



**City of  
Kalgoorlie  
Boulder**

# **AGENDA**

**for the  
Audit and Risk Committee Meeting**

**commencing at 10:00 AM**

**on**

**16 NOVEMBER 2023**

**at the  
Administration Building**

15 November 2023



## NOTICE OF MEETING

A Audit and Risk Committee meeting of the City of Kalgoorlie-Boulder will be held in the **Administration Building** on **Thursday, 16 November 2023** commencing at **10:00 AM**.

Regards

A handwritten signature in black ink, appearing to read "Andrew Brien". The signature is stylized with a large, sweeping flourish that extends upwards and to the right.

**ANDREW BRIEN**

Chief Executive Officer

**Nature of Council's Role in Decision-Making**

Advocacy:	When Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.
Executive Strategic:	The substantial direction setting and oversight role of the Council, e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.
Legislative:	Includes adopting local law, town planning schemes and policies.
Review:	When Council reviews decisions made by officers.
Quasi-Judicial:	<p>When Council determines an application/matter that directly affects a person's rights and interests. The Judicial character arises from the obligations to abide by the principles of natural justice.</p> <p>Examples of Quasi-Judicial authority include town planning applications, building licenses, applications for other permits/licenses (e.g. under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.</p>

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## **Audit and Risk Committee Members**

Mayor Glenn Wilson  
Deputy Mayor Kirsty Dellar  
Cr Wayne Johnson  
Cr Terrence Winner  
Cr Nardia Turner  
Cr Kyran O'Donnell

## **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**

OAG/ Grant Thornton – 2023 Audit entrance meeting.

## **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 5 October 2023 be confirmed as a true record of that meeting.

## **6 URGENT BUSINESS**

## 7 REPORTS OF OFFICERS

### 7.1 Chief Executive Officer

#### 7.1.1 Risk 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>Nature of Council's Role in Decision-Making:</b>	Executive Strategic
<b>Attachments:</b>	Nil

#### SUMMARY STATEMENT

Council is asked to note the updates set out in this report in respect of the current status of the City's risk review systems and operational and strategic risk registers.

#### REPORT

##### *Risk register*

The City's risk register is currently held in a software database. 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 Committee or Council oversight.

##### *Risk review*

On a quarterly basis, the CEO, Directors and Executive Managers and their teams conduct 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.

At the June 2023 Audit and Risk Committee (ARC), officers reported that each of the Goldfields Oasis and Kalgoorlie-Boulder Airport maintain risk registers outside of the City's software platform. On 2 June 2023, the ARC recommended to Council that it endorse the addition of two new risks to the strategic risk register:

- a. "Failure to Maintain Goldfields Oasis risk register" (273753); and
- b. "Failure to Maintain Kalgoorlie-Boulder Airport risk register" (273754).

During that 2 June 2023 ARC meeting, it was discussed that the Executive Leadership Team (ELT) would undertake an annual review of these two external risk registers. On 3 November 2023, the ELT met with the Airport Manager and Goldfields Oasis Manager to review these respective risk registers. The outcomes of set out below:

#### *Kalgoorlie-Boulder Airport*

The Airport Manager reported to the ELT that he is concerned about several risk issues at the Airport, which include:

1. Low-medium rated non-compliance on identified operational matters;
2. Inexperienced ground staff with insufficient knowledge of the standard for risk compliance; and
3. Resourcing challenges including difficulty recruiting senior officers with aviation experience staff or staff with sufficient skillset to be developed.

The Airport Manager further reported to ELT that since commencing in his role in early 2023, he has been, in relation to risk management:

1. Focussed on maturing non-compliance risks to resolve these as quickly as possible;
2. Utilised the Coordinator Airport Compliance to oversee risk training, tracking and scheduling for remediation; and
3. Regularly maintains a Non Compliance Matrix which sets out areas of non-compliance as well as actions required to achieve compliance and related deadlines.

The Airport Manager indicated that he is concerned with the non-compliances, many of which have been long term issues for the City and not reported by previous airport staff to the ELT. To manage the financial, legislative and reputational risks and liability of the City (and individual staff members) associated with non-compliance related risks, the controls in place include:

1. Regular and transparent communication with all aviation regulatory authorities in relation to compliance issues;
2. Maintenance of the Non-Compliance Matrix to ensure accurate identification of risks and controls and to establish a source document from which to manage, escalate and progress risks and controls;
3. Development of a structured calendar of staff training, embedding partnerships with specialist aviation organisations (RAMS); and
4. Development of Airport Mini Masterplan and Masterplan which includes a robust review of all operational and strategic risks.

