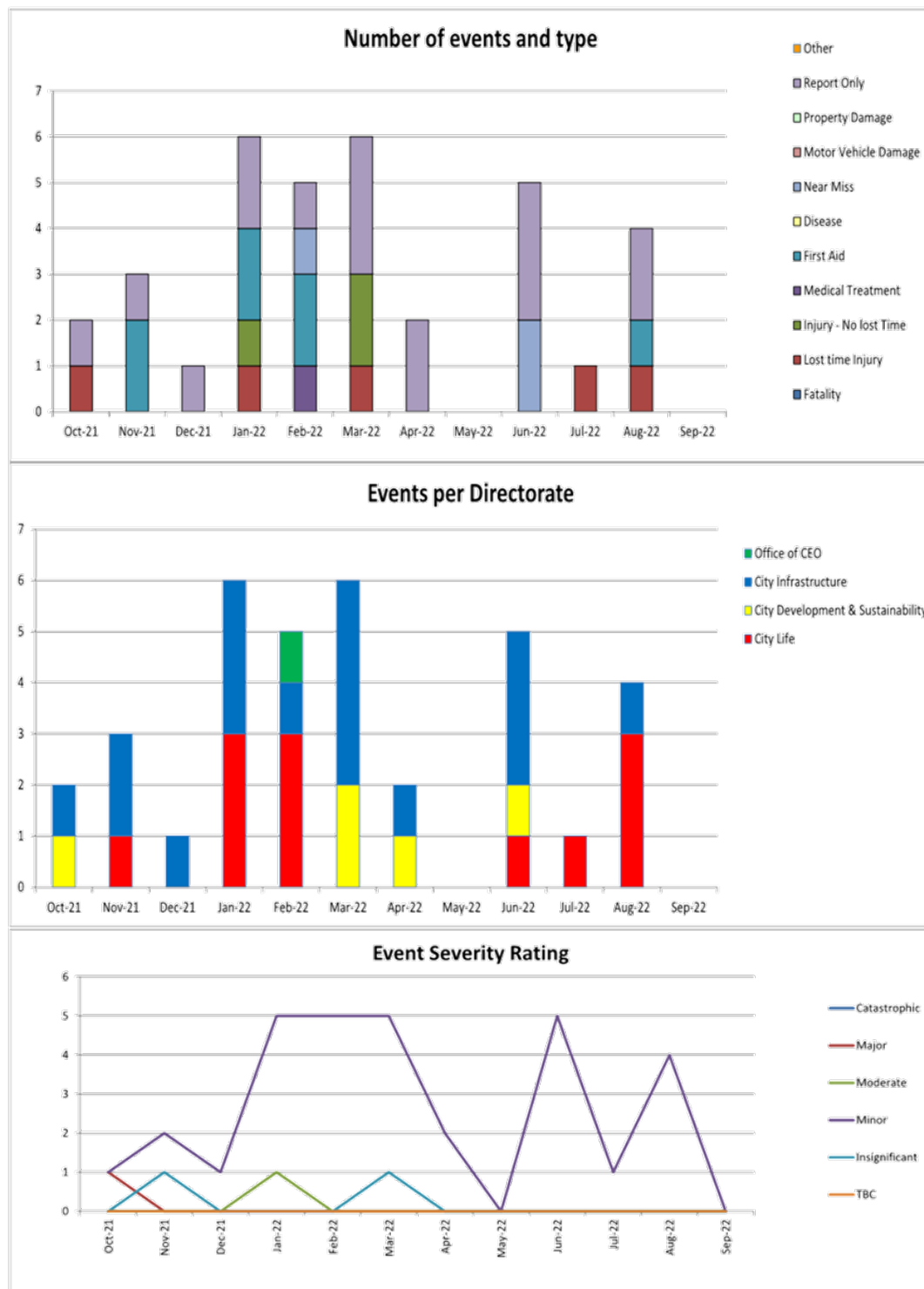
There are no community engagement implications as a result of this report or recommendation.

