

17.1 LATE ITEM - AUDIT AND ORGANISATIONAL RISK COMMITTEE – MARCH 2021

File No:	FM.1
Responsible Executive Officer:	Director Corporate Services
Reporting Author:	Manager Governance & Organisational Strategy
Date of Report:	19 March 2021
Applicant/Proponent:	Nil
Disclosure of Interest:	Nil
Attachment(s):	1. AORC Meeting Minutes – 19 March 2021 2. Confidential – Risk Register 3. Confidential – Strategic Risk Register

PURPOSE

To receive the minutes of the Audit and Organisational Risk Committee (AORC) meeting held on 27 October 2020 and endorse the Compliance Audit Return for 2020.

BACKGROUND

The following matters were discussed at the meeting:

a) Compliance Audit Return 2020

The annual Compliance Audit Return has been prepared identifying nine instances of non-compliance against the 102 questions, resulting in a compliance rate of 91.2%. Overall compliance was impacted by recent introduction of legislative amendments requiring online registers; the 2019/20 Audit Report not being received from the OAG prior to 31 December 2020; non-compliance with procurement policy; and failure to notify tenderers of the successful tenderer on 1 of 37 occasion.

This Return is required to be submitted to the Department of Local Government prior to 31 March of each year.

b) Risk Register Update

188 risks have been identified across the organisation. Of 42 *inherent* risks classified as high or extreme, there are no *residual* risks rated extreme and three rated as high. These risks are considered acceptable with regular monitoring to ensure effective control measures.

c) Audit and Organisational Risk Committee Meeting Dates for 2021

Further meetings have been scheduled for 24 August 2021 and 9 November 2021. A meeting will also be scheduled to consider the Annual Financial Report and Audit for 2019/20 when the audit report is released by the OAG.

d) General Updates

Updates were provided on business improvement initiatives and implementation of recommendations from past external audits.

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

The Audit and Organisational Risk Committee has discussed the issues summarised in this report.

COMMUNITY CONSULTATION

No community consultation is required.

STATUTORY IMPLICATIONS

Part 7 of the *Local Government Act 1995* makes provision for the Audit Committee and the conduct of audits.

Regulation 14 of the *Local Government (Audit) Regulations 1996* requires the completion of compliance audits for each calendar year.

POLICY IMPLICATIONS

The Risk Management Policy (CG-1) is impacted or applies.

FINANCIAL IMPLICATIONS

There are no specific financial implications as a result of this report.

STRATEGIC IMPLICATIONS

This item is relevant to the Council’s approved Strategic Community Plan 2020-2030 and the Corporate Business Plan 2020-2025. In particular, the Operational Plan 2020-2021 provided for this activity:

- Programs/Services: 4.c.1.1 Management Accounting Services
- Projects/Actions: 4.c.1.1.19.1 Conduct monthly and annual financial reviews and reporting

- Programs/Services: 4.e.1.2 Organisational Risk Management
- Projects/Actions: 4.e.1.2.19.2 Review risk management framework

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 risks that may affect health.
Financial	Moderate	The Compliance Audit Return 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 risks that may interrupt services.
Environment	Moderate	The Risk Register review assists in identifying and managing risks that may have an impact on the environment.
Reputation	Moderate	The Risk Register review assists in identifying and managing risks that may affect the City’s reputation.
Compliance	High	The Compliance Audit Return, external 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, Audit and Management Reports on an annual basis. Risk management activity and internal audits are carried out regularly throughout the year.

VOTING REQUIREMENTS

Simple Majority.

OPTIONS:Option 1

As per Officer's recommendation.

Option 2

That Council by SIMPLE Majority pursuant to Section 3.18 of the *Local Government Act 1995* RESOLVES to DEFER consideration of this matter pending further clarification.

CONCLUSION

The primary focus of the recent meeting of the Audit & Organisational Risk Committee was to consider the Compliance Audit Return for 2020. Results of the Compliance Audit Return confirm that internal controls continue to provide assurance that the City maintains high levels of compliance.

The Risk Register update also demonstrates that the City is managing risk effectively with no *residual* risks rated extreme and only 1.6% of *residual* risks rated high.

OFFICER'S RECOMMENDATION

That Council by SIMPLE Majority pursuant to Part 7 of the *Local Government Act 1995* and r14 of the *Local Government (Audit) Regulations 1996* RESOLVES to:

1. **RECEIVE** the Minutes of the Audit and Organisational Risk Committee meeting held on 19 March 2021; and
2. **ADOPT** the Compliance Audit Return 2020 for submission to the Department of Local Government, Sport and Cultural Industries prior to 31 March 2021.



AUDIT AND ORGANISATIONAL RISK COMMITTEE MEETING

MINUTES

**The Audit and Organisational Risk Committee Meeting
was held in Council Chambers,
Welcome Road, Karratha,
on Friday, 19 March 2021**



**CHRIS ADAMS
CHIEF EXECUTIVE OFFICER**



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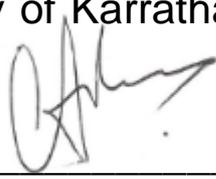
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The City of Karratha warns that anyone who has any application lodged with the City of Karratha must obtain and should only rely on

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.

TABLE OF CONTENTS

ITEM	SUBJECT	PAGE NO
1	OFFICIAL OPENING	5
2	RECORD OF ATTENDANCES AND APOLOGIES	5
3	DECLARATIONS OF INTEREST	5
4	CONFIRMATION OF MINUTES AND BUSINESS ARISING FROM MINUTES OF PREVIOUS MEETINGS	6
5	ITEMS FOR DISCUSSION	7
5.1	COMPLIANCE AUDIT RETURN 2020.....	7
5.2	RISK REGISTER UPDATE.....	13
5.3	AUDIT AND ORGANISATIONAL RISK COMMITTEE DATES 2021	17
6	ITEMS FOR INFORMATION ONLY.....	21
6.1	BUSINESS IMPROVEMENT – PROGRESS REPORT.....	22
7	MATTERS BEHIND CLOSED DOORS	29
	ATTACHMENTS TO ITEM 5.2 RISK REGISTER UPDATE.....	29
8	CLOSURE & DATE OF NEXT MEETING	31

MINUTES

1 OFFICIAL OPENING

The Meeting was officially opened at 1.43 pm.

Due to the apology from Cr Smeathers, the Chief Executive Officer called for nominations for the position of Chairperson for the remainder of the meeting.

There was one nomination received, Cr Long. No further nominations were received.

COMMITTEE RESOLUTION

Res No : AOR98
 MOVED : Cr Nunn
 SECONDED : Cr Scott

That the Committee by SIMPLE Majority pursuant to Section 3.18 of the *Local Government Act 1995* RESOLVES to APPOINT Cr Long to the position of Chairperson for the remainder of the meeting.