The CEO recommends that a comprehensive report regarding areas of significant non-compliance and related strategic and operational risk, as well as copies of the Risk Register and Non Compliance Matrix, be provided to the Audit and Risk Committee at its next meeting to provide a clearer and more detailed understanding of this.

#### *Goldfields Oasis*

The risks managed through the Goldfields Oasis are largely operational rather than strategic risk and so it is not proposed to provide a detailed report of these to the ARC. However, the process followed by the Oasis is aligned with the team approach being developed for the administration teams, as set out below:



1. The risk register is accessible to all Oasis staff in a shared location;
2. The risk register is reviewed annually;
3. The Oasis staff conduct an annual review of the risk register, and staff members feed new risks and controls, and updates to existing ones, into their risk register by referencing the past year's incidents (logged through the City's incident reporting platform) as well as sharing other knowledge and ideas;
4. The Oasis team identify and assess risks and controls during their toolbox meetings which fosters an environment where staff are constantly thinking about risk and what can be done to mitigate risk. This standing meeting agenda item also provides opportunity and empowers all staff to contribute to risk and control assessment.

### *Ongoing risk management*

As has previously been reported to the Committee, the City has been continuing work to improve systems in relation to risk review, including:

1. 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;
2. 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; and
3. Redevelopment of the City's Risk Management Framework and management guidelines.

A persistent challenge to embedding better risk identification and management practices throughout the organisation has been the use of an unsuitable software program as the risk-management platform. This software has not been accessible enough for staff to access and review the risk register or controls and is difficult in respect of editing, tracking changes and reporting. The City is looking at alternative software options to improve the accessibility of risk content to all staff.

### **Community Engagement Consultation**

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

### **Budget Implications**

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

### **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.

### **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.

### **OFFICER RECOMMENDATION**

That the Committee:

1. Receive and note the updates set out in this report;
2. Request the CEO provide a detailed report on non-compliance, strategic risks and significant operational risks at the Kalgoorlie-Boulder Airport to be presented at the next Audit and Risk Committee meeting; and
3. Request the CEO provides up-to-date copies of the City's strategic risk register, along with any recommended changes, at the next Audit and Risk Committee meeting.

### 7.1.2 Terms of Reference

<b>Responsible Officer:</b>	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>Nature of Council's Role in Decision-Making:</b>	Executive Strategic
<b>Attachments:</b>	1. Audit and Risk Terms of Reference - Nov 2023 [7.1.2.1 - 4 pages]

### SUMMARY STATEMENT

The Committee is asked to endorse the Terms of Reference attached to this report.

### REPORT

The Terms of Reference require the Audit and Risk Committee to undertake a review of the Terms of Reference at least one a year, and prior to each local government election. The Terms of Reference were reviewed by the Audit and Risk Committee in March 2023. The City's Terms of Reference are consistent with the Department of Local Government, Sport and Cultural Industries Guidelines.

In September 2023, prior to the local government election, the Terms of Reference were also reviewed by the Governance and Policy Committee with the Officer report at that time recommending review to ensure compliance with section 5.12 of the Local Government Act in relation to the appointment of a presiding member. City officers have reviewed these Terms of Reference and confirm that under the heading "Meetings", paragraph 1 correctly provides:

*"The Audit and Risk Committee must elect a presiding member and deputy presiding member in accordance with section 5.12 and Schedule 2.3 of the Local Government Act. "*

This means that the Committee must elect from its members the presiding member and deputy (rather than that be determined by Council resolution).

The Terms of Reference provide that membership of the Committee be comprised of at least three elected members and not more than two independent external members. An Expression of Interest was advertised by the City, closing 20 October 2023, and no submissions were received from interested independent members. The City will re-advertise this Expression of Interest in coming weeks.

### Community Engagement Consultation

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

**Budget Implications**

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

**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.

**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.

**OFFICER RECOMMENDATION**

That the Committee:

1. recommend Council adopt the Terms of Reference for the Audit and Risk Committee in the form attached to this report; and
2. note the update in relation to the appointment of an independent member to the Committee.

### 7.1.3 Annual Financial Report 2022-2023

<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>Nature of Council's Role in Decision-Making:</b>	Legislative
<b>Attachments:</b>	<ol style="list-style-type: none"> <li>1. CKB OAG Audit Opinion 2023 [7.1.3.1 - 2 pages]</li> <li>2. CKB Financial Statements 2023 [7.1.3.2 - 54 pages]</li> <li>3. CONFIDENTIAL - CKB Audit Findings Report - 30 June 2023 [7.1.3.3 - 32 pages]</li> <li>4. CONFIDENTIAL - Final Management Letter - 30 June 2023 [7.1.3.4 - 7 pages]</li> </ol>

#### SUMMARY STATEMENT

In accordance with s6.4 of the Local Government Act 1995 (the Act), the 2022-2023 Annual Financial was prepared and submitted to the Office of the Auditor General (OAG) to conduct the annual audit in September 2023.

