

## 17.1 LATE ITEM - AUDIT AND ORGANISATIONAL RISK COMMITTEE – MARCH 2019 MEETING

<b>File No:</b>	<b>FM.1</b>
<b>Responsible Executive Officer:</b>	<b>Director Corporate Services</b>
<b>Reporting Author:</b>	<b>Manager Governance &amp; Organisational Strategy</b>
<b>Date of Report:</b>	<b>26 February 2019</b>
<b>Applicant/Proponent:</b>	<b>Nil</b>
<b>Disclosure of Interest:</b>	<b>Nil</b>
<b>Attachment(s):</b>	<b>1. AORC Meeting Minutes – 15 March 2019</b> <b>2. Confidential Risk Register Extract</b>

### PURPOSE

To receive the minutes of the Audit & Organisational Risk Committee (AORC) meeting held on 15 March 2019.

### BACKGROUND

The following matters were discussed at the meeting:

#### (a) Compliance Audit Return 2018

Each local government is statutorily required to carry out an annual Compliance Audit Return (CAR) for the preceding calendar year for submission to the Department of Local Government, Sport and Cultural Industries prior to 31 March. Of the 95 questions that comprise the CAR, there was only one identified instance non-compliance as follows:

Category	Legislative Reference	Question	Comments
Tendering for Goods and Services	F&G r.24	Was each person who submitted an EOI given a notice in writing in accordance with Functions and General Regulation 24?	Council resolved to decline all submissions under two EOIs. Following this decision respondents were not notified of the outcome in writing. This was an oversight due to the City's process not being followed. As both EOIs were declined at the same time, both EOIs were affected.

Despite this non-compliance, the City has achieved a compliance rate of 98.9%.

#### (b) Risk Management Policy Review

The Committee reviewed the updated Risk Management Policy (CG-01) reflecting updated references to the Australian Standard for Risk Management.

#### (c) Risk Register Update

Risk reporting for the quarter identified 34 of 179 identified risks across the City as having major or catastrophic inherent consequences. However, with effective controls and

management oversight, there are no residual extreme risks and only 2.2% of residual risks are rated high.

(d) Information updates were also provided on progress with:

- (i) outstanding recommendations related to internal audits;
- (ii) outstanding recommendations related to external audits including the annual financial audit including advice from the Office of Auditor General on the fees associated with the forthcoming financial audit for 2018/19;
- (iii) Office of Auditor General local governments audits; and
- (iv) Business Improvement.

### **LEVEL OF SIGNIFICANCE**

In accordance with Council Policy CG-8 Significant Decision Making Policy, this matter is considered to be of moderate significance in terms of Council's ability to perform its role.

### **COUNCILLOR/OFFICER CONSULTATION**

Consultation has occurred on the above matters with the members of the AORC, the Chief Executive Officer, Director Corporate Services and Manager Governance & Organisational Strategy.

### **COMMUNITY CONSULTATION**

No community consultation is required.

### **STATUTORY IMPLICATIONS**

Regulation 17 of the *Local Government (Audit) Regulations 1996* requires that the CEO reviews systems and procedures in relation to risk management, internal controls and legislative compliance and reports the results of the reviews to the Audit Committee.

Section 7.13(1)(i) of the *Local Government Act 1995* and Regulations 13-15 of the *Local Government (Audit) Regulations 1996* provide for compliance audits.

### **POLICY IMPLICATIONS**

The following Council Policies are impacted or apply:  
CG-1 Risk Management Policy.

### **FINANCIAL IMPLICATIONS**

Advice has been received from the Office of Auditor General that the estimated costs to conduct the 2018/19 financial audit will be approximately \$53,000 plus GST (compared to \$32,450 plus GST for 2017/18). Provision will be made in the 2019/20 Budget for the audit fees payable to the OAG.

### **STRATEGIC IMPLICATIONS**

This item is relevant to the Council's approved Strategic Community Plan 2016-2026 and Corporate Business Plan 2016-2021. In particular, the Operational Plan 2018-2019 provided for this activity:

Program/Services:	4.e.1.2	Corporate Governance Support
Projects/Actions:	4.e.1.2.1	Conduct Compliance Audit Return
Program/Services:	4.e.1.3	Risk Management
Projects/Actions:	4.e.1.3.1	Implement Internal Audit Program
	4.e.1.3.2	Review Risk Management Systems

### **RISK MANAGEMENT CONSIDERATIONS**

The level of risk to the City is considered to be as follows:

Category	Risk level	Comments
Health	Moderate	The Risk Register review assists in identifying and managing the City's inherent risks that may affect health.
Financial	Moderate	The Compliance Audit Return, internal audits and risk reviews are an integral part of ensuring that financial risks are minimised.
Service Interruption	Moderate	The Risk Register review assists in identifying and managing the City's inherent risks that may interrupt services.
Environment	Moderate	The Risk Register review assists in identifying and managing the City's inherent risks that may have an impact on the environment.
Reputation	Moderate	The Risk Register review assists in identifying and managing organisational risks that may affect the City's reputation.
Compliance	High	Internal audits and risk reviews are an integral part of ensuring that compliance risks are minimised and legislative compliance is maintained.

### IMPACT ON CAPACITY

There is no impact on capacity or resourcing to carry out the Officer's recommendation.

### RELEVANT PRECEDENTS

Council considers the Compliance Audit Return on an annual basis. Risk management activity and internal audits are carried out regularly throughout the year.

### VOTING REQUIREMENTS

Absolute Majority

### OPTIONS:

#### Option 1

As per Officer's recommendation.

#### Option 2

That Council by SIMPLE Majority pursuant to Part 7 of the *Local Government Act 1995* and Regulations 14, 15 and 17 of the *Local Government (Audit) Regulations 1996* RESOLVES to DEFER this matter pending additional information.

### CONCLUSION

The primary focus of the recent meeting of the recent Audit & Organisational Risk Committee was to consider the Compliance Audit Return for 2018 and updates on risk management and audit activity.

A 98.9% compliance rate was recorded through the CAR and internal controls continue to be monitored to maintain high levels of compliance.

The Risk Register update demonstrates that the City is managing risk effectively with no *residual* risks rated extreme and only 2% of *residual* risks rated high. These risks are considered acceptable given the controls in place and effective management and monitoring.

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**OFFICER'S RECOMMENDATION**

**That Council by ABSOLUTE Majority pursuant to Section 5.54 and Part 7 of the *Local Government Act 1995* RESOLVES to:**

- 1. RECEIVE the Minutes of the Audit and Organisational Risk Committee for the meeting held on 15 March 2019;**
- 2. ADOPT the Compliance Audit Return 2018 for submission to the Department of Local Government, Sport and Cultural Industries prior to 31 March 2019; and**
- 3. ADOPT the updated Risk Management Policy (CG-01).**



## **AUDIT AND ORGANISATIONAL RISK COMMITTEE MEETING**

# **MINUTES**

**The Audit and Organisational Risk Committee Meeting  
was held in Council Chambers,  
Welcome Road, Karratha,  
on Friday, 15 March 2019**

A handwritten signature in black ink, appearing to read "Chris Adams", is positioned above a horizontal line.

**CHRIS ADAMS  
CHIEF EXECUTIVE OFFICER**



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The City of Karratha warns that anyone who has any application lodged with the City of Karratha must obtain and should only rely on

**WRITTEN CONFIRMATION**

of the outcome of the application, and any conditions attaching to the decision made by the City of Karratha in respect of the application.

Signed: \_\_\_\_\_

**Chris Adams - Chief Executive Officer**

## DECLARATION OF INTERESTS (NOTES FOR YOUR GUIDANCE) (updated 13 March 2000)

A member who has a **Financial Interest** in any matter to be discussed at a Council or Committee Meeting, which will be attended by the member, must disclose the nature of the interest:

- (a) In a written notice given to the Chief Executive Officer before the Meeting or;
- (b) At the Meeting, immediately before the matter is discussed.

A member, who makes a disclosure in respect to an interest, must not:

- (c) Preside at the part of the Meeting, relating to the matter or;
- (d) Participate in, or be present during any discussion or decision-making procedure relative to the matter, unless to the extent that the disclosing member is allowed to do so under Section 5.68 or Section 5.69 of the Local Government Act 1995.

## NOTES ON FINANCIAL INTEREST (FOR YOUR GUIDANCE)

The following notes are a basic guide for Councillors when they are considering whether they have a **Financial Interest** in a matter. I intend to include these notes in each agenda for the time being so that Councillors may refresh their memory.

1. A Financial Interest requiring disclosure occurs when a Council decision might advantageously or detrimentally affect the Councillor or a person closely associated with the Councillor and is capable of being measure in money terms. There are exceptions in the *Local Government Act 1995* but they should not be relied on without advice, unless the situation is very clear.
2. If a Councillor is a member of an Association (which is a Body Corporate) with not less than 10 members i.e. sporting, social, religious etc), and the Councillor is not a holder of office of profit or a guarantor, and has not leased land to or from the club, i.e., if the Councillor is an ordinary member of the Association, the Councillor has a common and not a financial interest in any matter to that Association.
3. If an interest is shared in common with a significant number of electors or ratepayers, then the obligation to disclose that interest does not arise. Each case needs to be considered.
4. If in doubt declare.
5. As stated in (b) above, if written notice disclosing the interest has not been given to the Chief Executive Officer before the meeting, then it **MUST** be given when the matter arises in the Agenda, and immediately before the matter is discussed.
6. Ordinarily the disclosing Councillor must leave the meeting room before discussion commences. The **only** exceptions are:
  - 6.1 Where the Councillor discloses the **extent** of the interest, and Council carries a motion under s.5.68(1)(b)(ii) or the Local Government Act; or
  - 6.2 Where the Minister allows the Councillor to participate under s5.69 (3) of the Local Government Act, with or without conditions.

## INTERESTS AFFECTING IMPARTIALITY

**DEFINITION:** *An interest that would give rise to a reasonable belief that the impartiality of the person having the interest would be adversely affected, but does not include an interest as referred to in Section 5.60 of the 'Act'.*

A member who has an **Interest Affecting Impartiality** in any matter to be discussed at a Council or Committee Meeting, which will be attended by the member, must disclose the nature of the interest;

- (a) in a written notice given to the Chief Executive Officer before the Meeting; or
- (b) at the Meeting, immediately before the matter is discussed.

## IMPACT OF AN IMPARTIALITY CLOSURE

There are very different outcomes resulting from disclosing an interest affecting impartiality compared to that of a financial interest. With the declaration of a financial interest, an elected member leaves the room and does not vote.

With the declaration of this new type of interest, the elected member stays in the room, participates in the debate and votes. In effect then, following disclosure of an interest affecting impartiality, the member's involvement in the Meeting continues as if no interest existed.





