



# Audit & Risk Committee

Minutes of Tuesday 17 March 2020

UNCONFIRMED

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**1. Official Opening**

The Presiding Member opened the meeting at 6:32pm and welcomed Councillors, Staff and Members of the Public Gallery. The Presiding Member also acknowledged the Traditional Owners of the land on which we meet the Whadjuk Noongar people.

**2. Attendance, Apologies and Leave of Absence Previously Approved**

**Councillors**

**South East Ward**

John Giardina  
Janelle Sewell  
Geoff Stallard

**South West Ward**

Lesley Boyd  
Mary Cannon  
Brooke O'Donnell

**North West Ward**

Lisa Cooper  
Dylan O'Connor

**North Ward**

Cameron Blair  
Kathy Ritchie  
Margaret Thomas JP (Mayor) Presiding Member

**Members of Staff**

**Chief Executive Officer**

Rhonda Hardy

**Executive Team**

Gary Ticehurst - Director Corporate Services  
Brett Jackson - Director Asset Services  
Peter Varelis - Director Development Services

**Management Team**

Alida Ferriera - Manager Financial Services

**Administration Support**

Donna McPherson - Executive Assistant to the CEO

**Members of the Public** Nil.

**Members of the Press** Nil.

**Apologies**

Cr Sue Bilich

**Leave of Absence Previously Approved** Nil.

**3. Public Question Time**

*A period of not less than 15 minutes is provided to allow questions from the gallery on matters relating to the functions of Council. For the purposes of Minuting, these questions and answers will be summarised.*

3.1 Nil.

**4. Petitions/Deputations**

4.1 Nil.

**5. Confirmation of Minutes from Previous Meeting**

5.1 That the Minutes of the Audit & Risk Committee Meeting held on the 10 December 2019, as published and circulated, are confirmed as a true and accurate record of the proceedings.

Moved: **Cr John Giardina**

Seconded: **Cr Lesley Boyd**

Vote: **CARRIED UNANIMOUSLY (11/0)**

**6. Announcements by the Member Presiding Without Discussion**

6.1 Nil.

**7. Matters for Which the Meeting may be Closed**

7.1 Item 9.1.1 – Internal Audit Report March 2020 – CONFIDENTIAL  
ATTACHMENTS 1. Customer Service Review, 2. Emergency Management Audit Report, 3. Occupational Health and Safety Audit Report.  
*Reason for Confidentiality: Local Government Act 1995 (WA) Section 5.23 (2) (f) - "a matter that if disclosed, could be reasonably expected to - (i) impair the effectiveness of any lawful method or procedure for preventing, detecting, investigating or dealing with any contravention or possible contravention of the law; (ii) endanger the security of the local government's property; or (iii) prejudice the maintenance or enforcement of a lawful measure for protecting public safety".*

**8. Disclosure of Interest**

**8.1. Disclosure of Financial and Proximity Interests**

- a. Members must disclose the nature of their interest in matter to be discussed at the meeting. (Section 5.56 of the *Local Government Act 1995*.)
- b. Employees must disclose the nature of their interest in reports or advice when giving the report or advice to the meeting. (Section 5.70 of the *Local Government Act 1995*.)

8.1.1 Nil.

**8.2. Disclosure of Interest Affecting Impartiality**

- a. Members and staff must disclose their interest in matters to be discussed at the meeting in respect of which the member or employee had given or will give advice.

8.2.1 Nil.

**9. Reports to Council**

**9.1. Corporate Services Reports**

**9.1.1. Internal Audit Report March 2020**

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

Previous  
Items

Directorate Corporate Services

Business Unit Corporate Services

File Reference

Applicant N/A

Owner N/A

Attachments Nil

Confidential Attachments  
 1. Customer Service Review  
 2. Emergency Management Audit Report  
 3. Occupational Health and Safety Audit Report

*Reason for Confidentiality: Local Government Act 1995 (WA) Section 5.23 (2) (f) - "a matter that if disclosed, could be reasonably expected to - (i) impair the effectiveness of any lawful method or procedure for preventing, detecting, investigating or dealing with any contravention or possible contravention of the law; (ii) endanger the security of the local government's property; or (iii) prejudice the maintenance or enforcement of a lawful measure for protecting public safety".*