CARRIED

FOR : Cr Long, Cr Nunn Cr Scott
 AGAINST : Nil

At 1.44 pm Cr Long assumed to the role of Chairperson for the remainder of the meeting.

2 RECORD OF ATTENDANCES AND APOLOGIES

Committee Members: Cr Peter Long
 Cr Kelly Nunn
 Cr Daniel Scott

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

Apologies: Cr Evette Smeathers

3 DECLARATIONS OF INTEREST

Nil

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

OFFICER'S RECOMMENDATION / COMMITTEE RESOLUTION

Res No : AOR99
MOVED : Cr Scott
SECONDED : Cr Nunn

That the Minutes of the Audit and Organisational Risk Committee Meeting held on Tuesday, 27 October 2020, be confirmed as a true and correct record of proceedings.

CARRIED

FOR : Cr Long, Cr Nunn Cr Scott
AGAINST : Nil

5 ITEMS FOR DISCUSSION

5.1 COMPLIANCE AUDIT RETURN 2020

File No:	FM.12
Responsible Executive Officer:	Director Corporate Services
Reporting Author:	Governance Officer - Compliance
Date of Report:	10 March 2021
Applicant/Proponent:	Nil
Disclosure of Interest:	Nil
Attachment(s):	Compliance Audit Return 2020

PURPOSE

To consider the review of the City's level of compliance with legislation to inform the 2020 Compliance Audit Return (CAR).

BACKGROUND

Each local government is required to carry out a compliance audit in relation to the period 1 January to 31 December each year against the requirements set out in the 2020 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 2021.

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;
- j) Optional Questions; and
- k) Tenders for Providing Goods and Services.

An internal review has been completed which identified nine instances of non-compliance against the 102 questions, resulting in a 91.2% compliance rate. It should be noted that some instances of non-compliance were due to legislative amendments in November 2020.

The non-compliances related to:

1. Disclosure of Interest

- i. Question 9 – When a person ceased to be required to lodge a return the return was not removed from the register. This resulted from introduction of an electronic register in 2018. The register is being modified to address this requirement.
- ii. Question 13 – When a person ceased being a person required to make a disclosure (gifts) records were not removed from the register. The register is being modified to address this requirement.

2. Elections

- i. Question 2 – The register contains disclosures of gifts from candidates that have completed their term. The candidate has been removed from the register.
- ii. Question 3 – The electoral gift register was not available on the City’s website. The register is now available on the website.

3. Finance

- i. Question 5 – The 2019/20 audit report was not received from the OAG by 31 December 2020.

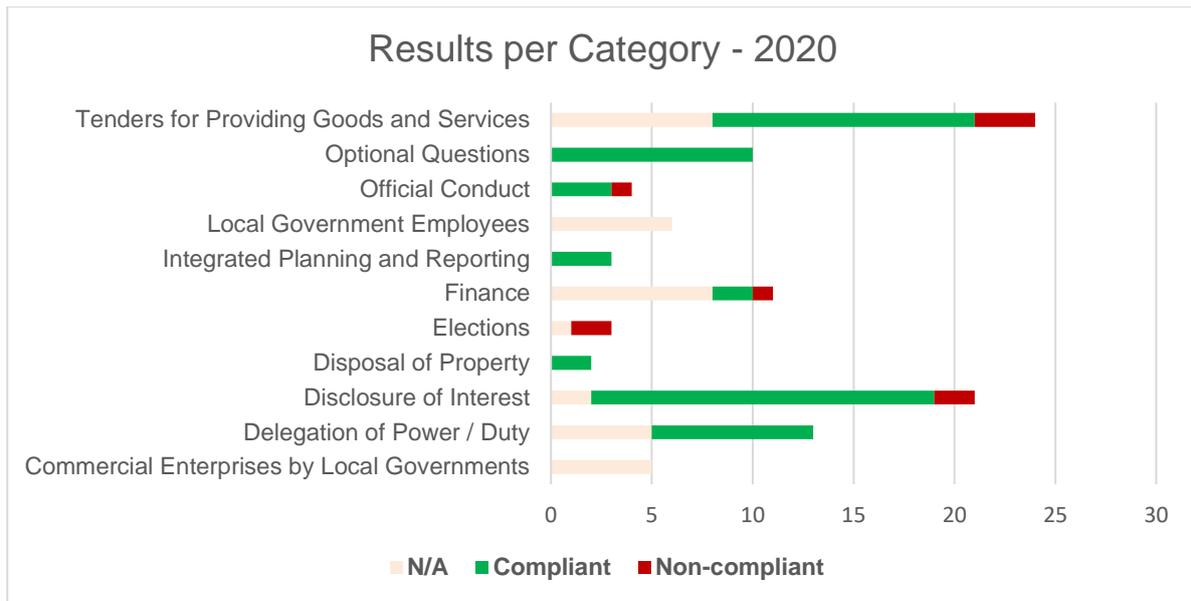
4. Official Conduct

- i. Question 4 – The online register of complaints was not available on the City’s website as the City has received no complaints. The register is now on the City’s website.

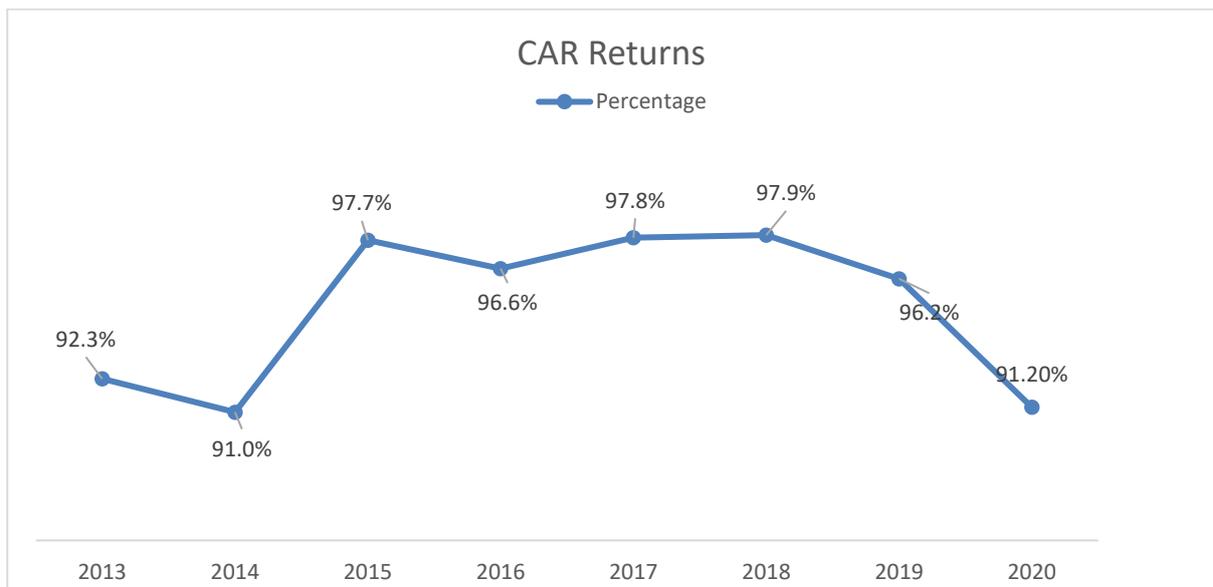
5. Tenders for Providing Goods and Services