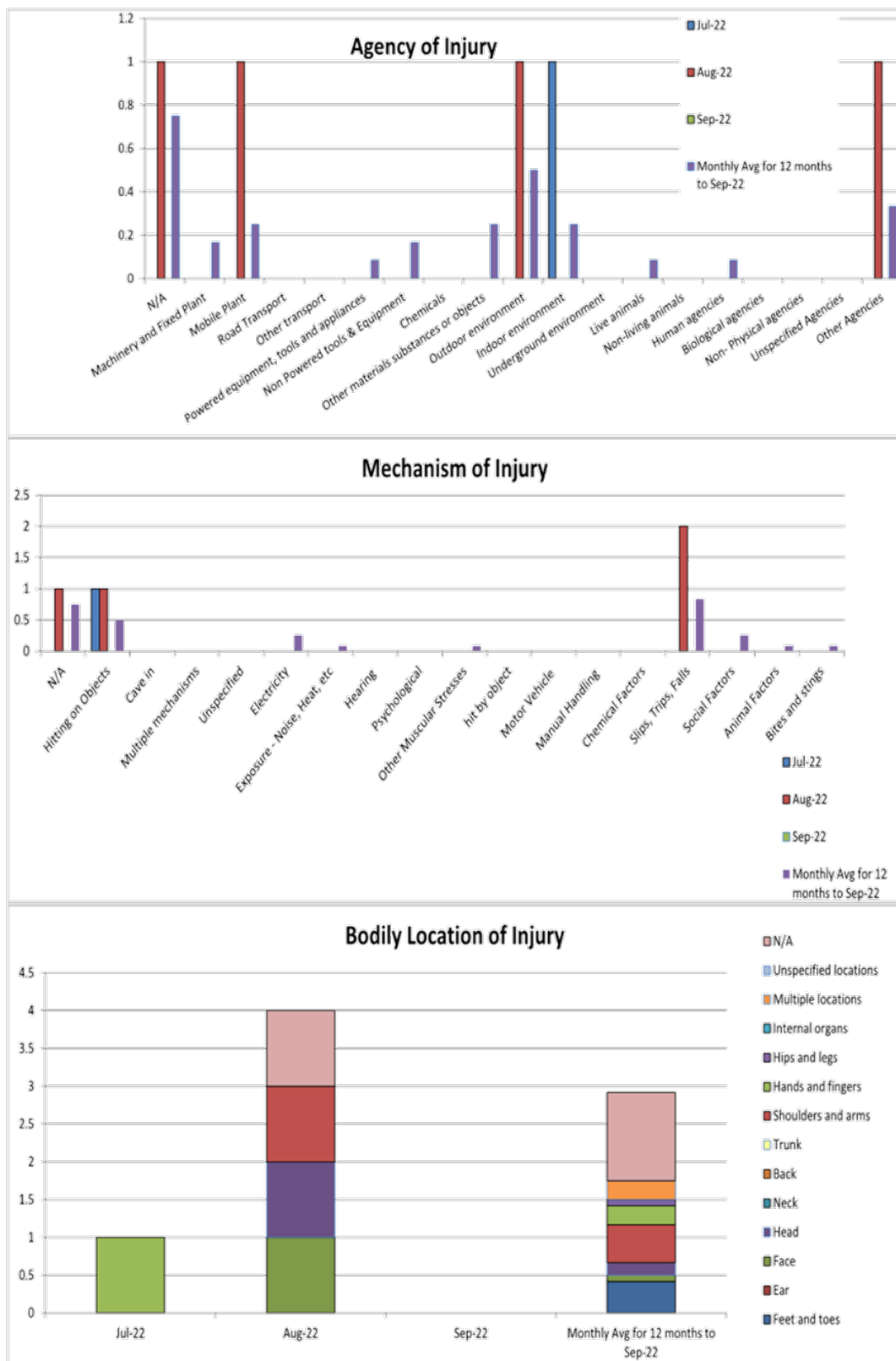
ATTACHMENTS

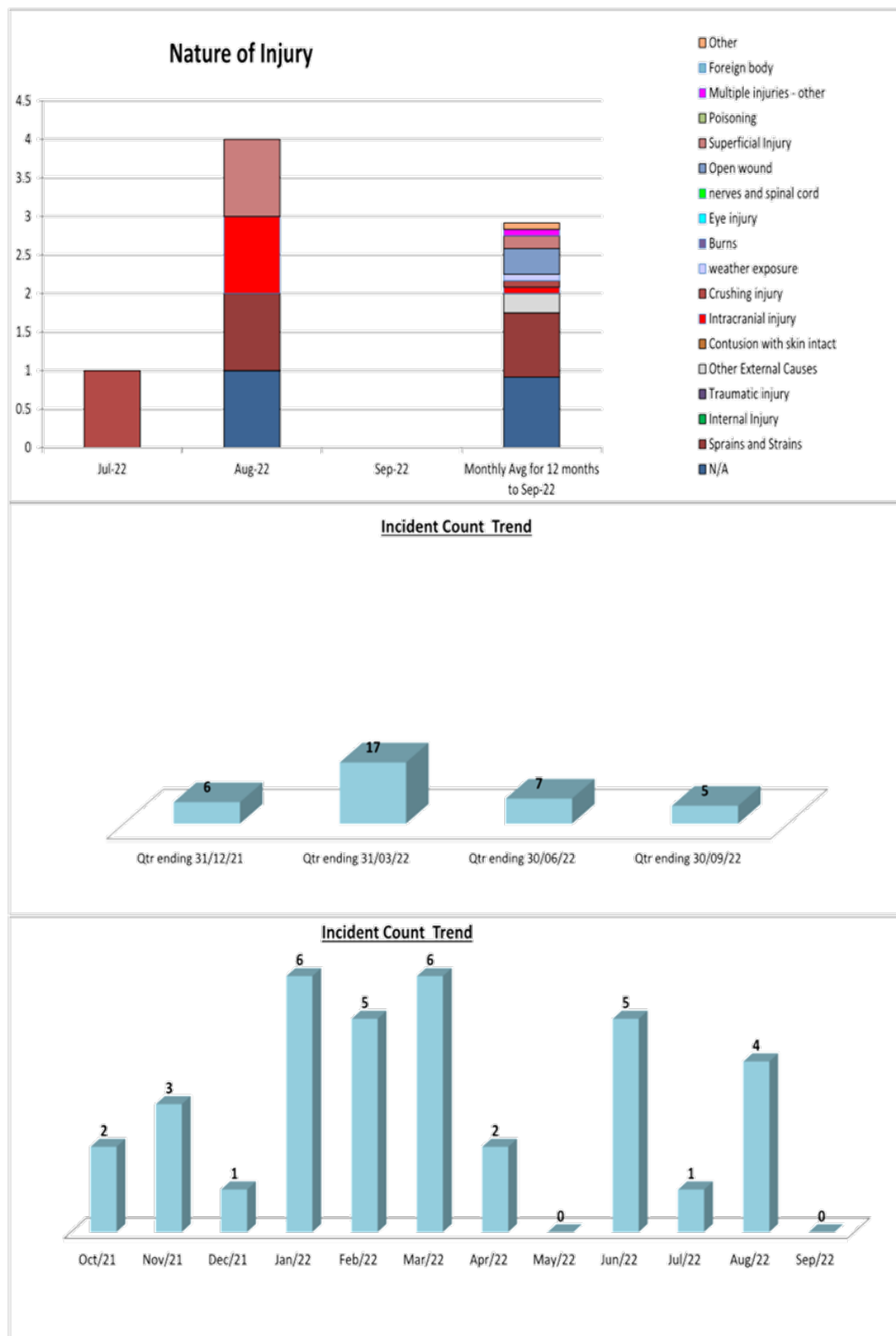
- A. Attachment A - Audit and Risk Committee - Work Health and Safety (WHS) Statistical Data Report - 30 September 2022**
- B. Attachment B - Audit and Risk Committee - Safety and Wellbeing Strategic Plan 2022 - 2024 - 30 September 2022**

