



MINUTES OF AUDIT RISK AND IMPROVEMENT COMMITTEE

Held on Monday 8 July 2024

Commencing at 9:00 am

in the Roxy Conference Room

Present

Committee:	Mr Jack O'Hara and Cr John Coulton (Mayor) - Observer Cr Catherine Egan (Deputy Mayor)
Staff:	Leeah Daley (Deputy General Manager), Helen Thomas (Manager Finance), Justin Hellmuth (IT and Business Improvement Coordinator), Graham Cutmore (Finance Manager), Penny Goodwin (Assets and Data Analysis Officer) and Kaylea Perry (Risk and Safety Officer)
Public:	Nil
Visitors:	Nil

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1 OFFICIAL OPENING AND WELCOME - CHAIR

Welcome by the Independent Chair Mr Jack O'Hara

The Chair welcomed all present to the meeting.

2 APOLOGIES

Apologies have been received from Rod Smith, Max Eastcott and Alex Eddy

COMMITTEE RESOLUTION:

THAT the apologies received from Rod Smith, Max Eastcott and Alex Eddy are accepted.

Moved Jack O'Hara, Seconded Cr J Coulton

CARRIED

For: Cr J Coulton and Jack O'Hara

Against: Nil

3 CALL FOR THE DECLARATIONS OF INTERESTS, GIFTS RECEIVED AND CONFLICTS OF INTEREST

Nil

5 OFFICERS' REPORTS**5.1 Audit Office Teams Meeting to discuss the Interim Management Letter and Annual Engagement Plan**

File Reference:	NA
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Delivery Program

Goal:	5. Organisational management
Outcome:	5.1 Corporate management
Strategy:	5.1.1 Financial Management and accountability systems
Author:	CFO

STAFF DISCLOSURE OF INTEREST Nil

IN BRIEF/SUMMARY RECOMMENDATION

This report recommends that the attached Interim Management Letter and Annual Engagement Plan is noted.

TABLED ITEMS Nil

OFFICER RECOMMENDATION

THAT the attached Interim Management Letter and Annual Engagement Plan is noted.

ATTACHMENTS

1. 01 Interim Management letter - GSC 2024 [5.1.1 - 12 pages]
2. 02 F A 1736 Annual Engagement Plan 2024 [5.1.2 - 27 pages]

Forsyth's and the Audit Office joined via Teams' meeting to discuss the Interim Management Letter and the Annual Engagement plan items as listed in the documents.

COMMITTEE RESOLUTION:

THAT the staff be congratulated on all the work involved to address previous issues and have them resolved.

FURTHER that Forsyth's and the Audit Office be thanked for their time in presenting the reports.

FURTHER that the reports be received.

(Moved Jack O'Hara, Seconded Cr J Coulton)

CARRIED

For: Cr J Coulton and Jack O'Hara

Against: Nil



Mr Max Eastcott
General Manager
Gwydir Shire Council
Locked Bag 5
BINGARA NSW 2404

Contact: Furqan Yousuf
Phone no: 02 9275 7470
Our ref: R008-2124742775-3903

5 July 2024

Dear Mr Eastcott

**Management Letter on the Interim Phase of the Audit
for the Year Ending 30 June 2024**

The interim phase of our audit for the year ending 30 June 2024 is complete. This letter outlines:

- matters of governance interest we identified during the current audit
- unresolved matters identified during previous audits
- matters we are required to communicate under Australian Auditing Standards.

We planned and carried out our audit to obtain reasonable assurance the financial statements are free from material misstatement. Because our audit is not designed to identify all matters that may be of governance interest to you, there may be other matters that did not come to our attention.

The audit is ongoing and we will inform you if we identify any new matters of governance interest as they arise.

For each matter in this letter, we have included our observations, risk assessment and recommendations. The risk assessment is based on our understanding of your business. Management should make its own assessment of the risks to the organisation.

As soon as practicable, we recommend you:

- assign responsibility for implementing the recommendations
- develop an action plan, including a timetable, to implement the recommendations
- nominate an individual or establish a committee to monitor and report on progress.

We have kept management informed of the issues included in this letter as they have arisen. A formal draft of this letter was provided on 1 July 2024. This letter includes management's formal responses, the person responsible for addressing the matter and the date by which this should be actioned.

The information in this letter and any attachment is confidential and intended for management and those charged with governance only. This document may not be shared with other parties without the consent of the Audit Office. It may not be distributed to persons other than management and those you determine to be charged with governance of the Gwydir Shire Council.

The Auditor-General may include items listed in this letter in the Report to Parliament. We will send you a draft of this report and ask for your comments before it is tabled in Parliament.

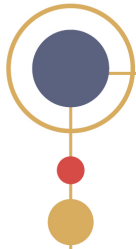
If you would like to discuss any of the matters raised in this letter, please contact me on 02 9275 7470 Jacob Sauer on 02 6773 8400.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Furqan', with a stylized flourish at the end.

Furqan Yousuf
Director, Financial Audit

cc: Mr Jack O'Hara, Chair of the Audit, Risk and Improvement Committee



Interim management letter

for the year ended 30 June 2024

Gwydir Shire Council



INSIGHTS FOR BETTER GOVERNMENT

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We have rated the risk of each issue as 'Extreme', 'High', 'Moderate' or 'Low' based on the likelihood of the risk occurring and the consequences if the risk does occur.

The risk assessment matrix used is based on principles within the risk management framework in [TPP12-03](#) 'Risk Management Toolkit for the NSW Public Sector'.

This framework may be used as better practice for councils.

		CONSEQUENCE			
		Low	Medium	High	Very high
LIKELIHOOD	Almost certain	M	M	H	E
	Likely	L	M	H	H
	Possible	L	M	M	H
	Rare	L	L	M	M

The risk level is a combination of the consequences and likelihood. The position within the matrix corresponds to the risk levels below.

RISK LEVELS	MATRIX REFERENCE
⊗ Extreme:	E
! High:	H
— Moderate:	M
✓ Low:	L

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For each issue identified, the principles within the consequence and likelihood tables, which are based on the principles within [TPP12-03](#) have been used to guide our assessment.

Consequence levels and descriptors

When assessing the consequence of each issue, we have regard to the length of time the issue remains unresolved. The lack of timeliness in resolving issues may indicate systemic issues and/or poor governance practices, which warrant an increase in the consequence level. As such, unresolved or unaddressed issues from prior periods are re-assessed annually. This re-assessment may lead to an increase in the risk rating adopted.

Consequence level	Consequence level description
Very high	<ul style="list-style-type: none"> Affects the ability of the entire entity to achieve its objectives and may require third party intervention; Arises from a fundamental systemic failure of governance practices and/or internal controls across the entity or across a critical/significant part of the entity; or May result in an inability for the auditor to issue an audit opinion or issue an unqualified audit opinion, and/or significant management work arounds and substantive tests of details was required in order to issue an unqualified opinion.
High	<ul style="list-style-type: none"> Requires coordinated management effort at the executive level; Arises from a widespread failure of governance practices and/or internal controls affecting most parts of the entity or across a significant/important part of the entity (eg. as demonstrated through a lack of timely resolution of unresolved/repeat issues); or May result in an inability for the auditor to issue an unqualified audit opinion, and/or significant management workarounds and substantive tests of details was required in order to issue an unqualified opinion.
Medium	<ul style="list-style-type: none"> Requires management effort from areas outside the business unit; or Arises from ineffective governance practices and/or internal controls affecting several parts or a key part of the entity (eg. as demonstrated through a lack of timely resolution of unresolved/repeat issues).
Low	<ul style="list-style-type: none"> Can be managed within normal management practices; or Arises from isolated ineffective governance practices and/or internal controls affecting a small part of the entity that are largely administrative in nature.

Likelihood levels and descriptors

When assessing the likelihood of each issue, we have regard to the length of time the issue remains unresolved because the longer the risk remains unresolved the greater the chance the weakness could be exploited, or an adverse event or events could occur. As such, unresolved or unaddressed issues from prior periods are re-assessed annually. This re-assessment may lead to an increase in the risk rating adopted.

Likelihood level	Frequency	Probability
Almost certain	The event is expected to occur in most circumstances, and frequently during the year	More than 99 per cent
Likely	The event will probably occur once during the year	More than 20 per cent and up to 99 per cent
Possible	The event might occur at some time in the next five years	More than 1 per cent and up to 20 per cent
Rare	The event could occur in exceptional circumstances	Less than 1 per cent

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Summary of issues

Issue	Detail	Likelihood	Consequence	Risk assessment	
Prior year matters not resolved by management					
1	Reporting of unrestricted cash position	Likely	Medium	⚠	Moderate
2	Outdated plans and policies	Likely	Medium	⚠	Moderate
Current year matters					
1	Lack of review of payroll reconciliations	Possible	Low	✅	Low


Appendix

[Review of matters raised in prior year management letters that are not yet due](#)

[Review of matters raised in prior year management letters that have been addressed](#)

Prior year matters not resolved by management

Issue 1: Reporting of unrestricted cash position

Likelihood	Consequence	Systemic issue	Category	Risk assessment
Likely	Medium	Yes	Operational	 Moderate

Observation

Since 2022-23, we have been reporting deficiencies in the Council's monthly reporting of cash position to Councillors, including the split between funds restricted for specific purposes and unrestricted funds.

Similar to previous financial year, our review of management's reporting of cash position to the Council identified that there were subsequent changes made to the reported cash balances which were not presented or approved by the Council.

Implications

There is an increased risk of fraud or error resulting from unapproved amendments to cash balances.

Further, there is a risk of decisions being made on cash resource usage using incorrect data resulting in potential unrestricted cash shortages.

Recommendation

Management should ensure that any amendments to the cash balances must be presented to the Council for approval.

Management response

Agree


Council has been recruiting Finance staff to ensure monthly processes, which affect fund balances and change the restricted balances, are completed in a timely fashion. Council reports the financial position at each monthly meeting. At the July meeting, Council will present a revised cash restriction balance for each month. Moving forward Council anticipates providing updated balances for each month where the restriction changes due to processing after the end of the month.

Person responsible:	Date (to be) actioned:
Helen Thomas	Immediate

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Issue 2: Outdated plans and policies

Likelihood	Consequence	Systemic issue	Category	Risk assessment
Likely	Medium	No	Operational/ Governance	 Moderate

Observation

Since 2020-21, we have been reporting control deficiencies regarding the Council's suite of policies and procedures, of which the following remains unresolved:

- Council's audit, risk and improvement committee charter has not been adopted
- Council contract management policy is out of date
- Council's legislative compliance policy is in draft.

Implications

If the Council's current practices are not reflected in policies and plans there is increased risk the Council's processes are compromised.

Recommendation

Management should continue to develop the appropriate governance and operational policies. These plans and policies should form an integral part of an overall Council risk register and risk management framework.

Management response


Agree

Council has worked hard to ensure these policies have been updated. The ARIC Charter and Legislative Compliance Policy were adopted at the May 2024 Council meeting. The Contract Management policy was adopted by 30th June 2024 was adopted by Leeah under delegation of the Acting General Manager.

Person responsible:	Date (to be) actioned:
Helen/Michael/Casey	31/08/2024

Current year matters

Issue 1: Lack of review of payroll reconciliations

Likelihood	Consequence	Systemic issue	Category	Risk assessment	
Possible	Low	No	Operating		Low

Observation

Our review identified that the payroll reconciliations were not completed and reviewed during the current financial year.

Implications

Absence of timely completion and review of the payroll reconciliations increases the risk of material misstatement whether due to fraud or error in the financial statements.

Recommendation

Management should ensure that the payroll reconciliations are completed and subsequently reviewed in a timely manner.

Management response

Agree






Council has implemented better processes for the Payroll reconciliation. We are trying to further clarify to ensure the reconciliations are covering the areas required to ensure the controls are suitable and allow for timely review.

Person responsible:	Date (to be) actioned:
Tracy Newby	Immediate

Appendix

Review of matters raised in prior year management letters that are not yet due

The issues in this appendix were raised in previous management letters with a due date that had not passed.

Prior issues raised	Risk assessment	Assessment of action taken	Recommendation
Final management letter for the year ended 30 June 2023			
Infrastructure, property, plant and equipment (IPPE) impairment assessment	 Moderate	Action due date: June 2024 Management is currently working to address this issue by year-end.	We will follow up this issue as part of year-end audit
Revenue recognition process	 Moderate	Action due date: June 2024 Management is currently working to address this issue by year-end.	We will follow up this issue as part of year-end audit
Final management letter for the year ended 30 June 2021			
Landfill rehabilitation provision calculations	 Moderate	Action due date: June 2024 Management is currently working to address this issue by year-end.	We will follow up this issue as part of year-end audit
Interim management letter for the year ended 30 June 2021			
Outdated and missing asset management plans and policies	 Moderate	Action due date: June 2024 Management is currently working to address this issue by year-end.	We will follow up this issue as part of year-end audit
Final management letter for the year ended 30 June 2019			
Fraud controls	 High	Action due date: June 2024 Management is currently working to address this issue by year-end.	We will follow up this issue as part of year-end audit

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Review of matters raised in prior year management letters that have been addressed

The issues in this appendix were raised in previous management letters. For each of these issues, we have determined how management has addressed the issue in the current year.

Prior issues raised	Risk assessment	Assessment of action taken	Recommendation
Interim management letter for the year ended 30 June 2023			
Lack of review of privileged user activity	Moderate	Matter has been addressed by management.	Nil as matter addressed
Information Technology (IT) policies and procedures	Moderate	Matter has been addressed by management.	Nil as matter addressed
Contracts register	Low	Matter has been addressed by management.	Nil as matter addressed
Final management letter for the year ended 30 June 2022			
Non-compliance with Section 409(3) and 410(3) of the Local Government Act 1993	High	Matter has been addressed by management.	Nil as matter addressed
Final management letter for the year ended 30 June 2020			
Excessive Annual leave	Low	Management has implemented controls to monitor and report excessive leave balances to manage the leave liability.	Nil as matter addressed
Interim management letter for the year ended 30 June 2020			
Procurement	Moderate	Management has updated its procurement policy to include the acceptance of risk of lack of segregation of duties in the purchase orders. Further, management has commenced the review of purchase orders being raised and approved by the same person.	Nil as matter addressed



Mr Max Eastcott
General Manager
Gwydir Shire Council
Locked Bag 5
BINGARA NSW 2404

Contact: Furqan Yousuf
Phone no: 02 9275 7470
Our ref: R008-2124742775-2799

19 April 2024

Dear Mr Eastcott

**Audit of the Gwydir Shire Council
for the year ending 2024**

Attached is the Annual Engagement Plan (AEP) for the audit of the Gwydir Shire Council's (the Council) financial statements for the year ending 2024. The AEP reflects conditions unique to this engagement. You will find the standard Terms of Engagement on the Audit Office website at <https://www.audit.nsw.gov.au/our-stakeholders/local-government>.

If you would like to discuss the AEP, please call me on 02 9275 7470 or Jacob Sauer on 02 6773 8400. The AEP will be presented to the next Audit, Risk and Improvement Committee in July 2024.

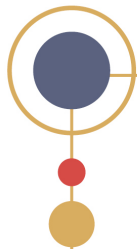
The information in this letter and any attachments is confidential and intended for management and those charged with governance only. This document may not be shared with other parties without the consent of the Audit Office.

Yours sincerely

A handwritten signature in black ink, appearing to read "Furqan".

Furqan Yousuf
Director, Financial Audit

cc: Cr John Coulton, Mayor
Mr Jack O'Hara, Chair of the Audit, Risk and Improvement Committee



Annual Engagement Plan

for the year ending 2024

Gwydir Shire Council



INSIGHTS FOR BETTER GOVERNMENT

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1. SCOPE

This Annual Engagement Plan (AEP) contains important information about this year's audit.

The scope of our audit comprises an:

- audit of the Gwydir Shire Council's (the Council) general purpose financial report, with:
 - an Independent Auditor's Report on the general purpose financial statements in accordance with section 417 of the *Local Government Act 1993* (LG Act)
 - a Report on the Conduct of the Audit in accordance with section 417(3) of the LG Act
- Independent Auditor's Report on the special purpose financial statements (SPFS) for all business activities declared by the Council in accordance with section 413(2) of the LG Act
- Independent Auditor's Report on the Special Schedule 'Permissible income for general rates' in accordance with section 413(2) of the LG Act
- Independent Auditor's Report(s) for the engagements listed under section 7 Other engagements.

Special purpose reporting framework

The Council will prepare the SPFS, mentioned in the scope above, using frameworks prescribed by the Local Government Code of Accounting Practice and Financial Reporting (the Code). Management's disclosures will alert users that the SPFS are not prepared in accordance with all standards within the Australian Accounting Standards framework.

The audit team's objective is to express an opinion on whether these SPFS are prepared in accordance with the requirements of the Code, solely for the purposes of reporting to the Office of Local Government (OLG) within the Department of Planning, Housing and Infrastructure (the department). As a result, the Independent Auditor's Reports will include a 'Basis of Accounting' paragraph identifying that the SPFS may not be suitable for another purpose.

2. KEY ISSUES

The table below details our audit assessment of issues and risks that may impact this year's audit and how the audit team will respond to them.

Issue or risk	Exposure	Audit response
Key audit issues and risks		
Cash management		
Due to delays in reimbursement of committed grant funding from State and Federal Governments, the Council may have inadvertently used restricted funds for general operations, during the period March to August 2022.	Using restricted cash funds for purposes other than intended use and/or without obtaining Ministerial approval may result in non-compliance with sections 409 and 410 of the LG Act.	We will review the Council's control practices to ensure the appropriate use of restricted cash, including the management of payments that are made from those restricted accounts.
Restricted funds are to be used for prescribed activities and can only be used for other purposes with the Minister for the Local Government (Minister's) approval. Failure to obtain approval before using these funds for other purposes may result in non-compliance with the LG Act.		Where circumstances exist indicating that restricted cash was used without the appropriate Ministerial approval, we will report the potential non-compliance with the LG Act to the Minister and in our Independent Auditor's Report.

Issue or risk	Exposure	Audit response
<p>This potential non-compliance matter was reported to the Minister last year. Since then management has implemented processes and controls to periodically review and monitor Council's cash position.</p>		
<p>Assessing the fair value of Council's infrastructure, property, plant and equipment (IPPE) assets</p>		
<p>At 30 June 2023, the Council reported IPPE of \$498 million. Australian Accounting Standards require the Council to annually assess:</p> <ul style="list-style-type: none"> whether the carrying value of IPPE materially reflects fair value useful lives remain reasonable whether any assets are impaired, including the impact of natural disaster events. <p>This annual assessment along with significant judgements and assumptions should be documented, with evidence to support the assessment.</p>	<p>Heightened risk of carrying values of IPPE being materially different from fair value. This could lead to the financial statements being materially misstated.</p>	<p>We will:</p> <ul style="list-style-type: none"> review management's annual assessment for reasonableness, including the evidence provided to support the assessment consider recent events and relevant externally available information (such as indices) when assessing whether assets' carrying amounts materially reflect fair value ensure the financial statements include the required disclosures in accordance with Australian Accounting Standards.
<p>Accounting for impairment reversal</p>		
<p>At 30 June 2023, the Council recorded accumulated impairment of IPPE of \$11.1 million. Of this balance:</p> <ul style="list-style-type: none"> \$1.9 million related to the Council's administration building \$9.2 million related to the transport network assets impacted by floods. <p>In the current year, the Council has undertaken extensive repair works on the impaired transport network assets and is planning to demolish the impaired administration building.</p> <p>As a result, the Council is anticipating a reversal of a material component of the previously recognised impairment of IPPE.</p>	<p>There is a risk that the reversal of impairment of IPPE recognised by Council is not in accordance with Australian Accounting Standards.</p>	<p>We will evaluate management's accounting treatment of the impairment reversal including ensuring impairment reversal is in accordance with AASB 136 'Impairment of assets'.</p>
<p>Rehabilitation provision</p>		
<p>The Council is responsible for rehabilitating closed and operating landfill sites. The rehabilitation obligations over the next eight years were estimated at \$4.9</p>	<p>Changes in cost assumptions, judgements, long term interest rates and extent of rehabilitation completed will have an impact on</p>	<p>We will:</p> <ul style="list-style-type: none"> review the key controls the Council has implemented to manage its rehabilitation obligations

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Issue or risk	Exposure	Audit response
million at 30 June 2023. Management will reassess the adequacy of rehabilitation provision at 30 June 2024.	the value of the provision for rehabilitation.	<ul style="list-style-type: none"> • assess the assumptions, judgements and estimates used in determining the provision • check the accuracy and completeness of the inputs • test compliance with AASB 137 'Provisions, Contingent Liabilities and Contingent Assets' including disclosures.
Quality and timeliness of financial reporting		
<p>Quality and timeliness of financial reporting is key for sound financial management, public accountability and effective decision making. Absence of an effective project plan for year-end financial reporting can result in delays, errors, poor quality and increased audit costs.</p> <p>Quality and timeliness can improve by:</p> <ul style="list-style-type: none"> • preparing proforma financial statements before 30 June 2024 • assessing the impact of material, complex and one-off significant transactions • documenting significant judgements and assumptions used to prepare financial statements • assessing the impact of new and revised accounting standards effective in the current and future years • completing valuations, fair value assessments and other IPPE requirements before 30 June 2024 • regularly reconciling key accounts and clearing reconciling items • involving the Audit, Risk and Improvement Committee early in the financial reporting process, to review the project plan and the financial statements. 	Inadequately planned financial reporting process increases the risk of poor quality financial statements and/or not meeting the statutory deadline.	<p>We will review and comment on the effectiveness of the Council's financial reporting process.</p> <p>This will include an evaluation of routine finance functions such as month-end reconciliations and the management of information and resources.</p>

Issue or risk	Exposure	Audit response
Implementation of electronic time sheeting system		
<p>During the year, the Council has implemented an electronic time sheeting system, Element Time for some of its departments. Element Time directly integrates into the Council's finance system, Civica.</p> <p>The council has encountered issues in fully implementing the new system, including processing of timesheets.</p>	<p>There is a risk that new controls under the Element Time system are not appropriately implemented and monitored by Council staff.</p>	<p>We will assess:</p> <ul style="list-style-type: none"> the implementation of key controls within the new system accuracy of employee data input in the system user access rights within the new system including privileged user access.
Cyber security		
<p>The Council relies on digital technology to deliver services, organise and store information, manage business processes, and control critical infrastructure. The increasing global interconnectivity between computer networks has dramatically increased the risk of cyber security incidents. Such incidents can harm the Council's service delivery and may include the theft of information, denial of access to critical technology, or even the hijacking of systems for profit or malicious intent.</p> <p>Cyber security risks may represent a risk of material misstatement to the Council's financial statements.</p>	<p>Cyber security risks increase the susceptibility of the Council's systems and data being compromised due to a cyber incident, which may affect the confidentiality of citizen's data and the reliability of services.</p> <p>Cyber security risks increase the risk that the financial statements may be materially misstated due to fraud or error such as:</p> <ul style="list-style-type: none"> theft/loss of funds or other assets errors arising from the disruption of key system services damage to or manipulation of data. <p>A cyber security incident may also impact the financial statements due to:</p> <ul style="list-style-type: none"> an increase in expenses related to the investigation, breach notification and remediation, including the costs of legal and other professional services the recognition of provisions or disclosure of contingent liabilities due to legal action for loss of sensitive data a loss of data to support transactions and balances. 	<p>We will:</p> <ul style="list-style-type: none"> assess whether cyber security risks represent a risk of material misstatement to the Council's financial statements assess whether management's risk assessment process considers cyber security risks determine how the roles and responsibilities for cyber security are established obtain an understanding of the process: <ul style="list-style-type: none"> for safeguarding critical systems and assets to monitor and detect security risks or incidents for disclosing and reporting cyber security breaches and incidents perform additional procedures as required based on our risk assessment.

The significance of the issues and risks may change and new developments may emerge during the audit. We will inform you of significant new matters as they arise and the likely impact on the audit.

3. AUDIT APPROACH

Materiality

Australian Auditing Standards require the audit team to obtain reasonable assurance that the financial statements are free from material misstatement, whether due to fraud or error. Misstatements are considered material, if individually or in aggregate, they could reasonably be expected to influence the decisions users take based on the financial statements. The concept of materiality is applied by the auditor both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

We will apply professional judgment to determine the materiality for our audit. Materiality is determined by applying a percentage to a chosen benchmark. A single materiality will be determined for the financial statements as a whole, unless there are specific elements of the financial statements where we have assessed a lower materiality for a particular class of transactions, account balance or disclosure is appropriate. The benchmark chosen and percentage applied depends on the nature and circumstances of the entity and may vary between audits. Materiality is considered when:

- identifying and assessing the risks of misstatement
- determining the nature, timing and extent of audit procedures
- evaluating the effect of uncorrected misstatements, if any, on the financial statements and in forming the audit opinion.

Audit approach for key business and accounting processes

The audit approach is developed based on our understanding of the issues, new developments and key risks that may impact the financial statements.

We have obtained an understanding of the Council's business and accounting processes and internal controls relevant to the financial statements to help us identify risks that may impact the financial statements.

[Appendix one](#) details our observations on the business and accounting processes relevant to the financial statements and our planned audit approach. We will inform you of significant matters that impact the audit as they are identified.

Audit approach to identify and assess the risks of material misstatement

Australian Auditing Standard ASA 315 'Identifying and Assessing the Risks of Material Misstatement' requires the audit team to ensure a continued focus on audit quality in light of the changing economic, environmental and technological environment.

This includes performing a detailed risk assessment when considering the environment the entity operates in, as well as assessing the impact of the changing and evolving use of technology within an entity. This includes understanding the use of IT in every significant financial statement line item, considering the Council's:

- automated business processes
- reliance on system generated reports
- level of customisation of IT systems
- business model complexity
- extent of change during the year in relation to systems and processes
- use of emerging technologies.

This may result in more applications being scoped in from our assessment and greater assistance from the Systems Assurance team may be required.

Audit procedures may be impacted as a result of greater understanding. Enquiry alone may no longer be sufficient. The audit team is required to identify controls that address risks of material misstatement, specifically:

- controls that address a significant risk
- controls over journal entries, including non-standard journal entries used to record non-recurring, unusual transactions and adjustments
- controls for which the auditor plans to test operating effectiveness including controls that address risks for which substantive procedures alone do not provide sufficient appropriate audit evidence
- other controls that the auditor considers appropriate
- general IT controls that address risks arising from the entity's use of IT.

Audit approach for the risk of fraud relating to the financial statements

Australian Auditing Standard ASA 240 'The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report' requires the audit team to consider material misstatements resulting from fraudulent financial reporting and misappropriation of assets. Although the primary responsibility for the prevention and detection of fraud is with management and those charged with governance, it is our responsibility to obtain reasonable assurance that the financial statements are free from material misstatement, whether due to fraud or error.

We are therefore required to maintain our professional scepticism throughout the audit, considering the potential for management override of controls, which is a presumed significant risk. Our approach to address this risk will include:

- performing journal entries testing, selecting adjustments made during the financial period, including period end adjustments, and making enquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to journals
- reviewing accounting estimates for biases and assessing the judgement and decisions of management for appropriateness
- reviewing significant transactions outside the normal course of business to conclude whether the transaction reflected fraudulent financial reporting or a misappropriation of assets
- any other procedures identified as part of our risk assessment.

Matters identified in our audit of a fraud or indication of a fraud will be reported in the Management Letter and/or Engagement Closing Report.

Follow up of issues identified in the previous audit

The audit team will examine, update and report on the status of issues raised in last year's Engagement Closing Report and Management Letter.

4. ACCESS TO AUDITEE INFORMATION

Access to Cabinet information and information subject to legal professional privilege

The *Government Sector Audit and Other Legislation Amendment Act 2022* (Amendment Act) amends section 423(4) of the LG Act effective from 28 November 2022 to entitle the Auditor-General to access Cabinet information¹ and information subject to legal professional privilege (confidential information).

The changes mean that councils and joint organisations are required to provide confidential information when requested by the audit team during the conduct of the audit.

¹ Cabinet information within the meaning of the *Government Information (Public Access) Act 2009*.

The secrecy provisions in section 425 of the LG Act apply to all information, including confidential information obtained as part of the audit. The audit team cannot disclose confidential information unless the Auditor-General has authorised the disclosure.

According to the provisions in the Amendment Act, the Auditor-General may authorise the disclosure of confidential information only if:

- in the Auditor-General's opinion, the disclosure of the confidential information is in the public interest and necessary for the exercise of the Auditor-General's functions, and
- the Auditor-General has, at least 28 days before authorising the disclosure of the confidential information, notified the Premier that the Auditor-General is proposing to disclose the information, and
- the Premier has not, within 28 days after being notified by the Auditor-General of the proposed disclosure, issued a certificate that the disclosure of the confidential information is, in the Premier's opinion, not in the public interest.

For further information refer to The Cabinet Office's fact sheet '[Access by Auditor-General to Confidential Information](#)'.

Accessing and using auditee data

As part of the audit, relevant and reliable information from the Council is fundamental to the audit team being able to obtain sufficient and appropriate audit evidence to support the audit opinion. The audit team's ability to access and utilise auditee data is increasingly being facilitated by technology to help auditors capture, store and analyse the data in more effective and efficient ways – whether it be to support the audit conclusion or provide insights to the auditee.

To assist the audit team conduct the audit in an effective and efficient manner, it is therefore important that the Council ensures the data is in a useable format and is complete and accurate before providing this to the audit team.

To protect the data provided to the audit team the Council should ensure:

- confidential and sensitive information (paper, electronic) is labelled accordingly. The '[NSW Government Information Classification, Labelling and Handling Guidelines](#)' provides useful information to assist with labelling
- any personal, health or other sensitive information that is not required for the audit is removed. While the Audit Office implements measures to prevent unauthorised access to sensitive information, removing any sensitive data fields that are not required helps protect the privacy of members of the public, staff, contractors
- electronic data files are transmitted or physically delivered to the audit team in encrypted format, delivered securely or have had similar steps taken to prevent the unauthorised access to, or misuse of the information.

Protecting auditee data

Data is the foundation of auditing, and we rely on access to auditee data to deliver our audit mandate. The LG Act provides the Audit Office with the legislative right to access information that relates to our audit or audit-related services. To avoid breaching the secrecy provisions outlined in the LG Act, we must ensure that information accessed in the course of our work remains confidential and is only used for authorised purposes. We take our role in protecting data seriously and our approach for protecting data is outlined on our website in the following publication [Our approach to protecting your data](#).

Accessing accounting, consulting or legal advice from professional services firms that may impact the financial statements

As part of the audit, we will understand the issues, new developments and key risks that may impact the financial statements. This includes reviewing and assessing any advice (draft and final) that the Council has received that is relevant to the financial statements.

If the Council has or intends to obtain advice from professional services firms, please provide us with the following when received:

- information on all legal issues and the draft (earliest formal and final version) and final legal opinions relevant to the financial statements
- copies of all earliest formal and final drafts used to support an accounting position and finalised advice requested and/or received from accounting, valuation, taxation or other experts.

For information on suggested protocol when obtaining advice that may impact the financial statements, please refer to section 10 of the [Terms of Engagement](#).

5. ENGAGEMENT COMMUNICATIONS

Communications to ‘Those Charged with Governance’

Senior members of the audit team will attend relevant Board and Audit, Risk and Improvement Committee meetings and brief those charged with governance on audit progress, identified issues and their resolution.

We will liaise with management and those charged with governance to determine the meetings we will attend.

We have identified those charged with governance for the Council as the:

- General Manager who will receive our Engagement Closing Report, identifying audit findings, and the type of opinion we anticipate issuing prior to signing the financial statements. The General Manager will also receive the Management Letter containing detailed explanations of significant matters, governance matters, significant weaknesses and recommendations for improvement identified in the current audit
- Mayor, who will receive the Independent Auditor’s Report for the general purpose financial statements and special purpose financial statements and the Report on the Conduct of the Audit. The Mayor will also receive copies of the Engagement Closing Report and Management Letter.

The Audit, Risk and Improvement Committee will receive copies of the Engagement Closing Report and Management Letter.

Please advise the audit team if additional persons charged with governance should be included in these communications. The [Terms of Engagement](#) contains more information on the Audit Office’s communication obligations.

6. ENGAGEMENT TIMETABLE

General purpose and special purpose financial statements

The Engagement Information Request (EIR) will be made available to the Council. The EIR includes dates agreed with management to deliver the information required for the audit. Whilst we make every effort to identify all information requirements in the EIR, we may need to request further information during the audit.

The engagement timetable, designed to achieve statutory financial reporting requirements, has been discussed and agreed with Helen Thomas, Chief Financial Officer.

Event	Date(s)
• Audit team starts audit planning	February 2024
• Audit team attends Audit, Risk and Improvement Committee meeting to present the AEP	July 2024
• Audit team provides the EIR to Helen Thomas, Chief Financial Officer	15 March 2024
• Audit team starts interim audit	6 May 2024

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Event	Date(s)
	(onsite week commencing 13 May 2024)
• Audit Office issues management letter detailing issues from the interim audit	31 July 2024
• The Council gives financial statements and supporting working papers listed in the EIR to the audit team for the:	26 August 2024
– general purpose financial statements	
– special purpose financial statements (declared business activities and Special Schedule 'Permissible income for general rates')	
• Audit team starts audit of financial statements	2 September 2024 (onsite week commencing 9 September 2024)
• Audit clearance meeting	11 October 2024
• Audit Office issues Engagement Closing Report	28 October 2024
• Audit team attends Audit, Risk and Improvement Committee meeting to present the Engagement Closing Report	November 2024
• The Council signs and gives Management Representation Letter to audit team	By 31 October 2024
• A sample of the representation letter is available on the Audit Office website: https://www.audit.nsw.gov.au/our-stakeholders/local-government	
• Audit Office issues to the Council and to the Secretary of the department, in accordance with section 417 of the LG Act the:	Upon receipt of the signed financial statements and management representation letter.
– Independent Auditor's Report on the general purpose financial statements	
– Report on the Conduct of the Audit	
• Audit Office issues Independent Auditor's Report on the special purpose financial statements for the Council's declared business activities and Special Schedule 'Permissible income for general rates' to Council	Upon receipt of the signed financial statements and management representation letter.
• Audit Office reports any identified significant issues to the Minister in accordance with section 426 of the LG Act	By 31 October 2024
• The Council gives the audit team final version of draft Annual Report to review for consistency with the financial statements	As soon as possible
• The Council presents audited financial statements and the Independent Auditor's Reports at the Mayor meeting	November 2024
• Audit Office issues final Management Letter	By 30 November 2024

Other audits and acquittals

The EIR details workpapers and other supporting documentation needed for timely completion of the audit.

The audit timetable has been discussed and agreed with Helen Thomas, Chief Financial Officer.

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Event	Date(s)
Application for Payment of Pensioner Concession Subsidy	
• The Council gives the Application and supporting workpapers listed in EIR to the audit team	12 August 2024
• Audit team starts audit of the Application	14 August 2024
• The Council signs and gives Management Representation Letter to audit team	To be signed as near as practical to the date of the Independent Auditor's Report but not after.
• A sample of the representation letter is available on the Audit Office website: https://www.audit.nsw.gov.au/our-stakeholders/local-government	
• Audit Office signs the Independent Auditor's Report	By 30 September 2024
• Audit Office issues Management Letter, if required	By 30 September 2024
Roads to Recovery Program	
• The Council gives the Statement and supporting workpapers listed in EIR to the audit team	19 August 2024
• Audit team starts audit of the Statement	21 August 2024
• The Council signs and gives Management Representation Letter to audit team	To be signed as near as practical to the date of the Independent Auditor's Report but not after.
• A sample of the representation letter is available on the Audit Office website: https://www.audit.nsw.gov.au/our-stakeholders/local-government	
• Audit Office signs the Independent Auditor's Report	By 31 October 2024
• Audit Office issues Management Letter, if required	By 31 October 2024
Local Roads and Community Infrastructure Program	
• The Council gives the Statements and supporting workpapers listed in EIR to the audit team	19 August 2024
• Audit team starts audit of the Statements	21 August 2024
• The Council signs and gives Management Representation Letter to audit team	To be signed as near as practical to the date of the Independent Auditor's Report but not after.
• A sample of the representation letter is available on the Audit Office website: https://www.audit.nsw.gov.au/our-stakeholders/local-government	
• Audit Office signs the Independent Auditor's Report	By 31 October 2024
• Audit Office issues Management Letter, if required	By 31 October 2024

7. OTHER ENGAGEMENTS

Application for Payment of Pensioner Concession Subsidy, Roads to Recovery Program and Local Roads and Community Infrastructure Program

The Audit Office [website](#) provides additional information on the terms and scope of the audits for the Application for Payment of Pensioner Concession Subsidy, the Roads to Recovery Program and the Local Roads and Community Infrastructure Program.

Additional Engagements

The Council may require audits of grant acquittals, compliance with legislation, or to provide assurance on information, reports or returns under the terms of a contract, lease or agreement.

Please advise the audit team if the Council wishes or is required by legislation, agreements and so on to engage the Audit Office to perform any additional audits, reviews or acquittals. Separate engagement letters will be issued to confirm the terms, scope, key issues and fee arrangements for requests received after the issue of this AEP.

8. ENGAGEMENT FEES

	2024	2023	Increase/(decrease)	
	\$	\$	\$	%
Estimated audit fee	82,600	62,230	20,370	32.7
Additional procedures on:				
- implementation of ASA 315 and assessment of impairment impacted by flood events	--	5,000	(5,000)	(100)
- evaluation of control in place for monitoring unrestricted cash and possible non-compliance with Local government Act 1993	--	750	(750)	(100)
- implementation of new electronic time sheeting system Element time	2,000	--	2,000	100
Total audit fee (excluding GST)	84,600	67,980	16,620	24.4

Following the appointment of an Audit Service Provider (ASP) through a competitive open tender process, council management was informed of the increase in audit fees in a letter sent in January 2024. As explained in that letter, an increase in professional requirements and a range of economic factors beyond our control have increased audit costs. We carefully analysed the tendered audit fee to be satisfied it was reasonable and commensurate with professional requirements and the specific factors unique to your audit, including risks, financial reporting maturity, systems and governance arrangements.

The 2024 estimated audit fee includes:

- an audit of the general purpose financial statements that includes:
 - an Independent Auditor's Report
 - a Report on the Conduct of the Audit
- Independent Auditor's Reports on the special purpose financial statements of Council's declared business activities and Special Schedule 'Permissible income for general rates'
- Independent Auditor's Report on the Application for Payment of Pensioner Concession Subsidy
- Independent Auditor's Report on the Chief Executive Officer's Financial Statement for the Roads to Recovery Program under Part 8 of the *National Land Transport Act 2014*
- Independent Auditor's Report on the Chief Executive Officer's Financial Statements for the Local Roads and Community Infrastructure Program.

The estimated audit fee is based on our expected costs to deliver the audit. We incorporate into our cost known changes in the Council's operations and audit requirements. In estimating our costs we use benchmark models to estimate hours, the appropriate audit team structure and current charge-out rates.

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Where our audits are delivered by an Audit Service Provider (ASP) we recover the costs of the services charged by the ASP. ASPs are engaged through an open tender process in order to achieve the best possible value for money outcome.

The fee may change if matters, not known at the date of this plan, emerge during the audit and significantly change the estimated audit cost. Proposals for additional fees will be discussed with management.

The Council will be invoiced monthly as costs are incurred. The Audit Office's payment terms are 14 days.

Please provide the Audit Office with a purchase order for the total estimated audit fee.

9. ENGAGEMENT TEAM

Engagement team

The proposed audit team for this engagement is:

Engagement Controller:	Furqan Yousuf, CPA Director, Financial Audit Services 02 9275 7470 Email: furqan.yousuf@audit.nsw.gov.au
Engagement Manager:	Tahsin Hossain Audit Leader, Financial Audit Services 02 9275 7276 Email: tahsin.hossain@audit.nsw.gov.au
Audit Service Provider Engagement Partner:	Jacob Sauer Principal 02 6773 8400 Email: jsauer@forsyths.com.au
Audit Service Provider Engagement Manager:	Ricky Goel Audit Supervisor 02 6773 8400 Email: rgoel@forsyths.com.au

Auditor independence

We confirm, to the best of our knowledge and belief, the proposed audit team meets the independence requirements of the Australian Auditing Standards, and other relevant ethical requirements relating to the audit of the financial statements. In conducting the audit of the financial statements, should any contraventions to independence arise you will be notified of these on a timely basis.

Ethical standards have specific restrictions on employment relationships between an auditee and members of its current or previous audit teams. Please discuss the prospective employment of a current or former audit team member before starting formal employment negotiations with them.

10. FINANCIAL REPORTING MATTERS

Appendix two provides an overview of new accounting standards effective for the first time in the current and next financial year that may have an impact on Council's financial statements.

The Council should refer to the ['Financial Reporting Issues and Developments'](#) for the local government sector available on the Audit Office website to identify:

- current issues and financial reporting developments that may impact the audit
- accounting standards and pronouncements issued during the year that may impact the financial statements and/or annual report.

11. REPORTING TO PARLIAMENT

The Auditor-General's Report to Parliament (the Report) will report on trends and provide an independent assessment of the sector focusing on the following areas:

- the results of the council and joint organisation audits of the 2023–24 financial statements
- themes and key observations relating to financial reporting, performance, governance and internal controls.

We will advise of the specific topics the Auditor-General intends to comment on in the Report, the relevant performance data to be collected and the timetable for submitting the information to the audit team. The information reported may change depending on the matters identified during the audit. We will advise you if this occurs.

We may include commentary on specific councils or joint organisations with extreme or high risk issues reported in our management letters.

The Report may make recommendations for specific councils, joint organisations or the sector more generally.

The draft Report commentary will be given to the Secretary of the department and the Minister for Local Government for consideration. If there are specific comments about the Council, they will be given to the General Manager for consideration. The Audit Office would appreciate receiving your Council's specific comments, within five working days of receiving the draft commentary. Responses should only be provided where there is fundamental disagreement with the factual content or the Audit Office's interpretation of the data. This helps ensure the Report is not unduly delayed.

The draft Report needs to remain confidential during this process and not disclosed outside the Council.

[Appendix three](#) provides details of recently tabled reports which may be relevant to the Council.

12. OTHER MATTERS

Workplace Health and Safety Legislation

Workplace health and safety (WHS) laws make the Council responsible for meeting legislated standards to ensure the health, safety and welfare for the audit team when they are at your premises.

It is the Council's responsibility to:

- provide the audit team with suitable accommodation and appropriate WHS induction
- implement effective health and safety management systems to manage any hazards and risks
- ensure the audit team is aware of and complies with special personal protective equipment requirements
- appropriately brief the audit team and issue them with the necessary personal protective equipment and training in its proper use.

Further details are provided in the [Terms of Engagement](#).

Matters covered elsewhere

Please read the AEP together with the standard [Terms of Engagement](#), which provides additional information on:

- the Auditor-General's responsibilities
- auditee resources
- engagement approach
- communication and reports
- submitting financial statements for audit
- materiality, risk and the inherent limitations of an audit
- provision of working papers
- representations
- access
- clearance meetings
- accommodation, facilities and staff amenity
- determination of fees for engagements.

Publications

The Audit Office has the following useful publications on our website:

- '[Annual Work Program](#)' explains how the Audit Office decides what to focus on and what we intend to cover in the next year. It also gives Parliament, the entities we audit and the broader community some certainty over future topics and the timing of our reports
- '[Professional Update](#)' published quarterly to help auditees and our staff keep abreast of key accounting, auditing and legislative developments in the NSW public sector, including pronouncements by professional standard setters and changes in the regulatory environment. To subscribe or access previous editions please visit our website at: <https://www.audit.nsw.gov.au/our-work/resources>
- '[Local Government Pronouncements Guidance Note](#)' listing key reporting pronouncements issued by OLG.

APPENDIX ONE – AUDIT APPROACH FOR KEY BUSINESS AND ACCOUNTING PROCESSES

The table below details our observations on the business and accounting processes relevant to the

Business / accounting process	Observation of business / accounting process	Audit approach
Purchasing and payables	<p>The Council uses Civica Authority to initiate, process and record purchases. Management relies on automated and IT-dependent manual controls to ensure that all valid purchasing transactions are processed and accurately recorded in accordance with the Council's policies. We have identified the following risks:</p> <ul style="list-style-type: none"> • non-compliance with policies and procedures • incorrectly classifying transactions • ineffective procurement controls • fraud and error. 	<p>We will evaluate the design and implementation of relevant controls with a plan to test their operating effectiveness where deemed required. This will include assessing management controls to ensure the Council's procurement policies are complied with. Our substantive audit procedures will be designed to address other identified risks.</p>
Payroll and related provisions	<p>The Council uses Civica Authority to initiate, process and record payroll transactions. During the current year, Council has also commenced using electronic timesheet system Element Time in a limited setting. Management relies on automated and IT-dependent manual controls to ensure that all valid payroll transactions are processed and accurately recorded in accordance with the Council's policies. We have identified the following risks:</p> <ul style="list-style-type: none"> • non-compliance with policies and procedures • incorrectly estimating provisions and on-costs • ineffective payroll controls, including lack of segregation of duties • fraud and error. 	<p>We will evaluate the design and implementation of relevant controls with a plan to test their operating effectiveness where deemed required. Our substantive audit procedures will be designed to address other identified risks.</p>
Rates and annual charges and receivables	<p>The Council uses Civica Authority to initiate process and record rates and annual charges and receivables transactions. Management relies on automated and manual controls to ensure all valid rates and annual charges, and receivables transactions are processed and accurately recorded in accordance with the Council's policies. We have identified the following risks:</p> <ul style="list-style-type: none"> • non-compliance with policies and procedures 	<p>We will evaluate the design and implementation of relevant controls with a plan to test their operating effectiveness where deemed required. Our substantive audit procedures will be designed to address other identified risks.</p>

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Business / accounting process	Observation of business / accounting process	Audit approach
	<ul style="list-style-type: none"> incorrectly classifying transactions ineffective controls, including lack of segregation of duties fraud and error. 	
Other revenues and receivables	<p>The Council uses Civica Authority to initiate process and record other revenue and related other receivables transactions.</p> <p>Management relies on automated and IT-dependant manual controls to ensure all valid other revenue, and receivables transactions are processed and accurately recorded in accordance with the Council's policies.</p> <p>We have identified the following risks:</p> <ul style="list-style-type: none"> non-compliance with policies and procedures incorrectly classifying transactions ineffective controls, including lack of segregation of duties fraud and error. 	<p>We will evaluate the design and implementation of relevant controls with a plan to test their operating effectiveness where deemed required. Our substantive audit procedures will be designed to address other identified risks.</p>
Grants and contributions and receivables	<p>The Council uses Civica Authority to initiate process and record grants and contributions revenue and receivables transactions.</p> <p>Management relies on automated and manual controls to ensure all valid grant and contributions revenue and related receivable transactions are processed and accurately recorded in accordance with the Council's policies.</p> <p>We have identified the following risks:</p> <ul style="list-style-type: none"> non-compliance with funding agreement incorrectly classifying capital and operating grant transactions unexpended grant funding not correctly treated allocation of grants into incorrect accounting period. 	<p>We will evaluate the design and implementation of relevant controls with a plan to test their operating effectiveness where deemed required. Our substantive audit procedures will be designed to address other identified risks.</p>
Treasury (cash, investments and borrowings)	<p>The Council uses Civica Authority to initiate process and record Treasury transactions.</p> <p>Management relies on automated and IT dependent manual controls to ensure all valid Treasury transactions are processed and accurately recorded in accordance with the Council's policies.</p> <p>We have identified the following risks:</p>	<p>We will evaluate the design and implementation of relevant controls with a plan to test their operating effectiveness where deemed required. Our substantive audit procedures will be designed to address identified risks.</p>

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Business / accounting process	Observation of business / accounting process	Audit approach
	<ul style="list-style-type: none"> non-compliance with policies and procedures incorrectly classifying transactions ineffective controls, including lack of segregation of duties fraud and error restricted cash balances may not be used in appropriate purposes. 	
Inventory and cost of sales	<p>The Council uses Civica Authority to initiate process and record inventory transactions.</p> <p>Management relies on automated and manual controls to ensure all valid inventory transactions are processed and accurately recorded in accordance with the Council's policies.</p> <p>We have identified the following risks:</p> <ul style="list-style-type: none"> non-compliance with policies and procedures ineffective controls, including lack of segregation of duties fraud and error. <p>The Council's inventory balance is not material to the financial statements, thus there is a low risk of misstatement.</p>	<p>The Council's inventory balance is not material to the financial statements, thus there is a low risk of misstatement.</p> <p>We will evaluate the design and implementation of relevant controls. Our substantive audit procedures will be designed to address identified risks.</p>
Infrastructure, property, plant and equipment (IPPE), depreciation and asset remediation	<p>The Council uses Civica Authority to initiate, process and record IPPE transactions.</p> <p>Management relies on automated and IT-dependent manual controls to ensure that all valid IPPE transactions are processed and accurately recorded in accordance with the Council's policies.</p> <p>We have identified the following risk:</p> <ul style="list-style-type: none"> the carrying value of IPPE being materially different to the fair value causing material misstatement to the financial statements. 	<p>We will evaluate the design and implementation of relevant controls.</p> <p>Section two Key issues details the audit procedures we will perform over:</p> <ul style="list-style-type: none"> management's assessment of the fair value of the Council's IPPE at 2024 management's assessment of the rehabilitation provision at 2024. <p>Our substantive audit procedures will be designed to address other identified risks.</p>
Other year-end reporting adjustments	<p>The Council makes manual adjustments to the Civica Authority General Ledger as part of the part of the year end reporting process.</p> <p>We have identified the following risks:</p> <ul style="list-style-type: none"> erroneous or fraudulent manual journals omission of material year-end adjustments due to manual nature of the process. 	<p>We will evaluate the design and implementation of relevant controls including the review of manual journals effectiveness.</p> <p>Our substantive audit procedures will be designed to address identified risks, including a review of manual journals and discussions with management.</p>

APPENDIX TWO – FINANCIAL REPORTING DEVELOPMENTS

New accounting standards

AASB 2021-2 'Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates'

The Standard amends AASB 101 'Presentation of Financial Statements' to require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

Accounting policy information is expected to be material if users of an entity's financial statements would need it to understand other material information in the financial statements. For example, an entity is likely to consider accounting policy information material to its financial statements if that information relates to material transactions, other events or conditions and the:

- entity changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements
- entity chose the accounting policy from one or more options permitted by Australian Accounting Standards
- accounting policy was developed in accordance with AASB 108 in the absence of an Australian Accounting Standard that specifically applies
- accounting policy relates to an area for which an entity is required to make significant judgements or assumptions in applying an accounting policy, and the entity discloses those judgements or assumptions in accordance with paragraphs 122 and 125 of AASB 101
- accounting required for them is complex and users of the entity's financial statements would otherwise not understand those material transactions, other events or conditions.

The Standard also amends AASB Practice Statement 2 'Making Materiality Judgements', to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The amendments to AASB 101 are effective in the Council's 2023–24 financial statements.

To effectively implement the changes to AASB 101, entities will need to:

- have an understanding of the new requirements and the impact on their financial statements
- review their accounting policies to determine the accounting policies that are 'material' for disclosure
- discuss their assessment with the Audit, Risk and Improvement Committee (ARIC) and auditors
- disclose the impact of the standard in the current year's financial statements.

AASB 2022-10 'Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities'

This Standard amends AASB 13 'Fair Value Measurement', including adding authoritative implementation guidance and providing related illustrative examples, for fair value measurements of non-financial assets of not-for-profit (NFP) public sector entities not held primarily for their ability to generate net cash inflows.

Specifically, for such an asset, this Standard:

- specifies that the entity is required to consider whether the asset's highest and best use differs from its current use only when, at the measurement date, it is:
 - classified as held for sale or held for distribution to owners in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations'; or
 - highly probable that the asset will be used for an alternative purpose to its current use

- clarifies that the asset's use is 'financially feasible' if market participants would be willing to invest in the asset's service capacity, considering both the capability of the asset to be used to provide needed goods or services to beneficiaries and the resulting cost of those goods or services
- specifies that, if both the market selling price of a comparable asset and some market participant data required to measure the fair value of the asset are not observable, an entity uses its own assumptions as a starting point in developing unobservable inputs and adjusts those assumptions to the extent that reasonably available information indicates that other market participants (including, but not limited to, other NFP public sector entities) would use different data; and
- provides guidance on how the cost approach is to be applied to measure the asset's fair value, including guidance on the nature of costs to include in the current replacement cost (CRC) of a reference asset and on the identification of economic obsolescence.

The amendments to AASB 13 apply to the non-financial assets of the Council not held primarily for their ability to generate net cash inflows prospectively for the 2024–25 financial year.

