



**City of  
Kalgoorlie  
Boulder**

# **AGENDA**

**for the  
Audit and Risk Committee Meeting**

**commencing at 11:00 AM**

**on**

**7 JUNE 2023**

**at the  
Administration Building**

2 June 2023



## NOTICE OF MEETING

A Audit and Risk Committee meeting of the City of Kalgoorlie-Boulder will be held in the **Administration Building** on **Wednesday, 7 June 2023** commencing at **11:00 AM**.

Regards

A handwritten signature in black ink, appearing to read "Andrew Brien". The signature is stylized with a long, sweeping line extending upwards and to the right.

**ANDREW BRIEN**

Chief Executive Officer

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## **Audit and Risk Committee Members**

Independent Chairperson Allan Pandal

Independent Member Robert Northcoat

Mayor John Bowler

Cr Glenn Wilson

Cr John Matthew

Cr Terrence Winner

Cr Kirsty Dellar

Cr Kim Eckert

Cr Amy Astill

## **1 DECLARATION OF OPENING**

## **2 RECORD OF ATTENDANCE**

### **2.1 Attendance**

**In Attendance:**

**Members of Staff:**

### **2.2 Apologies**

**Apologies – Elected Members:**

**Apologies - Members of Staff:**

**Leave of Absence:**

## **3 PRESENTATIONS**

## **4 DECLARATIONS OF MEMBERS' AND OFFICERS' INTEREST**

**4.1 Interest Affecting Impartiality City of Kalgoorlie-Boulder Code of Conduct**

**4.2 Financial Interest Local Government Act Section 5.60A**

**4.3 Proximity Interest Local Government Act Section 5.60B**

## **5 CONFIRMATION OF MINUTES**

That the minutes of the Audit and Risk Committee Meeting held on 15 March 2023 and 19 April 2023 be confirmed as a true record of that meeting.

## **6 REPORTS OF OFFICERS**

**6.1 Chief Executive Officer**

### 6.1.1 Internal audit plan 2023-24

<b>Responsible Officer:</b>	Frances Liston Executive Manager Governance and Risk Services
<b>Responsible Business Unit:</b>	Finance Governance
<b>Disclosure of Interest:</b>	Nil
<b>Voting Requirements:</b>	Simple
<b>Attachments:</b>	Nil

#### Officer Recommendation

That the Committee Recommend Council:

1. Endorse the following proposed audit focus areas for the 2023-24 Internal Audit Program:
  - a) Trading Undertaking and Land Transaction Contract Review and Approval; and
  - b) Information Systems and Cyber Security;
 and
2. Allocates \$30,000 for the purposes of appointing an external provider to deliver the Internal Audit Program in the 2023-24 Annual Budget.

#### Executive Summary

The Internal Audit Program for 2023-24 is presented for the Committee's review and recommendation to Council.

#### Community Engagement Consultation

No community consultation was considered necessary in relation to the recommendations of the report.

#### Community Strategic Plan Links

This report links to the Strategic Community Plan through the following Guiding Theme/s:

EMPOWERED: We continue to believe in the principles of representational democracy and are enabled to make decisions about our lives.

#### Budget Implications

It is recommended that \$30,000 is included in the 2023-24 Annual Budget for the purposes of appointing an external provider to deliver the Internal Audit Program.

## Report

At the Committee meeting held on 15 March 2023 the following recommendation was carried:

**Moved By:** **Cr Kirsty Dellar**

**Seconded By:** **Cr Kim Eckert**

*That the Committee recommend that Council:*

- 1. Approve the attached Annual Work Plan 2023; and*
- 2. Request the CEO to prepare an Internal Audit Plan for the 2023-24 financial year to be presented to the Committee at the Meeting in June 2023.*

Council endorsed this recommendation at the Ordinary Council Meeting held on 27 March 2023.

