



# Audit & Risk Committee

Minutes

Tuesday 6 August 2024

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**1. Official Opening**

The Presiding Member opened the meeting at 6:30 pm and welcomed Councillors, Staff, representatives from the Office of the Auditor General, members of the Public Gallery and those watching via live stream.

The Presiding Member also acknowledged the Traditional Owners of the land on which we meet the Whadjuk Noongar people.

**2. Attendance, Apologies and Leave of Absence Previously Approved**

**Mayor**

Margaret Thomas JP

**Councillors**

**South East Ward**

John Giardina

Geoff Stallard

**South West Ward**

Mary Cannon

**North West Ward**

Lisa Cooper (Presiding Member)

Dylan O'Connor

**North Ward**

David Modolo

Kathy Ritchie

**Members of Staff**

**Chief Executive Officer**

Anthony Vuleta - Chief Executive Officer

**Executive Team**

Sinead McGuire - Director Asset Services

Freya Ayliffe - A/Director Community Engagement

Gary Ticehurst - Director Corporate Services

Nathan Ritchie - Director Development Services

**Management Team**

Lloyd Peter – Manager IT

Brett Byfield – Coordinator Corporate Systems

**Administration Support**

Darrell Forrest - Governance Advisor

Donna McPherson - Executive Assistant to the CEO

**Guests**

Suraj Kaki - Office of the Auditor General

Kushir Naidoo - Office of the Auditor General)

**Members of the Public** 1

**Members of the Press** Nil.

**Apologies**

Cr Brooke O'Donnell

**Leave of Absence Previously Approved** Nil.

**3. Public Question Time**

3.1 Nil.

**4. Petitions/Deputations**

4.1 Nil.

**5. Confirmation of Minutes from Previous Meeting**

5.1 That the Minutes of the Audit & Risk Committee Meeting held on 19 March 2024, as published and circulated, are confirmed as a true and accurate record of the proceedings.

Moved: **Mayor Margaret Thomas**

Seconded: **Cr Geoff Stallard**

Vote: For: **Mayor Margaret Thomas, Cr Dylan O'Connor, Cr John Giardina, Cr Geoff Stallard, Cr Mary Cannon, Cr Lisa Cooper, Cr Kathy Ritchie and Cr David Modolo**

Against: **Nil**

**CARRIED UNANIMOUSLY (8/0)**

**6. Announcements by the Member Presiding Without Discussion**

6.1 Nil.

**7. Matters for Which the Meeting may be Closed**

7.1 Interim External Audit Findings - 2023-24 Financial Year

*Reason for Confidentiality: Local Government Act 1995 (WA) Section 5.23 (2) (f) - "a matter that if disclosed, could be reasonably expected to - (i) impair the effectiveness of any lawful method or procedure for preventing, detecting, investigating or dealing with any contravention or possible contravention of the law; (ii) endanger the security of the local government's property; or (iii) prejudice the maintenance or enforcement of a lawful measure for protecting public safety"*

7.2 Internal Audit Plan 2024-2027

Reason for Confidentiality: *Local Government Act 1995 (WA) Section 5.23 (2) (f) - "a matter that if disclosed, could be reasonably expected to - (i) impair the effectiveness of any lawful method or procedure for preventing, detecting, investigating or dealing with any contravention or possible contravention of the law; (ii) endanger the security of the local government's property; or (iii) prejudice the maintenance or enforcement of a lawful measure for protecting public safety"*

**8. Disclosure of Interest**

**8.1. Disclosure of Financial and Proximity Interests**

- a. Members must disclose the nature of their interest in matter to be discussed at the meeting. (Section 5.56 of the *Local Government Act 1995*.)
- b. Employees must disclose the nature of their interest in reports or advice when giving the report or advice to the meeting. (Section 5.70 of the *Local Government Act 1995*.)

8.2.1 Nil.

**8.2. Disclosure of Interest Affecting Impartiality**

- a. Members and staff must disclose their interest in matters to be discussed at the meeting in respect of which the member or employee had given or will give advice.

8.2.2 Nil.

**9. Reports to Council**

**9.1. Development Services Reports**

No reports presented.

**9.2. Asset Services Reports**

No reports presented.