To effectively implement the amendments to AASB 13 and apply the authoritative implementation guidance, entities will need to:

- understand the nature of any of their non-financial assets not held primarily for their ability to generate net cash inflows
- have an understanding of the amendments to AASB 13 and the authoritative implementation guidance and the impact on their financial statements
- assess whether their current application of AASB 13 to fair value their non-financial assets not held primarily for their ability to generate net cash inflows is in accordance with the revised AASB 13
- discuss their assessment with the ARIC and auditors
- disclose the impact of the standard in the current year's financial statements as required by AASB 108.

Entities will need to ensure that they have documentation to support key estimates and judgements which include, but are not limited to:

- support for replacement cost rates, useful lives and remaining useful lives (along with relevant condition assessments)
- appropriateness of including certain replacement costs in CRC (for example, cost of removing unwanted structures)
- other assumptions, like consideration of obsolescence factors (functional or economic), pattern of consumption of future economic benefits and procurement approaches.

Entities should also have documentation to support:

- their own assumptions used in the valuation, and their appropriateness
- how they have considered the existence of other market participants for the particular asset
- how they have considered and assessed whether the identified market participants would use different data.

The AASB has released a [webcast](#) to provide a high-level overview of the modifications to AASB 13. OLG has also included guidance in Appendix E of Section 5 'Appendices' of the Local Government Code of Accounting Practice and Financial Reporting 2023/24'.

APPENDIX THREE – RECENTLY TABLED AUDITOR-GENERAL'S REPORTS TO PARLIAMENT

Each year the Auditor-General produces Financial Audit, Performance Audit and Special Reports to Parliament (collectively referred to as Reports). Recently tabled Reports which may be relevant to the Council include:

Name	Issued	Overview
Financial Audit		
Local Government 2022	13 June 2023	<p>This report focuses on the results of the local government sector financial statement audits for the year ended 30 June 2022 of 126 local councils, 11 joint organisations and nine county councils.</p> <p>The report recommended:</p> <ul style="list-style-type: none"> consistent with the NSW Government's accounting position and the Department of Planning and Environment's (DPE) role of assessing council's compliance with legislative responsibilities, standards or guidelines, DPE should intervene where councils do not recognise vested rural firefighting equipment councils need to track progress of implementing audit recommendations, giving priority to high-risk and repeat issues. Ninety-three high-risk matters were identified across the sector mainly relating to asset management, information technology, financial accounting and council governance procedures councils need to complete timely asset revaluations (repeat valuations) councils need to improve controls that ensure integrity of asset source records all councils need to prioritise creation of a cybersecurity plan to ensure data and assets are safeguarded.
Internal Controls and Governance	20 December 2023	<p>This report brings together the findings and recommendations from our 2022–23 financial audits that relate to the internal controls and governance of the largest NSW government agencies.</p> <p>This report covers:</p> <ul style="list-style-type: none"> internal control trends information technology controls governance arrangements including: <ul style="list-style-type: none"> roles and responsibilities risk management framework and processes - use of internal audit the role of the Audit and Risk Committee ethical conduct payroll controls management of work, health and safety obligations.

Performance Audit

Financial Management and Governance in MidCoast Council	16 June 2023	<p>The <i>Local Government Act 1993</i> requires councils to apply sound financial management principles, including sustainable expenditure, effective financial management and have regard to intergenerational equity.</p> <p>This audit assessed whether the Council has effective financial management arrangements that support councillors and management to fulfill their responsibilities as financial stewards. The audit found Council had not met all legislative and policy requirements for long-term financial planning. From FY2019–20 to FY2020–21, the Council had financial management and governance gaps. Some gaps were addressed throughout FY2021–22.</p> <p>The Council experienced significant challenges in its implementation of a consolidated financial management system following amalgamation in 2016 and the merging of MidCoast Water in 2017. This led to gaps in finance processes and data quality.</p> <p>The report recommends that Council should:</p> <ul style="list-style-type: none"> • ensure its long-term financial plan meets legislative and policy requirements • undertake service reviews to better understand net costs to inform budget and financial planning decisions • improve the quality of asset management information to inform budget and financial planning decisions • use the financial management components of the MC1 system to its full potential • address control and process gaps identified in audits and reviews • ensure competency of those responsible for finance and budget • ensure financial sustainability initiatives account for the cost of services and asset management information.
Regulation and monitoring of local government	25 May 2023	<p>This audit assessed whether the OLG is effectively monitoring and regulating the sector under the <i>Local Government Act 1993</i>. The audit covered:</p> <ul style="list-style-type: none"> • the effectiveness of departmental arrangements for the OLG to undertake its regulatory functions • whether the OLG has effective mechanisms to monitor and respond to risks and issues relating to council compliance and performance. <p>The report found:</p> <ul style="list-style-type: none"> • The OLG does not conduct effective, proactive monitoring to enable timely risk-based responses to council performance and compliance issues. • The OLG has not clearly defined and communicated its regulatory role to ensure that its priorities are well understood. • The OLG does not routinely review the results of its regulatory activities to improve its approaches

- The department lacks an adequate framework to define, measure and report on the OLG's performance, limiting transparency and its accountability.
- The OLG's new strategic plan presents an opportunity for the OLG to better define, communicate, and deliver on its regulatory objectives.

The report recommended that OLG should:

- publish a tool to support councils to self-assess risks and report on their performance and compliance
- ensure its council engagement strategy is consistent with its regulatory approach
- report each year on its regulatory activities and performance
- publish a calendar of its key sector support and monitoring activities
- enhance processes for internally tracking operational activities
- develop and maintain a data management framework
- review and update frameworks and procedures for regulatory responses.

Planning and
managing bushfire
equipment

27 February 2023

This audit assessed the effectiveness of the NSW Rural Fire Service (RFS) and local councils in planning and managing equipment for bushfire prevention, mitigation, and suppression.

The audit found:

- the RFS has focused its fleet development activity on modernising and improving the safety of its firefighting fleet, and on the purchase of new firefighting aircraft
- there is limited evidence that the RFS has undertaken strategic fleet planning or assessment of the capability of the firefighting fleet to respond to current bushfire events or emerging fire risks
- the RFS does not have an overarching strategy to guide its planning, procurement, or distribution of the firefighting fleet
- the RFS does not have effective oversight of fleet maintenance activity across the State and is not ensuring the accuracy of District Service Agreements with local councils, where maintenance responsibilities are described.

The report recommended that by December 2023, RFS should:

1. develop a fleet enhancement framework and strategy that is informed by an assessment of current fleet capability to respond to fire incidents, and research into the most appropriate technologies and appliances to address emerging and future fire risks across NSW
2. develop performance measures to assess the performance and capabilities of the fleet in each RFS District by recording and publicly reporting on:
 - fire response times and fire response outcomes
 - completions of fire hazard reduction works
3. report annually on fleet allocations to RFS Districts, and identify the ways in which fleet resources align with district-level fire risks
4. develop a strategy to ensure that local brigade volunteers are adequate in numbers and appropriately trained to

operate fleet appliances in the RFS Districts where they are required

5. establish a fleet maintenance framework to ensure regular update of District Service Agreements with local councils
6. review and improve processes for timely recording of fleet asset movements, locations, and maintenance status.

Special Reviews

Natural Disasters	1 June 2023	<p>This report draws together the financial impact of natural disasters on agencies integral to the response and impact of natural disasters during 2021–22.</p> <p>The report found:</p> <ul style="list-style-type: none"> • over the 2021–22 financial year the NSW Government spent \$1.4 billion from a budget of \$1.9 billion in response to natural disasters • total expenses were less than the budget due to underspend in the following areas: <ul style="list-style-type: none"> – clean-up assistance, including council grants – anticipated temporary accommodation support – payments relating to the Northern Rivers Business Support scheme for small businesses • natural disaster events damaged council assets such as roads, bridges, waste collection centres and other facilities used to provide essential services. Additional staff, contractors and experts were engaged to restore and repair damaged assets and minimise disruption to service delivery • at 30 June 2022, the estimated damage to council infrastructure assets totalled \$349 million • over the first half of the 2022–23 financial year, councils experienced further damage to infrastructure assets due to natural disasters. NSW Government spending on natural disasters continued with a further \$1.1 billion spent over this period • thirty-six councils did not identify climate change or natural disaster as a strategic risk despite 22 of these having at least one natural disaster during 2021–22.
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A full list of our tabled Reports is available on the Audit Office [website](#).

OUR VISION

Our insights inform and challenge government to improve outcomes for citizens.

OUR PURPOSE

To help parliament hold government accountable for its use of public resources.



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5.2 Roads Update

File Reference:	NA
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Delivery Program

Goal:	5. Organisational management
Outcome:	5.1 Corporate management
Strategy:	5.1.1 Financial Management and accountability systems
Author:	CFO

STAFF DISCLOSURE OF INTEREST Nil

IN BRIEF/SUMMARY RECOMMENDATION

A verbal update will be provided by the Director Engineering Services

TABLED ITEMS Nil

OFFICER RECOMMENDATION

THAT the update is noted

ATTACHMENTS

Nil

A verbal update was given by the CFO. It is to be noted the given the significant level of outstanding funding from the Flood Damage funding bodies, all flood damage works were put on hold for the remainder of the financial year to ensure Council's cash position was not further affected.

COMMITTEE RESOLUTION:

THAT the update is received.

(Moved Jack O'Hara, Seconded Cr J Coulton)

CARRIED

For: Cr J Coulton and Jack O'Hara

Against: Nil

5.3 WHS/Risk Update**File Reference:** NA**Delivery Program****Goal:** 5. Organisational management**Outcome:** 5.1 Corporate management**Strategy:** 5.1.1 Financial Management and accountability systems**Author:** CFO**STAFF DISCLOSURE OF INTEREST** Nil**IN BRIEF/SUMMARY RECOMMENDATION**

Council's Risk and Safety Officer, Kaylea Perry, will provide an update to the Committee.

TABLED ITEMS Nil**OFFICER RECOMMENDATION****THAT** the update is noted.**ATTACHMENTS**

Nil

Information was provided for the new software that has been implemented. There is also a continuous improvement plan being developed that will be presented when available.

An update on our current claim position was also given.

COMMITTEE RESOLUTION:**THAT** the update is received.**(Moved Jack O'Hara, Seconded Cr J Coulton)****CARRIED****For:** Cr J Coulton and Jack O'Hara**Against:** Nil

5.4 Policies Update

File Reference:	NA
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Delivery Program

Goal:	5. Organisational management
Outcome:	5.1 Corporate management
Strategy:	5.1.1 Financial Management and accountability systems
Author:	CFO

STAFF DISCLOSURE OF INTEREST Nil

IN BRIEF/SUMMARY RECOMMENDATION

This report recommends the noting of the attached Police Documents.

TABLED ITEMS Nil

OFFICER RECOMMENDATION

THAT the following Policy documents are noted:

**Asset Management Plans;
Asset Management Strategy;
Risk Management Framework; and;
Legislative Compliance.**

ATTACHMENTS

1. 03 Asset Management Policy v1 [5.4.1 - 5 pages]
2. 04 GSC Asset Management Strategy [5.4.2 - 34 pages]
3. 05 Risk Management Framework [5.4.3 - 33 pages]
4. 06 Legislative Compliance Policy and Procedure [5.4.4 - 7 pages]

Penny Goodwin provided information for the Asset Management Plan noting that the strategy within the plans tie in with Council's IPR documents. It was also noted that the Asset Backlog was unable to be quantified due to the extensive flood damage.

Justin Hellmuth provided information for the Risk Management Framework and the Legislative Compliance Policy. It was noted that these are required under the IPR framework and must be attested to by June 2025. These documents are yet to be reviewed and comments received from the Executive Team.

COMMITTEE RESOLUTION:

THAT the following Policy documents are received:

**Asset Management Plans;
Asset Management Strategy;
Risk Management Framework; and;
Legislative Compliance**

FURTHER that the staff involved be congratulated on the work involved in getting these and other outstanding policies up to date..

(Moved Jack O'Hara, Seconded Cr J Coulton)

CARRIED

For: Cr J Coulton and Jack O'Hara

Against: Nil



Gwydir Shire Council
**ASSET
MANAGEMENT
POLICY**

TRIM Reference: Version 2
14/3885
Council Resolution: Date:

1 Purpose

To set guidelines for implementing consistent asset management processes throughout Gwydir Shire Council.

2 Objective

To ensure adequate provision is made for the long term replacement of Council's major assets by:

- Ensuring that Council's services and infrastructure are provided in a sustainable manner, with the appropriate levels of service to residents, visitors and the environment.
- Safeguarding Council's assets including physical assets and employees by implementing appropriate asset management strategies and appropriate financial resources for those assets.
- Creating an environment where all Council employees take an integral part in the overall management of Council assets by creating and sustaining asset management awareness throughout the organisation. This can be achieved by provision of training and development.
- Meeting legislative requirements for asset management.
- Ensuring resources and operational capabilities are identified and responsibility for asset management is allocated.
- Demonstrating transparent and responsible asset management processes that align with demonstrated best practice.

3 Scope

This Policy applies to all Council activities. This policy applies to all physical assets owned or controlled by Council which are critical to Council's service delivery, and assets incorporated in the Community Strategic Plan, and Delivery Program.

4 Policy

4.1 Background

4.1.1 Council is committed to implementing a systematic asset management methodology in order to apply appropriate asset management best practices across all areas of the organisation. This includes ensuring that assets are planned, created, operated, maintained, renewed and disposed of in accordance with Council's priorities for service delivery.

4.1.2 Council owns and uses approximately \$409,000,000 of non-current assets to support its core business of delivery of service to the community.

4.1.3 Asset management practices impact directly on the core business of the organisation and appropriate asset management is required to achieve our strategic service delivery objectives.

4.1.4 Adopting asset management principles will assist Council in achieving its Strategic Long Term Plan and Long Term Financial objectives.

4.1.5 A strategic approach to asset management will ensure that Council delivers the highest appropriate level of service through its assets. This will provide positive impact on:

- Members of the public and staff
- Council's financial position
- The ability of Council to deliver the expected level of service and infrastructure
- The political environment in which Council operates and
- The legal liabilities of Council

4.2 Principles

4.2.1 A consistent Asset Management Strategy must exist for implementing systematic asset management and appropriate asset management best practice throughout all Departments of Council.

4.2.2 All relevant legislative requirements together with political, social and economic environments are to be taken into account in asset management.

4.2.3 Asset management principles will be integrated within existing planning and operational processes.

4.2.4 Asset Management Plans will be developed for major service/asset categories. The plans will be informed by community consultation and financial planning and reporting.

4.2.5 Asset renewals required to meet agreed service levels and identified in adopted asset management plans and long term financial plans will form the basis of annual budget estimates, with the service and risk consequences of variations in defined asset renewals and budget resources recorded in budget documentation.

4.2.6 Service levels defined in adopted asset management plans will form the basis of annual budget estimates, with the service and risk consequences of variations in defined service levels and budget resources recorded in budget documentation.

4.2.7 Asset renewal plans will be prioritised and implemented progressively based upon agreed service levels and the effectiveness of the current assets to provide that level of service.

4.2.8 Systematic and cyclic reviews will be applied to all asset classes and are to ensure that the assets are managed, valued and depreciated in accordance with appropriate best practice and applicable Australian Standards.

4.2.9 Future life cycle costs will be reported and considered in all decisions relating to new services and assets and upgrading of existing services and assets.

4.2.10 Future service levels will be determined in consultation with the community.

4.2.11 Applicable training in asset and financial management will be provided for Councillors and relevant staff.

4.2.12 Council adopts a whole-of-organisation approach to asset management, where all departments collaborate to ensure the optimal management of assets. This approach fosters a culture of responsibility and awareness throughout the organisation.

4.2.13 Council is committed to a culture of continuous improvement in asset management. This includes regularly reviewing and enhancing asset management practices to adapt to changing circumstances, industry advancements, and community needs.

4.2.14 Risk management is a fundamental aspect of our asset management approach. It involves identifying, assessing, and mitigating risks associated with our assets to ensure the safety of the community and the integrity of our services.

4.2.15 Innovation and technology adoption are essential components of Councils approach to asset management. We actively seek opportunities to leverage innovative technologies and data-driven insights to enhance the efficiency and sustainability of our assets.

Commented [SG1]: Added for consideration for inclusion

5 Legislation

Legislation Regulations and Guidelines appropriate to this Policy are:

- Local Government Amendment (Planning and Reporting) Act 2009
- Local Government (General) Regulation 2021 (the Regulation).
- Local Government Act 1993
- Civil Liabilities Act 2002
- Australian Infrastructure Financial Management Guidelines
- International Infrastructure Management Manual
- Asset Management Strategy and associated Asset Management Plans

6 Related Documents

Asset Management Policy and associated Asset Management Plans.

Responsibility:

Councillors are responsible for adopting the policy, allocation of resources and providing high level oversight of the delivery of the organisation's Asset Management Strategy and Plan. Councillors are also responsible for maintaining accountability mechanisms to ensure that organisational resources are appropriately utilised to address the organisations' strategic plans and priorities.

The General Manager has overall responsibility for developing an Asset Management Strategy, Plans and Procedures and reporting on the status and effectiveness of asset management within Council.

Review Date:

This Policy has a life of four (4) years. It will be reviewed in 2028.

Council Meeting:

Insert date



Document data

Department	Engineering Services
Responsible Manager	Alexander Eddy
Date adopted	or Approved under Delegation, General Manager
File reference	
Version no	
Next Review	Next scheduled review date

Revision record

Date	Version	Revision Details	Officer	Next Review
19/3/24	0.1	Draft		
29/5/24	0.2	Draft incorporating GSC branding		

Limitations

This report has been prepared by GHD for Gwydir Shire Council and may only be used and relied on by Gwydir Shire Council for the purpose agreed between GHD and Gwydir Shire Council as set out in this report.

GHD otherwise disclaims responsibility to any person other than Gwydir Shire Council arising in connection with this report. GHD also excludes implied warranties and conditions, to the extent legally permissible.

The services undertaken by GHD in connection with preparing this report were limited to those specifically detailed in the report and are subject to the scope limitations set out in the report.

The opinions, conclusions and any recommendations in this report are based on conditions encountered and information reviewed at the date of preparation of the report. GHD has no responsibility or obligation to update this report to account for events or changes occurring subsequent to the date that the report was prepared.

The opinions, conclusions and any recommendations in this report are based on assumptions made by GHD described in this report. GHD disclaims liability arising from any of the assumptions being incorrect.

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Appendices

Appendix A	Asset Management Policy
Appendix B	Asset Management Improvement Plan

1. Introduction

The Gwydir Shire Council (GSC) is the custodian of an extensive portfolio of infrastructure, community and operational assets that assist it in delivering services to the community. These assets include roads, footpaths, drainage, water and sewerage infrastructure, parks, sporting complexes and playgrounds, libraries, amenities and other community buildings as well as GSC's administration facilities, depots and other operational assets.

Managing physical assets and infrastructure in a sustainable way throughout their life cycle is recognised as one of the most significant issues facing all levels of government throughout Australia today. This Asset Management Strategy details how GSC intends to manage Council-owned and managed assets in a service-centric, community focused and sustainable manner both now and into the future.

1.1 Purpose of this Strategy

The purpose of this Asset Management Strategy is to describe how the physical assets and asset management activities are utilised and managed to realise the vision and objectives outlined in the Community Strategic Plan, and thereby deliver the service outcomes sought by GSC's stakeholders. It also provides strategic direction and guidance for GSC's numerous tactical and operational plans, including asset class-specific Asset Management Plans.

The Asset Management Strategy forms part of GSC's Resourcing Strategy, and aligns with the Long-Term Financial Plan and Workforce Management Plan.

The content and structure of the Strategy is designed to meet the requirements of the Integrated Planning and Reporting Guidelines under the Local Government Act 1993 and be consistent with leading practice as set out in the ISO 55000 series of asset management standards.

The Asset Management Strategy has a 10-year time horizon, and covers the following critical Council-owned or operated infrastructure asset classes:

- Buildings
- Transport and Drainage
- Water supply infrastructure
- Sewerage infrastructure
- Heavy Plant and Vehicles.

Other asset classes which may progressively have asset management plans developed for them and come under the scope of this strategy include the following:

- Land and open space assets
- ICT assets.

1.2 Definitions and acronyms

As far as practicable, this Strategy has adopted terminologies and definitions consistent with both the NSW Integrated Planning and Reporting (IPR) Framework, and ISO 55000. In the event of conflicting terminologies, those of the IPR should take precedence.

Table 1.1 - Definitions and Acronyms

AM	Asset management
The Act	The New South Wales Local Government Act 1993
Asset Management (AM)	ISO 55001: "Coordinated activity of an organisation to realise value from assets".
Asset Management Objective (AMO)	A set of asset management-specific objectives through which the asset management system contributes to and achieves the overarching organisational objectives.
Asset Management System (AMS)	Management system to establish, plan and deliver the asset management objectives. A framework for the Asset Management Policy, Strategy and Objectives, Plans, Processes and Procedures.
Asset Management Improvement Plan (AMIP)	A counterpart to this document, which outlines the short and medium term initiatives and projects aimed at continually improving Council's asset management capability maturity.
Asset Management Information System (AMIS)	The data, information, computer and communications, hardware and software comprising the information technology system that supports asset management decision making.
Asset Management Plan (AMP)	ISO 55001: "Documented information that specifies the activities, resources and timescales required for an individual asset, or grouping of assets, to achieve the organisation's asset management objectives".
CMMS	Computerised Maintenance Management System
IIMM	International Infrastructure Management Manual
LoS	Levels of Service – Measurable customer service outcomes or technical standards.
IPWEA	Institute of Public Works Engineering, Australasia
ISO 55000/1/2	The Suite of Asset Management standards issued by ISO: <ul style="list-style-type: none"> ISO 55000:2014 – Asset Management – Overview, Principles & Terminology ISO 55001:2014 – Asset Management – Management System – Requirements ISO 55002:2018 – Asset Management – Management System – Guidelines for application of ISO 55001
SAM	Strategic Asset Management
Asset Management Strategy	This document - also often referred to as a 'Strategic Asset Management Plan' or 'SAMP'. ISO 55000: "Documented information that specifies how organisational objectives are to be converted into asset management objectives, the approach for developing asset management plans, and the role of the asset management system in supporting achievement of the asset management objectives".
SLA	Service Level Agreement
Stakeholder	ISO 55000: "Person or organisation than can affect, be affected by, or perceive themselves to be affected by a decision or activity" – (with respect to Asset Management).

2. Strategic context

2.1 Integrated Planning Framework

The IP&R Framework was introduced by the NSW State Government in 2009 and is used by all councils in NSW to guide their planning and reporting activities. The requirements for IP&R are set out in the Local Government Act 1993 and the Local Government (General) Regulation 2021.

The IP&R framework and the relationship between the various elements is shown in Figure 1 below.

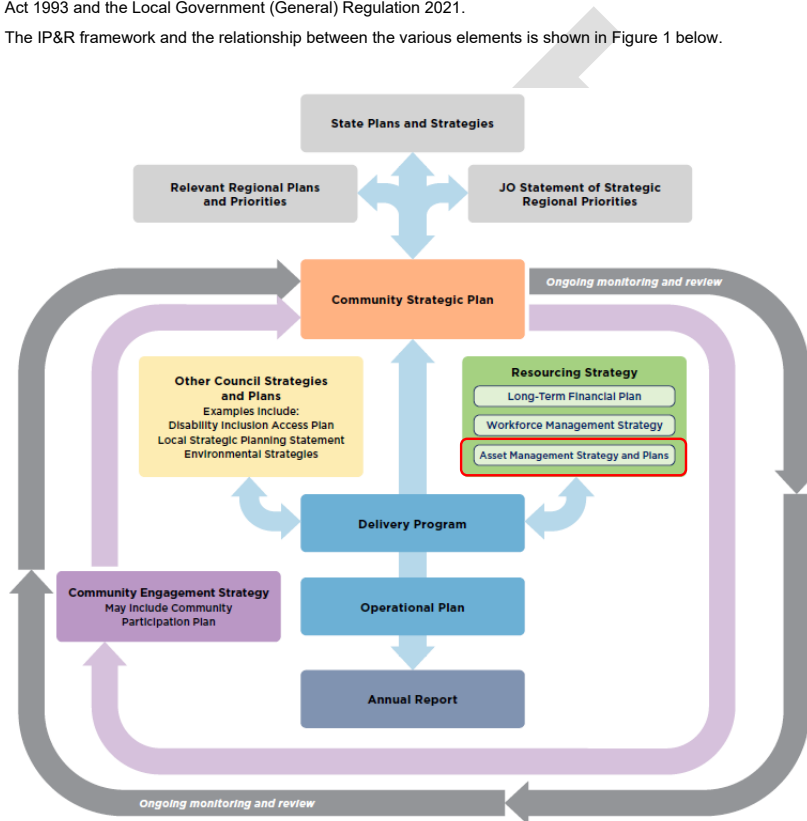


Figure 2.1 - Integrated Planning and Reporting Framework (2009)

GSC has been working within the IP&R framework since June 2012. The essential elements of the framework, and how they fit together in the context of our Council, is further described in Section **Error! Reference source not found.**

2.2 Community Strategic Plan

Under the IP&R framework, each local government area is to have a Community Strategic Plan. The Community Strategic Plan is the highest-level plan that a council is required to prepare. The purpose of the Community Strategic Plan is to identify the community's main priorities and aspirations for the future and to plan strategies for achieving these goals. It guides all remaining strategies and plans and must be developed by councils with and on behalf of the community.

Of particular importance to this Asset Management Strategy are the Vision, Mission and Council Core Values set out in the Community Strategic Plan.

2.2.1 Vision

GSC's Vision is:

'To be the recognised leader in Local Government through continuous learning and sustainability'.

2.2.2 Mission

GSC's Mission is:

'To ensure that the Council's long term role is viable and sustainable by meeting the needs of our residents in a responsible, caring way, attract sustainable development while maintaining the traditional rural values, character and culture of our people'.

2.2.3 Goals and Outcomes


GSC's goals, outcomes and associated strategies, set out in the Community Strategic Plan, have strongly guided this Asset Management Strategy. These are shown below, with the strategies of most relevance to asset management highlighted in green.


The Gwydir Shire Council goals and their link with the quadruple bottom line principles and the additional Governance goal are outlined below:




GOAL 1. A HEALTHY AND COHESIVE COMMUNITY (SOCIAL)		
Outcome 1.1 We have healthy and inviting spaces and places Outcome 1.2 Our community is an inviting and vibrant place to live		
Outcome no.	Strategies to get there	Relevant Strategy Y/N
1.1	1.1.1. Improve local access to health services	N
	1.1.2. Encourage and enable healthy lifestyle choices	Y
	1.1.3. Provide the right places, spaces and activities	Y
1.2	1.2.1. Enable accessible and affordable lifestyle options	N
	1.2.2. A shared responsibility for community safety	Y
	1.2.3. Celebrate our creativity and cultural expression	N

 GOAL 2. BUILDING THE BUSINESS BASE		
Outcome 2.1 Our economy is growing and supported Outcome 2.2 We are skilled and have access to excellent educational opportunities		
Outcome no.	Strategies to get there	Relevant Strategy Y/N
2.1	2.1.1. Plan for and develop the right assets and infrastructure	Y
	2.1.2. Support the growth of our business community	N
	2.1.3. Promote our community as the place to visit, live, work and invest	N
2.2	2.2.1. Increase the range of opportunities to work locally	Y
	2.2.2. Build on our quality education and training opportunities	N

 GOAL 3. AN ENVIRONMENTALLY RESPONSIBLE SHIRE		
Outcome 3.1 Our economy understands and embraces environmental change Outcome 3.2 We use and manage our natural resources wisely		
Outcome no.	Strategies to get there	Relevant Strategy Y/N
3.1	3.1.1. Encourage respectful planning, balanced growth and good design	Y
	3.1.2. Respond to our changing environment	Y
	3.1.3. Value, protect and enhance our natural environment	N
3.2	3.2.1. Develop a clean energy future	Y
	3.2.2. Use our water wisely	Y
	3.2.3. Reduce, reuse and recover waste	Y
	3.2.4. Identify and make best use of our land resource	Y

 GOAL 4. PROACTIVE REGIONAL AND LOCAL LEADERSHIP		
Outcome 4.1 We are an engaged and connected community Outcome 4.2 We work together to achieve our goals		
Outcome no.	Strategies to get there	Relevant Strategy Y/N
4.1	4.1.1. Encourage an informed community	N
	4.1.2. Enable broad, rich and meaningful engagement to occur	N
	4.1.3. Build on our sense of community	N
4.2	4.2.1. Build strong relationships and shared responsibilities	Y
	4.2.2. Work in partnership to plan for the future	Y

 GOAL 5. CORPORATE MANAGEMENT		
Outcome 5.1 Corporate Management		
Outcome no.	Strategies to get there	Relevant Strategy Y/N
5.1	5.1.1. Financial Management and accountability systems	Y
	5.1.2. Information Management Systems	Y
	5.1.3. Administrative and support functions	Y
	5.1.4. Workforce Planning	Y
	5.1.5. Provision of responsible internal governance	Y

2.3 Challenges and opportunities

GSC is facing a series of asset management challenges and opportunities that are briefly outlined below, and have helped shape this strategy.

2.3.1 Geographic size and population density

GSC's vast geographic area and comparatively small population and rate base pose significant challenges in funding and maintaining assets and services, and maintaining the long-term financial sustainability of the Council.

2.3.2 Climate change and natural disasters

GSC's infrastructure assets are susceptible to damage from floods and fire, which are predicted to increase in frequency and intensity as a result of climate change. Changes to rainfall patterns and temperature also threaten to change water supply and demand patterns, placing further burdens on this infrastructure and associated services. Recent experience has, for example, demonstrated the extensive disruption and costs associated with wide-scale flooding.

2.3.3 Ageing and declining population

Like many rural councils, GSC is experiencing a trend of long-term population decline, and ageing of the population, exacerbated by a net outflow of younger people and families to larger towns and cities. As the average age of the population increases, community services and needs in areas such as health and mobility are increasing, while economic activity and Council revenue earning potential comes under increased pressure. In the face of these challenges, strategies aimed at attracting and retaining businesses and residents with the required skills become increasingly important, and an area where the effective provision of infrastructure and its management can play a key role.

2.3.4 Ageing infrastructure

As with all infrastructure assets, the passage of time gives rise to significant maintenance, renewal and replacement costs which for the most part must be funded by Council. Adequately funding asset maintenance and renewal and reducing unfunded renewals will require GSC to develop efficiencies, rationalise assets, review and balance service levels, source additional grant funds, raise additional revenue or a mixture of some or all these measures.

2.3.5 Legislative landscape

The current legislative environment emphasises a need for local government to recognise the equitable recovery of costs from owning and operating infrastructure over the full lifecycle of assets. This includes capital works as well as maintenance programs. GSC will continue to monitor the external factors that influence the management of assets, such as potential changes in relevant legislation regarding how development contributions are levied.

2.3.6 Improving our delivery capability

The above challenges create one further, overarching challenge of uplifting our delivery capability and capacity to meet these diverse demands within available funding. Across both our capital project and maintenance service delivery processes we have the opportunity to significantly improve our asset information, tools, business processes and skills, and in doing so increase our productivity, efficiency and the value for money of our services.

GSC delivers maintenance and capital works through a number of methods encompassing both Council employees and industry professionals and contractors. All external contracts are undertaken through appropriate tender processes. GSC recognises that industry procurement practices continue to evolve and improve, which creates an opportunity for Council to improve with these practices in relation to the market forces, delivery models and training of our staff. GSC will continue to align with these practices to enable ongoing benefit to the local economy. GSC will continue to expand its delivery capability through innovation and continuous learning.

3. Asset management planning framework

3.1 Asset management framework

GSC's asset management policy, plans, strategies, tactics and activities are part of an integrated, overarching *Asset Management Framework*, that is driven and governed by the NSW Office of Local Government's IP&R framework. The GSC Asset Management Framework defines the relationship between key asset management plans and business processes, and how they interact with GSC's broader corporate plans and activities to deliver the Community Strategic Plan and its service outcomes.

The key elements of GSC's Asset Management Framework, and their inter-relationships, are shown in **Error! Reference source not found.**

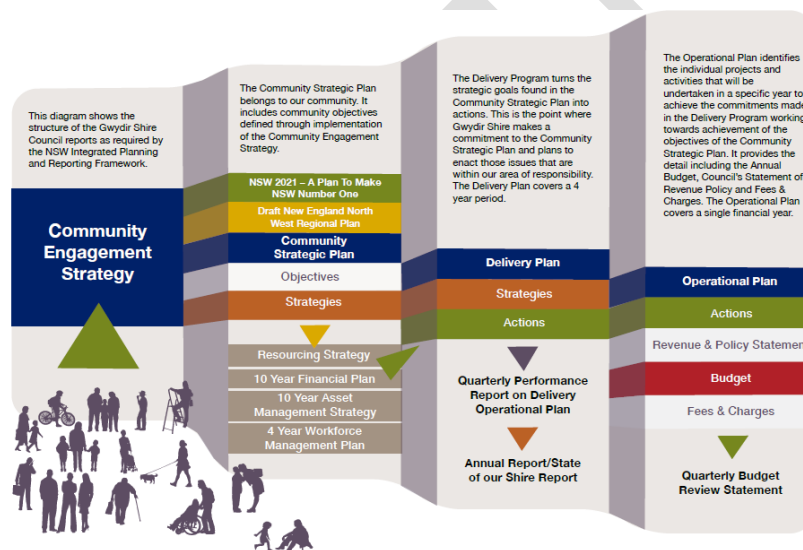


Figure 3.1 - GSC's asset management framework

The key asset management components of GSC's framework are the following:

- Asset Management Strategy (this document)
- Asset Management Policy
- Asset Management Objectives
- Asset Management Plans (one for each critical asset class).

The relationship between these documents is shown in **Error! Reference source not found.** below.



Figure 3.2 - Asset management planning components

3.2 Asset Management Policy

GSC has a formalised Asset Management Policy which affirms GSC's recognition of the critical role of Asset Management in the sustainable provision of services for Gwydir Shire and delivery of the Community Strategic Plan. It also sets out the key principles that underpin how GSC executes the performance of its asset management functions, integrates asset management with other GSC policies, and provides direction and guidance for this Asset Management Strategy. GSC's Asset Management Policy is reproduced in full in Appendix A to this document, with the fifteen key policy principles summarised below:


1. A consistent Asset Management Strategy must exist for implementing systematic asset management and appropriate asset management best practice throughout all departments of Council.
2. All relevant legislative requirements, together with political, social and economic environments are to be taken into account in asset management.
3. Asset management principles will be integrated within existing planning and operational processes.
4. Asset Management Plans will be developed for major service/asset categories. The plans will be informed by community consultation and financial planning and reporting.
5. Asset renewals required to meet agreed service levels and identified in adopted asset management plans and long term financial plans will form the basis of annual budget estimates, with the service and risk consequences of variations in defined asset renewals and budget resources recorded in budget documentation.
6. Service levels defined in adopted asset management plans will form the basis of annual budget estimates, with the service and risk consequences of variations in defined service levels and budget resources recorded in budget documentation.

7. Asset renewal plans will be prioritised and implemented progressively based upon agreed service levels and the effectiveness of the current assets to provide that level of service.
8. Systematic and cyclic reviews will be applied to all asset classes and are to ensure that the assets are managed, valued and depreciated in accordance with appropriate best practice and applicable Australian Standards.
9. Future life cycle costs will be reported and considered in all decisions relating to new services and assets and upgrading of existing services and assets.
10. Future service levels will be determined in consultation with the community.
11. Applicable training in asset and financial management will be provided for Councillors and relevant staff.
12. Council adopts a whole-of-organisation approach to asset management, where all departments collaborate to ensure the optimal management of assets. This approach fosters a culture of responsibility and awareness throughout the organisation.
13. Council is committed to a culture of continuous improvement in asset management. This includes regularly reviewing and enhancing asset management practices to adapt to changing circumstances, industry advancements, and community needs.
14. Risk management is a fundamental aspect of our asset management approach. It involves identifying, assessing, and mitigating risks associated with our assets to ensure the safety of the community and the integrity of our services.
15. Innovation and technology adoption are essential components of Councils approach to asset management. We actively seek opportunities to leverage innovative technologies and data-driven insights to enhance the efficiency and sustainability of our assets.


3.3 Asset Management Objectives

Asset Management Objectives (AMOs) are the means by which all asset management strategies, tactics and activities are linked back to GSC's corporate objectives and policy. They describe the key outcomes through which the asset management framework contributes to the overarching organisational objectives set out in the Community Strategic Plan. GSC's AMOs are shown below, and are derived from and aligned to the Corporate Plan. They are the focus of all GSC's asset management activities.


GSC's nine Asset Management Objectives, and their associated themes are summarised below:

- 


AMO 1

Lifestyle: Our built and natural assets support the community's growth and changing demand for safe and sustainable recreational, sporting and community infrastructure and services
- 

AMO 2

Safety & Security: Our assets are planned, designed, operated and maintained to optimise the safety and security of our community and visitors
- 

AMO 3

Planning: Our asset management planning considers all relevant external factors and our community's needs and expectations
- 

AMO 4

Delivery: Our project delivery capability, capacity and practices are effective, efficient, and meet the needs and expectations of our stakeholders



AMO 5

Skills: We develop and attract the skilled staff required to meet our current and future workforce needs



AMO 6

Environmental Sustainability: Our responsible planning and business practices facilitate the sustainable use of resources, the management of waste, and resilience to adverse weather events and climate change



AMO 7

Collaboration: Our strong partnerships with government, industry and business enhance our infrastructure funding and service delivery



AMO 8

Continual Improvement: The capabilities of our asset management systems, processes, people and governance are continually being improved



AMO 9

Information Systems: GIS is used to its full potential for asset management and data collection and provides efficiencies across the whole organization

The AMO's closely align with, and are linked to, the five Strategic Goals of GSC's Corporate Strategic Plan, as shown in **Error! Reference source not found.**

Table 3.1 - Mapping of AMOs to Strategic Goals

GSC Goal	AMO 1	AMO 2	AMO 3	AMO 4	AMO 5	AMO 6	AMO 7	AMO 8	AMO 9
	✓	✓							
			✓	✓	✓				
						✓			
							✓		
								✓	✓

3.4 Asset Management Improvement Plan

The Asset Management Improvement Plan (AMIP) is a demonstration of GSC's commitment to the continual improvement of its asset management capabilities, as is required under both the IP&R and ISO 55001. It contains a list of specific actions or initiatives aimed at progressively improving key aspects of capability in areas including process, systems and data, and people. The AMIP is reviewed periodically as part of the review cycle for the Asset Management Strategy and Asset Management Plans, and is included as Appendix B to this document.

3.5 Asset Management Plans

The translation of Asset Management Strategies and Objectives into actions, outcomes and programs of work is achieved through the development and implementation of a suite of Asset Management Plans (AMPs). Individual AMPs have been developed for each critical asset class (as described in section 4) including the following:

- Buildings
- Transport and Drainage
- Water
- Sewerage
- Heavy Plant and Vehicles.

AMPs will be updated regularly in line with the requirements of the IP&R framework.

3.6 Governance, roles and responsibilities

Effective asset management within an organisation requires consistent direction, focus and attention over time, and clarity over 'who is responsible for what'. It requires strong coordination vertically through the organisation, from the strategic to the operational level.

Roles and responsibilities for the management of GSC's asset portfolio are allocated to appropriate groups and positions within its organisational structure, which is shown in **Error! Reference source not found.**

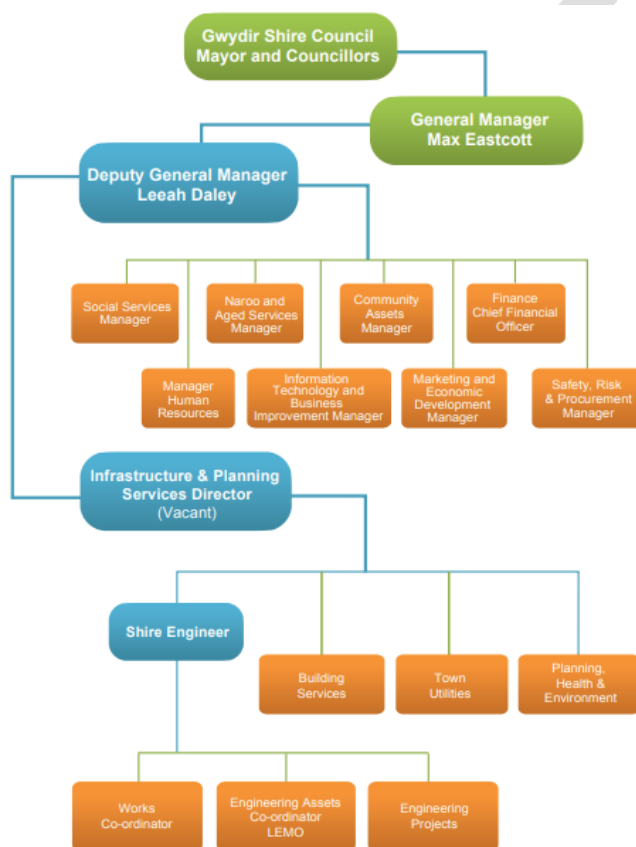


Figure 3.3 Gwydir Shire Council Organisation Structure

A common way of classifying the various broad asset management roles is with the 'asset owner/manager/maintainer' model. These roles are outlined in **Error! Reference source not found.** below.

Table 3.2 - Key Asset Management Roles and Responsibilities

AM Role	Key Responsibilities
Asset 'Owner'	The functional team or position holder that 'owns', provides custodianship of, or operates the asset. They are responsible for the operation and maintenance of the assets throughout the lifecycle and for endorsing funding applications to Council for capital investment or replacement.
Asset 'Manager'	The functional team or position responsible for the strategic planning of assets, management of investment plans, maintenance plans and management plans. This may include day to day management of the asset base, developing and implementing lifecycle asset strategies, preparing funding applications, capital and operational works plans, maintaining asset data and asset management reporting.
Asset 'Maintainer'	<p>The functional team or position that is responsible for matters related to the maintenance of assets, from maintenance planning and scheduling, maintaining assets to the desired levels of service, through to identifying and reporting risks and maintaining a record of asset condition and performance.</p> <p>This may include:</p> <ul style="list-style-type: none"> • Overseeing asset maintenance delivery • Monitoring assets to ensure levels of service are delivered including condition • Managing maintenance budgets • Working with maintenance staff to ensure asset maintenance data reflects actual works.

In GSC's case it is not uncommon for some of these roles to be combined, and in particular for the owner and manager roles to be performed by the business unit or functional team that owns or operates each class of asset.

The specific roles and responsibilities for asset classes such as Buildings, Roads and Drainage, Water and Sewerage Infrastructure and Heavy Plant and Vehicles are described in the respective AMPs.

A governance structure should also be in place to provide strategic direction and assurance of performance of asset management activities. Internal and external stakeholder groups play an important role in this governance. GSC's key stakeholders and the roles they play are summarised in **Error! Reference source not found.**.

Table 3.3 Stakeholder Responsibilities

Stakeholder	Role and Responsibilities
Internal Stakeholders	
The Mayor	<ul style="list-style-type: none"> Along with the General Manager, ensure adequate opportunities and mechanisms for engagement between the council and the local community. Promote partnerships between the council and key stakeholders. To act as the spokesperson for the council to promote engagement on council priorities and key strategic plans such as the Community Strategic Plan.
The Mayor and Councillors	<ul style="list-style-type: none"> Promote engagement on key strategic plans and priorities through communication, support, and participation in community engagement for the development of the integrated planning and reporting framework. Participate in the development of the integrated planning and reporting framework including the Community Strategic Plan. Participate in community engagement activities alongside council staff. Endorse the Community Strategic Plan on behalf of the community and approve the remaining Integrated Planning and Reporting documents like the Delivery Program and Operational Plan.
General Manager	<ul style="list-style-type: none"> Oversee preparation and delivery of the integrated planning and reporting framework and endorsement of these documents by the elected council. Ensure that the community is given sufficient information that allows them to participate in the integrated planning and reporting process in a meaningful way. Advise on the appropriate form of community consultation on the strategic plans, programs, strategies and policies of the council and other matters related to council.
Council Staff	<ul style="list-style-type: none"> Work with and support the General Manager in the development of key strategies and plans and engage the community. Implement the Community Engagement Strategy and provide timely information to the General Manager in relation to community views obtained during the engagement process.
External Stakeholders	
Residents	<ul style="list-style-type: none"> Utilise the assets and services provided by GSC. Engage with GSC, provide feedback on assets and services. Pay rates.
Visitors and service users	<ul style="list-style-type: none"> Utilise the assets and services provided by GSC. Engage with GSC, provide feedback on assets and services.

3.7 Supporting information systems

Information systems underpin GSC's asset management planning, decision making and service delivery. The key information systems utilised by GSC to manage its assets are listed below:

- Corporate financial management system
- Asset register system
- Project management system
- Capital planning and project management system
- Electronic document management system
- GIS
- CMMS
- Risk management tools.

4. Overview of the Asset Portfolio

The total value of Gwydir Shire Council's asset inventory exceeds \$564 million as at July 2023. This includes: water, sewerage, and drainage infrastructure, roads, bridges, land, buildings, and plant and equipment. These assets combine to enhance the quality of life for our residents and those visiting Gwydir Shire.

A summary of value by asset class is shown in **Error! Reference source not found.** below.

Table 4.1 - Asset Value by Class

Asset Category	Total of At Cost (\$)
■ Roads Structure	141,513,585.44
■ Roads Surface	40,762,857.93
■ Unsealed Roads	44,307,033.28
■ Non-depreciable bulk earthworks	95,041,804.08
■ Bridges	49,334,437.46
■ Footpaths	3,118,258.62
■ Kerb and Gutter	1,829,841.37
■ Buildings	85,563,138.44
■ Land	9,530,908.12
■ Furniture and Fittings	1,311,375.65
■ Office Equipment	1,270,924.43
■ Other Assets	232,913.72
■ Other Structures	9,655,352.19
■ Plant and Equipment	28,178,278.00
■ Swimming Pools	3,694,312.31
■ Water Infrastructure	25,635,555.28
■ Sewerage Infrastructure	14,556,790.26
■ Stormwater Drainage	4,538,368.00
■ Landfills	4,361,781.60
■ Quarries	372,292.42
Total	564,809,808.60

4.1 Buildings

GSC has a total of 119 buildings recorded in the asset register. We have a wide variety of facilities under our management including:

- 16 public halls and community centres
- 19 aged care/low income units
- 10 residential houses
- 2 health centres
- Narroo – a 36 bed aged care facility

- 3 learning region complexes – hospitality, automotive, and primary industry trade training centres
- 6 sporting facilities/indoor stadiums/ showgrounds
- 2 caravan parks with 22 cabins for hire
- 23 public amenities.

4.2 Roads and drainage

The Gwydir Shire area is 9,122 square kilometres, with a comprehensive road network totalling 7,676 kilometres (not including state owned highways). Our road and drainage infrastructure is comprised of:

- 3,057 km of unsealed roads
- 4,619 km of sealed roads
- 298 bridges (including culverts that are defined as bridges)
- 114 km of footpaths
- 225 km of kerb and guttering.

4.3 Water and sewer infrastructure

Gwydir Shire Council has an extensive network of water and wastewater network infrastructure and facilities across the Shire. This portfolio includes:

- 4 Water treatment plants
- 3 Sewage treatment plants
- 10 water pump stations
- 14 sewage pump stations
- 76+ km of water reticulation mains
- 40+ km of sewage reticulation mains.

4.4 Heavy plant and vehicles

Council has a large fleet of heavy plant, equipment and vehicles which are integral to works in other classes, and represent a valuable asset class in their own right:

- 33 trucks, prime movers, tippers, trailers
- 37 Loaders, excavators, tractors, rollers, graders
- 9 other specialised heavy plant units.

5. Asset performance and risk

5.1 Levels of service

A cornerstone of sound asset management is to provide the Level of Service (LoS) that current and future communities want and are prepared to pay for. To achieve this, GSC is planning for a desired (or target) service level across all asset classes. LoS guide community engagement discussions on which assets are most important to the community as well as being a key input into ongoing maintenance and capital decision making and expenditure. Over time, GSC will track asset performance against its LoS targets, utilising technical engineering data as well as direct feedback from the community and from targeted community engagement surveys.

5.2 Asset condition

Together with LoS, asset condition guides asset management decision making. Understanding an acceptable level of asset condition helps define maintenance interventions and activities based on the expected level of service (or importance) of each asset.

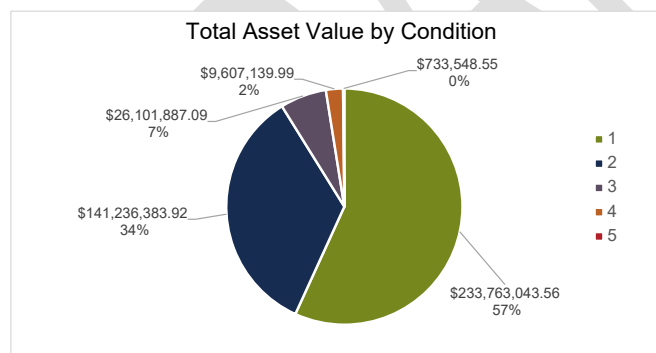
Typical asset condition ratings applied across the portfolio during condition inspections, are shown below:

Table 5.1 - Condition Ratings and Descriptions

Rating	Description
1	Near Perfect: Minimal work required (normal maintenance)
2	Superficial Deterioration: Only minor maintenance work required
3	Serious Deterioration: Maintenance work required
4	Require Major Reconstruction: Renewal required
5	Asset Unserviceable: Urgent renewal/upgrading required

Regular condition assessments of assets are undertaken with frequency dependent on the asset type. For example, a rolling annual inspection program may be followed (e.g. for the sewerage assets) or during regular maintenance inspections based on mileage/timeframe (e.g. for vehicles) and are performed by either GSC staff or external contractors. The targeted condition levels for each major asset class will vary and are defined in the individual asset class AMPs.

Current (actual) asset condition profiles, using the above rating scale, are shown in each of the individual AMPs. A summary of the consolidated condition profile across all asset classes is shown below. This indicates that GSC's assets are generally well-maintained, with approximately 91% being either near perfect or showing only superficial deterioration.



5.3 Management of risk

Not all assets represent the same level of risk to GSC and the community should they fail or under-perform, and hence a key means of tailoring maintenance strategies and prioritising effort and expenditure is through the classification of assets by their 'criticality'.

Across Council's asset portfolio, an assessment of risks associated with service delivery is used to identify the critical risks that will result in a loss or reduction in service from the infrastructure assets or a 'financial shock' to the organisation. The risk assessment process followed by GSC identifies the credible risks, the likelihood of the

risk event occurring and the consequences should the event occur. A risk rating is then determined, the risk evaluated, and a risk treatment plan for non-acceptable risks developed.

The resulting Risk Management Plans identify the critical risks that have been assessed as 'Very High' (requiring immediate corrective action) and 'High' (requiring prioritised corrective action), along with the estimated residual risk after the selected treatment is undertaken. These risks are reported to management and Council.

While the above process and steps are generally applied, they are currently not fully documented and often undertaken in an informal way. Formalisation of these processes and documentation has been identified as an improvement opportunity in the AMIP.

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6. Asset management strategies and actions

6.1 Strategy overview

GSC has a 'cascading' strategic asset management framework whereby there is a clear line-of-sight between the Asset Management Objectives (AMOs) discussed in Section 3.3, and supporting asset management strategies and actions. A suite of 17 asset management strategies has been developed that is aimed at addressing identified challenges and issues and achieving the AMOs. These strategies are summarised in the table below.

