



AUDIT COMMITTEE MEETING  
MINUTES

2 DECEMBER 2019

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**TABLE OF CONTENTS**

<b>1</b>	<b>DECLARATION OF OPENING.....</b>	<b>2</b>
<b>2</b>	<b>ATTENDANCE.....</b>	<b>2</b>
<b>3</b>	<b>ELECTION OF CHAIRPERSON.....</b>	<b>2</b>
<b>4</b>	<b>ELECTION OF DEPUTY CHAIRPERSON .....</b>	<b>3</b>
<b>5</b>	<b>CONFIRMATION OF PREVIOUS MINUTES.....</b>	<b>3</b>
<b>6</b>	<b>ITEMS FOR AUDIT COMMITTEE REVIEW.....</b>	<b>4</b>
	AC081    AUDIT REPORT 2018/2019.....	4
	AC082    REVIEW OF AUDIT COMMITTEE CHARTER.....	7
	AC083    BUSINESS CONTINUITY MANAGEMENT.....	10
	AC084    RISK MANAGEMENT PROFILE .....	13
	AC085    AUDIT COMMITTEE ANNUAL REPORT TO COUNCIL.....	19
	AC086    DISASTER RECOVERY EXERCISE ICT.....	24
	AC087    FRAUD AND CORRUPTION CONTROL PLAN .....	27
	AC088    MANAGEMENT ACTIONS ON INTERNAL AUDITS .....	30
<b>7</b>	<b>COMPLIANCE REVIEW – STANDING ITEM.....</b>	<b>33</b>
	AC089    COMPLIANCE MANAGEMENT PLAN .....	33
<b>8</b>	<b>GENERAL BUSINESS.....</b>	<b>36</b>
<b>9</b>	<b>MEETING CLOSURE .....</b>	<b>36</b>

**CITY OF GREATER GERALDTON****AUDIT COMMITTEE MEETING  
BE HELD ON MONDAY 2 DECEMBER 2019 AT 3.00PM  
IN THE COMMITTEE MEETING ROOM – CIVIC CENTRE****MINUTES****1 DECLARATION OF OPENING**

The meeting was declared open at 3.09pm by P Radalj, Director of Corporate and Commercial Services.

**2 ATTENDANCE****Present:**

Cr T Thomas (via video link)  
Cr D Caudwell  
Cr N Colliver

**Officers:**

P Radalj, Director Corporate and Commercial Services  
R Doughty, Chief Financial Officer  
T Machukera, Financial Accountant  
B Pearce, Manager Corporate Compliance and Safety  
S Moulds, Minute Secretary

**By Invitation:**

Mark Ambrose from Office of the Auditor General (by telephone)  
Maria Cavallo - AMD (by telephone)

**Apologies:**

Mayor S Van Styn  
R McKim, Chief Executive Officer

**Leave of Absence:**

Nil

**3 ELECTION OF CHAIRPERSON**

Cr Thomas nominated Mayor S Van Styn for the position of Chairperson of the Committee.

*No other nominations were received.*

**COMMITTEE DECISION****MOVED CR COLLIVER, SECONDED CR THOMAS**

**That the Audit Committee appoint Mayor S Van Styn as Chairperson of the Audit Committee.**

**Carried 3/0**

**4 ELECTION OF DEPUTY CHAIRPERSON**

Cr Colliver was nominated by Cr Caudwell to be appointed as Deputy Chairperson of the Audit Committee.

*No other nominations were received.*

**COMMITTEE DECISION****MOVED CR THOMAS, SECONDED CR CAUDWELL**

**That the Audit Committee appoint Cr N Colliver as Deputy Chairperson of the Audit Committee.**

**Carried 3/0**

*As the Mayor was an apology Cr Colliver took over as the Deputy Chair of the Meeting.*

**5 CONFIRMATION OF PREVIOUS MINUTES**

Recommendation: That the minutes of the City of Greater Geraldton Audit Committee meeting held on 12 March 2019 as attached be accepted as a true and correct record of proceedings.

**COMMITTEE DECISION****MOVED CR CAUDWELL, SECONDED CR THOMAS**

**That the minutes of the City of Greater Geraldton Audit Committee meeting held on 12 March 2019 as attached be accepted as a true and correct record of proceedings.**

**Carried 3/0**

## 6 ITEMS FOR AUDIT COMMITTEE REVIEW

AC081	AUDIT REPORT 2018/2019
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<b>AGENDA REFERENCE:</b>	<b>D-19-096107</b>
<b>AUTHOR:</b>	<b>R Doughty, Chief Financial Officer</b>
<b>EXECUTIVE:</b>	<b>P Radalj, Director Corporate and Commercial Services</b>
<b>DATE OF REPORT:</b>	<b>November 2019</b>
<b>FILE REFERENCE:</b>	<b>FM/3/0003</b>
<b>ATTACHMENTS:</b>	<b>Yes X (4)</b>
	<b>A. 2018/2019 Financial Report</b>
	<b>B. 2018/2019 Management Letter</b>
	<b>C. 2018/2019 Management Letter Attachment</b>
	<b>D. 2018/2019 Auditors Report</b>

### EXECUTIVE SUMMARY:

The purpose of this report is to present to the Audit Committee the audit report for the financial period ending 30 June 2019.

### EXECUTIVE RECOMMENDATION:

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act 1995 RESOLVES to:

1. ADOPT the Audit Report for the financial period ending 30 June 2019;
2. NOTE that for the annual financial report for the year ended 30 June 2019 the Auditor has provided an unqualified audit opinion.

### PROPONENT:

The proponent is the City of Greater Geraldton.

### BACKGROUND:

The interim audit was conducted by AMD Chartered Accountants on behalf of the Office of the Auditor General (OAG) from the 8 to the 11 April 2019 and the final on-site audit from the 9 to 12 September 2019. At the conclusion of these audits, the Auditor issue two reports:

- An Independent Auditor's Report dated 29 October 2019.
- Management Letter to the Mayor dated 29 October 2019
- Management Letter to the CEO dated 29 October 2019
- Management Letter Attachment

Attached is the report addressed to the Audit Committee by the Auditor. In this report, the auditor has noted:

- The year-end observations with no specific Auditor comments and recommendations for the year ended 30 June 2019;

A copy of the audited financial statements for 2018/2019, is attached for the information of the Audit Committee.

### **COMMUNITY, ENVIRONMENT, ECONOMY AND GOVERNANCE ISSUES:**

#### **Community:**

There are no adverse community impacts.

#### **Environment:**

There are no adverse environment impacts.

#### **Economy:**

There are no adverse economic impacts.