**TYPE OF REPORT**

- Advocacy When Council is advocating on behalf of the community to another level of government/body/agency
- Executive When Council is undertaking its substantive role of direction setting and oversight (eg accepting tenders, adopting plans and budgets)
- Information For Council to note
- Legislative Includes adopting Local Laws, Town Planning Schemes and Policies. When Council determines a matter that directly impacts a person's rights and interests where the principles of natural justice apply. Examples include town planning applications, building licences, other permits or licences

issued under other Legislation or matters that could be subject to appeal to the State Administrative Tribunal

## **STRATEGIC PLANNING ALIGNMENT**

*Kalamunda Advancing Strategic Community Plan to 2027*

### **Priority 4: Kalamunda Leads**

**Objective 4.1** - To provide leadership through transparent governance.

**Strategy 4.1.1** - Provide good governance.

## **EXECUTIVE SUMMARY**

1. The purpose of this report is to provide Council with details of Internal Audit Reviews conducted during the past quarter.
2. The Internal Audit was completed in accordance with the provisions of the *Local Government Act 1995*, associated regulations, *Australian Accounting Standards*. The Internal Audit has identified a number of improvement opportunities which the City of Kalamunda (the City) is committed to implementing.
3. It is recommended that Council receive:
  - a) The details of Internal Audit Reviews conducted during the last quarter.

## **BACKGROUND**

4. The Internal Audit program is delivered in line with the City's three year Strategic Internal Audit Plan (the Plan) which contains a mix of compliance, financial and performance / operational audits. The internal audit service is provided by Crowe Pty Ltd who also undertake:
  - a) setting of the strategic internal audit plan;
  - b) attendance and presentation of internal audit reports to the Audit & Risk Committee; and
  - c) client liaison and engagement.
5. Internal Audit is a core element of the City's risk management and governance framework. The relationship between Internal Audit and the City can be summarised using the "Three Lines of Defence model illustrated below



6. Broadly, Internal Audit reviews are focused on:
- Compliance Audits: which concentrate primarily on the entity's (or their suppliers') compliance with legislation, regulations, directions, policies, plans and procedures.
  - Financial Audits: which are concerned with practices and activities relating to the accounting and reporting of financial transactions including budget commitments, approvals and the receipt and disbursement of funds, as well as the reliability and integrity of financial information and the safeguarding of the assets.
  - Performance (Operational) Audits: which is an audit of all or a part of an entity's activities to assess economy, efficiency and effectiveness and focuses on:
    - the adequacy of an internal control structure or specific internal controls to ensure due regard for economy and effectiveness;
    - the extent to which resources have been managed economically and efficiently; and
    - the extent to which activities have been effective in achieving organisational objectives.
7. The Internal Audit Reviews undertaken during the past quarter have been focused on:
- Customer Service Review
  - Emergency Management Audit Report
  - Occupational Health and Safety Audit Report
8. The completed Internal Audit Reviews during the past quarter did not identify any material control deficiencies.



## DETAILS AND ANALYSIS

### 9. **Customer Service Review**

The objective was to review the adequacy and effectiveness of customer service in relation to the following:

- a) Operation and management of the customer service 'desks', processes and 'culture' within the City;
- b) The processes for handling phone enquiries and customer request, including complaints;
- c) Monitoring and tracking of responses, outstanding queries and complaints;
- d) The handling of after-hours queries;
- e) Response times to queries including general responding time to residents' enquiries;
- f) Tracking of outstanding queries/complaints;
- g) Relevant staff training; and
- h) For the City's website, the review considers:
  - i) The process for maintaining version control and content/currency of publicly available information; and
  - ii) Management, handling and monitoring of online requests and queries.
- i) Review protocols around release of information, communication, advertisement to the public.

The scope of this internal audit included the following:

- a) Key performance indicators for customer service.
- b) Management information and reporting is in place for key areas.
- c) Strategy, internal guidance and the Customer Service Charter and Standards.
- d) Processes for escalating service requests.
- e) Complaints and interaction with other areas.