**9.3. Corporate Services Reports**

**9.3.1. Interim External Audit Findings - 2023-24 Financial Year**

*Declaration of financial / conflict of interests to be recorded prior to dealing with each item.*

Previous Items	OCM289/2021
Directorate	Corporate Services
Business Unit	Corporate Services
File Reference	3.010758
Applicant	N/A
Owner	N/A

Attachments Nil

Confidential Attachments	<ol style="list-style-type: none"><li>1. City of Kalamunda – Annual Audit Planning Summary 30 June 2024</li><li>2. City of Kalamunda – Interim Management Letter 30 June 2024</li></ol>
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*Reason for Confidentiality: Local Government Act 1995 (WA) Section 5.23 (2) (f) - "a matter that if disclosed, could be reasonably expected to - (i) impair the effectiveness of any lawful method or procedure for preventing, detecting, investigating or dealing with any contravention or possible contravention of the law; (ii) endanger the security of the local government's property; or (iii) prejudice the maintenance or enforcement of a lawful measure for protecting public safety".*

## TYPE OF REPORT

	Advocacy	When Council is advocating on behalf of the community to another level of government/body/agency
✓	Executive	When Council is undertaking its substantive role of direction setting and oversight (eg accepting tenders, adopting plans and budgets)
	Information	For Council to note
	Legislative	Includes adopting Local Laws, Town Planning Schemes and Policies. When Council determines a matter that directly impacts a person's rights and interests where the principles of natural justice apply. Examples include town planning applications, building licences, other permits or licences issued under other Legislation or matters that could be subject to appeal to the State Administrative Tribunal

## STRATEGIC PLANNING ALIGNMENT

*Kalamunda Advancing Strategic Community Plan to 2031*

### **Priority 4: Kalamunda Leads**

**Objective 4.1** - To provide leadership through transparent governance.

**Strategy 4.1.1** - Provide good governance.

## EXECUTIVE SUMMARY

1. The purpose of this report is to provide Council with the findings of the Interim Audit undertaken by the Office of the Auditor General (OAG) for the 2023/24 financial year (Confidential Attachment 2).
2. The Interim Audit for the financial year ending 30 June 2024 was undertaken by the Office of the Auditor General (OAG), in accordance with the planning summary (Confidential Attachment 1).
3. It is recommended that Council accepts the Interim Audit Report – (Confidential Attachment 2).

## BACKGROUND

4. On 28 October 2017, the Local Government Amendment (Auditing) Act 2017 was proclaimed, giving the Auditor General the mandate to audit Western Australia's 139 local governments and regional councils.

5. The Act allowed the Auditor General to conduct performance audits of local government entities from 28 October 2017 either by themselves or by engaging external audit consultants. Since the 2018/19 financial year, the City's audit has been performed by the OAG.
6. The OAG prepared a planning summary, Confidential Attachment 1, for their approach to the audit of the annual financial report for the year ending 30 June 2024, and in summary included the following:
  - a) Introduction
  - b) Audit Approach
  - c) Significant Risks and Other Audit Issues
  - d) Audit Emphasis and Significant Account Balances
  - e) Internal Audit
  - f) Management Representation Letter
  - g) Related Entities
  - h) Reporting Protocols
  - i) Proposed Audit Schedule
  - j) Specific Audit Requirements
  - k) Audit Fee
  - l) Audit Team
  - m) Other Audit Work and Activities

## **DETAILS AND ANALYSIS**

7. On 30 May 2024, the City met with the OAG to discuss the audit plan. The interim audit field work was carried out between 10 June 2024 and 5 July 2024, with the Confidential Attachment 2 representing the outcome of the interim audit.
8. The OAG identified 6 findings from the Interim Audit, with 1 rated significant, 4 rated moderate and 1 rated minor. The details of these findings are outlined in Confidential Attachment 2.
9. The final component of the fieldwork for the 2023/24 financial year's audit will be conducted in October 2024 with the final results brought to an Audit and Risk Committee Meeting once available.

## **APPLICABLE LAW**

10. *Sections 6.4, 7.9 and 7.12 of the Local Government Act 1995 and Local Government Amendment (Auditing) Act 2017.*
11. *Regulation 51 of the Local Government (Financial Management) Regulations 1996.*



**APPLICABLE POLICY**

12. Nil.

**STAKEHOLDER ENGAGEMENT**

13. The City worked closely with the Auditors throughout the Audit process.

**FINANCIAL CONSIDERATIONS**

14. The 2024/2025 Budget included a provision for the cost of having the accounts and the Annual Financial Report audited by an externally appointed registered auditor.