#### **Governance:**

An audit committee plays a key role in assisting a local government to fulfil its governance and oversight responsibilities in relation to financial reporting and external audit function.

### **RELEVANT PRECEDENTS:**

The Audit Committee reviewed the 2018/2019 Financial Statements for the City of Greater Geraldton on 23 October 2018, AC067.

### **COMMUNITY/COUNCILLOR CONSULTATION:**

No community consultation has been undertaken. The annual financial report and audit certificate are included in the City's Annual Report, which will be presented to Council for adoption shortly, then released to the community. The annual report is subsequently presented to an annual electors meeting.

### **LEGISLATIVE/POLICY IMPLICATIONS:**

Part 7 Division 3 of the Local Government Act 1995, regulation 16 *Local Government (Audit) Regulations 1996*:

#### **16. Functions of audit committee**

*An audit committee has the following functions —*

- (a) to guide and assist the local government in carrying out -
  - (i) its functions under Part 6 of the Act; and*
  - (ii) its functions relating to other audits and other matters related to financial management;**
- (b) to guide and assist the local government in carrying out the local government's functions in relation to audits conducted under Part 7 of the Act;*
- (f) to oversee the implementation of any action that the local government -
  - (i) is required to take by section 7.12A(3); and*
  - (ii) has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a)**
- (g) to perform any other function conferred on the audit committee by these regulation or another written law.*

### **FINANCIAL AND RESOURCE IMPLICATIONS:**

There are no financial or resource implications.

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**INTEGRATED PLANNING LINKS:**

Title: Governance	Good Governance & Leadership
Strategy 4.5.2	Ensuring finance and governance policies, procedures and activities align with legislative requirements and best practice

**REGIONAL OUTCOMES:**

There are no impacts to regional outcomes.

**RISK MANAGEMENT**

Identified risks relate to the following:

- Complying with the requirements of the Local Government Act 1995 and Local Government (Audit) Regulations 1996.
- Governance and oversight responsibilities are fulfilled.

**ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS**

There were no alternative options considered.

**COMMITTEE DECISION****MOVED CR COLLIVER, SECONDED CR CAUDWELL**

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act **RESOLVES** to:

1. **ADOPT** the Audit Report for the financial period ending 30 June 2019;
2. **NOTE** that for the annual financial report for the year ended 30 June 2019 the Auditor has provided an unqualified audit opinion.

**Carried 3/0**

AC082	REVIEW OF AUDIT COMMITTEE CHARTER
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<b>AGENDA REFERENCE:</b>	<b>D-19-082154</b>
<b>AUTHOR:</b>	<b>M Adam, Coordinator Governance</b>
<b>EXECUTIVE:</b>	<b>P Radalj, Director Corporate and Commercial Services</b>
<b>DATE OF REPORT:</b>	<b>26 November 2019</b>
<b>FILE REFERENCE:</b>	<b>GO/11/0020</b>
<b>ATTACHMENTS:</b>	<b>Yes(x1) Draft Audit Committee Charter</b>

**EXECUTIVE SUMMARY:**

The purpose of this report is for the newly elected Audit Committee members to review the Audit Committee Charter with a view to gaining understanding of the charter. It also provides opportunity for the committee to identify any desired changes to the charter.

**EXECUTIVE RECOMMENDATION:**

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act RESOLVES to:

1. ENDORSE the Audit Committee Charter.

**PROPONENT:**

The proponent is the City of Greater Geraldton

**BACKGROUND:**

The Audit Committee Charter is attached for the purpose of deliberation and discussion by the newly elected Audit Committee, to ensure that Audit Committee Members have shared understanding of the role of the committee.

At the Ordinary Meeting of Council on 26 November 2019 Item CEO058 Council resolved as follows;

1. *AMEND the Terms of Reference to reflect Elected Members membership as resolved in Part C;*
2. *REQUIRE each internal Council Committee at the first meeting held following this resolution to:*
  - a. *APPOINT by Committee resolution an Elected Member as Chairperson, and Elected Member as a proxy Chairperson for the Committee; and*
  - b. *REVIEW the terms of reference of the Committee and report to Council any required changes in relation to membership of the Committee.*

The Current Audit Committee Charter is based on the model terms of reference provided by the Department of Local Government, Sport and Cultural initiatives, in Guideline 09 *Audit in Local Government* (September 2013), and has been amended by the previous committee to align with the legislative changes:

- AC059 - The Local Government Amendment (Auditing) Act 2017 (1 September 2017) amended the Local Government Act 1995 to provide



for the auditing of local governments by the Auditor General, and for related purposes.

- AC068 - Amendments to the *Local Government (Audit) Regulations 1996* (27 June 2018) expanded the role of the Audit Committee.

## **COMMUNITY, ENVIRONMENT, ECONOMY AND GOVERNANCE ISSUES:**

### **Community:**

There are no community impacts.

### **Environment:**

There are no environment impact.

### **Economy:**

There are no economic impacts.

### **Governance:**

An audit committee plays a key role in assisting a local government to fulfil its governance and oversight responsibilities in relation to financial reporting, internal control structure, risk management systems, legislative compliance, ethical accountability and the internal and external audit functions. Clear and comprehensive terms of reference, setting out the committee's roles and responsibilities, are therefore essential.

## **RELEVANT PRECEDENTS:**

The Audit Committee charter was last reviewed by the Audit Committee on 23 October 2018 (AC068).

## **COMMUNITY/COUNCILLOR CONSULTATION:**

There has been no community/councillor consultation.

## **LEGISLATIVE/POLICY IMPLICATIONS:**

*Local Government Act 1995* s. 7.13(1)

## **FINANCIAL AND RESOURCE IMPLICATIONS:**

There are no financial or resource implications.

## **INTEGRATED PLANNING LINKS:**

Title: Governance	Good Governance & Leadership
Strategy 4.5.2	Ensuring finance and governance policies, procedures and activities align with legislative requirements and best practice

## **REGIONAL OUTCOMES:**

There are no impacts to regional outcomes.

## **RISK MANAGEMENT**

The Audit Committee is required by council resolution of 26 November 2019 (CEO058) to review its terms of reference.

**ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS**

The Audit Committee may choose to simply discuss the charter with the view to enhancing understanding by newly elected committee members. The committee may also choose to discuss and recommend changes to the charter. Note that the Committee is able to seek a review of its Charter at a future time.

**COMMITTEE DECISION****MOVED CR CAUDWELL, SECONDED CR THOMAS**

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act **RESOLVES** to:

1. **ENDORSE** the Audit Committee Charter.

