



Audit, Risk & Improvement Committee

Minutes 1 July 2025
UNCONFIRMED

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1. Official Opening

The Presiding Member opened the meeting at 6:29pm and welcomed Councillors, Staff, 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

Brooke O'Donnell (Presiding Member)

North West Ward

Lisa Cooper

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

Luke Ellis - Director Community Services

Gary Ticehurst - Director Corporate Services

Chris Lodge - A/Director Development Services

Management Team

Rajesh Malde - Manager Financial Services

Rhonda Bowman - Manager Governance

Administration Support

Donna McPherson - Executive Assistant to the CEO

External Guests

Suraj Karki - Office of Auditor General

Kushir Naidoo - Office of Auditor General

Duy Vo - William Buck

Members of the Public 0

Members of the Press Nil.

Apologies Nil.

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 Ordinary Council Meeting held on 18 March 2025, as published and circulated, are confirmed as a true and accurate record of the proceedings.

Moved: **Mayor Margaret Thomas**

Seconded: **Cr Lisa Cooper**

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

Against: **Nil**

CARRIED UNANIMOUSLY (9/0)

6. Announcements by the Member Presiding Without Discussion

6.1. Nil.

7. Matters for Which the Meeting may be Closed

- 7.1 City of Kalamunda – Interim Management Letter - 30 June 2025
City of Kalamunda – Interim Management Findings - 30 June 2025

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 ICT Governance Internal Audit Report May 2025

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. Interim Audit Findings - Annual Financial Report - Year Ending 30 June 2025

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

Representatives of the Office of the Auditor General presented a summary of the Interim Audit Findings behind closed doors. Clarification and questions from Councillors on the Interim Audit Findings were provided and discussed. The meeting was reopened to the public before the vote on the recommendation was called.

Previous Items

Directorate	Corporate Services
Business Unit	Corporate Services
File Reference	
Applicant	N/A
Owner	N/A

Attachments {attachment-list-do-not-remove}

Confidential Attachments	1. City of Kalamunda – Interim Management Letter 30 June 2025
	2. City of Kalamunda – Interim Management Letter Findings 30 June 2025

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 Interim Management Letter 2025 (Confidential Attachment 1) and the findings of the Interim Audit undertaken by the Office of the Auditor General (OAG) for year ending 30 June 2025 (Confidential Attachment 2).
2. The Interim Audit for the financial year ending 30 June 2025 was undertaken by the Office of the Auditor General (OAG), in accordance with Auditing Standards.
3. It is recommended that Council accepts the Interim Management Letter - (Confidential Attachment 1) and Interim Management Letter Findings - (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. This proclamation allowed for 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, detailing their approach and methodology, for conducting the audit of the annual financial report for the year ending 30 June 2025, which in summary included the following:
- a) Introduction
 - b) Audit Approach
 - c) Significant Risks and Other Audit Issues
 - d) Audit Emphasis and Significant Items of the Financial Report
 - e) Information Systems Audit Approach
 - f) Environmental, Social and Governance
 - g) Internal Audit
 - h) Management Representation Letter
 - i) Related Entities
 - j) Reporting Protocols
 - k) Timelines for Provision of Information
 - l) Audit Evidence – Specific Audit Requirements
 - m) Audit Team
 - n) Other Audit Activities

DETAILS AND ANALYSIS

7. On 27 February 2025, the City met with the OAG to discuss the audit plan. The interim audit field work was carried out between 13 – 28 March 2025, with Confidential Attachment 2 representing the outcome of the interim audit.
8. The OAG identified six findings from the Interim Audit, with two rated significant, three rated moderate and one rated minor. The details of these findings are outlined in Confidential Attachment 2. Importantly, the two items rated as significant and one as moderate item have been addressed since the interim audit.
9. The final component of the fieldwork for the 2024/2025 financial year's audit will be conducted between 1st and 30th October 2025 with the findings brought to an Audit, Risk and Improvement Committee meeting once available.

APPLICABLE LAW

10. Sections 6.4, 7.9 and 7.12 of the *Local Government Act 1995*
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. It is estimated the cost for the audit will be \$105,000.00

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.		
	Consequence	Likelihood	Rating
	Moderate	Possible	Medium
	Action/Strategy		
	Employ suitably skilled staff. Maintain controls and compliance with policy and legislation. Ensure effective internal audit program. Management oversight.		

19.

Risk: Audit recommendations are not implemented in a timely fashion.**Consequence**

Moderate

Likelihood

Unlikely

Rating

Low

Action/Strategy

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 13 to 28 March 2025.

21. A total of six items were identified during the audit fieldwork. Two items were rated as significant, three moderate and one minor risk rating. The City is progressively working to address these issues. Importantly, the two items rated as significant and one moderate item have been addressed since the interim audit.

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 2025 contained in Confidential Attachment 2.

Moved: **Cr John Giardina**

Seconded: **Mayor Margaret Thomas**

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

Against: **Nil**

CARRIED UNANIMOUSLY (9/0)

9.2. Internal Audit Report - Information, Communications and Technology Governance

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

The representative of William Buck presented a summary of the Internal Audit Report - Information, Communications and Technology Governance behind closed doors. Clarification and questions from Councillors on the Internal Audit Report - Information, Communications and Technology Governance were provided and. The meeting was reopened to the public before the vote on the recommendation was called.

