



Audit & Risk Committee

Minutes

Tuesday 30 August 2022

INDEX

1. Official Opening.....	3
2. Attendance, Apologies and Leave of Absence Previously Approved	3
3. Public Question Time	4
4. Petitions/Deputations	4
5. Confirmation of Minutes from Previous Meeting	4
6. Announcements by the Member Presiding Without Discussion.....	4
7. Matters for Which the Meeting may be Closed	4
8. Disclosure of Interest	5
9. Reports to Council.....	6
9.1. Development Services Reports	6
9.2. Asset Services Reports	6
9.3. Corporate Services Reports	6
9.3.1. External Audit - Interim Findings for the year ending 30 June 2022	7
9.3.2. Internal Audit Report August 2022.....	12
9.3.3. City of Kalamunda Risk Profile	19
9.4. Office of the CEO Reports.....	26
9.4.1. Council Policies - Proposed Amendments August 2022	26
10. Motions of Which Previous Notice has been Given	30
11. Questions by Members Without Notice	30
12. Questions by Members of Which Due Notice has been Given.....	30
13. Urgent Business Approved by the Presiding Member or by Decision	31
14. Meeting Closed to the Public	31
15. Closure.....	31

1. Official Opening

The Presiding Member opened the meeting at 6:35pm and welcomed Councillors, Staff and Members of the Public Gallery. The Presiding Member also acknowledged the Traditional Owners of the land on which we meet the Whadjuk Noongar people. The Presiding Member welcomed Duy Vo representing the City's internal auditor, William Buck, to the meeting.

2. Attendance, Apologies and Leave of Absence Previously Approved

Councillors

South East Ward

John Giardina
Janelle Sewell (Presiding Member)
Geoff Stallard

South West Ward

Mary Cannon
Brooke O'Donnell (phone) Left meeting at 6:54pm

North West Ward

Sue Bilich
Lisa Cooper
Dylan O'Connor

North Ward

Andrew Osenton
Kathy Ritchie
Margaret Thomas JP (Mayor)

Members of Staff

Chief Executive Officer

Rhonda Hardy

Executive Team

Gary Ticehurst - Director Corporate Services
Brett Jackson - Director Asset Services
Peter Varelis - Director Development Services

Management Team

Alida Ferreira - Manager Financial Services

Administration Support

Donna McPherson - Executive Assistant to the CEO
External
Duy Vo - William Buck

Members of the Public 0

Members of the Press Nil.

Apologies

Cr Kellie Miskiewicz
Darrell Forrest - Governance Advisor

Leave of Absence Previously Approved

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 the 15 March 2022, as published and circulated, are confirmed as a true and accurate record of the meeting.

Moved: **Cr Lisa Cooper**

Seconded: **Cr Margaret Thomas**

Vote: **CARRIED UNANIMOUSLY (11/0)**

6. Announcements by the Member Presiding Without Discussion

6.1 Nil.

7. Matters for Which the Meeting may be Closed

7.1 Item - 9.1.1 - External Audit - Interim Findings for the year ending 30 June 2022

Reason for Confidentiality: Local Government Act 1995 (WA) Section 5.23 (2) (c) - "a contract entered into, or which may be entered into, by the local government and which relates to a matter to be discussed at the meeting."

7.2 Item - 9.1.2 - Internal Audit Report August 2022

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*.)

8.1.1 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.

8.2.1 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

Councillors indicated they wished to discuss the confidential attachments presented for Item 10.3.1 and 10.3.2.

Motion

That the meeting be closed to the public to discuss confidential attachments presented for Item 10.3.1 and 10.3.2.

Moved: **Cr John Giardina**

Seconded: **Cr Dylan O'Connor**

Vote: **CARRIED UNANIMOUSLY (10/0)**

Motion

The meeting closed to the public at 6:44.

That the meeting be open to the public.

Moved: **Cr Margaret Thomas**

Seconded: **Cr John Giardina**

Vote: **CARRIED UNANIMOUSLY (10/0)**

The meeting reopened to the public at 7:11pm. The Presiding Member read the Committee Recommendations to Council to the meeting. Duy Vo left the meeting at 7:12pm.