Table 6.1 - Asset Management Strategies

Identifier	Description
Strategy 1	Engage with the community to assess needs, demand, and satisfaction via community meetings, social media engagement and printed media
Strategy 2	Maximise utilisation of available grant funding to improve and refurbish sporting, recreation, community and social infrastructure
Strategy 3	Proactively engage with community groups to ensure delivery of improved infrastructure and maintenance of existing infrastructure is consistent with community needs and expectations
Strategy 4	Provide improved access and freight efficiencies to support existing local industry and encourage future development
Strategy 5	Improve in-house contract and project management capabilities through training and development and engage suitable contractors in line with legislative requirements
Strategy 6	Implement initiatives such as the Gwydir Career Start Program to address future workforce needs and provide a skill development pathway for local residents
Strategy 7	Promote lifestyle benefits, and utilise innovative ways to attract and retain skilled staff
Strategy 8	Respond to climate change through adaptation planning including the efficient use of natural resources, engaging in regular planning and analysis of landfill utilization, and recycling of suitable materials
Strategy 9	Engage and collaborate with industry stakeholders and other tiers of government to add value and gain grant funding for improved infrastructure and services
Strategy 10	Actively develop, implement and report on an Asset Management Improvement Plan as part of the Asset Management Strategy
Strategy 11	Continually review organisational structure aligned with objectives from the Workforce Plan, addressing future workforce requirements
Strategy 12	Observe best practices in governance, risk and WHS
Strategy 13	Implement tailored leadership and professional development planning
Strategy 14	Work closely with Council's insurer and other members of the mutual to monitor existing programs and address emerging issues
Strategy 15	Follow legislative requirements and Council's procurement policies, including responsible engagement of contractors
Strategy 16	Integrate GIS information with other Council databases to ensure consistency of data across the organisation
Strategy 17	Stay abreast of industry developments in GIS and asset management technologies through participation in user groups and conferences

Commented [WA1]: Probably need to strengthen this or add another strategy focussed on addressing critical asset risks

6.2 Alignment of AM Strategies with AM Objectives

The contribution that our strategies play in achieving our AMOs is illustrated in **Error! Reference source not found.**

Table 6.2 - Mapping of AM Strategies to AM Objectives

Strategy	AMO 1	AMO 2	AMO 3	AMO 4	AMO 5	AMO 6	AMO 7	AMO 8	AMO 9
S1	✓		✓						
S2	✓								
S3		✓							
S4			✓						
S5				✓					
S6					✓				
S7					✓				
S8						✓			
S9							✓		
S10								✓	
S11								✓	
S12								✓	
S13								✓	
S14								✓	
S15								✓	
S16									✓
S17									✓

6.3 Asset management actions

Each asset management strategy should be underpinned by set of actions or initiatives that enable delivery of the strategy and, thereby, the AMOs. Some of these actions can be considered 'business as usual' (BAU) or routine, whereas others represent specific improvement initiatives and form part of GSC's AMIP. The development of actions aligned to the respective strategies is something that GSC has identified as an improvement initiative in its AMIP. Over time, as part of its regular business planning processes, GSC will ensure that each strategy is supported by appropriate actions, and that these are documented in the relevant AMPs and Operational Plans.

6.4 Financial requirements

Each individual AMP sets out the forecast maintenance, operating expenditures, and growth and renewal/replacement capital requirements, for the respective asset class over a 10-year time horizon. The consolidated expenditure forecasts across all critical asset classes are discussed in this section.

6.5 Maintenance expenditure

Forecast maintenance expenditures (for planned, preventative and corrective maintenance) have been projected based on the assumed continuation of the past five-year average level of annual expenditure. The resultant forecast, and contribution by asset class, is shown in **Error! Reference source not found.**.

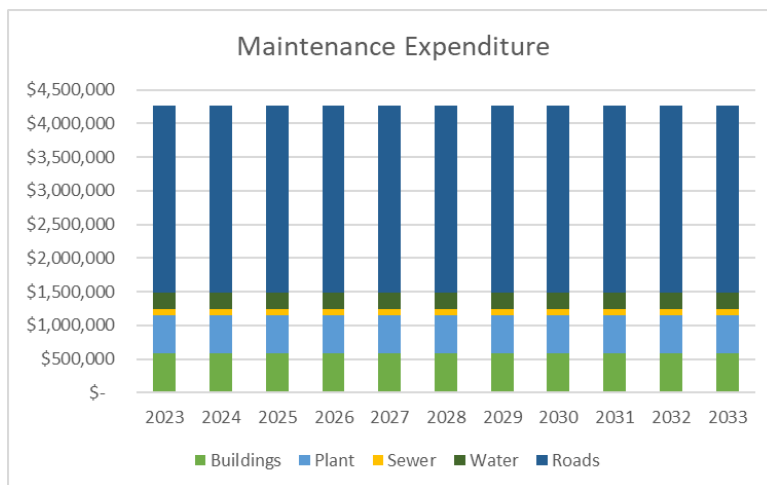


Figure 6.1 - Maintenance Expenditure Forecast

6.6 Capital renewal and replacement

Projected static or declining population levels means that there is no significant capital expenditure foreseeable for growth-related assets in the coming years. As a result, the predominant requirement for capital expenditure that requires Council funding is for the renewal and/or replacement of life-expired assets such as roads and pipelines. The significant capital investment requirements in recent years for flood and other disaster recovery works have largely been, and are likely to continue to be, covered by State and Federal grant funding, and are difficult to forecast in future. Consequently these have been excluded from the capital projections in this Strategy. Projected renewal and replacement capital is shown in **Error! Reference source not found.**.

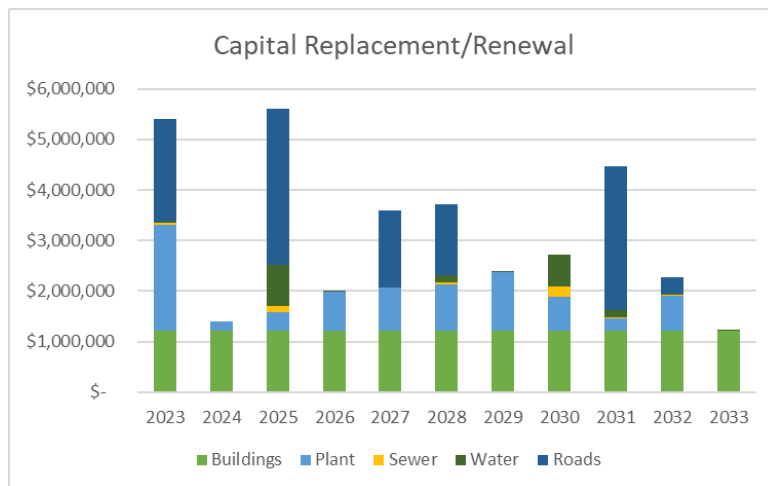


Figure 6.2 - Capital Renewal and Replacement Forecast

6.7 Total Expenditure

The combined maintenance and capital expenditure for the five critical asset classes is shown in **Error! Reference source not found.**

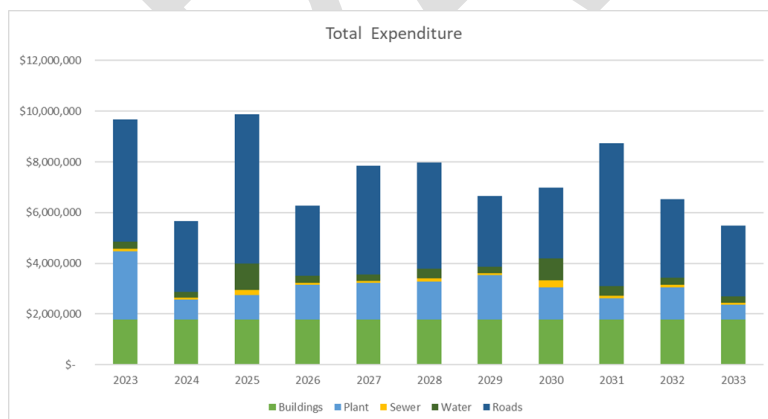


Figure 6.3 - Combined Capital and Maintenance Expenditure Forecast

6.8 Funding gap

Due to the challenges facing GSC (refer to Section 2.3 of this Strategy) including population growth and an aging asset base, future operating and capital expenditure are forecast to match or exceed current and historic expenditure levels, and severely test available funding. The forecast funding gap is shown in Figure xxx.

Figure xxx: Funding Gap (to be determined from the collective AMPs)

GSC is committed to exploring all avenues to reduce or eliminate the funding gap, including continuation of its successful pursuit of grant funding (e.g. Fixing Local Roads, Fixing Country Roads, Heavy Vehicle Safety Program), and – in close consultation with stakeholders – optimisation of the balance between rates, charges, and Levels of Service.

7. Performance measurement and reporting

GSC will continue the ongoing refinement of its monitoring, measurement and reporting of asset management performance. We aspire to being able to measure our performance in a variety of ways as the quality and availability of our data improves.

Appendices

Appendix A

Asset Management Policy

Appendix B

Asset Management Improvement Plan

The AMIP is yet to be compiled from the actions identified in the individual AMPs and any other improvements identified in compiling the Actions in Section 6.3

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Gwydir Shire Council

Draft Risk Management Framework

Department: Business Improvement

Responsible Manager: Business Improvement & IT Manager

Date Adopted:

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Definitions

Term	Definition
Control	A measure that is modifying risk. Controls include any process, policy, device, practice, or other actions which modify risk.
Enterprise Risk	Encompasses a broad range of risks that can affect the entire organisation's ability to achieve its strategic objectives.
Environment Risk	Risks associated with environmental factors that could impact the Council's operations and community well-being. This includes natural disasters (e.g., floods, bushfires), climate change impacts, pollution incidents, and changes in environmental regulations.
Finance Risk	Risks that affect the Council's financial health and stability. Examples include budget shortfalls, funding reductions, economic downturns, financial mismanagement, and investment losses.
Information Technology Risk	Risks related to the Council's IT systems and data management. This includes cybersecurity breaches, IT system failures, data loss, technology obsolescence, and inadequate IT infrastructure.
Infrastructure Risk	Risks associated with the Council's physical assets and infrastructure. Examples include infrastructure deterioration, maintenance failures, construction delays, inadequate infrastructure planning, and damage to public facilities.
Inherent Risk	The level of risk that exists in the absence of any controls or mitigating actions.
Likelihood	The chance of something happening. It is often expressed as a probability or frequency.
Operational Risk	Refers to the potential for loss resulting from inadequate or failed internal processes, people, systems, or external events.
People and Safety Risk	Risks that impact the health, safety, and well-being of the Council's employees and the public. This includes workplace accidents, non-compliance with health and safety regulations, employee well-being issues, and public safety incidents.
Project Risk	Refers to the potential for unforeseen events or conditions that can negatively impact the scope, timeline, cost, or quality of a project.
Reputation Risk	Risks that could damage the Council's reputation and public trust. Examples include negative publicity, community dissatisfaction, stakeholder grievances, and ethical breaches.
Residual Risk	The risk remaining after risk treatment. It is the level of risk that remains after controls have been implemented.
Risk	The effect of uncertainty on objectives. It is the possibility of an event or condition that, if it occurs, would have a positive or negative effect on the Council's ability to achieve its objectives.
Risk Analysis	The process of understanding the nature of risk and determining the level of risk. This includes assessing the likelihood and severity of identified risks.
Risk Appetite	The amount and type of risk that the Council is willing to pursue or retain in pursuit of its objectives. It reflects the Council's willingness to accept risk in various areas and helps guide decision-making processes.

Risk Assessment	The overall process of risk identification, risk analysis, and risk evaluation. It is used to understand the nature, sources, and causes of risks that could potentially impact the Council's objectives.
Risk Evaluation	The process of comparing the results of risk analysis with risk criteria to determine whether the risk and/or its magnitude is acceptable or tolerable.
Risk Identification	The process of finding, recognising, and describing risks. This involves identifying potential events or conditions that could impact the Council's objectives.
Risk Management	The coordinated activities to direct and control an organisation with regard to risk. It includes the identification, assessment, and prioritisation of risks, followed by coordinated efforts to minimise, monitor, and control the probability and/or impact of adverse events.
Risk Register	A tool used to document risks and manage them. It includes details of the risks identified, their analysis, evaluation, and the risk treatment plans.
Risk Tolerance	The acceptable level of variation in performance relative to the achievement of objectives. It defines the boundaries within which the Council is willing to operate while managing risks.
Risk Treatment	The process of selecting and implementing measures to modify risk. This can include avoiding, reducing, transferring, or accepting risk.
Service Delivery Risk	Risks related to the Council's ability to deliver services effectively and efficiently. This includes service interruptions, quality of service issues, failure to meet community expectations, and resource shortages impacting service provision.
Severity	The outcome or consequence of an event affecting objectives. It is often measured in terms of impact.
Stakeholder	Any individual, group, or organisation that can affect, be affected by, or perceive itself to be affected by a decision or activity.

1. Overview

1.1 Purpose

The purpose of this Risk Management Framework is to provide a consistent approach to managing risks across Gwydir Shire Council. It aims to improve decision-making by considering risks, foster a risk-aware culture within the council, protect the interests of residents, employees, and stakeholders, ensure compliance with AS ISO 31000:2018 Risk Standard and OLG guidelines, and support continuous improvement in risk management practices. This framework will be applied at all levels of the council to ensure comprehensive and effective risk management.

1.2 Objective

The objectives of this Risk Management Framework are to ensure that Gwydir Shire Council effectively identifies, assesses, manages, and monitors risks to support the achievement of its strategic goals. The framework aims to integrate risk management into all Council activities and decision-making processes, ensuring potential risks are addressed proactively. It establishes clear roles and responsibilities for risk management across the Council, promoting a culture of risk awareness and ownership. By developing and maintaining a comprehensive risk register, the Council can document identified risks, their assessments, and corresponding treatment plans. The framework enhances the council's resilience by implementing effective risk treatment strategies, ensuring compliance with relevant legislation and guidelines, particularly those from the Office of Local Government (OLG). Regular monitoring, review, and reporting of risks are facilitated to ensure the framework's ongoing effectiveness and improvement. Additionally, the framework promotes continuous improvement in risk management practices through training and awareness programmes for all Council members and staff.

1.3 Scope

This Risk Management Framework applies to all activities, operations, and functions within Gwydir Shire Council. It encompasses all departments, employees, and elected officials, ensuring that risk management is integrated across the entire organisation. The framework covers a wide range of risk types, including strategic, operational, financial, compliance, and reputational risks.

2. Governance and Leadership

2.1 Statement of Commitment

The Executive Team at Gwydir Shire Council is fully committed to fostering a culture of effective risk management. We recognize the importance of integrating risk management into all aspects of our governance and operations. Our commitment is demonstrated through the endorsement and promotion of our Risk Management Policy, allocation of necessary resources, and clear assignment of accountability. We pledge to lead by example, continuously improve our risk management practices, and maintain transparency through regular communication and consultation with all stakeholders. By doing so, we aim to enhance our decision-making processes, protect our assets, and achieve our strategic objectives in alignment with ISO 31000 and OLG requirements.

2.2 Responsibilities

Effective governance and clear accountability are crucial for the successful implementation and maintenance of the Risk Management Framework. Table 1 below outlines the roles and responsibilities of various stakeholders within Council to ensure a coordinated and transparent approach to risk management.

Table 1: Roles and responsibilities.

Councillors	
Role	The Council is responsible for endorsing the Risk Management Framework and ensuring it aligns with the strategic objectives of the Council.
Responsibilities	Provide oversight, approve risk management policies, and ensure adequate resources are allocated for risk management activities.
Audit, Risk, and Improvement Committee (ARIC)	
Role	The Audit and Risk Committee provides independent assurance and advice on the effectiveness of the Council's risk management practices.
Responsibilities	Review risk management policies, monitor the implementation of the framework, and report findings to the Council.
Executive Management Team	
Role	The Executive Management Team is accountable for embedding risk management into the Council's operations and decision-making processes.
Responsibilities	Develop and implement risk management strategies, ensure compliance with the framework, and report significant risks to the Council and Audit and Risk Committee.
Risk Manager	
Role	The Risk Manager is responsible for the day-to-day management and coordination of the risk management process.
Responsibilities	Facilitate risk assessments, maintain the risk register, provide risk management training, and report on risk management activities to the Executive Management Team.

Managers and Supervisors	
Role	Managers and Supervisors are responsible for managing risks within their respective areas of control.
Responsibilities	Identify, assess, and treat risks, integrate risk management into departmental processes, and report risks to the Risk Manager.
All Employees	
Roles	All employees play a role in the effective management of risk within the Council.
Responsibilities	Be aware of and comply with risk management policies and procedures, identify and report potential risks, and participate in risk management activities as required.

2.3 Accountability

To ensure accountability in its risk management practices, Gwydir Shire Council will implement the following measures:

Regular Reporting

All risk management activities and significant risks will be reported regularly to both the Council and ARIC. These reports will include updates on the status of risk treatment plans and the effectiveness of ongoing risk management strategies, providing transparency and facilitating informed decision-making.

Performance Management

Risk management responsibilities will be integrated into the performance management framework for all staff. This ensures that risk management is a key component of individual and team performance assessments. By linking risk management to performance evaluations, Council ensures that managing risk is perceived as an integral part of daily operations and strategic decision-making across all levels of the organisation.

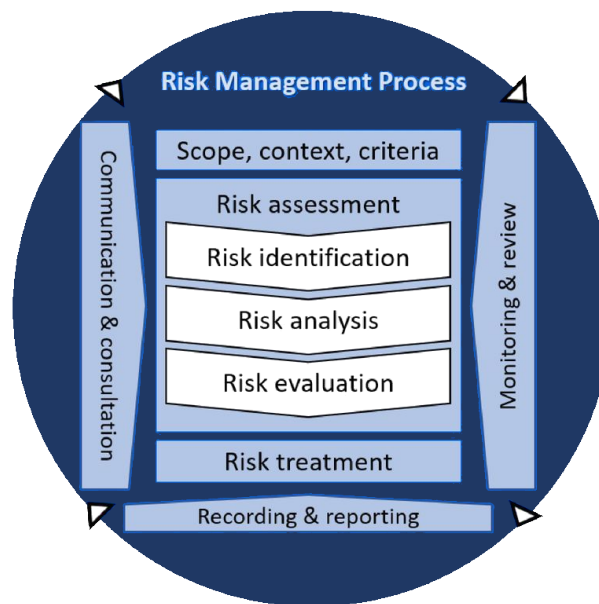
Continuous Improvement

The Risk Management Framework will be reviewed and updated regularly to reflect changes in the risk environment, organisational structure, and emerging best practices. This ongoing process will incorporate feedback from internal audits, external reviews, and stakeholder consultations. These insights are essential for driving continuous improvement and adapting to new challenges and opportunities in risk management.

3. Risk Management Process

Gwydir Shire Council adopts the AS ISO 31000:2018 risk management process to ensure a “best of class” approach to managing risk. This internationally recognised standard provides a robust framework for identifying, assessing, treating, monitoring, and reviewing risks, tailored to the specific context and objectives of the Council. The steps of this process are illustrated in Figure 1 below.

Figure 1: AS ISO 31000: 2018 risk management process.



3.1 Scope, Context, Criteria

3.1.1 Scope

The Risk Management Framework of Gwydir Shire Council applies to all aspects of the Council's operations, defined by the levels of strategic, operational, and project activities. Each of these are defined below, with further explanation of each in section 4 of this document.

Strategic Risks: Risks that could impact the Council's long-term objectives, mission, and vision. These include changes in the political landscape, economic shifts, technological advancements, and significant environmental events that could affect the Council's strategic direction and sustainability.

Operational Risks: Operational risks are the potential adverse effects arising from the day-to-day activities and processes within the Council. These risks can result from various factors, including system failures, human errors, inadequate procedures, and external events.

Project Risks: Risks associated with specific projects undertaken by the Council. These include risks related to project planning, execution, resource allocation, timelines, and achieving project objectives.

3.1.2 Context

The context provides a comprehensive understanding of the internal and external factors that influence the Council's risk environment. It ensures that risk management activities are relevant and aligned with the Council's objectives, operations, and stakeholder expectations.

For external context, the Council operates within a complex environment, influenced heavily by compliance with legislative and regulatory requirements. Economic factors, including budget constraints, funding availability, and economic downturns, can significantly affect the Council's financial stability and growth. Environmental factors, such as climate change, natural disasters, and resource availability, pose risks to both operations and community safety. Technological changes bring both opportunities and risks, including cybersecurity threats and the need for digital transformation. Additionally, the political landscape, shaped by policies and decisions at local, state, and federal levels, can influence the Council's strategic direction, resource allocation, and operational priorities.

For internal context, the Council's strategic objectives, including its mission, vision, goals, and key performance indicators, guide its long-term direction and priorities. Resources and capabilities, such as financial, human, and technological assets, along with the necessary skills, expertise, and tools, support the Council's risk management efforts. The culture, comprising the values, beliefs, and behaviours of the organisation, influences its approach to risk management, decision-making, and stakeholder engagement. Additionally, identifying and analysing internal and external stakeholders, their needs, expectations, influence, and the impact of risk management activities on them, is crucial for comprehensive risk assessment and mitigation.

The following categories have been identified by Council to systematically identify, assess, and manage risks that could impact the Council's objectives:

Environment

- **Definition:** Risks associated with environmental factors that could impact the Council's operations and community well-being.
- **Examples:** Natural disasters (e.g., floods, bushfires), climate change impacts, pollution incidents, and environmental regulation changes.

Finance

- **Definition:** Risks that affect the Council's financial health and stability.
- **Examples:** Budget shortfalls, funding reductions, economic downturns, financial mismanagement, and investment losses.

Information Technology

- **Definition:** Risks related to the Council's IT systems and data management.
- **Examples:** Cybersecurity breaches, IT system failures, data loss, technology obsolescence, and inadequate IT infrastructure.

Infrastructure

- **Definition:** Risks associated with the Council's physical assets and infrastructure.
- **Examples:** Infrastructure deterioration, maintenance failures, construction delays, inadequate infrastructure planning, and damage to public facilities.

People and Safety

- **Definition:** Risks that impact the health, safety, and well-being of the Council's employees and the public.
- **Examples:** Workplace accidents, health and safety regulation non-compliance, employee well-being issues, and public safety incidents.

Reputation

- **Definition:** Risks that could damage the Council's reputation and public trust.
- **Examples:** Negative publicity, community dissatisfaction, stakeholder grievances, and ethical breaches.

Service Delivery

- **Definition:** Risks related to the Council's ability to deliver services effectively and efficiently.
- **Examples:** Service interruptions, quality of service issues, failure to meet community expectations, and resource shortages impacting service provision.

3.1.3 Criteria

The purpose of establishing criteria in the risk management process is to provide a clear and consistent basis for evaluating and managing risks. Criteria help in determining the Council's risk appetite and tolerance levels, ensuring that risks are assessed in a structured and objective manner. They guide the identification, analysis, and prioritisation of risks, aligning risk management activities with the Council's strategic objectives and resource capabilities. Additionally, criteria facilitate informed decision-making by setting benchmarks for risk likelihood and impact, enabling the Council to implement effective risk treatment plans and monitor their effectiveness over time.

For the risk matrix and category benchmarks, see section 5.

For risk appetite and tolerance levels, see section 6.

3.2 Risk Assessment

Risk assessment is a critical component of Gwydir Shire Council's framework, designed to systematically identify, analyse, and evaluate risks that could impact the Council's objectives. This process ensures that risks are managed effectively, and resources are allocated appropriately.

3.2.1 Risk Identification

Risk identification is the first and foundational step in assessing risks. It involves systematically identifying risks that could potentially impact the Council's ability to achieve its objectives. Effective risk identification helps in recognizing potential threats and opportunities, thereby enabling proactive risk management.

To identify risks comprehensively, a variety of techniques and methods can be employed:

- **Brainstorming Sessions:** Engaging teams in structured brainstorming sessions to identify potential risks from different perspectives.
- **SWOT Analysis:** Analysing the strengths, weaknesses, opportunities, and threats to uncover internal and external risks.
- **PESTLE Analysis:** Examining political, economic, social, technological, legal, and environmental factors that could impact objectives.
- **Workshops and Interviews:** Conducting workshops and interviews with key stakeholders, including employees, management, and external partners, to gather insights on potential risks.

- **Risk Checklists:** Utilising checklists of common risks in local government operations to ensure no potential risk is overlooked.
- **Historical Data Analysis:** Reviewing past incidents and historical data to identify recurring risks and patterns.

All identified risks are documented systematically to ensure clarity and completeness. This documentation includes detailed descriptions of the risks, potential causes, and the areas affected.

The Council maintains a risk register in the Pulse system, which is a centralised repository where all identified risks are recorded. The risk register includes:

- Risk descriptions.
- Sources and causes of risks.
- Potential impacts and affected areas.
- Initial risk ratings (inherent risk) for likelihood and impact.
- Responsible persons for managing each risk.

3.2.2 Risk Analysis

Following the identification of potential risks, the analysis is to understand the nature of identified risks, assess their potential impact and likelihood, and determine their overall significance. This helps prioritise risks and informs decision-making for risk treatment.

To conduct a thorough risk analysis, Gwydir Shire Council employs various techniques and methods. These can be either qualitative (using descriptive measures to evaluate risks based on subjective judgements) or quantitative (using data and statistical models to assess risks more precisely), or a mixture of both.

To determine the inherent risk level (the risk without any controls applied), the severity and likelihood of the risk is combined to give the risk level, enabling effective risk prioritisation. The broken-down steps to determine this are:

- **Assess Likelihood:** This involves determining the probability or frequency of a risk event occurring. Risks will be evaluated on a consistent scale (rare, low, medium, or high). Timeframe guidelines provided in section 5 will assist in accurately rating the likelihood of each risk event.
- **Assess Severity:** This refers to the potential consequences or impact of a risk event on Council's objectives. Risks will be evaluated on a consistent scale (minor, moderate, major, or critical). Section 5 provides a detailed guide on the severity levels for each risk category.
- **Determine Risk Level:** This involves combining the likelihood and severity ratings to determine the overall risk level using Council's adopted risk matrix, provided in section 5. The risk level will be evaluated on a consistent scale (low, medium, high, or catastrophic).
- **Update the Risk Register:** This requires updating the risk register in Pulse with detailed analysis results, including likelihood, severity, and overall risk ratings for each identified risk.

3.2.3 Risk Evaluation

Risk evaluation is the process of comparing the results of the risk analysis against the established risk criteria for appetite and tolerances (defined in section 6) to determine the significance of each risk.

3.3 Risk Treatment

Risk treatment involves selecting and implementing appropriate options for managing identified risks. The goal is to mitigate the severity and likelihood of inherent risk to an acceptable level, aligned with the Council's risk appetite. This means that the residual risk (the risk rating after controls are implemented) would be within Council's proposed tolerance level. These are provided for each category in section 6 of this document.

Risk treatment is conducted with the steps:

1. Identifying risk treatment options.
2. Evaluate and select risk treatment options.
3. Prepare and implement risk treatment plans.

3.3.1 Identify Risk Treatment Options

Identifying risk treatment options involves exploring various strategies to manage the identified risks, aiming to reduce their impact and likelihood to acceptable levels. This step ensures that the Council has a range of actionable solutions to mitigate potential threats and leverage opportunities.

The treatment options for negative risks can be classified into the four categories as follows:

- **Avoidance:** Eliminate the risk entirely by discontinuing the activity or removing the risk source. It should be considered that while this method is effective in eliminating risks, avoidance can also mean missing potential benefits or opportunities associated with the activity.
- **Reduction:** Implement measures to reduce the likelihood of the risk occurring or minimise its severity to levels within Council's risk appetite. This is often the most practical and common approach. It involves a balance between cost and benefit, ensuring the measures are cost-effective.
- **Transfer:** Shift the risk to a third party, typically through contracts or insurance. Transfer can reduce the Council's exposure but may come with costs and the need to manage relationships with third parties.
- **Acceptance:** Acknowledge the risk and decide to accept it without taking any action to mitigate it. This option is suitable for low-priority risks or when risk mitigation measures are not feasible. Continuous monitoring is essential to ensure the risk remains acceptable and within Council's risk appetite.

Not all risks are negative and can produce positive outcomes. The treatment options when identifying and leveraging opportunities can be classified into the four categories as follows:

- **Exploitation:** Take direct action to ensure that the opportunity is realised. It needs to be considered if Council has the dedicated resources and a clear plan to realise the opportunity fully.
- **Enhancement:** Increase the probability and/or impact of the opportunity. This Focuses on strengthening the conditions that lead to the opportunity's success.
- **Sharing:** Share the opportunity with a partner who can help realise its potential. This involves negotiation and agreement on shared goals, benefits, and responsibilities.
- **Acceptance:** Recognise the opportunity and choose not to take any specific action to pursue it, usually because it is already likely to be realised with minimal effort. This is suitable for opportunities that do not require additional intervention to be realised.

3.3.2 Evaluate and Select Risk Treatment Options

This ensures that the most effective and feasible treatments are chosen to mitigate identified risks, aligning with the Council's strategic objectives and resource capabilities. The rigidity of this process will be determined by the scope of the risk assessment, but will generally be completed with the following steps:

1. **Evaluate Treatment Options:** When selecting risk treatment options, assess their effectiveness in reducing the likelihood and impact of risks, consider the practical aspects of implementation such as timeframes, required skills, and potential barriers, and conduct a cost-benefit analysis to determine the cost-effectiveness of each option.
2. **Prioritise Treatment Options:** Ensure that the options align with the Council's risk appetite and tolerance levels. The treatment options are prioritized based on the urgency and significance of the risks they address, and their alignment with the Council's strategic objectives and long-term goals is also considered.
3. **Decision-Making and Approval:** This requires consultation with relevant parties to review and discuss evaluated risk treatment options. Depending on the scope of the corrective actions, this may be done with the Executive Management Team, Senior Management, relevant staff, external partners, or Council. This ensures alignment with the Council's plans and processes through thorough consultation and coordination. In the decision-making and approval phase, informed decisions are made on the most suitable risk treatment options based on evaluation criteria, followed by obtaining necessary approvals.
4. **Documentation and Communication:** The Pulse risk register will need to be updated to include the mitigation strategy. Additionally, it is crucial to communicate the selected treatment options and the rationale behind these decisions to relevant stakeholders to keep everyone informed.

3.3.3 Prepare and Implement Risk Treatment Plans

Preparing and implementing risk treatment plans is essential to ensure that the chosen risk treatment options are effectively carried out, monitored, and reviewed. This leads to the mitigation of identified risks and enhances the Council's resilience and performance.

This process begins with the development of detailed risk treatment plans that outline the specific actions required to mitigate identified risks. Each plan should clearly define the proposed actions, the order of implementation, accountability, required resources, performance measures, constraints, and timelines. This level of detail ensures that all stakeholders understand their roles and responsibilities, the resources needed, and the expected outcomes.

Once the treatment plans are developed, they must be integrated into the Council's existing management processes. Effective implementation requires clear communication and continuous monitoring to track progress against the plan. The specific tasks required to complete each action can be allocated in Pulse as a task assignment for accountability, reporting, and as a feedback mechanism.

As actions to mitigate the risk are implemented, they should be recorded in the risk register as controls associated with the respective risk. The residual risk, or risk ratings after the controls are in place, should be reevaluated to reflect the current level of risk. If the residual risk remains outside the acceptable tolerances, additional actions will be necessary.

3.4 Communication and Consultation

Effective communication and consultation are integral to Gwydir Shire Council's risk management process, ensuring stakeholders are informed, engaged, and involved. This approach promotes transparency, builds trust, and enhances the overall effectiveness of risk management efforts. The following communication methods will be used during the risk management process:

Risk Register: Council uses Pulse as a central risk register to capture all manner of risks across the organisation.

Reports: Provide summaries of risk management activities and reviews to key stakeholders, including the Council, Audit and Risk Committee, and Executive Management Team.

Meetings and Briefings: Conduct regular meetings and briefings with stakeholders to discuss risk management issues and gather feedback.

Workshops and Training: Organise workshops and training sessions to educate stakeholders on risk management practices.

Digital Platforms: Use digital platforms like intranet resources, emails, and online collaboration tools for disseminating information and facilitating communication.

3.5 Monitoring and Review

Ongoing monitoring involves tracking the progress of risk treatment plans and regularly reassessing residual risk levels to ensure they stay within acceptable tolerances. Continuous stakeholder engagement helps gather feedback and address any concerns promptly, maintaining transparency and accountability in the risk management process.

Scheduled reviews update the risk register, evaluate the relevance and effectiveness of risk management policies, and ensure compliance with internal and external standards. The risks are to be evaluated on an annual basis, that a report will be delivered to ARIC based on this review.

Additionally, feedback from stakeholders and lessons learned from incidents drive continuous improvement, with adjustments made to the risk management framework, policies, and procedures based on these insights. This structured approach ensures that Gwydir Shire Council's risk management activities are proactive, effective, and aligned with its strategic goals.

3.6 Recording and Reporting

Effective recording and reporting are essential components of Gwydir Shire Council's risk management process, ensuring transparency, accountability, and continuous improvement in managing risks. Each stage of the risk assessment process requires specific recording and reporting actions to maintain a comprehensive and up-to-date risk management framework. Table 2 is a summary for the expected information to be captured or reported for each step in the assessment process.

Table 2: Recording and reporting expectations for the risk assessment process.

Step	Record	Report
Risk Identification	<ul style="list-style-type: none"> Record all identified risks in the risk register, including detailed descriptions, potential causes, and affected areas. 	<ul style="list-style-type: none"> Report newly identified risks to relevant stakeholders.
Risk Analysis	<ul style="list-style-type: none"> Document the assessed likelihood and impact of each risk in the risk register. 	<ul style="list-style-type: none"> Share the results of the risk analysis with relevant parties.
Risk Evaluation	<ul style="list-style-type: none"> Update the risk register with the risk ratings determined during the evaluation, prioritising risks based on their significance. Document the comparison of each risk against the Council's risk criteria. 	<ul style="list-style-type: none"> Provide summaries of risk evaluations to the Council and Audit and Risk Committee, highlighting prioritised risks.
Selecting Risk Treatment Options	<ul style="list-style-type: none"> Record the evaluation results of potential risk treatment options, including effectiveness, feasibility, and cost-benefit analysis. Document the selected risk treatment options in the risk register, noting the rationale behind each decision. 	<ul style="list-style-type: none"> Report on the consultation process with stakeholders regarding the evaluated options. Announce the selected risk treatment options and their rationale to relevant stakeholders.
Developing Risk Treatment Plans	<ul style="list-style-type: none"> Detail the proposed actions, resources required, performance measures, constraints, and timelines for each selected treatment option. Record the individuals responsible for approving and implementing each risk treatment plan. 	<ul style="list-style-type: none"> Submit detailed risk treatment plans for approval to the Executive Management Team or the Council.
Implementing Risk Treatment Plans	<ul style="list-style-type: none"> As risk mitigation actions are implemented, update the risk register with these controls. Regularly document the progress of implementing risk treatment actions. After controls are in place, reassess and record the residual risk in the risk register to reflect the current level of risk. If the residual risk remains outside acceptable tolerances, document any additional actions required. 	<ul style="list-style-type: none"> Provide regular updates on the implementation status of risk treatment plans, including completed actions and any issues encountered. Report the reassessed residual risk levels and any further actions required to maintain risk within acceptable tolerances.

4. Integration with Strategic, Operational, and Project Planning

Integrating risk management with strategic, operational, and project planning is essential for ensuring that Council can achieve its objectives while effectively managing potential risks. This integration ensures that risk considerations are embedded in the council's planning processes, enhancing resilience and adaptability.

4.1 Strategic Planning Integration

Incorporating risk management into strategic planning involves aligning the Council's long-term goals with its risk appetite and tolerance. This integration ensures that strategic initiatives are pursued with a clear understanding of the associated risks and the council's capacity to manage them. This is generally the responsibility of the Risk Manager, the Executive Management Team, and Councillors.

Strategic Risk Assessment: During the strategic planning process, Council conducts comprehensive risk assessments to identify and evaluate risks that could impact the achievement of strategic objectives. This involves analysing internal and external factors that may pose strategic risks.

Risk-Informed Decision Making: Strategic decisions are made with consideration of risk assessments, ensuring that risks are factored into the selection and prioritisation of strategic initiatives. This approach helps to balance opportunities and threats, enhancing the likelihood of successful outcomes.

Alignment with Risk Appetite: Council ensures that strategic initiatives align with its defined risk appetite, pursuing opportunities that fit within acceptable risk levels. This alignment supports sustainable growth and innovation while maintaining risk exposure within manageable limits.

4.2 Operational Planning Integration

Operational planning integration involves embedding risk management practices into the Council's day-to-day activities and short-term planning processes. This ensures that operational risks are identified, assessed, and managed effectively, supporting the continuity and efficiency of services. This is generally the responsibility of the department managers.

Operational Risk Assessment: As part of operational planning, Council conducts risk assessments to identify and evaluate risks that could affect daily operations. This includes analysing risks related to processes, systems, resources, and external factors.

Risk Mitigation Strategies: Based on operational risk assessments, Council develops and implements risk mitigation strategies to address identified risks. These strategies may include process improvements, resource allocation, contingency planning, and other control measures.

Alignment with Risk Appetite: Council ensures that operational risks align with its defined risk appetite, pursuing opportunities that fit within acceptable risk levels. This alignment supports sustainable growth and innovation while maintaining risk exposure within manageable limits.

Continuous Monitoring: Council continuously monitors operational risks and the effectiveness of mitigation strategies. Regular reviews and updates to operational plans ensure that risks are managed proactively and that the council can respond to emerging risks promptly.

4.3 Project Risk Integration

Integrating risk management into project planning and execution ensures that potential risks are identified, assessed, and managed throughout the lifecycle of projects undertaken by the Council. This proactive approach supports the successful delivery of projects on time, within budget, and to the desired quality standards. This is generally the responsibility of the Project Manager and relevant department managers.

Project Risk Assessment: During the project planning phase, the Council conducts comprehensive risk assessments to identify and evaluate risks that could impact the achievement of project objectives. This involves analysing risks related to project scope, schedule, budget, resources, and external factors. Early identification of project risks helps in developing effective mitigation strategies and contingency plans.

Risk-Informed Project Planning: Project planning integrates risk assessments to ensure that potential risks are considered in the development of project plans. This involves prioritising project activities based on risk analysis, allocating resources to manage high-priority risks, and scheduling risk management activities alongside project tasks.

Development of Risk Mitigation Strategies: Based on the identified project risks, the Council develops and implements risk mitigation strategies to address potential threats. These strategies may include:

- Process Adjustments: Refining project processes to reduce risk exposure.
- Resource Allocation: Allocating additional resources to critical areas to mitigate risks.
- Contingency Planning: Developing contingency plans to address potential risk events.
- Stakeholder Engagement: Engaging stakeholders to gain insights and support for risk management activities.

Continuous Monitoring and Review: Throughout the project lifecycle, the Council continuously monitors project risks and the effectiveness of mitigation strategies. Regular risk reviews are conducted to reassess risk levels, update risk registers, and adjust mitigation plans as needed. This ongoing monitoring ensures that emerging risks are identified promptly and that the project team can respond effectively.

Reporting and Communication: Regular reporting on project risks and mitigation activities is crucial for keeping all stakeholders informed. This includes:

- Progress Reports: Providing updates on the status of risk management activities, highlighting any changes in risk levels and mitigation plans.
- Stakeholder Meetings: Conducting regular meetings with project stakeholders to discuss risk management progress and gather feedback.
- Documentation: Maintaining detailed records of risk assessments, mitigation strategies, and monitoring activities to ensure transparency and accountability.

5. Risk Matrix and Definitions

The Council uses a structured risk matrix to systematically evaluate and manage risks throughout its operations. Illustrated below in Figure 2, this matrix combines severity and likelihood to prioritize risks based on their potential impact and probability of occurrence.

Figure 2: Council's adopted risk matrix.

		Likelihood			
		Rare	Low	Medium	High
Severity	Critical	Medium	High	High	Catastrophic
	Major	Low	Medium	High	Catastrophic
	Moderate	Low	Medium	Medium	High
	Minor	Low	Low	Low	Medium

The following guide provides likelihood (probability) definitions for risk occurrences, with timeframes to help determine the frequency of each occurrence. These are universal across all categories.

Likelihood (Probability)

High: Highly likely to occur; expected to happen frequently (e.g., multiple times per year).

Medium: Likely to occur; can be expected to happen occasionally (e.g., once per year).

Low: Unlikely to occur; possible to happen but infrequent (e.g., once every 1-2 years).

Rare: Highly unlikely to occur; rare and exceptional circumstances (e.g., once every 5 years or more).

The following sections provide a detailed guide on the severity levels for each risk category. By clearly defining the severity levels, the Council ensures consistent risk assessment and effective mitigation strategies, enhancing our ability to safeguard assets, comply with regulations, and maintain service quality.

5.1 Environment

Severity (Impact)

Critical:

- Severe impact on the environment, causing critical and long-term damage.
- Major regulatory fines, significant financial losses, or severe reputational damage.
- Irreversible harm to critical habitats or ecosystems.

Major:

- Substantial impact on the environment, causing noticeable and long-lasting damage.
- Considerable regulatory fines, substantial financial losses, or significant reputational damage.
- Significant harm to important habitats or ecosystems, with long recovery times.

Moderate:

- Moderate impact on the environment, causing some damage that can be mitigated or reversed.
- Moderate regulatory fines, moderate financial losses, or moderate reputational damage.
- Temporary harm to non-critical habitats or ecosystems, with moderate recovery times.

Minor:

- Minor impact on the environment, causing minimal and easily reversible damage.
- Insignificant regulatory fines, minor financial losses, or negligible reputational damage.
- Short-term and minor harm to non-critical habitats or ecosystems.

5.2 Finance

Severity (Impact)

Critical:

- Severe financial losses exceeding a significant portion of the organisation's budget.
- Major regulatory fines and sanctions, with potential legal actions.
- Long-term disruption to financial operations, affecting the sustainability of essential services.

Major:

- Substantial financial losses impacting a considerable portion of the organisation's budget.
- Significant regulatory fines and penalties.
- Medium-term disruption to financial operations, constraining future projects and services.

Moderate:

- Moderate financial losses affecting a manageable portion of the organisation's budget.
- Moderate regulatory fines, with compliance concerns.
- Short-term disruption to financial operations, with limited impact on service delivery.

Minor:

- Minor financial losses with minimal impact on the organisation's budget.
- Insignificant regulatory fines, easily manageable.
- Minimal disruption to financial operations, with no significant impact on services.

5.3 Information Technology

Severity (Impact)

Critical:

- Severe impact on IT systems or data, causing critical disruption to business operations.
- Long-term loss of critical data, major financial losses, or severe reputational damage.
- Extended downtime affecting multiple business units or critical services.

Major:

- Substantial impact on IT systems or data, causing noticeable disruption to business operations.
- Loss of important data, considerable financial losses, or significant reputational damage.
- Downtime affecting important business units or services for a considerable period.

Moderate:

- Moderate impact on IT systems or data, causing some disruption to business operations.
- Loss of non-critical data, moderate financial losses, or moderate reputational damage.
- Downtime affecting non-critical business units or services for a short period.

Minor:

- Minor impact on IT systems or data, causing minimal disruption to business operations.
- Insignificant data loss, minor financial losses, or negligible reputational damage.
- Short, infrequent downtime affecting non-critical services.

5.4 Infrastructure

Severity (Impact)

Critical:

- Severe damage or failure of critical infrastructure, causing widespread disruption.
- Long-term unavailability of essential services, impacting multiple business units or the entire community.
- Major financial losses and significant regulatory fines due to non-compliance with safety and environmental standards.

Major:

- Substantial damage or failure of important infrastructure, causing significant disruption.
- Medium-term unavailability of key services, affecting important business units or community sectors.
- Considerable financial losses and regulatory penalties due to breaches in standards and regulations.

Moderate:

- Moderate damage or degradation of infrastructure, causing some disruption.
- Short-term unavailability of services, affecting non-critical business units or limited community areas.
- Moderate financial losses and potential regulatory fines, with manageable compliance issues.

Minor:

- Minor damage or maintenance issues with infrastructure, causing minimal disruption.
- Brief unavailability of non-essential services, with quick restoration.
- Insignificant financial losses and negligible regulatory concerns, easily rectified.

5.5 People and Safety**Severity (Impact)****Critical:**

- Fatalities or life-threatening injuries to employees or the public.
- Long-term closure of facilities or operations due to safety hazards.
- Major legal actions, significant regulatory fines, and severe reputational damage.

Major:

- Serious injuries requiring extensive medical treatment and prolonged recovery time.
- Medium-term closure or restricted access to facilities due to safety concerns.
- Significant legal actions, regulatory penalties, and notable reputational damage.

Moderate:

- Moderate injuries requiring medical treatment and short-term recovery.
- Short-term closure or restricted access to non-critical areas due to safety issues.
- Moderate legal actions, regulatory fines, and some reputational impact.

Minor:

- Minor injuries requiring first aid or minimal medical treatment.
- Minor safety incidents causing brief interruptions but no closures.
- Insignificant legal or regulatory issues and negligible impact on reputation.

5.6 Reputation**Severity (Impact)****Critical:**

- Severe and widespread damage to the organisation's reputation, causing long-term loss of stakeholder trust.
- Extensive negative media coverage leading to significant public outcry and scrutiny.
- Major impact on relationships with key stakeholders, including clients, partners, and regulators.

Major:

- Substantial damage to the organisation's reputation, causing noticeable decline in stakeholder confidence.
- Significant negative media coverage resulting in public concern and criticism.
- Considerable impact on relationships with key stakeholders, requiring extensive efforts to rebuild trust.

Moderate:

- Moderate damage to the organisation's reputation, causing some stakeholder concern.
- Occasional negative media coverage resulting in limited public criticism.
- Impact on relationships with some stakeholders, necessitating targeted efforts to address concerns and restore confidence.

Minor:

- Minor damage to the organisation's reputation, causing minimal stakeholder concern.
- Infrequent negative media coverage with negligible public impact.
- Minimal impact on stakeholder relationships, easily managed through routine communication and engagement.

5.7 Service Delivery**Severity (Impact)****Critical:**

- Complete failure of critical service delivery, causing widespread disruption to essential services.
- Long-term inability to meet service delivery commitments, resulting in significant community impact.
- Major financial losses and severe reputational damage due to prolonged service outages and failures.

Major:

- Substantial disruption to important service delivery, affecting multiple service areas or key services.
- Medium-term inability to meet service delivery commitments, leading to considerable community dissatisfaction.
- Significant financial losses and notable reputational damage due to service interruptions and delays.

Moderate:

- Moderate disruption to service delivery, affecting some service areas or non-critical services.
- Short-term inability to meet service delivery commitments, causing some community inconvenience.
- Moderate financial losses and some reputational impact due to temporary service issues.

Minor:

- Minor disruption to service delivery, causing minimal impact on non-critical services.
- Brief delays or interruptions in meeting service delivery commitments, with negligible community impact.
- Insignificant financial losses and minimal reputational damage due to minor service issues.

6. Risk Appetite & Tolerance

This section outlines the Shire's approach to defining and managing acceptable levels of risk across various areas. It establishes the boundaries for risk-taking to ensure the protection of assets, compliance with regulations, and promotion of sustainability, while supporting strategic objectives and responsible innovation. By clearly stating what risks are acceptable and what are not, it guides decision-making and ensures effective risk management practices.

6.1 Environment

Appetite Rating: Low

Context: The Shire is committed to environmental stewardship and sustainable practices. Therefore, Council adopts a highly cautious approach to managing environmental risks. Our goal is to minimise our environmental footprint, comply with environmental regulations, and promote sustainability in all our operations. While the Shire is cautious in its approach to environmental risks, we maintain a minimal appetite for activities that could harm the environment or compromise our sustainability objectives.

The following sub-categories outline specific risk tolerances within Environment:

Environmental Compliance

- **Tolerance Level:** Low
- **Won't Tolerate:** Any non-compliance with environmental laws, regulations, or standards, or actions that could lead to significant environmental damage.
- **Will Tolerate:** Minor, unintentional compliance deviations that are promptly corrected and do not result in significant environmental harm, provided they lead to enhanced compliance measures and are not systemic in nature.

Waste Management

- **Tolerance Level:** Low
- **Won't Tolerate:** Improper disposal of hazardous waste, significant waste mismanagement, or actions that could lead to pollution.
- **Will Tolerate:** Isolated incidents of minor waste management issues that are swiftly addressed, ensuring no significant environmental impact and resulting in improved waste management practices.

Resource Consumption

- **Tolerance Level:** Moderate
- **Won't Tolerate:** Excessive resource consumption that significantly exceeds our sustainability targets or results in resource depletion.
- **Will Tolerate:** Occasional, minor deviations from resource consumption targets that are identified and corrected, provided they do not lead to long-term unsustainable practices and are offset by conservation efforts.

Pollution Control

- **Tolerance Level:** Low
- **Won't Tolerate:** Any activities that cause significant pollution or violate pollution control regulations.
- **Will Tolerate:** Minor, unintentional pollution incidents that are quickly mitigated and do not result in lasting environmental damage, provided they lead to strengthened pollution control measures.

Biodiversity Impact

- **Tolerance Level:** Low
- **Won't Tolerate:** Actions that significantly harm local biodiversity or lead to the destruction of critical habitats.
- **Will Tolerate:** Minor, temporary impacts on biodiversity that are carefully managed and mitigated, ensuring long-term protection of ecosystems and resulting in improved biodiversity conservation practices.

Sustainable Practices

- **Tolerance Level:** Low
- **Won't Tolerate:** Neglect of sustainability initiatives or actions that undermine our sustainability goals.
- **Will Tolerate:** Small, infrequent lapses in sustainable practices that are promptly corrected and lead to reinforced commitment to sustainability initiatives.

6.2 Finance**Appetite Rating:** Moderate

Context: The Shire's financial assets and practices are fundamental to sustaining our business operations and delivering services to our community. Therefore, Council adopts a cautious approach to managing financial risks, ensuring transparency, compliance, and sustainability. Our goal is to maintain robust financial health through prudent budgeting, effective investment strategies, and comprehensive financial controls. Additionally, we will foster a culture of financial accountability and continuous improvement in our financial management practices. While the Shire is cautious in its financial management, we maintain a moderate appetite for calculated financial risks that drive innovation and strategic growth.

The following sub-categories outline specific risk tolerances within Finance:

Financial Reporting

- **Tolerance Level:** Low
- **Won't Tolerate:** Significant inaccuracies in financial reporting that lead to material misstatements, non-compliance, or misinforming stakeholders.
- **Will Tolerate:** Minor and infrequent errors in financial reports that are quickly identified and corrected without materially affecting the financial statements or compliance with regulations.

Budget Management

- **Tolerance Level:** **Moderate**
- **Won't Tolerate:** Significant budget overruns or underspends that could impact our financial stability or the delivery of key services.
- **Will Tolerate:** Minor variances in budget performance that are within acceptable thresholds and do not compromise our financial objectives or operational effectiveness.

Fraud Prevention

- **Tolerance Level:** **Low**
- **Won't Tolerate:** Any form of fraudulent activity, embezzlement, or corruption.
- **Will Tolerate:** Isolated, low-impact incidents that are unintentional and swiftly investigated and addressed, provided they do not indicate systemic issues and result in strengthened controls.

Investment Risk

- **Tolerance Level:** **Moderate**
- **Won't Tolerate:** High-risk investments that could jeopardize our financial position or lead to substantial losses.
- **Will Tolerate:** Investments with moderate risk profiles that align with our strategic objectives and are backed by thorough risk assessments.

Compliance

- **Tolerance Level:** **Low**
- **Won't Tolerate:** Non-compliance with financial regulations, laws, and standards.
- **Will Tolerate:** Minor compliance issues that are promptly corrected and do not result in regulatory penalties or significant operational impacts.

Third-Party Financial Management

- **Tolerance Level:** **Low**
- **Won't Tolerate:** Inadequate financial performance or risk management by third-party providers that could impact our financial health.
- **Will Tolerate:** Minor performance issues or delays from third-party financial service providers that are swiftly rectified and do not affect critical financial operations.

6.3 Information Technology

Appetite Rating: **Moderate**

Context: The Shire's assets, including information, are vital in maintaining our business practices. Therefore, Council has a cautious approach to safeguarding these assets from both external and internal threats, misuse, modification, and unintended damage. Council's aim is to protect our assets contained within our IT systems and services. We will be successful through the application of appropriate internal controls, fostering a cyber-aware workforce, implementing effective governance, and ensuring timely remediation of identified control weaknesses. Additionally, we will persistently review the external threat landscape and consistently manage our third-party providers. While the Shire has a cautious stance towards protecting its IT systems, we maintain an open appetite for exploring innovative risks associated with Information Technology Systems to enhance our operational capabilities and service delivery.

The following sub-categories outline specific risk tolerances within Information Technology:

Cybersecurity

- **Tolerance Level:** **Low**
- **Won't Tolerate:** We are not willing to accept risks that could lead to significant data breaches, unauthorised access, or compromise of our critical systems. Investments in advanced cybersecurity measures, continuous monitoring, and incident response plans are prioritised to maintain high levels of security.
- **Will Tolerate:** Minor and infrequent cybersecurity incidents that do not compromise sensitive information or critical systems. Such incidents should be swiftly identified and mitigated.

Data Management

- **Tolerance Level:** **Low**
- **Won't Tolerate:** We have a low tolerance for risks associated with data management, including data loss, corruption, or unauthorised disclosure. Stringent data protection protocols, regular backups, and strict access controls are enforced to ensure the integrity and confidentiality of our data.
- **Will Tolerate:** Occasional minor data integrity issues or small-scale data inaccuracies that are quickly corrected without significant impact on operations or compliance.