**Carried 3/0**

<b>AC083 BUSINESS CONTINUITY MANAGEMENT</b>
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<b>AGENDA REFERENCE:</b>	<b>D-19-071037</b>
<b>AUTHOR:</b>	<b>N Hope, Acting Manager Corporate Services</b>
<b>EXECUTIVE:</b>	<b>P Radalj, Director Corporate &amp; Commercial Services</b>
<b>DATE OF REPORT:</b>	<b>10 October 2019</b>
<b>FILE REFERENCE:</b>	<b>RM/6/0012</b>
<b>ATTACHMENTS:</b>	<b>No</b>

**EXECUTIVE SUMMARY:**

The purpose of this report is to provide an update to the Audit Committee as to the City of Greater Geraldton's Business Continuity Management (BCM) Program.

**EXECUTIVE RECOMMENDATION:**

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act 1995 RESOLVES to:

1. NOTE the status of the City of Geraldton's Business Continuity Management Program.
2. REQUIRE the CEO to report back to the Audit Committee the ongoing status of the program.

**PROPONENT:**

The proponent is the City of Greater Geraldton.

**BACKGROUND:**

As per Audit Committee item AC077 the City has implemented a BCM program. This program is designed to ensure that the City's BCM is maintained and that all critical staff nominated in BCM plans are familiar with the BCM process.

In the period of March to October 2019, the City has conducted desktop exercises' for the following critical business functions:

- Roads – Road Repair
- Parks – Parks and Trees
- Emergency Services – Bushfire Response
- Rates – Collection
- Customer Services – Call Centre
- Waste Services – Waste collection
- Ranger Services – Animal collection
- Land & Property – Building Maintenance
- Business Planning - Banking Services

Each of the desktop exercises required attendees to respond to a major disruption that would impact their critical function in some way. All officers involved responded well to the process and were able to work through the disruption to ensure the continuation of critical services.

The desktop exercises however did highlight the issue with ensuring that the BCM critical function sub plans were maintained and up to date. There was a number of instances where sub plans did not contain up to date critical employee details and incomplete procedures or supporting plans.

All identified issues were flagged for corrective action, to be completed prior to the annual full live exercise to be scheduled in the last quarter of 2019.

### **COMMUNITY, ENVIRONMENT, ECONOMY AND GOVERNANCE ISSUES:**

#### **Community:**

There are no adverse community impacts.

#### **Environment:**

There are no adverse environment impacts.

#### **Economy:**

There are no adverse economic impacts.

#### **Governance:**

Business Continuity Management is a core component of good governance and is integral to the City's Risk Management Framework.

### **RELEVANT PRECEDENTS:**

This item has the following relevant precedents:

- AC039 – Status of City Risk Management Activities
- AC044 – Status of Risk Management & Compliance Activities
- AC056 – Status of Business Continuity Plan
- AC063 – Business Continuity Management Implementation Program
- AC069 – Business Continuity Management Program
- AC077 – Business Continuity Management Program

### **COMMUNITY/COUNCILLOR CONSULTATION:**

There has been no community/councillor consultation.

### **LEGISLATIVE/POLICY IMPLICATIONS:**

This item has compliance and policy implications as follows:

- *Local Government (Audit) regulations 1996, Regulation 17*
  - Department of Local Government, Sports and Cultural Industries Integrated Planning Guideline
  - City of Greater Geraldton Risk Management Framework
  - Council Policy CP4.7 Risk Management
  - Council Policy CP4.25 Business Continuity Management
-

**FINANCIAL AND RESOURCE IMPLICATIONS:**

There are no financial or resource implications.

**INTEGRATED PLANNING LINKS:**

Title: Governance	Good Governance & Leadership
Strategy 4.5.2	Ensuring finance and governance policies, procedures and activities align with legislative requirements and best practice

**REGIONAL OUTCOMES:**

There are no impacts to regional outcomes.

**RISK MANAGEMENT**

The BCM Program is a critical risk mitigation strategy to the manage disruption of City operations. Its successful implementation has better equipped the City to deal with a potential disasters or disruption of City services.

**ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS**

No alternative options were considered as the BCM program has been previously reviewed and approved.

**COMMITTEE DECISION****MOVED CR CAUDWELL, SECONDED CR COLLIVER**

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act **RESOLVES** to:

1. **NOTE** the status of the City of Geraldton Geraldton's Business Continuity Management Program.
2. **REQUIRE** the CEO to report back to the Audit Committee the ongoing status of the program.

**Carried 3/0**

AC084	RISK MANAGEMENT PROFILE
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<b>AGENDA REFERENCE:</b>	<b>D-19-081139</b>
<b>AUTHOR:</b>	<b>B, Pearce, Coordinator Procurement &amp; Risk</b>
<b>EXECUTIVE:</b>	<b>P Radalj, Director Corporate &amp; Commercial Services</b>
<b>DATE OF REPORT:</b>	<b>15 October 2019</b>
<b>FILE REFERENCE:</b>	<b>RM/6/0012</b>
<b>ATTACHMENTS:</b>	<b>Yes (x1) Risk Management Maturity Assessment</b>

**EXECUTIVE SUMMARY:**

The purpose of this report is to provide an update to the Audit Committee as to the City of Greater Geraldton's risk management profile.

**EXECUTIVE RECOMMENDATION:**

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act 1995 RESOLVES to:

1. NOTE the status of the City of Geraldton Geraldton's risk management profile.
2. REQUIRE the CEO to report back to the Audit Committee the ongoing status of the City's risk profile

**PROPONENT:**

The proponent is the City of Greater Geraldton.

**BACKGROUND:**

In accordance with the Risk Management Framework, the City is required to report on the effectiveness of the management of risk. This report provides specific details on the status of strategic and high or extreme risk exposure. Moderate or low risks of an operational nature are not included in this report.

**Strategic Risks**

The Executive Management Team in recent months has scheduled a number of strategic risk review sessions. These sessions assessed foreseeable risks that have an external source that the City has limited ability to mitigate, and instead is required to develop responses plans should the risks eventuate.

These sessions identified the following strategic risks.

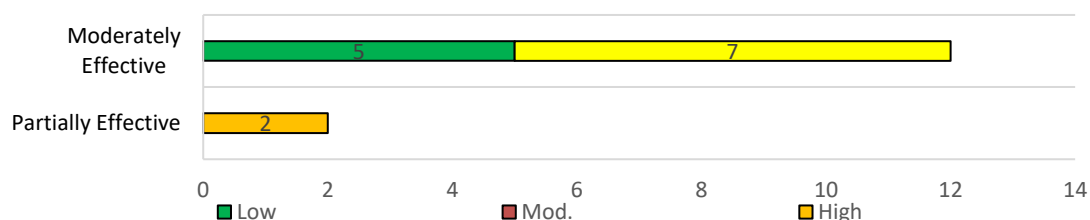
1. Major external emergency event (Natural or Human-caused)
2. Regional bypass diverts traffic/tourists past Geraldton
3. Potential Health/Disease Impacts to Point Moore Residents
4. Reduction or Loss of External Funding
5. Injury or illness arising from External Commercial Activities not meeting Public Health Act and Regulation requirements.
6. Shortage of resources e.g. Fuel, Gas, Electricity, Utilities (Water etc.)