The *Local Government Operational Guidelines – Audit in Local Government* includes the following guidance with regards to the recommended function and responsibility of the Audit and Risk Committee for internal audit... “Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”

The importance of the Audit and Risk Committees responsibility and function with regards to internal audit is further supported by the WA Public Sector Audit Committees – Better Practice Guide published in June 2020 which states .. “For local government entities, responsibility for the internal audit function rests with the CEO, who also reports to the audit committee and council. Given that it is important for internal audit to be independent from management, it is good practice for the CAE (chief audit executive / Internal Auditor) to also have a direct line of communication to the audit committee.

Under the Audit and Risk Committee's terms of reference, the Committee is responsible for reviewing the scope of internal audits and the level or resources to be allocated to the annual internal audit program. It is the CEO's recommendation that the following two focus areas are included in the 2023-24 Internal Audit Program:

- Trading Undertaking and Land Transaction Contract Review and Approval; and
- Information Systems and Cyber Security;

The following IT and Contract risks are included in the City's Strategic Risk Register:

- Risk ID216830 – Lack of preparedness/failure to Update and Advance Technology (Residual Risk – Medium)
- Risk ID216996 – Loss of IT and Cyber Security (Residual Risk – Medium)
- Risk ID263090 – Entry into contracts on terms not favourable to the City (Residual Risk – High).

It is recommended that an external provider is appointed to deliver the program. A scoping document will be developed for each audit to define the parameters of the

review, what will be covered in the audit and the approach to be undertaken. Reporting on the progress of the internal audits and implementation of findings will form part of the standing report for the Committee's review.

### **Statutory Implications**

There are no statutory implications resulting from the recommendations of this report.

### **Policy Implications**

The Roles and Function of the Audit and Risk Committee as stated in the Terms and Reference include:

- Consider the implications of findings on the City, its risks and controls from special internal audit assignments undertaken by Internal Audit at the request of Council or CEO.
- Recommend to Council the person or persons to be appointed as internal auditor.
- Review the level or resources allocated to internal audit and the scope of its authority.
- Review reports of internal audits, monitor the implementation of recommendations made by the audit and review the extent to which Council and management reacts to matters raised.



### 6.1.2 Integrity Snapshot Tool and Integrity Framework

<b>Responsible Officer:</b>	Andrew Brien Chief Executive Officer Frances Liston Executive Manager Governance and Risk Services
<b>Responsible Business Unit:</b>	Office of the CEO
<b>Disclosure of Interest:</b>	Nil
<b>Voting Requirements:</b>	Simple
<b>Attachments:</b>	1. Integrity Snapshot Tool (5 May 2023) [6.1.2.1 - 12 pages] 2. Integrity Framework (draft) [6.1.2.2 - 17 pages]

#### Officer Recommendation

That the Committee:

1. Endorse the attached Integrity Snapshot Tool;
2. Receive the attached draft Integrity Framework;
3. Request the CEO finalise and implement the Integrity Framework as soon as practicable;
4. Note the intended actions to be taken by City officers; and
5. Request the CEO to undertake a further self-assessment of the City's integrity systems in approximately 12 months, with a view to providing an update to the Audit and Risk Committee in or about June 2024.

#### Executive Summary

The City considers the ongoing focus and improvement of its integrity is critical to:

1. Attracting and retaining high quality staff;
2. Building and retaining the trust of the Kalgoorlie-Boulder community; and
3. Achieving high standards of governance through transparency, consistency, accountability and fairness in its decision-making processes and actions.

The City is committed to continuous self-assessment and improvement in relation to its strategies for integrity in all of its functions. This report highlights some of the recent integrity-focussed actions that have been undertaken by the Office of the CEO, including:

1. Completion of the Public Sector Commission's Integrity Snapshot Tool; and
2. Development of Integrity Framework,

and details intentions for immediate additional actions.

#### Community Engagement Consultation

No community consultation was considered necessary in relation to the recommendations of the report.

## Community Strategic Plan Links

This report links to the Strategic Community Plan through the following Guiding Theme/s:

EMPOWERED: We ensure considered decision making based on collaborative, transparent and accountable leadership.

