



**City of  
Kalgoorlie  
Boulder**

# **AGENDA**

**for the  
Audit and Risk Committee Meeting**

**commencing at 10:00 AM**

**on**

**5 OCTOBER 2023**

**at the  
Administration Building**

2 October 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, 5 October 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

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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 7 June 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 Return non-compliance 21/22 and 22/23

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

#### Officer Recommendation

That the Committee receive the report.

#### Executive Summary

During preparation for the lodgement requirements for the 22/23 annual returns, City officers identified that there were some anomalies in relation to the set up of some employees in the system, and therefore, in the returns that had been lodged by those employees. These anomalies triggered City officers to undertake a detailed review of employees who had held delegated authority, either in connection with their substantive roles or due to acting with higher duties during the 2021/2022 and 2022/23 financial years.

The report below details the outcome of that internal review.

#### 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

### *Background*

In mid 2022, the City implemented a new compliance software platform, Attain. Prior to this being acquired, the City managed delegations, higher duties, primary returns and annual returns through a manual paper system and excel worksheet.

City officers undertook significant work between May and August 2022 to set up Attain to be used by Council members and employees in relation to their compliance obligations. This work enabled Attain to be used by both Council members and employees for the lodgement of their annual returns for the 21/22 financial year.

In about June 2023, City officers began preparation for the lodgement of annual returns in July-August 2023. This preparation included review of all current and former employees who were entered in Attain as having held delegated authority during the 2022/23 financial year. During this process, it was identified that there were some anomalies and as a result, a further detailed review was undertaken in relation to:

- Employees who held delegated authority in connection with their substantive role during 2021/22;
- Employees who held delegated authority as a result of acting with higher duties for a period during 2021/22;
- Employees who held delegated authority in connection with their substantive role in 2022/23; and
- Employees who held delegated authority as a result of acting with higher duties for a period during 2022/23.

The non-compliances set out below are in addition to those reported to the Committee on 15 March 2023.

The CEO is required to notify the Corruption and Crime Commission (CCC) of the non-compliances because a failure to complete a primary or annual return as required by the Local Government Act is serious offence amounting to serious misconduct (reportable pursuant to section 28 Corruption, Crime and Misconduct Act).

There is no suggestion that any of these officers deliberately omitted to complete their obligations in that regard, and the fact that these non-compliances were a result of administrative errors will be notified to the CCC.

### *Reportable non-compliances*

The internal review identified that some administrative errors have resulted in there being some non-compliance by City officers – those officers who were not properly set up in Attain did not complete returns as required by:

- section 5.75 *Local Government Act* (primary returns to be completed within three months of start date unless a return has already been completed within a year or the officer ceases to be in a relevant role within three months of the start date); and/or
- section 5.76 *Local Government Act* (annual returns to be completed between 1 July – 31 August each year).

The following sets out the non-compliances that were identified through the internal review (noting that specific details have been removed to de-identify those officers):

1. Officer A held higher duties during 21/22 and completed a primary return within the required timeframe. The officer was set up using the old system but was not entered into Attain during the transition. Due to this administrative error, the officer did not complete an annual return for 21/22. The officer has subsequently completed further periods of acting with higher duties and has completed a further primary return and annual return for 22/23.
2. During the 21/22 financial year, Officer B transferred from a role that carried delegated authority to a role which did not. During the transition from the paper system to Attain, this officer was not set up in Attain. As a consequence of this administrative error, the officer was not requested to complete an annual return (despite that being required in connection with her former role) and did not complete an annual return for 21/22.
3. Officer C transferred into a role that carried delegated authority but required paperwork was not provided or signed by the officer. Consequently, this officer did not complete either a primary return or annual return in 2021/22.
4. Officer D commenced in a role that carried delegated authority however delayed in returning signed delegated authority paperwork. The officer ultimately completed an annual return in 21/22, prior to returning the delegated authority paperwork and as a result it was not identified by the officer processing the paperwork that the primary return was not completed within three months of the start date.
5. In mid 2022, Officer E was appointed for less than four months in a role that carried delegated authority. The officer commenced their employment during the period of transition on to Attain and was set up in Attain during that transition process, so was prompted to complete an annual return (which was completed). However, the officer did not sign and return the delegated authority paperwork that was required and did not complete a primary return.