7. Externally imposed organisational changes (Including amalgamation, additional services or obligations etc.)
8. Climate Change gradual adverse impacts
9. Increase in utilities costs and fees
10. Loss of critical contractor (i.e. major capital works contractor, or service contract City is reliant on such as Waste or ICT etc.)
11. Changes in demographics across local government area.
12. Regional Population Decline
13. R01334 Technology advances more rapidly than Council is able to adapt
14. R01358 Regional Economic Decline

In review of the Strategic Risk Register, it was confirmed that 12 of the 14 risks have moderately effective controls which are documented and up to date.

The remaining 2 risks have established what treatment plans are required to be developed and has specified due dates and responsible officers to ensure the development and implementation of these treatment plans.

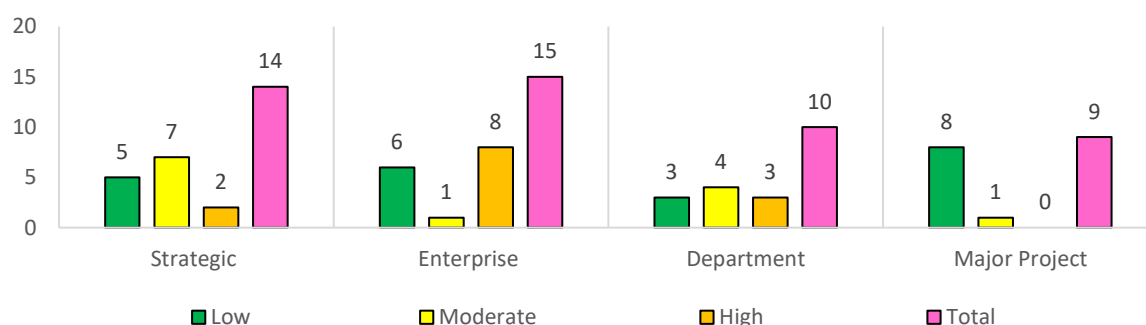
**Strategic Risk Control Effectiveness Ratings**



**Overall Risk Exposure:**

The City on the 15 October 2019 across its Strategic, Enterprise and Major Project Risk registers had 48 risks as followings

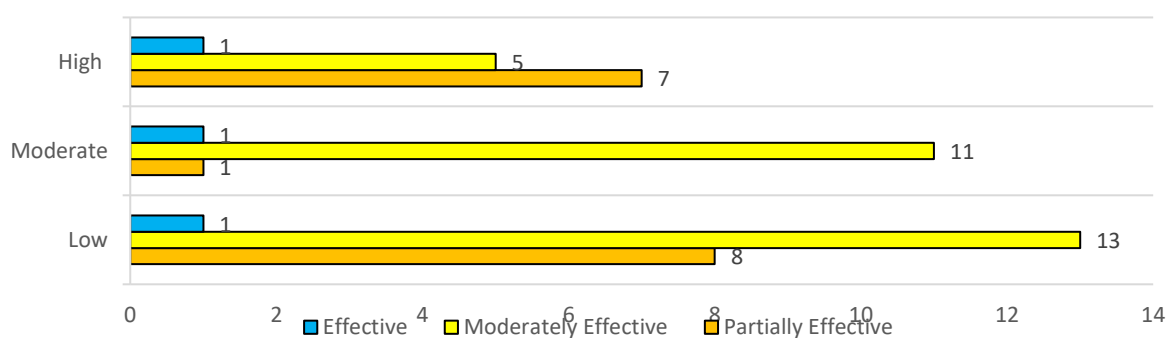
**Risk Registers Profile**



Note. See page 10 of the [City Risk Management Framework](#) for risk definitions.

The following tables detail the control effectiveness of for all risks impacting the City.

### Overall City Control Effective Rating



### **High or Extreme Risks:**

The City across its operations currently has identified 13 risks that are rated high, and 1 risk that initially was rated as extreme (before confirmation of controls). These risks are as follows.

1. Major Aerodrome Emergency Incident
2. Infrastructure Failure Event
3. Theft/Holdup of City Employees Transporting/handling Cash
4. Major Security Incident/Event at City facilities or sites
5. Emergency Evacuation of City Facility
6. Major Disruption/Cancellation of City Event
7. Potential Health/Disease Impacts to Mullewa Residents due to Waste Water / Effluent Treatment Systems
8. Harm to minor under City guardianship for youth outreach programme.
9. Injury or Illness to Community Member(s)
10. Major Bushfire Event
11. Major Medical Emergency at City Facility or Site
12. Major external emergency event (Natural or Human caused)
13. Regional bypass diverts traffic/tourists past Geraldton
14. Dangerous Goods/Hazardous chemical spill at aquatic facility(s)

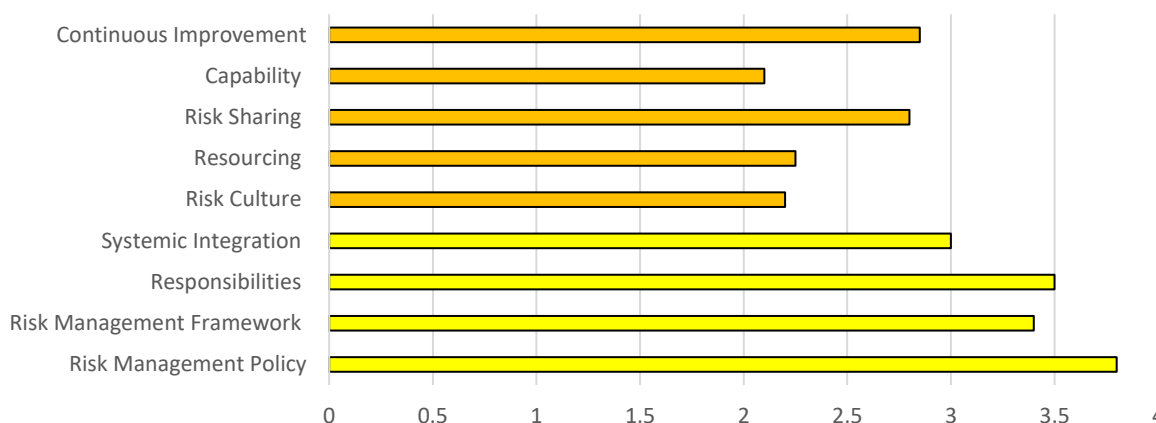
Further details associated with these risks are included in the attached High or Extreme Risk Register.