IT System Downtime

- **Tolerance Level:** **Low**
- **Won't Tolerate:** We have a low tolerance for prolonged IT system downtime. High availability and reliability of IT services are critical, and we employ robust disaster recovery and business continuity plans to minimize downtime and ensure rapid recovery from any disruptions.
- **Will Tolerate:** Short, infrequent periods of downtime for non-critical systems during scheduled maintenance windows or unexpected minor outages that are resolved within established recovery time objectives (RTOs).

Innovation and Digital Transformation

- **Tolerance Level:** **Moderate**
- **Won't Tolerate:** We have a moderate tolerance for risks associated with adopting new technologies and digital transformation initiatives. While we encourage innovation and the use of cutting-edge technologies to improve service delivery, these initiatives must be carefully evaluated and managed to ensure they do not introduce unacceptable levels of risk.
- **Will Tolerate:** Controlled pilot projects and phased rollouts of new technologies that may involve minor disruptions or learning curves, provided they are well-managed and do not jeopardize overall operations.

Third-Party Management

- **Tolerance Level:** **Low**
- **Won't Tolerate:** We have a low tolerance for risks arising from third-party providers. Thorough due diligence, continuous monitoring, and strict contractual obligations are required to ensure that third-party vendors meet our security and performance standards.
- **Will Tolerate:** Minor performance issues or delays from third-party providers that are swiftly rectified and do not affect critical services or data security.

User Access Control

- **Tolerance Level:** **Low**
- **Won't Tolerate:** We have a low tolerance for inadequate user access controls. Ensuring that only authorized personnel have access to specific systems and data is critical. Strong authentication mechanisms and regular reviews of access rights are enforced.
- **Will Tolerate:** Occasional minor access control issues that are quickly identified and resolved without leading to unauthorized access or data breaches.

Incident Response

- **Tolerance Level:** **Low**
- **Won't Tolerate:** We have a low tolerance for delayed or ineffective responses to IT incidents. A well-defined incident response plan, regular drills, and swift action in the event of an incident are essential to mitigate impacts and restore normal operations quickly.
- **Will Tolerate:** Minor delays in incident response that do not significantly impact operations or data security, provided they lead to process improvements and enhanced readiness for future incidents.

6.4 Infrastructure

Appetite Rating: **Moderate**

Context: The Shire is committed to developing and maintaining robust infrastructure that supports the community's needs and promotes sustainable growth. Therefore, Council adopts a balanced approach to managing risks associated with infrastructure. Our goal is to ensure the safety, reliability, and efficiency of our infrastructure assets while accommodating necessary improvements and innovations. While the Shire is cautious in its approach to infrastructure risks, we accept moderate levels of risk in pursuit of enhanced infrastructure capabilities and resilience.

The following sub-categories outline specific risk tolerances within Infrastructure:

Maintenance and Upkeep

- **Tolerance Level:** **Low**
- **Won't Tolerate:** Deferred maintenance or neglect that leads to significant deterioration or failure of critical infrastructure.
- **Will Tolerate:** Short-term, minor delays in non-critical maintenance activities, provided they are managed effectively and do not compromise long-term infrastructure integrity.

Infrastructure Resilience

- **Tolerance Level:** **Moderate**
- **Won't Tolerate:** Significant vulnerabilities that leave infrastructure susceptible to major disruptions or failures.
- **Will Tolerate:** Identified vulnerabilities that are actively being addressed through resilience-building initiatives, provided they do not pose immediate critical risks.

Project Management

- **Tolerance Level:** **Moderate**
- **Won't Tolerate:** Major project overruns in time, cost, or scope that significantly impact strategic objectives or community needs.
- **Will Tolerate:** Moderate deviations in project timelines and budgets that are effectively managed and do not compromise overall project success or strategic alignment.

Innovation and Improvement

- **Tolerance Level:** **Moderate**
- **Won't Tolerate:** High-risk infrastructure innovations that could lead to significant failures or inefficiencies.
- **Will Tolerate:** Controlled, moderate-risk infrastructure improvement projects that are thoroughly evaluated and managed to enhance capabilities and performance.

Compliance with Standards

- **Tolerance Level:** **Low**
- **Won't Tolerate:** Non-compliance with statutory, regulatory, or industry standards for infrastructure development and maintenance.

- **Will Tolerate:** Minor, unintentional deviations from standards that are promptly corrected and ensure no significant impact on infrastructure quality or compliance.

6.5 People and Safety

Appetite Rating: Low

Context: The safety and well-being of our employees and the community are paramount to the Shire. Therefore, Council adopts a highly cautious approach to managing risks associated with people and safety. Our goal is to create a safe and healthy work environment, comply with all relevant health and safety regulations, and foster a culture of safety awareness and continuous improvement. While the Shire is cautious in its approach to people and safety risks, we maintain a minimal appetite for risks that could compromise the safety or well-being of our employees and the public.

The following sub-categories outline specific risk tolerances within People and Safety:

Workplace Health and Safety

- **Tolerance Level:** Low
- **Won't Tolerate:** Any violations of health and safety regulations, or actions that could result in serious injury or illness to employees or the public.
- **Will Tolerate:** Minor safety incidents that are promptly reported, investigated, and addressed, provided they do not indicate systemic safety issues and result in enhanced safety measures. These incidents must be non-recurring, cause no significant harm, and lead to a review and improvement of safety protocols.

Employee Well-being

- **Tolerance Level:** Low
- **Won't Tolerate:** Practices that negatively impact employee well-being, such as excessive workloads, workplace harassment, or discrimination.
- **Will Tolerate:** Isolated, minor well-being concerns that are swiftly resolved through appropriate support and interventions, provided they do not reflect broader issues within the organization and lead to improved well-being initiatives.

Training and Compliance

- **Tolerance Level:** Low
- **Won't Tolerate:** Failure to comply with mandatory training requirements or neglecting safety training programs.
- **Will Tolerate:** Occasional lapses in training attendance that are quickly rectified, ensuring all employees complete required training and any gaps are promptly filled without impacting overall compliance.

Incident Response (Safety)

- **Tolerance Level:** Low
- **Won't Tolerate:** Delayed or inadequate responses to safety incidents that could exacerbate risks or harm.

- **Will Tolerate:** Minor delays in incident response that do not significantly impact safety outcomes, provided they lead to process improvements and enhanced readiness for future incidents.

6.6 Reputation

Appetite Rating: Low

Context: The Shire places a high value on maintaining a positive reputation and public trust. Therefore, Council adopts a highly cautious approach to managing reputational risks. Our goal is to uphold the Shire's integrity, transparency, and accountability in all our activities. While the Shire is cautious in its approach to reputational risks, we recognise the need to engage in activities that may involve minimal risk but contribute to our strategic objectives and community engagement.

The following sub-categories outline specific risk tolerances within Reputation:

Public Trust

- **Tolerance Level:** Low
- **Won't Tolerate:** Actions or behaviours that significantly undermine public trust or damage the Shire's reputation, such as unethical conduct, lack of transparency, or significant breaches of trust.
- **Will Tolerate:** Minor, isolated incidents that do not significantly impact public trust and are promptly addressed with transparency and corrective actions to restore confidence.

Media Relations

- **Tolerance Level:** Low
- **Won't Tolerate:** Negative media coverage resulting from miscommunication, misinformation, or unresponsiveness that significantly harms the Shire's reputation.
- **Will Tolerate:** Occasional, minor negative media coverage that is managed proactively with clear communication and remedial actions to mitigate any potential damage.

Ethical Conduct

- **Tolerance Level:** Low
- **Won't Tolerate:** Any form of unethical behaviour, corruption, or misconduct by employees or representatives of the Shire.
- **Will Tolerate:** Isolated, minor ethical lapses that are immediately addressed, ensuring no systemic issues and resulting in strengthened ethical standards and training.

Social Responsibility

- **Tolerance Level:** Low
- **Won't Tolerate:** Neglect of social responsibility initiatives or actions that could negatively impact the Shire's social standing and community relationships.
- **Will Tolerate:** Small, infrequent lapses in social responsibility efforts that are promptly corrected and enhance the Shire's commitment to social responsibility and community engagement.

Crisis Management

- **Tolerance Level:** Low
- **Won't Tolerate:** Ineffective management of crises or public relations issues that exacerbate reputational damage.
- **Will Tolerate:** Minor delays or inefficiencies in crisis management that are swiftly rectified, provided they lead to improved crisis response strategies and preparedness for future incidents.

6.7 Service Delivery**Appetite Rating:** Moderate

Context: The Shire is dedicated to providing high-quality services to our community. Therefore, Council adopts a balanced approach to managing risks associated with service delivery. Our goal is to ensure reliable, efficient, and effective service delivery that meets the needs and expectations of our residents. While the Shire is committed to minimising disruptions and maintaining service standards, we recognise the need for innovation and improvement, which may involve accepting moderate levels of risk.

The following sub-categories outline specific risk tolerances within Service Delivery:

Service Quality

- **Tolerance Level:** Low
- **Won't Tolerate:** Significant declines in service quality that fail to meet established standards or result in widespread dissatisfaction.
- **Will Tolerate:** Minor, temporary reductions in service quality during periods of change or improvement, provided they are promptly addressed and lead to long-term enhancements.

Customer Satisfaction

- **Tolerance Level:** Low
- **Won't Tolerate:** Persistent customer complaints or dissatisfaction resulting from systemic issues or neglect of service delivery commitments.
- **Will Tolerate:** Occasional, isolated customer complaints that are promptly resolved and lead to improved customer service practices.

Innovation and Improvement

- **Tolerance Level:** Moderate
- **Won't Tolerate:** High-risk initiatives that could significantly disrupt service delivery or fail to deliver intended benefits.
- **Will Tolerate:** Controlled, moderate-risk projects aimed at service innovation and improvement, provided they are carefully managed, monitored, and evaluated for effectiveness.

Continuity of Services

- **Tolerance Level:** **Low**
- **Won't Tolerate:** Prolonged or widespread disruptions to critical services that negatively impact the community.
- **Will Tolerate:** Short, infrequent disruptions to non-critical services during planned maintenance or upgrades, provided they are communicated in advance and managed effectively to minimise impact.

Resource Allocation

- **Tolerance Level:** **Moderate**
- **Won't Tolerate:** Misallocation of resources that significantly impairs the ability to deliver key services.
- **Will Tolerate:** Minor, temporary imbalances in resource allocation that are quickly corrected and lead to optimised resource management and service delivery efficiency.

Partnership and Collaboration

- **Tolerance Level:** **Moderate**
- **Won't Tolerate:** Partnerships or collaborations that compromise service delivery quality or fail to align with our service objectives.
- **Will Tolerate:** Moderate-risk partnerships that offer potential for improved service delivery and innovation, provided they are managed with clear agreements and oversight.

7. Revision Record

Date	Version	Revision details	Officer	Next Review
Jul 2024	1.0	Initial Document	Justin Hellmuth	July 2027



Gwydir Shire Council

Legislative Compliance Policy and Procedure

Department: Executive Services

Responsible Manager: Governance Officer

Date Adopted: Council Meeting - May 2024

File Ref: 24/13052

Version No: 1

Next Review: 2026

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1. Overview

1.1 Introduction

As part of effective corporate governance, it must be ensured that Gwydir Shire Council has complied with the legislation under which it operates.

The Audit Office of New South Wales has identified one of the key components of good corporate governance to be compliance management, which requires procedures to be in place that ensure an organisation complies with all relevant laws and government directions.

This policy and procedure has been developed to demonstrate Gwydir Shire Council's commitment to those governance standards. The Framework outlines how Gwydir Shire Council seeks to monitor and manage risks impacting legislative compliance.

1.2 Scope

This policy applies to all council officials, including councillors, employees and delegates, including volunteers, consultants, contractors any other service provider involved in exercising a Council function.

This policy is supported by the Legislative Compliance Procedure (see below) and Database – Corporate Planning and Reporting module on Pulse platform.

1.3 Purpose

To provide the systems and operating environment to ensure that Council complies with legislative requirements. Council will:

- a) Maintain a system for identifying and updating the legislation that applies to Council's activities.
- b) Assign responsibilities for ensuring that legislation and regulatory obligations are fully implemented in Council with appropriate delegations and controls.
- c) Provide training for relevant staff, Councillors, volunteers and other relevant people in the legislative requirements that affect them.
- d) Provide people with the resources to identify and remain up to date with new legislation.
- e) Conduct audits to ensure there is compliance.
- f) Establish a mechanism for reporting non-compliance.
- g) Review accidents, incidents and other situations where there may have been non-compliance.
- h) Review audit reports, incident reports, complaints and other information to assess how the systems of legislative compliance can be improved.
- i) Identify the costs associated with new legislative requirements and determine future policy, resource and or workload/skills implications.

Council has a system in place (Legislative Compliance Procedure) to ensure that when legislation changes, steps are taken to ensure that actions comply with the amended legislation.

2. Roles and Responsibilities

Position	Responsibilities
General Manager or Delegated Authority	<ul style="list-style-type: none"> • Approves the Legislative Compliance Framework • Review and approve Compliance Report.
Governance Officer	<ul style="list-style-type: none"> • Administration of the Legislative Compliance Database • Provide Compliance report to the General Manager • Maintains the Compliance Register through Pulse • Seek legislative compliance assurance from responsible officers identified in the Compliance Register.
Elected Members and Committee Members	<ul style="list-style-type: none"> • Have a responsibility to be aware of and abide by the legislation applicable to their role.
ARIC	<ul style="list-style-type: none"> • Provides independent advice to the General Manager about the adequacy of the Framework. • Reviews the Compliance Report and independently monitors remedial action that has been taken or is proposed on any non-compliance issues.
Leadership Team	<ul style="list-style-type: none"> • Ensure Compliance with applicable legislation. • Ensure employees are aware of their obligations in adhering to internal control systems. • Advise Governance Officer of any new legislation relating to their department/service area operations. • Respond to any request for information from the Governance Officer on compliance with legislation.
People & Culture	<ul style="list-style-type: none"> • In conjunction with Governance Officer, provide staff training and awareness through induction and compliance learning modules.
Employees	<ul style="list-style-type: none"> • Adhere to Council policies, procedures and internal control systems. • Report any compliance concerns, issues and failures as outlined in the Code of Conduct for Council staff.

3. Risk Management

Gwydir Shire Council recognises that there is potential for risk in many aspects of its operations. It is important to consider not only adverse consequences but also consider the potential opportunities or benefits that can be achieved by risk management. Effective management of risk is integral to good management and business practice.

Risk management is a critical component of governance arrangements and must be integrated into Council's governance, planning (including business planning, business continuity and project planning) and reporting framework.

Inadequate risk management can lead to:

- Council's inability to achieve its objectives
- Financial loss
- Poor decision making and lack of quality outcomes
- Employee and customer health and safety issues
- Opportunities not realised.

Any breaches of this Framework will be referred to the General Manager for appropriate action.

4. Legislative Compliance Procedure

4.1 Purpose

To support the above Legislative Compliance Policy.

This policy applies to all council officials, including councillors, employees and delegates, including volunteers, consultants, contractors any other service provider involved in exercising a Council function.

4.2 Procedure

4.2.1 Identifying Current, New or Amended Legislation

Council can access up to date electronic versions of legislation through the official New South Wales Government legislation website www.legislation.nsw.gov.au, it also relies on Circulars issued by the Office of Local Government NSW and individual governing bodies to advise of any legislative changes and reporting requirements. Some of these governing bodies include NSW Department of Planning, Industry and Environment, Local Government NSW and NSW Transport

Council may also identify new or amended legislation by using the following means:

a) NSW Government Gazette:

The NSW Government Gazette publishes all new or amended legislation applicable to New South Wales. The Gazette, published each Friday, includes new or amended

legislation applicable to Council and can be accessed at www.legislation.nsw.gov.au/gazette.

b) Special Interest Groups and Networking

Council participates in a number of Local Government networking and alliance groups. These special interest groups meet periodically to discuss matters which include legislative changes. Staff are encouraged to participate in relevant forums to keep informed of industry developments.

The officer responsible for the relevant legislation within their department/service area will:

- a) Acknowledge updates
- b) Maintain information regarding how Council addresses the responsibilities of the legislation, i.e. relevant policy, procedure, reporting requirements.

4.2.2 Obtaining Advice on Legislative Provisions

Council shall obtain advice on matters of legislation and compliance where this is deemed necessary. Contact can be made with the following organisations for advice:

- Local Government NSW
- Office of Local Government
- Legal service provider- with prior approval from the General Manager or Delegated Authority.

4.2.3 Informing Council of Legislative Change

If necessary the General Manager or a delegated officer will submit a report to Council on new or amended legislation detailing its impact on Council's activities or circulate appropriate relevant communications.

4.2.4 Reporting of Non-Compliance

All instances of non-compliance shall be reported immediately to the relevant Manager/Supervisor. The Manager/Supervisor shall determine the appropriate response and, if necessary, report the matter to the relevant Director.

4.2.5 Review of Incidents and Complaints Regarding Non-Compliance

Council shall review all incidents and complaints in accordance with its relevant incident and complaint handling policies and procedures. Such reviews and investigations will assess compliance with legislation, standards, policies, and procedures that are applicable and referred to the General Manager or delegated authority for review and determination.

The General Manager may investigate any reports of significant non-compliance and, if necessary, report the non-compliance to the Council and/or the Office of Local Government. The General Manager will also take the necessary steps to improve compliance systems.

4.2.6 Audit on Legislative Compliance

Legislative compliance is included in Council's internal audit function. The Audit, Risk and Improvement Committee (ARIC) currently undertake this internal audit function.

A register of Legislative Compliance can be produced from the Legislative Compliance Database at the request of the ARIC for review and audit.

5. Related Documents

Council's Legislative Compliance Database – Currently Corporate Planning and Reporting via Pulse platform.

Delegations Database

Complaint Handling Policy

Grievance Procedure

Code of Conduct

6. Related Legislation

Local Government Act, 1993

Local Government (General) Regulation, 2005

Australian Standard AS3806-2006: Compliance programs

7. Revision Record

Date	Version	Revision Details	Officer
Apr 2024	1.0	Initial document.	Casey McClymont

5.5 Service Review Update**File Reference:** NA**Delivery Program****Goal:** 5. Organisational management**Outcome:** 5.1 Corporate management**Strategy:** 5.1.1 Financial Management and accountability systems**Author:** CFO**STAFF DISCLOSURE OF INTEREST** Nil**IN BRIEF/SUMMARY RECOMMENDATION**

This report recommends that the attached Service Reviews are noted.

TABLED ITEMS Nil**OFFICER RECOMMENDATION****THAT the following Service Reviews are noted:**

**Parks and Gardens; and;
Stores.**

ATTACHMENTS

1. 07 Draft - Parks and Gardens - Service Review - Service Review Report [**5.5.1** - 42 pages]
2. 08 Draft - Stores - Service Review - Service Review Report [**5.5.2** - 27 pages]

The Service Review reports for Parks and Gardens and Stores were tabled. These are the first reviews to be conducted by Council and will be reviewed by the Executive Team to implement those actions that will provide benefits. Updates on the progress of implanting changes will be provided to the committee as available.

The next service review will focus around the Section 355 Committees of Council.

COMMITTEE RESOLUTION:**THAT the following Service Reviews are received:**

**Parks and Gardens; and;
Stores.**

(Moved Jack O'Hara, Seconded Cr J Coulton)

CARRIED**For: Cr J Coulton and Jack O'Hara**

Against: Nil



Gwydir Shire Council

Service Review Report - Parks and Gardens

Department: Business Improvement

Responsible Manager: Business Improvement & IT Manager

Author: Justin Hellmuth

File Ref: 24/4729

Date: June 2024

Pages: 42

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Introduction

Local councils are responsible for delivering a wide range of services to their communities and exercising an extensive suite of service, regulatory, revenue, administrative, enforcement and ancillary functions under the *Local Government Act 1993* ("the Local Government Act") and other legislation.

Under the Integrated Planning and Reporting ("IP&R") framework provisions of the Local Government Act, all local councils are required to plan holistically for the future and must develop a suite of interrelated strategies to guide their long-term planning and decision-making in relation to service delivery and resources. All plans, policies, programs, and activities developed and undertaken by local councils must directly relate to their respective IP&R frameworks.

The IP&R framework is designed to support local councils in establishing service levels, monitoring service performance, improving service delivery and encouraging continuous improvement across their organisations and operations.

The *Integrated Planning and Reporting Guidelines for Local Government in NSW* ("the Guidelines") published by the NSW Office of Local Government ("the OLG") and prescribed under the Local Government Act provide that local councils must, via their Delivery Program, "*identify areas of service that the council will review during its term, and how the council will engage with the community and other stakeholders to determine service level expectations and appropriate measures*".

In turn, local councils must specify which service delivery reviews they will undertake each year via their annual Operational Plan, and report on the results of such reviews in their Annual Report. Importantly, councils must disclose in their Annual Report any changes they have made to services in response to the findings of service delivery reviews undertaken in the previous year.

The service review process asks local councils to consider the following questions when reviewing services:

1. Should this service be delivered to the community?
2. If so, how should it be delivered?
3. Is this service delivering on community needs and Council's goals?
4. Is the service being delivered using the most appropriate service delivery mechanisms?
5. Is the service being delivered as efficiently and effectively as possible?
6. Is the service resourced appropriately?
7. Is the service meeting current service standards and levels?
8. What are the current and future issues affecting the service, and what should be done about them?

A service delivery review is a vital process for local councils and will ensure that their service functions are:

- Appropriate – that is, services meet current community needs and wants, and can be adapted to meet future needs and wants,
- Effective – that is, councils deliver targeted, better-quality services in new ways,
- Efficient – that is, councils improve resource use (people, materials, equipment, infrastructure) and redirect savings to finance new or improved services, and
- Affordable – that is, the community is able to afford the current and any proposed future service levels.

1. Executive Summary

The Gwydir Shire Council conducted a comprehensive service review of the Parks and Gardens department. This review aimed to evaluate the department's current state, assessing the effectiveness, efficiency, and sustainability of the services provided while identifying areas for improvement.

The review revealed several critical insights. While the service aligns well with the Council's strategic goals, there are no formal service levels established. This lack of defined service levels has led to growing community expectations without corresponding increases in resources. Defining service levels will temper expectations, enable conversations for the cost of services, and ensure that the service will be adequately manned at current staffing levels.

Financial analysis highlighted discrepancies due to the current data structure, resulting in potential misalignments in budgeting and operational costs. It is difficult to determine any true insights into the current financial state of the area. It is suspected that this will be consistent across most services in Council.

Stakeholder feedback varied, with internal staff expressing pride in their high standards but noting challenges from disruptive service requests and a lack of formalized procedures. External stakeholders perceived the service as potentially overserved, suggesting opportunities for efficiency improvements, such as reducing task frequency and reassigning certain duties.

Comparatively, Gwydir Shire maintains a higher proportion of passive spaces at than metro and regional councils, at a lower cost per resident than similar sized rural Councils.

The review established several opportunities for improvement, focusing on establishing formal service levels, better financial tracking, restructuring teams, and exploring technological enhancements to increase efficiency and meet community expectations effectively.

The review concludes Council should continue to service Parks and Gardens internally, whilst investigating and implementing the 17 improvement recommendations outlined.

No.	Improvement Opportunity	Priority
Strategic Direction		
1	Establish service levels for open spaces and asset maintenance by categorising them to reflect the expected standard of upkeep (see appendix A for proposed service levels).	High
2	Establish/update an asset management plan to set asset expectations, priorities, and capital spend.	Medium
3	Establish a reporting mechanism to show that Parks and Gardens are meeting the defined service levels.	Medium
Governance and Management		
4	Ensure that insurances, event management plans, and other critical documents are collected and captured from community groups that use Parks and Gardens facilities.	High

5	Develop specific, measurable objectives and key performance indicators (KPIs).	Medium
6	Develop high-level Operational Plan actions that cover all activities across the department.	Low
Financial		
7	Conduct a review of the number of public toilets, evaluating their necessity to identify underutilised or redundant facilities.	Medium
8	Restructure Work Orders/General Ledgers to be able to better reflect the true cost of Parks and Gardens.	Medium
9	Identify opportunities to recover costs for services such as line marking and additional mowing. Implement fee structures where appropriate to offset expenses.	Low
Policies and Procedures		
10	To schedule certain activities, such as tree maintenance, on a specific range of days to address the disruption from service requests.	Medium
11	Capture existing assets into the GIS and Authority systems and establish practices for capturing new assets to ensure comprehensive records that can be used for future planning.	Medium
12	Update the mapping layers to visually reflect Parks and Gardens assets and new service level categorisation.	Low
Staff		
13	Break down the North and South focus to create a unified Parks & Gardens team. Promote collaboration through joint work programs.	High
14	Investigate outsourcing maintenance to a local contractor or establishing volunteer programs in smaller communities for park maintenance and improvement projects. This can foster a sense of ownership and reduce maintenance costs.	Medium
General		
15	Refocus areas to be 'regenerative' and plant native species that are low maintenance to reduce the effort required to maintain the area. Potential to associate with The Living Classroom.	High
16	Investigate the cost viability of installing devices for automation of watering and maintenance activities.	Medium
17	Investigate the cost viability and use of digital tools (primarily IOT) to assist with maintenance schedules and activities (such as bin sensors). This can improve efficiency.	Medium

2. Objectives and Scope

2.1 Background

The Council elected to conduct a service review of Parks and Gardens for the 2023/24 IP&R reporting period. This review was carried out internally, with Morrison Low enlisted by the Council to offer guidance and insights as this marks the initial implementation of the Service Review Framework.

2.2 Scope

This Service Review Report will focus on the evaluation of the current state of the Parks and Gardens department for Gwydir Shire Council. The aim is to assess the effectiveness, efficiency, and sustainability of the services provided, and to identify areas for improvement.

2.3 Limitations

During the interview process, input from the North Parks and Gardens team was limited as only one staff member was available; the others had recently left the Council.

The Council's current data structure does not support accurate or timely access for financial and asset analysis, potentially leading to inaccuracies in these datasets.

2.4 The Stakeholders

Due to the nature of the upkeep of public spaces by Parks and Gardens, the stakeholders encompass a broad spectrum of individuals and groups. These stakeholders often include residents and community members who frequent these areas for leisure, recreation, and social activities. Local businesses are vested as the condition and attractiveness of these spaces can impact their commercial viability. Council staff and contractors responsible for day-to-day operations are integral stakeholders, ensuring that the services provided align with community needs and expectations.

Due to the considerable number of stakeholders for Parks and Gardens, the service review process engaged in direct communications with a subset of people to get a range of perspectives. These stakeholders included:

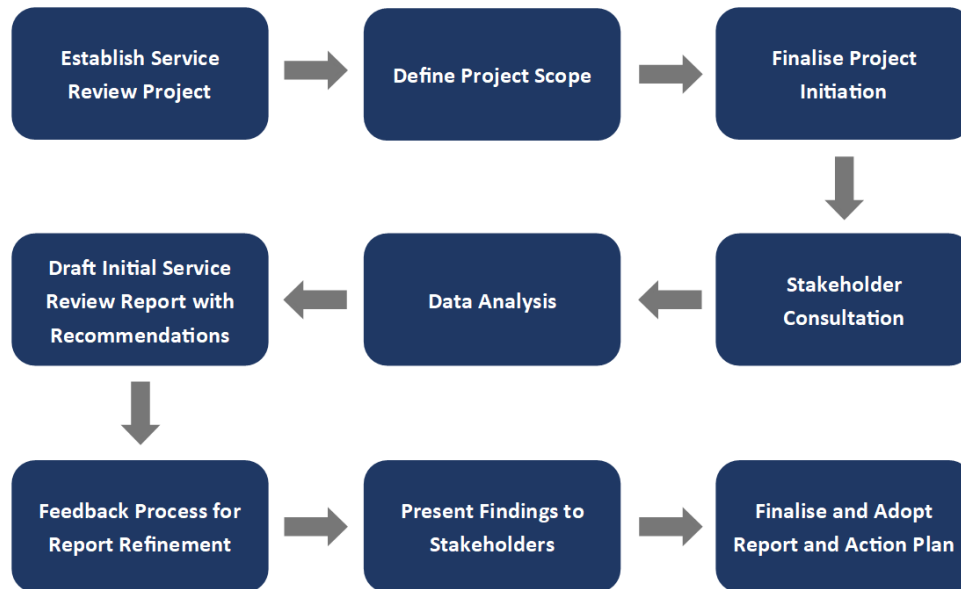
- Parks and Gardens Staff
- Parks and Gardens Management
- Executive Leadership Team
- Councillors
- Other Council Staff

Collaboration and communication among these diverse stakeholders are essential for effective decision-making and the successful management of parks and gardens within the Shire.

2.5 Methodology

The diagram below provides a detailed overview of the methodology applied by the Service Review Team in undertaking the service review of Parks and Gardens:

Figure 1: Methodology in undertaking the service review of Parks and Gardens



3. Service Overview

The Parks and Gardens Service is a key function of the Council, dedicated to the maintenance, development, and enhancement of the public green spaces within our jurisdiction. Our mission is to provide safe, clean, and beautiful parks and gardens that enhance the quality of life for residents and visitors alike.

Key tasks performed by the Parks and Gardens Service include:

- Regular maintenance of parks, gardens, and green spaces, including landscaping, mowing, pruning, litter collection, and facility repair.
- Planning and implementation of new parks and garden projects, including playgrounds, picnic areas, walking trails, and botanical displays.
- Organization of community events and educational programs in parks and gardens, fostering a sense of community and promoting the benefits of outdoor activities.
- Ensuring all parks and gardens comply with safety standards and regulations, providing a safe environment for all users.

3.1 Strategic Alignment

The Gwydir Shire community identified a number of priorities and future aspirations for the area that are outlined in the Community Strategic Plan 2017/2027. These highlighted the importance for a sense of community, the appearances of our towns and villages, and tourism and economic development. As a result, the Community Strategic Plan includes the following target outcomes:

- **Outcome 1.1** We have healthy and inviting spaces and places.
- **Outcome 1.2** Our community is an inviting and vibrant place to live.
- **Outcome 2.1** Our economy is growing and supported.

These outcomes are supported by a number of strategies and the Parks and Gardens department contribute by providing and maintaining recreational infrastructure and green spaces that the community can utilise.

The Council's 2022-26 Delivery program and 2023-24 Operational Plan outline Council's contribution to achieving the Community Strategic Plan objectives in the table below.

Table 1: Council Strategic Actions

Strategy	Actions
Provide the right places, spaces, and activities.	Annual tree planting program.
	Bingara skate park project – 2021-2022 Open Spaces Program.
	Hope Street Warialda CBD park construction – Local Roads and Community Infrastructure Program Phase 3.
	Landscaping Improvements – Warialda Street Tree Upgrade – Local Roads and Community Infrastructure Program Phase 3.

	COVID-19 Economic Stimulus Package – Phase 1 – Batterham Lookout Makeover.
	Gravesend Recreation Ground Irrigation System – LRCI Phase 3 Project.
Encourage and enable healthy lifestyle choices.	Provision of infrastructure for all aspects of recreation and sport from grass-root participation through to talent development, ranging from children to older people and recognising the needs of our diverse community.

The services of Parks and Gardens are therefore aligned with community aspirations, Council's strategic plans and its Integrated Planning and Reporting documents. Although, the actions should incorporate a higher-level approach to ensure that all the Parks and Gardens activities are reflected in the reporting.

3.2 Legislative Considerations

The following laws and regulations are applicable to the Parks and Gardens service:

- **Local Government Act 1993 (NSW):** This Act defines the roles and functions of local councils, granting them the authority to manage public spaces, including parks and gardens, to promote the social, economic, and environmental well-being of the community. Councils can make local laws concerning the use and maintenance of these areas.
- **Environmental Planning and Assessment Act 1979 (NSW):** This legislation controls development activities, requiring councils to obtain development approvals for significant changes to parks and gardens.
- **Crown Land Management Act 2016 (NSW):** For parks and gardens located on Crown land, councils must comply with this Act, ensuring the land is managed in accordance with community needs and environmental sustainability principles.
- **Work Health and Safety Act 2011 (NSW):** This Act requires councils to ensure the health and safety of employees and visitors to parks and gardens. This includes the safe use of equipment, handling of chemicals, and overall risk management.
- **Water Management Act 2000 (NSW):** This Act regulates the use of water resources, which is essential for the irrigation and maintenance of parks and gardens. It promotes water conservation and sustainable usage practices.
- **Public Health Act 2010 (NSW):** Councils must maintain parks and gardens in a manner that promotes public health, including proper waste management and pest control to ensure hygiene and safety for all users.
- **Disability Inclusion Act 2014 (NSW):** This Act mandates that parks and gardens be accessible to people with disabilities, requiring compliance with standards for pathways, facilities, and services to ensure inclusivity.

4. Service Delivery and Performance

4.1 Service Levels

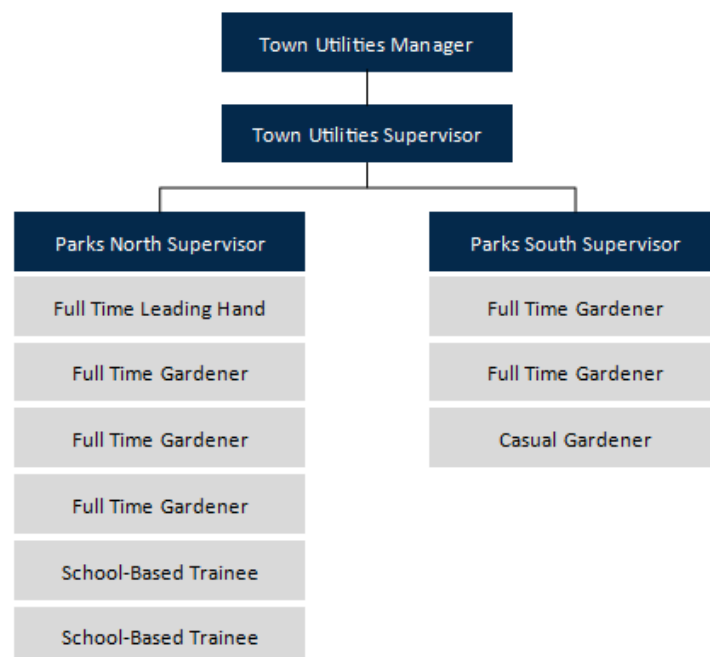
At present, it is important to note that there are no active service levels for the Parks and Gardens Service. Work is guided by experience and feedback of staff and supervisors. However, this means that there are currently no formal benchmarks, requirements, or standards in place to measure performance or prioritise work against. It is important to note that this is not unique to the Parks and Gardens service and is consistent across the organisation.

4.2 Resources Consumed

4.2.1 Workforce

The current organisational structure divides the Parks and Gardens operations into North and South crews, each overseen by a supervisor. The team consists of 8 full-time staff, 1 casual worker, and 2 school-based trainees dedicated to Parks and Gardens operations. Management is led by the Town Utilities Manager, who oversees Parks and Gardens, Water and Sewer, and Workshops, with support from the Town Utilities Supervisor.

Figure 2: Organisation structure of the Parks and Gardens service.



4.2.2 Financial

The actual costs for the last two completed financial years are summarized in Table 2 below. These figures are derived from the budgeting software in BIS, encompassing all costs associated with the Parks and Gardens program level of the budget. However, it is important to note that these figures may not fully reflect the true cost of the Parks and Gardens program. Some work orders may not be accurately classified in the Authority system, resulting in potential misalignment in the budget.

Further financial details are broken down by open space area in each town and village in Appendix C. These figures represent only the operational costs associated with each open space. It is important to note that the operational costs for these open spaces exceed the costs summarised below, highlighting inaccuracies in the data. This discrepancy indicates a need to realign work orders and the general ledger structure for future analysis and planning to ensure an accurate representation of the Parks and Gardens program.

When analysing Appendix C, it may be a misrepresentation that the budget of Bingara and Warialda is imbalanced in favour of Bingara. This is not accurate, as the North Crew staff are charging to work orders that are allocated to Shire Wide spaces. When taking this into consideration, there is almost parity between both towns.

The maintenance and renewal of assets for Parks & Gardens spaces have largely relied on grant funding in recent years. However, it is unrealistic to expect that this source of funding will remain available indefinitely to sustain the service's assets.

Table 2: Financial breakdown of Parks & Gardens service.

Parks and Gardens	2022-23	2021-22
Income		
Capital Grants/Subsidies/Contributions	(264,825)	(123,407)
Operating Income	(5,143)	(7,865)
Total Income	(269,967)	(131,272)
Expenses		
Capital Expenditure	170,195	190,276
Employee Costs	198,088	210,240
Other Operational Expenditure	210,661	245,506
Total Expenses	578,943	646,023
Net Cost	308,976	515,000

4.2.3 Assets

The asset data is sourced from the Capital Value Asset Register managed by Authority. The Service Review Team has ensured the accuracy of the captured assets to the best of their knowledge.

Table 3 below breaks down the assets by type. Parks and Gardens currently \$15,301,211 in assets by the current value and has a yearly depreciation figure of \$280,159. All depreciation is calculated using the “straight line” method.

Buildings account for approximately half of the asset value, primarily consisting of public amenities, sports facility buildings, showground buildings, and various other structures throughout the Council.

Other structures mainly include signage, shelters and seating, sports equipment, playground equipment, and lighting.

Land is held over 47 different assets, primarily consisting of parks, showgrounds, sportsgrounds, reserves, cemeteries, resting places.

Table 3: Assets cost summary by type.

Asset Type	Cost Value	Depreciation for Current Year	Depreciation to Date	Current Value
Buildings	11,746,197	(136,708)	(4,428,703)	7,317,494
Land	3,508,200	0	0	3,508,200
Other Structures	6,400,279	(143,451)	(1,924,762)	4,475,517
Grand Total	21,654,676	(280,159)	(6,353,465)	15,301,211

Table 4 below breaks down the assets by condition. The overall picture shows that most assets are in “near perfect” or “superficial deterioration” condition. This is largely due to the unprecedented grant funding that has been available in recent years. Although, there is still over \$3.5 million at current value that is at “serious deterioration” or worse. This suggests there may be a need for strategic planning in asset management to plan for the replacement or reduction of these assets in the future. It cannot be assumed that grant funding will continue to be available to accommodate asset upkeep.

Table 4: Assets cost summary by condition.

Asset Condition	Cost Value	Depreciation for Current Year	Depreciation to Date	Current Value
Near Perfect	11,269,166	(132,415)	(1,484,729)	9,784,437
Superficial Deterioration	3,228,399	(59,399)	(1,336,369)	1,892,030
Serious Deterioration	4,078,860	(54,510)	(1,943,181)	2,135,679

Require Major Reconstruction	2,639,676	(30,620)	(1,254,238)	1,385,437
Asset Unserviceable	438,575	(3,214)	(334,948)	103,627
Grand Total	21,654,676	(280,159)	(6,353,465)	15,301,211

4.3 Stakeholder Perceptions and Feedback

Below is a summary of the feedback gathered from stakeholder interviews. These do not reflect the opinions of the Service Review Team but are a summation of the stakeholders' input. This section outlines the engagement with staff both within and outside of the service to highlight contrasting perceptions.

Service Staff:

- The staff takes great pride in their work and upholds a high standard.
- Service requests present significant challenges as they are disruptive and take priority, especially those related to tree maintenance.
- All tasks are completed on a fortnightly schedule.
- The council bears numerous costs for the community, such as line marking paint and mowing time, which are not reimbursed.
- It is unclear how Parks and Gardens Staff could reduce their service areas any further.
- The demand for the level of service has only ever increased, never decreased.
- The towns collaborate when necessary to complete work.
- Bin cleaning is a major source of complaints.

External Stakeholders:

- This area of Council is overserved, and the frequency of jobs could be reduced.
- To save costs, the cleaning of toilets outside town limits should be reassigned to Parks & Gardens.
- Teams like Parks & Gardens should eliminate the North and South focus and collaborate as one under Gwydir Shire Council, moving past the split Council mentality.
- It seems that promises to complete tasks are made but not actually followed through.
- Warialda does not receive the same level of effort as Bingara, which is being noted by Councillors.
- A noticeable difference to the public would require a significant downgrade in the level of service.
- There is no apparent collaboration between the North and South crews. Recently, during staffing issues in the North, no efforts were made to redeploy staff to assist.
- Maintaining a high volume of public amenities incurs extra costs and demands on staff time.
- Efficiencies could be achieved by remotely controlling the watering system, particularly in Warialda.

4.4 Industry Comparisons

In this section is a comparative analysis of the Gwydir Shire Council's performance relative to other Councils participating in the Local Government Performance Excellence Program for the 2022-2023 financial year. It is important to note that the financial data provided by the Council for this program may contain inaccuracies, as highlighted in the limitations and financial sections of this document.

4.4.1 Area and Costs

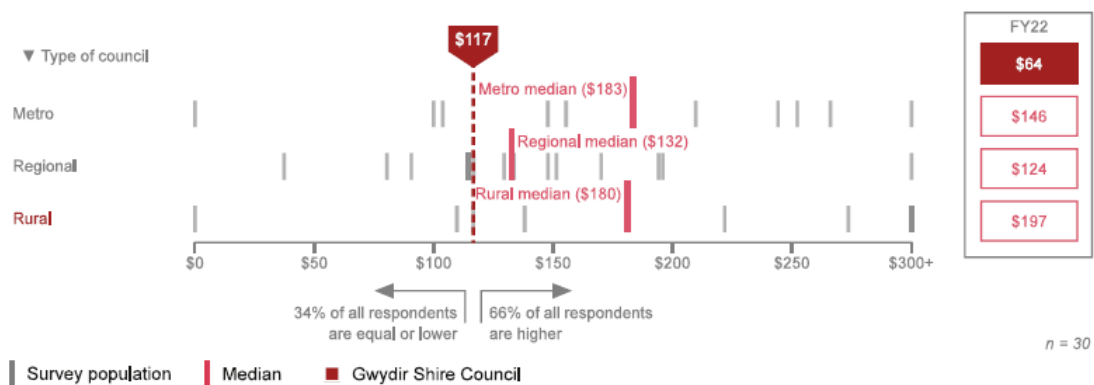
The report highlights that rural councils, including Gwydir Shire, maintain a higher proportion of passive space (54%) compared to metro and regional councils.

Gwydir Shire Council has 378.6 hectares of parks, gardens, and sporting grounds per 10,000 residents (scaled up for comparison), with a cost of \$3,078 per hectare, which is significantly lower compared to metro (\$10,679) and regional (\$6,480) councils. Although not all financials for open spaces were captured in this data, the actual cost to the Council is likely higher than reported.

4.4.2 Operational Expenses

The annual operating expense per resident for parks, gardens, and sporting grounds in Gwydir Shire Council is \$117, which is lower than the median for rural councils (\$180) and significantly lower than metro (\$183) and regional (\$132) councils.

Figure 3: Annual operating expenditure per resident FY 23.



4.4.3 Staff Turnover

The staff turnover rate for parks, gardens, and sporting grounds in Gwydir Shire is relatively high at 24.4%, compared to the median for rural councils (13.2%). However, this statistic can be easily skewed due to the small size of the team.

4.5 Business Analysis

During this service review, the Service Review team and the staff that were interviewed identified the key strengths, weaknesses, opportunities, and threats confronting Council's Parks and Gardens Service. Table 5 below presents the summation of the key strengths, weaknesses, opportunities, and threats identified.

Table 5: SWOT analysis.

Strengths	Weaknesses	Opportunities	Threats
<p>High Standards and Pride: Service staff exhibit a strong sense of pride in their work, maintaining high standards.</p> <p>Fortnightly Schedule: The commitment to a consistent fortnightly schedule ensures regular maintenance and upkeep.</p> <p>Council Support: The council absorbs many costs for community services, showing strong support for maintaining public amenities.</p> <p>High Servicing: The Council operates at a high level of service.</p> <p>Positive Community Impact: Contributes to community well-being by providing recreational spaces and enhancing the quality of life.</p>	<p>Disruptive Service Requests: Frequent service requests, particularly for tree maintenance, disrupt regular schedules and are challenging to manage.</p> <p>Cost Absorption: Many costs, such as line marking paint and mowing, are not recovered, potentially straining the budget.</p> <p>Major Source of Complaints: Bin cleaning is a significant issue, indicating a need for improved waste management practices.</p> <p>Lip Service: Perceived lack of follow-through on promised tasks affects trust and credibility.</p> <p>Split Council Mentality: A lack of unity between the North and South teams leads to inefficiencies and a perception of unequal service distribution.</p>	<p>Service Efficiency Improvements: Extending job frequencies and reassigning toilet cleaning duties back to Parks & Gardens can reduce costs and improve efficiency.</p> <p>Unified Team Approach: Merging the North and South teams into a single cohesive unit can enhance collaboration and service delivery across the shire.</p> <p>Remote Control: Implementing a remotely controlled watering system, especially in Warialda, can save time and resources. Further, IOT devices could be used to efficiently service amenities.</p> <p>Addressing Staffing Issues: Improving staff allocation during shortages, such as redeploying staff across regions, can maintain service consistency.</p>	<p>Increasing Service Level: The demand for the level of service has only ever been to increase, never decrease.</p> <p>Unequal Service Levels: Feedback from Councillors indicates a disparity in service levels between Warialda and Bingara, which could lead to community discontent.</p> <p>Public Perception of Overservice: There is a perception that the area is overserved, and extending job frequencies might lead to dissatisfaction.</p> <p>High Maintenance Volume: There is a high volume of public amenities that contribute to extra cost and staff time to maintain.</p> <p>Resistance to Change: There may be resistance from both staff and the public to changes in service levels or operational restructuring.</p>

5. Service Analysis and Findings

5.1 Strategic Direction

Key Findings

- Parks and Gardens appears largely compatible with the strategic direction of Council.
- As there is no formal service level agreement, the community expectation from Parks and Gardens has only ever grown.
- An asset management plan should be considered to ensure that the ongoing maintenance and replacement of assets is structured and aligned with Council's strategy.

Issues and Commentary

The Parks and Gardens service is fundamentally aligned with the Council's strategic direction, as outlined in the Community Strategic Plan 2017-2027, and supported by the Delivery Program and Operational Plan. However, the community's expectations for the Parks and Gardens service have continually increased, often without a corresponding increase in resources. This puts pressure on the service to maintain or enhance service quality with limited means.

The department supports the Council's objectives of creating healthy and inviting spaces, enhancing the community's vibrancy, and supporting economic growth. However, there is a lack of formal service levels, leading to increasing community expectations without corresponding resource adjustments.

An asset management plan is recommended to structure ongoing maintenance and align with Council strategies. The maintenance and renewal of assets for Parks & Gardens spaces has been significantly funded by grants in recent years. However, it is unrealistic to expect this funding source to remain available indefinitely to sustain the service's assets. By implementing a robust asset management plan, the Council can ensure that Parks and Gardens assets are maintained effectively, and renewal of assets is efficiently costed.

5.2 Governance and Management

Key Findings

- Insurances and event management plans are not collected and captured from community groups in Council's Electronic Document Record Management System (EDRMS).
- The current lack of a formalised procedures for community group interactions poses potential risks.
- There are differing perceptions among Parks and Gardens staff and external stakeholders regarding the equitable service distribution.

Issues and Commentary

The governance framework for Parks and Gardens requires improvements, particularly in the collection and documentation of insurances and event management plans from community groups. The absence of formalised procedures for interacting with these groups exposes Council to significant risk.

Additionally, there are differing perceptions among staff and external stakeholders about equitable service distribution. External stakeholders, including Councillors and community members, have expressed concerns about the perceived imbalance in service distribution. For example, there is a notable sentiment that areas such as Warialda receive less attention and resources compared to

Bingara. These perceptions contribute to community dissatisfaction and political pressure on the Council to address the perceived inequities.

Further, the current Operational Plan actions focus solely on specific projects, neglecting the full range of activities performed by Parks and Gardens. It is essential to incorporate high-level actions that encompass all departmental activities. This broader approach will facilitate the establishment and reporting of KPIs, enabling the measurement of the service's performance and effectiveness.

5.3 Financial

Key Findings

- There are a high number of public toilet facilities to service.
- Council absorbs the cost of incidentals and hiring costs of facilities.

Issues and Commentary

The Council consciously absorbs the cost of hiring fees and incidentals to encourage the use of facilities and support community groups in the area. For example, sporting groups typically use the grounds at no charge, as the hiring fee is waived, and line marking is provided at no cost for labour or materials. It will be up to the Council to determine whether this practice is sustainable and if it should continue as policy. It may be worth considering at minimum of recouping the cost of materials.

Warialda, in particular, has an excessive number of public toilets compared to other areas, leading to disproportionate maintenance costs. These facilities require regular cleaning, restocking of supplies, and periodic repairs to ensure they meet health and safety standards. The cost of maintaining these toilets includes not only direct expenses such as cleaning materials and labour but also indirect costs like utility charges and depreciation of the assets.

Additionally, the current structure of work orders and general ledgers has led to financial misalignments and inaccuracies in reporting. Many work orders are not accurately classified, resulting in potential misrepresentations of actual costs associated with the Parks and Gardens program. For example, certain costs charged to shire-wide work orders might skew the financial data, making it appear that some areas receive more resources than others.

5.4 Policies and Procedures

Key Findings

- Customer requests are disruptive as they are being addressed as they come in, regardless of urgency.
- Asset capture is missing from GIS systems. The addition of these could assist in future planning and decision making.

Issues and Commentary

Currently, staff are addressing customer requests, such as tree maintenance issues, as they come in, regardless of their urgency. The goal is to resolve issues promptly for the customer and avoid complaints. However, this approach disrupts the team's ability to adhere to their work schedules. There is a need for better management of customer requests to ensure they are triaged, appropriately planned, and integrated into existing work schedules. For example, scheduling tree maintenance for the last Thursday of each month would allow customers to receive formal timeframes and expectations for job completion, while minimising disruptions and enhancing efficiency for staff.

Another crucial aspect is the capture and management of existing assets within the Geographic Information System (GIS) and the Authority systems. Currently, the asset data needs to be thoroughly documented and integrated into these systems. This integration will ensure comprehensive records are maintained and can be used for future planning and decision-making.

5.5 Staff

Key Findings

- There are sufficient staff to maintain Council's assets if expectations are realigned with newly defined service levels.
- Currently the Parks and Gardens team aims to service all open space areas fortnightly, regardless of the significance of the area.
- Combining the North and South teams into a single cohesive unit would eliminate the town-based mentality and ensure more evenly serviced towns and villages across the Council.

Issues and Commentary

The Parks and Gardens department does appear to be resourced sufficiently if service levels are redefined to reduce the fortnightly maintenance schedule for all open space areas in the Shire, moving to a priority-based servicing. In some villages, there is an agreement with residents to assist voluntarily with area maintenance. Council should seek similar voluntary assistance in other villages to help reduce maintenance time and costs. If volunteers are not available, exploring a financial agreement with residents may be worth considering.

The prevailing view suggests that the North and South regions receive unequal services, especially noticeable during the recent staff scarcity in the North team. It might be beneficial to contemplate restructuring into a unified entity, potentially incorporating team rotation and role-based functions. In case of future staff shortages, the impact on service levels would be less noticeable as it wouldn't be confined to one area. This approach would foster a unified Council that transcends town or regional boundaries.

Besides the public's view of the existing high-quality service, it might be challenging to secure staff buy-in on the idea of lowering the service level. The staff take great pride in the appearance of the Council's open space areas. During discussions about the fortnightly maintenance schedule across the Shire, department staff assumed we were seeking an even higher level of service, without considering that we might actually view the current frequency as overly frequent.

5.6 General

Key Findings

- There is opportunity to reduce service levels via establishing regenerative areas.
- The investigation of implementing automation technologies could reduce staff time for basic activities.

Issues and Commentary

One strategic initiative to address resource challenges and improve service efficiency is the creation of regenerative areas within the Parks and Gardens network. Regenerative areas focus on using native species and low-maintenance plants that require less frequent upkeep. This approach not only reduces the effort and cost involved in maintenance but also supports local biodiversity and environmental sustainability. This could closely align with the strategic direction of The Living Classroom.

The adoption of automation systems and Internet of Things (IoT) technology can significantly enhance the efficiency of maintenance operations. Implementing automated watering systems, for instance, can ensure that parks and gardens receive the optimal amount of water without manual intervention, reducing water wastage and labour costs. These systems can be programmed to operate during off-peak hours, minimising disruption to park users and ensuring that plants receive water when it is most effective. This would be most beneficial in Warialda, where it was stated that it can consume a staff members entire day to ensure the Warialda streetscapes are watered.

IoT devices offer numerous opportunities to streamline maintenance activities further. For example, installing sensors in public amenities such as bins, toilets, and irrigation systems can provide real-time data on their status and usage. These sensors can alert maintenance teams when bins are full, toilets need cleaning, or irrigation systems require adjustment. This proactive approach allows for timely interventions, reducing downtime and improving the overall user experience. However, the cost viability of these will require further investigation.

6. Assessment Against Service Review Questions

Should this service be delivered to the community?

