



Audit, Risk and Improvement Committee

Minutes - Tuesday 19 May 2026

UNCONFIRMED

INDEX

1. Official Opening	3
2. Attendance, Apologies and Leave of Absence Previously Approved	3
3. Confirmation of Minutes from Previous Meeting	3
4. Announcements by the Member Presiding Without Discussion	3
5. Matters for Which the Meeting may be Closed	3
6. Disclosure of Interest	3
7. Reports to Council	4
7.1. Corporate Services Reports	4
7.1.1. Risk Management Policy Review	4
7.1.2. Audit Reports	11
8. Motions of Which Previous Notice has been Given	18
9. Questions by Members Without Notice	18
10. Questions by Members of Which Due Notice has been Given	18
11. Urgent Business Approved by the Presiding Member or by Decision	18
12. Meeting Closed to the Public	18
13. Closure	18

1. Official Opening

The Presiding Member opened the meeting at 5:30pm 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

External Committee Members

Peter Halliday (Presiding Officer)

Mayor

Margaret Thomas JP

Councillors

South West Ward

Brooke O'Donnell

North West Ward

Lisa Cooper

North Ward

Kathy Ritchie

Members of Staff

Chief Executive Officer

Anthony Vuleta – Chief Executive Officer

Executive Team

Gary Ticehurst – Director Corporate

Nathan Ritchie – Director Development

Luke Ellis – Director Community

Management Team

Rhonda Bowman - Manager Governance

Rajesh Malde – Manager Financial Services

Administration Team

Molly Rogers-Thomson - Executive Officer

Kristie Dargie – A/Executive Assistant

External Guests

Duy Vo – William Buck, Internal Auditor (attended electronically)

Members of the Public Nil

Members of the Press Nil

Observers

Sue Bilich

Josh Clark

John Giardina

Apologies

Desmond Roche – External Member

David Modolo

Leave of Absence Previously Approved Nil.

3. Confirmation of Minutes from Previous Meeting

3.1 That the Minutes of the Audit, Risk and Improvement Committee held on 2 December 2025, as published and circulated, are confirmed as a true and accurate record of the proceedings.

Moved: **Cr Lisa Cooper**

Seconded: **Cr Kathy Ritchie**

Vote: For: **Mayor Margaret Thomas, Cr Lisa Cooper, Cr Kathy Ritchie, Cr Brooke O'Donnell, Mr Peter Halliday.**

Against: **Nil**

CARRIED UNANIMOUSLY (5/0)

Statement by Presiding Member

"On the basis of the above Motion, I now sign the Minutes as a true and accurate record of the Audit, Risk and Improvement Committee meeting of 2 December 2025."

4. Announcements by the Member Presiding Without Discussion

4.1 Nil.

5. Matters for Which the Meeting may be Closed

5.1 7.1.2 Audit Reports

Confidential Attachments

1. Fraud Management Review
2. Governance Framework Review
3. Business Continuity Plan and Disaster Recovery Report
4. Office of the Auditor General (OAG) Audit Plan

Reason for Confidentiality: "Information the making public of which would be likely to endanger the security (including cybersecurity) of any of the local government's property or operations" [Act s.5.23(4)(e)]

6. Disclosure of Interest

6.1 Nil

7. Reports to Council

7.1. Corporate Services Reports

7.1.1. Risk Management Policy Review

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

Previous Items

Directorate Corporate Services

Business Unit Corporate Services

File Reference

Applicant

Owner

Attachments 1. Governance 8 – Risk Management

2. Integrated Risk Management Plan – April 2026

TYPE OF REPORT

	Advocacy	When Council is advocating on behalf of the community to another level of government/body/agency
X	Executive	When Council is undertaking its substantive role of direction setting and oversight (e.g. 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 the adoption of the:
 - a) Risk Management Policy

b) Integrated Risk Management Plan

2. The Risk Management Policy (the Policy) establishes organisation wide risk management principles, systems and processes to ensure consistent, efficient and effective assessment of risk in all planning, decision making and operational processes.
3. The Integrated Risk Management Plan (the Plan) is structured around AS/NZS/ISO 31000:2018 and the requirements of the Local Government (Audit) Regulations 1996. The Plan identifies the processes, systems and templates used by the City to manage risk. Moreover, the Plan provides the tools and instructions to enable risk to be managed throughout the City. It is recommended that Council adopt:
 - a) The Risk Management Policy
 - b) The Integrated Risk Management Plan