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# MINUTES

## 1 OFFICIAL OPENING

The Meeting was officially opened at 9.07 am.

## 2 RECORD OF ATTENDANCES AND APOLOGIES

Committee Members: Cr Evette Smeathers (Chairperson)  
Cr Grant Cucel  
Cr Peter Long

Staff: Chris Adams Chief Executive Officer  
Phillip Trestrail Director Corporate Services  
Henry Eaton Manager Governance &  
Organisational Strategy  
Linda Phillips Minute Secretary

External: Nil

Apologies: Cr Daniel Scott

## 3 DECLARATIONS OF INTEREST

Nil.

## 4 CONFIRMATION OF MINUTES AND BUSINESS ARISING FROM MINUTES OF PREVIOUS MEETINGS

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### OFFICER'S RECOMMENDATION / COMMITTEE RESOLUTION

Res No : AOR77  
MOVED : Cr Cucel  
SECONDED: : Cr Long

That the Minutes of the Audit and Organisational Risk Committee Meeting held on Friday, 16 November 2018, be confirmed as a true and correct record of proceedings.

CARRIED

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FOR : Cr Smeathers, Cr Cucel, Cr Long  
AGAINST : Nil



## 5 ITEMS FOR DISCUSSION

### 5.1 COMPLIANCE AUDIT RETURN 2018

<b>File No:</b>	<b>FM.12</b>
<b>Responsible Executive Officer:</b>	<b>Director Corporate Services</b>
<b>Reporting Author:</b>	<b>Governance Officer - Compliance</b>
<b>Date of Report:</b>	<b>7 February 2019</b>
<b>Applicant/Proponent:</b>	<b>Nil</b>
<b>Disclosure of Interest:</b>	<b>Nil</b>
<b>Attachment(s)</b>	<b>Compliance Audit Return 2018</b>

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#### **PURPOSE**

To consider the review of the City's level of compliance with legislation to inform the 2018 Compliance Audit Return (CAR).

#### **BACKGROUND**

Each local government is required to carry out a compliance audit in relation to the period 1 January 2018 to 31 December 2018 against the requirements set out in the 2018 CAR.

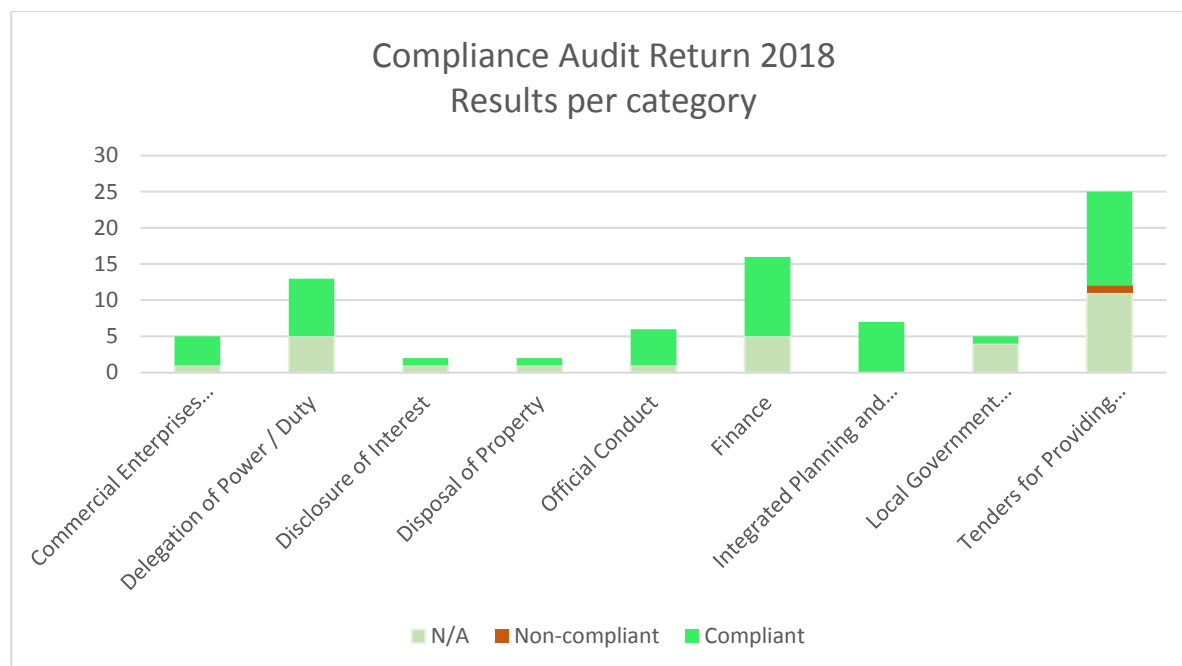
The Audit and Organisational Risk Committee is required to review the completed CAR and report the results to Council. After the CAR has been reviewed by the Audit & Organisational Risk Committee and a report presented to Council, a certified copy of the CAR is to be submitted to the Department of Local Government, Sport and Cultural Industries by 31 March 2019.

The CAR requires local governments to carry out an audit of compliance with statutory requirements in the areas of:

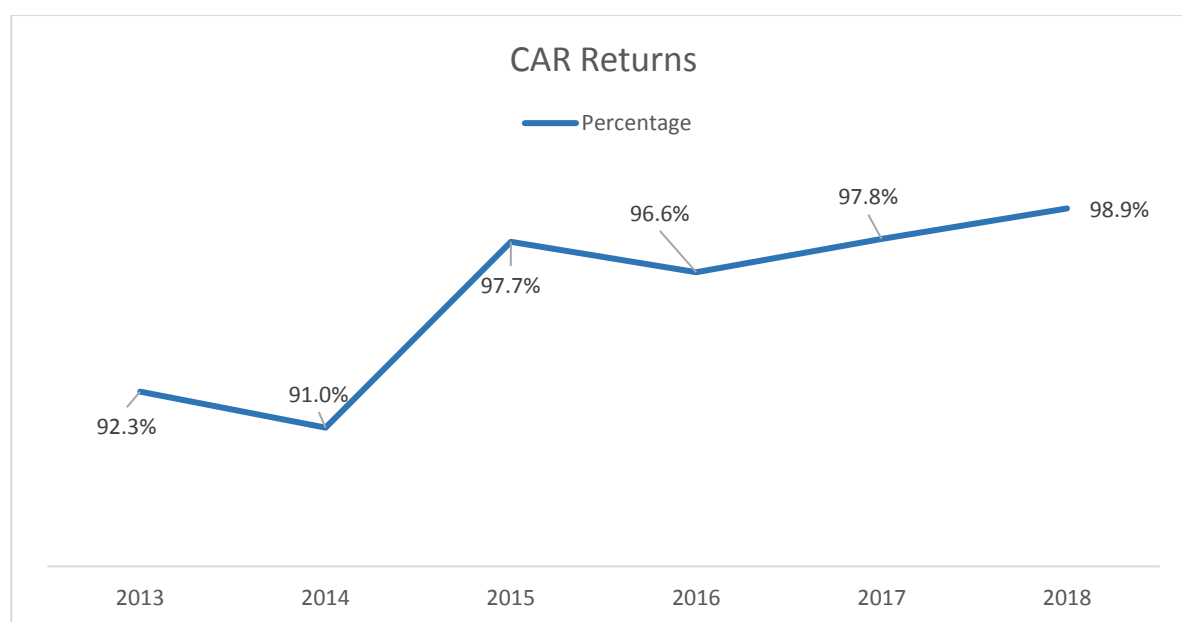
- a) Commercial Enterprises by local governments;
- b) Delegation of Power/Duty;
- c) Disclosure of Interest;
- d) Disposal of Property;
- e) Elections;
- f) Finance;
- g) Integrated Planning and Reporting;
- h) Local Government Employees;
- i) Official Conduct; and
- j) Tenders for Providing Goods and Services.

The questions in the 2018 CAR were essentially the same as the 2017 CAR. Of the 95 questions, there is only one instance of non-compliance, resulting in a 98.9% compliance rate.

The non-compliance was for failing to notify a person who had submitted an Expression of Interest in accordance with Regulation 24 of the *Local Government (Functions & General) Regulations 1996*. Following is a summary of the results per category:



The recent history of City of Karratha CAR results is illustrated below:



#### **LEVEL OF SIGNIFICANCE**

In accordance with Council Policy CG-8 Significant Decision Making Policy, this matter is considered to be of moderate significance in terms of compliance.

#### **COUNCILLOR/OFFICER CONSULTATION**

Consultation has taken place between relevant areas when preparing responses.

#### **COMMUNITY CONSULTATION**

No community consultation is required.

#### **STATUTORY IMPLICATIONS**

Section 7.13(1)(i) of the *Local Government Act 1995* and Regulations 13-15 of the *Local Government (Audit) Regulations 1996* provide for compliance audits.

**POLICY IMPLICATIONS**

There are no policy implications.

**FINANCIAL IMPLICATIONS**

There are no financial implications.

**STRATEGIC IMPLICATIONS**

This item is relevant to the Council's approved Strategic Community Plan 2016-2026 and Corporate Business Plan 2016-2021. In particular, the Operational Plan 2018-2019 provided for this activity:

Programs/Services:	4.e.1.2	Corporate Governance
Projects/Actions:	4.e.1.2.1	Conduct Compliance Audit Return

**RISK MANAGEMENT CONSIDERATIONS**

The level of risk to the City is considered to be as follows:

Category	Risk level	Comments
Health	N/A	Nil
Financial	N/A	Nil
Service Interruption	N/A	Nil
Environment	N/A	Nil
Reputation	Low	CAR results are utilised as a tool by the Department for Local Government and unless a result is extraordinary would not result in any reputational damage.
Compliance	High	Good systems and strong governance in place to manage risk.

**IMPACT ON CAPACITY**

There is no impact on capacity or resourcing to carry out the Officer's recommendation.

**VOTING REQUIREMENTS**

Simple Majority.

**OPTIONS:**Option 1

As per Officer's recommendation.

Option 2

That the Audit and Organisational Risk Committee by SIMPLE Majority pursuant to Section 7.13 of the *Local Government Act 1995* and Regulation 14 of the *Local Government (Audit) Regulations 1996* RESOLVES to DEFER consideration of the 2018 Compliance Audit Return pending further review, noting that submissions are due to the Department of Local Government, Sport and Cultural Industries by 31 March 2019.

**CONCLUSION**

Each local government is required to carry out an annual Compliance Audit Return in relation to the calendar year period from 1 January 2018 to 31 December 2018. Overall, the audit indicates a compliance rate of 98.9% for the City. Internal controls continue to be monitored to identify and address those non-compliance issues which have previously been identified in the Compliance Audit Return reflecting the high level of compliance.