**SUSTAINABILITY**

**Social Implications**

15. Nil.

**Economic Implications**

16. Nil.

**Environmental Implications**

17. Nil.

**RISK MANAGEMENT**

18.	Issues identified in the interim audit report are not rectified in a timely fashion leading to a breakdown of controls.		
	<b>Consequence</b>	<b>Likelihood</b>	<b>Rating</b>
	Moderate	Possible	Medium
	<b>Action/Strategy</b>		
	Employ suitably skilled staff. Maintain controls and compliance with policy and legislation. Ensure effective internal audit program. Management oversight.		

19.

<b>Risk:</b> Audit recommendations are not implemented in a timely fashion.		
<b>Consequence</b>	<b>Likelihood</b>	<b>Rating</b>
Moderate	Unlikely	Low
<b>Action/Strategy</b>		
Internal Audit Plan developed and reviewed annually. Monitoring and review of the implementation of audit recommendations and reporting to the Council.		

**CONCLUSION**

20. The interim audit fieldwork was carried out in accordance with the audit plan prepared by OAG on 10 June 2024 – 5 July 2024.

21. A total of 6 items were identified during the audit fieldwork. One item was rated as significant, 4 moderate and 1 minor risk rating . The City is progressively working to address these issues.

**Voting Requirements: Simple Majority**

**COMMITTEE RECOMMENDATION TO COUNCIL**

That Council ACCEPT the findings of the Interim Audit undertaken for the financial year ending 30 June 2024 contained in Confidential Attachment 2.

Moved: **Mayor Margaret Thomas**

Seconded: **Cr Geoff Stallard**

Vote: For: **Mayor Margaret Thomas, Cr Dylan O'Connor, Cr John Giardina, Cr Geoff Stallard, Cr Mary Cannon, Cr Lisa Cooper, Cr Kathy Ritchie and Cr David Modolo**

Against: **Nil**

**CARRIED UNANIMOUSLY (8/0)**

### 9.3.2. Internal Audit Plan 2024-2027

**Declaration of financial / conflict of interests to be recorded prior to dealing with each item.**

Previous Items	OCM 141/2020
Directorate	Corporate Services
Business Unit	Corporate Services
File Reference	
Applicant	N/A
Owner	N/A

Attachments	Nil
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Confidential Attachments	<ol style="list-style-type: none"> <li>Internal Audit Charter</li> <li>Strategic Internal Audit Plan 2024-2027</li> </ol> <p><u>Reason for Confidentiality:</u> Local Government Act 1995 (WA) Section 5.23 (2) (f) - "a matter that if disclosed, could be reasonably expected to - (i) impair the effectiveness of any lawful method or procedure for preventing, detecting, investigating or dealing with any contravention or possible contravention of the law; (ii) endanger the security of the local government's property; or (iii) prejudice the maintenance or enforcement of a lawful measure for protecting public safety".</p>
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#### TYPE OF REPORT

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	Executive	When Council is undertaking its substantive role of direction setting and oversight (eg accepting tenders, adopting plans and budgets)
	Information	For Council to note
	Legislative	Includes adopting Local Laws, Town Planning Schemes and Policies. When Council determines a matter that directly impacts a person's rights and interests where the principles of natural justice apply. Examples include town planning applications, building licences, other permits or licences issued under other Legislation or matters that could be subject to appeal to the State Administrative Tribunal

## STRATEGIC PLANNING ALIGNMENT

*Kalamunda Advancing Strategic Community Plan to 2031*

### Priority 4: Kalamunda Leads

**Objective 4.1** - To provide leadership through transparent governance.

**Strategy 4.1.1** - Provide good governance.

## EXECUTIVE SUMMARY

1. The purpose of this report is to provide Council with the Internal Audit Charter and the proposed Strategic Internal Audit Plan for 2024 to 2027.
2. It is recommended that Council:
  - a) ENDORSE the Internal Audit Charter (Confidential Attachment 1).
  - b) ENDORSE the Draft Strategic Internal Audit Plan for 2024 to 2027 (Confidential Attachment 2).
  - c) NOTE that the City will issue a Request for Tender (RFT) for the provision of Internal Audit Services within the first quarter of the 2024/25 financial year.