9.3.1. External Audit - Interim Findings for the year ending 30 June 2022

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	Financial Services
File Reference	
Applicant	N/A
Owner	N/A

Attachments	Nil
-------------	-----

Confidential Attachments	1. City of Kalamunda – Interim Audit Findings for the year ending 30 June 2022
	2. City of Kalamunda - Planning Summary 2022

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
P	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 2021/22 financial year (Confidential Attachment 1).
2. The Interim Audit for the financial year ending 30 June 2022 was undertaken by the Office of the Auditor General, in accordance with the audit planning document (Confidential Attachment 2).
3. It is recommended that Council accepts the 2021/2022 Interim Audit Report. (Confidential Attachment 1).

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 9 regional councils.
5. The Act allowed the Auditor General to conduct performance audits of local government entities from 28 October 2017 either themselves or by engaging external audit consultants. From the 2018/2019 financial year onwards, the City's audit was performed by directly the Office of the Auditor General (OAG).

DETAILS AND ANALYSIS

6. The OAG prepared an audit plan (Confidential Attachment 2) for their approach to the audit of the annual financial report for the year ending 30 June 2022, 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
7. In May 2022, City staff met with relevant officers from the OAG, to discuss the audit plan. The interim audit field work was carried out from 30 May 2022 to 17 June 2022, with Confidential Attachment 2 being the outcome of the interim audit.
8. The OAG identified three findings as part of the interim audit, two moderate and one minor risk rated as detailed in Confidential Attachment 1.
9. The City ensured that all compliance matters were implemented in a timely fashion and remaining matters will be implemented by June 2023.
10. The final component of the fieldwork for the 2021/2022 financial year's audit of the annual financial report will be conducted during October 2022, with the final results brought to an Audit and Risk Committee Meeting once available.

APPLICABLE LAW

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

APPLICABLE POLICY

13. There are no policy implications.

STAKEHOLDER ENGAGEMENT

14. The Administration worked closely with the Auditors throughout the Audit process.

FINANCIAL CONSIDERATIONS

15. The 2021/2022 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

16. Nil.

Economic Implications

17. Nil.

Environmental Implications

18. Nil.

RISK MANAGEMENT

19.	Risk: Issues identified in the interim audit report are not rectified leading to breakdown of controls.		
	Consequence	Likelihood	Rating
	Significant	Unlikely	Medium
	Action/Strategy		
	Employ suitably qualified and skilled staff. Maintain controls and compliance with policy. Ensure an effective internal audit program. Management oversight.		

CONCLUSION

20. The interim audit field work was carried out in accordance with the audit plan prepared by OAG during May 2022.

Three items were identified during audit field. Two items with a moderate risk rating and one item with a minor risk rating. The aim is to complete all three items by 30 June 2023.

Voting Requirements: Absolute Majority

COMMITTEE RECOMMENDATION TO COUNCIL

That Council ACCEPT the findings of the Interim Audit undertaken in May 2022 for the financial year ending 30 June 2022 as shown as Confidential Attachment 2.

Moved: **Cr Geoff Stallard**

Seconded: **Cr Lisa Cooper**

Vote: **CARRIED UNANIMOUSLY/ABSOLUTE MAJORITY (10/0)**

9.3.2. Internal Audit Report August 2022

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"> 1. Internal Audit Review of Procurement and Tendering Audit Report 2. Audit Log Report

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 details of the Internal Audit Review conducted during the past quarter.
2. The Internal Audit was completed in accordance with the provisions of the *Local Government Act 1995*, associated regulations, *Australian Accounting Standards*. The Internal Audit has identified a number of improvement opportunities which the City of Kalamunda (the City) is committed to implementing.
3. It is recommended that Council RECEIVE The details of the Internal Audit Review conducted during the last quarter.
4. That Council NOTES the progress on previous internal audit recommendations in the Audit Log Report (Attachment 2).

BACKGROUND

5. The Internal Audit program is delivered in line with the City's three-year Strategic Internal Audit Plan (the Plan) which contains a mix of compliance, financial, and performance / operational audits.