In addition to the abovementioned non-compliance resulting from administrative error, there were two officers in 2022/23 who failed to complete their required returns, as follows:

1. One officer did not submit a primary return within three months despite notification and prompt to do so; and
2. One officer did not submit an annual return by 31 August despite notification and prompt to do so.

*Additional anomalies*

1. Additional internal errors were identified (not reportable):
    - a. Higher duties paperwork was not completed or submitted in relation to an officer acting in a senior role. As the officer already had delegated authority in their substantive role and had completed returns as required, this is not reportable.
    - b. Higher duties paperwork was submitted after the period of higher duties for an officer had already ceased. This higher duties period was
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for only two weeks, so within the exception under section 5.75(4)(b) *Local Government Act* whereby the officer ceased to be a relevant person within three months of the start date in that role.

- c. An officer acted in higher duties and was set up in Attain but for reasons that have not been established, Attain did not prompt either the officer or governance that a primary return was required. Again, this higher duties period was for less than three months so within the section 5.75(3)(b) exception set out above.

### *Controls in place*

Now that the former system has been discontinued, and the transition phase onto Attain has been completed, City officers anticipate there is far less room for error in relation to the administration of the City's compliance mechanisms. To further safeguard against such error, the following practices have been implemented (and will continue to be implemented):

1. Improvement of internal processes to ensure higher duties applications are submitted and processed in a timely manner;
2. End of month review of new starter, exit employee and higher duties applications to cross check all roles with delegated authority have been fully processed in Attain;
3. In June each year, an annual audit of new starter, exit employee and higher duties roles will be undertaken to ensure that all officers required to complete an annual return will be prompted to do so; and
4. Improved information provided to staff so that officers are aware of their obligations and better able to identify if they are required to complete a return that they have not received notice of.

### **Statutory Implications**

Section 5.75 *Local Government Act 1995* (requirement for primary returns to be lodged)

Section 5.76 *Local Government Act 1995* (requirement for annual returns to be lodged)

Section 28 Corruption, Crime and Misconduct Act (requirements to notify of serious misconduct)

### **Policy Implications**

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

### 7.1.2 Audit and Risk Committee Standing Items September 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>	<ol style="list-style-type: none"> <li>1. Audit recommendations progress report [7.1.2.1 - 3 pages]</li> <li>2. Action item list 2024 [7.1.2.2 - 1 page]</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.

**City of Kalgoorlie-Boulder**

**Objective**

This report is to provide the audit committee with an update on the progress of actions taken by management to implement audit recommendations. The information is to help the audit committee monitor the timeliness of agreed actions and understand the reason for any delay.

Source and year	Report Date	Recommendation (record details)	Risk Rating	Manager responsible	Original completion date	Revised completion date	Status	Management Comments on action taken
Audit Findings 2021/22 – Grant Thornton/OAG	17/04/2023	Recommend that management perform an assessment of valuations performed by the expert, to ensure that inputs and assumptions used in the calculations are reasonable. Management should challenge the expert where inconsistencies are identified.	Moderate	Executive Manager Finance	17/04/2023	17/04/2023	Closed	Management has accepted the adjustment identified and responsibility to challenge expert assumptions for any calculations included in the financial statements.
Audit Findings 2019/20, 2020/21 and 2021/22 – Grant Thornton/OAG	09/12/2020	The importance of maintaining documentation and timely notification and removal of IT access for departing employees (or	Minor	Manager ICT	30/06/2023	30/06/2023	Closed	Management is satisfied sufficient processes and staff training has been implemented

		current employees who no longer require access) should be reiterated to the business and IT teams along with the need to adhere to the prescribed process and associated timelines						for 2023 financial year.
Audit Findings 2019/20, 2020/21 and 2021/22 – Grant Thornton/OAG	09/12/2020	Documentation inconsistencies in IT policies – recommend management: <ul style="list-style-type: none"> <li>• Incorporate missing elements into existing documentation as listed</li> <li>• Finalise the implementation of formal policies where lacking and</li> <li>• Ensure that existing requirements be documented</li> </ul>	Minor	Manager ICT	30/06/2021	30/06/2023	Closed	All policies drafted and complete.
Audit Findings 2020/21 and 2021/22 – Grant Thornton/OAG	30/04/2022	Disaster recovery plan – Recommend that the IT Disaster Recovery Plan be prioritised and finalised as part of	Minor	Manager ICT	30/06/2022	30/06/2023	Closed	A full disaster recovery solution has been developed and approved and