## BACKGROUND

3. The current Internal Audit contract with William Buck expired in June 2024 and the City is currently preparing to issue a new RFT within the first quarter of 2024/25 once the programme is endorsed by the Committee.
4. The role of the City of Kalamunda's Internal Audit Service (Internal Audit) is to assist the Committee and Management to manage risk by providing an innovative, responsive, proactive and value-added Internal Audit function.
5. Following Council's adoption of the Draft Strategic Internal Audit Plan, the City will issue an RFT for the provision of Internal Audit Services.

## DETAILS AND ANALYSIS

6. Internal Audit is a core element of the City's risk management and governance framework. The relationship between the Internal Audit and the City can be summarised using the "Three Lines of Defence" model illustrated below:



7. The City of Kalamunda has established an Internal Audit Function in compliance with the International Professional Practices Framework. The mission of internal audit is to enhance and protect the City of Kalamunda's value by providing risk-based and objective assurance, advice and insight. It helps the City of Kalamunda accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
8. The objectives of Internal Audit are:
  - a) Provide independent consideration of risks, controls, and processes across the City of Kalamunda.
  - b) Promote mechanisms encouraging a culture, which is conscious of risk, control, and processes; and
  - c) Assist and support the City of Kalamunda in its drive for process improvement.
9. The Internal Audit objectives are achieved by:
  - a) Assisting Management in evaluating their processes for identifying, assessing and managing the key operational, financial and compliance risks for the City;
  - b) Assisting Management in evaluating the effectiveness of internal control systems, including compliance with internal policies and their alignment with legislation and regulation;
  - c) Recommending improvements in efficiency and effectiveness to the internal control systems established by Management;
  - d) Keeping abreast of new developments affecting the City of Kalamunda's activities and in matters affecting Internal Audit and;
  - e) Being responsive to the City's changing needs and striving for continuous improvement.
10. The City has established an Internal Audit Charter which establishes the purpose, authority, and responsibilities in respect of the Internal Audit Function within the City.

11. The Internal Audit Charter is underpinned by a series of core principles, which taken as a whole, articulate internal audit effectiveness. Internal Auditors will possess and demonstrate the Core Principles for the Professional Practice of Internal Auditing. These principles are:
- I. Demonstrates integrity
  - II. Demonstrates competence and due professional care
  - III. Is objective and free from undue influence (independent)
  - IV. Aligns with the strategies, objectives and risks of the organisation
  - V. Is appropriately positioned and adequately resourced
  - VI. Demonstrates quality and continuous improvement
  - VII. Communicates effectively
  - VIII. Provides risk-based assurance
  - IX. Is insightful, proactive, and future-focused and
  - X. Promotes organisational improvement
12. The Strategic Internal Audit Plan 2024-2027 (Attachment 2) sets out the scope of the planned work to be undertaken by the Internal Auditor for the City for the following three financial years. The SIAP was developed based on consideration of the following:
- a) The previous 3-year Internal Audit topics conducted by the City of Kalamunda previous Internal Auditors.
  - b) The latest updated Risks noted in the City's Risk Registers provided.
  - c) The City's efforts made in lowering and/or mitigating key operational risks identified in their Risk Registers.
  - d) Consideration of emerging risks (Cyber Security, etc);
  - e) Action Items and known shortcomings identified in the City of Kalamunda audit log.
  - f) Recently completed internal audits and other reviews by external auditors (Office of the Auditor-General) and other service providers.
  - g) Other areas suggested by the Office of the Auditor-General in the Western Australian Public Sector Audit Committees – Better Practice Guide.
13. Broadly, Internal Audit reviews are focused on:
- a) Compliance Audits: which concentrate primarily on the entity's (or their suppliers') compliance with legislation, regulations, directions, policies, plans, and procedures.
  - b) Financial Audits: These are concerned with practices and activities relating to the accounting and reporting of financial transactions including budget commitments, approvals, and the receipt and disbursement of funds, as well as the reliability and integrity of financial information and the safeguarding of the assets.