### **Risk Maturity Review:**

Utilising the Risk Improvement Strategy, the City has assessed the current maturity of its risk systems across its operations. This assessment reviewed the current status of 9 key risk management system element and there implementation across City operations. The following table details the City's current maturity across these elements.



## Maturity Level



Note elements are scored from 1 -5. Attachment C contains full details.

This assessment found that the City has successfully implemented documented risk management systems across its operations. The elements *Systemic Integration*, *Responsibilities*, *Risk Management Framework* and *Risk Management Policy* were confirmed with a level in excess of 3.

The active management of risk was identified as an area for improvement. *Continuous Improvement*, *Capability*, *Risk Sharing*, *Resourcing* and *Risk Culture* was confirmed with levels of between 2.1 and 2.8. These elements have been specifically prioritised for improvement by October 2020.

Further details associated with the maturity assessment are included in the attached Risk Management Maturity Assessment.

## COMMUNITY, ENVIRONMENT, ECONOMY AND GOVERNANCE ISSUES:

### **Community:**

There are no adverse community impacts.

### **Environment:**

There are no adverse environment impacts.

### **Economy:**

There are no adverse economic impacts.

### **Governance:**

Risk management is cornerstone to the success of good corporate governance and ensuring a safer workplace and community.

## RELEVANT PRECEDENTS:

This item has the following relevant precedents:

- AC039 – Status of City Risk Management Activities
- AC044 – Status of Risk Management & Compliance Activities
- AC056 – Status of Business Continuity Plan
- AC063 – Business Continuity Management Implementation Program

- AC069 – Business Continuity Management Program
- AC077 – Business Continuity Management Program

#### **COMMUNITY/COUNCILLOR CONSULTATION:**

There has been no community/councillor consultation.

#### **LEGISLATIVE/POLICY IMPLICATIONS:**

This item has compliance and polity implications as follows:

- *Local Government (Audit) regulations 1996, Regulation 17*
- Department of Local Government, Sports and Cultural Industries Integrated Planning Guideline
- City of Greater Geraldton Risk Management Framework
- Council Policy CP4.7 Risk Management
- Council Policy CP4.24 Risk Appetite and Tolerance
- Council Policy CP4.25 Business Continuity Management
- Risk Management Improvement Strategy

#### **FINANCIAL AND RESOURCE IMPLICATIONS:**

There are no financial or resource implications.

#### **INTEGRATED PLANNING LINKS:**

Title: Governance	Good Governance & Leadership
Strategy 4.5.2	Ensuring finance and governance policies, procedures and activities align with legislative requirements and best practice

#### **REGIONAL OUTCOMES:**

There are no impacts to regional outcomes.

#### **RISK MANAGEMENT**

The purpose of this report is wholly associated with current risk management practices in the City. For this reason priority shall be given to all risks with;

1. A rating exceeding moderate;
2. A control effectiveness level of less than moderate; and
3. The areas of improvement identified in the maturity audit.

#### **ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS**

No alternative options were considered as risk management is integral to City operations.

**COMMITTEE DECISION****MOVED CR CAUDWELL, SECONDED CR THOMAS**

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act **RESOLVES** to:

1. **NOTE** the status of the City of Geraldton Geraldton's risk management profile.
2. **REQUIRE** the CEO to report back to the Audit Committee the ongoing status of the City's risk profile.

**Carried 3/0**

AC085	AUDIT COMMITTEE ANNUAL REPORT TO COUNCIL
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<b>AGENDA REFERENCE:</b>	<b>D-19-082153</b>
<b>AUTHOR:</b>	<b>M Adam, Governance Coordinator</b>
<b>EXECUTIVE:</b>	<b>P Radalj, Director Corporate and Commercial Services</b>
<b>DATE OF REPORT:</b>	<b>21 October 2019</b>
<b>FILE REFERENCE:</b>	<b>GO/11/0020</b>
<b>ATTACHMENTS:</b>	<b>No</b>

**EXECUTIVE SUMMARY:**

The purpose of this report is to seek Audit Committee endorsement of the summary of activities, for the period 1 July 2018 to 30 June 2019, for submission as the annual report to Council.

**EXECUTIVE RECOMMENDATION:**

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act 1995 RESOLVES to:

1. ENDORSE the summary of Audit Committee activities for the period 1 July 2018 to 30 June 2019.
2. SUBMIT the summary of Audit Committee activities for the period 1 July 2018 to 30 June 2019 to Council as the Audit Committee annual report of activities.

**PROPONENT:**

The proponent is the City of Greater Geraldton.

**BACKGROUND:**

In accordance with the *Local Government Act 1995* section 7.1A (1):

*"A local government is to establish an audit committee of 3 or more persons to exercise the powers and discharge the duties conferred on it".*

The City of Greater Geraldton Audit Committee Charter incorporates the following reporting requirements:

*5.2 The Committee shall report annually to the Council summarising its activities during the previous financial year.*

Below is a summary of the activities of the Audit Committee for the period 1 July 2018 to 30 June 2019 for the purposes of providing the above mentioned report to Council:

**Audit Committee Meeting – 23 October 2018**

Report Number	Title	Decision
AC067	Audit Report 2017/2018	ADOPT the Audit Report for the financial period ending 30 June 2018; NOTE that for the annual financial report for the year ended 30 June 2018 the Auditor has provided an unqualified audit opinion.

AC068	Review of Audit Committee Charter	ENDORSE amendments to the Audit Committee Charter v1 .6
AC069	Business Continuity Management Program	NOTE the development of the City of Greater Geraldton Business Continuity Management Program; and  REQUIRE the CEO to provide a report back to the Audit Committee immediately following each BCM exercise, in November 2018 and January 2019.  TABLE the BCM reports for detailed discussion at the next Audit Committee Meeting.
AC070	Procurement Audit	ACKNOWLEDGE receipt of the Auditor General's report  ACCEPT the City's procurement action plan;  a. Require the CEO to report back to the Committee on the status of the action plan at the next Audit Committee meeting.
AC071	Risk and Compliance Management	NOTE the status of the Risk Management Framework and associated Council Policies CP4.7 Risk Management, CP4.24 Risk Appetite and Tolerance and CP4.26 Compliance Management.  NOTE the status of the Compliance Management Plan.
AC072	Audit Committee Annual Report to Council	ENDORSE the summary of Audit Committee activities for the period 1 July 2017 to 30 June 2018.  SUBMIT the summary of Audit Committee activities for the period 1 July 2017 to 30 June 2018 to Council as the Audit Committee annual report of activities.
AC073	Management Actions on Internal Audit Report 2018	NOTE the Report on the management actions on the AMD Financial Systems Review, Regulation 17 Review, and Fleet Management Review 2018 as recorded in the attached worksheets – Attachment AC073(A-C).  REQUIRE the CEO to implement a review process for ongoing actions resulting from the auditor's findings, and record the details of the review process on the schedule of management actions.

