



**City of  
Kalgoorlie  
Boulder**

# **AGENDA**

**for the  
Audit and Risk Committee Meeting**

**commencing at 11:00 AM**

**on**

**15 MARCH 2023**

**at the  
Administration Building**

10 March 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, 15 March 2023** commencing at **11:00 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 8 December 2022 be confirmed as a true record of that meeting.

## **6 REPORTS OF OFFICERS**

**6.1 Chief Executive Officer**

**6.1.1 Risk review**

<b>Responsible Officer:</b>	David Trevaskis Director of Corporate and Commercial 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 Management Policy EXE C- CE O-014 [6.1.1.1 - 3 pages] 2. Risk register updates [6.1.1.2 - 16 pages]

### Officer Recommendation

That the Committee:

1. Endorse the changes to the City's risk register as set out in the attached risk register documents;
2. Note the progress update in relation to the City's risk review practices including self-assessment using the Integrity Snapshot Tool; and
3. Endorse the adoption of the attached Risk Management Policy; and
4. Endorse the use of the Skytrust default risk matrix.

### Executive Summary

City officers have undertaken a review of the City's risk register in relation to areas requested by members of the Audit and Risk Committee ("Committee"), and additional areas in need of update.

The City's Executive Leadership Team are undertaken quarterly review of the City's risk register and controls and are continuing to develop better internal practices in respect of the management of the register and development and embedding of control mechanisms around the organisation. This includes the development of an internal database and self-assessment using the Integrity Snapshot Tool.

The City's Executive Leadership Team and Governance and Policy Committee have commenced a thorough review of the City's public policies and in tandem with that review, the Committee is requested to review the Risk Management Policy.

The City officers recommend adoption by the Committee of the default risk matrix available on the Skytrust platform.

### 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**

#### **Risk register**

At the December 2022 Audit and Risk Committee, members requested that City consider whether the City's risk register adequately includes the following risks to the City:

1. Risk posed by water shortage; and
2. Contractual risk.

City officers have reviewed the current risk register and note the following:

1. In relation to the risk of water shortage, the City's risk assessment is presently set out in the following (attached):
  - a. Risk 216985 Climate Change Impacts
  - b. Risk 216839 Critical Infrastructure Failure – South Boulder Wastewater Treatment Plant
2. In relation to contractual risk, the City's risk assessment is not presently captured in the City's Risk register.

It is recommended for inclusion as set out in the attached new Risk 263090: Entry into contracts on terms not favourable to the City.

The City's executive leadership team recommend the following further changes to the City's risk register:

1. Risk 217004: Risk of Injury to Community Member/s due to poor condition of Council property
  - a. Risk description: add the words "public buildings, pavilions and halls" and delete "etc"; and
  - b. Possible risk event: delete the words "of parks, open spaces, ovals and reserves" and substitute "Council facilities and buildings".

These changes are recommended to expand this risk identification, assessment and controls from parks and reserves to include buildings and other facilities as the latter is not currently included in the City's risk register.

2. Addition of risk assessment and development of controls for:
  - a. Psychological hazards; and
  - b. Sexual harassment and discrimination in the workplace.

These are increasing areas of focus in work health and safety industry and are being reviewed by People and Culture officers in respect of risks and controls at both an operational and strategic level. It is anticipated that

strategic risk register updates will be presented to the Committee for consideration at the next Committee meeting.

### **Integrity snapshot tool progress update**

The CEO and City officers are developing a database to improve the internal capture of risk related information and means for these to be better embedded around the organisation. In connection with the database being developed, the CEO and City officers are undertaking an assessment of internal practices and risks using the Integrity Snapshot Tool.

It is anticipated that the database, completed Integrity Snapshot Assessment and further recommendations regarding the City's risk register and controls will be presented to the Committee for consideration at the next Committee meeting.

### **Risk Management Policy**

City officers and the Governance and Policy Committee have commenced a detailed review of the City's public policies.

Amongst the policies for review is the Risk Management Policy. City officers have updated the template, format and language use across all public policies including the Risk Management Policy. There are no recommended content changes to the Risk Management Policy at this stage, and changes are of an administrative nature.

### **Risk matrix**

The Committee and Council have previously endorsed a preferred risk matrix for use in risk assessment by City officers, the Committee and Council.