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**OFFICER'S RECOMMENDATION / COMMITTEE RESOLUTION**

**Res No** : **AOR78**  
**MOVED** : **Cr Long**  
**SECONDED:** : **Cr Cucel**

**That the Audit and Organisational Risk Committee by SIMPLE Majority pursuant to Section 7.13 of the *Local Government Act 1995* and Regulation 14 of the *Local Government (Audit) Regulations 1996* RESOLVES to:**

- 1. RECEIVE the 2018 Compliance Audit Return; and**
- 2. PRESENT the 2018 Compliance Audit Return to Council for adoption prior to submission to the Department of Local Government, Sport and Cultural Industries by 31 March 2019.**

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**CARRIED**

**FOR** : **Cr Smeathers, Cr Cucel, Cr Long**  
**AGAINST** : **Nil**





Department of  
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and Cultural Industries**

## Karratha - Compliance Audit Return 2018

### Certified Copy of Return

Please submit a signed copy to the Director General of the Department of Local Government, Sport and Cultural Industries together with a copy of section of relevant minutes.

Commercial Enterprises by Local Governments					
No	Reference	Question	Response	Comments	Respondent
1	s3.59(2)(a)(b)(c) F&G Reg 7,9	Has the local government prepared a business plan for each major trading undertaking in 2018.	N/A	No new major trading undertakings in 2018.	Neil Harrison
2	s3.59(2)(a)(b)(c) F&G Reg 7,10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2018.	Yes	September 2018 OCM.  Item 9.1 - The Quarter Hotel	Neil Harrison
3	s3.59(2)(a)(b)(c) F&G Reg 7,10	Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2018.	Yes	Part of above major land transaction. (September 2018 - The Quarter Hotel)	Neil Harrison
4	s3.59(4)	Has the local government given Statewide public notice of each proposal to commence a major trading undertaking or enter into a major land transaction for 2018.	Yes	West Australian 23/05/2018	Neil Harrison
5	s3.59(5)	Did the Council, during 2018, resolve to proceed with each major land transaction or trading undertaking by absolute majority.	Yes	13/09/2018 - Council Resolution 154147	Neil Harrison



<b>Delegation of Power / Duty</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	s5.16, 5.17, 5.18	Were all delegations to committees resolved by absolute majority.	N/A	No Committees have delegated authority.	Neil Harrison
2	s5.16, 5.17, 5.18	Were all delegations to committees in writing.	N/A		Neil Harrison
3	s5.16, 5.17, 5.18	Were all delegations to committees within the limits specified in section 5.17.	N/A		Neil Harrison
4	s5.16, 5.17, 5.18	Were all delegations to committees recorded in a register of delegations.	N/A		Neil Harrison
5	s5.18	Has Council reviewed delegations to its committees in the 2017/2018 financial year.	N/A		Neil Harrison
6	s5.42(1), 5.43 Admin Reg 18G	Did the powers and duties of the Council delegated to the CEO exclude those as listed in section 5.43 of the Act.	Yes		Neil Harrison
7	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO resolved by an absolute majority.	Yes		Neil Harrison
8	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO in writing.	Yes	Yes via Delegations Register or specific one-off delegations via Council Minutes.	Neil Harrison
9	s5.44(2)	Were all delegations by the CEO to any employee in writing.	Yes	All via the Delegations Register.	Neil Harrison
10	s5.45(1)(b)	Were all decisions by the Council to amend or revoke a delegation made by absolute majority.	Yes	Amendments to Delegations Register endorsed by Council by absolute majority 29/06/2018.	Neil Harrison
11	s5.46(1)	Has the CEO kept a register of all delegations made under the Act to him and to other employees.	Yes		Neil Harrison
12	s5.46(2)	Were all delegations made under Division 4 of Part 5 of the Act reviewed by the delegator at least once during the 2017/2018 financial year.	Yes	OCM 29/06/2018	Neil Harrison
13	s5.46(3) Admin Reg 19	Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record as required.	Yes	Unable to find any examples where this did not occur.	Neil Harrison

<b>Disclosure of Interest</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	s5.67	If a member disclosed an interest, did he/she ensure that they did not remain present to participate in any discussion or decision-making procedure relating to the matter in which the interest was disclosed (not including participation approvals granted under s5.68).	Yes		Neil Harrison



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No	Reference	Question	Response	Comments	Respondent
2	s5.68(2)	Were all decisions made under section 5.68(1), and the extent of participation allowed, recorded in the minutes of Council and Committee meetings.	Yes		Neil Harrison
3	s5.73	Were disclosures under section 5.65 or 5.70 recorded in the minutes of the meeting at which the disclosure was made.	Yes		Neil Harrison
4	s5.75(1) Admin Reg 22 Form 2	Was a primary return lodged by all newly elected members within three months of their start day.	Yes		Neil Harrison
5	s5.75(1) Admin Reg 22 Form 2	Was a primary return lodged by all newly designated employees within three months of their start day.	Yes		Neil Harrison
6	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all continuing elected members by 31 August 2018.	Yes		Neil Harrison
7	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all designated employees by 31 August 2018.	Yes		Neil Harrison
8	s5.77	On receipt of a primary or annual return, did the CEO, (or the Mayor/ President in the case of the CEO's return) on all occasions, give written acknowledgment of having received the return.	Yes		Neil Harrison
9	s5.88(1)(2) Admin Reg 28	Did the CEO keep a register of financial interests which contained the returns lodged under section 5.75 and 5.76	Yes		Neil Harrison
10	s5.88(1)(2) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70 and 5.71, in the form prescribed in Administration Regulation 28.	Yes		Neil Harrison
11	s5.88 (3)	Has the CEO removed all returns from the register when a person ceased to be a person required to lodge a return under section 5.75 or 5.76.	Yes	Upon persons ceasing to be in a relevant role, their Returns are removed from current documents folder and noted 'Removed' on electronic Financial Register.	Neil Harrison
12	s5.88(4)	Have all returns lodged under section 5.75 or 5.76 and removed from the register, been kept for a period of at least five years, after the person who lodged the return ceased to be a council member or designated employee.	Yes	Financial Returns are retained for seven years after an employee or elected member separates from the organisation.	Neil Harrison
13	s5.103 Admin Reg 34C & Rules of Conduct Reg 11	Where an elected member or an employee disclosed an interest in a matter discussed at a Council or committee meeting where there was a reasonable belief that the impartiality of the person having the interest would be adversely affected, was it recorded in the minutes.	Yes		Neil Harrison



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No	Reference	Question	Response	Comments	Respondent
14	s5.70(2)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to the Council or a Committee, did that person disclose the nature of that interest when giving the advice or report.	Yes		Neil Harrison
15	s5.70(3)	Where an employee disclosed an interest under s5.70(2), did that person also disclose the extent of that interest when required to do so by the Council or a Committee.	Yes		Neil Harrison
16	s5.103(3) Admin Reg 34B	Has the CEO kept a register of all notifiable gifts received by Council members and employees.	Yes		Neil Harrison

### Disposal of Property

No	Reference	Question	Response	Comments	Respondent
1	s3.58(3)	Was local public notice given prior to disposal for any property not disposed of by public auction or tender (except where excluded by Section 3.58(5)).	Yes	Unable to find any examples where the local government did not comply with this legislation.	Neil Harrison
2	s3.58(4)	Where the local government disposed of property under section 3.58(3), did it provide details, as prescribed by section 3.58(4), in the required local public notice for each disposal of property.	Yes		Neil Harrison

### Finance

No	Reference	Question	Response	Comments	Respondent
1	s7.1A	Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the Act.	Yes	20/11/2017 for two year term.	Neil Harrison
2	s7.1B	Where a local government determined to delegate to its audit committee any powers or duties under Part 7 of the Act, did it do so by absolute majority.	N/A		Neil Harrison
3	s7.3	Was the person(s) appointed by the local government to be its auditor, a registered company auditor.	Yes	AMD Chartered Accountants	Neil Harrison
4	s7.3, 7.6(3)	Was the person or persons appointed by the local government to be its auditor, appointed by an absolute majority decision of Council.	Yes	21/03/2016	Neil Harrison
5	Audit Reg 10	Was the Auditor's report for the financial year ended 30 June 2018 received by the local government within 30 days of completion of the audit.	Yes	Completed - 19/10/2018 Received - 23/10/2018	Neil Harrison



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No	Reference	Question	Response	Comments	Respondent
6	s7.9(1)	Was the Auditor's report for the financial year ended 30 June 2018 received by the local government by 31 December 2018.	Yes	19/11/2018	Neil Harrison
7	S7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under s7.9 (1) of the Act required action to be taken by the local government, was that action undertaken.	N/A		Neil Harrison
8	S7.12A (4)	Where the local government determined that matters raised in the auditor's report (prepared under s7.9 (1) of the Act) required action to be taken by the local government, was a report prepared on any actions undertaken.	N/A		Neil Harrison
9	S7.12A (4)	Where the local government determined that matters raised in the auditor's report (prepared under s7.9 (1) of the Act) required action to be taken by the local government, was a copy of the report forwarded to the Minister by the end of the financial year or 6 months after the last report prepared under s7.9 was received by the local government whichever was the latest in time.	N/A		Neil Harrison
10	Audit Reg 7	Did the agreement between the local government and its auditor include the objectives of the audit.	Yes	AMD Audit Services RFQ 16-15/16	Neil Harrison
11	Audit Reg 7	Did the agreement between the local government and its auditor include the scope of the audit.	Yes	AMD Audit Services RFQ 16-15/16	Neil Harrison
12	Audit Reg 7	Did the agreement between the local government and its auditor include a plan for the audit.	Yes	AMD Audit Services RFQ 16-15/16	Neil Harrison
13	Audit Reg 7	Did the agreement between the local government and its auditor include details of the remuneration and expenses to be paid to the auditor.	Yes	AMD Audit Services RFQ 16-15/16	Neil Harrison
14	Audit Reg 7	Did the agreement between the local government and its auditor include the method to be used by the local government to communicate with, and supply information to, the auditor.	Yes	AMD Audit Services RFQ 16-15/16	Neil Harrison
15	Audit Reg 17	Has the CEO reviewed the appropriateness and effectiveness of the local government's systems and procedures in accordance with regulation 17 of the Local Government (Audit) Regulations 1996.	Yes	Audit and Organisational Risk Committee (AORC), Compliance Audit Return 2017, Risk Management Policy, Risk Register reviewed quarterly by AORC, internal audits undertaken as requested by AORC, Promapp internal process mapping, Delegations Register.	Neil Harrison



