



Hon David Templeman MLA
Minister for Local Government; Heritage; Culture and the Arts

Our Ref: 66-02771

TO ALL LOCAL GOVERNMENTS

CIRCULAR N^o 08-2017

LOCAL GOVERNMENT RISK PROFILE

I am aware of concerns raised within the local government sector about the Department of Local Government, Sport and Cultural Industries' Risk Profile and the way the Department has communicated with the sector with regard to the Profile.

The Department has an important role in building capacity and good governance in the local government sector, and providing effective regulation through ensuring compliance with the *Local Government Act 1995* and regulations. By adopting a risk-based approach, and accepting that not all risks can be eliminated, the Department is able to direct resources toward the greatest threats to a local government's ability to function effectively in the interests of its community.

Local governments produce a wide range of information that is used by the Department to categorise local governments according to their potential risk. The Department has prepared this Risk Profile for the last six years.

Where a local government is reporting, or being reported, as non-compliant with legislative requirements and/or producing financial results below prescribed standards, the Department makes the organisation aware of the fact and provides advice on how to remedy the situation.


In these circumstances, officers should be engaging with elected members, preferably via the Council's Audit Committee, so the Council can be apprised of the situation and, as appropriate, develop strategies to:

- address non-compliance;
- initiate action plan(s) for continuing improvement; and
- identify what Council considers might be sound financial health for itself where that might be below sector standards or benchmarks.

I understand that both the Western Australian Local Government Association (WALGA) and Local Government Professionals Australia (WA) (LG Professionals) have now been provided with details of the local governments identified on the Profile, together with information on the assessment criteria used to determine their level of risk. Additionally, I am advised that the Department has formed a reference group with WALGA and LG Professionals, to better coordinate the provision of assistance to high risk local governments.

The Department has advised that, in light of the sector's concerns, it will be reviewing the way it communicates with the sector about the Risk Profile, and will be more proactive in advising strategies for local governments to improve their categorisation. I will continue to call meetings annually with the Corruption and Crime Commission, Public Sector Commission, the Department and the sector to discuss more serious and systemic risks and work on solutions.

I encourage you to familiarise yourself with your local government's compliance requirements, so that you can contribute to the good governance of your organisation, to ensure there is transparent and proper accountability for your community.



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