Attachment A

City of Kwinana – WHS Statistical Data Report – 30 September 2022







City of Kwinana Safety and Wellbeing Strategic Plan 2022 – 2024

Progress Key

	Not started 0%
	In progress
	Complete 100%

Priorities	Strategic outcomes	Key Performance measures	Key stakeholders	Progress status			Action Plan	Comments
				2022	2023	2024		
1. Health and Safety by design Hazards are eliminated or minimised at the design stage of projects	1.1 Safety in Design (SiD) principles for assets (buildings, plant, refurbished facilities etc) are applied in collaboration with WHS representatives and relevant stakeholders, including those directly affected	<ul style="list-style-type: none"> Reduction in hazards and incidents reported relating to project design and asset use 	Ann Nicholas, Doug Elkins, Patrick Rose, David Boccuzzi	In Progress			<ul style="list-style-type: none"> Document plant procurement process (identify SiD processes) All building design contracts (building designer and architect) include creation of SiD report Building construction tenders to include SiD report in specification, and require builder to identify construction hazards and confirm review of SiD report Building construction tenders to have minimum three-week response time to allow for SiD assessment Building construction tender assessment to include assessment of builder's response to SiD, hazard identification and construction methodology 	<p>Liaising with Procurement/Contracts Team to include in standard tender documentation for buildings – Ann Nicholas 16/9/22</p> <p>Procurement/Contracts Team updated Specification Development Checklist (page 2 of 2) to include information regarding SiD. – Ann Nicholas 19/9/22</p>
	1.2 Hazard management principles are applied in workplace and City facilities	<ul style="list-style-type: none"> Reduction in hazards and incidents 	Departmental Managers/Coordinators, Doug Elkins	In Progress			<ul style="list-style-type: none"> Ensure a plant risk assessment on design/amendment on drawings is undertaken and also on delivery of plant Managers/Coordinators to identify and document hazards and document plan to eliminate risk 	
	1.3 Hazard management principles are applied at the project construction planning stage to mitigate risk of injury, long-term ill effects or recurrence of injury	<ul style="list-style-type: none"> Integration in to project safe work plan 	Ann Nicholas, Doug Elkins, Patrick Rose	In Progress			<ul style="list-style-type: none"> Building construction contracts to include requirement for Site Safety Management Plan (where required by Regulations) Construction tender assessment to include assessment of builder's response to SiD, hazard identification and construction methodology City managed projects to include a Site Safety Management Plan (where required by Regs) – to be documented in project tracking meeting. 	<p>Liaising with Procurement/Contracts Team to include in standard tender documentation for buildings – Ann Nicholas 16/9/22</p> <p>Procurement/Contracts Team updated Specification Development Checklist (page 2 of 2) to include information regarding SiD. – Ann Nicholas 19/9/22</p> <p>Training should be undertaken for staff who may need to develop a Site Safety Management Plan - Ann Nicholas 16/9/22</p>
2. Health and Safety leadership & capabilities	2.1 WHS framework and policies are embedded and reviewed to enhance WHS capabilities of the organisation	<ul style="list-style-type: none"> Framework reviewed annually Training program available 	Sue Wiltshire, Gary Kay	In Progress			<ul style="list-style-type: none"> Develop annual training plan – for example, Manual handling, how to do a risk assessment? Annual review of framework and policies by WHS and endorsed by ELT 	