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No	Reference	Question	Response	Comments	Respondent
16	Audit Reg 17	If the CEO has not undertaken a review in accordance with regulation 17 of the Local Government (Audit) Regulations 1996, is a review proposed and when.	N/A	Risk Management Policy reviewed March 2017. All other reviews conducted throughout 2018 or are annual reviews.	Neil Harrison



<b>Integrated Planning and Reporting</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	s5.56 Admin Reg 19DA (6)	Has the local government adopted a Corporate Business Plan. If Yes, please provide adoption date of the most recent Plan in Comments. This question is optional, answer N/A if you choose not to respond.	Yes	Adopted 17/10/2016	Neil Harrison
2	s5.56 Admin Reg 19DA (6)	Has the local government adopted a modification to the most recent Corporate Business Plan. If Yes, please provide adoption date in Comments. This question is optional, answer N/A if you choose not to respond.	Yes	Revised 29/06/2018	Neil Harrison
3	s5.56 Admin Reg 19C (7)	Has the local government adopted a Strategic Community Plan. If Yes, please provide adoption date of the most recent Plan in Comments. This question is optional, answer N/A if you choose not to respond.	Yes	Adopted 17/10/2016	Neil Harrison
4	s5.56 Admin Reg 19C (7)	Has the local government adopted a modification to the most recent Strategic Community Plan. If Yes, please provide adoption date in Comments. This question is optional, answer N/A if you choose not to respond.	Yes	Adopted by Council 17/10/2016.  Next review due in 2020.	Neil Harrison
5	S5.56	Has the local government adopted an Asset Management Plan. If Yes, in Comments please provide date of the most recent Plan, plus if adopted or endorsed by Council the date of adoption or endorsement. This question is optional, answer N/A if you choose not to respond.	Yes	Council adopted the last Asset Management Plan 17/12/2012. Currently being worked on and anticipated to be reviewed by Council by Q2 2019.	Neil Harrison
6	S5.56	Has the local government adopted a Long Term Financial Plan. If Yes, in Comments please provide date of the most recent Plan, plus if adopted or endorsed by Council the date of adoption or endorsement. This question is optional, answer N/A if you choose not to respond.	Yes	Originally adopted by Council 18/03/2013. Most recent updated financial assumptions to inform plan 2018/19 - 2027/28 were adopted by Council 22/01/2018.  Plan currently being updated post November 2018 budget review adjustments.	Neil Harrison
7	S5.56	Has the local government adopted a Workforce Plan. If Yes, in Comments please provide date of the most recent Plan plus if adopted or endorsed by Council the date of adoption or endorsement. This question is optional, answer N/A if you choose not to respond.	Yes	Council adopted the last Workforce Plan 17/09/2012. Currently being worked on and anticipated to be reviewed by Council by Q3 2019.	Neil Harrison



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<b>Local Government Employees</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	Admin Reg 18C	Did the local government approve the process to be used for the selection and appointment of the CEO before the position of CEO was advertised.	N/A		Neil Harrison
2	s5.36(4) s5.37(3), Admin Reg 18A	Were all vacancies for the position of CEO and other designated senior employees advertised and did the advertising comply with s.5.36(4), 5.37(3) and Admin Reg 18A.	Yes	Director Community Services advertised in West Australian newspaper 1 December 2018.	Neil Harrison
3	Admin Reg 18F	Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position of CEO under section 5.36(4).	N/A		Neil Harrison
4	Admin Regs 18E	Did the local government ensure checks were carried out to confirm that the information in an application for employment was true (applicable to CEO only).	N/A		Neil Harrison
5	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss a designated senior employee.	N/A		Neil Harrison





<b>Official Conduct</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	s5.120	Where the CEO is not the complaints officer, has the local government designated a senior employee, as defined under s5.37, to be its complaints officer.	N/A	CEO is Complainants Officer	Neil Harrison
2	s5.121(1)	Has the complaints officer for the local government maintained a register of complaints which records all complaints that result in action under s5.110(6)(b) or (c).	Yes	Nil complaints received.	Neil Harrison
3	s5.121(2)(a)	Does the complaints register maintained by the complaints officer include provision for recording of the name of the council member about whom the complaint is made.	Yes		Neil Harrison
4	s5.121(2)(b)	Does the complaints register maintained by the complaints officer include provision for recording the name of the person who makes the complaint.	Yes		Neil Harrison
5	s5.121(2)(c)	Does the complaints register maintained by the complaints officer include provision for recording a description of the minor breach that the standards panel finds has occurred.	Yes		Neil Harrison
6	s5.121(2)(d)	Does the complaints register maintained by the complaints officer include the provision to record details of the action taken under s5.110(6)(b) or (c).	Yes		Neil Harrison

<b>Tenders for Providing Goods and Services</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	s3.57 F&G Reg 11	Did the local government invite tenders on all occasions (before entering into contracts for the supply of goods or services) where the consideration under the contract was, or was expected to be, worth more than the consideration stated in Regulation 11(1) of the Local Government (Functions & General) Regulations (Subject to Functions and General Regulation 11(2)).	Yes		Miranda Geal
2	F&G Reg 12	Did the local government comply with F&G Reg 12 when deciding to enter into multiple contracts rather than inviting tenders for a single contract.	N/A		Miranda Geal
3	F&G Reg 14(1) & (3)	Did the local government invite tenders via Statewide public notice.	Yes		Miranda Geal
4	F&G Reg 14 & 15	Did the local government's advertising and tender documentation comply with F&G Regs 14, 15 & 16.	Yes		Miranda Geal



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No	Reference	Question	Response	Comments	Respondent
5	F&G Reg 14(5)	If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents or each acceptable tenderer, notice of the variation.	Yes		Miranda Geal
6	F&G Reg 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of F&G Reg 16.	Yes		Miranda Geal
7	F&G Reg 18(1)	Did the local government reject the tenders that were not submitted at the place, and within the time specified in the invitation to tender.	Yes		Miranda Geal
8	F&G Reg 18 (4)	In relation to the tenders that were not rejected, did the local government assess which tender to accept and which tender was most advantageous to the local government to accept, by means of written evaluation criteria.	Yes		Miranda Geal
9	F&G Reg 17	Did the information recorded in the local government's tender register comply with the requirements of F&G Reg 17.	Yes		Miranda Geal
10	F&G Reg 19	Was each tenderer sent written notice advising particulars of the successful tender or advising that no tender was accepted.	Yes		Miranda Geal
11	F&G Reg 21 & 22	Did the local governments's advertising and expression of interest documentation comply with the requirements of F&G Regs 21 and 22.	Yes		Miranda Geal
12	F&G Reg 23(1)	Did the local government reject the expressions of interest that were not submitted at the place and within the time specified in the notice.	N/A		Miranda Geal
13	F&G Reg 23(4)	After the local government considered expressions of interest, did the CEO list each person considered capable of satisfactorily supplying goods or services.	Yes	Three EOI's were completed in 2018. One was finalised by the CEO and the other two were determined by Council.	Miranda Geal
14	F&G Reg 24	Was each person who submitted an expression of interest, given a notice in writing in accordance with Functions & General Regulation 24.	No	Council resolved to decline all submissions under two EOI's. Following this decision respondents were not notified of the outcome in writing.  This was an oversight due to the City's process not being followed. As both EOI's were declined at the same time, both EOI's were affected.	Miranda Geal
15	F&G Reg 24AD(2)	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice.	N/A	No panels were sought in 2018.	Miranda Geal



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No	Reference	Question	Response	Comments	Respondent
16	F&G Reg 24AD(4) & 24AE	Did the local government's advertising and panel documentation comply with F&G Regs 24AD(4) & 24AE.	N/A		Miranda Geal
17	F&G Reg 24AF	Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of F&G Reg 16 as if the reference in that regulation to a tender were a reference to a panel application.	N/A		Miranda Geal
18	F&G Reg 24AD(6)	If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application, notice of the variation.	N/A		Miranda Geal
19	F&G Reg 24AH(1)	Did the local government reject the applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time specified in the invitation for applications.	N/A		Miranda Geal
20	F&G Reg 24AH(3)	In relation to the applications that were not rejected, did the local government assess which application(s) to accept and which application(s) were most advantageous to the local government to accept, by means of written evaluation criteria.	N/A		Miranda Geal
21	F&G Reg 24AG	Did the information recorded in the local government's tender register about panels of pre-qualified suppliers, comply with the requirements of F&G Reg 24AG.	N/A		Miranda Geal
22	F&G Reg 24AI	Did the local government send each person who submitted an application, written notice advising if the person's application was accepted and they are to be part of a panel of pre-qualified suppliers, or, that the application was not accepted.	N/A		Miranda Geal
23	F&G Reg 24E	Where the local government gave a regional price preference in relation to a tender process, did the local government comply with the requirements of F&G Reg 24E in relation to the preparation of a regional price preference policy (only if a policy had not been previously adopted by Council).	N/A		Neil Harrison
24	F&G Reg 24F	Did the local government comply with the requirements of F&G Reg 24F in relation to an adopted regional price preference policy.	Yes		Miranda Geal



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No	Reference	Question	Response	Comments	Respondent
25	F&G Reg 11A	Does the local government have a current purchasing policy in relation to contracts for other persons to supply goods or services where the consideration under the contract is, or is expected to be, \$150,000 or less.	Yes		Miranda Geal

I certify this Compliance Audit return has been adopted by Council at its meeting on

\_\_\_\_\_

\_\_\_\_\_  
Signed Mayor / President, Karratha

\_\_\_\_\_  
Signed CEO, Karratha

## 5.2 RISK MANAGEMENT POLICY REVIEW

<b>File No:</b>	<b>RM.8</b>
<b>Responsible Executive Officer:</b>	<b>Director Corporate Services</b>
<b>Reporting Author:</b>	<b>Governance Officer - Compliance</b>
<b>Date of Report:</b>	<b>19 February 2019</b>
<b>Applicant/Proponent:</b>	<b>Nil</b>
<b>Disclosure of Interest:</b>	<b>Nil</b>
<b>Attachment(s)</b>	<b>Proposed CG01 Risk Management Policy</b>

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### **PURPOSE**

To consider the review of Council's Risk Management Policy that indicates the organisation's commitment to, and objectives surrounding managing and mitigating risk.

### **BACKGROUND**

Council's Risk Management Policy was updated in early 2017 based on consultation with Local Government Insurance Services (LGIS), recommendations from the Department of Local Government and a review by Governance staff.

The revised Policy was endorsed by the Audit and Organisational Risk Committee in February 2017 and adopted by Council in March 2017 with the intention of a review in two years.

The policy has now been reviewed, with only minor changes proposed to references to the Australian Standard for Risk Management. No changes are proposed to the body of the policy.

### **LEVEL OF SIGNIFICANCE**

In accordance with Council Policy CG-8 Significant Decision Making Policy, this matter is considered to be of moderate significance in terms of compliance.