10. The results of the Customer Service Review are detailed in Confidential Attachment 1.

### 11. **Emergency Management**

The objective was to assess the adequacy of the policies, procedures and practices implemented by the City in relation to EM.

- a) The scope included the following:
- b) Local Emergency Management Arrangements ("LEMA"); and
- c) Emergency Evacuation and Wardens.

12. The results of the Emergency Management Audit are detailed in Confidential Attachment 2.



13. **Occupational Health and Safety**

The objective was to assess the City's compliance with measures implemented in connection to Occupational Safety and Health requirements and safe working practices.

The scope of the review included the following:

- a) Safety Management Plan and related policies, procedures, templates, tools and guidelines;
- b) Appointment of Safety Coordinator and Safety Advisors;
- c) Occupational Safety and Health induction training;
- d) Annual work plan;
- e) Review tool box meeting;
- f) Review Occupational Safety and Health certification;
- g) Occupational Safety Health and Safety legislation and compliance;
- h) Occupational Safety and Health reporting;
- i) Occupational Safety and Health audits;
- j) Occupational Safety and Health management systems;
- k) Pre-employment medicals;
- l) Drug and alcohol testing;
- m) Inspections and ergonomic assessments;
- n) Safety Committee meetings;
- o) Fitness for work; and
- p) Safety Metrics.

14. The results of the Occupational Health and Safety Audit are detailed in Confidential Attachment 3.

15. *Local Government Act 1995*  
*Local Government (Financial Management) Regulations 1996*  
*Local Government (Functions and General) Regulations 1996*

**APPLICABLE LAW**

16. Nil.

**APPLICABLE POLICY**

17. Nil.

**STAKEHOLDER ENGAGEMENT**

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

**FINANCIAL CONSIDERATIONS**

19. The cost of the Internal Audit program is provisioned within the City's annual budget. Further, monitoring and review of internal controls within the Internal Audit program will reduce the risk and likely exposure of potential loss to the City.

**SUSTAINABILITY**

**Social Implications**

20. Nil.

**Economic Implications**

21. Nil.

**Environmental Implications**

22. Nil.

**RISK MANAGEMENT**

23.

<b>Risk:</b> Internal Audit fails to identify material non-compliance or control deficiencies.		
<b>Consequence</b>	<b>Likelihood</b>	<b>Rating</b>
Unlikely	Moderate	Low
<b>Action/Strategy</b>		
Internal Audit Plan developed and reviewed annually. Internal Audit working papers reviewed by External Auditors. Key controls are evaluated for the identified processes.		

24.

<b>Risk:</b> Audit recommendations are not implemented in a timely fashion.		
<b>Consequence</b>	<b>Likelihood</b>	<b>Rating</b>
Unlikely	Moderate	Low
<b>Action/Strategy</b>		
Internal Audit Plan developed and reviewed annually. Monitoring and review of implementation of audit recommendations.		

## CONCLUSION

25. The Internal Audit was completed in accordance with the provisions of the *Local Government Act 1995*, associated regulations, and the *Australian Accounting Standards*.

The City monitors the status of Internal Audit recommendations arising from each Internal Audit Review.

<b>Voting Requirements: Simple Majority</b>
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## RECOMMENDATION

That Council RECEIVE the details of the Internal Audit Reviews conducted during the past quarter.

Moved: **Cr Dylan O'Connor**

Seconded: **Cr Margaret Thomas**

Vote: **CARRIED UNANIMOUSLY (11/0)**

## 9.2. Office of the CEO Reports

### 9.2.1. 2019 Compliance Audit Report

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

Previous Items	OCM 70/2019
Directorate	Office of the Chief Executive Officer
Business Unit	Governance and Legal
File Reference	FI-AUD-004
Applicant	City of Kalamunda
Owner	City of Kalamunda
Attachments	1. 2019 CAR for Council [9.2.1.1 - 13 pages]

#### TYPE OF REPORT

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- Legislative Includes adopting Local Laws, Town Planning Schemes and Policies. When Council determines a matter that directly impacts a person's rights and interests where the principles of natural justice apply. Examples include town planning applications, building licences, other permits or licences issued under other Legislation or matters that could be subject to appeal to the State Administrative Tribunal