The provision of Parks and Gardens is a fundamental service within any Council. It is the Council's duty to establish and maintain public spaces, a task that is integral to urban planning and development. The Community Strategic Plan further emphasises this by identifying outcomes such as "we have healthy and inviting spaces and places" and "our community is an inviting and vibrant place to live". Achieving these outcomes necessitates the continuation of the Parks and Gardens service.

These spaces not only contribute to the aesthetic appeal of the Council but also hold significant economic value. They attract tourism, increase property values, and stimulate the local economy. Furthermore, these serviced spaces often host community events, fostering a sense of community among residents. Therefore, the ongoing delivery of Parks and Gardens is not just beneficial, but necessary for the community's well-being.

If so, how should it be delivered?

The location of Gwydir Shire Council limits the service delivery options for this service.

Council currently delivers this service in-house using Council employees. There is an insufficient contractor market in Gwydir Shire to create a competitive and sustainable outsourcing option for the delivery of the service.

Is this service delivering on community needs and Council's goals?

The Parks and Gardens service aligns with community needs and Council's strategic goals by enhancing public spaces and contributing to the overall quality of life. However, the lack of formal service levels means that community expectations have grown without corresponding increases in resources. While the service generally meets the needs of the community, the informal nature of service delivery standards can lead to inconsistencies and unmet expectations.

Is the service being delivered using the most appropriate service delivery mechanisms?

Yes, as Council has few service delivery options. There is a small contractor market in Gwydir Shire, and this is unlikely to create a competitive and sustainable outsourcing option for the delivery of the service. The budget and location are unlikely to provide incentive for new or larger contractors to relocate to the area.

Is the service being delivered as efficiently and effectively as possible?

The Parks & Gardens service exhibits notable strengths, particularly in maintaining a high standard of service. However, there are inconsistencies in service delivery across different areas, and the demand for services seems to be surpassing the reasonable capacity of Parks and Gardens staff. There are opportunities for enhancement to improve efficiency and effectiveness further.

Implementing strategies such as optimising resource allocation, streamlining operational processes, investing in technology and innovation, and enhancing community engagement can contribute to delivering a more efficient and effective service that meets the needs of the community effectively. Ongoing monitoring, evaluation, and continuous improvement efforts are essential to ensure that the Parks & Gardens service remains responsive to evolving needs and delivers high-quality services in a cost-effective manner.

Is the service resourced appropriately?

The Parks and Gardens department appears to be adequately resourced if service levels are redefined and expectations realigned. The workforce, consisting of 8 full-time staff, 1 casual worker, and 2 school-based trainees, is sufficient for maintaining the Council's assets, provided that the maintenance schedule is adjusted to a priority-based system rather than a strict fortnightly schedule. This realignment, coupled with community volunteer programs, could further optimise resource utilisation.

Is the service meeting current service standards and levels?

Currently, there are no established service standards or levels. However, the service provided is perceived to exceed industry standards, driven by the informal yet growing community expectation for high-quality service. This expectation stretches the Parks and Gardens staff to capacity. Establishing clear and formal service levels will help manage these expectations and ensure sustainable service delivery.

What are the current and future issues affecting the service, and what should be done about them?

The main issues impacting the service include:

- Lack of Agreed Service Levels: Establishing clear service levels is crucial to define community expectations and manage the growing demand for services without additional funding or resources.
- High Maintenance Costs: Particularly in areas like Warialda, the excessive number of public toilets contributes to high maintenance costs. Rationalising these assets and optimising maintenance schedules can help reduce costs.
- Inconsistent Service Delivery: The division between North and South teams has led to perceptions of unequal service distribution. Creating a unified team approach can enhance service consistency across the Shire.
- Data and Financial Management: Restructuring work orders and general ledgers to reflect accurate costs and implementing a robust asset management plan, including capturing all existing assets into GIS, will support better financial planning and resource allocation.
- Technological Integration: Exploring the use of automation systems and IoT devices can improve efficiency in maintenance operations and resource management.

By addressing these issues through strategic planning, resource optimization, and technological integration, the Parks and Gardens department can enhance its service delivery and better meet the needs of the community.

7. Risk Analysis

Following completion of the service review, we have analysed some of the issues to Council, evaluating each to consider potential risks significance. The risk consideration is based on inherent risk, without any mitigation actions.

The results of that analysis are detailed in Table 6, below.

Table 6: Risk analysis.

Issue	Risk Consideration			Mitigation
	Probability	Impact	Significance of Risk	
Strategic Direction				
Lack of agreed service levels.	H	H	H	Implement standardised service levels across all areas to ensure that areas are serviced appropriately to prevent over and under servicing.
The division between North and South teams can lead to inefficiencies and a perception of unequal service distribution. This can cause frustration among residents and staff.	H	M	H	Foster a unified team approach through regular team-building activities and clear communication strategies. Promote a single vision and set of goals for the entire council to ensure cohesive service delivery.
Feedback from councillors indicates that some areas, such as Warialda, feel they receive less attention and resources compared to others, like Bingara. This can lead to community dissatisfaction and political pressure.	H	H	H	Implement standardised service levels across all areas to ensure fairness. Regularly review and adjust resource distribution based on actual needs and community feedback to address any disparities.
Governance and Management				
Failing to comply with relevant laws, regulations, and policies can result in legal penalties, financial losses, and reputational damage.	M	H	M	Maintain up-to-date knowledge of all relevant laws and regulations. Implement regular compliance audits and provide ongoing training for staff to ensure adherence

				to legal and policy requirements.
Changes in local, state, or federal regulations can impose new requirements or restrictions on park operations, potentially increasing costs, and complexity.	M	M	M	Stay informed about regulatory changes and engage in advocacy efforts. Develop flexible policies that can be easily adapted to comply with new regulations, minimising disruptions.
Without effective performance monitoring and evaluation, it can be difficult to measure success, identify areas for improvement, and demonstrate accountability to stakeholders.	H	M	M	Develop key performance indicators (KPIs) and regular reporting mechanisms. Implement continuous improvement processes and ensure that performance data is used to inform decision-making and strategic planning.
Financial				
The council absorbs many costs for community services, such as line marking and mowing, which are not recovered. This can strain the budget and limit the ability to fund other necessary services.	H	L	L	Develop a strategy to recover some of these costs, such as introducing fees for specific services or seeking sponsorships and donations from local businesses. This can help offset expenses and ensure financial sustainability.
Policies and Procedures				
Policies that are outdated or inadequate may not reflect current best practices, legal requirements, or the evolving needs of the community. This can lead to inefficiencies, non-compliance, and suboptimal service delivery.	M	M	M	Conduct regular reviews and updates of all policies to ensure they are current and aligned with best practices and legal requirements. Engage stakeholders in the review process to ensure policies meet the community's needs.
Without clear and detailed procedures, staff may be unsure of how to carry out their tasks, leading to inefficiencies, errors, and safety issues. This can also hinder new staff training and integration.	M	H	M	Develop and document clear, detailed procedures for all tasks and activities. Ensure these procedures are easily accessible to all staff and regularly reviewed and updated as needed.

Staff				
Potential health and safety risks to both staff and the public can arise from equipment usage, hazardous substances, and environmental factors. Ensuring safety is critical to prevent injuries and legal liabilities.	M	H	H	Provide comprehensive safety training for all staff and regularly update safety protocols. Conduct routine safety audits to identify and address potential hazards promptly.
Without adequate training, staff may lack the skills and knowledge needed to perform their duties effectively. This can result in errors, inefficiencies, and safety issues.	M	H	M	Provide comprehensive and ongoing training programs for all staff. Include training on new technologies, safety procedures, and best practices. Encourage professional development and continuous learning.
Staff may resist changes to policies, procedures, or new technologies, which can hinder the implementation of improvements and innovations. This can lead to stagnation and reduced competitiveness.	M	M	M	Involve staff in the change process by seeking their input and providing clear explanations for changes. Offer training and support to help staff adapt to new systems and practices. Highlight the benefits of change to gain buy-in.
General				
The implementation of automation systems and IoT technology may face resistance from staff or budget constraints.	M	M	L	Provide clear information on the benefits of these technologies, offer training to staff, and seek external funding or partnerships to offset initial costs.

8. Improvement Recommendations

Following the conclusion of the service review, there have been 17 identified improvement opportunities for Council to consider and implement. An implementation plan will be developed upon final endorsement of this report.

Table 7, below. Each improvement opportunity has been prioritised utilising the following definitions:

High priority improvement opportunities are those which, if implemented, could immediately positively impact the efficacy and effectiveness of the service delivery or overall performance of the service. These improvement opportunities should be given immediate attention and prioritised for implementation as quickly as possible.

Medium priority improvement opportunities are those which, if implemented, could positively impact the efficacy and effectiveness of the service or overall performance of the service. These improvement opportunities should be implemented after all high priority opportunities have been actioned.

Low priority improvement opportunities are those which, if implemented, may positively impact the efficacy and effectiveness of the service delivery or overall performance of the service. These improvement opportunities should be considered for implementation after all other opportunities have been actioned.

Table 7: Improvement opportunities.

No.	Improvement Opportunity	Priority
Strategic Direction		
1	Establish service levels for open spaces and asset maintenance by categorising them to reflect the expected standard of upkeep (see appendix A for proposed service levels).	High
2	Establish/update an asset management plan to set asset expectations, priorities, and capital spend.	Medium
3	Establish a reporting mechanism to show that Parks and Gardens are meeting the defined service levels.	Medium
Governance and Management		
4	Ensure that insurances, event management plans, and other critical documents are collected and captured from community groups that use Parks and Gardens facilities.	High
5	Develop specific, measurable objectives and key performance indicators (KPIs).	Medium
6	Develop high-level Operational Plan actions that cover all activities across the department.	Low

Financial		
7	Conduct a review of the number of public toilets, evaluating their necessity to identify underutilised or redundant facilities.	Medium
8	Restructure Work Orders/General Ledgers to be able to better reflect the true cost of Parks and Gardens.	Medium
9	Identify opportunities to recover costs for services such as line marking and additional mowing. Implement fee structures where appropriate to offset expenses.	Low
Policies and Procedures		
10	To schedule certain activities, such as tree maintenance, on a specific range of days to address the disruption from service requests.	Medium
11	Capture existing assets into the GIS and Authority systems and establish practices for capturing new assets to ensure comprehensive records that can be used for future planning.	Medium
12	Update the mapping layers to visually reflect Parks and Gardens assets and new service level categorisation.	Low
Staff		
13	Break down the North and South focus to create a unified Parks & Gardens team. Promote collaboration through joint work programs.	High
14	Investigate outsourcing maintenance to a local contractor or establishing volunteer programs in smaller communities for park maintenance and improvement projects. This can foster a sense of ownership and reduce maintenance costs.	Medium
General		
15	Refocus areas to be 'regenerative' and plant native species that are low maintenance to reduce the effort required to maintain the area. Potential to associate with The Living Classroom.	High
16	Investigate the cost viability of installing devices for automation of watering and maintenance activities.	Medium
17	Investigate the cost viability and use of digital tools (primarily IOT) to assist with maintenance schedules and activities (such as bin sensors). This can improve efficiency.	Medium

Appendix A – Open Space and Streetscape Hierarchy & Service Levels

It is proposed to classify open space and streetscape assets in the following way:

Table 8: Open space and streetscape proposed classifications.

Rating	Type	Description	Example Location
1	High	High profile, well used space and main town entrances including grassed areas, trees, landscaping, public toilets, park furniture, rubbish bins, playground equipment, lighting. District Sports Grounds. Assets maintained in good or better condition operationally and aesthetically to show case the Shire.	e.g. the main streets of Bingara and Warialda and the assets along these streets plus main oval or destination park of each town.
2	Standard	Used space, small villages, local sporting fields, community small sites, cemeteries, grassed areas, trees, landscaping, public toilets, park furniture, rubbish bins, playground equipment, lighting. Asset maintained in fair condition operationally and aesthetically.	e.g. assets and parks in the rest of Bingara and Warialda and the villages
3	Low	Less used local spaces, town verges and street trees, often small, minimal infrastructure. Health and safety issues addressed.	e.g. general street verges and small plantings and parks in the rest of Bingara and Warialda and the villages
4	Natural Areas	Relatively undisturbed bush land, may have conservation value or cultural significance.	e.g. native open space regeneration areas etc.

To define service levels, services need to be broken down into the activities that they are made up of. For each activity within each type of open space asset, service levels were developed that describe a quality factor and, where appropriate, a frequency factor.

Service levels are intended to create a service outcome i.e. 'assets maintained in good or better condition operationally and aesthetically to show case the Shire'. Supervisors monitor these outcomes and adjust the frequency of activity up or down to depending on the season, special events, etc to achieve the desired outcome.

Table 9: Open space and streetscape proposed maintenance levels.

Activity	1	2	3	4
	High	Standard	Low	Natural Areas
Grass mowing and edging	Grass is well maintained with 100% grass cover, grass height low, no seed heads, no scalping. Typically, weekly mowing.	Grass is well maintained to a medium height (generally less than 150mm). Typically, fortnightly mowing.	Grass is maintained as required to a height generally not exceeding 300mm. Typically, monthly mowing.	Grass is not maintained, mown as required for hazard reduction only
Litter collection	Litter collected daily	Litter collected at least weekly	Litter collected as required prior to mowing or via contract	Litter removed prior to mowing or via contract
Garden bed maintenance	Garden beds are weed free, mulched and plants replaced as required.	Garden beds are generally weed free, mulched annually and dead plants replaced annually as required.	N/A	N/A
Planting trees, shrubs, ornamental plants	New plants or replacement plants to improve aesthetics, generally annually	As planned or as funding available	N/A	N/A
Playgrounds	Inspected daily and made safe with 12 hours	Inspected weekly and made safe within 24 hours	N/A	N/A
Trees maintenance	Trees inspected monthly and maintained to be safe and aesthetically attractive.	Trees inspected annually and work is programmed to ensure trees are safe and aesthetically attractive.	Trees inspected annually and work is programmed to ensure trees are safe and aesthetically attractive.	N/A

Appendix B – Parks and Gardens Maintenance Mapping

Figure 4: Bingara Parks & Gardens maintenance map.

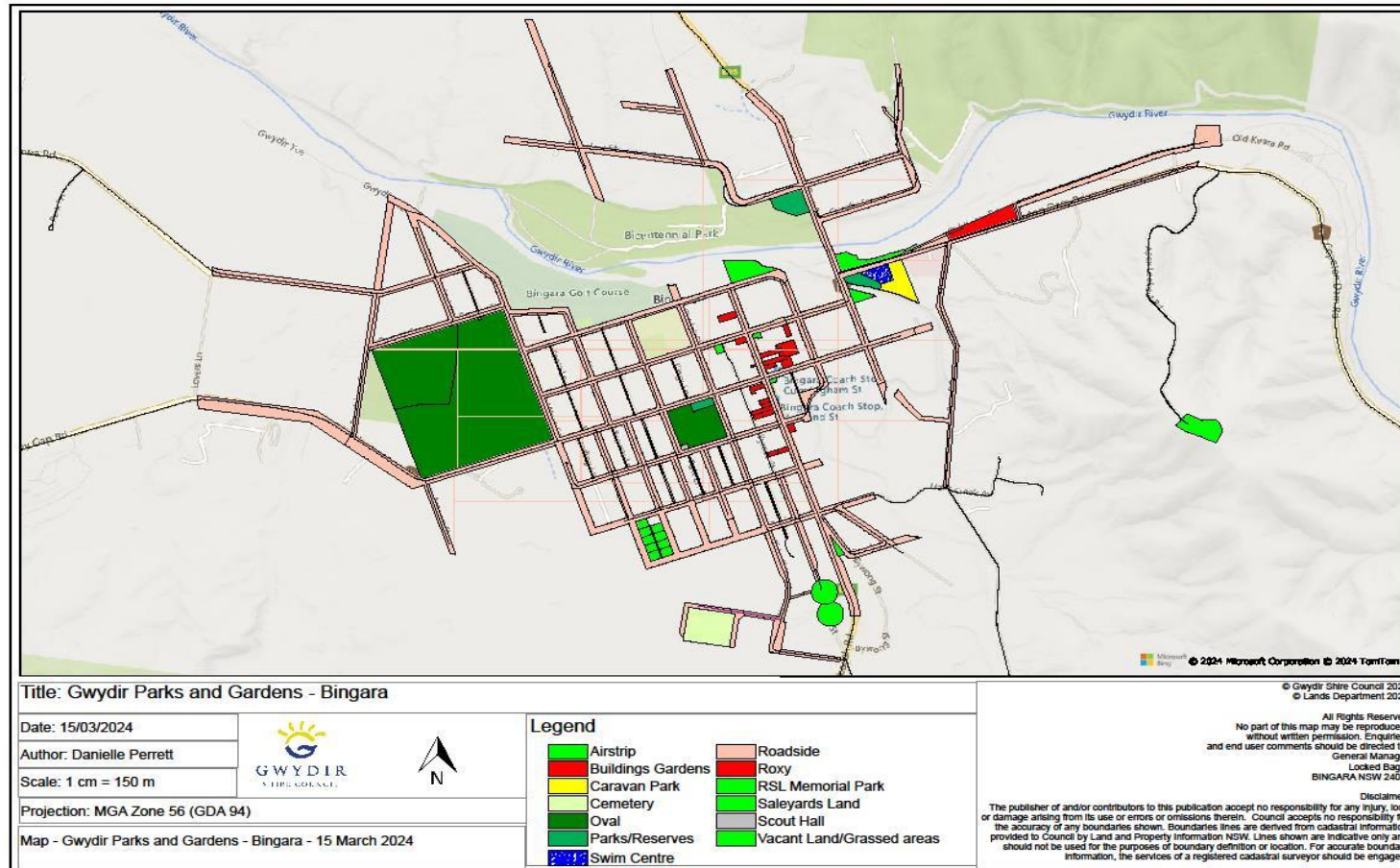


Figure 5: Warialda Parks & Gardens maintenance map.

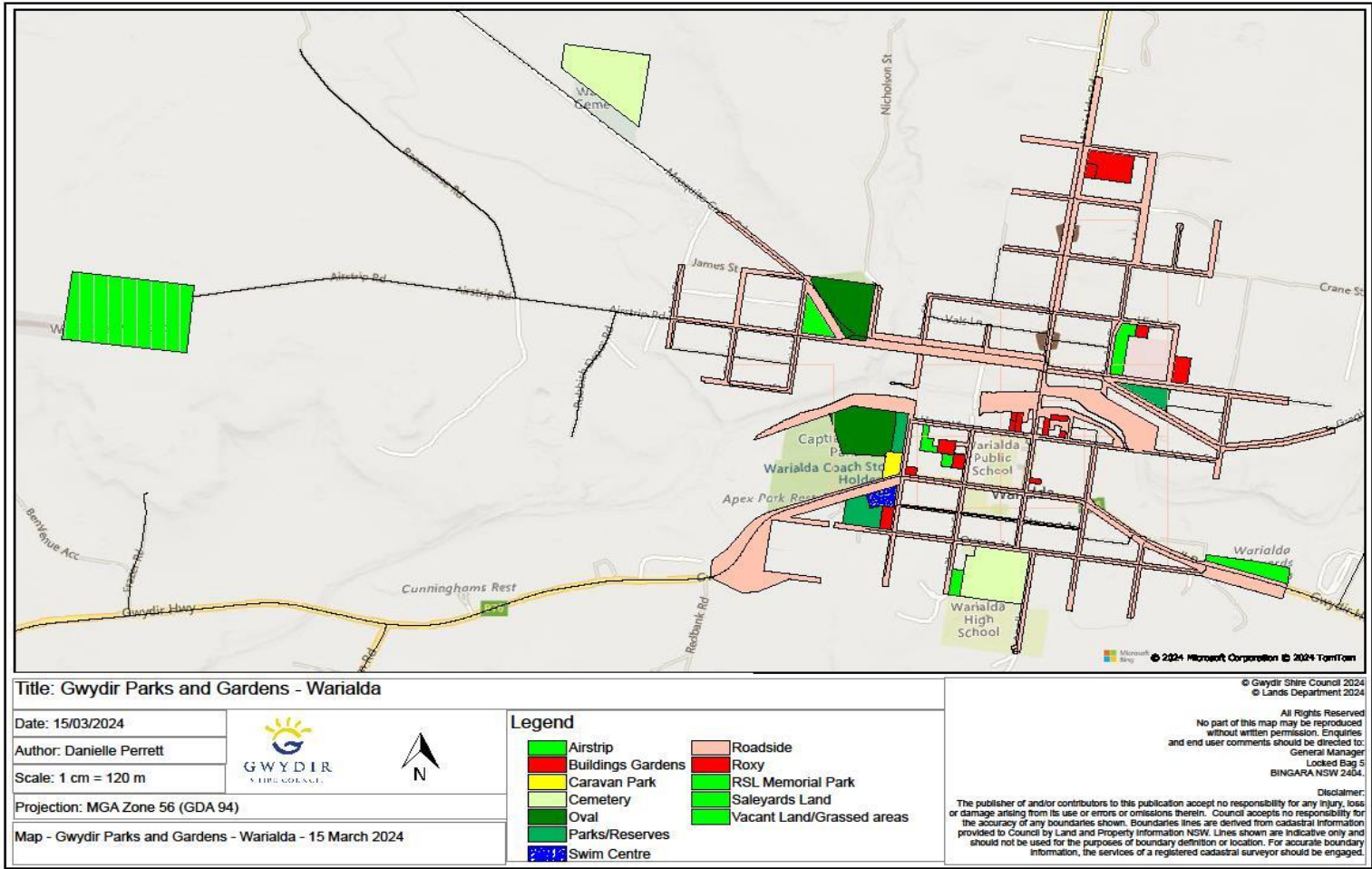


Figure 6: Coolatai and Gravesend Parks & Gardens maintenance map.

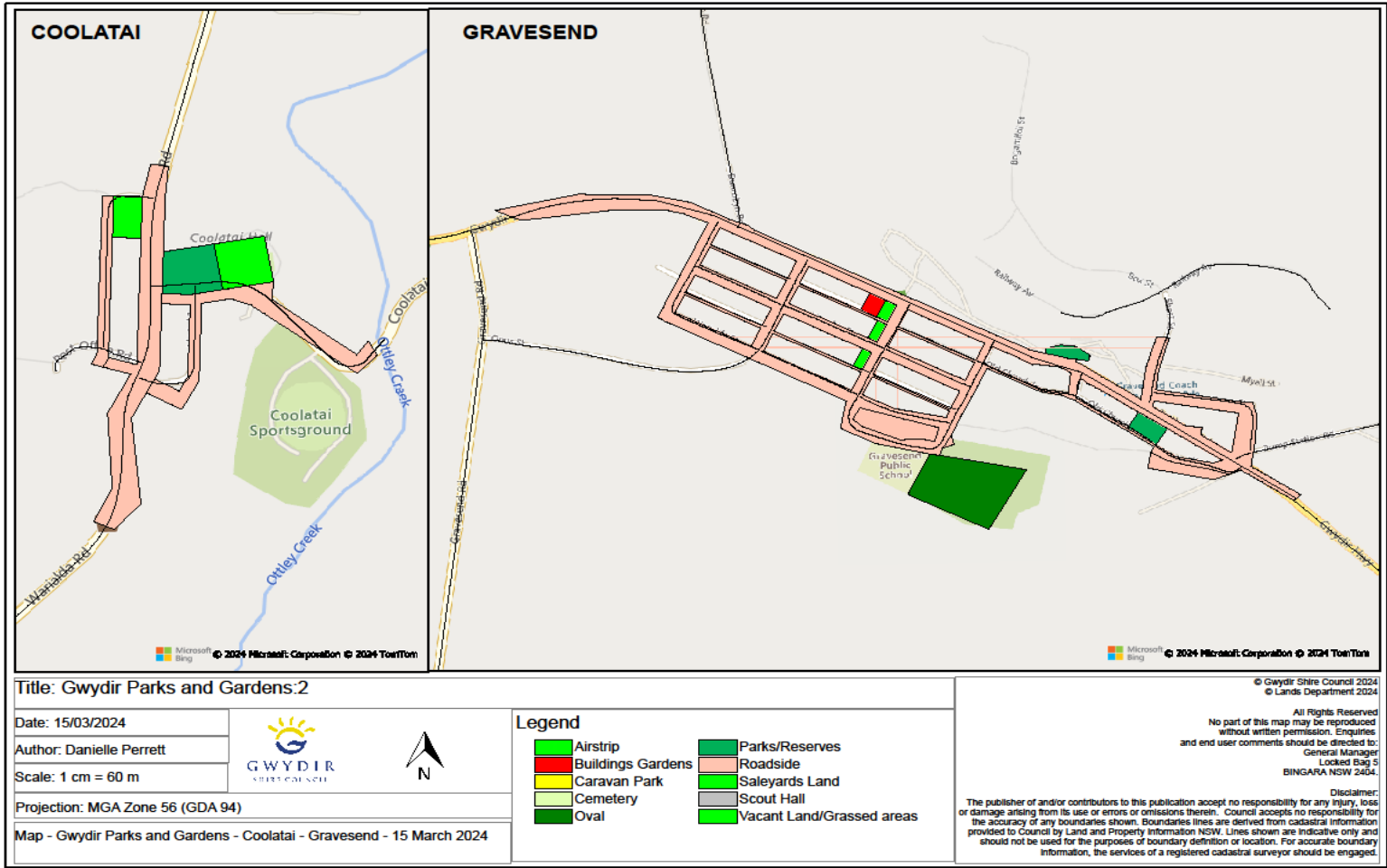


Figure 7: North Star and Croppa Creek Parks & Gardens maintenance map.

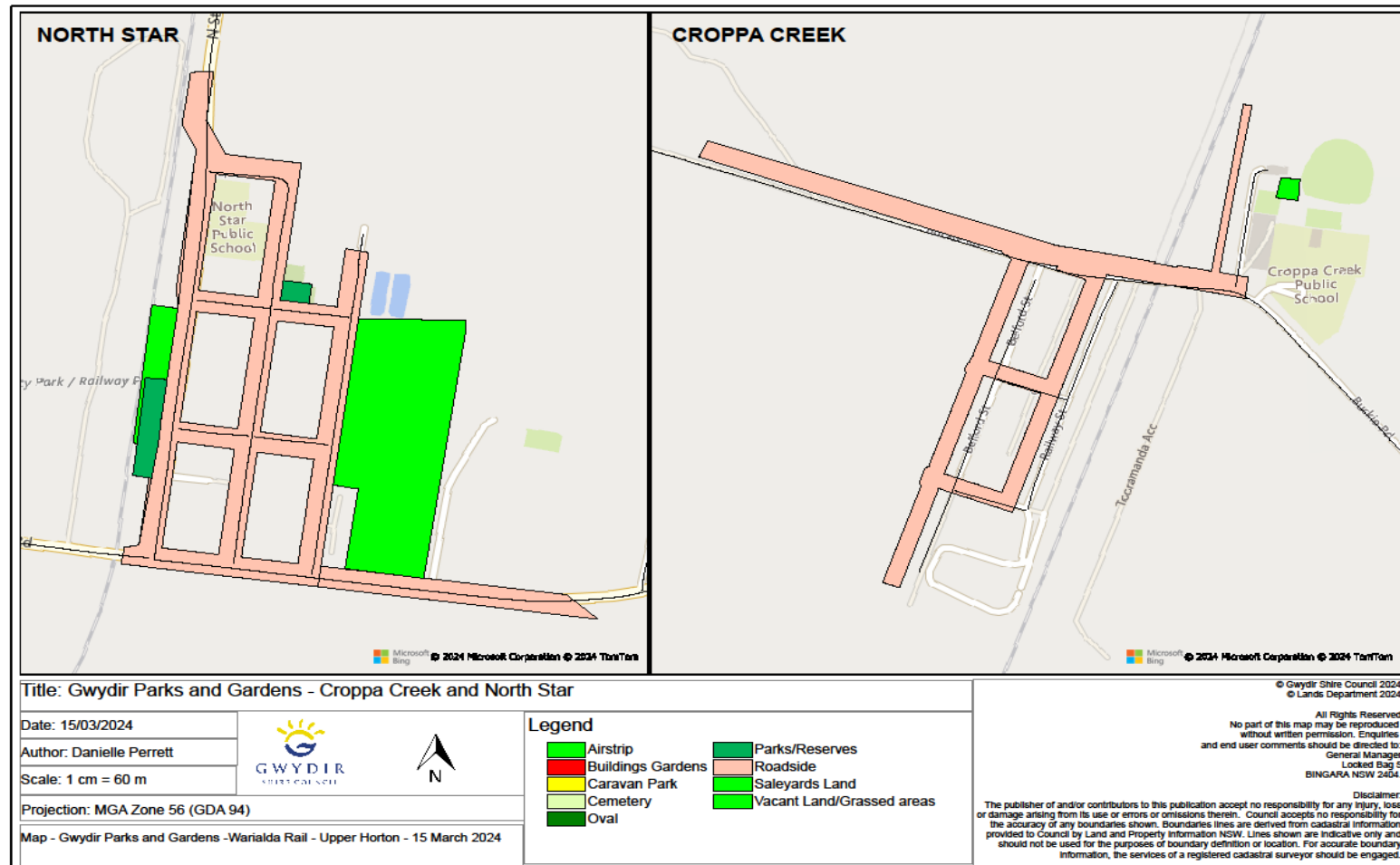
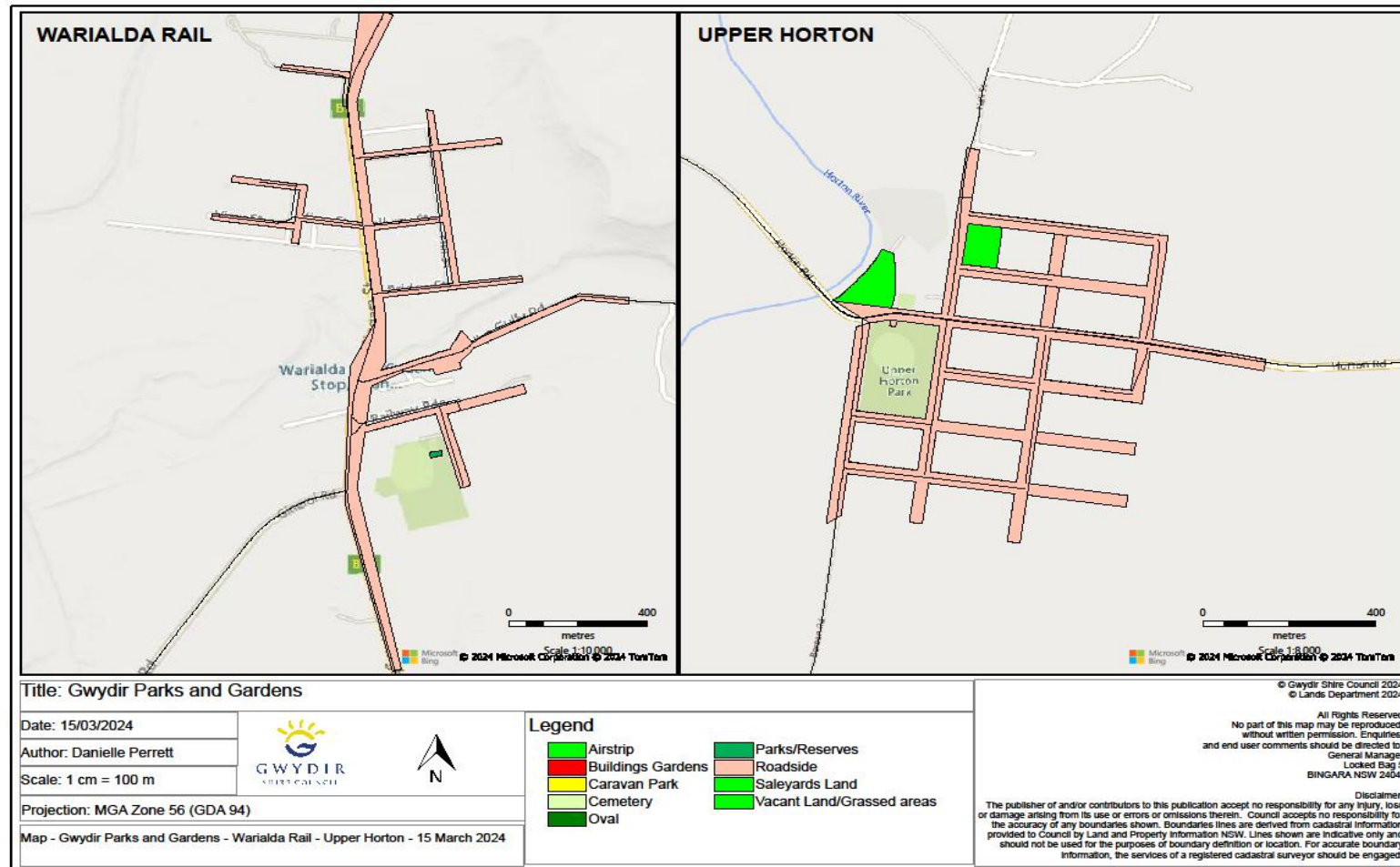


Figure 8: Warialda Rail and Upper Horton Parks & Gardens maintenance map.



Appendix C – Costing by Open Space

Table 10: Shire wide operational costs by open space.

Open Space Area	Cost Type	2022-23	2021-22
Shire Wide			
Unallocated to an Open Space	Salaries & Wages	22342.23	14264.25
	Plant Hire - Internal Usage		94.1
	Total	22342.23	14358.35
Graffiti Removal	Overtime	124.93	
	Plant Hire - Internal Usage	45.29	
	Total	170.22	0
Street Trees	Salaries & Wages	28738.43	29971.01
	Casual Wages	6037.44	8766.32
	Materials Purchased	5895.17	6762.7
	Plant Hire - Internal Usage	11588.18	13489.95
	Total	52259.22	58989.98
Bingara and Warialda Town Streets Beautification	Salaries & Wages	1949.54	1407.97
	Casual Wages		1146.41
	Materials Purchased	13143.6	8293.7
	Plant Hire - Internal Usage	886.55	295.9
	Total	15979.69	11143.98
	Grand Total	90751.36	84492.31

Table 11: Bingara operational costs by open space.

Open Space Area	Cost Type	2022-23	2021-22
Bingara			
Unallocated to an Open Space	Salaries & Wages	25951.18	29843.97
	Casual Wages	8266.54	1405.31
	Overtime	85.34	244.97
	Contractors	623.7	2449.44
	Materials Purchased	5158.15	22027.39
	Plant Hire - Internal Usage	6215.32	5799.5
	Internal Water Charges	9236.35	2747.1
	Overheads Allocated	3192.35	0
	Total	58728.93	64517.68
All Nations Hill	Salaries & Wages	66.64	53.4
	Casual Wages	113.16	902.78
	Materials Purchased		131.04
	Plant Hire - Internal Usage	34.05	258.88
	Total	213.85	1346.1
Batterham's Lookout	Salaries & Wages	420.96	125.18
	Plant Hire - Internal Usage	288.04	
	Total	709	125.18
Bicentennial Park	Salaries & Wages	1491.7	2773.09
	Casual Wages	1034.13	850.56

	Materials Purchased		60.07
	Plant Hire - Internal Usage	521.65	1422.8
	Internal Water Charges		2659.8
	Total	3047.48	7766.32
Cemetery	Cemetery/crematoria fees	-25735.68	-26868.51
	Other User Charges (Sundry)	-696	-187
	Sales - Other General	-23597.71	-12392.93
	Salaries & Wages	12022.51	11256.41
	Overtime	276.71	374.46
	Casual Wages	3833.28	4971.07
	Contractors	1335.27	1227.27
	Materials Purchased	1080.53	119.12
	Plant Hire - Internal Usage	6441.54	6801.76
	Total	-25039.55	-14698.35
Cunningham Park	Salaries & Wages	5293.98	16964.49
	Casual Wages	697.97	3327.54
	Contractors	1374.56	736.36
	Materials Purchased	23.63	459.92
	Inventory Issued From Store		156.07
	Plant Hire - Internal Usage	982.84	6561.31
	Internal Rates	4498.2	4612.05
	Internal Water Charges	4702.25	2588.8
	Total	17573.43	35406.54
CWA Park	Salaries & Wages	2151.05	3663.76
	Overtime	63.66	
	Casual Wages	647.79	1107.29
	Materials Purchased	900.26	1541.26
	Plant Hire - Internal Usage	683.81	1369.56
	Total	4446.57	7681.87
Fay's Park	Salaries & Wages	967.29	2375.69
	Casual Wages	332.93	1331.37
	Materials Purchased		65.26
	Plant Hire - Internal Usage	232.92	1373.63
	Total	1533.14	5145.95
Glacial Area	Salaries & Wages	1281.53	2706.06
	Overtime	0	
	Contractors		1242
	Materials Purchased		35.83
	Inventory Issued From Store	62.59	52.42
	Plant Hire - Internal Usage	163.05	287.34
	Total	1507.17	4323.65
Gwydir Oval	Other User Charges (Sundry)		-287.28
	Other Sundry Income	-771.91	
	Salaries & Wages	26218.36	22166.61
	Overtime	197.13	
	Casual Wages	7158.2	1812.08
	Contractors	1333.31	
	Other External Services	259.46	
	Materials Purchased	11937.76	6781.71

	Inventory Issued From Store	75.89	111.88
	Electricity	1692.02	2889.71
	Gas Charges	260.92	
	Plant Hire - Internal Usage	7660.55	6556.66
	Overheads Allocated	14137.53	9111.53
	Internal Rates	1297	1278
	Internal Water Charges	19597.1	14895.05
	Total	91053.32	65315.95
Junction Park	Salaries & Wages	536.75	2154.87
	Casual Wages	132.02	961.5
	Materials Purchased		90.51
	Plant Hire - Internal Usage	127.81	1824.22
	Internal Water Charges	458.8	
	Total	1255.38	5031.1
Maitland Street Garden	Salaries & Wages	18440.57	14221.26
	Overtime	113.38	
	Casual Wages	4569.32	3161.93
	Materials Purchased	4373.4	2126.96
	Inventory Issued From Store	78.8	
	Plant Hire - Internal Usage	5666.87	4480.59
	Internal Water Charges	4440.65	3923.8
	Total	37682.99	27914.54
Riverside Operations	Salaries & Wages		1719.41
	Plant Hire - Internal Usage		3060.7
	Internal Water Charges		52.7
	Total	0	4832.81
RSL Park	Salaries & Wages	1942.04	2251.88
	Casual Wages	980.58	1479.27
	Materials Purchased	94.39	
	Plant Hire - Internal Usage	460.52	1353.18
	Total	3477.53	5084.33
Showground	Admission Fees	-14198.9	
	Other Facility Hire	-1580.92	-1378.17
	Other User Charges (Sundry)	-17328.92	-513.64
	Donations Received	-7864.9	
	Salaries & Wages	19277.51	14383.96
	Overtime	979.18	
	Casual Wages	4531.36	5846.68
	Contractors	11345.87	1041.71
	Materials Purchased	5320.99	3723.1
	Inventory Issued From Store		85.13
	Gas Charges	1222.11	300.71
	Plant Hire - Internal Usage	25748.36	19459.41
	Total	27451.74	42948.89
Telstra Park	Salaries & Wages	1069.48	929.77
	Casual Wages	168.68	369.86
	Plant Hire - Internal Usage	264.04	384.02
	Total	1502.2	1683.65

Town Streets - Mowing Verges, Cleaning, Street Furniture, Trees	Salaries & Wages	67113.95	56702.46
	Overtime	3642.09	3643.99
	Casual Wages	37961.94	40162.44
	Other External Services	358.69	
	Materials Purchased	8585.91	13410.01
	Inventory Issued From Store	54.34	121.34
	Plant Hire - Internal Usage	22586.97	27052.13
	Mobile Phone Charges		288
	Total	140303.89	141380.37
	Grand Total	365447.07	405806.58

Table 12: Warialda operational costs by open space.

Open Space Area	Cost Type	2022-23	2021-22
Warialda			
Unallocated to an Open Space	Salaries & Wages	6419.18	7682.65
	Overtime	141.06	35
	Contractors	4883.57	
	Materials Purchased	1393.5	85.2
	Inventory Issued From Store	27.33	
	Plant Hire - Internal Usage	1682.46	2720.06
	Internal Water Charges	11218.73	9209.45
	Total	25765.83	19732.36
Apex Park	Salaries & Wages	413.57	282.38
	Inventory Issued From Store	38.89	
	Plant Hire - Internal Usage	84.29	24.97
	Materials Purchased	432	285.35
	Internal Water Charges	105.3	285.35
	Total	1074.05	878.05
Captain Cook Park	Salaries & Wages	2779.1	2277.74
	Contractors		2816.64
	Materials Purchased	445.02	445.61
	Electricity	561.78	513.93
	Inventory Issued From Store		10.55
	Plant Hire - Internal Usage	480.7	529.69
	Total	4266.6	6594.16
Cemetery	Cemetery/crematoria fees	-21554.1	-21435.03
	Other User Charges (Sundry)	-348	-170
	Sales - Other General	-22565.43	-14269.75
	Salaries & Wages	15998.03	13421.96
	Overtime	364.92	448.03
	Contractors	2336.69	5289.42
	Materials Purchased	952.97	263.41

	Inventory Issued From Store	214.69	127.37
	Plant Hire - Internal Usage	3615.34	3752.64
	Total	-20984.89	-12571.95
Hospital Park	Salaries & Wages	5343.95	1397.88
	Overtime	56.95	
	Contractors	1026.01	1836
	Materials Purchased	1768.66	145.76
	Electricity	856.25	826.11
	Plant Hire - Internal Usage	971.31	227.28
	Total	10023.13	4433.03
Nicholson Oval	Salaries & Wages	3041.2	5084.85
	Overtime	42.93	694.09
	Other External Services	243.4	
	Plant Short term External Hire	294.55	
	Materials Purchased	0	2356.24
	Electricity	1013.18	
	Plant Hire - Internal Usage	132.93	2616.62
	Internal Water Charges	2391.7	2142
	Total	7159.89	12893.8
Reedy Creek	Salaries & Wages	2457.14	2346.59
	Materials Purchased	91.8	
	Plant Hire - Internal Usage	606.8	330.8
	Total	3155.74	2677.39
Recreation Grounds	Salaries & Wages	6652.09	4052.2
	Overtime	109.07	
	Contractors	192	1827.9
	Materials Purchased	5811.95	1060.95
	Inventory Issued From Store	12.65	30.55
	Electricity	3008.72	1961.85
	Gas Charges	378	
	Plant Hire - Internal Usage	1559.68	355.74
	Internal Rates	2475	2430
	Internal Water Charges	9525.63	6112.6
	Total	29724.79	17831.79
Town Streets	Salaries & Wages	131004.55	165209.58
	Overtime	904.21	1386.71
	Casual Wages	792.11	
	Contractors	29016.65	2336.74
	Other External Services	716.04	557.28
	Materials Purchased	4867.82	5653.32
	Inventory Issued From Store	240.59	233.5
	Plant Hire - Internal Usage	22852.25	34650.09
	Mobile Phone Charges		288
	Internal Water Charges	3133.65	2797.75
	Total	193527.87	213112.97
	Grand Total	253713.01	265581.6

Table 13: Warialda Rail operational costs by open space.

Open Space Area	Cost Type	2022-23	2021-22
Warialda Rail			
Unallocated to an Open Space	Salaries & Wages		295.55
	Materials Purchased		1728
	Plant Hire - Internal Usage		52.48
	Total	0	2076.03
Town Streets	Salaries & Wages	10003.78	14746.3
	Overtime		50.03
	Contractors		432
	Materials Purchased		347.42
	Inventory Issued From Store		54.06
	Plant Hire - Internal Usage	2296.84	5084.68
	Total	12300.62	20714.49
	Grand Total	12300.62	22790.52

Table 14: Gravesend operational costs by open space.

Open Space Area	Cost Type	2022-23	2021-22
Gravesend			
Unallocated to an Open Space	Materials Purchased	74.95	
	Total	74.95	0
Moffat Park	Salaries & Wages	2090.86	179.28
	Plant Hire - Internal Usage	439.11	46.55
	Internal Rates	697	688
	Internal Water Charges	7814.55	1664.45
	Total	11041.52	2578.28
Gravesend Recreation Ground	Salaries & Wages	668.04	279.85
	Materials Purchased	1256.71	49.09
	Gas Charges	129.64	
	Plant Hire - Internal Usage	95.2	28.56
	Donations Paid	1035.18	
	Internal Rates		947.3
	Internal Water Charges	1274.1	1321.49
	Total	4458.87	2626.29
Town Streets	Salaries & Wages	13045.74	19613.91
	Overtime		45.1
	Casual Wages	339.47	943.02
	Materials Purchased		212.55
	Plant Hire - Internal Usage	2744.57	6492.17
	Total	16129.78	27306.75
	Grand Total	31705.12	32511.32

Table 15: Coolatai operational costs by open space.

Open Space Area	Cost Type	2022-23	2021-22
Coolatai			
Unallocated to an Open Space	Salaries & Wages	6173.58	8277.4
	Contractors	589.09	
	Plant Hire - Internal Usage	1480.93	1795.19
	Total	8243.6	10072.59
Sportsground	Salaries & Wages	1741.16	
	Materials Purchased	1470.96	
	Plant Hire - Internal Usage	1016.9	
	Total	4229.02	0
	Grand Total	12472.62	10072.59

Table 16: North Star operational costs by open space.

Open Space Area	Cost Type	2022-23	2021-22
North Star			
Anzac Park	Salaries & Wages	47.03	1557.83
	Materials Purchased	23.57	560.74
	Inventory Issued From Store		94.74
	Plant Hire - Internal Usage	11.35	1003.49
	Total	81.95	3216.8
Railway Park	Salaries & Wages	339.78	1524.57
	Materials Purchased	850.2	2563.58
	Plant Hire - Internal Usage	172.47	157.99
	Internal Water Charges	538.05	417.3
	Total	1900.5	4663.44
Town Streets	Salaries & Wages	47705.48	37493.15
	Overtime	1198.5	763.34
	Materials Purchased	4626.9	341.71
	Plant Hire - Internal Usage	15785.73	17110.04
	Total	69316.61	55708.24
	Grand Total	71299.06	63588.48

Table 17: Upper Horton operational costs by open space.

Open Space Area	Cost Type	2022-23	2021-22
Upper Horton			
Unallocated to an Open Space	Salaries & Wages	978.39	2629.38
	Casual Wages		314.34
	Plant Hire - Internal Usage	195.85	754.91
	Total	1174.24	3698.63
Playground	Salaries & Wages	182.82	444.19
	Plant Hire - Internal Usage	38.08	76.16
	Total	220.9	520.35
Town Streets	Salaries & Wages		1436.19
	Plant Hire - Internal Usage	2233.11	5453.68
	Total	2233.11	6889.87
	Grand Total	3628.25	11108.85

Table 18: Croppa Creek operational costs by open space.

Open Space Area	Cost Type	2022-23	2021-22
Croppa Creek			
Town Streets	Salaries & Wages	8035.47	5451.35
	Overtime	288.03	143.02
	Materials Purchased	244.27	
	Plant Hire - Internal Usage	2122.75	3743.05
	Grand Total	10690.52	9337.42



Gwydir Shire Council

Service Review Report - Stores

Department: Business Improvement

Responsible Manager: Business Improvement & IT Manager

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Introduction

Local councils are responsible for delivering a wide range of services to their communities and exercising an extensive suite of service, regulatory, revenue, administrative, enforcement and ancillary functions under the *Local Government Act 1993* ("the Local Government Act") and other legislation.

Under the Integrated Planning and Reporting ("IP&R") framework provisions of the Local Government Act, all local councils are required to plan holistically for the future and must develop a suite of interrelated strategies to guide their long-term planning and decision-making in relation to service delivery and resources. All plans, policies, programs, and activities developed and undertaken by local councils must directly relate to their respective IP&R frameworks.

The IP&R framework is designed to support local councils in establishing service levels, monitoring service performance, improving service delivery and encouraging continuous improvement across their organisations and operations.

The *Integrated Planning and Reporting Guidelines for Local Government in NSW* ("the Guidelines") published by the NSW Office of Local Government ("the OLG") and prescribed under the Local Government Act provide that local councils must, via their Delivery Program, "*identify areas of service that the council will review during its term, and how the council will engage with the community and other stakeholders to determine service level expectations and appropriate measures*".

In turn, local councils must specify which service delivery reviews they will undertake each year via their annual Operational Plan, and report on the results of such reviews in their Annual Report. Importantly, councils must disclose in their Annual Report any changes they have made to services in response to the findings of service delivery reviews undertaken in the previous year.

The service review process asks local councils to consider the following questions when reviewing services:

1. Should this service be delivered to the community?
2. If so, how should it be delivered?
3. Is this service delivering on community needs and Council's goals?
4. Is the service being delivered using the most appropriate service delivery mechanisms?
5. Is the service being delivered as efficiently and effectively as possible?
6. Is the service resourced appropriately?
7. Is the service meeting current service standards and levels?
8. What are the current and future issues affecting the service, and what should be done about them?

A service delivery review is a vital process for local councils and will ensure that their service functions are:

- Appropriate – that is, services meet current community needs and wants, and can be adapted to meet future needs and wants,
- Effective – that is, councils deliver targeted, better-quality services in new ways,
- Efficient – that is, councils improve resource use (people, materials, equipment, infrastructure) and redirect savings to finance new or improved services, and
- Affordable – that is, the community is able to afford the current and any proposed future service levels.

1. Executive Summary

This Service Review Report evaluates the current state of the Gwydir Shire Council's Stores service, identifies key issues, and proposes recommendations for improvement. The review aims to enhance the effectiveness, efficiency, and sustainability of the Stores service, ensuring it aligns with the Council's strategic goals and operational needs.

The review revealed several critical insights. While the service aligns well with the Council's strategic goals, there are no formal service levels established. Further, there is an absence of clear criteria for stock maintenance.

The Stores service currently consists of a single Storeman reporting directly to the CFO. This structure has experienced frequent changes in responsibility, leading to instability in management. Further, there is a lack of integration between Procurement, Stores, and Fleet Management, resulting in fragmented operations and inefficiencies. Therefore, it is proposed to amalgamate these services. The proposal includes a shift of responsibility for these services by restructuring the depot operations into a single line of responsibility.

Inefficient invoice handling processes and retention of redundant stock have been identified as significant financial issues. Manual data entry and lack of validation controls contribute to potential errors and financial discrepancies. Additionally, some departments bypass the Stores system, leading to suboptimal inventory management and increased costs.

The review concludes Council should look at realigning Stores, whilst investigating and implementing the 20 improvement recommendations outlined.

No.	Improvement Opportunity	Priority
Strategic Direction		
1	Introduce a formal process for going to market to compare prices and services from different suppliers. Regularly review and update supplier lists to ensure the best purchasing options are being utilised.	High
2	Establish service levels for stores, including clear criteria for what items should be kept in stock within Stores.	High
3	Standardise procurement, fleet purchasing, and stores under unified management to optimise purchasing and reduce redundancies.	High
4	Establish actions in the Operational Plan that encompass the day-to-day operations of Stores.	Low
Governance and Management		
5	Encourage other services to utilise the Stores system rather than keeping their own stock. This can lead to better inventory management and cost savings.	High
6	Develop specific, measurable objectives and key performance indicators (KPIs).	Medium

7	Consider the Procurement service for a service review in the coming delivery plan (if not merged).	Medium
Financial		
8	Revise the current process of invoice handling to ensure proper validation and delegation controls.	High
9	Write off redundant stock that has been sitting in stores for years.	High
Policies and Procedures		
10	Define clear criteria for what items should be kept in stock within Stores. Establish a standardised process for ordering items that fall outside of these criteria to ensure consistent and efficient inventory management.	High
11	Ordering of project materials should be aligned with stores/procurement as standard procedure.	High
12	Review the documentation for Authority inventory control and ensure that the Store processes are utilising the program as intended.	Medium
13	Implement a systematic organisation for the stock for ease of tracking and locating items efficiently.	Medium
14	Automate the fuel system to minimise manual data entry and reduce polling issues, particularly in locations like Bingara.	Medium
15	Stock needs to be properly categorised to be able to efficiently report.	Low
Staff		
16	Consider a restructure with a Depot Supervisor role that oversees the workshops and stores functions.	High
17	Cross-train staff to handle the Storeman's duties, ensuring that stock can be checked out and managed efficiently during absences.	Medium
General		
18	Review and update the uniform requirements to ensure they are suitable for the job and weather conditions. Incorporate safety features such as reflective strips to enhance worker safety.	Medium
19	Revise the current fuel system software to see if there are other suppliers providing a more cost effective and productive program.	Medium
20	Investigate the possibility of a controlled self-service system where authorised personnel can check out stock themselves. This can improve efficiency while maintaining control over inventory.	Medium

2. Objectives and Scope

2.1 Background

The Council elected to originally conduct a service review of Visitor Information Services for the 2023/24 IP&R reporting period. However, as the service will be delivered differently due to the changes with the Bingara Office rebuild, any recommendations made now would most likely be redundant. As a result, the Executive Team decided to change the nominated review to Stores.