## Budget Implications

There are no financial implications resulting from the recommendations of this report.

## Report

In August 2021, the Audit and Risk Committee recommended that Council:

1. Receive the Integrity Strategy for WA Public Authorities 2020-2023; and
2. Advise the CEO to complete the Integrity Snapshot Tool to help identify any areas for development or more focus that should be included in the City's Risk Register.

Using the Public Sector Commission's Integrity Snapshot Tool, the Chief Executive Officer (CEO), Executive Manager Governance and Risk Services (EMGRS) and the ELT have recently undertaken an assessment of the City's current integrity strategies (Attachment 6.1.2.1). This tool lists a number of integrity strategies with the tool requiring an assessment of whether each is "in place", "in progress" or "not in place".

As can be ascertained from review of the attached completed Integrity Snapshot Tool:

1. There are limited areas where the City has the specified strategy "in place";
2. Many of the strategies are considered to be "in progress". In some cases, such as in relation to "encouraging staff to report misconduct", there are policies, procedures and systems in place to support this strategy however further work can be done to improve its implementation (such as increasing the communication methods and regularity of discussion about this); and
3. Some strategies are "not in place". These will require development by City officers – some of which will be achievable in the short term and others will realistically be more likely to be medium-term commitments to achieve an "in place" status.

As a result of this review, the following actions (without limitation) have been identified for immediate implementation:

1. Inclusion of "Integrity" as a standing fortnightly or weekly agenda item for Executive Leadership Team meetings and monthly Management Team meetings to discuss and consider compliance and integrity matters and trends;
2. Expanding content provided or communicated with candidates for employment to include a greater focus on integrity matters during the recruitment process;

3. Introducing requirements for more detailed reference and background checks for candidates for employment;
4. Increasing the content provided to new starters during the initial induction and onboarding process to provide greater level of understanding about “what integrity means” and the City’s expectations in that regard;
5. Create operational guidelines to better define roles and responsibilities, systems and reporting mechanisms in relation to management of integrity issues, misconduct and serious misconduct;
6. Create “integrity” focussed content that can be used in staff newsletters, intranet and staff noticeboards;
7. Develop and implement a program for internal training and “refreshers” on critical integrity documents and systems, including the Code of Conduct and policies and procedures for complaint handling.

In addition, a draft Integrity Framework (Attachment 6.1.2.2) has been prepared with the assistance of resources provided by the Public Sector Commission. The purpose of the Integrity Framework is to coordinate the variety of policies, procedures, systems and roles which work together to strengthen the integrity of the City of Kalgoorlie-Boulder.

### **Statutory Implications**

There are no statutory implications resulting from the recommendations of this report.

### **Policy Implications**

There are no policy implications resulting from the recommendations of this report.

### 6.1.3 Risk Register review

<b>Responsible Officer:</b>	Andrew Brien Chief Executive Officer Frances Liston Executive Manager Governance and Risk Services
<b>Responsible Business Unit:</b>	Office of the CEO Governance
<b>Disclosure of Interest:</b>	Nil
<b>Voting Requirements:</b>	Simple
<b>Attachments:</b>	1. Risk Register items 2 June 2023 [6.1.3.1 - 12 pages]

### Officer Recommendation

That the Committee:

- (1) Note the outcomes of the risk review as presented in this report and attachments;
- (2) Endorse and adopt the following changes to the City's risk register:
  - a. The variation of risk "Failure to Maintain Effective Communications" (216827) as described in and attached to this report;
  - b. the addition of the following risks to the register as attached to this report:
    - i. Sexual Harassment and/or Discrimination in the Workplace (271789);
    - ii. Psychological Hazards in the Workplace (271788);
    - iii. Mismanagement of delegations and authorisations/appointments (273748);
    - iv. Failure to Maintain Goldfields Oasis risk register (273753); and
    - v. Failure to Maintain Kalgoorlie-Boulder Airport risk register (273754).