### **COUNCILLOR/OFFICER CONSULTATION**

Consultation has taken place between the Director Corporate Services, Governance and relevant areas in line with the City's Risk Management Framework.

### **COMMUNITY CONSULTATION**

No community consultation is required.

### **STATUTORY IMPLICATIONS**

Regulation 17 of the *Local Government (Audit) Regulations 1996* requires the CEO to ensure that there are appropriate risk management systems and procedures in place for the local government.

### **POLICY IMPLICATIONS**

If approved by Council, the revised policy will replace the existing Risk Management Policy.

### **FINANCIAL IMPLICATIONS**

There are no financial implications.

**STRATEGIC IMPLICATIONS**

This item is relevant to the Council's approved Strategic Community Plan 2016-2026 and Corporate Business Plan 2016-2021. In particular, the Operational Plan 2018-2019 provided for this activity:

Programs/Services:	4.e.1.3.	Risk Management
Projects/Actions:	4.e.1.3.2	Review Risk Management Systems

**RISK MANAGEMENT CONSIDERATIONS**

The level of risk to the City is considered to be as follows:

Category	Risk level	Comments
Health	N/A	Nil
Financial	N/A	Nil
Service Interruption	N/A	Nil
Environment	N/A	Nil
Reputation	Low	Risk Management Policy provides confidence to all stakeholders that the organisation is committed managing risk.
Compliance	Low	Good systems and strong governance are in place to manage risk.

**IMPACT ON CAPACITY**

There is no impact on capacity or resourcing to carry out the Officer's recommendation.

**VOTING REQUIREMENTS**

Simple Majority.

**OPTIONS:**Option 1

As per Officer's recommendation.

Option 2

That the Audit and Organisational Risk Committee by SIMPLE Majority pursuant to Regulation 16 of the *Local Government (Audit) Regulations 1996* RESOLVES to RECOMMEND to Council the adoption of the amended Risk Management Policy with the following changes:

1. \_\_\_\_\_

2. \_\_\_\_\_

Option 3

That the Audit and Organisational Risk Committee by SIMPLE Majority pursuant to Regulation 16 of the *Local Government (Audit) Regulations 1996* RESOLVES to DEFER consideration of the amended Risk Management Policy.

**CONCLUSION**

The Risk Management Policy is an integral document that supports the decision making across City operations. It is important that the document regularly reviewed and amended to ensure currency and relevance to legislation and community expectations. No significant changes are proposed.

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**OFFICER'S RECOMMENDATION / COMMITTEE RESOLUTION**

**Res No** : **AOR79**  
**MOVED** : **Cr Cucel**  
**SECONDED:** : **Cr Long**

**That the Audit and Organisational Risk Committee by SIMPLE Majority pursuant to Regulation 16 of the *Local Government (Audit) Regulations 1996* RESOLVES to RECOMMEND to Council the adoption of the updated CG01 Risk Management Policy (attached).**

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**CARRIED**

**FOR** : **Cr Smeathers, Cr Cucel, Cr Long**  
**AGAINST** : **Nil**





# RISK MANAGEMENT

*Document Control Statement – This Policy is maintained by Governance & Organisational Strategy. Any printed copy may not be up to date and you are advised to check the electronic copy on the City website to ensure that you have the current version. Alternatively, you may contact Customer Service on (08) 9186 8555.*

## 1. OBJECTIVES

The City of Karratha Risk Management Policy identifies Council's commitment to and objectives around managing and mitigating risk to:

- proactively identify risks to protect the City;
- ensure public safety within the City's jurisdiction and the ongoing health and safety of all employees in the workplace;
- ensure all employees are made aware of the need to manage risk and promote a culture of participation in this process;
- protect the City from adverse incidents, to reduce exposure to loss, and to mitigate and control loss and associated costs should an adverse incident occur;
- minimise or eliminate adverse impacts relating to the City's services or infrastructure on the community, visitors and the environment;
- ensure the ongoing capacity of the City to fulfil its mission, perform its key functions, meet its strategic objectives, capitalise on identified opportunities, and serve its customers, thus ensuring positive public perception of the Council and the City; and
- adhere to relevant Legislation and Australian Standards, in particular the Australian Standard for Risk Management – AS/NZS ISO 31000:200918 (hereinafter referred to as the Standard).

## 2. DEFINITIONS

**Risk:** Effect of uncertainty on objectives (AS/NZS ISO 31000:200918).

Note 1: An effect is a deviation from the expected – positive or negative.

Note 2: Objectives can have different aspects (such as financial, health and safety, and environmental) and can apply at different levels (such as strategic, organisation-wide, project, product or process).

**Risk Management:** The application of coordinated activities to direct and control an organisation with regard to risk.

**Risk Management Framework:** Systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context, and identifying, analysing, evaluating, treating, monitoring and reviewing risk.

## 3. PRINCIPLES

### 3.1 General

The City of Karratha considers risk management to be an essential management function in its operations. It recognises that the risk management responsibility for managing specific risks lies with the person who has the responsibility for the function, service or activity that gives rise to that risk. Council is committed to the principles, framework and process of managing risk as outlined in the Standard. As such, it is the policy of the City of Karratha to achieve best practice in the management of all risks that threaten to affect the City of Karratha, its customers, people, reputations, assets, functions, objectives, operations and members of the public. The Risk Management Framework will be

applied to decision making through all levels of the organisation in relation to planning or executing any function, service or activity.

In particular, it will be applied to:

- Strategic planning
- Expenditure of large amounts of money
- New strategies and procedures
- Management of projects, tenders and proposals
- Operational matters
- Introducing significant change, and
- The management of sensitive issues.

### **3.2 Responsibilities**

- Council is committed to the concept and resourcing of risk management.
- The Audit and Organisational Risk Committee monitors risk management implementation and performance throughout the City.
- Executives, managers and supervisors have the responsibility and accountability for ensuring that all staff manage the risks within their own work areas. Risks should be anticipated and reasonable protective measures taken.
- All managers and supervisors will encourage openness and honesty in the reporting and escalation of risks.
- All staff will be encouraged to alert management to the risks that exist within their area, without fear of recrimination.
- All staff will, after appropriate training, adopt the principles of risk management and comply with all the policies, procedures and practices relating to risk management.
- All staff will, as required, conduct risk assessments during the performance of their daily duties.
- The level of sophistication of the risk assessment will be commensurate with the scope of the task and the associated level of risk identified.
- Failure by staff to observe reasonable directions from supervisors regarding the management of risks and/or failure of staff to take reasonable care in identifying and treating risks in the workplace may result in disciplinary action.
- It is the responsibility of every directorate to observe and implement this policy in an appropriate manner relevant to the requirements of their work and in accordance with procedures and initiatives that are developed by management.

### **3.3 Training and Development**

Risk management training will be provided on a regular and as needed basis.

### **3.4 Monitor and Review**

The City will implement a robust reporting and recording system that will be regularly monitored to ensure management and closeout of risks, and identification of ongoing issues and trends. Risk monitoring and review should be dynamic and an essential part of the culture of risk management.

Risk owners will be assigned for every risk and will report when requested on the status of risks they own. Risk management key performance indicators relating to both organisational and personal performance will be developed, implemented and monitored by the City where applicable.

Consultation shall be undertaken with various staff to assess activity areas across the organisation with regard to Council's Measure of Consequences tables (Attachment A). This is to be reviewed and reported regularly to ensure that higher risks are being closely monitored.

## 4. CONSEQUENCES

This policy represents the formal policy and expected standards of the City of Karratha in relation to the management of risk. Appropriate approvals need to be obtained prior to any deviation from the policy. Elected Members and employees are reminded of their obligations under the Council's Code of Conduct to give full effect to the lawful policies, decisions and practices of the City.

## 5. REFERENCES TO RELATED DOCUMENTS

- Attachment A - Risk Criteria Tables:
  - Existing Controls Rating
  - Measures of Consequence
  - Measures of Likelihood
  - Risk Matrix
  - Risk Acceptance Criteria
- AS/NZS ISO 31000:2009<sup>18</sup> Risk Management – Principles and Guidelines
- ISO Guide 73 Risk Management – Vocabulary
- IEC/ISO 31010 Risk Management – Risk Assessment Techniques

Policy Number:	CG01
Previous Policy Number:	N/A
Resolution Numbers:	152895-Jul 2014; 153738-Mar2017
Last Review:	March 2017
Next Review:	March 2019
Responsible Officer:	Manager Governance & Organisational Strategy

*This Policy takes effect from the date of adoption by Council and shall remain valid until it is amended or deleted.*

### EXISTING CONTROLS RATING

LEVEL	DESCRIPTOR	FORESEEABLE	DESCRIPTION
E	Excellent	Doing more than what is reasonable under circumstances	Controls are fully in place, are being well addressed / complied with, are subject to ongoing maintenance and monitoring and are being continuously reviewed and tested.
A	Adequate	Doing what is reasonable under the circumstances	Controls are in place, are being addressed / complied with and are subject to periodic review and testing.
N	Needs Improvement	Doing some things reasonable under the circumstances	Some controls are in place but may not be addressed or reviewed. Some controls may be effective, whilst others do not exist or need improvement to ensure they are complied with.
I	Inadequate	Not doing some or all things reasonable under the circumstances	Controls do not exist, or are not being addressed / complied with, or have not been reviewed or tested for some time.

## MEASURES OF CONSEQUENCE

LEVEL	DESCRIPTOR	HEALTH	FINANCIAL	SERVICE INTERRUPTION	ENVIRONMENT	REPUTATION	COMPLIANCE
1	<b>Insignificant</b>	Negligible injuries	Less than \$10K	No material service interruption	Contained, reversible impact managed by on site response	Unsubstantiated, low impact, low profile or 'no news' item	No noticeable regulatory or statutory impact
2	<b>Minor</b>	First aid treatment	\$10K - \$50K	Short term temporary interruption – backlog cleared < 1 day	Contained, reversible impact managed by internal response	Substantiated, low impact, low news item	Some temporary non compliances
3	<b>Moderate</b>	Medical treatment	\$50K - \$200K	Medium term temporary interruption – backlog cleared by additional resources < 1 week	Contained, reversible impact managed by external agencies	Substantiated, public embarrassment, moderate impact, moderate news profile	Short term non compliance but with significant regulatory requirements imposed
4	<b>Major</b>	Death or permanent disablement	\$200K - \$1M	Prolonged interruption of services – additional resources; performance affected < 1 month	Uncontained, reversible impact managed by a coordinated response from external agencies	Substantiated, public embarrassment, high impact, high news profile, third party actions	Non compliance results in termination of services or imposed penalties
5	<b>Catastrophic</b>	Multiple deaths or severe permanent disablements	More than \$1M	Indeterminate prolonged interruption of services – non performance > 1 month	Uncontained, irreversible impact	Substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile, third party actions	Non compliance results in litigation, criminal charges or significant damages or penalties

### MEASURES OF LIKELIHOOD

LEVEL	DESCRIPTOR	DESCRIPTION	FREQUENCY
5	<b>Almost Certain</b>	The event is expected to occur in most circumstances.	More than once per year.
4	<b>Likely</b>	The event will probably occur in most circumstances.	Approximately once per year.
3	<b>Possible</b>	The event should occur at some time.	At least once in 3 years.
2	<b>Unlikely</b>	The event could occur at some time.	At least once in 10 years.
1	<b>Rare</b>	The event may only occur in exceptional circumstances.	Less than once in 15 years.