		<p>the City's business continuity planning processes.</p> <p>The City should ensure the DRP is adequately defined to meet those recovery requirements and tested on a regular basis. These tests should be used to confirm key IT systems and services can be restored or recovered within the required timeframes. The tests should also be used to verify that key staff are familiar with the plan and their specific roles and responsibilities in a disaster situation. The results of these tests should be documented, and relevant actions taken to improve the plan where necessary.</p>						<p>implemented. Currently all data and servers are backed up off site in Perth to ensure minimal loss to the business in the event of a disaster</p>
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Resolution Register 2024							
OCM Meeting Date	Item No	Item Name	Author	Responsible Officer	Department	Council Resolution	Action Progress
26-Jun-23	14.2.1	Reserves at 30 June 2023	Xandra Curnock	Xandra Curnock	Finance	That Council accept the estimated reserve position at 30 June 2023	Complete
26-Jun-23	14.2.2	Internal audit plan 2023-24	Frances Liston	Frances Liston	Governance	That 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.	Incomplete - not commenced
26-Jun-23	14.2.3	Integrity Snapshot Tool and Integrity Framework	Frances Liston	Frances Liston	Governance	That Council: 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.	Complete
26-Jun-23	14.2.4	Risk Register Review	Frances Liston	Frances Liston	Governance	That Council: (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). That Council: (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).	Complete

### 7.1.3 Annual Financial Report 2022/23 and Audit Update

<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>	Nil

#### Officer Recommendation

That the Committee recommends Council receives the update on the Annual Financial Report 2022/23 and Audit progress update.

#### Executive Summary

In accordance with s6.4(3) of the Local Government Act 1995, the 2022-23 Annual Financial Report was prepared and submitted to the Officer of the Auditor General (OAG) on 29 September 2023 to conduct the annual audit. As per the Audit Planning Report presented to the Committee on 7 June 2023, the audit exit meeting is to be held at the Audit and Risk meeting during November 2023 for the Committee to receive the Annual Financial Report, Audit Report and audit findings. The majority of the audit work commenced from Monday 2 October 2023.

#### 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 preparation of an Annual Financial Report and submission of the City's accounts to the auditors for audit are statutory requirements of the Local Government Act 1995. The Annual Financial Report needs to be accepted by Council in order to



enable the holding of an Annual General Meeting of Electors, at which the City's Annual Report will be presented. The signed Annual Financial Report is also required to be submitted to the Department of Local Government, Sport and Cultural Industries (DLGSC). Section 6.4 of the Local Government Act 1995 requires local governments to prepare the annual financial report and submit the report to the auditor by 30 September. The draft annual financial report were submitted by this date.

The external audit is being conducted by Grant Thornton on behalf of the OAG and they presented the Audit Planning Report to the Committee on 7 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 auditors will work remotely for the majority of the audit and attend the City offices for one week only. They will perform testing on all areas of the accounts, with a focus on areas they consider to be of high risk. The Auditor's are in the process of completing their tests. An update will be provided to the Committee at the next Audit and Risk meeting.

### **Statutory Implications**

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.

#### **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 5.54 of the Local Government Act 1995 states:

#### **5.54 Acceptance of annual reports**

- (1) Subject to subsection (2), the annual report for a financial year is to be accepted\* by the local government no later than 31 December after that financial year. \*

Absolute majority required

### **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.
- Ensure that audits are conducted successfully and expeditiously

## **8 DATE OF NEXT MEETING**

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

## **9 CLOSURE**