### Executive Summary

Following on from comprehensive risk reviews undertaken in November 2022 and March 2023, the CEO, Directors and Executive Managers have, with their respective teams, conducted further reviews of risks relating to their directorate or departments. It is recommended that the Committee endorsed some changes and addition of some new risks (and controls).

### Community Engagement Consultation

No community consultation was considered necessary in relation to the recommendations of the report.

### Community Strategic Plan Links

This report links to the Strategic Community Plan through the following Guiding Theme/s:

**EMPOWERED:** We ensure considered decision making based on collaborative, transparent and accountable leadership.

### **Budget Implications**

There are no financial implications resulting from the recommendations of this report.

### **Report**

The City's risk register is currently held in a database within the platform SkyTrust. Some risks are "strategic" which are of particular concern to Council given its responsibility for the strategic management of the City of Kalgoorlie-Boulder. Other risks are "operational" which relate to internal or organisational matters that are not generally the subject of Council oversight.

In recent months, the CEO, Directors and Executive Managers and their teams have conducted independent reviews of both operational and strategic risks relating to their directorate or departments. This review follows a comprehensive workshop review that was undertaken by the Executive Leadership Team in November 2022 and a desktop review in March 2023, and accordingly, a number of risks and controls do not require revision at this time.

Attachment **6.1.3.1** shows the proposed new risks which are recommended for adoption as well as the risks which are recommended for amendment.

#### ***OCEO and Governance Risks***

No changes are recommended by the CEO or Executive Manager Governance and Risk Services to the current risks.

It is recommended that an additional risk be added to the strategic risk register: "Mismanagement of delegations and authorisations/appointment" (see attached).

#### ***Finance and procurement risks***

The recent roll out of the new software platform, Altus, will result in changes to both the risks and controls for finance-related risks. Additionally, the City's procurement process is currently under review, with a number of recommendations made by consultants to be actioned in coming months.

The Executive Manager Finance has recently returned to the office following extended leave and will lead the finance's comprehensive review of the finance related risks prior to the September Audit and Risk Committee meeting.

#### ***People and Culture risks***

As raised during the March 2023 Audit and Risk Committee meeting, the following new risks have been identified by People and Culture in response to recent workplace health and safety legislative changes. Accordingly, the following new risks are proposed for adoption (see attached):

1. Sexual Harassment and/or Discrimination in the Workplace (271789); and
2. Psychological Hazards in the Workplace (271788).

#### ***Community Development Risks***

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No changes are required to the risk “Failure to Engage with Community Stakeholders”. Some amendments are recommended to the controls for the risk Failure to Maintain Effective Communications (216827) as follows:

1. Control #1 – delete “e-newsletters”;
2. Control #3 – delete “and attitude”;
3. Control #5 – delete “of law”;
4. Control #7 – delete control.

### ***Engineering***

No changes are recommended by the Engineering directorate.

### ***Information Technology Risks***

The IT team conduct a monthly review of their unit’s risks and do not recommend any changes be made to the current risk and control assessments.

It is anticipated that “Council Operations in the Event of a Disaster” (216829) will be reviewed and recommended for update during the September 2023 Audit and Risk Committee meeting. Once the disaster recovery system (Cloud) is installed and implemented, this risk will reduce significantly.

### ***Goldfields Oasis***

The Goldfields Oasis maintains and reviews its own risk register of operational risks and controls specific to that facility and its services. It is recommended that a new risk is adopted to support this external management of the risk register by the Goldfields Oasis team: “Failure to Maintain Goldfields Oasis risk register” (273753) (see attached).

### ***Kalgoorlie-Boulder Airport***

The Kalgoorlie-Boulder Airport maintains and reviews its own risk register of strategic and operational risks and controls specific to that facility and its services. It is recommended that a new risk is adopted to support this external management of the risk register by the Kalgoorlie-Boulder Airport team: “Failure to Maintain Kalgoorlie-Boulder Airport risk register” (273754) (see attached).

### ***Economic Development Risks***

These risks were not reviewed and will be reviewed prior to the September Audit and Risk Committee meeting.