- c) Performance (Operational) Audits: these audits focus on all or a part of an entity's activities to assess the economy, efficiency, and effectiveness and typically include reviews on:
  - i. the adequacy of an internal control structure or specific internal controls to ensure due regard for economy and effectiveness.
  - ii. the extent to which resources have been managed economically and efficiently; and
  - iii. the extent to which activities have been effective in achieving organisational objectives.

#### **APPLICABLE LAW**

- 14. *Local Government Act 1995.*  
*Local Government (Financial Management) Regulations 1996.*  
*Local Government (Audit) Regulations 1996.*

#### **APPLICABLE POLICY**

- 15. Nil.

#### **STAKEHOLDER ENGAGEMENT**

##### **Internal Referrals**

- 16. The Executive Management Team has undertaken a review of the SIAP.

##### **External Referrals**

- 17. William Buck.

#### **FINANCIAL CONSIDERATIONS**

- 18. A total of 535 audit hours are allowed for within the first year of the 2024-2027 programme.

#### **SUSTAINABILITY**

##### **Social Implications**

- 19. Nil.

**Economic Implications**

20. Nil.

**Environmental Implications**

21. Nil.

**RISK MANAGEMENT**

22.	<b>Risk:</b> The City’s internal auditing process does not comply with Regulation 5(2)(c) of the <i>Local Government (Financial Management) Regulations 1996</i> .						
	<table border="1" style="width: 100%;"> <tr> <th style="width: 33%;">Consequence</th> <th style="width: 33%;">Likelihood</th> <th style="width: 33%;">Rating</th> </tr> <tr> <td>Unlikely</td> <td>Moderate</td> <td>Low</td> </tr> </table>	Consequence	Likelihood	Rating	Unlikely	Moderate	Low
Consequence	Likelihood	Rating					
Unlikely	Moderate	Low					
	<b>Action/Strategy</b>						
	Implementation of the three-year Strategic Internal Audit Plan 2024-2027 meets the requirements to comply with the regulation.						

23.	<b>Risk:</b> The audit fails to identify material deficiencies that exist in processes and systems						
	<table border="1" style="width: 100%;"> <tr> <th style="width: 33%;">Consequence</th> <th style="width: 33%;">Likelihood</th> <th style="width: 33%;">Rating</th> </tr> <tr> <td>Unlikely</td> <td>Moderate</td> <td>Low</td> </tr> </table>	Consequence	Likelihood	Rating	Unlikely	Moderate	Low
Consequence	Likelihood	Rating					
Unlikely	Moderate	Low					
	<b>Action/Strategy</b>						
	Ensure audit planning is informed in consultation with key stakeholders. Ensure audit planning is informed by the City’s Strategic Risk Profile.						

**CONCLUSION**

24. The role of the City of Kalamunda’s Internal Audit Service (Internal Audit) is to assist the Committee and Management to manage risk by providing an innovative, responsive, proactive and value-added Internal Audit function.

25. The current Internal Contract has expired, and the City is preparing to go out to tender for a new Internal Audit Contract. The Draft Strategic Internal Audit Plan will provide Tenderers with necessary information to enable them to formulate a response that best meets the needs of the City.



26. The Draft Strategic Internal Audit Plan includes a review of risk management, internal control, and legislative compliance. It will meet the four-year review requirement under regulation 5(2)(c) of the *Local Government (Financial Management) Regulation 1996* and the two-year review under Regulation 17 of the *Local Government (Audit) Regulations 1996*.
27. The City is firmly committed to the implementation of the Audit Plan to ensure legislative compliance, maintenance of the integrity of financial reporting, and reviewing the City's efficiency and effectiveness across business units.

<b>Voting Requirements: Simple Majority</b>
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Councillors sought clarity with respect to point 3 of the Staff Recommendation. Staff agreed to rephrase point 3 to clarify exactly what is intended.

#### **COMMITTEE RECOMMENDATION TO COUNCIL**

That Council:

1. ENDORSE the Internal Audit Charter (Confidential Attachment 1).
2. ENDORSE the Strategic Internal Audit Plan for 2024 to 2027 (Confidential Attachment 2).
3. NOTE that the City will issue a Request for Tender (RFT) for the provision of Internal Audit Services within the first quarter of the 2024/25 financial year.