BACKGROUND

4. The City's Risk Management Policy and Risk Management Plan have been revised to better reflect contemporary standards in risk management and to guide the City in the management of risk in the current environment.
5. The Risk Management Policy forms part of the Governance Framework for the City and reflects a firm commitment to the proactive management of risk to enhance the wellbeing of the community, the efficiency of the City's services and the achievement of strategic objectives.
6. Central to the Risk Management Policy is the embedding of risk management into the City's normal decision making processes, to minimise adverse impacts on achieving strategic goals, and by increasing opportunities to drive innovation and improvement. The Risk Management Policy is managed in accordance with AS/NZS/ISO 31000:2018. Risk Management is embedded in all aspects of management, ensuring that the principles of risk management are applied to all levels and functions across the organisation.
7. The Risk Management Plan (the Plan) is structured around AS/NZS/ISO 31000:2018 and the requirements of the Local Government (Audit) Regulations 1996. The Plan identifies the process, systems and templates used by the City to manage risk. Moreover, the Plan provides the tools and instructions to enable risk to be managed throughout the City.
8. Risk Management is defined as the effect of uncertainty (either negative or positive) on the achievement of business objectives.
9. Risk Management is the coordination of activities that direct and control the organisation regarding risk. Importantly, risk management involves both the

management of adverse effects together with the realisation of potential opportunities.

DETAILS AND ANALYSIS

10. The benefits of risk management embedded in all aspects of management are:
 - a) Effective management of adverse events or opportunities impacting on the City's purpose or objectives
 - b) Ability to make informed decisions regarding the management of potential negative effects of risk and taking potential advantage of opportunities
 - c) Improved planning and performance management processes enabling a strong focus on core business service delivery and implementation of business improvement initiatives
 - d) Ability to direct resources to risks of greatest significance and impact
 - e) Improvement in organisational culture enhancing staff capability to understand their role in contributing to achievement of objectives

11. The Australian Standard for Risk Management (AS/NZISO 31000:2018) is based on 11 best practice principles:
 - a) Creating and protecting value
 - b) An integral part of organisational processes – forming a key element of the City's governance and accountability framework
 - c) Part of decision making – aids decision-makers to make informed choices, prioritise activities
 - d) Explicitly addresses uncertainty – identifies the nature of uncertainty and how it can best be managed
 - e) Systematic, structured and well timed – contributing to efficiency and to consistent, comparable results
 - f) Based on the best available information – drawing on diverse resources, expert judgement and stakeholder feedback enabling evidence based decisions
 - g) Tailored – risk management aligns with internal and external environments and in the context of the City's risk profile
 - h) Human and Culture Factors – risk management recognises that the capabilities and perceptions of people may aid or hinder the achievement of objectives
 - i) Transparent and inclusive – requires the appropriate and timely involvement of stakeholders to ensure that it remains relevant, captures diverse views when determining risk criteria
 - j) Dynamic, interactive and responsive to change – risk management swiftly to internal and external events, changing environmental context
 - k) Continual improvement of the City – risk management facilitates continuous improvement

12. Risk appetite and risk tolerance are central to the City's Risk Management Policy and Risk Management Framework. Risk appetite refers to the amount of risk that the City is willing to accept in order to achieve its objectives. The City is currently risk averse, with acceptable tolerances defined as:
 - a) Low tolerance
 - b) Moderate tolerance
 - c) High tolerance
13. The City's risk appetite is typically lower when considering risks that may result in serious injury or fatality, significant financial loss and significant reputational damage. Conversely, the City has a higher risk tolerance when pursuing activities that have the potential to provide financial return or improved outcomes.
14. The City's Integrated Risk Management Plan identifies the manner in which risk is managed to ensure strategic, operational and project objectives are met. The Plan identifies the process, systems, and templates used by the City to manage risk and is structured around AS/NZS/31000:2018 and the requirements under the Local Government *Audit Regulations 1996*.
15. The City's Executive Leadership Team recently undertook a workshop to review and update the Strategic Risk Register. From the workshop, the top twelve strategic risks likely to impact the City's ability to achieve its strategic objectives has been prepared for Council consideration.

APPLICABLE LAW

4. 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) The City’s Report to the council the results of that review; and*
- ii) Give a copy of the CEO’s report to the council.”*

APPLICABLE POLICY

- 5. The City’s Risk Register has been developed based on the City’s Risk Management Plan and the City’s Risk Management Policy (C-HR06)

STAKEHOLDER ENGAGEMENT

- 6. The Risk Register was reviewed by the Executive Management Team in April 2026.