As has previously been reported to the Committee, the City has been improving its systems in relation to its risk review. During this most recent risk review, this has included involvement of more staff in the process of reviewing risks and controls with a view to seeking more diverse feedback in relation to the register and increasing the number of officers considering risk and controls in respect of their day-to-day activities. This is the first step towards embedding a more risk-focussed approach across the organisation.

Additionally, changes are being made to the templates used for Council reporting which will incorporate a risk assessment in respect of options being presented, and in particular the recommendation being made to Council. The incorporation of this content in Council reporting will require a risk assessment to be undertaken prior to report writing, by those officers writing reports and by the executive leadership team

while finalising the agenda. These changes will also improve the quality of reporting to Council and better inform Councillors in relation to the City's risks.

**Statutory Implications**

There are no statutory implications resulting from the recommendations of this report.

**Policy Implications**

Risk review is undertaken by City officers in accordance with the City's Risk Management Framework and Risk Management Policy. There are no policy implications resulting from the recommendations of this report.

### 6.1.4 Audit and Risk Committee Standing Items June 2023

<b>Responsible Officer:</b>	David Trevaskis Director of Corporate and Commercial
<b>Responsible Business Unit:</b>	Corporate and Commercial
<b>Disclosure of Interest:</b>	Nil
<b>Voting Requirements:</b>	Simple
<b>Attachments:</b>	<ol style="list-style-type: none"> <li>1. 230607 Audit recommendations progress report [6.1.4.1 - 3 pages]</li> <li>2. FAC action item list June 2023 [6.1.4.2 - 2 pages]</li> </ol>

#### Officer Recommendation

That the Committee recommends Council receives the information.

#### Executive Summary

In accordance with the Audit and Risk Committee Annual Work Plan an update on actions taken to address any Audit findings and Committee recommendations is presented at each Committee meeting for review. These updates are contained in the attached Action Item List and Audit Recommendations Progress Report.

#### Community Engagement Consultation

No community consultation was considered necessary in relation to the recommendations of the report.

#### Community Strategic Plan Links

This report links to the Strategic Community Plan through the following Guiding Theme/s:

EMPOWERED: We ensure considered decision making based on collaborative, transparent and accountable leadership.

#### Budget Implications

There are no financial implications resulting from the recommendations of this report.

#### Report

The Audit and Finance Committee considered the Better Practice Guide for Public Sector Audit Committees at its May 2021 meeting and supported the inclusion of two standing items on the agenda. The Audit recommendations progress report is designed to provide the Committee with an update on the progress of actions taken



by management to implement audit recommendations from the OAG, internal audit and external reviews.

The Audit and Risk Committee action item list identifies Audit and Risk Committee recommendations that are adopted by Council, and how the resolutions are followed-up and addressed by the responsible officer. The report aims to include a level of information to allow the audit committee to understand the nature of actions taken to date and the real reasons for any delays.

The report uses a 'traffic light system' to categorise progress into three groups: red – not started, amber – in progress, and green – complete.

### **Statutory Implications**

There are no statutory implications resulting from the recommendations of this report.

### **Policy Implications**

There are no policy implications resulting from the recommendations of this report.

### 6.1.5 Reserves at 30 June 2023

<b>Responsible Officer:</b>	Xandra Curnock Executive Manager Finance
<b>Responsible Business Unit:</b>	Finance
<b>Disclosure of Interest:</b>	Nil
<b>Voting Requirements:</b>	Simple
<b>Attachments:</b>	1. Cash Backed Reserves [6.1.5.1 - 1 page]

#### Officer Recommendation

That the Committee recommend that Council accept the estimated reserve position at 30 June 2023.

#### Executive Summary

The report has been prepared to provide the Committee and Council with an update of the estimated closing position of cash backed reserves based on actual activities during the FY 2023 financial year.

#### Community Engagement Consultation

No community consultation was considered necessary in relation to the recommendations of the report.