### RISK MATRIX

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

### RISK ACCEPTANCE CRITERIA

LEVEL OF RISK	DESCRIPTOR	DESCRIPTION	CRITERIA FOR RISK ACCEPTANCE	RESPONSIBILITY
1 – 4	LOW	Acceptable	Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring.	Operational Manager
5 – 9	MODERATE	Monitor	Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring.	Operational Manager
10 – 16	HIGH	Urgent Attention Required	Management attention is required. Risk treatment plan is required to reduce risk exposure to an acceptable level. Regular reporting is required.	CEO / Director
17 - 25	EXTREME	Unacceptable	Urgent and active management required. Risk treatment plan must be implemented immediately to reduce risk exposure to an acceptable level. Regular reporting required.	CEO

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### 5.3 RISK REGISTER UPDATE

<b>File No:</b>	<b>RM.8</b>
<b>Responsible Executive Officer:</b>	<b>Director Corporate Services</b>
<b>Reporting Author:</b>	<b>Governance Officer - Compliance</b>
<b>Date of Report:</b>	<b>20 February 2019</b>
<b>Applicant/Proponent:</b>	<b>Nil</b>
<b>Disclosure of Interest:</b>	<b>Nil</b>
<b>Attachment(s)</b>	<b>Confidential Risk Register Extract</b>

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#### **PURPOSE**

To provide an update on relevant indicators relating to the organisation's management of risks.

#### **BACKGROUND**

Managers have reviewed and updated the Risk Register (Register), with particular emphasis on risks where controls have been identified as needing improvement for a significant period of time. Changes to the Register are summarised below:

- A Customer Service risk and a Community risk were both removed as they were deemed duplicates of an Information Services risk relating to hardware or software failure. Information Services staff have the necessary controls in place to best manage these types of risks.
- After review of the Register by Human Resources (HR) it was determined that several risks listed within different work areas are essentially duplications of a HR staffing numbers risk. HR are best placed for mitigation with various controls and KPI's in place regarding staffing issues. As a result, risks were deleted from Works and Technical Services, Recreation Services and Building Services regarding numbers, retention and turnover of staff.
- Several Economic Development risks were added as this is a newer area and there are also considerations related to the management of the Karratha Visitors & Tourism Centre.
- Two separate risks regarding safety and security at the depot have been combined since completion of the new Operations Centre. This was essentially a duplication between Infrastructure teams (Works and Depot).
- A Community risk about conditions of community facilities was removed as it was considered to be duplicated with a Building Management risk regarding condition of local government owned buildings. This risk is better managed by Building Maintenance with appropriate controls in place.
- The likelihood for an HR risk about industrial relations issues has been increased from 3 to 4 due to known recent occurrences. This changed the residual risk rating from Low (6) to Moderate (8).

- A Recreation Services risk surrounding injuries to staff/public had both inherent and residual likelihood ratings increased due to the number of minor incidents reported. Residual risk increased to Moderate (8).
- A new risk was introduced regarding potential exposure to asbestos on Roebourne-Wittenoom Road. This issue is being managed by State government agencies however, as a precaution, scheduled maintenance of the road by Works and Technical Services staff has been put on hold pending further information from these agencies. This is only a low inherent risk (3) and is expected to be temporary.
- A new risk has been added surrounding security of strategic Council assets. Some facilities have experienced burglary attempts and this risk was not captured as it was not the responsibility of a single work area. Although Building Maintenance now have responsibility for the risk, as they have the highest influence over the majority of controls, it is important that all areas contribute to risk mitigation.
- Two residual risks in Waste have been decreased based on recent performances and better controls and a risk related to contractor services has been increased based on potential for greater service interruption surrounding recycling.

These changes brings the total number of risks to 179 (a net decrease of one). The table below provides the *inherent* and *residual* risk totals and percentage representation.

Number of Risks	179	
Number with Inherent Consequences rated Major or Catastrophic	34	19%
Number of Inherent Risks rated High or Extreme	49	27.4%
Number of Residual Risks rated High or Extreme	4	2.2%

The attached extract from the Risk Register provides details of the 49 *inherent* risks rated high or extreme, however with current controls in place only four of these risks have a high *residual* risk. Three of these risks are considered acceptable given the controls in place and effective management and monitoring of the risks. Currently, only 5% of risks require some further improvement to existing controls (down from 6.7%).

The heat map below displays the current assessed *residual* rating for all 179 identified risks.

<u>Consequence</u>		Insignificant	Minor	Moderate	Major	Catastrophic
<u>Likelihood</u>		1	2	3	4	5
Almost Certain	5	0	0	0	0	0
Likely	4	3	5	2	0	0
Possible	3	17	23	12	1	0
Unlikely	2	12	40	26	9	1
Rare	1	2	14	8	3	1

Since the last Audit and Organisational Risk Committee (AORC) meeting, and taking into account all the above listed changes, there has been one overall reduction in total *residual* risks rated low. As indicated below, there are no other overall changes to ratings.

Risk Acceptance	Feb 2018	Aug 2018	Oct 2018	Feb 2019	Change
Low	101	100	100	99	-1
Moderate	72	75	76	76	0
High	5	4	4	4	0
Extreme	0	0	0	0	0

### LEVEL OF SIGNIFICANCE

In accordance with Council Policy CG-8 Significant Decision Making Policy, this matter is considered to be of moderate significance in terms of Council's ability to perform its role.

### COUNCILLOR/OFFICER CONSULTATION

Consultation has taken place with the Executive Management Group.

### COMMUNITY CONSULTATION

No community consultation is required.

### STATUTORY IMPLICATIONS

Regulation 17 of the *Local Government (Audit) Regulations 1996* requires the Chief Executive Officer to ensure that there are appropriate risk management systems and procedures in place for the City.

### POLICY IMPLICATIONS

This is consistent with Council Policy - CG01 Risk Management Policy and how risk is managed across the organisation.

### FINANCIAL IMPLICATIONS

There are no financial implications.

### STRATEGIC IMPLICATIONS

This item is relevant to the Council's approved Strategic Community Plan 2016-2026 and Corporate Business Plan 2016-2021. In particular, the Operational Plan 2018-2019 provided for this activity:

Program/Services: 4. e.1.3 Risk Management  
 Projects/Actions: 4.e.1.3.2 Review Risk Management Systems

### RISK MANAGEMENT CONSIDERATIONS

The level of risk to the City is considered to be as follows:

Category	Risk level	Comments
Health	N/A	Nil
Financial	N/A	Nil
Service Interruption	N/A	Nil
Environment	N/A	Nil
Reputation	N/A	Nil
Compliance	High	Local Government Audit Regulations require appropriate risk management systems and procedures to be in place. A Risk Register and supporting policy documents ensure that the City is constantly reviewing identified risks and managing them appropriately.

### IMPACT ON CAPACITY

There is minimal impact on capacity or resourcing to carry out the Officer's recommendation.

**RELEVANT PRECEDENTS**

The Risk Register is reviewed on an ongoing basis.

**VOTING REQUIREMENTS**

Simple Majority.

**OPTIONS:**Option 1

As per Officer's recommendation.

Option 2

That the Audit and Organisational Risk Committee by SIMPLE Majority pursuant to Regulation 17 of the *Local Government (Audit) Regulations 1996* RESOLVES to DEFER consideration of the risk register pending further review.

**CONCLUSION**

Following the most recent review of the Risk Register, several new risks have been identified and duplications removed bringing the total of identified risks to 179. Overall the City is managing risk effectively with no *residual* risks rated extreme and only 2.2% of *residual* risks rated high. These risks are considered acceptable with some minor work required to enhance some controls to ensure effective management and monitoring of our risks.

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**OFFICER'S RECOMMENDATION / COMMITTEE RESOLUTION**

Res No : AOR80  
MOVED : Cr Long  
SECONDED: : Cr Cucel

That the Audit and Organisational Risk Committee by SIMPLE Majority pursuant to Regulation 17 of the *Local Government (Audit) Regulations 1996* RESOLVES to NOTE the current status of risk management.

**CARRIED**

FOR : Cr Smeathers, Cr Cucel, Cr Long  
AGAINST : Nil

## 6 ITEMS FOR INFORMATION ONLY

**Responsible Officer:** Director Corporate Services

**Reporting Author:** Minute Secretary

**Disclosure of Interest:** Nil

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### **PURPOSE**

To advise the Audit and Organisational Risk Committee of the information items for period ending March 2019.

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### **OFFICER'S RECOMMENDATION / COMMITTEE RESOLUTION**

**Res No** : AOR81

**MOVED** : Cr Cucel

**SECONDED:** : Cr Long

That the Audit and Organisational Risk Committee note the following information items:

- 6.1 Update on Internal Audits
- 6.2 Update on External Audits
- 6.3 Officer of Auditor General Audits
- 6.2 Business Improvement – Progress Report

**CARRIED**

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**FOR** : Cr Smeathers, Cr Cucel, Cr Long  
**AGAINST** : Nil

## 6.1 UPDATE ON INTERNAL AUDITS

**File No:** CM.131  
**Responsible Executive Officer:** Director Corporate Services  
**Reporting Author:** Governance Officer - Compliance  
**Date of Report:** 21 February 2019  
**Disclosure of Interest:** Nil  
**Attachment(s):** Nil




### PURPOSE

To provide the Audit and Organisational Risk Committee with a status update regarding implementation of recommendations from past internal audits.

### BACKGROUND




Recent internal audits have been conducted on Delegations & Authorisations and Corporate Credit Card Usage and below is a summary on the status of the audit recommendations outstanding since the last AORC meeting held in November 2018.