The City's current software platform, Skytrust, does not accommodate changes to its default risk matrix. This default matrix is compliant with AS/NZS ISO 31000:2018 and it is therefore recommended that this default matrix be endorsed by the Committee for adoption by Council.

The proposed default Skytrust risk matrix is set out below.



		Consequence				
		1	2	3	4	5
		Negligible Injury - First aid treatment	Minor Injury - Injury requiring medical treatment	Moderate Injury - Injury requiring extensive medical treatment	Major Injury - Injury resulting in permanent incapacitation	Catastrophic Injury - Injuries resulting in single or multiple deaths
		Negligible or no quality damage/impact	Minor quality damage/impact	Significant quality damage/impact	Major quality damage/impact	Extensive quality damage & loss
		Negligible or no environmental damage/impact	Minor environmental damage/impact	Significant environment damage/impact	Major environmental damage/impact	Extensive environmental damage & biodiversity degradation
Likelihood		Negligible financial loss <= \$5k	Notable financial loss \$5k - \$50k	Substantial financial loss \$50k - \$500k	Significant financial loss \$1m+	Extensive financial loss \$5m +
Almost Certain		11 Medium	16 High	20 High	23 Extreme	25 Extreme
Likely		7 Medium	12 Medium	17 High	21 High	24 Extreme
Possible		4 Low	8 Medium	13 Medium	18 High	22 High
Unlikely		2 Low	5 Low	9 Medium	14 Medium	19 High
Very Unlikely		1 Low	3 Low	6 Low	10 Medium	15 High

**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.

### 6.1.2 Annual Work Plan 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>	1. Annual Work Plan 2023 [6.1.2.1 - 2 pages]

#### Officer Recommendation

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;

#### Executive Summary

The Western Australian Auditor General released the *Western Australian Public Sector Audit Committees – Better Practice Guide* in June 2020. Following a review of the guide, the Committee approved the use of the Annual Work Plan template to be used by the Committee. The annual work plan has been prepared to support the Committee by outlining when it will perform its key activities and to help schedule these activities across the calendar year 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 annual work plan has been prepared based on the following activities to be scheduled across the calendar year 2023.

#### Governance arrangements

It is proposed the governance arrangements including the appointment of the Chair, new member induction and review of the City's governance arrangements is scheduled for the December meeting. Due to the local government elections in October 2023, all committee members will need to be appointed by the newly elected Council and the first order of business for the new Committee will be to appoint the chair in accordance with the LG act and regulations.

#### Risk Management

At the Council meeting 23 August 2021, as per the Committee's recommendation, Council approved for the Strategic Risk Register to be reviewed on a six (6) monthly basis.

#### Systems of internal control

The Committee and Council are required to receive the CEO's review of the appropriateness and effectiveness of internal control systems at least once every three financial years. These reviews were received by the Committee in 2022 so are not scheduled to occur in 2023.

#### Compliance and ethics

The annual compliance audit return is required to be approved by the Committee and Council and sent to the Department by March each year.

#### Internal audit

On the 30 June 2020 the appointment of the Paxon Group for the purposes of internal audits ended. At the committee meeting 20 August 2020 it was agreed that due to the high frequency of OAG audit's the City was participating in, in conjunction with external audit obligations, that internal audit services be engaged on an ad-hoc basis as required on recommendation from the Committee.

It is recommended that the Committee develop an internal audit plan to focus on areas where assurance is most needed and as informed by the Committee's review of the Strategic Risk Register in June. The June timing is so the Committee can review the proposed internal audit plan for the next financial year and ensure coverage is aligned with key risks. Reporting on the progress of the internal audits and implementation of findings will form part of the standing report for the Committee's review.

#### Financial Reporting and External Audit

The work plan includes dates for both the preparation and audit of the annual financial statements for the 2022 and 2023 financial years due to the delay of completing the 2022 annual audit. The 2022 work plan scheduled for the Committee to receive the 2022 audit report and financial statements at the meeting in December 2022. At the December meeting the Committee was advised that the financial statements were not completed due to outstanding audit queries in relation to the City's revaluation of assets in accordance with FM regulation 17A. Whilst the City's consultants delivered the final revaluation report on 16 November, not all auditor queries were satisfactorily answered for audit sign-off in December.