- i. Question 2 – There were six known non-compliances with the City’s purchasing policy for contracts expected to be less than \$250,000. Issues include threshold requirements not being adhered to and officers with insufficient purchasing authority committing expenditure on behalf of the organisation. Action has been taken to address each instance of non-compliance.
- ii. Question 8 – The tender register is compliant and available for public inspection, however it was not available on the website as per the regulations. Officers are working through how to display the register on the website containing individual advertisements for each tender.
- iii. Question 11 – Whilst compliant for 36 of 37 tenders, written notice of one tender to unsuccessful applicants did not contain particulars of the successful tender as the incorrect template was used by the responsible officer.

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 with relevant teams when preparing responses.

COMMUNITY CONSULTATION

No community consultation is required.

STATUTORY IMPLICATIONS

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 2020-2030 and Corporate Business Plan 2020-2025. In particular, the Operational Plan 2020-2021 provided for this activity:

Programs/Services:	4.e.1.2	Corporate Governance
Projects/Actions:	4.e.1.2.19.2	Measure the percentage of compliant responses to the annual 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 self-assessed compliance tool by local governments to inform the DLGSCI and is not likely to have significant reputational implications unless major failings are identified through the process.
Compliance	Moderate	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 14 of the *Local Government (Audit) Regulations 1996* RESOLVES to DEFER consideration of the 2020 Compliance Audit Return pending further review, noting that submissions are due to the Department of Local Government, Sport and Cultural Industries by 31 March 2021.

CONCLUSION

Each local government is required to carry out an annual Compliance Audit Return in relation to the period 1 January 2020 to 31 December 2020. Overall, the audit indicates a compliance rate of 91.2% for the City. Whilst the number of non-compliances has increased since 2019, some relate to legislative amendments in November 2020, measures have been taken to rectify non-compliances and internal controls continue to be monitored to identify and address non-compliances as they occur. These systems continue to reflect a high level of compliance.

OFFICER'S RECOMMENDATION / COMMITTEE RESOLUTION

Res No : **AOR100**
MOVED : **Cr Scott**
SECONDED : **Cr Nunn**

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

- 1. RECEIVE the 2020 Compliance Audit Return; and**
- 2. PRESENT the 2020 Compliance Audit Return to Council for adoption prior to submission to the Department of Local Government, Sport and Cultural Industries by 31 March 2021.**

CARRIED

FOR : Cr Long, Cr Nunn Cr Scott
AGAINST : Nil



Karratha - Compliance Audit Return 2020

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 the relevant minutes.

Commercial Enterprises by Local Governments					
No	Reference	Question	Response	Comments	Respondent
1	s3.59(2)(a) F&G Regs 7,9,10	Has the local government prepared a business plan for each major trading undertaking that was not exempt in 2020?	N/A		Maree Apostoles
2	s3.59(2)(b) F&G Regs 7,8,10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2020?	N/A		Maree Apostoles
3	s3.59(2)(c) F&G Regs 7,8,10	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 2020?	N/A		Maree Apostoles
4	s3.59(4)	Has the local government complied with public notice and publishing requirements for each proposal to commence a major trading undertaking or enter into a major land transaction or a land transaction that is preparatory to a major land transaction for 2020?	N/A		Maree Apostoles
5	s3.59(5)	During 2020, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority?	N/A		Maree Apostoles



Delegation of Power/Duty						
No	Reference	Question	Response	Comments	Respondent	
1	s5.16	Were all delegations to committees resolved by absolute majority?	N/A		Maree Apostoles	
2	s5.16	Were all delegations to committees in writing?	N/A		Maree Apostoles	
3	s5.17	Were all delegations to committees within the limits specified in section 5.17?	N/A		Maree Apostoles	
4	s5.18	Were all delegations to committees recorded in a register of delegations?	N/A		Maree Apostoles	
5	s5.18	Has council reviewed delegations to its committees in the 2019/2020 financial year?	N/A		Maree Apostoles	
6	s5.42(1) & s5.43 Admin Reg 18G	Did the powers and duties delegated to the CEO exclude those listed in section 5.43 of the Act?	Yes		Maree Apostoles	
7	s5.42(1)	Were all delegations to the CEO resolved by an absolute majority?	Yes		Maree Apostoles	
8	s5.42(2)	Were all delegations to the CEO in writing?	Yes		Maree Apostoles	
9	s5.44(2)	Were all delegations by the CEO to any employee in writing?	Yes	A Delegation Request Form is required for all new delegations from the CEO to employee. No new delegations in 2020	Maree Apostoles	
10	s5.16(3)(b) & s5.45(1)(b)	Were all decisions by the council to amend or revoke a delegation made by absolute majority?	Yes		Maree Apostoles	
11	s5.46(1)	Has the CEO kept a register of all delegations made under Division 4 of the Act to the CEO and to employees?	Yes	Delegations Register Resolution OCM 154609 - 30/06/2020	Maree Apostoles	
12	s5.46(2)	Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2019/2020 financial year?	Yes		Maree Apostoles	
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 in accordance with Admin Reg 19?	Yes		Maree Apostoles	

Disclosure of Interest						
No	Reference	Question	Response	Comments	Respondent	
1	s5.67	Where a council member disclosed an interest in a matter and did not have participation approval under sections 5.68 or 5.69, did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter?	Yes		Maree Apostoles	