AC074	Review of After-Hours Services	NOTE the outcome of the review of the after-hours processes and emergency response procedures
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### Audit Committee Meeting – 12 March 2019

Report Number	Title	Decision
AC075	Financial Management Systems Review Part 2	ADOPT the Financial Management Systems Review (Part 2); 2. ENDORSE actions taken or proposed to be taken by staff to resolve any items identified in the report; and ADD any active action to the existing schedule to be reviewed at the next Audit Committee meeting. REQUIRE the CEO to provide a report: back to Council by 30 June 2019 on Cash Transfer Management Processes.
AC076	Office of the Auditor General – Audit Agreement	NOTE the responsibilities under the arrangements by the Office of the Auditor General for the annual audit of the City's annual financial statements.
AC077	Business Continuity Management Program	NOTE the development of the City of Greater Geraldton's Business Continuity Management Program;  NOTE that reports were supplied to council after each BCM exercise was conducted, as previously requested by the Audit committee; and REQUIRE the CEO to report back to the Audit Committee the ongoing status of the Program.
AC078	Management Actions on Internal Audits	RECEIVE the Progress Report on the current status of management actions related to Internal Audits.
AC079	Procurement Audit – Action Plan	ACKNOWLEDGE the City has met the requirements under Section 7.12A (4) & (5) in addressing matters raised in the Office of Auditors General Procurement Audit Report (September 2018).
AC080	Compliance Audit Return 2018	ENDORSE the results of the Compliance Audit Return 2018; and  REPORT to Council the results of the Audit Committee review of the Compliance Audit Return 2018, at the Ordinary Meeting of Council on 26 March 2019.

**COMMUNITY, ENVIRONMENT, ECONOMY AND GOVERNANCE ISSUES:****Community:**

There are no adverse community impacts.

**Environment:**

There are no adverse environment impact.

**Economy:**

There are no adverse economic impacts.

**Governance:**

Audit committees contribute to a systematic and controlled approach to evaluating and improving the effectiveness of financial management, risk management, internal controls and governance processes.

**RELEVANT PRECEDENTS:**

The Audit Committee Charter requires the Committee to report annually to Council summarising the activities of the previous financial year. The Audit Committee Annual Report was last reviewed by the Committee 23 October 2018, Item Number AC072, and Council on 27 November 2018, CCS374.

**COMMUNITY/COUNCILLOR CONSULTATION:**

There has been no community/councillor consultation.

**LEGISLATIVE/POLICY IMPLICATIONS:**

There are no legislative or policy implications.

**FINANCIAL AND RESOURCE IMPLICATIONS:**

There are no financial or resource implications.

**INTEGRATED PLANNING LINKS:**

Title: Governance	Good Governance & Leadership
Strategy 4.5.2	Ensuring finance and governance policies, procedures and activities align with legislative requirements and best practice

**REGIONAL OUTCOMES:**

There are no impacts to regional outcomes.

**RISK MANAGEMENT**

The provision of an annual report to Council on the activities of the Audit Committee ensures that the committee meets compliance requirements of the *Audit Committee Charter s.5.2* and reporting recommendations of the Department of Local Government and Communities *Audit in Local Government Operational Guideline number 09- 2013*.

**ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS**

No alternatives have been considered.

**COMMITTEE DECISION****MOVED CR CAUDWELL, SECONDED CR THOMAS**

**That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act RESOLVES to:**

- 1. ENDORSE the summary of Audit Committee activities for the period 1 July 2018 to 30 June 2019.**
- 2. SUBMIT the summary of Audit Committee activities for the period 1 July 2018 to 30 June 2019 to Council as the Audit Committee annual report of activities.**

**Carried 3/0**



AC086	DISASTER RECOVERY EXERCISE ICT
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<b>AGENDA REFERENCE:</b>	<b>D-19-082099</b>
<b>AUTHOR:</b>	<b>D Duff, Manager ICT Services</b>
<b>EXECUTIVE:</b>	<b>P Radalj, Director Corporate and Commercial Services</b>
<b>DATE OF REPORT:</b>	<b>16 October 2019</b>
<b>FILE REFERENCE:</b>	<b>IT/11/0005</b>
<b>ATTACHMENTS:</b>	<b>No</b>

**EXECUTIVE SUMMARY:**

The purpose of this report is to update the audit committee on the progress and outcomes of the City's ICT business continuity and disaster recovery (ICT BCDR) planning and testing.

**EXECUTIVE RECOMMENDATION:**

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act 1995 RESOLVES to:

1. NOTE the progress of the ICT business continuity and disaster recovery (ICT BCDR) planning and testing.

**PROPONENT:**

The proponent is the City of Greater Geraldton.

**BACKGROUND:**

In April 2018 the City's ICT BCDR plan was finalised, endorsed and published. Following the completion of the plan, verifying its effectiveness via a live test was conducted. This live test was completed in December 2018. Following the live test, some minor improvements were made to procedures and infrastructure with a second test being completed on 29 March 2019.

The March 2019 test was executed as defined in the ICT BCDR Plan with no issues encountered. Notably, the recovery item objective (RTO) of 2 hours was met in 18 minutes and the recovery point objective (RPO) was met with zero data loss.

Following the live successful test, scheduled quarterly system checks are conducted to confirm the infrastructure and dependent services are active and ready should an event take place. Scheduled also are yearly live tests, with the next live test scheduled for December 2019.

**COMMUNITY, ENVIRONMENT, ECONOMY AND GOVERNANCE ISSUES:****Community:**

Any live testing and associated disruption gives consideration to minimising the impact to community services.

**Environment:**

There are no adverse environment impacts.

**Economy:**

There are no adverse economic impacts.

**Governance:**

A schedule regime of testing enables the Business Continuity Plan to be updated to incorporate lessons learnt and to endeavour to minimise disruption to business should an event occur.

**RELEVANT PRECEDENTS:**

There are no relevant precedents.

**COMMUNITY/COUNCILLOR CONSULTATION:**

There has been no community/councillor consultation.

**LEGISLATIVE/POLICY IMPLICATIONS:**

There are no legislative or policy implications.