Since the commencement of this plan 28 engagements from the internal audit plan were completed through the City's appointed internal auditor, Crowe, at the time. The City has since appointed William Buck as the internal auditor. Work undertaken by William Buck included:

- a. Reviewing the recommendations from the previous internal audits (confidential attachment 2)
- b. Providing input into the setting of the strategic internal audit plan;
- b. Attendance and presentation of internal audit reports to the Audit & Risk Committee; and
- c. Client liaison and engagement.

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



7. Broadly, Internal Audit reviews are focused on:
- a. Compliance Audits: Focused primarily on the entity’s (or their suppliers’) compliance with legislation, regulations, directions, policies, plans, and procedures.
 - b. Financial Audits: Focused primarily on 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 City assets.
 - c. Performance (Operational) Audits: Focused primarily on an audit of all or a part of an entity’s activities to assess the economy, efficiency and effectiveness and focuses 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.

DETAILS AND ANALYSIS

8. The Internal Audit Reviews undertaken during the past quarter have been focused on:
- a) Internal Audit Review of Procurement and Tendering
 - b) A full review of the Internal Audit Recommendations made over the last three-years, resulting in the Audit Log Report (Attachment 2).

9. **Internal Audit Review of Procurement and Tendering**

The review focused on the controls in place relating to the following business objectives:

- 1. A review to assess the internal controls over the procurement and tendering processes in place within the City.
- 2. Whether the processes are consistent with relevant policies, legislation, and better practices.

The scope of the audit as follows:

- 1. Policy and procedure are in place and adequately documented, designed, and implemented;
- 2. Documents are aligned with relevant Local Government Acts and Regulations;
- 3. Segregation of duties exist, and conflicts of interest are considered, managed, and resolved throughout the procurement and contract management processes; and
- 4. Testing of key controls within the Procurement and Tendering process to ensure they are operationally effective.

10. The results of the Internal Audit Review of the Procurement and Tendering Audit are detailed in Confidential Attachment 1.

11. **Audit Log Report**

As part of the City of Kalamunda's ("City") 2021/22 internal audit program, William Buck was engaged to undertake a review of the Audit Log Register to identify completed and outstanding internal audit recommendations. The engagement was performed in accordance with the requirements within the terms and conditions set out in the Contract for Internal Audit Services to the City.

Objective and Scope

The objective of this assignment was to review the City's Audit Log and obtain supporting evidence demonstrating that the relevant business units have completed the agreed actions.

In performing this review, William Buck have only obtained evidence of the implementation of the agreed actions contained within the Internal Audit Recommendation Tracker.

Approach

The approach adopted for this engagement included:

- a) Review of documentation provided by the relevant business units to verify the closure of agreed actions from the Audit Log presented to us for assessment; and
- b) Conducting interviews and walkthroughs, where required, with relevant City staff to provide further information, and evidence of completed recommendations.

The outcome shows that 74% of previous recommendations have been completed with the remaining in progress. The results of the Internal Audit Review process are detailed in the Audit Log Report Confidential Attachment 2.

12. The remaining 26% of audit recommendations that are currently in progress, will be closely monitored by the City's Executive Team. In some instances, it has not been possible to complete audit recommendations due to resourcing constraints or system deficiencies. Where the City has been unable to complete implementation of an audit recommendation, the decision has been considered in the context of risk. The City will continue to monitor new and in progress recommendations and report the outcomes back to the Audit and Risk Committee annually.

APPLICABLE LAW

13. *Local Government Act 1995*
Local Government (Financial Management) Regulations 1996
Local Government (Functions and General) Regulations 1996
Food Act 2008, Food Regulations 2009 and ANZ Standards;

APPLICABLE POLICY

14. Nil.

STAKEHOLDER ENGAGEMENT

15. Internal Audit findings were discussed with relevant business unit managers and have been reviewed by the City's Executive Management Team.

FINANCIAL CONSIDERATIONS

16. The cost of the Internal Audit program is provisioned within the City's annual budget. Further, monitoring and review of internal controls within the Internal Audit program will reduce the risk and likely exposure of potential loss to the City.

SUSTAINABILITY

Social Implications

17. Nil.

Economic Implications

18. Nil.

Environmental Implications

19. Nil.

RISK MANAGEMENT

20.