No	Reference	Question	Response	Comments	Respondent
2	s5.68(2) & s5.69 (5) Admin Reg 21A	Were all decisions regarding participation approval, including the extent of participation allowed and, where relevant, the information required by Admin Reg 21A, recorded in the minutes of the relevant council or committee meeting?	Yes		Maree Apostoles
3	s5.73	Were disclosures under section sections 5.65, 5.70 or 5.71A(3) recorded in the minutes of the meeting at which the disclosures were made?	Yes		Maree Apostoles
4	s5.75 Admin Reg 22, Form 2	Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day?	Yes		Maree Apostoles
5	s5.76 Admin Reg 23, Form 3	Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2020?	Yes		Maree Apostoles
6	s5.77	On receipt of a primary or annual return, did the CEO, or the mayor/president, give written acknowledgment of having received the return?	Yes		Maree Apostoles
7	s5.88(1) & (2)(a)	Did the CEO keep a register of financial interests which contained the returns lodged under sections 5.75 and 5.76?	Yes		Maree Apostoles
8	s5.88(1) & (2)(b) 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, 5.71 and 5.71A, in the form prescribed in Admin Reg 28?	Yes		Maree Apostoles
9	s5.88(3)	When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76, did the CEO remove from the register all returns relating to that person?	No	When a person ceased to be required to lodge a return the return was not removed from the register. This resulted from introduction of an electronic register in 2018. The register is being modified to address this requirement.	Henry Eaton
10	s5.88(4)	Have all returns removed from the register in accordance with section 5.88(3) been kept for a period of at least five years after the person who lodged the return(s) ceased to be a person required to lodge a return?	Yes		Maree Apostoles
11	s5.89A(1), (2) & (3) Admin Reg 28A	Did the CEO keep a register of gifts which contained a record of disclosures made under sections 5.87A and 5.87B, in the form prescribed in Admin Reg 28A?	Yes		Maree Apostoles
12	s5.89A(5) & (5A)	Did the CEO publish an up-to-date version of the gift register on the local government's website?	Yes		Maree Apostoles



No	Reference	Question	Response	Comments	Respondent
13	s5.89A(6)	When a person ceases to be a person who is required to make a disclosure under section 5.87A or 5.87B, did the CEO remove from the register all records relating to that person?	No	When a person ceased being a person required to make a disclosure (gifts) records were not removed from the register. The register is being modified to address this requirement.	Maree Apostoles
14	s5.89A(7)	Have copies of all records removed from the register under section 5.89A (6) been kept for a period of at least five years after the person ceases to be a person required to make a disclosure?	Yes	All returns are retained in accordance with the Record keeping policy. Returns are kept for 7 years.	Maree Apostoles
15	Rules of Conduct Reg 11(1), (2) & (4)	Where a council member had an interest that could, or could reasonably be perceived to, adversely affect the impartiality of the person, did they disclose the interest in accordance with Rules of Conduct Reg 11(2)?	Yes		Maree Apostoles
16	Rules of Conduct Reg 11(6)	Where a council member disclosed an interest under Rules of Conduct Reg 11 (2) was the nature of the interest recorded in the minutes?	Yes		Maree Apostoles
17	s5.70(2) & (3)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to council or a committee, did that person disclose the nature and extent of that interest when giving the advice or report?	Yes		Maree Apostoles
18	s5.71A & s5.71B (5)	Where council applied to the Minister to allow the CEO to provide advice or a report to which a disclosure under s5.71A(1) relates, did the application include details of the nature of the interest disclosed and any other information required by the Minister for the purposes of the application?	N/A		Maree Apostoles
19	s5.71B(6) & s5.71B(7)	Was any decision made by the Minister under subsection 5.71B(6) recorded in the minutes of the council meeting at which the decision was considered?	N/A		Maree Apostoles
20	s5.103 Admin Regs 34B & 34C	Has the local government adopted a code of conduct in accordance with Admin Regs 34B and 34C to be observed by council members, committee members and employees?	Yes		Maree Apostoles
21	Admin Reg 34B(5)	Has the CEO kept a register of notifiable gifts in accordance with Admin Reg 34B(5)?	Yes		Maree Apostoles



Disposal of Property					
No	Reference	Question	Response	Comments	Respondent
1	s3.58(3)	Where the local government disposed of property other than by public auction or tender, did it dispose of the property in accordance with section 3.58(3) (unless section 3.58(5) applies)?	Yes		Maree Apostoles
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		Maree Apostoles

Elections					
No	Reference	Question	Response	Comments	Respondent
1	Elect Regs 30G(1) & (2)	Did the CEO establish and maintain an electoral gift register and ensure that all disclosure of gifts forms completed by candidates and donors and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the forms relating to each candidate?	N/A		Maree Apostoles
2	Elect Regs 30G(3) & (4)	Did the CEO remove any disclosure of gifts forms relating to an unsuccessful candidate, or a successful candidate that completed their term of office, from the electoral gift register, and retain those forms separately for a period of at least two years?	No	The register contains disclosures of gifts from candidates that have completed their term. The candidate has been removed from the register.	Henry Eaton
3	Elect Regs 30G(5) & (6)	Did the CEO publish an up-to-date version of the electoral gift register on the local government's official website in accordance with Elect Reg 30G(6)?	No	The electoral gift register was not available on the city's website. The register is now available on the website.	Henry Eaton

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		Maree Apostoles
2	s7.1B	Where the council delegated to its audit committee any powers or duties under Part 7 of the Act, did it do so by absolute majority?	N/A	The Audit Committee do not hold any delegations	Maree Apostoles
3	s7.3(1) & s7.6(3)	Was the person or persons appointed by the local government to be its auditor appointed by an absolute majority decision of council?	N/A		Maree Apostoles



No	Reference	Question	Response	Comments	Respondent
4	s7.3(3)	Was the person(s) appointed by the local government under s7.3(1) to be its auditor a registered company auditor or an approved auditor?	N/A		Maree Apostoles
5	s7.9(1)	Was the auditor's report for the financial year ended 30 June 2020 received by the local government by 31 December 2020?	No	The audit report was not finalised by the OAG as at 31 December 2020	Maree Apostoles
6	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, did the local government ensure that appropriate action was undertaken in respect of those matters?	Yes		Maree Apostoles
7	s7.12A(4)(a)	Where matters identified as significant were reported in the auditor's report, did the local government prepare a report that stated what action the local government had taken or intended to take with respect to each of those matters?	N/A		Maree Apostoles
8	s7.12A(4)(b)	Where the local government was required to prepare a report under s.7.12A(4)(a), was a copy of the report given to the Minister within three months of the audit report being received by the local government?	N/A		Maree Apostoles
9	s7.12A(5)	Within 14 days after the local government gave a report to the Minister under s7.12A(4)(b), did the CEO publish a copy of the report on the local government's official website?	N/A		Maree Apostoles
10	Audit Reg 7	Did the agreement between the local government and its auditor include the objectives and scope of the audit, a plan for the audit, details of the remuneration and expenses paid to the auditor, and the method to be used by the local government to communicate with the auditor?	N/A		Maree Apostoles
11	Audit Reg 10(1)	Was the auditor's report for the financial year ending 30 June received by the local government within 30 days of completion of the audit?	N/A	Council awaiting finalisation of the audit report for 19/20.	Maree Apostoles