Individuals have the work health and safety capabilities they require	2.2 Risk specific training provided and documented in an annual training plan	<ul style="list-style-type: none"> Risk training program developed and available 	Department Managers, Gary Kay, Sanjiv Dadwal, Sue Wiltshire.	In Progress			<ul style="list-style-type: none"> Site specific induction (See checklists D19/8217, D19/8214, D18/8212[V2], D19/809, D18/11184, D20/40585) Work Health Safety Induction (See WHS PowerPoint presentation and questionnaire; D20/21317[v3]) Training to be developed for managers (Identified as a need for Managers) Develop a statistical report for ELT regarding the number of staff who have undertaken WHS related training and/or attendance/undertaken WHS inductions (including HR, Site and Orientation) – Monthly Basis 	
	2.3 WHS and wellbeing induction and training embedded	<ul style="list-style-type: none"> Training program developed 	Gary Kay, Paige Morton, Sanjiv Dadwal	In Progress			<ul style="list-style-type: none"> Health & wellbeing calendar and initiatives Applying for certification in healthier workplace Permanent employees are required to attend the City's HR induction (full day) this includes elements of safety and well-being 	
	2.4 A WHS internal communication plan developed and implemented	<ul style="list-style-type: none"> Comms plan developed 	Sanjiv Dadwal, Sue Wiltshire	In Progress			<ul style="list-style-type: none"> Develop an internal WHS communications plan identifying different media platforms and the audience. Health, Safety and Injury Management Advisor to identify any specific WHS information to be issued to applicable internal stakeholders 	
3. Wellbeing Wellbeing is enhanced for the City of Kwinana staff	3.1 Staff Wellbeing plan is developed and implemented	<ul style="list-style-type: none"> Plan developed and implemented 	Gary Kay, Paige Morton, Sue Wiltshire	In Progress			<ul style="list-style-type: none"> Document and implement the Staff Wellbeing Plan 	
	3.2 Measures are used to determine uptake and effectiveness, with focus on strategies to improve physical and mental health	<ul style="list-style-type: none"> Physical and mental wellbeing outcomes for staff are improved 	Sue Wiltshire, Sanjiv Dadwal, Gary Kay	In Progress			<ul style="list-style-type: none"> Record, monitor and report on the Health and Safety Framework including the implementation of specific initiatives. (Part of the statistical report to ELT – at 2.2) Implement the Staff Health & Wellbeing calendar as a resource 	
4. Safety system improvement - Systems and processes Risk management processes and policies are improved and updated	4.1 Existing risk management processes are integrated into core business processes for early identification of foreseeable hazards to eliminate or mitigate risk	<ul style="list-style-type: none"> Registers and risk assessments updated in required time and maintained 	Sanjiv Dadwal, Sue Wiltshire, Departmental Managers/Coordinators	In Progress			<ul style="list-style-type: none"> Develop and roll out departmental/team risk/hazard template and action plan. This could include a mitigation strategy(s) – reported on a quarterly basis to Directors. The WHS Management Action plan to be used as a minimum for the development of departmental plans. 	
	4.2 WHS software system implemented for whole of organisation	<ul style="list-style-type: none"> WHS system implemented, and training provided 	Sanjiv Dadwal, Gary Kay, Renae Lilleyman,	In Progress			<ul style="list-style-type: none"> Implement phase one of the MyOSH software system to include the following modules (Incident Reporting, Hazard Reporting and Recording and monitoring of data – Dashboard). Develop and implement a training plan on the implementation of the new software system for phase one. Commence the configuration of phase two of the MyOSH system – including consultation with internal stakeholders/users. 	
	4.3 Policies, standards and guidelines reviewed and	<ul style="list-style-type: none"> Policies, standards and 	Sue Wiltshire	In Progress			<ul style="list-style-type: none"> Gap analysis of current policies/guidelines compared with new regulations and 	

	updated to ensure currency and alignment	guidelines reviewed					legislation captured in WHS Management Action Plan 2021-23 <ul style="list-style-type: none"> Develop a schedule and undertake the review and alignment of policies and guidelines with the newly introduced legislation to ensure currency and compliance 	
5. Legislative compliance Continually improve compliance with WHS & other relevant regulatory requirements	5.1 WHS policies, procedures and supporting tools reflect current legislative requirements	<ul style="list-style-type: none"> Document review occurs in line with requirements 	Sanjiv Dadwal, Sue Wiltshire, Departmental managers/coordinators, External Consultant.	In Progress			<ul style="list-style-type: none"> Develop a schedule and undertake the review and alignment of policies, procedures and supporting tools to reflect the newly introduced legislation to ensure currency and compliance, specifically including: - Risk Assessments and Hazard Assessments. Undertake a Gap Analysis to capture any areas that are not compliant. Departmental plans and the WHS Management Action plan as a minimum for needs/gap identification/any deficiencies. 	
	5.2 WHS internal audit program monitors and measures legal compliance and effectiveness	<ul style="list-style-type: none"> Corrective actions from internal audits address system and legal compliance deficiencies 	Sanjiv Dadwal, Sue Wiltshire	In Progress			<ul style="list-style-type: none"> Undertake a Gap Analysis of the recent Safety audits Implement any identified gaps from the analysis (Consider desktop audit to ISO 45001 and LGIS audit to the WorkSafe plan) Future Worksafe Audits to consider other operational departments in the organisation 	
	5.3 WHS audit corrective actions are monitored for completion within allocated timeframes	<ul style="list-style-type: none"> Audit actions completed within required timeframe 	Sanjiv Dadwal, Sue Wiltshire	In Progress			<ul style="list-style-type: none"> Develop and implement an action plan/corrective action spreadsheet from the Gap Analysis (Refer 5.2) Monitor and report on the information in the action plan/corrective actions spreadsheet Note: – once MYOSH modules are deployed reports can be pulled on corrective actions from here 	

8.6 INTERNAL AUDIT FINDINGS AND ACTIONS - ASSET MANAGEMENT

SUMMARY

The role of internal auditing is to assist the Council and senior management meet the Council's objectives by providing an independent appraisal of the adequacy and effectiveness of processes and controls. It is considered to be an essential part of achieving best practice in the management of strategic and operational risk.