Risk: Internal Audit fails to identify material non-compliance or control deficiencies.		
Consequence	Likelihood	Rating
Moderate	Unlikely	Low
Action/Strategy		
Internal Audit Plan developed and reviewed annually. Internal Audit working papers reviewed by External Auditors. Key controls are evaluated for the identified processes.		

21.

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

CONCLUSION

22. The City monitors the status of Internal Audit recommendations arising from each Internal Audit Review as detailed in the Audit Log Report (Confidential Attachment 2). Recommendations are monitored and the majority of recommendations are complete with the remaining in progress.

Voting Requirements: Simple Majority

COMMITTEE RECOMMENDATION TO COUNCIL

That Council:

1. RECEIVE the details of the Internal Audit Review conducted during the past quarter (Attachment 1).
2. NOTE the details of the Audit Log Report conducted (Attachment 2).

Moved: **Cr Dylan O'Connor**

Seconded: **Cr Margaret Thomas**

Vote: **CARRIED UNANIMOUSLY (10/0)**

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"> 1. Risk Profile 2. Strategic Risk Register 3. Integrated Risk Management Plan <ol style="list-style-type: none"> 1. Risk Profile [9.3.3.1 - 1 page] 2. City of Kalamunda Strategic Risk Register [9.3.3.2 - 4 pages] 3. Integrated Risk Management Plan [9.3.3.3 - 26 pages]

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 fifteen reported risks as at 30 June 2022 (Attachment 1); and
 - b) provide Council with an update of the City's Strategic Risk Register (Attachment 2).
 - c) provide Council with an update of the Integrated Risk Management Plan (Attachment 3).
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 thirteen 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) note 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 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 fifteen strategic risks likely to impact the City's ability to achieve its strategic objectives.
13. Minor changes have been made to the Integrated Risk Management Plan (Plan) (Attachment 3). The Plan was updated in December 2020. The Risk Appetite Summary adopted by Council has been added to the Plan, for greater transparency. As the City has progressed in Risk Management practices, previous sections in the Plan around tools and steps to assist with setting up Risk Management are no longer included in the Plan.
14. Following endorsement by Council, the Administration will adopt the revised risk ratings in the ongoing assessment and reporting of risks. The Strategic Risk Register was last workshopped with Council in December 2021.
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 developed using the feedback provided by Elected Members from December 2021 and following the input of an assessment and review of the City’s strategic risks by the City’s Executive Leadership Team.

FINANCIAL CONSIDERATIONS

- 20. Nil.

SUSTAINABILITY

Social Implications

- 21. Nil.

Economic Implications

- 22. Nil.

Environmental Implications

- 23. Nil.

RISK MANAGEMENT

24.	<p>Risk: 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>.</p>		
	Consequence	Likelihood	Rating
	Possible	Moderate	Medium
	Action/Strategy		
	<p>Ensure the City has an enterprise risk management system in place that complies with Australian Standards and contains the following elements:</p> <ul style="list-style-type: none"> a) Risk Appetite Statement; b) Risk Assessment based on the Risk Policy, Risk Management Plan, risk registers and established standard; and c) Risk Profile reviewed quarterly by the Administration and Council. 		

25.

Risk: The City fails to effectively manage risks impacting the delivery of objectives.		
Consequence	Likelihood	Rating
Possible	Moderate	Medium
Action/Strategy		
a) Ensure the City has an enterprise risk management system in place that complies with Australian Standards.		
b) Undertake a review of the City's Risk Profile by the Administration and Council on a regular basis.		

CONCLUSION

26. As a result of the review of the City's Risk Profile identifying the top fifteen 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.