This review was carried out internally, with Morrison Low enlisted by the Council to offer guidance and insights as this marks the initial implementation of the Service Review Framework.

2.2 Scope

This Service Review Report will focus on the evaluation of the current state of Stores service for Gwydir Shire Council. The aim is to assess the effectiveness, efficiency, and sustainability of the services provided, and to identify areas for improvement.

2.3 Limitations

The review is based on the data and information available at the time of the study. Any gaps, inaccuracies, or outdated data within the inventory management system or other sources could affect the conclusions drawn.

The insights and feedback collected from stakeholders are limited to those who participated in the review process. As a result, the perspectives of some stakeholders may not be fully represented, potentially leading to incomplete understanding of the issues.

This review focuses on the Stores service and does not extend to a detailed analysis of all related functions such as Procurement and Fleet Management, except where directly relevant. Consequently, some interconnected issues may not be fully explored.

2.4 The Stakeholders

Stores is an internal service that operates to ensure stock is available for other services within the Shire. As a result, the stakeholders are confined to Council internal staff and the suppliers of stock.

The service review process engaged in direct communications with a subset of people to get a range of perspectives. These stakeholders included:

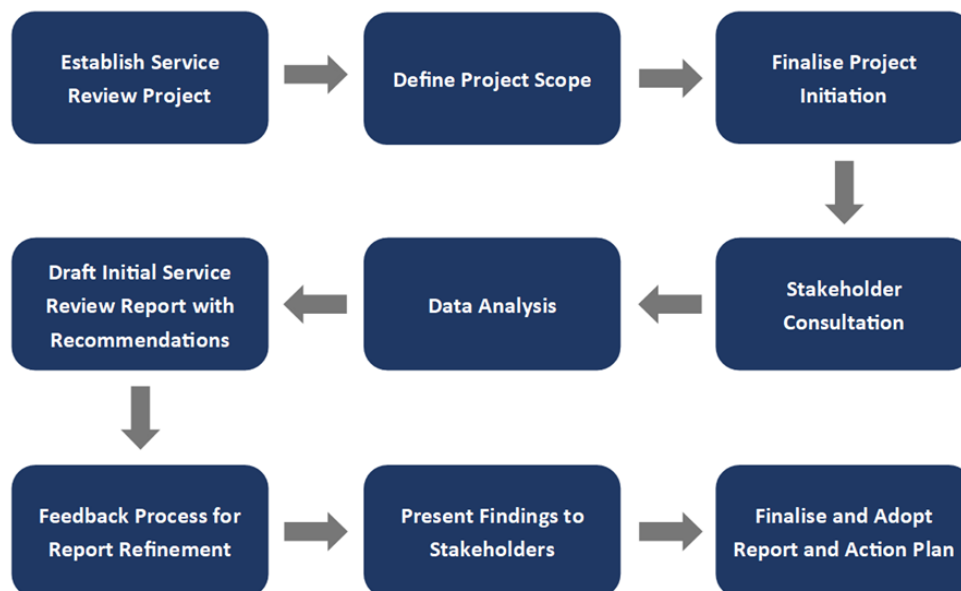
- Executive Leadership Team
- Stores Staff
- Town Utilities Team

Collaboration and communication among these diverse stakeholders are essential for effective decision-making and the successful management of Stores operations.

2.5 Methodology

The diagram below provides a detailed overview of the methodology applied by the Service Review Team in undertaking the service review of Stores.

Figure 1: Methodology in undertaking the service review of Stores.



3. Service Overview

The Stores Service is a key operational function of the Council, dedicated to the procurement, management, and issuance for inventory of stock. The service ensures the smooth operation of Council operations by ensuring necessary materials are available when needed.

Key tasks performed by the Stores Service include:

- Maintaining an accurate and up-to-date inventory of all goods and materials owned by Council. This includes tracking the quantity and location of each item.
- The issuance of stock to ensure that the requested items are available and issuing them in a controlled manner.
- Implementing measures to prevent stockouts and overstocking. This involves forecasting demand, setting reorder points, and determining optimal order quantities.

3.1 Strategic Alignment

The Gwydir Shire community has identified several priorities and future aspirations, as detailed in the Community Strategic Plan 2017/2027. These priorities emphasise the importance of effective organisational management to achieve maximum outputs with minimal resources and effort. Consequently, the Community Strategic Plan includes "Outcome 5.1 Corporate Management," which aligns with the Stores service's goal of ensuring financial efficiency and facilitating the Council's functions. The Council's 2022-26 Delivery Program actions are outlined in the table below.

Table 1: Council Delivery Plan Strategic Actions

Strategy	Actions
Financial management and accountability systems	Align financial function with business strategy to assist developing long-term growth and financial security.
Administrative and support functions	Create formal structure and support to assist in the facilitation of Council's key functions to achieve core objectives.

The Stores service is thus aligned with the community's aspirations and the Council's strategic plans. However, there are no specific actions related to the Stores service in the 2023-24 Operational Plan. As a result, the day-to-day operations of the Stores service are not explicitly captured in the Council's strategy.

3.2 Legislative Considerations

The following laws and regulations are applicable to the Stores service:

- **Competition and Consumer Act 2010 (Cth):** This federal legislation impacts procurement processes by promoting fair trading and competition. Councils must ensure that their purchasing practices comply with this Act to prevent anti-competitive behaviour.
- **Disability Inclusion Act 2014 (NSW):** This Act mandates that all public facilities, including stores, be accessible to people with disabilities, ensuring inclusive practices in the management and operation of stores.

- **Environmental Planning and Assessment Act 1979 (NSW):** This Act may impact the storage and handling of materials, especially if they involve hazardous substances or if the stores are located in areas requiring special environmental considerations.
- **Local Government Act 1993 (NSW):** This Act defines the roles and functions of local councils, granting them the authority to manage public spaces, including parks and gardens, to promote the social, economic, and environmental well-being of the community. Councils can make local laws concerning the use and maintenance of these areas.
- **Local Government (General) Regulation 2021 (NSW):** This regulation includes provisions on tendering, procurement, and disposal of council property. It mandates that councils follow certain procedures for purchasing and managing inventories to ensure fairness and value for money.
- **Public Finance and Audit Act 1983 (NSW):** This Act outlines the requirements for financial management and accountability in public sector entities, including local councils. It ensures that financial practices, including those related to inventory and stores, are conducted with integrity and transparency.
- **State Records Act 1998 (NSW):** This Act requires councils to manage and keep records of their activities, including procurement and inventory records, in an accountable and systematic manner.
- **Work Health and Safety Act 2011 (NSW):** This legislation requires that all workplaces, including local government stores, provide a safe working environment. It includes provisions for handling hazardous materials, operating machinery, and other safety considerations relevant to stores operations.

4. Service Delivery and Performance

4.1 Service Levels

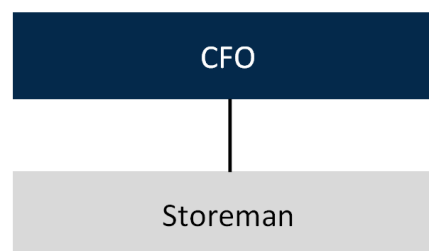
At present, there are no formally established service levels for the Stores service. This lack of defined service levels creates several challenges for the effective management and operation of the service. Additionally, there are no clear guidelines on what constitutes stock that should be kept in inventory, leading to inconsistencies and inefficiencies in inventory management.

4.2 Resources Consumed

4.2.1 Workforce

The current organisational structure includes only the Storeman, who reports directly to the CFO. Over time, there has been considerable fluctuation in who holds responsibility for the service. This report aims to propose recommendations that will bring stability and clarity to the management of the Stores service.

Figure 2: Organisation structure of the Stores service.



4.2.2 Financial

The actual costs for the last two completed financial years are summarised in Table 2 below. These figures are derived from the budgeting software in BIS, encompassing all costs associated with the Stores program level of the budget.

Table 2: Financial breakdown of Stores service.

Stores	2022-23	2021-22
Income		
Overhead Recovery	(41,542)	(35,400)
Total Income	(41,542)	(35,400)
Expenditure		
Employee Costs	82,230	104,832
Office Administration	239	1,143
Plant Hire	25,835	11,923
Overheads	21,328	13,746
Total Expenses	129,632	131,644
Net Cost	88,090	96,244

4.2.3 Inventory

It should be noted that the current information on inventory is limited due to the lack of proper categorisation, which hampers the ability to extract meaningful data from reports. This lack of detailed categorisation makes it challenging to conduct a comprehensive analysis of inventory usage and performance.

Table 3 below provides a breakdown of the value of stock currently held in inventory. The majority of items are stored in Warialda, with a significant portion of the inventory consisting of fuel and materials for road repairs, which account for nearly the entirety of the Bingara Stores.

Table 3: Inventory held in stock currently.

Location	Current (At June 2024)
Warialda Store	224,794
Bingara Store	116,576
Weeds	4,897
Water Fund Store	23,579
Total Expenses	369,846

An analysis of the inventory movement revealed that there are 43 items, totalling \$25,708.60, that have not been issued or seen any movement this financial year. This indicates potential issues with overstocking or holding items that may no longer be needed or are slow-moving. Proper categorisation and regular review of inventory can help identify such items and improve overall inventory management.

4.3 Stakeholder Perceptions and Feedback

Below is a summary of the feedback gathered from stakeholder interviews. These do not reflect the opinions of the Service Review Team but are a summation of the stakeholders' input.

- **Succession Planning:** There is a need for planning around succession and covering for leave.
- **System Improvement:** The current system needs a revamp, and processes need to be improved.
- **Stock Access:** It is difficult to find and check out stock when the Storeman is on leave.
- **Stock Organisation:** The organisation of stock is not systematic.
- **Invoice Handling:** Staff are handing in invoices for the Storeman to process, which is time-consuming and bypasses validation and delegation controls.
- **Supplier Selection:** Suppliers are chosen based on familiarity, and there is rarely an effort to go to market to compare options.
- **Old Stock Write-off:** There is an issue with writing off old stock due to budget concerns, even when it is clear the stock will never be used.
- **Uniform Suitability:** The uniforms ordered are not suitable for the job, are not summer-friendly, and lack reflective strips for worker safety.
- **Stock Availability:** Most of the needed stock is available when required.
- **Service Utilisation:** Services are not utilising Stores and are purchasing and keeping their own stock through preferred suppliers.
- **Standardisation Issues:** Standardisation and optimisation of purchasing are hindered by separate management of fleet purchasing, procurement, and stores.
- **Stock Issue Process:** There should be an opportunity for individuals to check out stock themselves, under controlled conditions.
- **Project Ordering:** Ordering for projects should be managed by procurement or stores.
- **Responsibility Shifts:** The responsibility for Stores has shifted around the organisation, leading to a lack of proper understanding and oversight.
- **Fuel System Issues:** The fuel system requires a lot of manual data entry and has consistent polling issues, particularly in Bingara.

4.4 Industry Comparisons

Conducting industry comparisons enables Gwydir Shire Council to benchmark the performance of its Stores service against similar services offered by other councils and industry standards. Due to the challenge of finding direct metric data and comparisons specific to council stores, industry guidelines, case studies, and articles were used to validate best practices in inventory management. The following points highlight key best practices for comparison to Council's current operations.

- **Procurement Practices:** Other councils typically have formal procurement processes that involve regular market testing and supplier evaluations to ensure the best value for money. In contrast, Gwydir Shire Council's current practice of relying on familiar suppliers without regular market comparisons may not always yield the best purchasing outcomes.

- **Stock Organisation and Accessibility:** Effective councils often employ systematic stock organisation methods, such as barcode scanning and automated retrieval systems, which ensure that stock items are easily accessible and accurately tracked. Gwydir Shire Council's reported difficulties in locating and checking out stock, especially during the Storeman's absence, highlight a need for improved organisational methods and technologies.
- **Old Stock Management:** Other councils have clear policies for writing off obsolete stock and regularly review inventory to dispose of items that are no longer useful. This prevents clutter and reduces holding costs. Council's hesitance to write off old stock due to budget concerns suggests a need for a more proactive approach to inventory management.
- **Staff Safety and Uniforms:** Councils with robust safety policies ensure that staff uniforms and equipment are suitable for the job and comply with safety standards, including features like reflective strips for visibility. The concerns raised about the suitability and safety of current uniforms at Council suggest a need to review and update staff uniforms to meet these standards.

4.5 Business Analysis

During this service review, the Service Review team and the staff that were interviewed identified the key strengths, weaknesses, opportunities, and threats confronting Council's Store Service. Table 4 below presents the summation of the key strengths, weaknesses, opportunities, and threats identified.

Table 4: SWOT Analysis.

Strengths	Weaknesses	Opportunities	Threats
<p>Dedicated Staff: The Stores service benefits from a team of dedicated and knowledgeable staff who understand the operational requirements and maintain a high standard of service.</p> <p>Reliable Stock Availability: Most of the necessary stock is available when required, ensuring minimal disruptions to other services and operations within the council.</p> <p>Strong Internal Relationships: Good working relationships with internal stakeholders, which facilitate communication and collaboration.</p>	<p>Lack of Systematic Organisation: The current stock organisation is not systematic, leading to difficulties in locating and checking out stock, especially during the Storeman's absence.</p> <p>Manual Processes: Reliance on manual data entry and processes, particularly in the fuel system, which leads to inefficiencies and increased potential for errors.</p> <p>Supplier Dependence: Suppliers are often chosen based on familiarity rather than competitive market comparisons, potentially resulting in less favourable pricing and terms.</p> <p>Inadequate Invoice Handling: The process of staff handing in invoices for the Storeman to process circumvents proper validation and delegation controls.</p>	<p>Implementation of Technology: Assessment and realignment of the inventory management system, to improve accuracy and efficiency.</p> <p>Regular Supplier Evaluations: Introducing regular supplier evaluations to ensure competitive pricing and high-quality services.</p> <p>Cross-Training Staff: Developing cross-training programs to ensure continuity of service during staff absences and to improve overall operational resilience.</p> <p>Policy and Procedure Updates: Establishing clear criteria for stock management and standardised processes for ordering and inventory control.</p>	<p>Lack of Succession: Potential disruptions caused by absence of key personnel, which can affect service continuity and operational efficiency.</p> <p>Resistance to Change: Possible resistance from staff towards adopting new technologies and processes, which could hinder the implementation of improvements.</p> <p>Budget Constraints: Financial limitations that may restrict the ability to invest in new technologies or additional training programs.</p> <p>Regulatory Compliance: Ensuring ongoing compliance with local government regulations and industry standards, which may require continuous updates to policies and procedures.</p>

5. Service Analysis and Findings

5.1 Strategic Direction

Key Findings

- Procurement, Stores, and Fleet Management should be unified into a cohesive service.
- There is a need to establish formal service levels and definitions for stock to be kept in inventory.
- The Stores service is fundamentally aligned with the Council's strategic direction, though there are no actions in the operational plan relating to Stores.

Issues and Commentary

There appears to be a reluctance to utilise Stores for project material purchasing, and procurement processes are often not adhered to. Unifying Procurement, Stores, and Fleet Management into a cohesive service would streamline operations, reduce redundancies, and optimise purchasing processes. Rather than creating confusion about which department to approach for purchasing arrangements, a single unified area could follow a consistent process. This integration would ensure more efficient use of resources and improve the overall performance of these services. Standardised processes and centralised management would lead to better inventory control, cost savings, and enhanced service delivery.

There is little guideline on what constitutes items that should be kept within inventory and what should be purchased as needed. Without formal service levels and clear definitions for inventory stock, it is challenging to maintain consistency and efficiency in the Stores service. Establishing these service levels and definitions will ensure that only necessary items are kept in stock, reducing waste and optimising inventory management. This will improve accountability and make it easier to measure performance against defined standards, ultimately enhancing the efficiency and reliability of the Stores service.

The absence of specific actions for the Stores service in the operational plan indicates a gap in the strategic documentation. To fully leverage the alignment with the Council's strategic goals, it is crucial to include specific actions and initiatives for the Stores service in future operational plans. This inclusion will ensure that the day-to-day operations and contributions of the Stores service are recognised and strategically directed. Additionally, it will provide a clear reference point for any KPIs that need to be reported.

5.2 Governance and Management

Key Findings

- Other services within the Council often bypass the Stores system, preferring to maintain their own stock. This results in suboptimal inventory management and increased costs.
- Procurement is highly interconnected with Stores and should be evaluated in the next delivery plan cycle, or consideration given to potentially merging them into a single, unified service.

Issues and Commentary

When consulting with stakeholders in other departments, it was discussed that some prefer to order and manage stock through their preferred suppliers, rather than utilising Stores. The tendency of different services within the Council to bypass the centralised Stores system results in fragmented inventory management. Each service maintaining its own stock leads to duplication of efforts, increased inventory holding costs, and a lack of standardised processes. This fragmentation makes it challenging to achieve economies of scale and can result in overstocking or stockouts. To address

this issue, it is crucial to encourage the utilisation of the Stores system across all services, demonstrating the benefits of centralised inventory management, such as cost savings, improved stock availability, and better resource allocation. Implementing a controlled self-service system for authorised personnel to check out stock could also increase efficiency while maintaining inventory control.

It is evident that the challenges faced by the Stores service are not isolated but are indicative of broader issues affecting the entire procurement processes within the Council. The fragmentation and inefficiencies observed in Stores management reflect systemic problems that extend across procurement and fleet management operations. Addressing these issues holistically is crucial for achieving significant improvements.

If the recommendation to merge Stores, Procurement, and Fleet Management into a single, unified service is not adopted, it is imperative to include Procurement for a comprehensive service review in the next delivery plan cycle. Such a review should aim to identify and rectify inefficiencies, standardise processes, and ensure alignment with the Council's strategic objectives.

5.3 Financial

Key Findings

- Staff hand in invoices to the Storeman, leading to time-consuming manual processing, bypassing of validation controls, and potential errors.
- There is an issue with retaining redundant stock that has been sitting in the Stores for years.

Issues and Commentary

There appears to be a shift of invoice processing responsibilities onto the Stores service. Staff are handing invoices directly to the Storeman for processing, rather than handling them themselves. This practice leads to a lack of accountability for the stock received, as the Storeman does not validate the actual receipt of goods. Further, it utilises their financial delegations which could exceed the person they are processing for, and appropriate approval is not followed. This circumvents established validation and delegation controls, thereby increasing the risk of misappropriation and financial discrepancies. Additionally, this process is disruptive to the Storeman's regular duties.

To address this issue, it is essential to clearly reinforce the responsibilities for invoice processing among staff. If Stores is to continue to process invoices on behalf of others, a formal system must be established. This system should include immediate verification steps upon receipt of goods, ensuring adherence to validation controls and reducing the administrative burden on the Storeman. Implementing such a system will enhance the overall efficiency and accuracy of financial transactions within the Stores service, safeguarding against potential financial risks and improving operational workflow.

It was mentioned that there has been stock that has been flagged for years to be written off as it has not been utilised for many years. There has been a lack of ownership for getting these processes, particularly due to the financial burden that would be incurred by Council. The prolonged retention of redundant stock in the Stores is a significant problem, leading to inefficiencies in inventory management. Stock that remains unused for extended periods occupies valuable storage space, contributes to clutter, and ties up financial resources that could be better utilised elsewhere. The reluctance to write off obsolete items due to budgetary concerns exacerbates this issue, preventing effective inventory turnover and optimisation. To mitigate this problem, it is crucial to establish and enforce clear policies for the regular review and disposal of outdated stock. Conducting periodic audits will help identify items that are no longer needed and facilitate their timely removal.

5.4 Policies and Procedures

Key Findings

- There are no clear criteria defining what items should be kept in stock within the Stores service.
- The ordering process for project materials is not aligned with the Stores and procurement procedures, leading to inefficient purchasing.
- It is unclear whether Authority is being utilised for inventory control as intended by the system.
- Stock is not properly categorised, making it challenging to report efficiently and accurately on inventory levels and usage.
- The organisation of stock within the Stores is not systematic, making it difficult to track and locate items efficiently.

Issues and Commentary

It is evident that there are no guidelines on which stock that is to be kept in inventory. The absence of well-defined criteria for stock maintenance results in an ad hoc approach to inventory management. This inconsistency can lead to overstocking, tying up financial resources unnecessarily, or stockouts, which can disrupt operations. Establishing clear criteria will ensure that essential items are kept in stock, optimising inventory levels and improving the efficiency of the Stores service.

Other departments are not coordinating with Procurement and Stores when ordering for projects. This oversight fails to leverage existing inventory, supplier expertise, and purchasing efficiencies that Stores can provide, resulting in a fragmented approach to inventory management. Such misalignment leads to inefficiencies and increased costs. By aligning the ordering process for project materials with established Stores and procurement procedures, the Council can achieve a cohesive and efficient approach to inventory management.

The uncertainty surrounding the proper utilisation of Authority for inventory control indicates potential gaps in system usage and understanding. This lack of clarity can lead to inefficiencies and inaccuracies in inventory management, as the system's full capabilities may not be leveraged. To address this issue, it is essential to review the current use of Authority in inventory management.

Stock is findable by the Storeman. However, if anyone is covering, it can lead to calls to the Storeman to find stock. A lack of systematic organisation in the Stores leads to time wasted searching for items and increases the risk of errors in inventory tracking. Implementing a systematic organisation for stock will streamline the process of tracking and locating items when there is cover for the role.

When looking through inventory for this report, it was evident that stock was not categorised in any meaningful way that any useful reports would generate. This lack of specificity can obscure important details and complicate inventory management. Refining the reporting categories to be more detailed and specific will improve the accuracy and efficiency of inventory reporting.

5.5 Staff

Key Findings

- There is some cover for stores when the Storeman is away, but it is unstable and could be resolved with a depot restructure.
- There is no formal succession planning in place, which poses a risk to the continuity of the Stores service.

Issues and Commentary

The current arrangements for covering the Storeman's duties during absences are reliant on staff who may not always be available. To address this issue, it is proposed that the Warialda Depot implements a restructure. This restructure would introduce a Depot Supervisor role, responsible for overseeing the operations of Stores and Workshops (and potentially Procurement and Fleet Management if that recommendation is adopted). The Depot Supervisor would manage depot operations, and either be trained to provide cover for the Storeman or organise relief when necessary. This role is expected to become increasingly valuable as the proposed restructure of the Bingara and Warialda Depots is implemented. Appendix B shows the proposed restructure.

5.6 General

Key Findings

- The fuel system data is captured through manual data entry, leading to inefficiencies, and has frequent hardware issues, particularly in Bingara.
- Staff are unhappy with the current uniforms and could be improved for both weather suitability and job safety.
- The investigation of implementing self-service for authorised personnel to check out stock should be investigated.

Issues and Commentary

Datafuel is the current system used for fuel data capture. However, the process of transferring data from Datafuel to Authority is manual and labour-intensive, requiring one line to be entered at a time. Although the Authority documentation mentions an import feature, it is not currently utilised and should be investigated for potential use.

Additionally, there are polling issues at the Bingara depot, where data is not sent until the Datafuel system is reset. This problem is attributed to the unreliable wireless technology in use. Therefore, the fuel system should be evaluated, and alternative software options should be explored, as other suppliers might offer more cost-effective and efficient solutions. Upgrading the fuel system software could result in significant improvements in operational efficiency.

It was expressed by staff that the current uniforms are uncomfortable and lack breathability, particularly in summer. A thorough review of the current uniform standards should be conducted and update them to ensure they are suitable for the job and weather conditions. This should include incorporating safety features such as reflective strips to enhance worker safety. The suppliers for uniforms should be reviewed and expanded if necessary.

An investigation should be conducted to assess the feasibility of implementing a controlled self-service system, allowing authorised personnel to check out stock independently. This could involve utilising the existing Authority system or potentially integrating a third-party add-on. Such a system would maintain inventory control while enhancing efficiency by providing quick and easy access to necessary materials. This approach could streamline operations, reduce the Storeman's workload, and improve overall service delivery, ensuring compliance with financial processes and delegations.

6. Assessment Against Service Review Questions

Should this service be delivered to the community?

The Stores service is an integral part to Council's operations. This service involves the efficient management and distribution of resources and supplies that are essential for the various functions and services of the Council.

The Stores service contributes significantly to the smooth functioning of the Council's operations. By ensuring that all departments within the Council have the necessary resources when they need them, the Stores service helps prevent delays and disruptions in service delivery to the community.

Moreover, the Stores service has an economic impact as well. Efficient resource management can lead to cost savings, which can then be redirected to other essential services. Also, by maintaining an inventory of supplies, the Stores service can help the Council respond quickly to unexpected situations, thereby reducing potential costs and disruptions.

If so, how should it be delivered?

The Stores service should be realigned to a sub-service of Procurement, along with Fleet Management. This integrated service should utilise standardised processes for inventory management, ordering, and procurement to ensure efficiency and consistency across all operations. Additionally, leveraging technology such as inventory management software and automated systems can further streamline processes and reduce manual workload.

Is this service delivering on community needs and Council's goals?

Yes, the Stores service is delivering on community needs and Council's goals by ensuring the availability of necessary materials and resources for various Council operations. By maintaining an effective inventory and supply chain, the Stores service supports the smooth functioning of essential services provided by the Council, contributing to the overall well-being and satisfaction of the community. Although, processes will need to be changed to ensure effective inventory control and supply chain management.

Is the service being delivered using the most appropriate service delivery mechanisms?

Currently, the service is not utilising the most appropriate delivery mechanisms in all areas. Manual processes for fuel data entry, inefficient invoice handling, and lack of systematic stock organisation indicate areas for improvement. By reevaluating systems and incorporating systematic approaches, the service delivery mechanisms can be significantly enhanced.

Is the service being delivered as efficiently and effectively as possible?

The Stores service is not being delivered as efficiently and effectively as possible due to several identified inefficiencies. Implementing the recommended improvements, such as evaluating technology, standardising procedures, and restructuring services, will improve the overall efficiency and effectiveness of the service.

Is the service resourced appropriately?

In terms of staff, it is adequately serviced and there is potential for more capacity with the realignment of services. The service is currently under-resourced in terms of staff training, succession planning, and technological tools. Addressing these gaps by providing appropriate training, establishing a formal succession plan, and investing in technological upgrades will ensure that the service is adequately resourced to meet its operational demands and future challenges.

Is the service meeting current service standards and levels?

The service is meeting basic service standards and levels but lacks formalised benchmarks and criteria for inventory management. Establishing clear service levels and performance metrics will help ensure that the service consistently meets and exceeds the required standards.

What are the current and future issues affecting the service, and what should be done about them?

Current issues include:

- Manual data entry processes, particularly in fuel data management.
- Inefficient invoice handling and validation controls.
- Lack of systematic stock organisation and categorisation.
- Absence of formal succession planning and staff cross-training.
- Inadequate integration between Procurement, Stores, and Fleet Management.

Future issues may involve adapting to new technologies, maintaining compliance with evolving regulations, and ensuring continuous improvement in service delivery.

7. Risk Analysis

Following completion of the service review, we have analysed some of the issues to Council, evaluating each to consider potential risks significance. The risk consideration is based on inherent risk, without any mitigation actions.

The results of that analysis are detailed in Table 5, below.

Table 5: Risk analysis.

Issue	Risk Consideration			Mitigation
	Probability	Impact	Significance of Risk	
Strategic Direction				
Lack of integration between Procurement, Stores, and Fleet Management	H	M	H	Integrate Procurement, Stores, and Fleet Management under a unified management structure to streamline operations and improve resource utilisation.
Governance and Management				
Departments bypassing the Stores system	H	H	H	Encourage utilisation of the Stores system across all departments by demonstrating its benefits and implementing controlled self-service systems.
Financial				
Inefficient invoice handling and retention of redundant stock	M	H	H	Revise invoice handling processes to ensure proper validation and reduce the administrative burden on the Storeman. Implement regular audits and clear policies for the disposal of outdated stock.

Policies and Procedures				
Absence of clear criteria for stock maintenance	M	H	H	Establish clear criteria and service levels for stock maintenance to ensure consistency and efficiency.
Underutilisation of the Authority inventory control system	M	M	M	Review and fully utilise the Authority inventory control system to enhance accuracy and efficiency.
Lack of systematic stock organisation	M	M	M	Implement systematic organisation methods for stock to improve tracking and locating items.
Staff				
No formal succession planning and unstable coverage for Storeman absences	H	M	M	Develop formal succession plans and cross-train staff to ensure continuity during absences.
General				
Inadequate staff uniforms	M	H	M	Review and update uniform standards to ensure suitability for job conditions and safety.

8. Improvement Recommendations

Following the conclusion of the service review, there have been 20 identified improvement opportunities for Council to consider and implement. An implementation plan will be developed upon final endorsement of this report.

Table 6, below. Each improvement opportunity has been prioritised utilising the following definitions:

High priority improvement opportunities are those which, if implemented, could immediately positively impact the efficacy and effectiveness of the service delivery or overall performance of the service. These improvement opportunities should be given immediate attention and prioritised for implementation as quickly as possible.

Medium priority improvement opportunities are those which, if implemented, could positively impact the efficacy and effectiveness of the service or overall performance of the service. These improvement opportunities should be implemented after all high priority opportunities have been actioned.

Low priority improvement opportunities are those which, if implemented, may positively impact the efficacy and effectiveness of the service delivery or overall performance of the service. These improvement opportunities should be considered for implementation after all other opportunities have been actioned.

Table 6: Improvement opportunities.

No.	Improvement Opportunity	Priority
Strategic Direction		
1	Introduce a formal process for going to market to compare prices and services from different suppliers. Regularly review and update supplier lists to ensure the best purchasing options are being utilised.	High
2	Establish service levels for stores, including clear criteria for what items should be kept in stock within Stores.	High
3	Standardise procurement, fleet purchasing, and stores under unified management to optimise purchasing and reduce redundancies.	High
4	Establish actions in the Operational Plan that encompass the day-to-day operations of Stores.	Low
Governance and Management		
5	Encourage other services to utilise the Stores system rather than keeping their own stock. This can lead to better inventory management and cost savings.	High
6	Develop specific, measurable objectives and key performance indicators (KPIs).	Medium
7	Consider the Procurement service for a service review in the coming delivery plan (if not merged).	Medium

Financial		
8	Revise the current process of invoice handling to ensure proper validation and delegation controls.	High
9	Write off redundant stock that has been sitting in stores for years.	High
Policies and Procedures		
10	Define clear criteria for what items should be kept in stock within Stores. Establish a standardised process for ordering items that fall outside of these criteria to ensure consistent and efficient inventory management.	High
11	Ordering of project materials should be aligned with stores/procurement as standard procedure.	High
12	Review the documentation for Authority inventory control and ensure that the Store processes are utilising the program as intended.	Medium
13	Implement a systematic organisation for the stock for ease of tracking and locating items efficiently.	Medium
14	Automate the fuel system to minimise manual data entry and reduce polling issues, particularly in locations like Bingara.	Medium
15	Stock needs to be properly categorised to be able to efficiently report.	Low
Staff		
16	Consider a restructure with a Depot Supervisor role that oversees the workshops and stores functions.	High
17	Cross-train staff to handle the Storeman's duties, ensuring that stock can be checked out and managed efficiently during absences.	Medium
General		
18	Review and update the uniform requirements to ensure they are suitable for the job and weather conditions. Incorporate safety features such as reflective strips to enhance worker safety.	Medium
19	Revise the current fuel system software to see if there are other suppliers providing a more cost effective and productive program.	Medium
20	Investigate the possibility of a controlled self-service system where authorised personnel can check out stock themselves. This can improve efficiency while maintaining control over inventory.	Medium

Appendix A – Proposed Stores Service Levels

It is proposed to classify the Store's inventory as follows, after further refinement and analysis:

Table 7: Proposed store inventory categories.

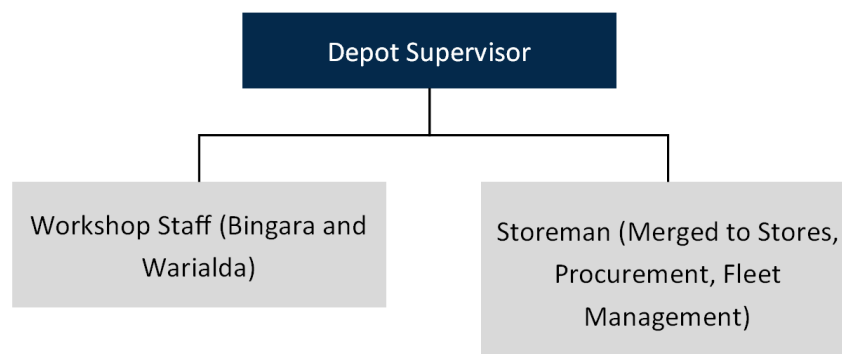
Item Category	Description	Example Items
Essential Operational Items	<p>Items that are critical for the day-to-day operations of the Council's various departments.</p> <p>Reorder Point: Set based on average usage rate and lead time. For example, reorder when stock falls below a two-week supply.</p> <p>Minimum Stock Level: Maintain a minimum of one month's supply.</p>	Office supplies, maintenance tools, safety equipment, and essential repair parts.
High-Frequency Usage Items	<p>Items that are frequently used and require constant availability to avoid disruptions in service.</p> <p>Reorder Point: Set when inventory falls to a three-week supply.</p> <p>Maximum Stock Level: Maintain no more than a two-month supply to avoid overstocking.</p>	Fuel, cleaning supplies, vehicle parts, and commonly used construction materials.
Long Lead-Time Items	<p>Items that have a long procurement lead time and need to be available on short notice.</p> <p>Reorder Point: Trigger reorder at a three-month supply level to account for long lead times.</p>	Specialised machinery parts, bulk materials for infrastructure projects, and certain types of equipment.
Emergency Supplies	<p>Items required for emergency response and disaster management.</p> <p>Safety Stock Level: Maintain a three-month supply for emergency items.</p> <p>Reorder Point: Reorder when inventory falls to a two-month supply.</p>	First aid kits, sandbags, emergency signage, and temporary fencing.
Regulatory and Compliance Items	<p>Items mandated by regulatory requirements to be kept in stock.</p> <p>Reorder Point: Reorder at a four-month supply level to ensure reserves are maintained.</p> <p>Minimum Stock Level: Ensure at least three months of reserve items are always available.</p>	Personal protective equipment (PPE), hazardous material handling supplies, and safety equipment.

Project-Specific Items	<p>Items required for specific ongoing projects that need to be readily available to avoid project delays. Kept during the project lifecycle only.</p> <p>Maximum Stock Level: Maintain no more than what is required for the project duration to avoid excess.</p>	Project-specific tools, materials, and equipment that have been identified as critical to project timelines.
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Appendix B – Proposed Restructure

Figure 3 below incorporates the proposed changes to the depot, aligned with the shift of Warialda being the central base of operations for works crews. This restructure would introduce a Depot Supervisor role, responsible for overseeing the operations of Stores and Workshops (and potentially Procurement and Fleet Management if that recommendation is adopted). The Depot Supervisor would manage depot operations, and either be trained to provide cover for the Storeman or organise relief when necessary. It is not specified which directorate this is to sit under. This decision can be made as it is deemed appropriate.

Figure 3: Proposed restructure.



5.6 Fraud Control Assessment**File Reference:** NA**Delivery Program****Goal:** 5. Organisational management**Outcome:** 5.1 Corporate management**Strategy:** 5.1.1 Financial Management and accountability systems**Author:** CFO**STAFF DISCLOSURE OF INTEREST** Nil**IN BRIEF/SUMMARY RECOMMENDATION**

This report recommends the noting of the attached documentation relating to Fraud Control within the Council.

TABLED ITEMS Nil**OFFICER RECOMMENDATION****THAT the attached information is noted.****ATTACHMENTS**

1. 09 Fraud Control Assessment Report [**5.6.1** - 9 pages]
2. 10 Risk Assessment [**5.6.2** - 10 pages]
3. 11 GSC Fraud Control Plan Adopted [**5.6.3** - 23 pages]
4. Appendix A Risk Assessment [**5.6.4** - 28 pages]
5. 13 Appendix B - Health Check Questionnaire [**5.6.5** - 3 pages]
6. 14 Appendix C Gwydir Shire Fraud and Corruption Policy [**5.6.6** - 9 pages]

Penny Goodwin provided further clarification around the process and the reports attached to this meeting. From this it was noted that Council must work on ensuring awareness for staff is improved. While the questionnaire was only completed by a small number of staff it does give a starting point to show monitoring of improvement within staff. The appendix also provided examples of how areas of fraud can be treated.

COMMITTEE RESOLUTION:**THAT the attached information is received.****(Moved Jack O'Hara, Seconded Cr J Coulton)****CARRIED****For: Cr J Coulton and Jack O'Hara**

Against: Nil

Findings from the Fraud Control Improvement Toolkit

Gwydir Shire Council is committed to a culture of good governance and ethical behaviour. As such, we will not tolerate fraudulent or corrupt behaviour and are committed to building a sound ethical culture supported by appropriate policies, procedures, and strategies that prevent fraudulent and corrupt behaviour.

Council has an adopted Fraud and Corruption Prevention Control Plan. In support of this document, we have utilised the Audit Office NSW Fraud Control Toolkit to assess the level of fraud risk in our organisation, to measure if the perception of fraud amongst our staff, and to identify any areas of improvement.

The Fraud Control Toolkit is comprised of six resources; these resources help us measure how well we adhere to the ten attributes of successful a fraud control framework. It also demonstrates where we may be deficient and outlines the steps necessary to become compliant.

The six resources are:

1. Fraud Control Checklist

The Fraud Control Checklist is an initial, quick assessment of our overall fraud control framework.

2. Risk Assessment

Provides guidance on how to assess fraud risk – includes a sample fraud risk register with typical examples.

3. Fraud Control Health Check

Helps us gain a high-level understanding of the extent of employee awareness of fraud control.

4. Fraud Control Improvement Workshops

Designed for us to follow up, in detail, on issues identified in the Fraud Control Health Check.

5. Sample Fraud Control Policy

Provides a high-level overview of a fraud control policy that addresses the ten attributes of fraud control.

6. Procurement Checklist

Recognises that procurement is a significant area of fraud risk.

These resources are designed to provide practical tools for our organisation to help implement an effective Fraud Control Framework. These resources are a guide only;

they can be adapted to suit particular circumstances and should be supplemented by our organisation-specific resources. The Audit Office recommends that organisations develop case studies and relevant practical examples for use in policies and educational material.

1. Fraud Control Checklist

The first resource is a checklist of the overall expectations of fraud control and provides a starting point for organisations looking to improve their prevention, detection, and response to fraud related issues. The checklist has been completed in consultation with some key management staff; however, as the checklist is subjective, it is possible that different perspectives may change the assumptions within.

Attribute 1: Leadership

1.CEO and senior management commitment to fraud control:



- CEO visibly endorses fraud control activities
- senior managers demonstrate their commitment to mitigate fraud risks.

2.Clearly defined CEO and senior management accountability and responsibility:



- senior management assigned responsibility for implementing the fraud control framework
- senior managers' individual performance agreements contain performance measures and indicators relating to successful fraud control.

Attribute 2: Ethical framework

3.Clear policies setting out acceptable standards of ethical behaviour:



- staff have easy access to all ethical behaviour policies
- ethical behaviour policies are included in the induction process.

4.Demonstrated compliance with the ethical framework:



- staff annually evidence their commitment to acceptable standards of behaviour.

5.Employees can articulate obligations to ethical behaviour and the organisation's position on fraud:



- staff understand fraud is not tolerated and the consequences of committing fraud.

Attribute 3: Responsibility structures

6.Management and all staff have clearly defined responsibilities for managing fraud:



staff are aware of the responsibility structure in the organisation
responsibilities for fraud control are contained in role descriptions, where appropriate.

7.Fraud management is integrated with core business:



managing fraud risks included in business plans.

8.Resources are allocated to managing fraud.



fraud committee established and/or a Fraud Prevention Manager appointed.

9.Clearly defined roles for audit and risk committee and auditors:



proactive and influential audit and risk committee
internal audit work covers controls over high risk fraud areas.

10.Staff with responsibility for fraud control and staff in high risk fraud areas are provided with training:



refresher and knowledge update training are provided on an ongoing basis
training program is integrated within a wider education and awareness campaign.

Attribute 4: Fraud control policy

11.Risk-based policies appropriate to the organisation:



appropriate policies address the level and nature of internal and external fraud risks
fraud control policy addresses the ten attributes of fraud control.

12.Holistic and integrated:



fraud control policy does not operate in isolation and has strong links to other ethical behaviour policies.

13.Regularly reviewed, current and implemented:



fraud control policy is responsive to changes in the operating environment and reviewed at least every two years.

Attribute 5: Prevention systems

14.Proactive and integrated fraud risk assessment:

- ☐ fraud risk assessment is part of organisation's enterprise risk management process
- ☐ risk assessment reviewed after substantial change and at least every two years.

15.Planning, follow up and accountability:

- ☒ fraud control plan in place and outcomes reported to senior managers and audit and risk committee.

16.Analysis of and reporting on suspected and actual frauds:

- ☐ fraud database established containing all reports of fraud, action taken and outcomes
- ☐ database kept up to date and published on website.

17.Ethical workforce:

- ☒ pre-employment screening.

18.IT security strategy:

- ☐ specific IT security strategy aligned with the organisation's business strategy
- ☒ cybercrime included as a risk on the risk register.

Attribute 6: Fraud awareness

19.Comprehensive staff education and awareness program:

- ☐ ongoing ethical behaviour and fraud education and awareness program
- ☒ fraud control message repeated and reinforced using a variety of communication channels
- ☒ fraud control expectations included in the induction process
- ☒ staff have a good understanding of what fraud is
- ☐ guidance material deals with real life situations, conflicts and fraud risks staff face in their work area.

20.Staff awareness of fraud control responsibilities:

- ☒ staff have a good appreciation and understanding of their responsibilities for preventing, detecting and reporting fraud.

21. Customer and community awareness:

- ☐ publicity campaigns developed where appropriate

- ✗ customers and the community encouraged to report suspicions of fraud and provided with easy to use channels to make reports
- ✓ customers and the community have confidence in the integrity of the organisation
- ✗ statement of business ethics setting expectations and mutual obligations.

Attribute 7: Third party management systems

22. Targeted training and education for key staff:

- ✗ targeted training and education programs for staff with responsibilities for dealing with third parties.

23. Third party due diligence and clear contractual obligations and accountabilities:

- ✓ structured risk-based due diligence before engaging contractors or third parties
- ✗ contracts and service level agreements include clear accountabilities for managing the risk of fraud
- ✗ position descriptions for staff with responsibilities for managing third parties include accountabilities for managing fraud risks.

24. Effective third party internal controls:

- ✓ specific internal controls relating to third parties in place
- ✓ checks and reviews carried out on dealings with third parties.

25. Third party awareness and reporting:

- ✓ contractors and suppliers understand organisation will not tolerate corruption including fraudulent dealings
- ✗ statement of business ethics setting expectations and mutual obligations
- ✗ reporting mechanisms established for reporting suspected fraud
- ✗ contractors and suppliers encouraged to provide information if they suspect fraud is occurring.

26. Staff disclosure of conflicts of interest and secondary employment:

- ✓ staff regularly required to disclosure conflicts of interest and secondary employment
- ✓ records of conflicts of interest and secondary employment reviewed and kept up-to-date.

Attribute 8: Notification systems

27. Culture that supports staff reporting fraud and management acting on those reports:

- ☐ well-publicised options for staff to report fraud
- ☐ staff feel confident they will be protected from reprisal action
- ☐ demonstrated action taken in response to reports of fraud.

28. Policies, systems and procedures that support reporting:

- ☐ reporting system appropriate to organisation
- ☐ different channels available to report fraud
- ☐ feedback and follow-up with internal reporters.

29. Processes to support upward reporting:

- ☐ actual and suspected frauds reported to CEO and audit and risk committee
- ☐ fraud database published on organisation's website.

30. External reporting:

- ☐ staff are clear on policy and procedures for external reporting
- ☐ external reporting in accordance with legislation and policy
- ☐ clear and consistent approach to external reporting.

Attribute 9: Detection systems

31. Robust internal controls:

- ☒ well documented risk-based internal controls
- ☒ routine checks of activities, processes controls and transactions
- ☒ range of internal controls that 'prevent, detect and correct'.

32. Monitoring and review:

- ☒ available data monitored and reviewed to ensure irregularities and warning signals are picked up early
- ☒ early warning signs acted on quickly and red flag behaviour recognised.

33. Risk-based internal audit program:

- ☐ internal audit program evaluates the potential for fraud and how fraud risk is managed
- ☐ internal audit recommendations assigned to individuals with timeframes for response.

Attribute 10: Investigations systems

34. Clear documented investigation procedures:

- ☐ reports of fraud investigated promptly and to the highest standards
- ☐ investigations are independent
- ☐ sufficient resources allocated, including budget.

35. Investigations conducted by qualified and experienced staff:

- ☐ investigations conducted by appropriately qualified personnel with recognised qualifications and appropriate experience.

36. Decision-making protocols:

- ☐ documented decision-making processes
- ☐ proportionate responses to incidents of fraud.

37. Disciplinary systems:

- ☒ staff understand fraud will not be tolerated and the perpetrators will face disciplinary action
- ☐ commitment to taking action against the perpetrators of fraud
- ☐ consistent application of sanctions.

38. Insurance:

- ☒ consider a fidelity guarantee insurance policy to protect against the financial consequences of fraud.

2. Risk Assessment

See appendix A.

The fraud control risk assessment has been populated in consultation with staff from a variety of departments: engineering services, business improvement and IT, risk and safety, governance and IP&R, human resources, and finance.

3. Fraud Control Health Check

See appendix B.

The health check questionnaire was emailed to seventeen staff members and completed by ten; the decision was made to start with the management team to

collate a baseline of fraud understanding, then later the questionnaire will be distributed to all staff.

Using the Audit Office NSW Fraud Control Improvement Kit: Health Check Worksheet, the results of our questionnaire were tabulated to show the following:

Fraud Control Attribute	OVERALL RESULTS FOR THE ORGANISATION	Results
1. Leadership		
2. Ethical framework		
3. Responsibility structures		
4. Fraud control policy		
5. Prevention systems		
6. Fraud awareness		
7. Third party management systems		
8. Notification systems		
9. Detection systems		
10. Investigation systems		
Overall Business Unit Results		

Good Performance	
Performance below average	
Performance well below average	

Two general comments were made:

- *“Corporate services are continuously looking for ways to mitigate the risk of fraud. An example is the recent implementation of the creditor check through eftsure.”*
- *“Council has multiple barriers of fraud preventions, including "eftsure", policies, procedures, delegations, approvals, cross checking and internal/external audits.”*

The responses from management mostly agreed that there is a commitment in the organisation towards responsible fraud control, and that they are aware of their responsibilities. The results showed some marginal uncertainty about our policies and procedures, and whether we have all the appropriate documentation in place to effectively deal with fraud risks.

Areas of notable dissent included our lack of internal training and awareness programs, and there was also an indication that our efforts towards detecting fraud may be lacking. Areas that were flagged for improvement:

- Council needs to assess the functions of different work areas to identify fraud risks
- Council needs to incorporate comprehensive awareness programs about fraud control

4. Fraud Control Improvement Workshops

Due to our organisation's mandatory engagement with the Audit Office NSW performance audit of transport asset management, arranging fraud control workshops was not feasible. Additionally, due to the size and dispersion of staff at Gwydir Shire Council, conducting these training sessions would require some additional thought and consideration. However, it is evident from the checklist, risk assessment, and health check that additional training and communication is advisable, which council will endeavour to accomplish.

5. Sample Fraud Control Policy

Council has an adopted Fraud and Corruption Control Policy, and a Fraud and Corruption Prevention Control Plan. Both documents will be reviewed to ensure that the information within is accurate and incorporative.

See appendix C.

6. Procurement Checklist

Due to our organisation's mandatory engagement with the Audit Office NSW performance audit of transport asset management, investigating and carrying out the procurement process controls and tests was not feasible. However, council has a dedicated procurement officer who is working towards improving these controls, updating documentation, and increasing staff awareness of regulatory obligations.