At its meeting of 13 October 2021, Council resolved to adopt the Strategic Internal Audit Plan 2021/2022 to 2023/2024. That plan included a review of the City's asset management processes and controls. The findings of that review are presented for noting by the Committee.

Recommendations have been made for minor improvements. Those actions will be presented at future meetings of the Committee until such time as they are finalised.

OFFICER RECOMMENDATION

That the Audit and Risk Committee receive the internal audit findings of Paxon Group for the asset management area.

VOTING REQUIREMENT

Simple majority

DISCUSSION

Due to an increased focus on the accountability of local governments, a review of the effectiveness of all business processes is becoming best practice. Internal audit is one way to reduce risk and identify improvements in internal controls. There are many benefits to conducting internal audits, such as:

- improving the performance of the organisation.
- making the organisation process-dependent instead of person-dependent.
- identification of redundancies in operational and control procedures and the provision of recommendations to improve the efficiency and effectiveness of procedures.
- it serves as an early warning system, enabling deficiencies to be identified and remediated on a timely basis (i.e. prior to external, regulatory or compliance audits); and
- increases accountability within the organisation and supporting strategic objectives (for example cost reduction initiatives).

The review of the asset management arrangements are detailed in the attached report, which identified opportunities for improvement around the City's CRM. The report includes City Officer response to how the matters will be addressed and a future report will detail how the matters are progressed.

Paxon have developed a proposed Strategic Internal Audit Plan 2021/2022 to 2023/2024 detailed in Attachment A.

Area of Review	2021/22 (hours)	2022/23 (hours)	2023/24 (hours)
Planning & Building	80		
Asset Management	80		
Community Services – Events (Community Engagement, Resource Centre, Family Day Care, Events)	80		
Recquatic		80	
Environmental & Health Services/Waste		80	
Finance - Financial Management Regulation 5*		80	
Project/Program Management (Building, Operations & Engineering)		80	
Occupational Safety & Health / Human Resources			80
City Legal & Governance - Audit Regulation 17 (Legislative compliance, risk and internal control)*			80
Business Continuity/Disaster Recovery/Pandemic/Emergency Planning			80
Essential Services (Security, Rangers & Parking)			80
City Strategy			
Customer service			
Information Technology			
Contracts & Procurement	80		

Further areas identified for consideration in the current or future audit plans are as follows:

- Marketing & Communications (media & social media)
- Records/Freedom of information
- Fleet
- Grants
- Investments
- Payroll
- Asbestos & Pesticides
- Environmental/Sustainability/Green policies

STRATEGIC IMPLICATIONS

There are no strategic implications as a result of this proposal.

SOCIAL IMPLICATIONS

There are no social implications as a result of this proposal.

LEGAL/POLICY IMPLICATIONS

Section 7.13 of the *Local Government Act 1995* provides:

7.13. Regulations as to audits

- (1) Regulations may make provision as follows —
- (aa) as to the functions of a CEO in relation to —
 - (i) a local government audit; and
 - (ii) a report (an **action report**) prepared by a local government under section 7.12A(4)(a); and
 - (iii) an audit report; and
 - (iv) a report on an audit conducted by a local government under this Act or any other written law;
 - (ab) as to the functions of an audit committee, including in relation to —
 - (v) the selection and recommendation of an auditor under Division 2; and
 - (vi) a local government audit; and
 - (vii) an action report; and
 - (viii) an audit report; and
 - (ix) a report on an audit conducted by a local government under this Act or any other written law;
 - (ac) as to the procedure to be followed in selecting an auditor under Division 2;
 - (ad) deleted]
 - (ae) as to monitoring action taken in respect of any matters raised in an audit report;
 - (a) with respect to matters to be included in an agreement in writing (**agreement**) made under section 7.8(1);
 - (b) for notifications and reports to be given in relation to an agreement, including any variations to, or termination of an agreement;
 - (ba) as to a copy of an agreement being provided to the Department;
 - (c) as to the manner in which an application may be made to the Minister for approval as an auditor under section 7.5;
 - (d) in relation to approved auditors, for the following —
 - (i) reviews of, and reports on, the quality of audits conducted;
 - (ii) the withdrawal by the Minister of approval as an auditor;
 - (iii) applications to the State Administrative Tribunal for the review of decisions to withdraw approval;
 - (e) for the exercise or performance by auditors of their powers and duties under this Part;
 - (f) as to the matters to be addressed in an audit report;
 - (g) requiring an auditor (other than the Auditor General) to provide the Minister with prescribed information as to an audit conducted by the auditor;
 - (h) prescribing the circumstances in which an auditor (other than the Auditor General) is to be considered to have a conflict of interest and requiring an auditor (other than the Auditor General) to disclose in an audit report such information as to a possible conflict of interest as is prescribed;
 - (i) requiring local governments to carry out, in the prescribed manner and in a form approved by the Minister, an audit of compliance with such statutory requirements as are prescribed whether those requirements are —
 - (i) of a financial nature or not; or
 - (ii) under this Act or another written law.
- (2) Regulations may also make any provision about audit committees that may be made under section 5.25 in relation to committees.