**FINANCIAL AND RESOURCE IMPLICATIONS:**

There are no financial or resource implications.

**INTEGRATED PLANNING LINKS:**

Title: Governance	Financial Sustainability and Performance
Strategy 4.4.3	Delivering and ensuring business systems and services support cost effective Council operations and service delivery
Title: Community	Emergency Management
Strategy 1.4.1	Building resilience and capacity to manage natural and man-made emergency events

**REGIONAL OUTCOMES:**

There are no impacts to regional outcomes.

**RISK MANAGEMENT**

The City's ICT BCDR Plan ensures core business operations can continue in the event of a disaster. It ensures the City can receive payments, make payments, pay staff, communicate, and record and retrieve activities of business during a disaster, as well as successful recover all services following a disaster

**ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS**

The following options were considered by City Officers: NA

**COMMITTEE DECISION****MOVED CR THOMAS, SECONDED CR CAUDWELL**

**That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act RESOLVES to:**

- 1. NOTE the progress of the ICT business continuity and disaster recovery (ICT BCDR) planning and testing.**

**Carried 3/0**

AC087	FRAUD AND CORRUPTION CONTROL PLAN
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<b>AGENDA REFERENCE:</b>	<b>D-19-096311</b>
<b>AUTHOR:</b>	<b>R Doughty, Chief Financial Officer</b>
<b>EXECUTIVE:</b>	<b>P Radalj, Director Corporate and Commercial Services</b>
<b>DATE OF REPORT:</b>	<b>8 November 2019</b>
<b>FILE REFERENCE:</b>	<b>FM/14/0002</b>
<b>ATTACHMENTS:</b>	<b>Yes(X1)</b>
	<b>A. Fraud and Corruption Plan</b>

**EXECUTIVE SUMMARY:**

The purpose of this report is to present to the Audit Committee the Fraud and Corruption Plan.

**EXECUTIVE RECOMMENDATION:**

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act 1995 RESOLVES to:

1. ENDORSE the Fraud and Corruption Control Plan.

**PROPONENT:**

The proponent is the City of Greater Geraldton.

**BACKGROUND:**

This Fraud and Corruption Control Plan (the Plan) details the City's intended action in implementing and monitoring fraud and corruption prevention, detection and response initiatives.

The Plan has been developed in line with Australian Standard AS8001-2008 Fraud and Corruption Control and forms an integral part of the City's Risk Management Framework.

This plan applies to:

1. All employees whether by way of appointment, secondment, contract, temporary arrangement or volunteering, work experience, trainees and interns; and
2. Any external party involved in providing goods and services, with or without receipt of payment, to the City, such as contractors, consultants, outsourced service providers and suppliers.

**COMMUNITY, ENVIRONMENT, ECONOMY AND GOVERNANCE ISSUES:****Community:**

While there are no statutory/regulatory compliance issues associated with the development and implementation of a Fraud & Corruption Control Plan, the implementation of the Plan and its primary objectives are to protect public money, information and property and safeguard the integrity and reputation of the City of Greater Geraldton.

**Environment:**

There are no adverse environment impacts.

**Economy:**

There are no adverse economy impacts.

**Governance:**

The Fraud and Corruption Plan is core to good governance and establishes an effective structure to address fraud and misconduct risks and to detect and respond to fraud and corruption in accordance with the best practice guidelines as defined in *Australian Standard AS8001-2008 Fraud and Corruption Standards*.

**RELEVANT PRECEDENTS:**

There are no relevant precedents.

**COMMUNITY/COUNCILLOR CONSULTATION:**

There has been no community/councillor consultation.

**LEGISLATIVE/POLICY IMPLICATIONS:**

Council Policy 4.22 Fraud Control, Write-Off Debts & Waive Fees and Charges requires Council to examine its exposure to fraud biennially and shall develop a fraud control plan which will be implemented over the following two years.

**FINANCIAL AND RESOURCE IMPLICATIONS:**

There are no financial or resource implications.

**INTEGRATED PLANNING LINKS:**

Title: Governance	Good Governance & Leadership
Strategy 4.5.2	Ensuring finance and governance policies, procedures and activities align with legislative requirements and best practice

**REGIONAL OUTCOMES:**

There are no impacts to regional outcomes.

**RISK MANAGEMENT**

By not approving the Fraud and Corruption Control Plan would mean non-compliance to section 1.4 Development of Fraud Control Plan from Council Policy 4.22 Fraud Control, Write-Off Debts & Waive Fees and Charges. The Fraud and Corruption Control Plan puts in place the framework for prevention and detection to mitigate potential or actual fraudulent or corrupt conduct.

**ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS**

No alternative options were considered by City Officers.

**COMMITTEE DECISION**

**MOVED CR COLLIVER, SECONDED CR CAUDWELL**

**That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act RESOLVES to:**

- 1. ENDORSE the Fraud and Corruption Control Plan.**

**Carried 3/0**

AC088	MANAGEMENT ACTIONS ON INTERNAL AUDITS
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<b>AGENDA REFERENCE:</b>	<b>D-19-097913</b>
<b>AUTHOR:</b>	<b>R Doughty, Chief Financial Officer</b>
<b>EXECUTIVE:</b>	<b>P Radalj, Director Corporate and Commercial Services</b>
<b>DATE OF REPORT:</b>	<b>12 November 2019</b>
<b>FILE REFERENCE:</b>	<b>FM/3/0003</b>
<b>ATTACHMENTS:</b>	<b>Yes(X1) Update Schedule – Management Actions on Internal Audit</b>

**EXECUTIVE SUMMARY:**

The purpose of this report is to provide an updated report on Internal Audit management actions.

**EXECUTIVE RECOMMENDATION:**

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act 1995 RESOLVES to:

1. RECEIVE the Progress Report on the current status of management actions related to Internal Audits.

**PROPONENT:**

The proponent is the City of Greater Geraldton.

**BACKGROUND:**

The Audit Committee at their meeting on 12 March 2019 endorsed the following recommendation:

1. *ADOPT the Financial Management Systems Review (Part 2).*
2. *ENDORSE actions taken or proposed to be taken by staff to resolve any items identified in the report.*
3. *ADD any active action to the existing schedule to be reviewed at the next Audit Committee meeting.*
4. *REQUIRE the CEO to provide a report back to Council by 30 June 2019 on Cash Transfer Management Processes.*

The attached report provides the Committee with an updated schedule. The report includes management actions that remained active and/or were still to be completed per previous report 12 March 2019 and includes new actions from the Financial Management System Review (Part 2) conducted December 2018. A report (CCS420) was provided to Council at its May 2019 meeting that dealt with the cash management transfer processes recommendation.