Type of Fraud Risk	Existing Controls	Effective ness of Existing Controls	Fraud Risk Analysis*			Option for Residual Fraud	Further Treatment/ Action (if necessary) to Address Residual Fraud Risk
			Fraud Impact Rating	Fraud Probabili ty Rating	Residual Fraud Risk		
<i>Identify individual fraud risks</i>	<i>Set out existing controls to mitigate the risk</i>	<i>How effective are the controls – refer to</i>	<i>Insignifi cant Minor Moderate Major Catastro</i>	<i>Almost certain Likely Possible Unlikely</i>	<i>Low Medium High Extreme</i>	<i>Accept Treat</i>	<i>What additional action is necessary to treat the fraud risk?</i>
1. Falsifying working papers							
Falsifying working papers (annual report, document management system records and other documentation)	Hierarchy of review of annual report - Reviewd and adopted by the General Manager and Council Audit and risk committee review annual report Records management security controlled by IT department External audit reviews by Forsyths and the Audit Office NSW	3	Moderate	Possibility	Medium	Accept	
False recordings on timesheets	Manager/supervisor approval and sign-off of all timesheets Staff made aware of overtime and flexible working in employee manual available on intranet HR query inconsistencies External audit reviews by Forsyths and the Audit Office NSW	4	Minor	Possible	Low	Treat	Regular payroll reconciliations to be populated and reviewed
Not submitting leave form	Managers responsible to track and follow up delegated staff Reconciliation between records performed by HR, leave periodically assessed Staff made aware of leave policy and procedures and they are available on intranet IT checks carried out between leave calendar and leave claimed by staff, reviewed by external auditors	3	Moderate	Possible	Medium	Treat	The completion of the new Bingara office building will reduce the dispersal of staff, reducing the opportunity for leave theft
False overtime claims	Manager/supervisor approval of all timesheets via Element Time Staff made aware of overtime and flexible working in employee manual available on intranet Prior approval of overtime required Additional checks carried out by payroll staff, project managers, during quarterly budgets, and by external auditor reviews	4	Minor	Possible	Low	Treat	Clarification of disciplinary ramifications and communication with staff
2. Fraud in Hiring Contractors or Consultants							

Type of Fraud Risk	Existing Controls	Effective ness of Existing Controls	Fraud Risk Analysis*			Option for Residual Fraud	Further Treatment/ Action (if necessary) to Address Residual Fraud Risk
			Fraud Impact Rating	Fraud Probabili ty Rating	Residual Fraud Risk		
<i>Identify individual fraud risks</i>	<i>Set out existing controls to mitigate the risk</i>	<i>How effective are the controls – refer to</i>	<i>Insignific ant Minor Moderate Major Catastro</i>	<i>Almost certain Likely Possible Unlikely</i>	<i>Low Medium High Extreme</i>	<i>Accept Treat</i>	<i>What additional action is necessary to treat the fraud risk?</i>
Appointing contractors/consultants not supported by proper process	Procurement policy and process exist, conform to NSW Procurement Framework and followed Formal process of background checking Appropriate levels of approval (for example, by management committees) Utilisation of VendorPanel platform	2	Major	Possible	High	Treat	Managers to attend corruption prevention workshop - presented by ICAC
Payments to contractors/consultants when work not performed or not performed satisfactorily	Appropriate levels of authorisation assigned to staff Formal process of checking work performed against work plans and contracts prior to authorisation of payment Comprehensive requisition, purchasing, and payment processes in place	3	Moderate	Possible	Medium	Treat	Clarification of disciplinary ramifications and communication with staff
3. Procurement Fraud							
see resource 6							
4. Financial Fraud							
Theft of cash	Adequate physical security over cash holdings, for example, access to safe and combination limited and safe locked, reception cash draw is locked The adequacy and validity of claims are checked Regular reconciliation between cash counts, cash receipts and claims, sign-off by two staff. Recommendation of non-cash payments to customers - Bpay, eft, Post billpay, online payments, Centrepay, etc. Adequate building security and authorised issue and use of access passes External audit reviews by Forsyths and the Audit Office NSW Staff are aware of our current cash handling policy, available via intranet	4	Minor	Unlikely	Low	Accept	

Type of Fraud Risk	Existing Controls	Effective ness of Existing Controls <i>How effective are the controls – refer to</i>	Fraud Risk Analysis*			Option for Residual Fraud	Further Treatment/ Action (if necessary) to Address Residual Fraud Risk
			Fraud Impact Rating <i>Insignific ant Minor Moderate Major Catastro</i>	Fraud Probabili ty Rating <i>Almost certain Likely Possible Unlikely</i>	Residual Fraud Risk <i>Low Medium High Extreme</i>		
<i>Identify individual fraud risks</i>	<i>Set out existing controls to mitigate the risk</i>					<i>Accept Treat</i>	<i>What additional action is necessary to treat the fraud risk?</i>
Cheques made to false persons or companies	The adequacy and validity of claims are checked Claims not paid without authorisation, cheques validated by two signatories Segregation of duties External audit reviews by Forsyths and the Audit Office NSW Comprehensive requisition, purchasing, and payment processes in place	3	Moderate	Possible	Medium	Treat	Adoption of third party verification system - eftsure
EFT – payment to incorrect account or incorrect amount	Claims not paid without review and authorisation Segregation of duties External audit reviews by Forsyths and the Audit Office NSW Comprehensive requisition, purchasing, and payment processes in place	3	Moderate	Possible	Medium	Treat	Adoption of third party verification system - eftsure
Unrecorded transactions	Regular reconciliation between cash counts, cash receipts and claims Recommendation of non-cash payments to customers - Bpay, eft, Post billpay, online payments, Centrepay, etc. Automation of receipting to provide more security and reduce the opportunity for theft	3	Moderate	Possible	Medium	Accept	
Unauthorised transactions	Authorising staff members comply with delegated authority levels Segregation of duties Two-factor authentication compulsory for bank file uploads, and file uploads require multiple verification steps from different staff	3	Moderate	Possible	Medium	Treat	Clarification of disciplinary ramifications and communication with staff
Transactions (expenditure/receipts/deposits) recorded for incorrect sums	Claims not paid without review and authorisation Regular bank reconciliation performed Receipts/deposits validated by supporting documentation	3	Moderate	Possible	Medium	Treat	Clarification of disciplinary ramifications and communication with staff
5. Personnel Fraud							

Type of Fraud Risk	Existing Controls	Effective ness of Existing Controls	Fraud Risk Analysis*			Option for Residual Fraud	Further Treatment/ Action (if necessary) to Address Residual Fraud Risk
			Fraud Impact Rating	Fraud Probabili ty Rating	Residual Fraud Risk		
<i>Identify individual fraud risks</i>	<i>Set out existing controls to mitigate the risk</i>	<i>How effective are the controls – refer to</i>	<i>Insignific ant Minor Moderate Major Catastro</i>	<i>Almost certain Likely Possible Unlikely</i>	<i>Low Medium High Extreme</i>	<i>Accept Treat</i>	<i>What additional action is necessary to treat the fraud risk?</i>
False person on payroll	Copies or sighting of original documentation required to verify personal details of new staff, for example, copy of passport/birth certificate/licence documents (Note: fraud control may also dictate that keeping copies of staff identification documents is not appropriate and presents a high risk) Comparing bank details to payroll records Segregation of duties External audit reviews by Forsyths and the Audit Office NSW Thorough reference checks carried out on new starters before appointment	3	Moderate	Possible	Medium	Treat	Implement regular payroll fraud and ethical conduct training Regular police checks for HR and payroll staff Implement compulsory job rotation procedures for payroll staff Ensure payroll staff take regular leave
Overpay self or workmate each fortnight	Regular management reviews of major cost fluctuations - project managers monitor budgets, expenditure is scrutinised during quarterly reviews Management authorisation of pay set-up Tracking of payroll audit trails Staff made aware of overtime and flexible working in employee manual available on intranet External audit reviews by Forsyths and the Audit Office NSW	3	Moderate	Possible	Medium	Treat	Implement regular payroll fraud and ethical conduct training Regular police checks for HR and payroll staff Implement compulsory job rotation procedures for payroll staff Ensure payroll staff take regular leave
Re-direct employee's normal pay when resigned or on LWOP	HR staff follow formally documented procedures surrounding change of bank details. Change of bank details require a written instruction from the employee, followed up by a verbal confirmation. Bank accounts are also verified by eftsure Staff made aware of information security policy and available on intranet External audit reviews by Forsyths and the Audit Office NSW	3	Moderate	Possible	Medium	Treat	Implement regular payroll fraud and ethical conduct training Regular police checks for HR and payroll staff Implement compulsory job rotation procedures for payroll staff Ensure payroll staff take regular leave

Type of Fraud Risk	Existing Controls	Effective ness of Existing Controls	Fraud Risk Analysis*			Option for Residual Fraud	Further Treatment/ Action (if necessary) to Address Residual Fraud Risk
			Fraud Impact Rating	Fraud Probabili ty Rating	Residual Fraud Risk		
<i>Identify individual fraud risks</i>	<i>Set out existing controls to mitigate the risk</i>	<i>How effective are the controls – refer to</i>	<i>Insignific ant Minor Moderate Major Catastro</i>	<i>Almost certain Likely Possible Unlikely</i>	<i>Low Medium High Extreme</i>	<i>Accept Treat</i>	<i>What additional action is necessary to treat the fraud risk?</i>
Pay self or workmate higher salary	Regular management reviews of major cost fluctuations - project managers monitor budgets, expenditure is scrutinised during quarterly reviews Management approval/authorisation required for pay set up Remuneration is determined within Award or Enterprise Agreement HR check pay edit audit trail, maintenance report provided to auditors: indicates changes, double signatures required, and supporting documentation verified. External audit reviews by Forsyths and the Audit Office NSW	3	Moderate	Possible	Medium	Treat	Implement regular payroll fraud and ethical conduct training Regular police checks for HR and payroll staff Implement compulsory job rotation procedures for payroll staff Ensure payroll staff take regular leave Ensure that the Award and Salary System are available for staff to access on intranet
6. Management Fraud							
Management fraud – manipulation of figures in management and financial reports (including annual report)	Conflicts of interest and pecuniary interests are declared and registered Conflicts of interest are managed appropriately and where a conflict arises, the manager is not involved in decision-making Senior management and committee (audit, executive) reviews of management and financial reports External audit reviews by Forsyths, the Audit Office NSW, and the Office of Local Government	3	Moderate	Possible	Medium	Treat	Clarification of disciplinary ramifications and communication with staff, conduct workshops outlining management fraud risks, responsibilities, and punishments. Discuss ICAC investigations with ELT, senior staff
Management fraud – using position to order goods and services for personal use	Use of purchase guidelines and authorisation limits, comprehensive requisition, purchasing, and payment processes in place Segregation of duties All managers acknowledge code of conduct External audit reviews by Forsyths and the Audit Office NSW	3	Moderate	Possible	Medium	Treat	Clarification of disciplinary ramifications and communication with staff, conduct workshops outlining management fraud risks, responsibilities, and punishments. Discuss ICAC investigations with ELT, senior staff
Writing off staff debts (as favour to workmates)	All managers acknowledge code of conduct Segregation of duties External audit reviews by Forsyths and the Audit Office NSW	3	Moderate	Possible	Medium	Treat	Clarification of disciplinary ramifications and communication with staff, conduct workshops outlining management fraud risks, responsibilities, and punishments. Discuss ICAC investigations with ELT, senior staff
7. Fraud involving assets or stores							

Type of Fraud Risk	Existing Controls	Effective ness of Existing Controls	Fraud Risk Analysis*			Option for Residual Fraud	Further Treatment/ Action (if necessary) to Address Residual Fraud Risk
			Fraud Impact Rating	Fraud Probabili ty Rating	Residual Fraud Risk		
<i>Identify individual fraud risks</i>	<i>Set out existing controls to mitigate the risk</i>	<i>How effective are the controls – refer to</i>	<i>Insignific ant Minor Moderate Major Catastro</i>	<i>Almost certain Likely Possible Unlikely</i>	<i>Low Medium High Extreme</i>	<i>Accept Treat</i>	<i>What additional action is necessary to treat the fraud risk?</i>
Equipment stolen or borrowed without permission	Code of conduct acknowledged by all staff, available on intranet Secure storage of resources Adequate building/depot security and authorised issue and use of access passes/fobs/keys Staff made aware of information security policies and available on intranet Insurance is kept valid and list reviewed regularly to ensure all major assets are accounted for	2	Moderate	Possible	Medium	Treat	Clarification of disciplinary ramifications and communication with staff Development of policies for the security of council equipment
Unauthorised use of cars/petrol cards/petrol	Code of conduct acknowledged by all staff, available on intranet Staff made aware of motor vehicle and credit card policies and available on intranet Management authorisation in line with delegations Utilisation of datafuel system for fuel issued from council depots - all vehicles are registered with a fob, staff must enter their unique code to pump fuel. Fuel records are regularly reconciled. Vehicles are issued with compulsory log books, requiring users to declare travel. Pool vehicles are also reserved via a calendar booking system. External audit reviews by Forsyths and the Audit Office NSW	3	Moderate	Possible	Medium	Treat	Clarification of policy, disciplinary ramifications, and communication with staff GPS tracking of council vehicles
Excessive private use of office equipment – for example, phones, copiers	Code of conduct acknowledged by all staff, available on intranet Monitoring of usage and expenditure, copiers are restricted with unique staff codes, allowing usage to be monitored. Mobile phone policy acknowledged by staff Performance management - supervisors monitor performance of staff using office equipment excessively	2	Minor	Possible	Low	Accept	
Using office resources to run a private business	Code of conduct acknowledged by all staff, available on intranet Monitoring of usage and expenditure Performance management - supervisors monitor performance of staff using office resources inappropriately	2	Minor	Possible	Low	Accept	

Type of Fraud Risk	Existing Controls	Effective ness of Existing Controls	Fraud Risk Analysis*			Option for Residual Fraud	Further Treatment/ Action (if necessary) to Address Residual Fraud Risk
			Fraud Impact Rating	Fraud Probabili ty Rating	Residual Fraud Risk		
<i>Identify individual fraud risks</i>	<i>Set out existing controls to mitigate the risk</i>	<i>How effective are the controls – refer to</i>	<i>Insignific ant Minor Moderate Major Catastro</i>	<i>Almost certain Likely Possible Unlikely</i>	<i>Low Medium High Extreme</i>	<i>Accept Treat</i>	<i>What additional action is necessary to treat the fraud risk?</i>
8. Information Systems							
Fraud resulting from a loss of data following disaster or accident, for example, theft of assets not recorded	<p>Business continuity plan that is regularly reviewed</p> <p>Mandatory reporting to Information and Privacy Commission NSW and Office of the Australian Information Commissioner</p> <p>Saving working papers/documents in document management system or network drives that are regularly backed up</p> <p>Regular back up and offsite storage of data - back ups are automated to occur daily, and are stored on servers in two separate locations</p> <p>Cloud storage utilised for many information functions</p> <p>Staff made aware of data breach and information policies available on intranet</p> <p>External audit reviews by Forsyths and the Audit Office NSW</p>	4	Moderate	Unlikely	Low	Accept	
Unauthorised staff accessing systems	<p>Appropriate level of computer access provided to staff. Staff are restricted from accessing unauthorised information. Higher level access must be granted in writing by the staff member's manager.</p> <p>Staff reminded of responsibilities; for example, not to share passwords</p> <p>Automatic log out of computers when extended period away from computer</p> <p>System controls and checks</p> <p>IT monitoring of systems access</p> <p>Permissions are reviewed and reported to external auditors every six months</p> <p>External audit reviews by Forsyths and the Audit Office NSW</p>	3	Moderate	Possible	Medium	Accept	

Type of Fraud Risk	Existing Controls	Effective ness of Existing Controls <i>How effective are the controls – refer to</i>	Fraud Risk Analysis*			Option for Residual Fraud	Further Treatment/ Action (if necessary) to Address Residual Fraud Risk
			Fraud Impact Rating	Fraud Probabili ty Rating	Residual Fraud Risk		
<i>Identify individual fraud risks</i>	<i>Set out existing controls to mitigate the risk</i>		<i>Insignific ant Minor Moderate Major Catastro</i>	<i>Almost certain Likely Possible Unlikely</i>	<i>Low Medium High Extreme</i>	<i>Accept Treat</i>	<i>What additional action is necessary to treat the fraud risk?</i>
Unauthorised release of user name and/or password	Appropriate level of computer access provided to staff Staff reminded of responsibilities through the password policy; for example, not to share passwords Utilisation of two-factor authentication Regular forced reset of passwords utilising long/complex characters, lockout after multiple login attempts, advised users of the need to create passwords with unique characteristics that are unlikely to be guessed Regular IT reminders informing about scams and phishing attacks. Utilisation of third party testing of staff response to scam emails	3	Moderate	Possible	Medium	Treat	Increase staff awareness through training programs/workshops on cyber security awareness
Misrepresentation of the office by expressing personal views on office email, intranet or internet	Policy on communication devices is acknowledged by all employees - acceptable use policy Code of conduct acknowledged by all staff, available on intranet Disclaimers on all office emails Social media policy in place and regular reminders to staff of their obligations as public servants	4	Minor	Unlikely	Low	Accept	
Installation of illegal software on office computers and laptops	Policy on communication devices is acknowledged by all employees - acceptable use policy Appropriate level of computer access provided to staff. Administration priviledges restricited to key IT personnel only, and must be approved by IT manager before installation App wide listing through Microsoft Intune endpoint management	4	Minor	Unlikely	Low	Accept	
9. Other fraud							

Type of Fraud Risk	Existing Controls	Effective ness of Existing Controls	Fraud Risk Analysis*			Option for Residual Fraud	Further Treatment/ Action (if necessary) to Address Residual Fraud Risk
			Fraud Impact Rating	Fraud Probabili ty Rating	Residual Fraud Risk		
<i>Identify individual fraud risks</i>	<i>Set out existing controls to mitigate the risk</i>	<i>How effective are the controls – refer to</i>	<i>Insignific ant Minor Moderate Major Catastro</i>	<i>Almost certain Likely Possible Unlikely</i>	<i>Low Medium High Extreme</i>	<i>Accept Treat</i>	<i>What additional action is necessary to treat the fraud risk?</i>
Selling, leaking or misusing information	Code of conduct acknowledged by all staff, available on intranet Sound security maintained for sensitive and/or confidential information Client and other confidential files locked away when not in use Appropriate and timely storage or disposal of sensitive or confidential information All staff given appropriate levels of access to client records and files Sound IT controls - document management system user access is restricted Staff made aware of information policies and available on intranet	3	Moderate	Possible	Medium	Treat	Increase staff awareness through education/training programs/workshops on ramifications of misusing council information
Manipulating corporate and client information	As above	3	Moderate	Possible	Medium	Treat	Increase staff awareness through education/training programs/workshops on ramifications of misusing council information
False travel/expense claims	Code of conduct acknowledged by all staff, available on intranet Copy of invoices kept and management approval made for all expense claims Segregation of duties External audit reviews by Forsyths and the Audit Office NSW	2	Moderate	Possible	Medium	Treat	Development of a specific travel/expense claim policy
Bribe accepted from clients, consultants or other service providers – for example, gifts, cash, event tickets and accommodation.	Code of conduct acknowledged by all staff, available on intranet Staff made aware of gifts and benefits policy and is available on intranet	3	Moderate	Possible	Medium	Treat	Increase staff awareness through education/training programs/workshops on ramifications of accepting bribes or incentives
Fraudulent claim for workers' compensation	Follow formal procedures in dealing with a claim, for example, obtaining incident report and medical reports. Suspected fraudulent workers' compensation claims reported and investigated by StateCover	3	Moderate	Possible	Medium	Treat	Increase staff awareness through education/training programs/workshops on ramifications of making fraudulent claims

Type of Fraud Risk	Existing Controls	Effective ness of Existing Controls <i>How effective are the controls – refer to</i>	Fraud Risk Analysis*			Option for Residual Fraud	Further Treatment/ Action (if necessary) to Address Residual Fraud Risk
			Fraud Impact Rating <i>Insignific ant Minor Moderate Major Catastro</i>	Fraud Probabili ty Rating <i>Almost certain Likely Possible Unlikely</i>	Residual Fraud Risk <i>Low Medium High Extreme</i>		
<i>Identify individual fraud risks</i>	<i>Set out existing controls to mitigate the risk</i>					<i>Accept Treat</i>	<i>What additional action is necessary to treat the fraud risk?</i>
False performance appraisal	Review and approval of all appraisals by management, General Manager and Deputy General Manager make final review, acknowledgement, and approval	2	Moderate	Possible	Medium	Treat	Improve performance appraisal methodology by embracing automation, third-party involvement, etc. Adjust deadlines so that staff with financial statements obligations are able to properly engage and participate in the performance review process
False qualifications in job application	Thorough reference checks carried out on new starters Hiring staff (HR or unit team leaders) follow formally documented procedures in recruitment policy Interviews conducted by selection panel (two from business unit and one independent, or similar acceptable variation)	3	Moderate	Possible	Medium	Treat	Improved employment screening checks
Running a private business in office time	Code of conduct acknowledged by all staff, available on intranet Review and approval of staff timesheets by management	3	Moderate	Possible	Medium	Accept	
Running a private business/second job without permission	Conflict of interest policy and secondary employment policy available on intranet and declaration acknowledged by all staff. Application for secondary employment approved by General Manager.	3	Moderate	Possible	Medium	Accept	
Unauthorised access to office records including sensitive or confidential information and client information	IT security (see Information Systems section eight above). Includes audit trail monitoring by IT department Records security and controls limit user access to confidential documents State archives stored offsite with Grace and historical minute books with UNE - DA's, BA's, CD's, SOM's Code of conduct acknowledged by all staff, available on intranet	3	Moderate	Possible	Medium	Accept	

Fraud and Corruption Prevention Control Plan

FOREWORD

Message from the Mayor and General Manager.

Fraudulent and corrupt activity is a pervasive and ongoing risk to Local Government organisations. Gwydir Shire Council's Fraud and Corruption Control Plan endeavours to illustrate how our organisation intends to detect, prevent, and respond to concerns about fraud and corruption.

Fraud and corruption undermine the reputation of staff, councillors, and delegates and has a potentially significant resource cost. Our communities expect us to conduct our business in an ethical and efficient manner; fraudulent activities betray this trust.

Fraudulent and corrupt behaviour is varied; it can be simple and obvious, or complex and difficult to detect. It is essential that our staff and other stakeholders are aware of the risks, and are informed about how they should respond to, mitigate, and manage fraudulent and corrupt activities.

The significance of fraud and corruption cannot be understated; because of this, Gwydir Shire Council has adopted a 'zero tolerance' approach to such behaviours. This Plan incorporates the Fraud Control Framework of the Audit Office of NSW, which provides a comprehensive step by step guide and practical advice for organisations implementing fraud control measures.

This plan applies to and requires the cooperation of Councillors, staff members, contractors, and stakeholders, including customers and members of the community. It is to be read in conjunction with other relevant policies such as Council's Code of Conduct and the Public Interest Disclosures Policy.

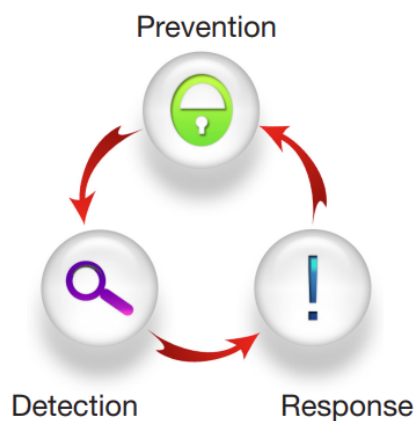
Prevention of fraudulent and corrupt activities is an ongoing process; Gwydir Shire Council is committed to ensuring our staff and stakeholders have the information needed to take action. The attitude, commitment, and alertness of our staff and stakeholders is essential for delivering Council's programs and business activities with a high degree of integrity.

John Coulton
Mayor

Maxwell Eastcott
General Manager

PURPOSE

Gwydir Shire Council (We, GSC, or Council) is committed to the prevention of fraudulent and corrupt behaviour, through ethical practices and by adopting a zero-tolerance approach. We aim to minimise the incidence of fraud by implementing and frequently reviewing a range of strategies that aim to prevent, detect, and respond to such behaviour. GSC aims to create an honest work environment that strives to be free from fraud and corruption, while continuing to uphold a high standard of ethical and legal behaviour.



Audit Office of New South Wales | Fraud Control Improvement Kit | February 2015

This Fraud and Corruption Prevention Control Plan (the Plan) has been developed to outline the ethical behaviour standards expected by Council and is complemented by Council's Fraud and Corruption Prevention Policy 2024. This Plan also incorporates the Fraud Control Framework of the Audit Office of NSW, which is utilised to ensure that appropriate procedures are in place to detect, deter, prevent, and respond to fraud and corruption.

SCOPE

This plan applies to everyone who has any interaction with Council or Council staff to the maximum extent that Council has the authority to require it. This includes Councillors, Council staff members, committee members, consultants, contractors, suppliers, applicants, and volunteers who all have obligations in the prevention of fraud and corruption and the fostering of an ethical and accountable work environment at Council.

Expectations of this Plan and the related policy also apply to customers, community and any relevant third parties with regard to the functions and/or operations undertaken for or on behalf of Council.

OBJECTIVES OF THIS FRAUD AND CORRUPTION PREVENTION CONTROL PLAN

The primary objective of the plan is to protect resources, including information, and safeguard the integrity and reputation of Council.

The plan supports Council's Fraud and Corruption Prevention Policy and sets out the arrangements for the overall management of the risks and any instances of fraud and/or corruption.

The purpose of the plan is to:

- Provide an overview of the governance arrangements within Council relating to fraud and corruption control.
- Outline key fraud and corruption risk areas relevant to Council.
- Raise awareness of fraud and corruption risks, and thereby influence the culture of Council to encourage employees to be vigilant in responding to them.
- Communicate Council's expectation of management, employees, consultants/contractors, industry stakeholders, and service providers to assist prevent and detect fraud and corruption.
- Document fraud and corruption prevention, detection, and response initiatives adopted by Council to manage fraud and corruption.

PRINCIPLES

Council is committed to building a corruption resistant culture through:

- Promoting an organisational environment that encourages professionalism, integrity, and ethical conduct.
- Minimising the opportunity for fraudulent or corrupt conduct.
- The detection, investigation and disciplining and/or prosecuting fraudulent or corrupt conduct.
- The Reporting of any fraud or corrupt conduct to the Independent Commission Against Corruption (ICAC) and other authorities where appropriate.

Relevant Legislation

This Framework links with the following legislation:

- Local Government Act 1993
- Local Government (General) Regulation 2021
- Independent Commission Against Corruption Act 1988
- Public Interest Disclosures Act 2022

Relevant Council Policies and Documents

The following Council policies and procedures support this Plan:

- Fraud and Corruption Prevention Policy
- Code of Conduct
- Public Interest Disclosures Policy
- Secondary Employment Policy with Emergency Services Provision
- Related Party Disclosure Policy
- Acceptable Use Policy
- Code of Ethics – Council Contractors Policy

- Privacy Management Plan
- Procurement Policy
- Records Management Policy

References

- Audit Office of NSW – Fraud Control Improvement Kit February 2015
- Port Macquarie Hastings Council – Fraud and Corruption Prevention Control Plan 2021
- Liverpool Plains Shire Council - Fraud and Corruption Prevention Control Plan 2021
- Northern Beaches Council – Fraud and Corruption Control Plan 2019

DEFINITIONS

To assist in interpretation, the following definitions apply:

Term	Definition
Fraud	Dishonest activity causing actual or potential financial loss to any person or entity including theft of moneys or other property by employees or persons external to the entity and whether or not deception is used at the time, immediately before or immediately following the activity. This also includes the deliberate falsification, concealment, destruction, or use of falsified documentation used or intended for use for a normal business purpose or the improper use of information or position.
Corruption (or corrupt conduct)	As per the ICAC Act 1988 (Sect 7, 8, 9): <ul style="list-style-type: none"> • Any conduct of a person (whether or not a public official) that adversely affects, or could affect the honest and impartial exercise of public official functions, or • Any conduct of a public official that involves the dishonest or partial exercise of any of his or her public official functions, or • Any conduct of a public official or former public official that constitutes or involves a breach of public trust, or • Any conduct of a public official or former public official that involves the misuse of information or material that he or she has acquired in the course of his or her official functions, whether or not for his or her benefit or for the benefit of any other person.
Maladministration	As per Public Interest Disclosure Act 2022: Conduct that involves action or inaction of a serious nature that is contrary to law; or unreasonable, unjust, oppressive, improperly discriminatory; or based wholly or partly on improper motives. Refer Gwydir Shire Council Public Interest Disclosures Policy.
Serious or substantial waste	Refers to the uneconomical, inefficient, or ineffective use of resources, authorised or unauthorised, which results in a loss/wastage of public funds/resources.

Stakeholders	Stakeholders refer to Councillors, Council staff members, committee members, consultants, contractors, suppliers, applicants, and volunteers.
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PLAN

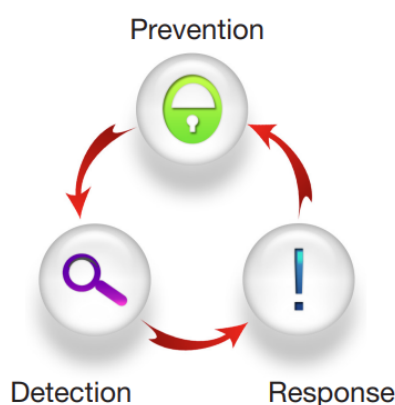
Gwydir Shire Council is committed to a culture of good governance and ethical behaviour. As such, we will not tolerate fraudulent or corrupt behaviour and are committed to building a sound ethical culture supported by appropriate policies, procedures, and strategies that prevent fraudulent and corrupt behaviour through:

- Ongoing education and training of all Council officials in relation to their obligations in combating dishonest and fraudulent behaviour.
- Regular review of fraud and corruption risk assessments to identify circumstances where fraud and corruption could occur.
- Implementation of procedures that have regard to, and mitigate, the risks identified in day-to-day activity.
- Promote an organisational environment that encourages professionalism, integrity, and ethical conduct.
- Use of formal procedures upon detection, investigation, disciplining and/or prosecuting fraudulent or corrupt conduct.
- The reporting of any fraud or corrupt conduct to the Independent Commission Against Corruption (ICAC) and other authorities where appropriate.

Council's commitment to preventing fraudulent or corrupt activity, and avoiding or managing conflicts of interests, will be supported by implementing appropriate auditing systems to deter and identify corrupt activities, included in the following Fraud Control Framework.

FRAUD CONTROL FRAMEWORK

In order to achieve best practice, Gwydir Shire Council is adopting the following processes which are sourced from the Fraud Control Framework of the Audit Office of NSW. The Audit Office framework is acknowledged as being best practice and widely used in State and Local Government organisations, providing for a consistent, effective, and systematic approach to preventing fraud and corruption across the organisation.



Audit Office of New South Wales | Fraud Control Improvement Kit | February 2015

The Fraud Control Framework of the Audit Office of NSW encompasses ten key attributes which sit within the themes of prevention, detection, and response. Each attribute has a checklist of high-level processes and behaviours that should be present.

Attribute	Theme
Attribute 1 - Leadership	Prevention
Attribute 2 - Ethical Framework	Prevention, Detection, Response
Attribute 3 - Responsibility Structures	Prevention, Detection, Response
Attribute 4 - Fraud and Corruption Prevention Policy	Prevention
Attribute 5 - Prevention Systems	Prevention
Attribute 6 - Fraud Awareness	Prevention, Response
Attribute 7 - Third Party Management Systems	Prevention, Response
Attribute 8 - Notification Systems	Detection, Response
Attribute 9 - Detection Systems	Detection
Attribute 10 - Investigation Systems	Response

PREVENTION

1 LEADERSHIP

A successful fraud control framework is led by a committed and accountable Executive Team who demonstrate and reinforce the high ethical standards expected of public officials, who are resistant to improper behaviour or practice, and promote an open culture of accountability and transparency. The General Manager has ultimate responsibility for fraud and corruption prevention within Council and is supported by the Executive Team; Audit, Risk and Improvement Committee; and the Governance function.

2 ETHICAL FRAMEWORK

The Fraud and Corruption Prevention Control Plan, related Policy, and associated framework builds upon Gwydir Shire Council's commitment to ethical, transparent, and accountable behaviour. Gwydir Shire Council has clear policies, such as its Code of Conduct, setting out acceptable standards of ethical behaviour which are available to all staff on Council's intranet and website. Council also provides regular training in the Code of Conduct as well as provide sessions during new staff inductions and new committee formation on the requirements of the code.

3 RESPONSIBILITY STRUCTURES

This Plan applies to everyone who has any interaction with Council or Council staff to the maximum extent that Council has the authority to require it. This includes Councillors, Council staff members, committee members, consultants, contractors, suppliers, applicants, and volunteers who all have obligations in the prevention of fraud and corruption and the fostering of an ethical and accountable work environment at Council.

Expectations of this Plan also apply to customers, community, and any relevant third parties with regard to the functions and/or operations undertaken for or on behalf of Council.

3.1 All Staff

It is important that all Council staff contribute to a workplace culture that has a 'zero tolerance' approach towards fraudulent and corrupt behaviour. As such, all staff have responsibilities in accordance with this Plan, specifically:

- Maintain awareness and compliance with the requirements of the Plan and the related policy.
- Perform their duties to the best of their abilities with honesty, integrity, and impartiality.
- Have regard to fraud and corruption related risks when performing their duties, and support processes that report and mitigate risks.
- Prevent, mitigate, and report on (suspected, actual, or attempted) fraud, corruption, maladministration, and waste. This shall be done in accordance with Council's Code of Conduct and Public Interest Disclosures Policy.
- Cooperate with and provide assistance to investigators or officials investigating suspected or reported fraud or corruption.
- Manage and declare pecuniary and non-pecuniary interests in compliance with Council's Code of Conduct.

3.2 General Manager

The General Manager is responsible for the efficient and effective operation of Council and the implementation of systems and practices that proactively minimise risks of fraud and corruption while promoting an ethical workplace culture that has 'zero tolerance' towards fraudulent and corrupt behaviour and is readily reported should it occur.

In addition to the responsibilities of all staff, the General Manager is required to:

- Promote Council's commitment to fraud and corruption prevention.
- Lead by example through ethical workplace behaviour, decision making, acting with honesty, integrity, and impartiality when dealing with others.
- Ensure processes exist to monitor Directors' and Managers' compliance with their duties in accordance with this Plan and the related policy.
- Ensure Councillors are aware of their obligations in accordance with this Plan.
- Monitor and review fraud and corruption risk assessments on a regular basis.
- Ensure any allegations of wrongdoing are fully investigated and report actual or suspected corrupt conduct to the Independent Commission Against Corruption (ICAC) in accordance with Section 11 of the ICAC Act 1988.
- Report criminal offences to the NSW Police Force.

3.3 Mayor and Councillors

Responsibilities in accordance with this Plan and the related policy, specifically:

- Maintain awareness and compliance with the requirements of the Plan and the related policy.
- Perform their duties to the best of their abilities with honesty, integrity, and impartiality.
- Consider fraud and corruption related risks when performing their duties, and support processes that report and mitigate risks.
- Prevent, mitigate, and report on (suspected, actual, or attempted) fraud, corruption, maladministration, and waste. This shall be done in accordance with Council's Code of Conduct and Public Interest Disclosures Policy.
- Cooperate with and provide assistance to investigators or officials investigating suspected or reported fraud or corruption.
- Reporting all instances of possible fraud or corrupt conduct, in accordance with Council's Code of Conduct and Public Interest Disclosures Policy.
- Provide support to the General Manager to implement adequate strategies to prevent fraud and corruption.
- Implementing and promoting Council's commitment to fraud and corruption prevention.
- Manage and declare pecuniary and non-pecuniary interests in compliance with Council's Code of Conduct.

3.4 Directors and Group Managers

- In addition to the general responsibilities of all staff, Directors and Managers have a supervisory role in the implementation of this Plan and promotion of an ethical workplace culture by demonstrably supporting the objectives of this Plan and the related policy, specifically:
- Leading by example through ethical workplace behaviour, decision making, acting with honesty, integrity, and impartiality when dealing with others.
- Promoting and disseminating of this Plan and the related policy and the standards of ethical behaviour expected by Council.
- Ensure training is provided to employees surrounding fraud and corruption awareness, Council's expectations, and the reporting requirements in accordance with Council's Code of Conduct and Council's Public Interest Disclosures Policy.
- Provide ethical advice and support to staff.

- Identify and ensure appropriate internal controls are in place to manage potential fraud and corruption risks. This includes systematic review of risks and controls over time as well as initial identification, and assessment of training needs including refresher training.

3.5 Governance Officer

In addition to the general responsibilities of all staff, the Governance Officer is Council's Disclosures Coordinator for the purpose of Council's Public Interest Disclosures Policy. This role is further responsible for the provision of advice and education surrounding fraud and corruption prevention, Council's expectations, and reporting requirements in accordance with Council's Code of Conduct and Public Interest Disclosures Policy.

The Group Manager Governance may also initiate investigations into allegations of wrongdoing.

3.6 Audit, Risk, and Improvement Committee (ARIC)

The ARIC provides independent assistance to the Council by providing advice on the adequacy of the fraud control framework and the processes and systems in place to capture and effectively manage the identified fraud and corruption risks, internal controls, and proposed risk treatment action plans which will be documented and recorded in Council's Risk Register.

The responsibilities of the ARIC are set out in the ARIC Charter as resolved by Council. These responsibilities include:

- Compliance
- Risk Management
- Fraud Controls
- Financial Management
- Governance
- Implementation of the Community Strategic Plan, Delivery Program, and Strategies
- Service Reviews and Performance Measurement
- Performance of Council Functions
- Internal Audit
- External Audit

3.7 Volunteers and Contractors acting for Council

Volunteers and Contractors providing services or otherwise acting on behalf of Council are required to:

- Perform their duties to the best of their abilities with honesty, integrity, and impartiality.
- Consider fraud and corruption related risks when performing their duties, and support processes that report and mitigate risks.
- Prevent, mitigate, and report on (suspected, actual, or attempted) fraud, corruption, maladministration, and waste. This shall be done in accordance with Council's Code of Conduct and Public Interest Disclosures Policy.

- Cooperate with and provide assistance to investigators or officials investigating suspected or reported fraud or corruption.

3.8 External Parties

Council requires that all external parties act ethically and honestly in their business dealings with Council and that:

- Actual or perceived conflicts of interest are declared at the point any conflict becomes apparent.
- Any persons doing business with Council are to provide accurate and reliable information to Council when required.
- Take all preventative measures to prevent the unauthorised disclosure of confidential Council information.

External parties include Contractors, Consultants, Suppliers, Applicants, other Government Agencies, or any other party engaged in business dealings with Council.

3.9 Residents and Members of the Public

Council encourages residents, customers, and members of the public to support Council in preventing and responding to fraudulent or corrupt behaviour and invites those who suspect fraud or corruption that involves Council, to report their suspicions to the General Manager, Governance Officer, or any other appropriate authority.

4 KEY FRAUD AND CORRUPTION RISKS FACING COUNCIL

The table below provides a summary of the key fraud and corruption risks facing Council. This is not an exhaustive list. Details of Council's fraud and corruption risks will be included in Council's fraud and corruption functional risk register.

Risk Category	Description	Risk Attributes
Corruption		
Conflicts of Interest	A conflict of interest occurs when an employee or agent – someone who is authorised to act on behalf of a principal – has an undisclosed personal or economic interest in a matter which could influence their professional role	Extent and value of supplier relationships / contracts Extent of recruitment activities / staff turnover Presence of decentralised procurement and recruitment systems
Bribery, Illegal Gratuities, Economic Extortion	Bribery is offering, promising, giving, accepting, or soliciting an advantage as an inducement for an action which is illegal or unethical. Illegal gratuities are items of value given to reward a decision after it has been made. They do not necessarily involve intent. Extortion is the obtaining of property	Number of staff Number of supplier and contractor relationships

	from another, with the other party's consent, induced by wrongful use of actual or threatened force or fear	
Asset Misappropriation		
Theft of Cash	A scheme in which an employee steals or misuses the employing organisation's resources	Use of petty cash Turnover of cash
Inventory and all Other Assets	A scheme in which an employee steals or misuses the employing organisation's resources	Nature of assets (data, inventory, fixed assets)
Fraudulent Disbursements	A scheme in which an employee causes their employer to issue a fraudulent payment for fictitious goods or services, or reimbursement of fraudulent expenses	Volume and value of supplier transactions Volume and value of expense transactions
Financial Statement Fraud		
Net Worth / Net Income Understatements / Overstatements	A scheme in which an employee intentionally causes a misstatement or omission of material information in the organisation's financial reports	Change in management, high turnover of executive members Significant pressure from stakeholders to reduce costs and improve financial results Financial position of the organisation

5 PREVENTION SYSTEMS

Council's main objective is to minimise the occurrence of fraud and corruption within Council. This objective will be achieved by:

- Identifying fraud and corruption risks
- Determining strategies to control those risks
- Defining responsibility and timeframes for strategies to be implemented

Council's identified fraud and corruption risks, internal controls, and proposed risk treatment action plans will be documented and recorded in Council's Risk Register.

Council recognises that internal audit complements the internal assessment of fraud and corruption related risks and controls. Independent identification and assessment of Council's fraud and corruption risks will be arranged through independent auditors to the extent that the Audit, Risk, and Improvement Committee (ARIC) deems warranted.

6 FRAUD AWARENESS

One of the most common ways in which fraud and corruption is detected is by observation, investigation, and reporting by those who work with, or deal directly with, the perpetrator(s).

Council will commit to providing all staff with a general awareness of fraud and corruption and provide guidance on how they are to respond if such behaviour is suspected, detected, or attempted.

This will be achieved in a number of ways by:

- Incorporating a brief session on fraud and corruption prevention into induction training for new staff
- Providing fraud awareness training sessions to Management and staff
- Making the Code of Conduct and the Fraud and Corruption Prevention Policy available to all staff and the general public via Council's website
- Disseminating articles of interest on fraud and corruption to staff via staff newsletters, publications, and circulars
- Promotion of this plan and associated documents through Council's procurement framework and procurement documentation
- Introduction of a "whistleblower hotline" to allow members of staff and the community to report inappropriate behaviours such as (but not limited to) corrupt conduct, maladministration, or alleged fraud. This will provide for public interest disclosures to be reported as well as anonymous reports
- Regular attendance at relevant industry forums and seminars

Additionally, Council routinely interacts with a wide range of stakeholders such as residents, ratepayers, suppliers, contractors, developers, volunteers, applicants, media, community organisations, and various other interested parties. There is a need to ensure that these stakeholders are actively aware of Council's attitude towards fraud and corruption and that such behaviour will not be tolerated, through the promotion of this plan in an effort to reduce the likelihood of improper dealings and/or attempts by external parties to influence Councillors or Council staff.

7 THIRD PARTY MANAGEMENT SYSTEMS

Gwydir Shire Council ensures that appropriate controls are in place via an assortment of policies to manage our dealings with third parties and conflicts of interest. In doing so we make available a copy of our Statement of Business Ethics to contractors and suppliers to ensure understanding of the standards of behaviour expected by Council.

Third party management also covers managing staff conflicts of interest in accordance with Council's Code of Conduct, Related Party Disclosure Policy, and secondary employment declaration requirements in accordance with Section 353 Local Government Act 1993.

8 NOTIFICATION SYSTEMS

Council's Code of Conduct compels all employees to report any instances of possible fraud, corruption, maladministration, or serious and substantial wastage. Members of the public are actively encouraged to report any such behaviour that is known or suspected. Council supports and encourages a supportive culture of reporting and any person who makes a report in accordance with Gwydir Shire Council's Public Interest Disclosures Policy will be protected under the Public Interest Disclosures Act 2022.

As previously mentioned, Council will be introducing a “whistleblower hotline” to allow members of staff and the community to report inappropriate behaviours such as (but not limited to) corrupt conduct, maladministration, or alleged fraud. This will provide for public interest disclosures to be reported as well as anonymous reports.

Reports of all suspected unethical activity including corruption be made to Council’s Governance Officer. Alternatively, anyone wishing to make a report can direct matters of corruption to the Independent Commission Against Corruption, maladministration to the NSW Ombudsman, and serious and substantial wastage to the Office of Local Government.

9 DETECTION SYSTEMS

Internal controls are effective at detecting fraudulent and corrupt behaviour with Council maintaining appropriate controls such as:

- Segregation of duties
- Approvals and authorisation
- Verification
- Reconciliations
- Management reviews
- Data mining tools
- Risk assessments
- Physical security
- Job rotation
- Independent reviews like internal and external audits and peer reviews
- Audit, Risk, and Improvement Committee

Council will not tolerate any reprisal action against staff who uncover and report such behaviour and will ensure appropriate methods are in place for their protection. If someone believes that detrimental action has been or is being taken against them, or someone else who has reported suspected fraud or corruption, they should advise a disclosure officer in accordance with the Public Interest Disclosures Policy immediately.

10 INVESTIGATION SYSTEMS

10.1 Assessment

When an allegation of fraud or corruption is made under a Public Interest Disclosure, the Disclosures Coordinator will undertake a preliminary assessment and may recommend that the matter be referred to an external body or that a full investigation be conducted. The complainant will be advised, and action taken as appropriate in accordance with Council’s Public Interest Disclosures Policy.

10.2 Support

Council will deal fairly with all parties in the course of investigating allegations of fraud or corruption, however if fraud or corruption is proven, Council will apply the appropriate sanctions or refer the matter to external law enforcement agencies if criminal offending is detected.

Council's investigation standards are clearly documented in various Council policies and procedures that include Council's Code of Conduct, Public Interest Disclosures Policy, and Workplace Investigations Policy and Procedure.

10.3 Maintaining Confidentiality

Every effort will be made to ensure that any allegations of fraudulent or corrupt conduct are handled confidentially. In some situations, confidentiality may not be possible or appropriate and will be managed in accordance with the Public Interest Disclosures Policy.

Council will accept and consider anonymous reports; however, anonymity may limit Council's ability to seek further information or adequately assess the report.

10.4 Vexations, Frivolous or Misleading Allegations

Any report that is found to be vexatious, frivolous, or deliberately misleading may result in disciplinary action against the staff member for making the allegation.

REVIEW

This plan will be reviewed every 12 months.

Appendix 1 - Examples of Potential Fraudulent and Corrupt Activity**Theft**

The most common types of property stolen include:

- Stationery and office supplies
- Construction and maintenance equipment and tools
- Lap top computers
- Mobile phones
- Technical equipment
- Cash
- Fuel
- Intellectual property, including documents and data

Theft also includes the unauthorised use of credit cards, petrol cards, Cabcharge cards or vouchers.

Gifts, Benefits and Bribes

Gifts, benefits, and bribes are often intended to influence the way the recipient carries out official functions. The intention may be to encourage the recipient to not look too closely at an illegal or unauthorised activity, or to actively participate in a fraudulent or corrupt activity.

Exposure to offers of gifts, benefits or bribes is particularly common for Council Officers who:

- Approve or can influence decisions
- Procure goods or services
- Carry out regulatory work
- Provide customer or client service
- Carry out work with the private sector

Misuse of Council Resources for Inappropriate Private Purposes

In their publication "Preventing the misuse of Council Resources Guideline 2", the ICAC provides a number of examples of this type of risk:

- A Council driver using a Council truck to deliver tonnes of gravel to a friend's property and remove a tree
- A works team undertakes paid work for a builder on a construction site during working hours
- A swimming pool manager running a non-authorised swimming school during work hours
- A parks maintenance officer running a landscaping business using council equipment and materials, and falsifying timesheets to cover up his private use
- Five council employees spend a workday turfing an employee's backyard

Other forms of misuse include:

- Staff using mobile phones excessively for private purposes without reimbursement of costs
- Internet services being used extensively for non-work purposes

- “Left-over” materials and low value assets being claimed by Council Officers

Zoning and Development

- Coercion, intimidation, and harassment of Council planners dealing with development applications
- Inducements from developers to modify approved DA or conditions imposed

Regulatory Compliance

- Compliance Officers accepting bribes and favours to allow illegal and unauthorised activities

Procurement, Tendering, and Contract Management

Activities associated with procurement, tendering and contract management have traditionally been very susceptible to fraud and corruption. They normally result from bribes, commissions, or conflicts of interests. Examples of the type of fraud and corruption risk exposures include:

- Order splitting to avoid tendering or obtaining quotes
- Collusion with suppliers to provide dummy quotes
- Accepting late tenders without justification
- Approving fraudulent contract variations

Human Resources

- Creation of fictitious employees on the payroll register
- Applicants for positions falsifying career background details
- Direct recruitment of friends and relatives to permanent and casual positions

Delegations

The opportunity for various types of fraud and corruption can be increased by:

- Unclear delegations
- Delegation for order and payment granted to same person
- Lack of supporting documentation

Information Technology

The main risk areas of computer fraud are:

- Unauthorised electronic transfer of funds
- Electronic claims processing
- Unauthorised alteration of input data
- Misappropriation, destruction, or suppression of output data

- Alteration of computerised data
- Alteration or misuse of software program

Forgery or Falsification of Records

The falsification of records and processing of a false statement is fraud. Examples include falsification of:

- Data on expense claims and receipts
- Credit card reimbursement claims
- Invoices and timesheets
- Job application forms
- Leave records
- Forgery of a signature on a cheque or document
- Unauthorised use of an electronic signature

Unauthorised Sale or Provision of Information

This risk involves unauthorised sale or provision of confidential information, including client information.

Appendix 2 – Reporting Fraud and Corruption

A staff member who suspects that fraudulent activity is occurring should observe the following steps:

1. Note observations:

- Do not jump to conclusions
- Carefully observe and note the suspected conduct
- Document your own actions
- Keep any documents as possible evidence and do not alter them, e.g. by marking, and ensure they are stored securely

2. Report concerns:

- To your Manager or a Disclosure Officer who is available to provide advice on a confidential basis.

3. Inform only those who need to know:

- To prevent possible destruction of evidence by those involved in the fraud
- As protection against any pressure from those at the centre of the allegations

4. Maintain confidentiality:

- To protect the rights of a person suspected of fraudulent activity who may in fact be innocent

A report of wrongdoing can be made in writing or verbally:

- To your Supervisor or Manager
- To a Disclosure Officer – as listed on the Public Interest Disclosures Policy
- Through Council's hotline where you may make an anonymous report

Additionally, the following external agencies are able to provide advice or take reports of wrongdoing at Local Councils:

Independent Commission Against Corruption (ICAC) – about alleged corruption

(ICAC) Telephone: 1800 463 909
Address: GPO Box 500, Sydney NSW 2001
Email: icac@icac.nsw.gov.au

Office of Local Government – about serious and substantial waste

Telephone: (02) 4428 4100
Email: olg@olg.nsw.gov.au

NSW Ombudsman – about alleged maladministration

Telephone: 1800 451 524
Address: 580 George Street, Sydney NSW 2000

Information and Privacy Commission NSW – about alleged information breaches

Telephone: 1800 472 679
Email: ipcinfo@ipc.nsw.gov.au

Appendix 3 – NSW Audit Office Fraud Control Checklist

Resource one: Fraud control checklist

Attribute 1: Leadership

1. CEO and senior management commitment to fraud control:
 - ☐ CEO visibly endorses fraud control activities
 - ☐ senior managers demonstrate their commitment to mitigate fraud risks.
2. Clearly defined CEO and senior management accountability and responsibility:
 - ☐ senior management assigned responsibility for implementing the fraud control framework
 - ☐ senior managers' individual performance agreements contain performance measures and indicators relating to successful fraud control.

Attribute 2: Ethical framework

3. Clear policies setting out acceptable standards of ethical behaviour:
 - ☐ staff have easy access to all ethical behaviour policies
 - ☐ ethical behaviour policies are included in the induction process.
4. Demonstrated compliance with the ethical framework:
 - ☐ staff annually evidence their commitment to acceptable standards of behaviour.
5. Employees can articulate obligations to ethical behaviour and the organisation's position on fraud:
 - ☐ staff understand fraud is not tolerated and the consequences of committing fraud.

Attribute 3: Responsibility structures

6. Management and all staff have clearly defined responsibilities for managing fraud:
 - ☐ staff are aware of the responsibility structure in the organisation
 - ☐ responsibilities for fraud control are contained in role descriptions, where appropriate.
7. Fraud management is integrated with core business:
 - ☐ managing fraud risks included in business plans.
8. Resources are allocated to managing fraud.
 - ☐ fraud committee established and/or a Fraud Prevention Manager appointed.
9. Clearly defined roles for audit and risk committee and auditors:
 - ☐ proactive and influential audit and risk committee
 - ☐ internal audit work covers controls over high risk fraud areas.
10. Staff with responsibility for fraud control and staff in high risk fraud areas are provided with training:
 - ☐ refresher and knowledge update training are provided on an ongoing basis
 - ☐ training program is integrated within a wider education and awareness campaign.

Attribute 4: Fraud control policy

11. Risk-based policies appropriate to the organisation:

- ☐ appropriate policies address the level and nature of internal and external fraud risks
- ☐ fraud control policy addresses the ten attributes of fraud control.

12. Holistic and integrated:

- ☐ fraud control policy does not operate in isolation and has strong links to other ethical behaviour policies.

13. Regularly reviewed, current and implemented:

- ☐ fraud control policy is responsive to changes in the operating environment and reviewed at least every two years.

Attribute 5: Prevention systems

14. Proactive and integrated fraud risk assessment:

- ☐ fraud risk assessment is part of organisation's enterprise risk management process
- ☐ risk assessment reviewed after substantial change and at least every two years.

15. Planning, follow up and accountability:

- ☐ fraud control plan in place and outcomes reported to senior managers and audit and risk committee.

16. Analysis of and reporting on suspected and actual frauds:

- ☐ fraud database established containing all reports of fraud, action taken and outcomes
- ☐ database kept up to date and published on website.

17. Ethical workforce:

- ☐ pre-employment screening.

18. IT security strategy:

- ☐ specific IT security strategy aligned with the organisation's business strategy
- ☐ cybercrime included as a risk on the risk register.

Attribute 6: Fraud awareness

19. Comprehensive staff education and awareness program:

- ☐ ongoing ethical behaviour and fraud education and awareness program
- ☐ fraud control message repeated and reinforced using a variety of communication channels
- ☐ fraud control expectations included in the induction process
- ☐ staff have a good understanding of what fraud is
- ☐ guidance material deals with real life situations, conflicts and fraud risks staff face in their work area.

20. Staff awareness of fraud control responsibilities:

- ☐ staff have a good appreciation and understanding of their responsibilities for preventing, detecting and reporting fraud.

21. Customer and community awareness:

- ☐ publicity campaigns developed where appropriate
- ☐ customers and the community encouraged to report suspicions of fraud and provided with easy to use channels to make reports
- ☐ customers and the community have confidence in the integrity of the organisation
- ☐ statement of business ethics setting expectations and mutual obligations.

Attribute 7: Third party management systems

22. Targeted training and education for key staff:

- ☐ targeted training and education programs for staff with responsibilities for dealing with third parties.

23. Third party due diligence and clear contractual obligations and accountabilities:

- ☐ structured risk-based due diligence before engaging contractors or third parties
- ☐ contracts and service level agreements include clear accountabilities for managing the risk of fraud
- ☐ position descriptions for staff with responsibilities for managing third parties include accountabilities for managing fraud risks.

24. Effective third party internal controls:

- ☐ specific internal controls relating to third parties in place
- ☐ checks and reviews carried out on dealings with third parties.

25. Third party awareness and reporting:

- ☐ contractors and suppliers understand organisation will not tolerate corruption including fraudulent dealings
- ☐ statement of business ethics setting expectations and mutual obligations
- ☐ reporting mechanisms established for reporting suspected fraud
- ☐ contractors and suppliers encouraged to provide information if they suspect fraud is occurring.

26. Staff disclosure of conflicts of interest and secondary employment:

- ☐ staff regularly required to disclosure conflicts of interest and secondary employment
- ☐ records of conflicts of interest and secondary employment reviewed and kept up-to-date.

Attribute 8: Notification systems

27. Culture that supports staff reporting fraud and management acting on those reports:

- ☐ well-publicised options for staff to report fraud
- ☐ staff feel confident they will be protected from reprisal action
- ☐ demonstrated action taken in response to reports of fraud.

28. Policies, systems and procedures that support reporting:

- ☐ reporting system appropriate to organisation
- ☐ different channels available to report fraud
- ☐ feedback and follow-up with internal reporters.

29. Processes to support upward reporting:

- ☐ actual and suspected frauds reported to CEO and audit and risk committee
- ☐ fraud database published on organisation's website.

30. External reporting:

- ☐ staff are clear on policy and procedures for external reporting
- ☐ external reporting in accordance with legislation and policy
- ☐ clear and consistent approach to external reporting.

Attribute 9: Detection systems

31. Robust internal controls:

- ☐ well documented risk-based internal controls
- ☐ routine checks of activities, processes controls and transactions
- ☐ range of internal controls that 'prevent, detect and correct'.