Regulation 16 of the *Local Government (Audit) Regulations 1996* provides:

16. Functions of audit committee

An audit committee has the following functions —

- (a) to guide and assist the local government in carrying out —
 - (i) its functions under Part 6 of the Act; and*
 - (ii) its functions relating to other audits and other matters related to financial management;**
- (b) to guide and assist the local government in carrying out the local government's functions in relation to audits conducted under Part 7 of the Act;*
- (c) to review a report given to it by the CEO under regulation 17(3) (the **CEO's report**) and is to —
 - (i) report to the council the results of that review; and*
 - (ii) give a copy of the CEO's report to the council;**
- (d) to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under —
 - (i) regulation 17(1); and*
 - (ii) the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);**
- (e) to support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government;*
- (f) to oversee the implementation of any action that the local government —
 - (i) is required to take by section 7.12A(3); and*
 - (ii) has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a); and*
 - (iii) has accepted should be taken following receipt of a report of a review conducted under regulation 17(1); and*
 - (iv) (iv) has accepted should be taken following receipt of a report of a review conducted under the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);**
- (g) to perform any other function conferred on the audit committee by these regulations or another written law.*

FINANCIAL/BUDGET IMPLICATIONS

There are no financial implications that have been identified as a result of this report or recommendation.

ASSET MANAGEMENT IMPLICATIONS

There are no financial implications that have been identified as a result of this report or recommendation.

ENVIRONMENTAL/PUBLIC HEALTH IMPLICATIONS

No environmental or public health implications have been identified as a result of this report or recommendation.

COMMUNITY ENGAGEMENT

There are no community engagement implications as a result of this report or recommendation.

ATTACHMENTS

A. Paxon Group - Asset Management Internal Audit Report

PAXON

CITY OF KWINANA

Asset Management Internal Audit Review

Final : July 2022

paxongroup.com.au

Perth • Sydney • Melbourne • Brisbane • Adelaide • Darwin |
Liability Limited by a scheme under Professional Standards Legislation

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1. INTRODUCTION

1.1 Background & Objective

The City of Kwinana's "Strategic Internal Audit Plan - 2021/2022 to 2023/2024" provides for the conduct of an asset management internal audit review. The Strategic Internal Audit Plan agenda item 6.3 was adopted at the Audit & Risk Committee meeting of 4 October 2021 and subsequently at the Ordinary Council Meeting of 13 October 2021, item 12.3.

The overall objective for this internal audit was to provide assurance that effective and efficient controls are in place for asset management processes.

1.2 Risks & Scope

The review focussed upon the following key risks and related areas of review:

Strategic Risk

- 9 – Reliability of asset data

Operational Risks:

- 14 - Funding to maintain assets
- 62 - Stolen / damaged equipment
- Internal guidance is in place and compliant with legislative and regulatory requirements
- Asset Management Strategy and Plans are implemented
- Follow-up of the City Operations Business Unit Service Review recommendations implementation status
- Processes and controls are designed and operating effectively e.g. identification of assets, inspection regimes, scheduling of planned and unplanned maintenance
- Management reporting is based upon actual information, accurate and complete e.g. asset management plans

The internal audit examined current processes and performed testing for the period from 1 July 2021 to 30 April 2022.

The scope of review did not include valuations as they are covered by the work of the Office of the Audit General.

2. EXECUTIVE SUMMARY

Based upon the work performed we have identified that appropriate processes and controls are in place in relation to assets and that they are aligned with the requirements of the Integrated Planning and Reporting Framework. Our findings are predominantly related to improving existing processes and controls.

The City is implementing OneCouncil from 1 July 2022, which should be of benefit to asset management and help to streamline processes for scheduling works, recording of assets within registers and related reporting and timesheets. All of our work was performed in advance so has not assessed processes within the implemented OneCouncil system.

Summarised below are the findings from this review, which are set out in detail within section 5 of this report.

Good practice was noted in the majority of areas reviewed and is summarised in section 2.1 below.

We would like to thank all officers that assisted with the performance of this review.

Risk Area	Finding	Risk Rating
Monitoring of maintenance activity	5.1 Actioning, monitoring and reporting of customer requests.	Medium
Maintenance	5.2 There is no evidence of the content or performance of inspections for park structures, fences and retaining walls.	Medium
	5.3 Building and Facility maintenance schedules are not updated for changes to frequency of activity.	Low
Prior assurance reviews	5.4 Response to and tracking of implementation of recommendations and improvements.	Low
Asset Management Guidance	5.5 Monitoring of asset management improvement plans and a lack of oversight body.	Low
	5.6 Asset registers are documented within 3 different systems.	Low

2.1 Good Practice

Based upon the work performed during this review the following areas were noted as having appropriate practice in place:

- The City has sought advice on how to improve practices through the City Operations Service Review and tracked implementation of key recommendations
- The asset management framework meets the requirements of the Integrated Planning and Reporting Framework, including policy, strategy, community infrastructure plan and asset management plans
- Reporting on the Asset Sustainability Ratio agrees to underlying data
- Master schedules for managing the annual scheduling and performance of works are in place and based upon maintenance standards
- Customer service requests are managed through a system
- Contracts are in place for large suppliers
- Appropriate risks are considered related to asset management