The OAG has completed its audit, in accordance with the terms of their engagement and the requirements of Part 7 Division 3 of the Act and prepared the Audit Report.

The attached Annual Financial Report and Audit Report will form part of the City's 2022-2023 Annual Report which is required to be accepted by Council within 2 months after the auditor's report becomes available.

#### REPORT

The preparation of the Annual Financial Report and submission of the City's accounts to the auditor for audit are statutory requirements of the Act.

The Annual Financial Report needs to be accepted by Council to enable the holding of the Annual General Meeting of Electors, at which the City's Annual Report will be considered.

The signed Annual Financial Report is also required to be submitted to the Department of Local Government, Sport and Cultural Industries (DLGSC).

#### Audit field work

Section 6.4 of the Act requires the City to prepare the annual financial report and submit the report to the auditor by 30 September. The accounts and draft annual financial report were submitted by this date.

The external audit was conducted by Grant Thornton on behalf of the OAG and they presented the Audit Planning Report to the Committee on 6 June 2023. The plan described the areas of audit focus and a proposed audit timeline including the schedule for the audit fieldwork which was to be conducted in two stages. The first being the interim audit 3 July to 7 July and then the final audit 2 to 20 October. The audit was scheduled for completion in November 2023 so it could be presented to Council at the December ordinary Council meeting.

The auditors worked remotely for the majority of the audit and attended the City offices for one week. They performed testing on all areas of the accounts, with a focus on areas they consider to be of high risk.

#### End of financial year position

As at 30 June 2023, the City reported a higher Rate Setting Statement Surplus than budget. The surplus is \$5,862,244 which was \$634,782 higher than the \$5,227,462 provided for in the 2023-2024 annual budget. This additional surplus will be accounted for in the amended mid-year budget to be taken to Council in March 2024.

#### Audit findings

The auditor identified two moderate findings and two minor findings. The moderate findings are in relation to finance users ICT access privileges and user access reviews. Further details on the findings are provided in the Management Letter and Audit Findings Report (confidential attachments).

### **Community Engagement Consultation**

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

### **Budget Implications**

The audited carried forward surplus as at 1 July 2023 will be amended by \$634,782 in the mid-year budget review, to be reviewed by Council in March 2024.

### **Statutory Implications**

Section 5.53 of the Local Government Act 1995 states:

#### **5.53 Annual Reports**

- (1) The local government is to prepare an annual report for each financial year.
- (2) The annual report is to contain:
  - (f) the financial report for the financial year;

Section 6.4 of the Local Government Act 1995 states:

#### **6.4 Financial Report**

- (1) A local government is to prepare an annual financial report for the preceding financial year and such other financial reports as are prescribed.
-

- (2) The financial report is to –
- (a) be prepared and presented in the manner and form prescribed; and
  - (b) contain the prescribed information.
- (3) By 30 September following each financial year or such extended time as the Minister allows, a local government is to submit to its auditor –
- (a) the accounts of the local government, balanced up to the last day of the preceding financial year; and
  - (b) the annual financial report of the local government for the preceding financial year.

Section 7.9 of the Local Government Act 1995 states:

**7.9 Audit to be conducted**

(1) An auditor is required to examine the accounts and annual financial report submitted for audit and, by the 31 December next following the financial year to which the accounts and audit report relate or such later date as may be prescribed, to prepare a report thereon ...

Local Government (Financial Management) Regulations 1996.

**Regulation 51(2) states:**

“A copy of the annual financial report of a local government is to be submitted to the Departmental CEO within 30 days of the receipt by the local government’s CEO of the auditor’s report on that financial report.”

Local Government (Audit) Regulations 1996.

**Regulation 16 a and b states:**

An audit committee has the following functions – to guide and assist the local government in carrying out its functions under Part 6 and Part 7 of the Act; and its functions relating to audits and other matters related to financial management.

**Policy Implications**

The Audit and Risk Committee Terms of Reference includes the following Roles and Functions of the Committee:

- Provide guidance and assistance to Council as to the carrying out of the functions of the City in relation to audits
- Consider and recommend adoption of the annual financial report to Council.

**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.

**OFFICER RECOMMENDATION**

That the Committee recommends Council:

1. Adopt the 2022-2023 Annual Financial Report and accompanying Independent Auditors Report for the year ended 30 June 2023; and
2. Receives the Auditor's Management Letter in respect of the 2022-2023 financial audit for the year ended 30 June 2023.



## **8 DATE OF NEXT MEETING**

The next Audit and Risk Committee Meeting is yet to be determined.

## **9 CLOSURE**