Previous Items

Directorate Corporate Services

Business Unit Corporate Services

File Reference

Applicant N/A

Owner N/A

Attachments {attachment-list-do-not-remove}

Confidential 1. ICT Governance Internal Audit Report May 2025

Attachments

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".

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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 Report conducted on Information and Communication Technology (ICT) Governance for 1 January 2024 to 31 December 2024:
2. The internal audit was completed in accordance with the provisions of the *Local Government Act 1995*, associated regulations, and *Australian Accounting Standards*. The internal audits have identified several improvement opportunities the City of Kalamunda (the City) is committed to implementing.
3. It is recommended that Council receive the details of the ICT Governance Internal Audit Report conducted for the period of 1 January 2024 to 31 December 2024.

BACKGROUND

4. 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.

The City has appointed William Buck as the internal auditor. Work undertaken by William Buck will include:

- a. Reviewing the recommendations from the previous internal and external audits.
- b. Providing input into the setting of the strategic internal audit plan;
- c. Undertaking financial, compliance and operational audits.
- c. Attendance and presentation of internal audit reports to the Audit, Risk and Improvement Committee; and
- d. Client liaison and engagement.

5. 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.



6. 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

7. The Internal Audit Review undertaken in this report was ICT Governance.

ICT Governance Audit

The objective of this audit was to assess the effectiveness of the City's Information and Communications Technology ("ICT") Governance based on existing international standards and better practices. The focus was on:

- a) assessing the governance internal controls within the City
- b) assessing the clarity of its objectives and framework
- c) understanding the comprehensiveness of benefit delivery, its strategic alignment, and the adequacy of governance as specified in the Scope.

8. **ICT Governance Audit Scope**

The scope of this audit covered the following areas:

Section A - ICT Governance Framework and Decision-Making

- 1. Review the City's ICT governance framework to ensure it is aligned with business goals and objectives.
- 2. Verify that governance policies, procedures, roles, and responsibilities are clearly defined and maintained.
- 3. Assess governance decision-making structures, including committees, reporting lines, and accountability mechanisms.

Section B - Governance Benefits Delivery and Investment Strategy

- 4. Review ICT acquisitions and investments. Assess how it is aligned with business objectives.
- 5. Assess whether benefits realisation is measured post implementation (i.e., monitoring mechanisms for tracking ICT project value etc).
- 6. Review ICT asset management processes.
- 7. Assess if ICT Performance is measured using Key Performance Indicators, Service Level Agreements, or better practices.

The scope covered the period from 1 January 2024 to 31 December 2024.

9. The results of the ICT Governance Audit identified three findings as medium risk and one finding as low risk.

These findings are detailed in Confidential Attachment 1.

APPLICABLE LAW

10. *Local Government Act 1995*
Local Government (Financial Management) Regulations 1996
Local Government (Functions and General) Regulations 1996

APPLICABLE POLICY

11. Nil.

STAKEHOLDER ENGAGEMENT

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

FINANCIAL CONSIDERATIONS

13. The cost of the Internal Audit program is provisioned within the City's annual budget. 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

14. Nil.

Economic Implications

15. Nil.

Environmental Implications

16. Nil.

RISK MANAGEMENT

17.	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.		

18.	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 reporting to the Council.		

CONCLUSION

19. The Internal Audit assessed the City's overall control effectiveness as adequate.
20. The City monitors the status of Internal Audit recommendations arising from each Internal Audit Review. Recommendations are monitored and the majority of recommendations are completed within the agreed timelines and the remaining are progressed in accordance with resourcing and risk.

Voting Requirements: Simple Majority

COMMITTEE RECOMMENDATION TO COUNCIL

That Council RECEIVE the Information, Communications and Technology Governance Internal Audit Report conducted for the period of 1 January 2024 to 31 December 2024.

Moved: **Mayor Margaret Thomas**

Seconded: **Cr John Giardina**

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

Against: **Nil**

CARRIED UNANIMOUSLY (9/0)

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 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 close to the public.

Moved: **Mayor Margaret Thomas**

Seconded: **Cr Dylan O'Connor**

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

Against: **Nil**

CARRIED UNANIMOUSLY (9/0)

The meeting was closed to the public and the live stream suspended at 6:33pm. All Elected Members, Guests and staff remained.

14.2 That the meeting be opened to the public.

Moved: **Mayor Margaret Thomas**

Seconded: **Cr Mary Cannon**

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

Against: **Nil**

CARRIED UNANIMOUSLY (9/0)

The meeting reopened to the public and the live stream resumed at 7:05pm.

14.3 That the meeting close to the public.

Moved: **Cr John Giardina**

Seconded: **Mayor Margaret Thomas**

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

Against: **Nil**

CARRIED UNANIMOUSLY (9/0)

The meeting was closed to the public and the live stream suspended at 7:07pm. All Elected Members, Guests and staff remained.

14.4 That the meeting opened to the public.

Moved: **Cr John Giardina**

Seconded: **Mayor Margaret Thomas**

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

Against: **Nil**

CARRIED UNANIMOUSLY (9/0)

The meeting reopened to the public and the live stream resumed at 7:19pm.

15. Closure

There being no further business, the Presiding Member declared the Meeting closed at 7:21pm.

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

Signed: _____

Presiding Member

Dated this _____ day of _____ 2025.