The following key applies to status:

	Recommendation yet to be implemented
	Recommendation currently being implemented
	Recommendation implemented / completed

### Internal Audit - Delegations and Authorisations

<b>Date presented to Audit and Organisational Risk Committee:</b>		21 February 2017	
<b>Number of Recommendations:</b>	22	<b>Recommendations completed:</b>	20 (91%)

Recommendation	Responsibility	Comments	Timing	Status
Finance to provide improved training around Purchase Orders	Finance	<ul style="list-style-type: none"> <li>Training is being provided to identified sites and to teams that request additional support.</li> </ul>	Dec 2018	
Invoices to be stored electronically	Finance	<ul style="list-style-type: none"> <li>Governance has liaised with Finance and Records teams.</li> <li>Invoices received electronically meet recommendation.</li> <li>A complete transition is not possible with existing software, workflow and approval processes.</li> </ul>	2019	
Improved electronic workflow process to replace paper based slower systems surrounding delegations.	Governance / Information Services	<ul style="list-style-type: none"> <li>External developer working with Information Services on Nintex workflow systems and escalations.</li> </ul>	Q2 2019	

**CONCLUSION**

All of the recommendations of the Credit Card audit have been implemented. A draft internal audit on grants and contributions was prepared but subsequently withdrawn given an external review commissioned simultaneously by Community Services.

Various teams are collaborating in order to implement the outstanding recommendations of the Delegations audit however the recommendation regarding electronic invoices remains problematic. This recommendation will require a change in software that will result in a significant impact on the operations of the organisation. This will occur in the future at some stage as the technology becomes accessible at a reasonable cost, however realistically, the organisation is some way from having complete electronic invoice management and storage.

A further update will be provided at the next Audit and Organisational Risk Committee meeting.

## 6.2 UPDATE ON EXTERNAL AUDITS

**File No:** CM.131  
**Responsible Executive Officer:** Director Corporate Services  
**Reporting Author:** Manager Governance & Organisational Strategy  
**Date of Report:** 8 March 2019  
**Disclosure of Interest:** Nil  
**Attachment(s):** Nil



### PURPOSE

To provide the Audit and Organisational Risk Committee (AORC) with a status update regarding implementation of recommendations from past external audits conducted by AMD Chartered Accountants.



### BACKGROUND

At the meeting of the AORC on 25 July 2017, a report was presented detailing the findings and recommendations arising from a review of the City's Financial Management Systems and on 16 November 2018 the Annual Audit Management Report for 2017/18 was presented.

The table below outlines the status of outstanding recommendations from the report:

Recommendation	Responsibility	Comments	Timing	Status
<b>Financial Management System Review - AMD</b>				
Maintenance and security of financial records				
BCP to be tested periodically to its full extent	Governance	<ul style="list-style-type: none"> <li>Testing carried out every two years.</li> <li>BCP exercises undertaken at Airport in 2017 and at REAP in 2018.</li> <li>A review of the current BCP document is being finalised and will be put in practice with an exercise planned before June 2019.</li> </ul>	Jun 2019	
<b>Annual Financial Audit 2017/18 - AMD</b>				
Allocation rates and allocations to jobs be reviewed periodically during the year to ensure there are no major under or over allocations of Public Works Overhead (PWO) costs.	Finance	<ul style="list-style-type: none"> <li>A review of the PWO rate will be undertaken as part of the annual statutory budget review. The review will ensure PWO allocations are fully applied to all public works with reviews undertaken quarterly thereafter.</li> </ul>	April 2019	



Employees should take regular leave through the ongoing management of leave scheduling and leave liabilities.	HR	<ul style="list-style-type: none"> <li>The City EA allows employees to accrue up to 12 weeks. Employees are encouraged to take leave regularly. Letters of concern are issued when employees accrue 10 weeks and 12 weeks. As at 30 June only one employee had in excess of 12 weeks annual leave accrued. Currently no employees have over 12 weeks annual leave accrued.</li> </ul>	Dec 2018	
Policies and procedures should be reviewed in accordance with stated dates. Frequency of review should be based on the nature of the matter contained within.	HR	<ul style="list-style-type: none"> <li>All HR Council policies are currently under review. The Staff &amp; Voluntary Services policy was due in May 2018 and the Travel &amp; Accommodation and Councillor Fee policies are not due for review until 2019.</li> </ul>	May 2019	

Following amendments to the *Local Government Amendment (Auditing) Act 2017* the OAG will be responsible for conducting the City's audit for the 2018/19 financial year.

Advice was received from the OAG on 11 March 2019 that the estimated costs to conduct the 2018/19 financial audit will be approximately \$53,000 plus GST (compared to \$32,450 plus GST for 2017/18). It is likely that this will be contracted out by the OAG but no formal notification has been received regarding who will be conducting this year's audit. An interim audit is scheduled for 6-8 May 2019 with the final audit scheduled for 26-28 August 2019.

## CONCLUSION

A further update on the outstanding recommendations will be provided at the next AORC meeting.

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### 6.3 OFFICE OF AUDITOR GENERAL AUDITS

<b>File No:</b>	<b>FM.3</b>
<b>Responsible Executive Officer:</b>	<b>Director Corporate Services</b>
<b>Reporting Author:</b>	<b>Manager Governance &amp; Organisational Strategy</b>
<b>Date of Report:</b>	<b>13 March 2019</b>
<b>Disclosure of Interest:</b>	<b>Nil</b>
<b>Attachment(s):</b>	<b>Correspondence to Shadow Minister for LG</b>

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#### **PURPOSE**

To provide an update on matters pertaining to local government audits conducted by the Office of Auditor General (OAG).

#### **BACKGROUND**

As a consequence of legislative reforms introduced under the *Local Government Amendment (Auditing) Act 2017* the OAG now has responsibility for the conduct of local government audits.

In recent months, the OAG has tabled the following reports in Parliament:

- Local Government Procurement
- Audit Results Report – Annual 2017/18 Financial Audits of Local Government Entities
- Management of Supplier Master Files.

#### Local Government Procurement

As reported at the AORC Meeting held on 16 November 2018, the Auditor General tabled Report 5 – Local Government Procurement in Parliament in October 2018. The OAG reported 86 detailed findings across the 8 local governments. This included 11 significant findings across 5 LGs, and 41 moderate and 34 minor findings across all 8 local governments. The Management Letter provided to the City reported two moderate and five minor findings. All except one of the findings was actioned prior to the November AORC meeting. The one remaining item, relating to positive assurance interest declarations, has since been introduced into the City's procurement practices.

On 12 February 2019, the Shadow Minister for Local Government made a statement in Parliament that the City of Karratha, along with four other local governments, were in contravention of legislative reforms that require reporting to the Minister within three months of an audit and a copy of the report to be published on the local government's website.

Correspondence (attached) was sent to the Shadow Minister advising that his statement regarding the City of Karratha was incorrect and asking that he correct his previous advice to Parliament regarding the findings of the audit and the City's alleged contravention of the Act. To date, the Shadow Minister has not responded to the City's request.

#### Audit Results Report – Annual 2017/18 Financial Audits of Local Government Entities

This report summarises the results of 42 local government's annual financial report audits completed by OAG for the year ending 30 June 2018, following proclamation of the *Local Government Amendment (Auditing) Act 2017*. This was the first of a 4-year transition of local government financial auditing to the OAG. The City of Karratha was not part of this initial tranche of local governments but will be captured in the 2018/19 financial year audit process.

A range of observations, findings and recommendations have been made in relation to the 42 audited local governments that may potentially have flow on implications to the remaining local governments yet to be audited by the OAG.

The following key findings were reported:

1. 42 LGs were audited for 2017/18 year;
2. All but 2 LGs had unqualified audit reports;
3. 36 material matters of non-compliance with the Act or Regulations;
4. 290 financial management and control matters identified in management letters;
5. Adverse trends in the financial position of 24 local governments;
6. Improvements recommended in relation to audit committees and reporting practices;
7. Auditor independence needed with existing practices where other work is performed for the local government;
8. Concerns that valuation methodologies used by various valuers to fair value property, plant, equipment and infrastructure, often differ significantly, potentially affecting comparability of asset values across local governments; and
9. Local governments need to make timely preparations for upcoming changes to Australian Accounting Standards and local government regulations.

#### Management of Supplier Master Files

This narrow scope focus area audit by the OAG examined 5 state government entities and 5 local governments to ensure that each had suitable policies, procedures and controls in place for the management of supplier master files. The report also includes specific better practice guidance to assist entities periodically run their own checks and address any shortcomings. The City of Karratha was not one of the local governments audited.

The following general findings were noted:

1. Most entities need to improve their policies and procedures;
2. Entities need better controls over creation and amendment of supplier records;
3. Most entities need to improve the management of their supplier master files;
4. Most entities need to formally monitor compliance with their policies on a periodic basis; and
5. Conflicts of interest were not declared or effectively managed at three entities.

#### **CONCLUSION**

Officers are reviewing the most recent OAG reports to assess any potential improvements that can be applied to the City's policies and processes.

Mr Antonio Krsticevic MLC  
Shadow Minister for Local Government; Heritage; Culture  
and the Arts; Citizenship and Multicultural Interests  
Suite 7, 473 Beach Road  
DUNCRAIG WA 6023

Dear Mr Krsticevic

### OAG Procurement Audit

I refer to your comments in Parliament on 12 February 2019 regarding the Performance Audit recently completed by the Office of Auditor General (OAG) involving eight local governments, including the City of Karratha.

You reported that there is a range of problems in the procurement process in the eight local governments audited and that the City of Karratha, along with other local governments, are in contravention of legislative reforms that require reporting to the Minister within three months of an audit and a copy of the report to be published on the local government's website. The provision that you have referred to (s7.12A of the *Local Government Act 1995*) only requires a report to the Minister and on the website on any matters identified in the audit as *significant*. As the OAG report on the City of Karratha did not include any significant findings, the City is not required to report to the Minister and is not in contravention of the Act.

Although the City is not legislatively required to publish a report, a report on the audit was presented to the Council at its November 2018 meeting and that report is publicly available on the City's website. The report includes confirmation that the two moderate and four of the five minor findings reported by the OAG have been actioned. Whilst the OAG audit *'found some issues relating to the implementation of policies and the administration of some tendering documentation'* none of these related to legislative compliance. In addition, the OAG reported that the City *'demonstrated elements of good practice in relation to procurement training for staff, and continuous improvement around purchasing and tendering policies.'*

Given this information, I request that you correct your previous advice to Parliament regarding the findings of the audit, and the City's alleged contravention of the legislation.

My CEO, Chris Adams, and I would also appreciate the opportunity to meet with you when we are next in Perth.