FINANCIAL CONSIDERATIONS

- 7. Nil

SUSTAINABILITY

- 8. **Social Implications**
Nil
- 9. **Economic Implications**
Nil
- 10. **Environmental Implications**
Nil

RISK MANAGEMENT

11.

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

Risk: The City fails to effectively manage risks impacting the delivery of objectives.		
Consequence	Likelihood	Rating
Possible	Moderate	Medium
Action/Strategy		
<ul style="list-style-type: none"> 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

12.

As a result of the review of the City’s Risk Register identifying the top twelve strategic risks, the City is well placed to manage its risks. It is recommended that Council adopt the Risk Management Policy and Integrated Risk Management Plan.

Voting Requirements: Simple Majority

COMMITTEE RECOMMENDATION TO COUNCIL

That Council:

- a) Adopt the Risk Management Policy as contained at Attachment 1; and
- b) Adopt the Integrated Risk Management Plan as contained at Attachment 2.

Moved: **Mayor Margaret Thomas**

Seconded: **Cr Lisa Cooper**

Vote: For: **Mayor Margaret Thomas, Cr Lisa Cooper, Cr Kathy Ritchie, Cr Brooke O'Donnell, Mr Peter Halliday**

Against: **Nil**

CARRIED UNANIMOUSLY (5/0)

7.1.2. Audit Reports

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

Previous Items	
Directorate	Corporate
Business Unit	Corporate
File Reference	N/A
Applicant	N/A
Owner	N/A
Attachments	Nil
Confidential Attachments	<ol style="list-style-type: none"> 1. Fraud Management Review 2. Governance Framework Review 3. Business Continuity Plan and Disaster Recovery Report 4. Office of the Auditor General (OAG) Audit Plan <p><u>Reason for Confidentiality:</u> "Information the making public of which would be likely to endanger the security (including cybersecurity) of any of the local government's property or operations" [Act s.5.23(4)(e)]</p>

TYPE OF REPORT

	Advocacy	When Council is advocating on behalf of the community to another level of government/body/agency
X	Executive	When Council is undertaking its substantive role of direction setting and oversight (e.g. 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 Reviews conducted during the last six months.
2. The internal audits were 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 that the City of Kalamunda (the City) is committed to implementing.
3. It is recommended that Council receive the details of the following internal audit reviews:
 - a) Fraud Management Review
 - b) Governance Framework Review
 - c) Business Continuity Plan and Disaster Recovery Report
 - d) Office of the Auditor General (OAG) Audit Plan

BACKGROUND

4. The internal audit program is delivered in line with the City's three-year Strategic Internal Audit Plan (Plan) which contains a mix of compliance, financial, and performance / operational audits
5. The City's appointed Internal Auditor is William Buck who have undertaken a number of audit reviews, which included:
 - a) Reviewing recommendations from previous audits
 - b) Providing input into the formulation of the Strategic Internal Audit Plan
 - c) Attendance and presentation of internal audit reports to the Audit Risk and Improvement Committee
 - d) 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 is illustrated using the "Three Lines of Defence Model" below:



7. Broadly, Internal Audit Reviews are focused on:
- a) Compliance Audits – focused on the City's (or their suppliers) compliance with legislation, regulations, directions, policies, plans and procedures.
 - b) Financial Audits - focused on practices and activities relating to the accounting, and financial reporting of transactions, reliability and integrity of financial information and the safeguarding of City Assets.
 - c) Performance (Operational Audits) – focused on all or part of the City's activities to assess the economy, efficiency and effectiveness. Considers the adequacy of internal control structures, the extent to which resources have been managed economically and efficiently, the extent to which activities have been effective in achieving organisational objectives.

DETAILS AND ANALYSIS

8. The Internal Audit reviews during the past six months are:
- a) Fraud Management
 - b) Governance Framework
 - c) Business Continuity and Disaster Recovery Plans
9. In addition, the OAG presented their Audit Plan to the City during an entrance meeting during April 2026.
10. **Fraud Management**
The objective of this audit was to determine whether effective controls are in place to identify, prevent and respond to fraud and corruption.

The scope of the audit was to:

- a) Identify the availability of a fraud and corruption control plan, that is reviewed periodically to ensure the plan includes controls surrounding:
 - Fraud risk assessment

- Preventative measures and controls clearly describing and assigning roles and accountabilities for detecting reporting and preventing fraud and corruption
- Detection controls that clearly identify financial fraud and corruption detection program, including analysis of management accounting reports and random audits or spot checks where there are multiple and regular transactions under threshold limits

b) Complete a high-level review of controls related to the process for investigation and reporting mechanism for identified fraud and corruption.