Unfortunately, the availability of both the Grant Thornton Audit team and OAG was limited during the Christmas holidays stretching into late February 2023 before the engagement was picked-up again. Given this timing and the requirement for OAG to perform their final review, it is now proposed to present the Audit Findings Report on either the 12<sup>th</sup> or 13<sup>th</sup> April. Whilst not all committee members need to be present to receive the audit findings directly from the OAG, the committee does need to receive the financial report and audit report before the Annual Report can be approved by Council. Therefore, we will have to schedule an additional meeting in April to receive the reports.

Due to the late sign-off of both the 2021 and 2022 financial statements it is recommended a request is made at the 2023 Audit Entry meeting to schedule the onsite audit work earlier to provide a better opportunity to complete the City's audit by the December deadline. In the past two years the City has been scheduled in for the onsite audit work during October.

#### Committee operations

It is recommended these functions are completed at the beginning of the calendar year.

#### **Statutory Implications**

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

#### **Policy Implications**

An annual work plan is to prepare each year in accordance with the Committee's Terms of Reference.

### 6.1.3 Audit and Risk Committee Standing Items March 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. 230315 FAC action item list (2) [6.1.3.1 - 2 pages]</li> <li>2. 230315 Audit recommendations progress report (1) [6.1.3.2 - 3 pages]</li> </ol>

#### Officer Recommendation

That the Committee recommends Council receives the information.

#### Executive Summary

At the May 2021 Audit and Risk Committee Meeting, members recommended the inclusion of two standing items in future agendas, being the Audit Recommendations Progress Report and the Audit and Risk Committee action item list. The items are attached for 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

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.

**Audit recommendations progress report**

This 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.

**Audit and Risk Committee action item list**

This report 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.

### 6.1.4 Terms of Reference

<b>Responsible Officer:</b>	David Trevaskis Director of Corporate and Commercial Frances Liston Executive Manager Governance and Risk Services
<b>Responsible Business Unit:</b>	Office of the CEO Governance 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. Council Committee and Working Group Handbook - adopted 27 September 2022 (1) [6.1.4.1 - 34 pages]</li> <li>2. DLGSCI Operational Guideline 9 The Appointment, Function and Responsibilities of Audit Committees [6.1.4.2 - 20 pages]</li> <li>3. Terms of Reference - Audit and Risk Committee ( March 2023) [6.1.4.3 - 4 pages]</li> </ol>

### Officer Recommendation

That the Committee recommend Council adopt the Terms of Reference for the Audit and Risk Committee in the form attached to this report.

### Executive Summary

By resolution dated 27 September 2022, Council adopted the Council Committee and Working Group Handbook which includes (amongst other content):

1. Policy details in respect of Council committees, including the Audit and Risk Committee; and
2. Terms of Reference for the Audit and Risk Committee.

At that time, review was not undertaken as to the appropriateness and compliance of the Terms of Reference.

The Terms of Reference require the Audit and Risk Committee to undertake a review of the Terms of Reference at least one a 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:

**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**

By resolution dated 27 September 2022, Council adopted the Council Committee and Working Group Handbook (attached) which includes (amongst other content):

1. Policy details in respect of Council committees, including the Audit and Risk Committee; and
2. Terms of Reference for the Audit and Risk Committee.

At that time, review was not undertaken as to the appropriateness and compliance of the Terms of Reference.

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 accordingly, City officers have reviewed the Terms of Reference and Department of Local Government, Sport and Cultural Industries' Operational Guidelines for the Appointment, Function and Responsibilities of Audit Committees (attached) (noting this document was last revised in 2013), the relevant legislation and regulations.

City officers otherwise consider the Terms of Reference in its current form continues to meet the needs of the City and are compliant with the legislative and regulatory requirements in respect of audit committees.

City officers recommend that the Audit and Risk Committee recommend that Council adopt the Terms of Reference for the Audit and Risk Committee as set out in the attached Terms of Reference.