Moved: **Cr Geoff Stallard**

Seconded: **Cr David Modolo**

Vote: For: **Mayor Margaret Thomas, Cr Dylan O'Connor, Cr John Giardina, Cr Geoff Stallard, Cr Mary Cannon, Cr Lisa Cooper and Cr Kathy Ritchie**

Against: **Nil**

**CARRIED UNANIMOUSLY (8/0)**

### 9.3.3. City of Kalamunda Risk Profile

*Declaration of financial / conflict of interests to be recorded prior to dealing with each item.*

Previous Items	OCM 204/2019; OCM 271/2020
Directorate	Corporate Services
Business Unit	Corporate Services
File Reference	N/A
Applicant	N/A
Owner	N/A
Attachments	<ol style="list-style-type: none"> <li>1. Risk Profile [9.3.3.1 - 1 page]</li> <li>2. Strategic Risk Register [9.3.3.2 - 4 pages]</li> <li>3. Integrated Risk Management Plan [9.3.3.3 - 26 pages]</li> </ol>

#### TYPE OF REPORT

Advocacy	When Council is advocating on behalf of the community to another level of government/body/agency
✓ Executive	When Council is undertaking its substantive role of direction setting and oversight (eg accepting tenders, adopting plans and budgets)
Information	For Council to note
Legislative	Includes adopting Local Laws, Town Planning Schemes and Policies. When Council determines a matter that directly impacts a person’s rights and interests where the principles of natural justice apply. Examples include town planning applications, building licences, other permits or licences issued under other Legislation or matters that could be subject to appeal to the State Administrative Tribunal

#### STRATEGIC PLANNING ALIGNMENT

*Kalamunda Advancing Strategic Community Plan to 2031*

#### **Priority 4: Kalamunda Leads**

**Objective 4.1** - To provide leadership through transparent governance.

**Strategy 4.1.1** - Provide good governance.

## **EXECUTIVE SUMMARY**

1. The purpose of this report is to:
  - a) provide Council with an update of the City of Kalamunda's (City) Risk Profile consisting of the top twelve reported risks as at 30 June 2024 (Attachment 1); and
  - b) provide Council with an update of the City's Strategic Risk Register (Attachment 2).
  - c) Submit to Council the Integrated Risk Management Plan (Attachment 3) for adoption.
2. The City's Risk Profile has been prepared in accordance with the adopted Integrated Risk Management Plan (Plan – Attachment 3). The Plan outlines the City's approach to managing and reporting risk. The Risk Profile outlines the top twelve ranked risks facing the organisation.
3. The Risk Profile and Strategic Risk Register is reviewed six monthly and updated by the City's administration and is submitted for Council endorsement at the Audit and Risk Committee Meeting.
4. It is recommended that the Committee advise Council to:
  - a) endorse the Risk Profile (Attachment 1).
  - b) endorse the Strategic Risk Register (Attachment 2).
  - c) adopt the Integrated Risk Management Plan (Attachment 3).

## **BACKGROUND**

5. Risk management is a core component of corporate governance and an integral part of contemporary management practices. Risk management refers to the coordination of activities that direct and control the organisation with regard to risk. It is acknowledged that risk management involves both the management of potentially adverse impacts together with the realisation of opportunities.
6. The management of risk is focused on:
  - a) maintaining high levels of integrity for services provided by the City;
  - b) protecting the City's physical, and non-physical assets including employees, elected members, financial and property;
  - c) achieving and maintaining legislative and regulatory compliance, including codes of conduct and professional standards;
  - d) creating an environment where all employees assume responsibility for the proactive management of risk; and

- e) demonstrating transparent and responsible risk management processes aligned to accepted best practice, so as to address uncertainty and to deliver continuous improvement.
7. The Risk Profile has been adopted in accordance with the Integrated Risk Management Plan and is structured around *AS/NZS/ISO 31000:2018* and the requirements under the *Local Government (Audit) Regulations 1996*.
8. The Risk Profile captures those risks that are likely to:
- a) adversely impact the City's capacity to deliver current and future services;
  - b) have an organisational wide focus or impact;
  - c) have a significant adverse financial impact; and
  - d) result in significant reputational or political damage.

## **DETAILS AND ANALYSIS**

9. Effective risk management empowers the business by enabling it to identify, analyse, and respond to risk factors affecting the City's business objectives.