11. The results of the Fraud Management Audit are detailed in Confidential Attachment 1.

12. **Governance Framework Review**

The objectives of this audit were to assess the adequacy and effectiveness of the City's governance framework to ensure alignment with legislative requirements and support sound decision making

The scope of the audit was to:

- Review Governance Policies and Frameworks, including availability of the Governance Framework, Code of Conduct, Delegations Register, segregation of duties
- Assess whether policies are documented, current, approved and aligned with legislative and regulatory requirements

13. The results of the Governance Framework Audit are detailed in Confidential Attachment 2

14. **Business and Disaster Recovery Plan**

The objective of this audit was to assess whether the City's Crisis Business Continuity and Disaster Recovery framework is adequate, covering governance, documentation and periodic review processes to support the organisation's ability to respond to and recover from potential disruptions.

The scope of the audit was to:

- a) Review the Governance and Oversight
 - Existence of approved Business Continuity and Disaster policies and frameworks
 - Review defined governance structures, roles and responsibilities for continuity management
 - Review the management of committee oversight and reporting mechanisms for Business Continuity/Disaster Recovery

- b) Review the Framework and Documentation
 - Review whether a documented Business Continuity and Disaster Recovery framework exists
 - Review alignment of the framework with relevant internal policies and regulatory expectations
 - Review the evidence that continuity and recovery plans for critical functions and systems
- c) Review Business Impact Analysis (BIA)
 - Review whether a BIA process is defined and has been performed to identify critical business functions and establish recovery objectives
 - Review whether continuity and recovery plans are aligned with BIA outcomes
- d) Testing, Review, and Continuous Improvement
 - Whether management has established processes for periodic review or testing of the Business Continuity/Disaster Recovery Plans
 - Whether outcomes of tests or exercises are reviewed and improvements identified
 - Review of plan update or maintenance procedures.

15. The results of the Business Continuity and Disaster Recovery Plan Audit are detailed in Confidential Attachment 3.

16. **OAG Audit Plan**

The OAG Audit Plan outlines the approach to the audit of the City's financial statements. The audit schedule commences with the planning and interim audit work which commenced in April and concludes in late October following the final audit of the financial statements.

The Audit focuses on areas considered to represent risks of material misstatement to the financial report. A review of the following key business cycles will include:

- a) Revenue and receivables
- b) Expenditure and payables
- c) Payroll and employee provisions
- d) Cash and financing
- e) Property, plant and equipment

17. The details of OAG Audit Plan are contained in Confidential Attachment 4.

APPLICABLE LAW

18. *Local Government Act 1995*
Local Government Financial Management Regulations 1996

APPLICABLE POLICY

19. NIL.

STAKEHOLDER ENGAGEMENT

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

FINANCIAL CONSIDERATIONS

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

SUSTAINABILITY

22. **Social Implications**

Nil.

23. **Economic Implications**

Nil.

24. **Environmental Implications**

Nil.

RISK MANAGEMENT

25.

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 papers reviewed by OAG. Evaluation of key controls for identified processes.		

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 implementation of audit recommendations		

CONCLUSION

26. Internal Audit is a key element of the City's risk management and governance framework. The audit program is informed by the Strategic Audit Plan consisting of compliance audits, financial audits and performance (operational audits)

Voting Requirements: Simple Majority

COMMITTEE RECOMMENDATION TO COUNCIL

It is recommended that Council receive the details of the following Internal Audit Reviews:

- a) Fraud Management Review
- b) Governance Framework Review
- c) Business and Disaster Recovery Reviews
- d) OAG Audit Plan

Moved: **Mayor Margaret Thomas**

Seconded: **Cr Lisa Cooper**

Vote: For: **Mayor Margaret Thomas, Cr Brooke O'Donnell, Cr Lisa Cooper, Cr Kathy Ritchie and Mr Peter Halliday.**

Against: **Nil**

CARRIED UNANIMOUSLY (5/0)

8. Motions of Which Previous Notice has been Given

9. Meeting Closed to the Public 6:01 pm

10. Closure

There being no further business, the Presiding Member declared the Meeting closed at 6.01pm.

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

Signed: _____
Presiding Member

Dated this _____ day of _____ 2026.