Integrated Planning and Reporting					
No	Reference	Question	Response	Comments	Respondent
1	Admin Reg 19C	Has the local government adopted by absolute majority a strategic community plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	Council adopted SCP for 2020-2030 on 17 August 2020 (Resolution 154649)	Henry Eaton
2	Admin Reg 19DA (1) & (4)	Has the local government adopted by absolute majority a corporate business plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	Council adopted CBP for 2020-2030 on 17 August 2020 (Resolution 154649)	Henry Eaton
3	Admin Reg 19DA (2) & (3)	Does the corporate business plan comply with the requirements of Admin Reg 19DA(2) & (3)?	Yes		Maree Apostoles

Local Government Employees					
No	Reference	Question	Response	Comments	Respondent
1	Admin Reg 18C	Did the local government approve a process to be used for the selection and appointment of the CEO before the position of CEO was advertised?	N/A		Henry Eaton
2	s5.36(4) & s5.37 (3) Admin Reg 18A	Were all CEO and/or senior employee vacancies advertised in accordance with Admin Reg 18A?	N/A		Maree Apostoles
3	Admin Reg 18E	Was all information provided in applications for the position of CEO true and accurate?	N/A		Maree Apostoles
4	Admin Reg 18F	Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position under section 5.36(4)?	N/A		Maree Apostoles
5	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss senior employee?	N/A		Maree Apostoles
6	s5.37(2)	Where council rejected a CEO's recommendation to employ or dismiss a senior employee, did it inform the CEO of the reasons for doing so?	N/A		Maree Apostoles



Official Conduct					
No	Reference	Question	Response	Comments	Respondent
1	s5.120	Has the local government designated a senior employee as defined by section 5.37 to be its complaints officer?	N/A		Maree Apostoles
2	s5.121(1)	Has the complaints officer for the local government maintained a register of complaints which records all complaints that resulted in a finding under section 5.110(2)(a)?	Yes		Maree Apostoles
3	s5.121(2)	Does the complaints register include all information required by section 5.121(2)?	Yes		Maree Apostoles
4	s5.121(3)	Has the CEO published an up-to-date version of the register of the complaints on the local government's official website?	No	The online register of complaints was not available on the City's website as the City has received no complaints. The register is now on the City's website.	Maree Apostoles

Optional Questions					
No	Reference	Question	Response	Comments	Respondent
1	Financial Management Reg 5 (2)(c)	Did the CEO review the appropriateness and effectiveness of the local government's financial management systems and procedures in accordance with Financial Management Reg 5(2)(c) within the three years prior to 31 December 2020? If yes, please provide the date of council's resolution to accept the report.	Yes	FMSR finalised by Avant Edge Consulting on 22 July 2020. Report furnished to the Audit and Organisational Risk Committee held on 27 October 2020. Council received the FMSR on 16 November 2020. (Resolution 154699)	Henry Eaton
2	Audit Reg 17	Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with Audit Reg 17 within the three years prior to 31 December 2020? If yes, please provide date of council's resolution to accept the report.	Yes	Reg 17 Report furnished to the Audit and Organisational Risk Committee held on 27 October 2020. Council received the Reg 17 Report on 16 November 2020. (Resolution 154699)	Henry Eaton
3	s5.87C(2)	Where a disclosure was made under sections 5.87A or 5.87B, was the disclosure made within 10 days after receipt of the gift?	Yes		Maree Apostoles
4	s5.87C	Where a disclosure was made under sections 5.87A or 5.87B, did the disclosure include the information required by section 5.87C?	Yes		Maree Apostoles



No	Reference	Question	Response	Comments	Respondent
5	s5.90A(2)	Did the local government prepare and adopt by absolute majority a policy dealing with the attendance of council members and the CEO at events?	Yes	Policy CG-17 Attendance at Events Policy - Council adopted by AM on 17 August 2020 (Resolution 154647)	Henry Eaton
6	s.5.90A(5)	Did the CEO publish an up-to-date version of the attendance at events policy on the local government's official website?	Yes		Henry Eaton
7	s5.96A(1), (2), (3) & (4)	Did the CEO publish information on the local government's website in accordance with sections 5.96A(1), (2), (3), and (4)?	Yes		Maree Apostoles
8	s5.128(1)	Did the local government prepare and adopt (by absolute majority) a policy in relation to the continuing professional development of council members?	Yes	Policy CG-16 Professional Development for Council Members - Council adopted by AM on 20 July 2020 (Resolution 154633)	Henry Eaton
9	s5.127	Did the local government prepare a report on the training completed by council members in the 2019/2020 financial year and publish it on the local government's official website by 31 July 2020?	Yes		Henry Eaton
10	s6.4(3)	By 30 September 2020, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2020?	Yes	Submitted to OAG's subcontractor (AMD) on 04 September 2020.	Maree Apostoles

Tenders for Providing Goods and Services

No	Reference	Question	Response	Comments	Respondent
1	F&G Reg 11A(1) & (3)	Does the local government have a current purchasing policy that complies with F&G Reg 11A(3) in relation to contracts for other persons to supply goods or services where the consideration under the contract is, or is expected to be, \$250,000 or less or worth \$250,000 or less?	Yes		Miranda Geal



No	Reference	Question	Response	Comments	Respondent
2	F&G Reg 11A(1)	Did the local government comply with its current purchasing policy in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, \$250,000 or less or worth \$250,000 or less?	No	<p>There were six known non-compliances with the City's Purchasing Policy for contracts expected to be less or worth less than \$250,000.</p> <p>Issues included threshold requirements not being adhered to and officers with insufficient purchasing authority committing expenditure on behalf of the organisation. Action has been taken to address each instance of non-compliance.</p> <p>The City continues to review and improve its systems in order to reduce the risk of non-compliances occurring.</p>	Maree Apostoles
3	s3.57 F&G Reg 11	Subject to F&G Reg 11(2), did the local government invite tenders for all 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 F&G Reg 11(1)?	Yes		Henry Eaton
4	F&G Regs 11(1), 12(2), 13, & 14(1), (3), and (4)	When regulations 11(1), 12(2) or 13 required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with F&G Reg 14(3) and (4)?	Yes		Miranda Geal
5	F&G Reg 12	Did the local government comply with F&G Reg 12 when deciding to enter into multiple contracts rather than a single contract?	Yes		Miranda Geal
6	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
7	F&G Regs 15 & 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of F&G Regs 15 and 16?	Yes		Miranda Geal