32. Monitoring and review:

- ☐ available data monitored and reviewed to ensure irregularities and warning signals are picked up early
- ☐ early warning signs acted on quickly and red flag behaviour recognised.

33. Risk-based internal audit program:

- ☐ internal audit program evaluates the potential for fraud and how fraud risk is managed
- ☐ internal audit recommendations assigned to individuals with timeframes for response.

Attribute 10: Investigations systems

34. Clear documented investigation procedures:

- ☐ reports of fraud investigated promptly and to the highest standards
- ☐ investigations are independent
- ☐ sufficient resources allocated, including budget.

35. Investigations conducted by qualified and experienced staff:

- ☐ investigations conducted by appropriately qualified personnel with recognised qualifications and appropriate experience.

36. Decision-making protocols:

- ☐ documented decision-making processes
- ☐ proportionate responses to incidents of fraud.

37. Disciplinary systems:

- ☐ staff understand fraud will not be tolerated and the perpetrators will face disciplinary action
- ☐ commitment to taking action against the perpetrators of fraud
- ☐ consistent application of sanctions.

38. Insurance:

- ☐ consider a fidelity guarantee insurance policy to protect against the financial consequences of fraud.

Type of Fraud Risk	Existing Controls	Effectiveness of Existing Controls (scale 1-5:)	Fraud Risk Analysis*			Option for Residual Fraud Risk – Accept or Treat	Further Treatment/ Action (if necessary) to Address Residual Fraud Risk
			Fraud Impact Rating	Fraud Probability Rating	Residual Fraud Risk Rating		
Identify individual fraud risks	Set out existing controls to mitigate the risk	How effective are the controls – refer to point 3 above	Insignificant Minor Moderate Major Catastrophic	Almost certain Likely Possible Unlikely Rare	Low Medium High Extreme	Accept Treat	What additional action is necessary to treat the fraud risk?
1. Falsifying working papers							
Falsifying working papers (annual report, document management system records and other documentation)	Hierarchy of review of annual report - Reviewed and adopted by the General Manager and Council Audit and risk committee review annual report Records management security controlled by IT department	3	Moderate	Possibility	Medium	Accept	
False recordings on timesheets	Manager/supervisor approval and sign-off of all timesheets Staff made aware of overtime and flexible working in employee manual available on intranet HR query inconsistencies	4	Minor	Possible	Low	Treat	Regular payroll reconciliations to be populated and reviewed

Type of Fraud Risk	Existing Controls	Effectiveness of Existing Controls (scale 1-5:)	Fraud Risk Analysis*			Option for Residual Fraud Risk – Accept or Treat	Further Treatment/ Action (if necessary) to Address Residual Fraud Risk
			Fraud Impact Rating	Fraud Probability Rating	Residual Fraud Risk Rating		
<i>Identify individual fraud risks</i>	<i>Set out existing controls to mitigate the risk</i>	<i>How effective are the controls – refer to point 3 above</i>	<i>Insignificant Minor Moderate Major Catastrophic</i>	<i>Almost certain Likely Possible Unlikely Rare</i>	<i>Low Medium High Extreme</i>	<i>Accept Treat</i>	<i>What additional action is necessary to treat the fraud risk?</i>
Not submitting leave form	Managers responsible to track and follow up delegated staff Reconciliation between records performed by HR, leave periodically assessed Staff made aware of leave policy and procedures and they are available on intranet IT checks carried out between leave calendar and leave claimed by staff, reviewed by external auditors	3	Moderate	Possible	Medium	Treat	The completion of the new Bingara office building will reduce the dispersal of staff, reducing the opportunity for leave theft
False overtime claims	Manager/Supervisor approval of all timesheets via Element Time Staff made aware of overtime and flexible working in employee manual available on intranet Prior approval of overtime required Additional checks carried out by payroll staff, project managers, during quarterly budgets, and by external auditor reviews	4	Minor	Possible	Low	Treat	Clarification of disciplinary ramifications and communication with staff

Type of Fraud Risk	Existing Controls	Effectiveness of Existing Controls (scale 1-5:)	Fraud Risk Analysis*			Option for Residual Fraud Risk – Accept or Treat	Further Treatment/ Action (if necessary) to Address Residual Fraud Risk
			Fraud Impact Rating	Fraud Probability Rating	Residual Fraud Risk Rating		
Identify individual fraud risks	Set out existing controls to mitigate the risk	How effective are the controls – refer to point 3 above	Insignificant Minor Moderate Major Catastrophic	Almost certain Likely Possible Unlikely Rare	Low Medium High Extreme	Accept Treat	What additional action is necessary to treat the fraud risk?
2.Fraud in Hiring Contractors or Consultants							
Appointing contractors/consultants not supported by proper process	Procurement policy and process exist, conform to NSW Procurement Framework and followed Formal process of background checking Appropriate levels of approval (for example, by management committees) Utilisation of VendorPanel platform	2	Major	Possible	High	Treat	Managers to attend corruption prevention workshop - presented by ICAC

Type of Fraud Risk	Existing Controls	Effectiveness of Existing Controls (scale 1-5:)	Fraud Risk Analysis*			Option for Residual Fraud Risk – Accept or Treat	Further Treatment/ Action (if necessary) to Address Residual Fraud Risk
			Fraud Impact Rating	Fraud Probability Rating	Residual Fraud Risk Rating		
<i>Identify individual fraud risks</i>	<i>Set out existing controls to mitigate the risk</i>	<i>How effective are the controls – refer to point 3 above</i>	<i>Insignificant Minor Moderate Major Catastrophic</i>	<i>Almost certain Likely Possible Unlikely Rare</i>	<i>Low Medium High Extreme</i>	<i>Accept Treat</i>	<i>What additional action is necessary to treat the fraud risk?</i>
Payments to contractors/consultants when work not performed or not performed satisfactorily	Appropriate levels of authorisation assigned to staff Formal process of checking work performed against work plans and contracts prior to authorisation of payment Comprehensive requisition, purchasing, and payment processes in place	3	Moderate	Possible	Medium	Treat	Clarification of disciplinary ramifications and communication with staff
3.Procurement Fraud							
<i>see resource 6</i>							
4. Financial Fraud							

Type of Fraud Risk	Existing Controls	Effectiveness of Existing Controls (scale 1-5:)	Fraud Risk Analysis*			Option for Residual Fraud Risk – Accept or Treat	Further Treatment/ Action (if necessary) to Address Residual Fraud Risk
			Fraud Impact Rating	Fraud Probability Rating	Residual Fraud Risk Rating		
<i>Identify individual fraud risks</i>	<i>Set out existing controls to mitigate the risk</i>	<i>How effective are the controls – refer to point 3 above</i>	<i>Insignificant Minor Moderate Major Catastrophic</i>	<i>Almost certain Likely Possible Unlikely Rare</i>	<i>Low Medium High Extreme</i>	<i>Accept Treat</i>	<i>What additional action is necessary to treat the fraud risk?</i>
Theft of cash	<p>Adequate physical security over cash holdings, for example, access to safe and combination limited and safe locked, reception cash draw is locked</p> <p>The adequacy and validity of claims are checked</p> <p>Regular reconciliation between cash counts, cash receipts and claims, sign-off by two staff.</p> <p>Recommendation of non-cash payments to customers - Bpay, eft, Post billpay, online payments, Centrepay, etc.</p> <p>Adequate building security and authorised issue and use of access passes</p> <p>External audit reviews by Forsyths and the Audit Office NSW</p> <p>Staff are aware of our current cash handling policy, available via intranet</p>	4	Minor	Unlikely	Low	Accept	

Type of Fraud Risk	Existing Controls	Effectiveness of Existing Controls (scale 1-5:)	Fraud Risk Analysis*			Option for Residual Fraud Risk – Accept or Treat	Further Treatment/ Action (if necessary) to Address Residual Fraud Risk
			Fraud Impact Rating	Fraud Probability Rating	Residual Fraud Risk Rating		
<i>Identify individual fraud risks</i>	<i>Set out existing controls to mitigate the risk</i>	<i>How effective are the controls – refer to point 3 above</i>	<i>Insignificant Minor Moderate Major Catastrophic</i>	<i>Almost certain Likely Possible Unlikely Rare</i>	<i>Low Medium High Extreme</i>	<i>Accept Treat</i>	<i>What additional action is necessary to treat the fraud risk?</i>
Cheques made to false persons or companies	The adequacy and validity of claims are checked Claims not paid without authorisation, cheques validated by two signatories Segregation of duties External audit reviews by Forsyths and the Audit Office NSW	3	Moderate	Possible	Medium	Treat	Adoption of third party verification system - eftsure
EFT – payment to incorrect account or incorrect amount	Claims not paid without review and authorisation Segregation of duties External audit reviews by Forsyths and the Audit Office NSW	3	Moderate	Possible	Medium	Treat	Adoption of third party verification system - eftsure

Type of Fraud Risk	Existing Controls	Effectiveness of Existing Controls (scale 1-5:)	Fraud Risk Analysis*			Option for Residual Fraud Risk – Accept or Treat	Further Treatment/ Action (if necessary) to Address Residual Fraud Risk
			Fraud Impact Rating	Fraud Probability Rating	Residual Fraud Risk Rating		
<i>Identify individual fraud risks</i>	<i>Set out existing controls to mitigate the risk</i>	<i>How effective are the controls – refer to point 3 above</i>	<i>Insignificant Minor Moderate Major Catastrophic</i>	<i>Almost certain Likely Possible Unlikely Rare</i>	<i>Low Medium High Extreme</i>	<i>Accept Treat</i>	<i>What additional action is necessary to treat the fraud risk?</i>
Unrecorded transactions	Regular reconciliation between cash counts, cash receipts and claims Recommendation of non-cash payments to customers - Bpay, eft, Post billpay, online payments, Centrepay, etc. Automation of receipting to provide more security and reduce the opportunity for theft	3	Moderate	Possible	Medium	Accept	
Unauthorised transactions	Authorising staff members comply with delegated authority levels Segregation of duties Two-factor authentication compulsory for bank file uploads, and file uploads require multiple verification steps from different staff	3	Moderate	Possible	Medium	Treat	Clarification of disciplinary ramifications and communication with staff

Type of Fraud Risk	Existing Controls	Effectiveness of Existing Controls (scale 1-5:)	Fraud Risk Analysis*			Option for Residual Fraud Risk – Accept or Treat	Further Treatment/ Action (if necessary) to Address Residual Fraud Risk
			Fraud Impact Rating	Fraud Probability Rating	Residual Fraud Risk Rating		
<i>Identify individual fraud risks</i>	<i>Set out existing controls to mitigate the risk</i>	<i>How effective are the controls – refer to point 3 above</i>	<i>Insignificant Minor Moderate Major Catastrophic</i>	<i>Almost certain Likely Possible Unlikely Rare</i>	<i>Low Medium High Extreme</i>	<i>Accept Treat</i>	<i>What additional action is necessary to treat the fraud risk?</i>
Transactions (expenditure/receipts/deposits) recorded for incorrect sums	Claims not paid without review and authorisation Regular bank reconciliation performed Receipts/deposits validated by supporting documentation	3	Moderate	Possible	Medium	Treat	Clarification of disciplinary ramifications and communication with staff
5. Personnel Fraud							

Type of Fraud Risk	Existing Controls	Effectiveness of Existing Controls (scale 1-5:)	Fraud Risk Analysis*			Option for Residual Fraud Risk – Accept or Treat	Further Treatment/ Action (if necessary) to Address Residual Fraud Risk
			Fraud Impact Rating	Fraud Probability Rating	Residual Fraud Risk Rating		
Identify individual fraud risks	Set out existing controls to mitigate the risk	How effective are the controls – refer to point 3 above	Insignificant Minor Moderate Major Catastrophic	Almost certain Likely Possible Unlikely Rare	Low Medium High Extreme	Accept Treat	What additional action is necessary to treat the fraud risk?
False person on payroll	<p>Copies or sighting of original documentation required to verify personal details of new staff, for example, copy of passport/birth certificate/licence documents (Note: fraud control may also dictate that keeping copies of staff identification documents is not appropriate and presents a high risk)</p> <p>Comparing bank details to payroll records</p> <p>Segregation of duties</p> <p>External audit reviews by Forsyths and the Audit Office NSW</p> <p>Thorough reference checks carried out on new starters before appointment</p>	3	Moderate	Possible	Medium	Treat	<p>Implement regular payroll fraud and ethical conduct training</p> <p>Regular police checks for HR and payroll staff</p> <p>Implement compulsory job rotation procedures for payroll staff</p> <p>Ensure payroll staff take regular leave</p>

Type of Fraud Risk	Existing Controls	Effectiveness of Existing Controls (scale 1-5:)	Fraud Risk Analysis*			Option for Residual Fraud Risk – Accept or Treat	Further Treatment/ Action (if necessary) to Address Residual Fraud Risk
			Fraud Impact Rating	Fraud Probability Rating	Residual Fraud Risk Rating		
Identify individual fraud risks	Set out existing controls to mitigate the risk	How effective are the controls – refer to point 3 above	Insignificant Minor Moderate Major Catastrophic	Almost certain Likely Possible Unlikely Rare	Low Medium High Extreme	Accept Treat	What additional action is necessary to treat the fraud risk?
Overpay self or workmate each fortnight	<p>Regular management reviews of major cost fluctuations - project managers monitor budgets, expenditure is scrutinised during quarterly reviews</p> <p>Management authorisation of pay set-up</p> <p>Tracking of payroll audit trails</p> <p>Staff made aware of overtime and flexible working in employee manual available on intranet</p> <p>External audit reviews by Forsyths and the Audit Office NSW</p>	3	Moderate	Possible	Medium	Treat	<p>Implement regular payroll fraud and ethical conduct training</p> <p>Regular police checks for HR and payroll staff</p> <p>Implement compulsory job rotation procedures for payroll staff</p> <p>Ensure payroll staff take regular leave</p>

Type of Fraud Risk	Existing Controls	Effectiveness of Existing Controls (scale 1-5:)	Fraud Risk Analysis*			Option for Residual Fraud Risk – Accept or Treat	Further Treatment/ Action (if necessary) to Address Residual Fraud Risk
			Fraud Impact Rating	Fraud Probability Rating	Residual Fraud Risk Rating		
Identify individual fraud risks	Set out existing controls to mitigate the risk	How effective are the controls – refer to point 3 above	Insignificant Minor Moderate Major Catastrophic	Almost certain Likely Possible Unlikely Rare	Low Medium High Extreme	Accept Treat	What additional action is necessary to treat the fraud risk?
Re-direct employee's normal pay when resigned or on LWOP	<p>HR staff follow formally documented procedures surrounding change of bank details. Change of bank details require a written instruction from the employee, followed up by a verbal confirmation. Bank accounts are also verified by eftsure</p> <p>Staff made aware of information security policy and available on intranet</p> <p>External audit reviews by Forsyths and the Audit Office NSW</p>	3	Moderate	Possible	Medium	Treat	<p>Implement regular payroll fraud and ethical conduct training</p> <p>Regular police checks for HR and payroll staff</p> <p>Implement compulsory job rotation procedures for payroll staff</p> <p>Ensure payroll staff take regular leave</p>

Type of Fraud Risk	Existing Controls	Effectiveness of Existing Controls (scale 1-5:)	Fraud Risk Analysis*			Option for Residual Fraud Risk – Accept or Treat	Further Treatment/ Action (if necessary) to Address Residual Fraud Risk
			Fraud Impact Rating	Fraud Probability Rating	Residual Fraud Risk Rating		
Identify individual fraud risks	Set out existing controls to mitigate the risk	How effective are the controls – refer to point 3 above	Insignificant Minor Moderate Major Catastrophic	Almost certain Likely Possible Unlikely Rare	Low Medium High Extreme	Accept Treat	What additional action is necessary to treat the fraud risk?
Pay self or workmate higher salary	<p>Regular management reviews of major cost fluctuations - project managers monitor budgets, expenditure is scrutinised during quarterly reviews</p> <p>Management approval/authorisation required for pay set up</p> <p>Remuneration is determined within Award or Enterprise Agreement</p> <p>HR check pay edit audit trail, maintenance report provided to auditors: indicates changes, double signatures required, and supporting documentation verified.</p> <p>External audit reviews by Forsyths and the Audit Office NSW</p>	3	Moderate	Possible	Medium	Treat	<p>Implement regular payroll fraud and ethical conduct training</p> <p>Regular police checks for HR and payroll staff</p> <p>Implement compulsory job rotation procedures for payroll staff</p> <p>Ensure payroll staff take regular leave</p> <p>Ensure that the</p>
6. Management Fraud							

Type of Fraud Risk	Existing Controls	Effectiveness of Existing Controls (scale 1-5:)	Fraud Risk Analysis*			Option for Residual Fraud Risk – Accept or Treat	Further Treatment/ Action (if necessary) to Address Residual Fraud Risk
			Fraud Impact Rating	Fraud Probability Rating	Residual Fraud Risk Rating		
<i>Identify individual fraud risks</i>	<i>Set out existing controls to mitigate the risk</i>	<i>How effective are the controls – refer to point 3 above</i>	<i>Insignificant Minor Moderate Major Catastrophic</i>	<i>Almost certain Likely Possible Unlikely Rare</i>	<i>Low Medium High Extreme</i>	<i>Accept Treat</i>	<i>What additional action is necessary to treat the fraud risk?</i>
Management fraud – manipulation of figures in management and financial reports (including annual report)	Conflicts of interest and pecuniary interests are declared and registered Conflicts of interest are managed appropriately and where a conflict arises, the manager is not involved in decision-making Senior management and committee (audit, executive) reviews of management and financial reports External audit reviews by Forsyths, the Audit Office NSW, and the Office of Local Government	3	Moderate	Possible	Medium	Treat	Clarification of disciplinary ramifications and communication with staff, conduct workshops outlining management fraud risks, responsibilities, and punishments. Discuss ICAC investigations with ELT, senior staff

Type of Fraud Risk	Existing Controls	Effectiveness of Existing Controls (scale 1-5:)	Fraud Risk Analysis*			Option for Residual Fraud Risk – Accept or Treat	Further Treatment/ Action (if necessary) to Address Residual Fraud Risk
			Fraud Impact Rating	Fraud Probability Rating	Residual Fraud Risk Rating		
<i>Identify individual fraud risks</i>	<i>Set out existing controls to mitigate the risk</i>	<i>How effective are the controls – refer to point 3 above</i>	<i>Insignificant Minor Moderate Major Catastrophic</i>	<i>Almost certain Likely Possible Unlikely Rare</i>	<i>Low Medium High Extreme</i>	<i>Accept Treat</i>	<i>What additional action is necessary to treat the fraud risk?</i>
Management fraud – using position to order goods and services for personal use	Use of purchase guidelines and authorisation limits, comprehensive requisition, purchasing, and payment processes in place Segregation of duties All managers acknowledge code of conduct External audit reviews by Forsyths and the Audit Office NSW	3	Moderate	Possible	Medium	Treat	Clarification of disciplinary ramifications and communication with staff, conduct workshops outlining management fraud risks, responsibilities, and punishments. Discuss ICAC investigations with ELT, senior staff

Type of Fraud Risk	Existing Controls	Effectiveness of Existing Controls (scale 1-5:)	Fraud Risk Analysis*			Option for Residual Fraud Risk – Accept or Treat	Further Treatment/ Action (if necessary) to Address Residual Fraud Risk
			Fraud Impact Rating	Fraud Probability Rating	Residual Fraud Risk Rating		
Identify individual fraud risks	Set out existing controls to mitigate the risk	How effective are the controls – refer to point 3 above	Insignificant Minor Moderate Major Catastrophic	Almost certain Likely Possible Unlikely Rare	Low Medium High Extreme	Accept Treat	What additional action is necessary to treat the fraud risk?
Writing off staff debts (as favour to workmates)	All managers acknowledge code of conduct Segregation of duties External audit reviews by Forsyths and the Audit Office NSW	3	Moderate	Possible	Medium	Treat	Clarification of disciplinary ramifications and communication with staff, conduct workshops outlining management fraud risks, responsibilities, and punishments. Discuss ICAC investigations with ELT, senior staff
7. Fraud involving assets or stores							

Type of Fraud Risk	Existing Controls	Effectiveness of Existing Controls (scale 1-5:)	Fraud Risk Analysis*			Option for Residual Fraud Risk – Accept or Treat	Further Treatment/ Action (if necessary) to Address Residual Fraud Risk
			Fraud Impact Rating	Fraud Probability Rating	Residual Fraud Risk Rating		
<i>Identify individual fraud risks</i>	<i>Set out existing controls to mitigate the risk</i>	<i>How effective are the controls – refer to point 3 above</i>	<i>Insignificant Minor Moderate Major Catastrophic</i>	<i>Almost certain Likely Possible Unlikely Rare</i>	<i>Low Medium High Extreme</i>	<i>Accept Treat</i>	<i>What additional action is necessary to treat the fraud risk?</i>
Equipment stolen or borrowed without permission	Code of conduct acknowledged by all staff, available on intranet Secure storage of resources Adequate building/depot security and authorised issue and use of access passes/fobs/keys Staff made aware of information security policies and available on intranet Insurance is kept valid and list reviewed regularly to	2	Moderate	Possible	Medium	Treat	Clarification of disciplinary ramifications and communication with staff Development of policies for the security of council equipment

Type of Fraud Risk	Existing Controls	Effectiveness of Existing Controls (scale 1-5:)	Fraud Risk Analysis*			Option for Residual Fraud Risk – Accept or Treat	Further Treatment/ Action (if necessary) to Address Residual Fraud Risk
			Fraud Impact Rating	Fraud Probability Rating	Residual Fraud Risk Rating		
<i>Identify individual fraud risks</i>	<i>Set out existing controls to mitigate the risk</i>	<i>How effective are the controls – refer to point 3 above</i>	<i>Insignificant Minor Moderate Major Catastrophic</i>	<i>Almost certain Likely Possible Unlikely Rare</i>	<i>Low Medium High Extreme</i>	<i>Accept Treat</i>	<i>What additional action is necessary to treat the fraud risk?</i>
Unauthorised use of cars/petrol cards/petrol	<p>Code of conduct acknowledged by all staff, available on intranet</p> <p>Staff made aware of motor vehicle and credit card policies and available on intranet</p> <p>Management authorisation in line with delegations</p> <p>Utilisation of datafuel system for fuel issued from council depots - all vehicles are registered with a fob, staff must enter their unique code to pump fuel. Fuel records are regularly reconciled.</p> <p>Vehicles are issued with compulsory log books, requiring users to declare travel. Pool vehicles are also reserved via a calendar booking system.</p> <p>External audit reviews by Forsyths and the Audit Office NSW</p>	3	Moderate	Possible	Medium	Treat	<p>Clarification of policy, disciplinary ramifications, and communication with staff</p> <p>GPS tracking of council vehicles</p>

Type of Fraud Risk	Existing Controls	Effectiveness of Existing Controls (scale 1-5:)	Fraud Risk Analysis*			Option for Residual Fraud Risk – Accept or Treat	Further Treatment/ Action (if necessary) to Address Residual Fraud Risk
			Fraud Impact Rating	Fraud Probability Rating	Residual Fraud Risk Rating		
<i>Identify individual fraud risks</i>	<i>Set out existing controls to mitigate the risk</i>	<i>How effective are the controls – refer to point 3 above</i>	<i>Insignificant Minor Moderate Major Catastrophic</i>	<i>Almost certain Likely Possible Unlikely Rare</i>	<i>Low Medium High Extreme</i>	<i>Accept Treat</i>	<i>What additional action is necessary to treat the fraud risk?</i>
Excessive private use of office equipment – for example, phones, copiers	Code of conduct acknowledged by all staff, available on intranet Monitoring of usage and expenditure, copiers are restricted with unique staff codes, allowing usage to be monitored. Mobile phone policy acknowledged by staff	2	Minor	Possible	Low	Accept	
Using office resources to run a private business	Code of conduct acknowledged by all staff, available on intranet Monitoring of usage and expenditure Performance management - supervisors monitor performance of staff using office resources inappropriately	2	Minor	Possible	Low	Accept	
8. Information Systems							

Type of Fraud Risk	Existing Controls	Effectiveness of Existing Controls (scale 1-5:)	Fraud Risk Analysis*			Option for Residual Fraud Risk – Accept or Treat	Further Treatment/ Action (if necessary) to Address Residual Fraud Risk
			Fraud Impact Rating	Fraud Probability Rating	Residual Fraud Risk Rating		
<i>Identify individual fraud risks</i>	<i>Set out existing controls to mitigate the risk</i>	<i>How effective are the controls – refer to point 3 above</i>	<i>Insignificant Minor Moderate Major Catastrophic</i>	<i>Almost certain Likely Possible Unlikely Rare</i>	<i>Low Medium High Extreme</i>	<i>Accept Treat</i>	<i>What additional action is necessary to treat the fraud risk?</i>
Fraud resulting from a loss of data following disaster or accident, for example, theft of assets not recorded	<p>Business continuity plan that is regularly reviewed</p> <p>Mandatory reporting to Information and Privacy Commission NSW and Office of the Australian Information Commissioner</p> <p>Saving working papers/documents in document management system or network drives that are regularly backed up</p> <p>Regular back up and offsite storage of data - back ups are automated to occur daily, and are stored on servers in two separate locations</p> <p>Cloud storage utilised for many information functions</p>	4	Moderate	Unlikely	Low	Accept	

Type of Fraud Risk	Existing Controls	Effectiveness of Existing Controls (scale 1-5:)	Fraud Risk Analysis*			Option for Residual Fraud Risk – Accept or Treat	Further Treatment/ Action (if necessary) to Address Residual Fraud Risk
			Fraud Impact Rating	Fraud Probability Rating	Residual Fraud Risk Rating		
<i>Identify individual fraud risks</i>	<i>Set out existing controls to mitigate the risk</i>	<i>How effective are the controls – refer to point 3 above</i>	<i>Insignificant Minor Moderate Major Catastrophic</i>	<i>Almost certain Likely Possible Unlikely Rare</i>	<i>Low Medium High Extreme</i>	<i>Accept Treat</i>	<i>What additional action is necessary to treat the fraud risk?</i>
Unauthorised staff accessing systems	<p>Appropriate level of computer access provided to staff. Staff are restricted from accessing unauthorised information. Higher level access must be granted in writing by the staff member's manager.</p> <p>Staff reminded of responsibilities; for example, not to share passwords</p> <p>Automatic log out of computers when extended period away from computer</p> <p>System controls and checks</p> <p>IT monitoring of systems access</p>	3	Moderate	Possible	Medium	Accept	

Type of Fraud Risk	Existing Controls	Effectiveness of Existing Controls (scale 1-5:)	Fraud Risk Analysis*			Option for Residual Fraud Risk – Accept or Treat	Further Treatment/ Action (if necessary) to Address Residual Fraud Risk
			Fraud Impact Rating	Fraud Probability Rating	Residual Fraud Risk Rating		
<i>Identify individual fraud risks</i>	<i>Set out existing controls to mitigate the risk</i>	<i>How effective are the controls – refer to point 3 above</i>	<i>Insignificant Minor Moderate Major Catastrophic</i>	<i>Almost certain Likely Possible Unlikely Rare</i>	<i>Low Medium High Extreme</i>	<i>Accept Treat</i>	<i>What additional action is necessary to treat the fraud risk?</i>
Unauthorised release of user name and/or password	<p>Appropriate level of computer access provided to staff</p> <p>Staff reminded of responsibilities through the password policy; for example, not to share passwords</p> <p>Utilisation of two-factor authentication</p> <p>Regular forced reset of passwords utilising long/complex characters, lockout after multiple login attempts, advised users of the need to create passwords with unique characteristics that are unlikely to be guessed</p> <p>Regular IT reminders informing about scams and phishing attacks. Utilisation of third party testing of staff</p>	3	Moderate	Possible	Medium	Treat	Increase staff awareness through training programs/workshops on cyber security awareness

Type of Fraud Risk	Existing Controls	Effectiveness of Existing Controls (scale 1-5:)	Fraud Risk Analysis*			Option for Residual Fraud Risk – Accept or Treat	Further Treatment/ Action (if necessary) to Address Residual Fraud Risk
			Fraud Impact Rating	Fraud Probability Rating	Residual Fraud Risk Rating		
<i>Identify individual fraud risks</i>	<i>Set out existing controls to mitigate the risk</i>	<i>How effective are the controls – refer to point 3 above</i>	<i>Insignificant Minor Moderate Major Catastrophic</i>	<i>Almost certain Likely Possible Unlikely Rare</i>	<i>Low Medium High Extreme</i>	<i>Accept Treat</i>	<i>What additional action is necessary to treat the fraud risk?</i>
Misrepresentation of the office by expressing personal views on office email, intranet or internet	Policy on communication devices is acknowledged by all employees - acceptable use policy Code of conduct acknowledged by all staff, available on intranet Disclaimers on all office emails Social media policy in place and regular reminders to staff of their obligations as public servants	4	Minor	Unlikely	Low	Accept	
Installation of illegal software on office computers and laptops	Policy on communication devices is acknowledged by all employees - acceptable use policy Appropriate level of computer access provided to staff. Administration privileges restricted to key IT personnel only, and must be approved by IT manager before installation	4	Minor	Unlikely	Low	Accept	
9. Other fraud							

Type of Fraud Risk	Existing Controls	Effectiveness of Existing Controls (scale 1-5:)	Fraud Risk Analysis*			Option for Residual Fraud Risk – Accept or Treat	Further Treatment/ Action (if necessary) to Address Residual Fraud Risk
			Fraud Impact Rating	Fraud Probability Rating	Residual Fraud Risk Rating		
<i>Identify individual fraud risks</i>	<i>Set out existing controls to mitigate the risk</i>	<i>How effective are the controls – refer to point 3 above</i>	<i>Insignificant Minor Moderate Major Catastrophic</i>	<i>Almost certain Likely Possible Unlikely Rare</i>	<i>Low Medium High Extreme</i>	<i>Accept Treat</i>	<i>What additional action is necessary to treat the fraud risk?</i>
Selling, leaking or misusing information	<p>Code of conduct acknowledged by all staff, available on intranet</p> <p>Sound security maintained for sensitive and/or confidential information</p> <p>Client and other confidential files locked away when not in use</p> <p>Appropriate and timely storage or disposal of sensitive or confidential information</p> <p>All staff given appropriate levels of access to client records and files</p>	3	Moderate	Possible	Medium	Treat	<p>Increase staff awareness through education/training programs/workshops on ramifications of misusing council information</p>

Type of Fraud Risk	Existing Controls	Effectiveness of Existing Controls (scale 1-5:)	Fraud Risk Analysis*			Option for Residual Fraud Risk – Accept or Treat	Further Treatment/ Action (if necessary) to Address Residual Fraud Risk
			Fraud Impact Rating	Fraud Probability Rating	Residual Fraud Risk Rating		
<i>Identify individual fraud risks</i>	<i>Set out existing controls to mitigate the risk</i>	<i>How effective are the controls – refer to point 3 above</i>	<i>Insignificant Minor Moderate Major Catastrophic</i>	<i>Almost certain Likely Possible Unlikely Rare</i>	<i>Low Medium High Extreme</i>	<i>Accept Treat</i>	<i>What additional action is necessary to treat the fraud risk?</i>
Manipulating corporate and client information	As above	3	Moderate	Possible	Medium	Treat	Increase staff awareness through education/training programs/workshops on ramifications of misusing council information
False travel/expense claims	Code of conduct acknowledged by all staff, available on intranet Copy of invoices kept and management approval made for all expense claims Segregation of duties	2	Moderate	Possible	Medium	Treat	Development of a specific travel/expense claim policy

Type of Fraud Risk	Existing Controls	Effectiveness of Existing Controls (scale 1-5:)	Fraud Risk Analysis*			Option for Residual Fraud Risk – Accept or Treat	Further Treatment/ Action (if necessary) to Address Residual Fraud Risk
			Fraud Impact Rating	Fraud Probability Rating	Residual Fraud Risk Rating		
<i>Identify individual fraud risks</i>	<i>Set out existing controls to mitigate the risk</i>	<i>How effective are the controls – refer to point 3 above</i>	<i>Insignificant Minor Moderate Major Catastrophic</i>	<i>Almost certain Likely Possible Unlikely Rare</i>	<i>Low Medium High Extreme</i>	<i>Accept Treat</i>	<i>What additional action is necessary to treat the fraud risk?</i>
Bribe accepted from clients, consultants or other service providers – for example, gifts, cash, event tickets and accommodation.	Code of conduct acknowledged by all staff, available on intranet Staff made aware of gifts and benefits policy and is available on intranet	3	Moderate	Possible	Medium	Treat	Increase staff awareness through education/training programs/workshops on ramifications of accepting bribes or incentives
Fraudulent claim for workers' compensation	Follow formal procedures in dealing with a claim, for example, obtaining incident report and medical reports. Suspected fraudulent workers' compensation claims reported and investigated by StateCover	3	Moderate	Possible	Medium	Treat	Increase staff awareness through education/training programs/workshops on ramifications of making fraudulent claims

Type of Fraud Risk	Existing Controls	Effectiveness of Existing Controls (scale 1-5:)	Fraud Risk Analysis*			Option for Residual Fraud Risk – Accept or Treat	Further Treatment/ Action (if necessary) to Address Residual Fraud Risk
			Fraud Impact Rating	Fraud Probability Rating	Residual Fraud Risk Rating		
Identify individual fraud risks	Set out existing controls to mitigate the risk	How effective are the controls – refer to point 3 above	Insignificant Minor Moderate Major Catastrophic	Almost certain Likely Possible Unlikely Rare	Low Medium High Extreme	Accept Treat	What additional action is necessary to treat the fraud risk?
False performance appraisal	Review and approval of all appraisals by management, General Manager and Deputy General Manager make final review, acknowledgement, and approval	2	Moderate	Possible	Medium	Treat	<p>Improve performance appraisal methodology by embracing automation, third-party involvement, etc.</p> <p>Adjust deadlines so that staff with financial statements obligations are able to properly engage and participate in the performance review process</p>

Type of Fraud Risk	Existing Controls	Effectiveness of Existing Controls (scale 1-5:)	Fraud Risk Analysis*			Option for Residual Fraud Risk – Accept or Treat	Further Treatment/ Action (if necessary) to Address Residual Fraud Risk
			Fraud Impact Rating	Fraud Probability Rating	Residual Fraud Risk Rating		
<i>Identify individual fraud risks</i>	<i>Set out existing controls to mitigate the risk</i>	<i>How effective are the controls – refer to point 3 above</i>	<i>Insignificant Minor Moderate Major Catastrophic</i>	<i>Almost certain Likely Possible Unlikely Rare</i>	<i>Low Medium High Extreme</i>	<i>Accept Treat</i>	<i>What additional action is necessary to treat the fraud risk?</i>
False qualifications in job application	Thorough reference checks carried out on new starters Hiring staff (HR or unit team leaders) follow formally documented procedures in recruitment policy Interviews conducted by selection panel (two from business unit and one independent, or similar acceptable variation)	3	Moderate	Possible	Medium	Treat	Improved employment screening checks
Running a private business in office time	Code of conduct acknowledged by all staff, available on intranet	3	Moderate	Possible	Medium	Accept	
Running a private business/second job without permission	Conflict of interest policy and secondary employment policy available on intranet and declaration acknowledged by all staff. Application for secondary employment approved by General Manager.	3	Moderate	Possible	Medium	Accept	

Type of Fraud Risk	Existing Controls	Effectiveness of Existing Controls (scale 1-5:)	Fraud Risk Analysis*			Option for Residual Fraud Risk – Accept or Treat	Further Treatment/ Action (if necessary) to Address Residual Fraud Risk
			Fraud Impact Rating	Fraud Probability Rating	Residual Fraud Risk Rating		
<i>Identify individual fraud risks</i>	<i>Set out existing controls to mitigate the risk</i>	<i>How effective are the controls – refer to point 3 above</i>	<i>Insignificant Minor Moderate Major Catastrophic</i>	<i>Almost certain Likely Possible Unlikely Rare</i>	<i>Low Medium High Extreme</i>	<i>Accept Treat</i>	<i>What additional action is necessary to treat the fraud risk?</i>
Unauthorised access to office records including sensitive or confidential information and client information	IT security (see Information Systems section eight above). Includes audit trail monitoring by IT department Records security and controls limit user access to confidential documents State archives stored offsite with Grace and historical minute books with UNE - DA's, BA's, CD's, SOM's Code of conduct acknowledged by all staff, available on intranet	3	Moderate	Possible	Medium	Accept	

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Microsoft Forms

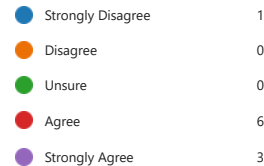
Fraud Control Health Check Questionnaire

10 Responses

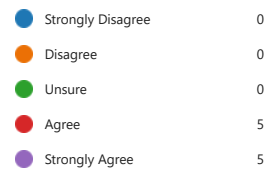
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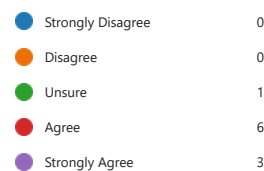
1. The CEO and senior management team are committed to actively controlling fraud in my workplace



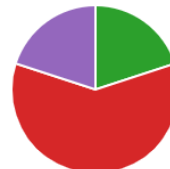
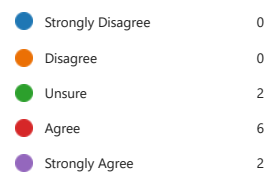
2. We have ethical behaviours policies that most staff in my work area are aware of and understand that staff will be disciplined for fraudulent or corrupt behaviour, and for breaches of our code of conduct/ethics



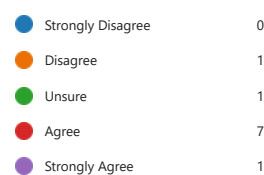
3. Most staff in my work area are aware of their responsibilities and the responsibilities of management for minimising fraud in our workplace



4. Our fraud control policies and procedures tell us how to deal effectively with the fraud risks we face



5. The functions of my work area are regularly assessed to identify and address the fraud risks we face

https://forms.office.com/pages/designpagev2.aspx?analysis=true&origin=EmailNotification&subpage=design&id=vTdBu4avkEeTNKC--yv_0jM2s...

1/3

04/07/2024, 22:49

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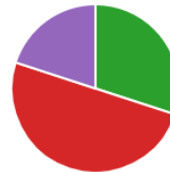
6. Our organisation runs a comprehensive awareness program about fraud control

Strongly Disagree	0
Disagree	5
Unsure	2
Agree	3
Strongly Agree	0



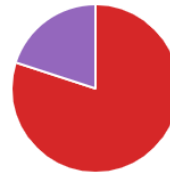
7. I am confident our organisation has policies and systems in place to ensure that third parties are appropriately checked and verified

Strongly Disagree	0
Disagree	0
Unsure	3
Agree	5
Strongly Agree	2



8. Staff and third parties are encouraged to report alleged fraud or corruption in my organisation

Strongly Disagree	0
Disagree	0
Unsure	0
Agree	8
Strongly Agree	2



9. I am confident my organisation systematically makes efforts to detect fraud and corruption

Strongly Disagree	0
Disagree	0
Unsure	3
Agree	6
Strongly Agree	1



10. I am confident internal investigations of alleged fraud and corruption would be carried out independently and to high standards in my organisation

Strongly Disagree	0
Disagree	0
Unsure	0
Agree	7
Strongly Agree	3



11. Have you got any general comments about the fraud control environment in your work area?

2
Responses

Latest Responses

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Microsoft Forms

12. Name of your work area (not YOUR name – your response is anonymous).

10
Responses

Latest Responses
 "Engineering Services"
 "Human Resources/Payroll/Governance"
 "Organisation Community Development"

5 respondents (50%) answered **Services** for this question.



GWDIR SHIRE COUNCIL

ADMINISTRATION POLICY

Fraud and Corruption Prevention

Applicability

All Councillors and Council Staff

Publication Requirement

Internal and External

Assigned Responsible Officer

Chief Financial Officer

Document Status

Version	Date Reviewed	Prepared by	Endorsed	Approved
1.0	12/4/2024			

Amendment Record

Amendment Version #	Date Reviewed	Description of Amendment

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1. PURPOSE

To state Gwydir Shire Council's commitment to the prevention of fraud and corruption and to outline the methodology to deter and detect fraudulent behaviour and corrupt conduct.

This policy outlines the responsibilities of our people in regard to the prevention, detection and investigation of fraudulent and corrupt activities in Gwydir Shire Council.

2. POLICY SCOPE

This policy applies to any suspected or confirmed irregularity involving all Gwydir a Council employees, Councillors and external parties including contractors, community representatives, volunteers and consultants.

3. POLICY STATEMENT

Gwydir Shirw Council will not tolerate corrupt conduct by employees, Councillors, contractors, volunteers or external parties.

This policy will contribute to:

- a) Protecting the physical assets, funds and resources of Gwydir Shire Council from providing personal benefit to employees, contractors, volunteers and third parties whilst creating an environment of public trust and security;
- b) protecting Council employees, Councillors, volunteers, contractors and consultants from false accusation or public perception of corrupt or fraudulent behaviour; and
- c) protecting Council's reputation.

4. POLICY COMMITMENT

Through the Executive Management Team and the Audit, Risk and Improvement Committee (ARIC), Gwydir Shire Council will support a culture that is committed to:

- a) minimising the opportunities for corrupt conduct by employees, members of the public, Councillors, contractors, volunteers and customers;
- b) creating awareness of this policy and encourage the reporting of possible risks;
- c) detecting, investigating and disciplining/prosecuting fraud and corruption;
- d) reporting corrupt conduct to appropriate authorities;
- e) developing and implementing a fraud and corruption risk assessment strategy to assist in the identification and management of corruption risks across Council;
- f) strengthening systems where fraud is detected, and implementing controls to mitigate the chance of repetition or further fraudulent activity; and
- g) encouraging confidence in Council's ability to manage fraudulent and corrupt

behaviour.

5. DEFINITIONS

5.1. Fraud

The definition of **Fraud** by the NSW Audit Office is:

"a deliberate and premeditated turn of events which involves the use of deception to gain advantage from a position of trust and authority. The type of events include: acts of omission, theft, the making of false statements, evasion, manipulation of information and numerous other acts of deception".

Fraud and corruption can be committed by one person or in collusion with others. Such persons may be employees of Council, Councillors, volunteers, external companies, external individuals, contractors or consultants.

5.2. Corruption

The *Independent Commission Against Corruption Act 1988* (NSW) provides a definition of **corruption** which includes but is not limited to:

- a) *any conduct of any person (whether or not a public official) that adversely affects, or could adversely affect, either directly or indirectly, the honest or impartial exercise of official functions by any public official, any group or body of public officials or any public authority;*
- b) *any conduct of a public official that constitutes or involves the dishonest or partial exercise of any of his or her official functions;*
- c) *any conduct of a public official or former public official that constitutes or involves a breach of public trust; or*
- d) *any conduct of a public official or former public official that involves the misuse of information or material that he or she has acquired in the course of his or her official functions, whether or not for his or her benefit or for the benefit of any other person.*

5.3. Examples of Corrupt Conduct

Corrupt conduct examples include:

- a) misappropriation of Council funds;
- b) exerting influence in order to receive a benefit for oneself or others;
- c) using Council information to bribe or threaten individuals or businesses;
- d) taking of equipment or supplies (including stationery or portable electrical equipment) from Council;

- e) conspiring unfairly with others to determine a tender or development application;
- f) receiving benefits to process development applications that do not meet statutory, regulatory or Council requirements;
- g) enhancing one's financial position through the use of Council information;
- h) unauthorised private use of a Council motor vehicle or other assets of Council;
- i) using Council money for a private benefit;
- j) accepting gifts that contravene the Code of Conduct (with failure to disclose the gift);
- k) falsifying timesheets;
- l) running a private business during working hours or with Council resource;
- m) falsifying travel claims and/or reimbursements;
- n) falsifying documents to obtain benefits that would otherwise not be provided; or
- o) election bribery, election funding offences and election fraud.

6. OUR RESPONSIBILITIES

6.1 All Employees

All Council employees are responsible for:

- 1) Performing their functions and duties with diligence, honesty, integrity and impartiality.
- 2) Complying with this policy and all legislative requirements to ensure they are not participating in corrupt or fraudulent behaviour.
- 3) Reporting any suspicion of fraudulent or corrupt behaviour to the General Manager, the appropriate Manager or the Mayor if such behaviour concerns the General Manager, or by utilisation of Council's Public Interest Disclosures Policy.
- 4) Reporting any identified weaknesses in internal controls that could potentially facilitate a fraudulent or corrupt act.

6.2 Councillors

Councillors are responsible for performing their functions and duties with diligence, honesty, integrity and impartiality; and reporting all cases of suspected fraudulent or corrupt behaviour to the General Manager, Mayor, Disclosures Officer or relevant external agencies.

6.3 General Manager

The General Manager is ultimately responsible for the prevention, detection and reporting of fraud and corruption through the implementation of appropriate and effective internal control systems.

The General Manager is responsible for ensuring that Council's Code of Conduct and associated policies are extended to all Council employees and Councillors and promoting Gwydir Shire Council's commitment to preventing fraud and corruption to the local Community.

The General Manager has a duty under s11 of the ICAC Act 1998 to report to ICAC any matter that is suspected to concern or may concern corrupt conduct and report criminal offences to the NSW Police.

6.4 Directors, Managers and Supervisors

Directors, Managers and Supervisors are also responsible for the prevention, detection and reporting of fraud and corrupt conduct by ensuring:

- 1) There are mechanisms in place within their area of control to assess the risk of fraud and corrupt conduct and to manage such risks by appropriate internal controls.
- 2) The promotion of employee awareness, training and education on the prevention of fraud and corruption.
- 3) Compliance with all relevant policies and practices.
- 4) Reporting of any fraud or corruption matters to the General Manager.
- 5) That reasonable steps are undertaken to ensure that Council contractors within their area of control adhere to the provisions of this policy.

6.5 Audit, Risk and Improvement Committee

Council's Audit, Risk and Improvement Committee (ARIC) plays a pivotal role in the governance framework. It provides Council with independent oversight in the areas of risk, control, compliance and financial reporting. ARIC consists of two Councillors, three independent members of the public and Council staff. Note that the Council staff do not have voting rights.

6.6 Rights of the Employee

Council recognises, that where an allegation of fraud may also involve criminal conduct, then, by law, the employee's right to silence will be recognised. Council will also recognise the employee's right to due process, independent union representative, support personnel and legal advice.

Council will take seriously all reports of suspected fraud and conduct appropriate investigations. Council reserves the right to determine who will be informed of the allegations and when, subject to any legal obligations. Council may investigate an allegation without informing the individual(s) to whom the allegation relates and may also keep allegations confidential while other agencies are reviewing or investigating the matter. Where

disciplinary action is being considered, the suspected officer will be given an opportunity to explain the events at an appropriate time.

7. FRAUD PREVENTION AND CONTROLS

7.1. Prevention

In implementing this policy, Council has identified the fraud and corruption risks across the organisation. The identified areas of high risk of fraud and corruption within Council will assist in the development of management strategies in response to such risks.

Identified Fraud and Corruption Risks for Gwydir Shire Council include (but are not limited to):

- a) Conflicts of Interest;
- b) Bribes, including Gifts and Benefits;
- c) Recruitment and selection;
- d) Procurement, purchasing and tendering;
- e) Development Applications;
- f) Cash handling;
- g) Theft of money, materials and machines;
- h) Delegations;
- i) Time recording;
- j) Use of Council resources;
- k) Stock control;
- l) Obtaining personal benefit by provision of additional service; and
- m) Information technology.

7.2. Mitigation Practices

Actions that will be taken to minimise the risk of fraud include:

- a) **Governance** – a strong governance framework will ensure appropriate policies exist and knowledge of correct procedures in circumstances of conflicts of interest, gifts and benefits and delegations;
- b) **Leadership** – the behaviour of leaders is seen as important in creating an ethical workplace;
- c) **Risk Management** – identifying where the risks exist and to minimise them;
- d) **Conduct Guidance** – by providing an effective guide to proper behaviour through

the Code of Conduct;

- e) **Staff Culture** – an effective internal reporting system and supportive and transparent culture to assist detecting fraud and identifying suspicious behavior;
- f) **Segregation of Duties** – ensuring that multiple officers are involved in processing transactions to reduce the opportunity for fraud as well as error;
- g) **Peer Review** and selective checking by Management – a review of work leads to the sharing of knowledge and discourages fraud;
- h) **Computerised Reporting and Data Analysis** – by identifying high volume, low amount transactions or unusual items can deter staff from fraudulent practices;
- i) **Physical Access** – security needs to reflect the risk of theft such as cash, cheques and other high risk items; and
- j) **Information Security** – information is also susceptible to fraud and needs to be secured.

8. REPORTING AND INVESTIGATION

8.1. Internal Reporting of fraud and corruption

Council will provide support to persons who report instances of fraud, corruption and wrongdoing in accordance with the Gwydir Shire Council Public Interest Disclosures Policy. A separate Council policy details the provisions and procedures covered by the Public Interest Disclosures Act 1994.

The Code of Conduct also establishes responsibility for staff to report breaches.

8.2. Protection of Whistleblowers

Council respects that whistleblowers play an important role to ensure that our operations are conducted in accordance with applicable legislative and policy requirements. Council will ensure the safety and confidentiality of whistleblowers and will implement all protections as defined in the Treasury Laws Amendment (Enhancing Whistleblower Protections) Act 2019. Discipline and Investigation

8.3. Discipline and Investigation

Council respects that whistleblowers play an important role to ensure that our operations are conducted in accordance with applicable legislative and policy requirements. Council will ensure the safety and confidentiality of whistleblowers and will implement all protections as defined in the Treasury Laws Amendment (Enhancing Whistleblower Protections) Act 2019. Discipline and Investigation

Gwydir Shire Council has zero tolerance for corrupt or fraudulent behaviour. Council staff found guilty of such matters will face disciplinary matters pursuant to the Code of Conduct and the Local Government (State) Award. Other (non-staff) Council officers will be disciplined pursuant

to Council's Code of Conduct.

All "possible" corruption matters, involving Council officers, have a mandatory statutory reporting requirement to ICAC. ICAC or Council itself can also seek criminal prosecutions by reporting fraud and other corruption matters to the NSW Police Service.

The General Manager must make an initial determination as to whether the matter in question concerns or may concern corrupt conduct. This may entail their own analysis of the circumstances surrounding the matter or utilising another staff member or an investigator to carry out preliminary enquiries on which to base the determination.

After formal notification by the General Manager, ICAC will normally determine if they will investigate the alleged corruption matter. Alternatively, ICAC may instruct Council to carry out their own investigation and report the findings to ICAC. In such circumstances Council should engage an experienced and suitably qualified investigator for the process.

9. RELATED LEGISLATION, POLICIES AND REVIEW

9.1. Related Legislation and Policies

The following are relative to this policy:

- 1) Local Government Act 1993 NSW
- 2) Independent Commission Against Corruption Act 1988
- 3) Public Interest Disclosure Act 1994 NSW
- 4) Treasury Laws Amendment (Enhancing Whistleblower Protections) Act 2019
- 5) Gwydir Shire Council Code of Conduct
- 6) Gwydir Shire Councils Public Interest Disclosures Policy

9.2. Review

Council reserves the right to vary, replace or terminate this policy at any time. This policy will be reviewed every 4 years or following an ordinary election of Council, or earlier if there are relevant statutory or State Government policy changes.

5.7 Final IPR Documents**File Reference:** NA**Delivery Program****Goal:** 5. Organisational management**Outcome:** 5.1 Corporate management**Strategy:** 5.1.1 Financial Management and accountability systems**Author:** CFO**STAFF DISCLOSURE OF INTEREST** Nil**IN BRIEF/SUMMARY RECOMMENDATION**

This report recommends the notation of of 2025 Financial Year documentation.

TABLED ITEMS The suite of IP & R documents was tabled**OFFICER RECOMMENDATION****THAT** the IP & R documentation is noted.**ATTACHMENTS**

Nil

COMMITTEENCIL RESOLUTION:**THAT** the IP & R documentation is received.

(Moved Jack O'Hara, Seconded Cr J Coulton)

CARRIED**For:** Cr J Coulton and Jack O'Hara**Against:** Nil

6 CLOSURE

Next Meeting Dates

General Business

Update on the Sale for Unpaid Rates

This is being handled by our contractor and a report on final figures will be provided at the next Council meeting.

Update on the Bingara Administration Building

The plans for the building will go to the next Regional Planning Panel on 23rd July 2024 for approval. From there, contracts will be signed and it is expected that building should commence shortly after this with an estimated build time of 44 weeks.

Next ARIC meeting

The date for the next ARIC meeting will be finalized once the Local Government Election has been declared and a new Mayor has been elected. At this next meeting the Chair, Jack O'Hara, will provide an overview and purpose of the role of the ARIC committee.

The meeting closed at 11.05 am.