#### STRATEGIC PLANNING ALIGNMENT

*Kalamunda Advancing Strategic Community Plan to 2027*

#### **Priority 4: Kalamunda Leads**

**Objective 4.1** - To provide leadership through transparent governance.

**Strategy 4.1.1** - Provide good governance.

## **EXECUTIVE SUMMARY**

1. To consider and adopt the 2019 Compliance Audit Return (CAR) (Attachment 1).
2. The CAR focuses on areas considered by the Department of Local Government Sport and Cultural Industries (DLGSCI) as key compliance requirements of the *Local Government Act 1995* (the Act).
3. It is recommended Council adopt the 2019 CAR.

## **BACKGROUND**

4. The CAR in its current format has been an annual requirement for every local government in Western Australia to complete in accordance with section 7.13 (1) (i) of the Act. It is required to be submitted by 31 March each year.
5. The CAR is designed to be a tool for local government, allowing it to identify those areas where legislative requirements have not been met and then implement processes to ensure that such instances of non-compliance do not continue.

## **DETAILS AND ANALYSIS**

6. The Terms of Reference of the Audit and Risk Committee require the Committee to review and make recommendations to Council on the completed CAR.
7. The 2019 CAR covered 11 specific topics and 104 questions compared to previous years when nine topics and 78 questions were included in the return.
8. One item of non-compliance was identified with respect to the items examined in the 2019 CAR.
9. The issue of non-compliance involved the late submission of the Annual Financial Interest Returns by two staff. The matter was reported to the DLGSCI.

## **APPLICABLE LAW**

10. *Local Government Act 1995.*

**APPLICABLE POLICY**

11. No applicable policy.

**STAKEHOLDER ENGAGEMENT**

12. Relevant Business Units provided input into the completion of the CAR, however no community consultation is required.

**FINANCIAL CONSIDERATIONS**

13. There are no financial implications arising from the CAR.

**SUSTAINABILITY**

**Social Implications**

14. Nil.

**Economic Implications**

15. Nil.

**Environmental Implications**

16. Nil.

**RISK MANAGEMENT**

17.

<b>Risk:</b> Failures within Administration result in detection of non-compliance		
<b>Consequence</b>	<b>Likelihood</b>	<b>Rating</b>
Moderate	Possible	Medium
<b>Action/Strategy</b>		
Ensure improvements are introduced to eliminate non-compliance.		

<b>Risk:</b> That the Compliance Audit Return is not adopted as required by the legislation		
<b>Consequence</b>	<b>Likelihood</b>	<b>Rating</b>
Moderate	Possible	Medium
<b>Action/Strategy</b>		
Sufficient information is provided that satisfies Council the Compliance Audit Return has been completed as required and should be adopted.		



## **CONCLUSION**

18. Whilst the document presented to Council indicates that all responses have been provided by one particular officer, this relates to the online input process for the CAR. Answers to various sections of the CAR have been provided by relevant Business Units.
19. Whilst there was one instance of non-compliance identified, the City continues to maintain its high standards of compliance with respect to those areas examined by the CAR.

<b>Voting Requirements: Simple Majority</b>
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## **RECOMMENDATION**

That Council ADOPTS the Compliance Audit return for the year ending 31 December 2019 (Attachment 1).

Moved: **Cr Margaret Thomas**

Seconded: **Cr Cameron Blair**

Vote: **CARRIED UNANIMOUSLY (11/0)**

**10. Motions of Which Previous Notice has been Given**

10.1 Nil.

**11. Questions by Members Without Notice**

11.1 Nil.

**12. Questions by Members of Which Due Notice has been Given**

12.1 Nil.

**13. Urgent Business Approved by the Presiding Member or by Decision**

13.1 Nil.

**14. Meeting Closed to the Public**

14.1 Nil.

**15. Closure**

15.1 There being no further business, the Presiding Member declared the Meeting closed at 6:52pm.

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

Signed: \_\_\_\_\_  
Presiding Member

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2020.