### **Statutory Implications**

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

### **Policy Implications**

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



**7 URGENT BUSINESS APPROVED BY THE PERSON PRESIDING  
OR BY DECISION**

### 7.1.1 Compliance Audit Return 2022

<b>Responsible Officer:</b>	David Trevaskis Director of Corporate and Commercial
<b>Responsible Business Unit:</b>	Finance
<b>Disclosure of Interest:</b>	Nil
<b>Voting Requirements:</b>	Simple
<b>Attachments:</b>	1. Draft Compliance Audit Return 2022 [7.1.1 - 6 pages]

#### Officer Recommendation

That the Committee recommend Council:

1. Receive and endorse the submission of the Compliance Audit Return for the period 1 January 2022 – 31 December 2022 to the Department of Local Government, Sport and Cultural Industries in accordance with the *Local Government (Audit) Regulations 1996*; and
2. Note the actions being undertaken as described in the report to address the issues identified in the Compliance Audit Return.

#### Executive Summary

In accordance with the Local Government (Audit) Regulations 1996, a local government is required to complete an annual Compliance Audit Return (CAR) for the period 1 January to 31 December of the preceding year. It is a requirement the CAR is presented to the Audit and Risk Committee for review prior to submission to Council.

The draft of the City of Kalgoorlie-Boulder Compliance Audit Return for 2022 is attached to this report. The CAR, after being adopted by Council, is to be forwarded to the Department of Local Government, Sport and Cultural Industries by 31 March 2023.

The CAR is seen as an internal control monitoring process and as such is a useful tool for the Chief Executive Officer to report to Council and the Department on the City of Kalgoorlie Boulder (CKB)'s compliance with legislation and more specifically particular sections of the Local Government Act 1995 and associated regulations.

#### 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 purpose of the annual CAR is for individual local governments to assess their level of compliance with the Local Government Act 1995 and associated regulations. The Chief Executive Officer and relevant City officers have assessed their operations in respect of statutory obligations outlined in the Compliance Audit Return and believe that their responses given indicate an accurate perspective of the City's compliance to date.

The CAR focuses on the following areas of compliance:

1. Commercial Enterprises by Local Governments (5 questions);
2. Delegation of Power/Duty (13 questions);
3. Disclosure of Interest (21 questions);
4. Disposal of Property (2 questions);
5. Elections (3 questions);
6. Finance (7 questions);
7. Integrated Planning and Reporting (3 questions);
8. Local Government Employees (5 questions);
9. Official Conduct (4 questions);
10. Optional questions (9 questions); and
11. Tenders for Providing Goods and Services (22 questions).

There were eight items of non-compliance as detailed below:

#### **S5.46(3) Admin Reg 19**

During the 2022 financial year, the CKB did not have a uniform record keeping requirement in respect of the exercise of delegated authority and so the records of individuals depended on their role and duties. As the CKB continues to roll out the use of Attain software, record keeping requirements will be standardised and managed through that platform.

#### **Section 5.76 Admin Reg 23, Form 3**

There were two officers who did not correctly submit their returns using Attain by 31 August 2022 however those officers did complete the return online by that (date) - it was just an error in the submission step.

**Section 5.88(3)**

The CKB has not consistently updated records when persons upon the cessation of a person's requirement to lodge returns however the use of the new platform, Attain, will assist in this process.

**Section 5.89A(5) and (5A)**

The CKB has not consistently provided an up-to-date record of the gifts register on its website due to being in a transition phase with the new software, Attain, which will manage those returns. This software application will improve this process and a monthly review system has been developed by CKB officers.

**Section 5.89A(6)**

The CKB has not consistently updated record of the gifts register on its website due to being in a transition phase with the new software, Attain, which will manage those returns. This software application will improve this process and a monthly review system has been developed by CKB officers.

**Section 7.9(1)**

The report has yet to be completed by the auditors due to delays with valuations and is anticipated to be submitted to the City in April.

**Section 5.87C**

There were some delays in the updating of gift register, including declarations, being lodged on time. Officers understand this was largely due to the transition from the website system to the Attain platform for lodgement of declarations.

**Section 5.127**

The CKB did not complete and provide online the register of elected member training but has improved both its register and systems in this regard.

**Statutory Implications**

This report is prepared in compliance with the Local Government (Audit) Regulations 1996.

**Policy Implications**

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

## **8 DATE OF NEXT MEETING**

The next Audit and Risk Committee Meeting will be held on Wednesday 14 June 2023 at 11:00 am.

## **9 CLOSURE**