3. METHODOLOGY

Our methodology for this review comprised of the following steps:

- Conducted an initial meeting with management to obtain an understanding of processes and potential issues;
- Developed overview documentation of the processes including key controls by discussion with staff and review of the processes;
- Evaluated the effectiveness of the design of controls to cover the identified risk and tested the operation of the key controls;
- Followed up and confirmed action taken on any previous business issues identified and recommendations made;
- Researched the issues, weaknesses and potential improvements noted from our discussions and review of the existing processes and identified key controls;
- Developed appropriate recommendations for improvement for discussion with management;
- Drafted a report of findings and recommendations and obtained formal responses from management; and
- Finalised the report and issued it to Management for distribution to the Audit and Risk Committee.

Each finding detailed in section 5 is rated based on the following scale:

Rating	Definition
High	Major contravention of policies, procedures or laws, unacceptable internal controls, high risk for fraud, waste or abuse, major opportunity to improve effectiveness and efficiency, major risk identified. Immediate corrective action is required. A short-term fix may be needed prior to it being resolved properly.
Medium	Moderate contravention of policies, procedures or laws, poor internal controls, significant opportunity to improve effectiveness and efficiency, significant risk identified. Corrective action is required. Need to be resolved as soon as resources can be made available, but within six months.
Low	Minor contravention of policies and procedures, weak internal controls, opportunity to improve effectiveness and efficiency, moderate risk identified. Corrective action is required. Need to be resolved within twelve months.



4. INHERENT LIMITATIONS

Due to the inherent limitations in any internal control structure, it is possible errors or irregularities may occur and not be detected. Further, the internal control structure, within which the control procedures that have been reviewed operate, has not been reviewed in its entirety and therefore no opinion is expressed as to the effectiveness of the greater internal control structure.

It should also be noted our review was not designed to detect all weaknesses in control procedures as it was not performed continuously throughout the period subject to review.

The review conclusion and any opinion expressed in this report have been formed on the above basis.

5. DETAILED AUDIT FINDINGS

5.1 Customer Requests Monitoring and Performance

Audit Finding

Customer requests (CRM) are raised within the Authority system when an action is identified by the asset management team other areas of administration or a request is made by the community. These are then picked up by the Operations Administrator and assigned to the appropriate team for resolution.

Reports are available that set out the timeframes taken to complete CRM and the age of open items, but they are not regularly run and reviewed.

A report of open CRM for the depot as at 9th May 2022 was obtained. There are 156 that are open, with 12 relating to 2021 and 144 in 2022. The oldest open CRM is from 19/4/21. Only 42 of 156 have comments as to how they will be resolved.

A report was obtained for all depot completed CRM in March 2022. Out of 453 completed the target turnaround was met 85% of the time.

Paxon noted that there are no key performance indicators related to this area of customer service or timely comp.

Risk Rating

Paxon has determined this finding to be of **Medium Risk**.

Implication

CRM may not be addressed at all or on a timely basis.

Recommendation

KPI relating to the timely and effective resolution of CRM should be established.

Reports should be run on a monthly basis to assess performance against the KPI and on a more regular basis to ensure that action is taken on a timely basis to resolve all CRM.

Management Comment

Agreed. A reporting process will be developed. Due to change over to new system, it might take some time to finalise a process to implement reporting.

Action Owner

Manager City Operations.

Target Completion Date

March 2023.



5.2 Evidence of Inspections

Audit Finding

Schedules of inspections are maintained to determine what should be performed and when and evidence of performance is kept for higher risk areas such as playground inspections.

There is no evidence of the content or performance of inspections for park structures, fences and retaining walls.

Risk Rating

Paxon has determined this finding to be of **Medium Risk**.

Implication

Inspections of park structures, fences and retaining walls may not be performed or not performed consistently potentially leading to poor condition of assets or lack of evidence of inspection should an incident occur.

Recommendation

An inspection form should be developed for the inspection of park structures, fences and retaining walls to ensure consistency and provide evidence of performance. This should be completed and recorded for all inspections performed and going forward included within OneCouncil when possible.

Management Comment

Agreed.

Action Owner

Manager City Operations.

Target Completion Date

March 2023.



5.3 Maintenance Scheduling

Audit Finding

Paxon's testing identified that Building and Facility maintenance schedules are not updated when changes to frequency of the frequency or timing of maintenance activity are amended.

It was noted that for 2 out of 5 maintenance activities tested the schedule had not been updated to reflect changes.

Although other documents such as invoices identified when maintenance had been performed this would not be known by any officer other than the officer that performs the role.

Risk Rating

Paxon has determined this finding to be of **Low Risk**.

Implication

Assets could be over or under maintained due to a lack of clarity over frequency and timing of activity resulting in inefficient use of resource or the breakdown of assets.

Recommendation

The maintenance schedules should be updated on a timely basis to reflect work performed and the required timeframe of future works.

Management Comment

Agreed. The team has flagged an issue with resourcing, which has made it difficult to keep to schedules, or update schedules to accommodate required changes. This is being addressed with the approval to implement a Technical Officer role in the team, consistent with other Operations teams.