No	Reference	Question	Response	Comments	Respondent
8	F&G Reg 17	Did the information recorded in the local government's tender register comply with the requirements of F&G Reg 17 and did the CEO make the tenders register available for public inspection and publish it on the local government's official website?	No	The Tenders Register is compliant and available for public inspection however it was not available on the website as per the regulations,. The City is working through how to display the Tenders Register on the website containing individual advertisements for each tender.	Henry Eaton
9	F&G Reg 18(1)	Did the local government reject any tenders that were not submitted at the place, and within the time, specified in the invitation to tender?	Yes		Miranda Geal
10	F&G Reg 18(4)	Were all tenders that were not rejected assessed by the local government via a written evaluation of the extent to which each tender satisfies the criteria for deciding which tender to accept?	Yes		Miranda Geal
11	F&G Reg 19	Did the CEO give each tenderer written notice containing particulars of the successful tender or advising that no tender was accepted?	No	Whilst compliant for 36 of 37 tenders, written notice of one tender to unsuccessful applicants did not contain particulars of the successful tender as the incorrect template was used by the responsible officer. This occurred due to incorrect template selection by the responsible officer.	Henry Eaton
12	F&G Regs 21 & 22	Did the local government's advertising and expression of interest processes comply with the requirements of F&G Regs 21 and 22?	Yes	There was one instance where the City ran a Request for Proposal process in the first instance. The Request for Proposal was later used as an Expression of Interest for the purpose of running a two part tendering process.	Miranda Geal
13	F&G Reg 23(1) & (2)	Did the local government reject any expressions of interest that were not submitted at the place, and within the time, specified in the notice or that failed to comply with any other requirement specified in the notice?	N/A	Two late proposals were accepted for evaluation as it was originally run as a Request for Proposal and not an Expression of Interest. During evaluation Council resolved under resolution 154641 (17 August 2020) to use the Request for Proposal as an Expression of Interest in order to invite the shortlisted respondent to tender.	Henry Eaton



No	Reference	Question	Response	Comments	Respondent
14	F&G Reg 23(3)	Were all expressions of interest that were not rejected assessed by the local government?	Yes		Miranda Geal
15	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 as an acceptable tenderer?	Yes		Miranda Geal
16	F&G Reg 24	Did the CEO give each person who submitted an expression of interest a notice in writing of the outcome in accordance with F&G Reg 24?	Yes		Miranda Geal
17	F&G Regs 24AD(2) & (4) and 24AE	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice in accordance with F&G Reg 24AD(4) and 24AE?	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 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 pre-qualified supplier panel application?	N/A		Miranda Geal
20	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
21	F&G Reg 24AH(1)	Did the local government reject any 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
22	F&G Reg 24AH(3)	Were all applications that were not rejected assessed by the local government via a written evaluation of the extent to which each application satisfies the criteria for deciding which application to accept?	N/A		Miranda Geal
23	F&G Reg 24AI	Did the CEO send each applicant written notice advising them of the outcome of their application?	N/A		Miranda Geal
24	F&G Regs 24E & 24F	Where the local government gave regional price preference, did the local government comply with the requirements of F&G Regs 24E and 24F?	Yes		Miranda Geal



Department of
**Local Government, Sport
and Cultural Industries**

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 REGISTER UPDATE

File No:	RM.8
Responsible Executive Officer:	Director Corporate Services
Reporting Author:	Governance Officer - Compliance
Date of Report:	12 March 2021
Applicant/Proponent:	Nil
Disclosure of Interest:	Nil
Attachment(s):	1. Confidential High Residual Risk Register Extract 2. Confidential Strategic Risks

PURPOSE

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

BACKGROUND

A workshop has been undertaken with managers and as a result the risk register (register) has been updated. Managers have reviewed and updated the Risk Register (Register) where appropriate. This has resulted in an increase in the number of risks identified from 184 to 188 comprising of 177 operational risks and 14 strategic risks.

The table below provides the *inherent* and *residual* risk totals and percentages for the highest risks.

Number of Risks	188	
Number with Inherent Consequences rated Major or Catastrophic	36	19.1%
Number of Inherent Risks rated High or Extreme	42	22.3%
Number of Residual Risks rated High or Extreme	3	1.6%

Of the 42 *inherent* risks rated high or extreme only 3 of these risks have a high *residual* risks having regard to the implementation of current controls.

Notably, a new risk theme has been created identifying risks over which the City has limited or no control, including climate change, market volatility, lack of economic diversity and transient population.

This risk theme has seen five new strategic risks summarised below:

- Lack of economic diversity;
- Human induced climate change;
- Failure to reduce or offset carbon emissions;
- Depletion or degradation of water resources; and
- Natural environment degradation.

The heat map below displays the current assessed *residual* rating for all 188 identified risks.

Residual Risk Matrix

		Consequence				
		Insignificant	Minor	Moderate	Major	Catastrophic
Likelihood		1	2	3	4	5
Almost Certain	5	0	0	0	0	0
Likely	4	2	7	1	0	0
Possible	3	17	25	17	1	0
Unlikely	2	12	45	23	9	1
Rare	1	2	14	7	4	1

Since the last Audit and Organisational Risk Committee (AORC) meeting there has been an increase in risks in the register resulting a small shift for the residual risks for low, moderate and high.

Risk Acceptance	Oct 2018	Feb 2019	Mar 2020	May 2020	Mar 2021	Change
Low	100	99	97	99	103	+4
Moderate	76	76	79	84	82	-2
High	4	4	4	1	3	+2
Extreme	0	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 CEO 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 2020-2030 and Corporate Business Plan 2020-2025. In particular, the Operational Plan 2020-2021 provided for this activity:

- Program/Services: 4.e.1.2 Operational Risk Management
- Projects/Actions: 4.e.1.2.19.2 Review Risk Management Framework

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 bringing the total of identified risks to 188. Overall the City is managing risk effectively with no *residual* risks rated extreme and only 1.6% 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.

OFFICER'S RECOMMENDATION / COMMITTEE RESOLUTION

Res No : AOR101

MOVED : Cr Nunn

SECONDED : Cr Scott

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 Long, Cr Nunn Cr Scott
AGAINST : Nil

5.3 AUDIT AND ORGANISATIONAL RISK COMMITTEE DATES 2021

File No:	FM.3
Responsible Executive Officer:	Director Corporate Services
Reporting Author:	Manager Governance & Organisational Strategy
Date of Report:	11 March 2021
Applicant/Proponent:	Nil
Disclosure of Interest:	Nil
Attachment(s):	Nil

PURPOSE

To consider dates for Audit and Organisational Risk Committee (AORC) meetings for the remainder of 2021.

BACKGROUND

The Audit and Organisational Risk Committee's terms of reference provides for meetings 'to be held at least three times per year, or as required more frequently in order to expedite matters of governance and risk'. This is to ensure that the City has effective internal controls in place.

The following dates are proposed for the remainder of 2021:

Date of Meeting	Significant Matters for Discussion
TBD (subject to finalisation of audit by OAG)	<ul style="list-style-type: none"> • Consider External Audit Report 2019/20 • Receive Annual Financial Report 2019/20
24 August 2021 at 3pm	<ul style="list-style-type: none"> • Receive Interim Audit Report 2020/21 • Receive Internal Audits
9 November 2021 at 3pm	<ul style="list-style-type: none"> • Consider External Audit Report 2020/21 • Receive Annual Financial Report 2020/21 • Review Committee Terms of Reference • Endorse 2022 AORC Meeting dates

LEVEL OF SIGNIFICANCE

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

COUNCILLOR/OFFICER CONSULTATION

No Councillor or Officer consultation is required.