Yours faithfully



Peter Long  
MAYOR

19 February 2019

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**6.4 BUSINESS IMPROVEMENT – PROGRESS REPORT****File No:** FM.3**Responsible Executive Officer:** Director Corporate Services**Reporting Author:** Manager Governance & Organisational Strategy**Date of Report:** 21 February 2019**Disclosure of Interest:** Nil**Attachment(s):** Nil**PURPOSE**

To provide the Audit & Organisational Risk Committee with a progress update on Business Improvement activities and initiatives:

<b>Focus Areas</b>	<b>Brief Description</b>	<b>Indicative Activities/Outputs</b>	<b>Current and Future Status</b>	<b>Review Date</b>
<b>1. Strategic Community Plan 2016-2026</b>	Outlines the outcomes expressed by our communities and our response as an organisation in achieving those agreed outcomes in the next 10 years.	<ul style="list-style-type: none"> <li>• Vision</li> <li>• Strategies</li> <li>• Community Engagement</li> <li>• Resources and Commitments</li> </ul>	<ul style="list-style-type: none"> <li>• Review undertaken by Councillors community and staff during 2105/16</li> <li>• Adopted by Council in September 2016</li> </ul>	<ul style="list-style-type: none"> <li>• June 2020</li> </ul>
<b>2. Corporate Business Plan 2016-2020</b>	Outlines what the organisation needs to deliver in the next five years. Has been extensively reworked internally over the past 4-6 weeks with a focus on consistency and measurability of KPI's.	<ul style="list-style-type: none"> <li>• Activates Strategic Community Plan</li> <li>• Progress Measures to achieve delivery of outcomes</li> <li>• Budget information for five years</li> </ul>	<ul style="list-style-type: none"> <li>• Approved by Council in October 2016</li> <li>• Desktop review undertaken and endorsed by Council in June 2018.</li> </ul>	<ul style="list-style-type: none"> <li>• June 2020</li> </ul>
<b>3. Operational Plan 2018-2019</b>	Annual slice and dice of Corporate Business Plan. Has been extensively reworked internally to ensure consistency and compliance.	<ul style="list-style-type: none"> <li>• Annual Budget.</li> <li>• Annual Projects and Services</li> </ul>	<ul style="list-style-type: none"> <li>• Approved by Council in June 2018</li> <li>• Review currently underway.</li> </ul>	<ul style="list-style-type: none"> <li>• June 2019</li> </ul>
<b>4. Asset Management Plan</b>	What Assets are required at what service level to deliver the services expressed by our communities?	<ul style="list-style-type: none"> <li>• Asset Conditions &amp; Ratings</li> <li>• Levels of Service, operational, technical and community</li> <li>• Financial information for maintenance of</li> </ul>	<ul style="list-style-type: none"> <li>• Approved by Council in June 2013.</li> <li>• Asset Management Policy reviewed and submitted to Council in Nov 2016.</li> </ul>	<ul style="list-style-type: none"> <li>• March 2019</li> </ul>

Focus Areas	Brief Description	Indicative Activities/Outputs	Current and Future Status	Review Date
		<ul style="list-style-type: none"> <li>assets at an agreed level of service</li> <li>Asset Disposal Strategy and Lifecycle Costing</li> <li>Action Plans</li> </ul>	<ul style="list-style-type: none"> <li>Infrastructure inventory and condition data collated Sept 2018 to inform AMP</li> </ul>	
<b>5. Long Term Financial Plan</b>	<p>Informs the Strategic Community Plan and Corporate Business Plan. CEO has reviewed with EMT. Staff believe that assumptions that inform the financial modelling need review prior to Council adoption.</p>	<ul style="list-style-type: none"> <li>Sensitivity Analysis</li> <li>Long Term Financial Sustainability</li> <li>Capital Works Program for next 10 years</li> <li>Financial Modelling</li> <li>Assumptions and Scenarios</li> </ul>	<ul style="list-style-type: none"> <li>Submitted to the DLGC in June 2013.</li> <li>Review of key assumptions and 10 year Capital Works Plan completed in June 2015, March 2017 and March 2018.</li> </ul>	<ul style="list-style-type: none"> <li>April 2019</li> </ul>
<b>6. Workforce Plan 2013-2018</b>	<p>Development of an all-encompassing strategy which addresses staff turnover rates and an appreciation of the full number of staff required to deliver City business now and into the future.</p>	<ul style="list-style-type: none"> <li>Structural Review</li> <li>Performance Measurement Systems</li> <li>Performance Appraisal System</li> <li>Retention</li> <li>Recruitment</li> <li>Succession Planning</li> <li>Development and training</li> <li>Staff housing &amp; accommodation</li> </ul>	<ul style="list-style-type: none"> <li>Approved by Council in August 2013.</li> <li>Annual review has been completed and incorporated in the LTFP assumptions.</li> </ul>	<ul style="list-style-type: none"> <li>June 2019</li> </ul>
<b>7. Housing Strategy</b>	<p>Development of a strategy to address the housing and accommodation needs of the City from retention and recruitment perspective.</p>	<ul style="list-style-type: none"> <li>Short term review and modifications undertaken.</li> <li>Options for staff housing to be developed (ownership vs leasing vs paying allowances).</li> </ul>	<ul style="list-style-type: none"> <li>Review completed and endorsed by Council in July 2018.</li> </ul>	<ul style="list-style-type: none"> <li>Review due 2021</li> </ul>
<b>8. Corporate Performance Management System</b>	<p>A tool to integrate all operations including projects and services delivered by the organisation and report on the individual status and financials.</p>	<ul style="list-style-type: none"> <li>Ability for all reporting teams to update their quarterly performances.</li> </ul>	<ul style="list-style-type: none"> <li>In house reporting every quarter.</li> </ul>	<ul style="list-style-type: none"> <li>Q3 KPIs to be presented in May 2019</li> </ul>
<b>9. Procurement and Tendering</b>	<p>Given the large volume of projects that the City is accountable for, a more centralised approach with procurement is</p>	<ul style="list-style-type: none"> <li>Centralise and streamline the approach to procurement and tendering.</li> <li>Create knowledge management and</li> </ul>	<ul style="list-style-type: none"> <li>Induction and awareness training provided quarterly to staff.</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing</li> <li>Procurement guidelines being drafted for use.</li> </ul>



Focus Areas	Brief Description	Indicative Activities/Outputs	Current and Future Status	Review Date
	applied for regulatory compliance.	succession planning of procurement and tendering through the organisation.	<ul style="list-style-type: none"> <li>eQuotes for local suppliers introduced in November 2015.</li> <li>Tender evaluation modified Oct 2018.</li> <li>OAG audit completed and improvements implemented.</li> </ul>	
<b>10. Functional Processes</b>	A review of the key processes that link how things are done within the organisation and examine the need to streamline and avoid duplication of activity that further create efficiencies in time and cost on how activities are undertaken.	<ul style="list-style-type: none"> <li>Define what a process is and how these will be recorded.</li> <li>Conduct a review of current functional processes across the organisation.</li> <li>Define what functional processes are needed, how they will be recorded, understood and applied consistently throughout the organisation.</li> </ul>	<ul style="list-style-type: none"> <li>Policies adopted.</li> <li>Current practices are being process mapped as an internal resource and guide to all staff.</li> <li>565 processes have been developed with 97% published for organisation to use.</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing and annual reviews of processes undertaken.</li> </ul>
<b>11. Service Reviews</b>	Review of all service areas to ensure efficacy and alignment with strategic direction and community	<ul style="list-style-type: none"> <li>Thorough review of individual service area with recommendations targeting business improvement and efficiency</li> </ul>	<ul style="list-style-type: none"> <li>Service reviews have been undertaken across all service areas with 337 recommended actions put forward to EMT.</li> </ul>	<ul style="list-style-type: none"> <li>72% of recommended actions are complete and 23% in progress.</li> <li>Staff working through balance that have varying time frames.</li> </ul>
<b>12. Risk Management Review</b>	Review of existing policies, procedures and supporting documentation. Development of Risk Management Framework.	<ul style="list-style-type: none"> <li>Common, contemporary, compliant framework was developed and utilised for the four (4) Pilbara LGA's.</li> </ul>	<ul style="list-style-type: none"> <li>Risk plan and policies approved by Council in Feb 2017</li> <li>Major review of Risk Register undertaken.</li> <li>Highlight risks to be provided to AORC each meeting.</li> </ul>	<ul style="list-style-type: none"> <li>Risk Management Policy presented for review in March 2019.</li> </ul>
<b>13. Business Continuity Management Project</b>	A project funded by the PRC to assist Pilbara councils to establish a business	<ul style="list-style-type: none"> <li>BCM Policy and Plan.</li> </ul>	<ul style="list-style-type: none"> <li>BCM Plan prepared and training</li> </ul>	<ul style="list-style-type: none"> <li>BCM Plan under review and will be</li> </ul>

Focus Areas	Brief Description	Indicative Activities/Outputs	Current and Future Status	Review Date
	continuity framework for their local authorities.	<ul style="list-style-type: none"> <li>• BCM Governance Framework.</li> <li>• Exercise Maintenance and Awareness Plan.</li> </ul>	undertaken by PRC with Critical Response Team in November 2015.	submitted to AORC in 2019.
<b>14. Internal Audit Program</b>	A program to examine and test internal controls established within the organisation to ensure sound governance systems are effective.	<ul style="list-style-type: none"> <li>• IA Schedule developed of internal audit program.</li> <li>• Identify any weaknesses and reduce risks by examining existing control measures and providing recommendations for improvement.</li> </ul>	<ul style="list-style-type: none"> <li>• Completed IA: Delegations and Authorisations; and Credit Card.</li> <li>• A draft report on IA on Grants and Contributions was prepared but withdrawn due to an external review being conducted simultaneously.</li> <li>• Recommended actions from audit on IT security network being implemented.</li> </ul>	<ul style="list-style-type: none"> <li>• Stock management due in 2019.</li> </ul>
<b>15. Staff Engagement Survey</b>	All staff are invited to participate in a survey to provide feedback on a wide range of work related topics that will help to shape our people policies and ensure a positive workplace for all employees.	<ul style="list-style-type: none"> <li>• Online and hard copy survey sent to all employees every 2 years.</li> <li>• Each department to develop an action plan in consultation with staff to respond to survey results.</li> </ul>	<ul style="list-style-type: none"> <li>• Last survey conducted in May 2017.</li> <li>• Action plan prepared to respond to feedback.</li> </ul>	<ul style="list-style-type: none"> <li>• May 2019</li> </ul>

## **7 CLOSURE & DATE OF NEXT MEETING**

The meeting closed at 9.31 am.

The date of the next meeting is to be held on Tuesday, 27 August 2019 at 3:00 pm in Council Chambers - Welcome Road, Karratha.

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I, Cr Evette Smeathers, Chairperson for the Audit & Organisational Risk Committee of the City of Karratha, hereby declare on behalf of the Committee that the enclosed Minutes are a true and accurate record of the Audit & Organisational Risk Committee Meeting held 15 March 2019.

..... Date \_\_\_\_/\_\_\_\_/\_\_\_\_