Action Owner

Manager City Operations.

Target Completion Date

February 2023.

5.4 Asset Management Framework Improvements

Audit Finding

The Infrastructure Strategy (2021) and Asset Management Plans (2020/21) include improvement plans but they are not regularly monitored in between updates of the documents and so the status is out of date. Although status of implementation may be known informally by officers this is not documented and improvements could be overlooked.

It was also noted that Asset Management Plans do not include a section on the governance structure for asset management as recommended within the Integrated Planning and Reporting Framework. As such there is no reference to the Asset Management Working Group which provides oversight of assets but is not operational.

Risk Rating

Paxon has determined this finding to be of **Low Risk**.

Implication

Intended improvements are not delivered or not delivered on a timely basis.

Recommendation

All improvements along with owner and action dates and the status of implementation should be tracked on a monthly basis within Team Business Plans or an equivalent document.

The Asset Management Working Group should be re-established and have oversight of all asset related improvements.

Management Comment

Agree with the need to track improvement plans and suggest this should be on a quarterly basis. Exact method of tracking to be determined.

In the context of the City of Kwinana, the use of an Asset Management Working Group is not supported. The IIMM proposes a number of asset management structures, with the use of a steering group being an option. The IIMM suggests a number of other structures, and also suggests that the steering group may be a single person in a smaller organisation. Within the City of Kwinana, the Manager of Asset Management, with Director support, works closely with the finance team, strategic planning (in the form of the Community Infrastructure Plan), the maintenance and operating teams and the project delivery team. This meets the requirements of the IIMM.

Action Owner

Manager Asset Services.

Target Completion Date

30 January 2023.

5.5 Implementation of Recommendations

Audit Finding

The City Operations Service Review was finalised in June 2021 and was performed by Able 360.

This report was commissioned by the City of Kwinana's City Operations Business Unit to address four management issues within the Business Unit, namely:

1. Suitability of master plans and work schedules for all service areas
2. Management of work programs and transition of master plans into weekly / daily crew schedules
3. Safety systems, processes and documentation for operational works, and
4. Staff structure and responsibilities

The review comprised of reviewing documents and meeting with staff.

There were 34 recommendation and 13 suggestions arising from the work performed. The recommendations are not rated in terms of risk, but suggestions are noted as being of lower risk or outside of scope.

Implementation is being tracked within the Directorate and as at March 2022 the recommendations have the following status:

- 10 Complete
- 11 Work in progress
- 5 On-hold
- 8 Yet to commence

Suggested improvements contained within the City Operations Business Unit Service Review report are not being tracked only recommendations from the report are.

There is no documented management comment in response to the recommendations and suggested improvements within the report to determine exactly what will be implemented in response to the report.

Risk Rating

Paxon has determined this finding to be of **Low Risk**.

Implication

Recommendations and improvements that may improve operational performance are not implemented or not implemented on a timely basis.

Recommendation

All recommendations and suggestions should be responded to formally, along with owner and action dates and the status of implementation regularly tracked within Team Business Plans, an equivalent document or through the Asset Management Working Group.

Management Comment

Agree with the need to record responses to all recommendations and suggestions, noting that not all recommendations will be taken up and some were already planned improvements captured by the review. Exact mechanism for tracking to be determined in conjunction with 5.4.

Action Owner

Manager City Operations.

Target Completion Date

January 2023.



5.6 Asset Register Systems

Audit Finding

Asset registers are documented within 3 different systems.

- Road and infrastructure assets are held within the RAM system
- Buildings within Authority, but with limited reporting functionality, and
- Public space assets are within a spreadsheet.

This results in asset planning and reporting processes being manual in nature, so prone to human error and less efficient than if held within one system.

Management are planning that with the implementation of the OneCouncil system all asset registers will be migrated.

Risk Rating

Paxon has determined this finding to be of **Low Risk**.

Implication

Inefficient and inaccurate planning and reporting due to manual processes.

Recommendation

A plan to migrate the asset registers to Tech1 be established and implemented.

Management Comment

Asset registers are now all in the new OneCouncil ERP and during the process for finalising this report evidence was provided to Paxon.

Action Owner

Not applicable.

Target Completion Date

Not applicable.

PAXON

SYDNEY

Level 15, 56 Pitt Street, Sydney NSW 2000
T: +61 2 8379 6144

PERTH

Level 5, 160 St Georges Terrace, Perth WA 6000
Telephone: +61 8 9476 3144

MELBOURNE

Level 27, 101 Collins Street, Melbourne VIC 3000
Telephone: +61 3 9111 0046

ADELAIDE

Level 30, 91 King William Street, Adelaide SA 5000
Telephone: +61 8 8113 5739

BRISBANE

Level 19, 10 Eagle Street, Brisbane QLD 4000
Telephone: +61 7 3121 3240

DARWIN

Level 16, 19 Smith Street The Mall, Darwin City NT 0800
Telephone: +61 8 6314 3066

paxongroup.com.au | mail@paxongroup.com.au

9 LATE AND URGENT BUSINESS

Note: In accordance with Clauses 3.13 and 3.14 of Council's Standing Orders, only items resolved by Council to be Urgent Business will be considered.

10 ANSWERS TO QUESTIONS WHICH WERE TAKEN ON NOTICE

Nil

11 CLOSE OF MEETING