COMMUNITY CONSULTATION

No community consultation is required.

STATUTORY IMPLICATIONS

Division 1A of Part 7 of the *Local Government Act 1995* provides for local government Audit Committees.

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 2020-2030 and the Corporate Business Plan 2020-2025. In particular, the Operational Plan 2020-2021 provided for this activity

Programs/Services: 4.a.2.6 Agenda and Minutes Preparation

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	Moderate	Failure to convene Audit Committee meetings will breach Statutory requirements.

IMPACT ON CAPACITY

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

RELEVANT PRECEDENTS

The Committee meets regularly however there was only two meetings in 2020 as a result of delays receiving audit reports from the OAG.

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 Part 7 of the *Local Government Act 1995* RESOLVES to SCHEDULE the 2021 Audit and Organisational Risk Committee meeting dates as follows:

_____.

CONCLUSION

It is proposed to continue the schedule of Audit and Organisational Risk Committee meetings to meet three times a year in 2021, however an additional meeting may be required to consider the External Audit Report 2019/20 and receive the Annual Financial Report 2019/20. In the event that any other urgent matters need to be considered, additional meetings of the Committee can be convened.

OFFICER'S RECOMMENDATION / COMMITTEE RESOLUTION

Res No : **AOR102**
MOVED : **Cr Nunn**
SECONDED : **Cr Scott**

That the Audit and Organisational Risk Committee by SIMPLE Majority pursuant to Part 7 of the *Local Government Act 1995* RESOLVES to SCHEDULE Audit and Organisational Risk Committee meetings for the remainder of 2021 as follows:

- **TBD on receipt of the External Audit Report 2019/20 from the OAG;**
- **Tuesday, 24 August 2021 at 3pm; and**
- **Tuesday, 9 November 2021 at 3pm.**

CARRIED

FOR : **Cr Long, Cr Nunn Cr Scott**
AGAINST : **Nil**

6 ITEMS FOR INFORMATION ONLY

Responsible Officer: Director Corporate Services

Reporting Author: Minute Secretary

Disclosure of Interest: Nil

PURPOSE

To advise the Audit and Organisational Risk Committee of the information items for period ending March 2021.

OFFICER'S RECOMMENDATION / COMMITTEE RESOLUTION

Res No : AOR103

MOVED : Cr Scott

SECONDED : Cr Nunn

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

6.1 Business Improvement – Progress Report

6.2 Update on External Audits

CARRIED

FOR : Cr Long, Cr Nunn Cr Scott
AGAINST : Nil

6.1 BUSINESS IMPROVEMENT – PROGRESS REPORT

File No:	FM.3
Responsible Executive Officer:	Director Corporate Services
Reporting Author:	Governance Officer - Compliance
Date of Report:	10 March 2021
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:

Focus Areas	Brief Description	Indicative Activities/Outputs	Current and Future Status	Review Date
1. Strategic Community Plan 2020-30	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"> • Vision • Strategies • Community Engagement • Resources and Commitments 	<ul style="list-style-type: none"> • Full review undertaken in 2020 • SCP adopted by Council in August 2020 	<ul style="list-style-type: none"> • Desktop review due June 2022 
2. Corporate Business Plan 2020-25	Outlines what the organisation needs to deliver in the next five years.	<ul style="list-style-type: none"> • Activates Strategic Community Plan • Progress Measures to achieve delivery of outcomes • Budget information for five years 	<ul style="list-style-type: none"> • Full review undertaken in 2020 • CBP adopted by Council in August 2020 	<ul style="list-style-type: none"> • Desktop review due June 2021 
3. Operational Plan 2020-21	Annual slice and dice of Corporate Business Plan. Has been extensively reworked internally to ensure consistency and compliance.	<ul style="list-style-type: none"> • Annual Budget. • Annual Projects and Services 	<ul style="list-style-type: none"> • Budget approved by Council in June 2020. • ISP documents adopted by Council in August 2020 	<ul style="list-style-type: none"> • June 2021 
4. Asset Management Plan	What Assets are required at what service level to deliver the services expressed by our communities?	<ul style="list-style-type: none"> • Asset Conditions & Ratings • Levels of Service, operational, technical and community • Financial information for maintenance of assets at an agreed level of service • Asset Disposal Strategy and Lifecycle Costing 	<ul style="list-style-type: none"> • Strategic Asset Management Plan approved by Council in Feb 2020 	<ul style="list-style-type: none"> • February 2022 

Focus Areas	Brief Description	Indicative Activities/Outputs	Current and Future Status	Review Date
5. Long Term Financial Plan	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.	<ul style="list-style-type: none"> Action Plans Sensitivity Analysis Long Term Financial Sustainability Capital Works Program for next 10 years Financial Modelling Assumptions and Scenarios 	<ul style="list-style-type: none"> Review of key assumptions and 10 year Capital Works Plan completed annually. LTFP approved by Council 2019/20 – 2028/29 	<ul style="list-style-type: none"> June 2021 
6. Workforce Plan 2013-2018	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.	<ul style="list-style-type: none"> Structural Review Performance Measurement Systems Performance Appraisal System Retention Recruitment Succession Planning Development and training Staff housing & accommodation 	<ul style="list-style-type: none"> Annual review completed and incorporated in the LTFP assumptions. New plan being finalised. 	<ul style="list-style-type: none"> December 2020. 
7. Staff Housing Strategy	Development of a strategy to address the housing and accommodation needs of the City from retention and recruitment perspective.	<ul style="list-style-type: none"> Short term review and modifications undertaken. Options for staff housing to be developed (ownership vs leasing vs paying allowances). 	<ul style="list-style-type: none"> Review completed and endorsed by Council in July 2018. 	<ul style="list-style-type: none"> Review due 2021. 
8. Corporate Performance Management System	A tool to integrate all operations including projects and services delivered by the organisation and report on the individual status and financials.	<ul style="list-style-type: none"> Ability for all reporting teams to update their quarterly performances. 	<ul style="list-style-type: none"> In house reporting every quarter. 90 KPIs identified for 2020/21 FY. 	<ul style="list-style-type: none"> Q2 2020-21 KPIs to be presented at March 2021 OCM. 
9. Procurement and Tendering	Given the large volume of projects that the City is accountable for, a more centralised approach with procurement is applied for regulatory compliance.	<ul style="list-style-type: none"> Centralise and streamline the approach to procurement and tendering. Create knowledge management and succession planning of procurement and tendering through the organisation. 	<ul style="list-style-type: none"> Induction and awareness training provided quarterly to staff. eQuotes for local suppliers introduced in November 2015. Procurement guidelines introduced. 	<ul style="list-style-type: none"> Review of Purchasing Policy and Regional Price Preference Policy due 2020. 