The following principles contained within (*AS/NZS ISO 31000:2018*) provide guidance on the characteristics of effective and efficient risk management and are the foundation for managing risk within the City.

These principles are:

- a) Integrated – Risk Management is an integral part of all organisational activities.
- b) Structured and comprehensive – contributing to consistent and comparable results.
- c) Customised – the Risk Management Framework and process are customised and proportionate to the organisations internal and external context relating to its objectives.
- d) Inclusive – Appropriate and timely involvement of stakeholders enables their knowledge, views, and perceptions to be considered.
- e) Dynamic – Risks can emerge, change or disappear as an organisations internal and external context changes. Risk Management is responsive to those changes.
- f) Best available information – inputs to risk management are based on current and historical information as well as on future expectations. Risk Management explicitly takes into account any limitations and uncertainties associated with such information and expectations.
- g) Human and cultural factors – human behaviour and culture significantly influence all aspects of risk management at each level and stage.

- h) Continual improvement – risk management is continually improved through learning and experience.
10. Risk management is a focal element of the City's strategy to promote accountability through good governance and robust business practices, contributing to maintaining a sustainable organisation focused on the effective management of resources and operations.
11. In recognising that risk management is integral to good business practices, Enterprise Risk Management is comprised of the following elements:
- a) the City of Kalamunda's Risk Management framework
  - b) Risk Management Policy and Management procedures
  - c) Senior Management Team commitment to leading and championing risk management practices and thinking
  - d) management systems to establish and report on the profile and treatment of risks; and
  - e) broad based training and awareness raising to enhance risk management understanding.
12. The City's Integrated Risk Management Plan identifies the manner in which risk is managed to ensure that strategic, operational and project objectives are met. The Plan identifies the process, systems and templates used by the City to manage risk and it is structured around *AS/NZS/ISO31000:2018* and the requirements under *the Local Government (Audit) Regulations 1996*.
13. The City's Executive Leadership Team recently undertook a workshop to review and update the Strategic Risk Register. From the workshop, the Risk Profile was reviewed based on the top twelve strategic risks likely to impact the City's ability to achieve its strategic objectives.
14. Following endorsement by Council, the Administration will adopt the revised risk ratings in the ongoing assessment and reporting of risks.
15. The City's Strategic Risk Register has been developed so as to:
- a) identify any new risk events
  - b) highlight risk trends
  - c) highlight priority treatment actions undertaken during the last 12 months.
16. The City's culture is focused on innovation and continuous improvement with a strong emphasis on enhancing service delivery, which may result in additional exposure to risk.

## **APPLICABLE LAW**

17. *Local Government (Audit) Regulations 1996 (WA) Amendment.*

Amendments to the *Local Government (Audit) Regulations 1996* came into effect on 8 February 2013. Specifically, Regulation 17 which states:

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

*(1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to –*

- (a) risk management; and*
- (b) internal control; and*
- (c) legislative compliance*

*(2) The review may relate to any or all of the matters referred to in sub regulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review at least once every 2 calendar years.*

*(3) The CEO is to report to the audit committee the results of that review."*

In addition to the requirement for the CEO to prepare a report as outlined in Regulation 17, the Regulations also stipulate an additional responsibility for the Audit Committee as detailed in Regulation 16(c) which states the Audit Committee:

*"(c) is to review a report given to it by the CEO under regulation 17(3) (the CEO's report) and is to –*

- (i) report to the council the results of that review; and*
- (ii) give a copy of the CEO's report to the council."*

## **APPLICABLE POLICY**

18. The City's Risk Profile has been developed in accordance with the Integrated Risk Management Plan and the City's Risk Management Policy (C-HR06).

## **STAKEHOLDER ENGAGEMENT**

19. The Risk Profile was reviewed by the Executive Management Team in July 2024.

## **FINANCIAL CONSIDERATIONS**

20. Nil.

**SUSTAINABILITY**

**Social Implications**

21. Nil.

**Economic Implications**

22. Nil.

**Environmental Implications**

23. Nil.

**RISK MANAGEMENT**

24.