**COMMUNITY, ENVIRONMENT, ECONOMY AND GOVERNANCE ISSUES:****Community:**

There are no adverse community impacts.

**Environment:**

There are no adverse environmental impacts.

**Economy:**

There are no adverse economic impacts.

**Governance:**

Review of the appropriateness and effectiveness of a local government's systems and procedures is a regulatory requirement under the provisions of the *Local Government (Audit) Regulations 1996 r17*.

**RELEVANT PRECEDENTS:**

Report previously provided to Committee 12 March 2019.

**COMMUNITY/COUNCILLOR CONSULTATION:**

There has been no community/councillor consultation.

**LEGISLATIVE/POLICY IMPLICATIONS:**

Local Government (Audit) Amendment Regulations 2013 Regulation 17.

**FINANCIAL AND RESOURCE IMPLICATIONS:**

There are no financial or resource implications.

**INTEGRATED PLANNING LINKS:**

<b>Title: Governance</b>	<b>4.5 Good Governance &amp; Leadership</b>
Strategy 4.5.2	Ensuring finance and governance policies, procedures and activities align with legislative requirements and best practice.

**REGIONAL OUTCOMES:**

There are no impacts to regional outcomes.

**RISK MANAGEMENT:**

The Internal Audit program is implemented by the City to regularly review and assess the adequacy and effectiveness of systems and controls and legislative compliance assists the City by identifying and evaluation exposures to risk and actions to be taken in the improvement to risk management and control systems.

**ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:**

No alternatives have been considered.



**COMMITTEE DECISION**

**MOVED CR THOMAS, SECONDED CR CAUDWELL**

**That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act RESOLVES to:**

- 1. RECEIVE the Progress Report on the current status of management actions related to Internal Audits.**

**Carried 3/0**

## 7 COMPLIANCE REVIEW – STANDING ITEM

AC089	COMPLIANCE MANAGEMENT PLAN
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<b>AGENDA REFERENCE:</b>	<b>D-19-082158</b>
<b>AUTHOR:</b>	<b>M Adam, Governance Coordinator</b>
<b>EXECUTIVE:</b>	<b>P Radalj, Director Corporate and Commercial Services</b>
<b>DATE OF REPORT:</b>	<b>21 October 2019</b>
<b>FILE REFERENCE:</b>	<b>GO/11/0020</b>
<b>ATTACHMENTS:</b>	<b>Yes (X 2)</b>
	<b>A. Compliance Management Plan</b>
	<b>B. Compliance Process (Promapp)</b>

### EXECUTIVE SUMMARY:

The purpose of this report is to inform the Audit Committee of the completion and implementation of the Compliance Management Plan.

### EXECUTIVE RECOMMENDATION:

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act 1995 RESOLVES to:

1. NOTE the completion and implementation of the Compliance Management Plan and processes.

### PROPONENT:

The proponent is the City of Greater Geraldton.

### BACKGROUND:

On 23 October 2018 the Audit Committee (AC071) were provided with the draft Compliance Management Plan, and advised that the City was undertaking a review of the City's compliance obligations. The intent was to document compliance obligations across all legislation impacting City operations with links to relevant Departments and officers, to ensure the effective management of compliance obligations. The draft compliance management plan was also reviewed by the committee.

Subsequently in January 2019 City managers were requested to provide information on legislative compliance activities for their teams and at the close of the initial consultation period, compliance information had been documented by Department, with each Department divided into teams.

A process for the monitoring, review, updating and reporting on the City's compliance activities, was created in the City's process mapping system (Promapp), and the draft Compliance Management Plan was amended and finalised.

The information underwent a further review by managers and directors and was endorsed by the Executive Management Team on 14 August 2019, with the below implementation plan:

1. Managers and coordinators will be advised of the implementation via email with follow up arranged.
2. Governance staff to liaise with managers, and relevant administration staff to provide information and run through the process as required.
3. Article prepared for CEO newsletter.
4. A "Compliance Management" button will be placed on the City Intranet to replace the Compliance Calendar button, and will provide staff with access to the Compliance Management folder GO/13/0006 containing the Department documents and the Compliance Calendar.

Compliance Management has now been implemented across the organisation and will be reviewed bi-monthly, and annually by the Executive Management Team and on an ongoing basis by Managers and contact officers within teams.

### **COMMUNITY, ENVIRONMENT, ECONOMY AND GOVERNANCE ISSUES:**

#### **Community:**

There are no adverse community impacts.

#### **Environment:**

There are no adverse environment impacts.

#### **Economy:**

There are no adverse economic impacts.

#### **Governance:**

The implementation of the compliance management plan and processes will ensure good governance practices are implemented and maintained through a system of monitoring, review and reporting.

### **RELEVANT PRECEDENTS**

#### **COMMUNITY/COUNCILLOR CONSULTATION:**

Audit Committee Members were consulted on 23 October 2018 (AC071), and councillors were consulted in November 2018 with regard to Council Policy 4.26 Compliance Management

#### **LEGISLATIVE/POLICY IMPLICATIONS:**

The City is required to meet compliance requirements under the provisions of the *Local Government Act 1995*, *Local Government (Audit) Regulations 1996*, the *Local Government (Financial Management) Regulations 1996* and other legislation specific to particular areas of the City's operations, as well as Council policies, including Council Policy 4.26 Compliance Management, which govern the City's compliance obligations.

#### **FINANCIAL AND RESOURCE IMPLICATIONS:**

On 17 July 2019 EMT endorsed the resourcing of the additional activities required to deliver compliance management (EMT809).

**INTEGRATED PLANNING LINKS**

Title: Governance	Good Governance & Leadership
Strategy 4.5.2	Ensuring finance and governance policies, procedures and activities align with legislative requirements and best practice

**REGIONAL OUTCOMES:**

There are no impacts to regional outcomes.

**RISK MANAGEMENT**

The Compliance Management plan and processes in conjunction with the City's risk module (Promapp) will catalogue and enable management of the City's compliance obligations. The risk module provides an efficient method of monitoring the consolidated compliance risks and control processes under a single enterprise risk. The Compliance Management system and risk module are the principal management tools for mitigating enterprise risk and demonstrating compliance with Audit regulation 17 legislative compliance obligations.

**ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS**

There were no alternative options considered by City Officers:

**COMMITTEE DECISION****MOVED CR CAUDWELL, SECONDED CR COLLIVER**

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act **RESOLVES** to:

- 1. NOTE the completion and implementation of the Compliance Management Plan and processes.**

**Carried 3/0**

**8 GENERAL BUSINESS**

Nil.

**9 MEETING CLOSURE**

There being no further business the meeting was declared closed at 3.55pm.