Focus Areas	Brief Description	Indicative Activities/Outputs	Current and Future Status	Review Date
10. Functional Processes	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"> Define what a process is and how these will be recorded. Conduct a review of current functional processes across the organisation. Define what functional processes are needed, how they will be recorded, understood and applied consistently throughout the organisation. 	<ul style="list-style-type: none"> Policies adopted. Current practices are being process mapped as an internal resource and guide to all staff. >550 processes established with 93% available for organisational use. Currently investigating opportunities for automation in workflows. 	<ul style="list-style-type: none"> Ongoing and annual reviews of processes undertaken. 
11. Service Reviews	Review of all service areas to ensure efficacy and alignment with strategic direction and community	<ul style="list-style-type: none"> Thorough review of individual service area with recommendations targeting business improvement and efficiency 	<ul style="list-style-type: none"> Service reviews have been undertaken across all service areas with 337 recommended actions put forward to EMT. 79% of recommended actions are complete and 21% in progress. Phase II Service Reviews completed and under consideration. 	<ul style="list-style-type: none"> TBD. 
12. Risk Management Review	Review of existing policies, procedures and supporting documentation. Development of Risk Management Framework.	<ul style="list-style-type: none"> Common, contemporary, compliant framework was developed and utilised for the four (4) Pilbara LGA's. 	<ul style="list-style-type: none"> Risk plan and policies approved by Council in August 2019. Review of register undertaken for consideration at each AORC meeting. 	<ul style="list-style-type: none"> Risk Management Policy due 2021 
13. Business Continuity Management Project	A project funded by the PRC to assist Pilbara councils to establish a business continuity framework for their local authorities.	<ul style="list-style-type: none"> BCM Policy and Plan. BCM Governance Framework. Exercise Maintenance and Awareness Plan. 	<ul style="list-style-type: none"> BCM Plan prepared and training to be undertaken by consultant. 	<ul style="list-style-type: none"> BCM Plan under review and will be submitted to AORC 

Focus Areas	Brief Description	Indicative Activities/Outputs	Current and Future Status	Review Date
14. Internal Audit Program	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"> IA Schedule developed of internal audit program. Identify any weaknesses and reduce risks by examining existing control measures and providing recommendations for improvement. 	<ul style="list-style-type: none"> Completed Delegations & Authorisations; Credit Card Usage and Stock Control IAs. Three year internal audit plan developed for accepted by AORC October 2020. 	<ul style="list-style-type: none"> Progress on IA programs to be reported at next meeting. 
15. Staff Engagement Survey	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"> Online and hard copy survey sent to all employees every 2 years. Each department to develop an action plan in consultation with staff to respond to survey results. 	<ul style="list-style-type: none"> Last survey conducted in May 2019. Action plans prepared to respond to feedback. 	<ul style="list-style-type: none"> Next survey to be undertaken in May 2021 

6.2 UPDATE ON EXTERNAL AUDITS

File No:	CM.131
Responsible Executive Officer:	Director Corporate Services
Reporting Author:	Governance Officer - Compliance
Date of Report:	8 March 2021
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 or independent audits on the City's activities.

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.

On 16 November 2018 a report was presented to the AORC on the City's IT Network Security.

On 10 March 2020 the Independent Auditor's Report and Management Report for 2018/19 was presented to the AORC identifying one significant finding. This matter has now been addressed.

In late 2020 the OAG advised that the City would be part of the OAG's Performance Audit on Cyber Security. This audit remains ongoing and further details will be provided once the audit is completed.

The table below outlines the status of outstanding recommendations from past audit reports:

Recommendation	Responsibility	Comments	Timing	Status
2017 Financial Management System Review - AMD				
Maintenance and security of financial records				
BCP to be tested periodically to its full extent	Governance	<ul style="list-style-type: none"> • Testing carried out every two years. • BCP exercises undertaken at Airport in 2017 and REAP in 2018. • BCP tested annually in relation to cyclonic events – last being TC Damien Feb 2020. • A review of the current BCP document is being finalised and will be put in practice with an exercise planned in 2021. 	Jun 2021	

Network Vulnerability Assessment and Penetration Testing				
<p>The report identified: 15 recommendations for external penetration testing; 33 recommendations for Security Process Review; 5 recommendations for Social Engineering – Phishing; and 15 recommendations for Technical Security Review.</p>	<p>Information Services</p>	<ul style="list-style-type: none"> • 49% of the 68 recommendations have been completed. Of the remaining 35 recommendations: <ul style="list-style-type: none"> - 2 are high priority One is dependent on the Microsoft licensing RFQ (currently closed and under evaluation). It is related to multi-factor authentication that requires the MS MFA product. The other is related to Physical Entry – this work is currently under way. - 19 are medium priority Majority refer to policy and strategy development which is scheduled to occur following the completion of a selection of current projects. The balance are in progress including staff security training which has been incorporated into the newly formed ICT induction process that is now being delivered. Items such as keys and access is being coordinated with Building Maintenance. Work is currently under way with expenditure included in the 2021/22 budget. - 14 are low priority. 	<p>June 2021</p>	
2019 Annual Financial Report				
<p>Rehabilitation of 7 Mile Waste Facility identified as a contingent liability but costs not quantified.</p>	<p>Financial Services</p>	<ul style="list-style-type: none"> • A provision has been made for the 2019/20 FY. 	<p>Complete</p>	

OAG Performance Audit – Fraud Prevention – Self Assessment				
Risks are understood	Governance	<ul style="list-style-type: none"> • Risk management framework to include the risk of fraud. • Culture of anti-fraud to be addressed in staff training and induction. • Governance and HR to review recording registers. 	In progress	
OAG Performance Audit – Records Management in Local Government – Self Assessment				
City websites and social media pages	Information Services & Marketing and Communications	<ul style="list-style-type: none"> • Digital records to be captured in the City record keeping system. Website upgrade project to address the website element. 	Oct 2021	

CONCLUSION

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

7 MATTERS BEHIND CLOSED DOORS

ATTACHMENTS TO ITEM 5.2 RISK REGISTER UPDATE

These matters if disclosed would reveal information about the business, professional, commercial or financial affairs of a person.

8 CLOSURE & DATE OF NEXT MEETING

The meeting closed at 2.06 pm.

The date of the next meeting is to be advised.

I, Cr Evette Smeathers, Chairperson for the Audit and 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 and Organisational Risk Committee Meeting held 19 March 2021.

..... Date ____/____/____