<b>Risk:</b> Without an effective enterprise risk management system, the City would not be fulfilling its obligations of duty of care and due diligence as prescribed by the <i>Local Government Act 1995</i> .		
<b>Consequence</b>	<b>Likelihood</b>	<b>Rating</b>
Possible	Moderate	Medium
<b>Action/Strategy</b>		
Ensure the City has an enterprise risk management system in place that complies with Australian Standards and contains the following elements:		
<ul style="list-style-type: none"> <li>a) Risk Appetite Statement;</li> <li>b) Risk Assessment based on the Risk Policy, Risk Management Plan, risk registers and established standard; and</li> <li>c) Risk Profile reviewed quarterly by the Administration and Council.</li> </ul>		

25.

<b>Risk:</b> The City fails to effectively manage risks impacting the delivery of objectives.		
<b>Consequence</b>	<b>Likelihood</b>	<b>Rating</b>
Possible	Moderate	Medium
<b>Action/Strategy</b>		
<ul style="list-style-type: none"> <li>a) Ensure the City has an enterprise risk management system in place that complies with Australian Standards.</li> <li>b) Undertake a review of the City's Risk Profile by the Administration and Council on a regular basis.</li> </ul>		

## CONCLUSION

26. As a result of the review of the City's Risk Profile identifying the top twelve risks the City is well placed to manage its risks (Attachment 1). The Officers recommend that the Committee endorse the revised Risk Profile, Strategic Risk Register, and the Integrated Risk Management Plan.

<b>Voting Requirements: Simple Majority</b>
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## COMMITTEE RECOMMENDATION TO COUNCIL

That Council:

1. ENDORSE the Risk Profile (Attachment 1).
2. ENDORSE the Strategic Risk Register (Attachment 2).
3. ADOPT the Integrated Risk Management Plan (Attachment 3).

Moved: **Cr Dylan O'Connor**

Seconded: **Mayor Margaret Thomas**

Vote: For: **Mayor Margaret Thomas, Cr Dylan O'Connor, Cr John Giardina, Cr Geoff Stallard, Cr Mary Cannon, Cr Lisa Cooper, Cr Kathy Ritchie and Cr David Modolo**

Against: **Nil**

**CARRIED UNANIMOUSLY (8/0)**



**9.4. Office of the CEO Reports**

No reports presented.

**9.5. Chief Executive Officer Reports**

No reports presented.

**10. Motions of Which Previous Notice has been Given**

10.1 Nil

**11. Questions by Members Without Notice**

11.1 Procurement Policy Cr Stallard

Q. Given discussions this evening how soon, or what is the expected timeframe, will the changes be made to the procurement policy and when will this be brought to council.

A. The City will look to make changes in the first quarter of this financial year.

11.2 Audit Tracker - Mayor Thomas

Q. Could the Audit Tracker be presented to Council.

A. It is the intention to bring the Audit Tracker to the next Audit & Risk Committee meeting.

**12. Questions by Members of Which Due Notice has been Given**

12.1 Nil.

**13. Urgent Business Approved by the Presiding Member or by Decision**

13.1 Nil.

**14. Meeting Closed to the Public**

14.1 That the meeting closed to the public.

Moved: **Cr David Modolo**

Seconded: **Cr Mary Cannon**

Vote: For: **Mayor Margaret Thomas, Cr Dylan O'Connor, Cr John Giardina, Cr Geoff Stallard, Cr Mary Cannon, Cr Lisa Cooper, Cr Kathy Ritchie and Cr David Modolo**

Against: **Nil**

**CARRIED UNANIMOUSLY (8/0)**

The meeting closed at 6:38pm

14.2 That the meeting open to the public.

Moved: **Cr David Modolo**

Seconded: **Cr John Giardina**

Vote: For: **Mayor Margaret Thomas, Cr Dylan O'Connor, Cr John Giardina, Cr Geoff Stallard, Cr Mary Cannon, Cr Lisa Cooper, Cr Kathy Ritchie and Cr David Modolo**

Against: **Nil**

**CARRIED UNANIMOUSLY (8/0)**

The meeting reopened to the public at 7:03pm. No members of the public returned to the meeting.

## **15. Closure**

There being no further business, the Presiding Member declared the Meeting closed at 7:07pm.

I confirm these Minutes to be a true and accurate record of the proceedings of this Council.

Signed: \_\_\_\_\_  
Presiding Member

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2024.