Voting Requirements: Simple Majority

COMMITTEE RECOMMENDATION TO COUNCIL

That Council:

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

Moved: **Cr Dylan O'Connor**

Seconded: **Cr Geoff Stallard**

Vote: **CARRIED UNANIMOUSLY (10/0)**

9.4. Office of the CEO Reports

9.4.1. Council Policies - Proposed Amendments August 2022

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

Previous
Items

Directorate CEO's Office

Business Unit Governance

File Reference

Applicant

Owner

- | | |
|-------------|---|
| Attachments | 1. Governance 3 - Elected Members - Entitlements, Travel and Professional Development [9.4.1.1 - 8 pages] |
| | 2. Governance 18 - Appointment of Acting Chief Executive Officer [9.4.1.2 - 2 pages] |

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 for Council to consider proposed minor amendments to two (2) current Council Policies.
2. Amendments are proposed to:
 - a) Governance 3: Elected Members – Entitlements, Travel and Professional Development (Gov 3).
 - b) Governance 18: Appointment of Acting Chief Executive Officer (Gov 18).
3. It is recommended that Council adopted the amended Council Policies Governance 3: Elected Members – Entitlements, Travel and Professional Development and Governance 18: Appointment of Acting Chief Executive Officer as detailed in Attachments 1 and 2.

BACKGROUND

4. Policies provide the Council and staff with the ability and direction to make decisions that are considered to be consistent and unbiased. A policy can also provide detail on the manner in which the City undertakes, or requires others to undertake, certain works or activities.

DETAILS AND ANALYSIS

5. The principal amendment to policy Gov 3 is required as a consequence of the adoption of the 2022/23 Budget, reducing the annual allocation to councillor training from \$24,000 to \$12,000.
6. Consequently clause 8.2 (a) has been amended to reflect that the annual allocation, **for training**, to each councillor is now \$1,000 **for the purpose of training outlined in clause 4.5.3 of Governance 3: Elected Members – Entitlements, Travel and Professional Development. This allowance is not to be used for personal development other than that relating to the local government sector.**
7. It is proposed that clause 8.5 (a) be amended to authorise the Chief Executive Officer to approve training proposals from elected members where there are sufficient budgeted funds available and the requested training is in accordance with the policy. Clause 8.5 (b) has been amended to reflect that Council approval is still required if there are not sufficient funds available.
8. In addition, some minor grammatical edits have been included in clause 5.1 (b).

9. It is proposed that clause 2 subclause 2 of Gov 18 be amended to provide for the CEO to recommend to Council which Director is appointed as the Acting Chief Executive Officer with the appointments recommended being on a rotational basis.

10. Attachments 1 and 2 incorporate the above amendments through tracked changes to the documents.

APPLICABLE LAW

11. *Local Government Act 1995*

APPLICABLE POLICY

12. Governance 3: Elected Members – Entitlements, Travel and Professional Development.
Governance 18: Appointment of Acting Chief Executive Officer.

STAKEHOLDER ENGAGEMENT

13. Community engagement is not required with respect to these policies.

FINANCIAL CONSIDERATIONS

14. Nil.

SUSTAINABILITY

Social Implications

15. N/A

Economic Implications

16. N/A

Environmental Implications

17. N/A

RISK MANAGEMENT

18.	Risk: Council rejects the proposed amendments to the policies		
	Consequence	Likelihood	Rating
	Moderate	Unlikely	Low
	Action/Strategy		
	Ensure council is aware of its role to maintain up to date policies that align with current operational requirements.		

CONCLUSION

19. The amendments proposed to the Council Policies will align Gov 3 to the recent budget decision by Council and improve administrative processes and efficiency.

Voting Requirements: Simple Majority

COMMITTEE RECOMMENDATION TO COUNCIL

That Council:

- ADOPT Council Policy Governance 3: Elected Members – Entitlements, Travel and Professional Development (Attachment 1).
- ADOPT Council Policy Governance 18: Appointment of Acting Chief Executive Officer (Attachment 2).

Moved: **Cr John Giardina**

Seconded: **Cr Margaret Thomas**

Vote: **CARRIED UNANIMOUSLY (10/0)**

10. Motions of Which Previous Notice has been Given

10.1 Nil.

11. Questions by Members Without Notice

11.1 Nil.

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

12.1 Cr Brooke O'Donnell submitted a series of questions which were taken on notice. Responses to these questions will be provided to all Councillors prior to the Ordinary Council Meeting on 27 September 2022.

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

13.1 Nil.

14. Meeting Closed to the Public

14.1 Nil.

15. Closure

There being no further business, the Presiding Member declared the Meeting closed at 7:35pm.

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

Signed: _____
Presiding Member

Dated this _____ day of _____ 2022.