#### Community Strategic Plan Links

This report links to the Strategic Community Plan through the following Guiding Theme/s:

CAPABLE: We will have the resources to contribute to our community and economy.

#### Budget Implications

There are no financial implications resulting from the recommendations of this report.

#### Report

The estimated closing cash back reserve position is noted below within the attachment, Cash Backed Reserves. This shows an estimate closing reserve cash position of \$33,692,357. This is \$17,615,747 higher when compared to an original budgeted closing position of \$16,076,610.

The main reason for this increase in closing cash being a reduction in capital spend during the FY2023 year. In particular on key projects such as the Kal City Centre, Golf Course Resort, and Street Lighting, which were \$10.7m less than budget due to

delays in these projects, leaving the Future Projects Reserve \$10.7m higher than originally budgeted.

The closing position of the Sewerage reserve is \$2.0m higher than budgeted due to delays in Sewer renewal works of \$1.5, and increased depreciation of \$0.5m following the asset revaluations which occurred in FY2022.

Aerodrome reserve is \$1.7m higher than budgeted due to a \$1.1m increase in depreciation following the asset revaluations of 2022 and \$0.6m less spent on assets during the year.

Oasis reserve is \$1.3m higher than budgeted due to a \$0.5m increase in depreciation and \$0.8m saving in capital spend due to reduced spend in building works.

Less spending occurred than originally budgeted on City promotions, resulting in the Airport and City Promotions reserve being \$0.6m higher than budgeted.

The Town Hall reserve is \$0.5m higher due to delay in works on the air conditioning within Kalgoorlie Town Hall.

Cash back reserves are linked to specific projects or commitments. These are noted within the below table.

	<b>Name of Reserve</b>	<b>Purpose of the reserve</b>
(a)	Leave Reserve	To fund payments to staff for accrued leave and / or budgeted leave.
(b)	Plant Reserve	To fund the City's ten year (10) Plant Replacement Program.
(c)	Building Reserve	To fund building projects and major structural repairs to existing assets.
(d)	Computer Facilities Reserve	To fund Information Technology projects.
(e)	Sewerage Construction Reserve	To provide for the ongoing construction and future replacement of sewerage lines and any other relevant initiatives.
(f)	Recreation Reserve	To be utilised for future reserves, ovals, or any other recreational projects Council deems necessary.
(g)	Parking Facilities Reserve	To provide for the future parking needs of the City.
(h)	Senior Citizens Reserve	To meet any requirements the Community Centre may have.
(i)	Oasis Reserve	To improve the Goldfields Oasis.
(j)	Aerodrome Reserve	To facilitate the replacement of assets to subsidise operations, items not included in the Airport Movement Reserve
(k)	Valuations Equalisation Reserve	To provide for revaluation expenses, every four (4) years.
(l)	Insurance Equalisation Reserve	To provide for any Workers Compensation expenses.
(m)	Town Halls Refurbishment Reserve	To provide for future maintenance, refurbishment, heritage development of the Kalgoorlie and Boulder Town Halls.
(n)	Waste Initiatives Reserve	To develop and introduce alternatives or modified waste collection treatment and disposal options.
(o)	Airport and City Promotions Reserve	To promote the City of Kalgoorlie-Boulder and the Kalgoorlie- Boulder Airport.
(p)	Future Projects Reserve	To fund future projects that Council supports as a desired outcome for the overall Community.
(q)	Public Open Space Reserve	To comply with Planning and Development Act, section 154

The attachments within this report do not account for interest received on the invested funds. Interest is estimated to be \$576,583 for the FY2023 year, bringing the closing 30 June 2023 reserve balance to a total of \$34,268,940.

**Statutory Implications**

There are no statutory implications resulting from the recommendations of this report.

**Policy Implications**

There are no policy implications resulting from the recommendations of this report.

## **7 DATE OF NEXT MEETING**

The next Audit and Risk Committee Meeting will be held on Wednesday, 27 September 2023.

## **8 CLOSURE**