



AUDIT COMMITTEE MEETING
MINUTES

28 SEPTEMBER 2021

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CITY OF GREATER GERALDTON

**AUDIT COMMITTEE MEETING
TO BE HELD ON TUESDAY 28 SEPTEMBER 2021 AT 3.30PM
IN THE GREENOUGH ROOM – CIVIC CENTRE**

MINUTES

1 DECLARATION OF OPENING

The meeting was declared open at 3.30pm by Chairman Mayor Van Styn.

2 ATTENDANCE

Present:

Mayor S Van Styn
Cr T Thomas
Cr N Colliver
Cr D Caudwell

Officers:

R McKim, CEO
P Radalj, Director Corporate and Commercial Services
N Jane, Acting Chief Financial Officer
B Pierce, Manager Corporate Compliance and Safety
D Duff, Manager ICT Services
M Adam, Coordinator Governance (*Minutes*)

By Invitation:

N/A

Apologies:

N/A

Leave of Absence:

N/A

3 CONFIRMATION OF PREVIOUS MINUTES

Recommendation: That the minutes of the City of Greater Geraldton Audit Committee meeting held on 31 May 2021 as attached be accepted as a true and correct record of proceedings.

COMMITTEE DECISION

MOVED Cr Thomas, **SECONDED** Cr Colliver

That the minutes of the City of Greater Geraldton Audit Committee meeting held on 31 May 2021, as attached, be accepted as a true and correct record of proceedings.

CARRIED 4/0

Signed _____ Dated _____

4 ITEMS FOR AUDIT COMMITTEE REVIEW

AC103 INTERIM AUDIT REPORT 2020-21

AGENDA REFERENCE:	D-21-100250
AUTHOR:	N Jane, A/Chief Financial Officer
EXECUTIVE:	P Radalj, Director Corporate and Commercial Services
DATE OF REPORT:	10 September 2021
FILE REFERENCE:	GO/11/0020
ATTACHMENTS:	Yes (x2) Confidential
	A. Interim Audit Results – Letter to CEO
	B. Interim Audit Results - Findings

EXECUTIVE SUMMARY:

The purpose of this report is to present the findings of the Interim Audit for 2020-21, together with responses from Management for the Committee's review and endorsement.

EXECUTIVE RECOMMENDATION:

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

1. RECEIVE the Interim Audit report for 2020-21; and
2. ENDORSE the Management Responses to those matters as contained within the report.

PROPONENT:

The proponent is the City of Greater Geraldton.

BACKGROUND:

The Interim Audit was conducted by RSM on behalf of the Office of the Auditor General (OAG). The interim audit was conducted from 8-11 June 2021. At the conclusion of this audit, a Management Letter and Findings Identified document were issued and are attached for the information of the audit committee.

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

There are no adverse community impacts.

Economy:

There are no adverse economic impacts.

Environment:

There are no adverse environmental impacts.

Leadership:

A review of the Management Letter and Findings for the interim audit allows the Audit Committee to fulfil its governance and oversight responsibilities in relation to the financial reporting of the City.

Signed _____ Dated _____

Disclosure of Interest:

No Officer involved in the preparation of this report has a declarable interest in this matter.

RELEVANT PRECEDENTS:

The Audit Committee received the 2019-20 Interim Audit report at their meeting on 27 January 2021 (AC093).

COMMUNITY/COUNCILLOR CONSULTATION:

There has been no community/councillor consultation.

LEGISLATIVE/POLICY IMPLICATIONS:

Local Government (Audit) regulations 1996, section 16:

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;
- (e) to support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government;
- (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); and
- (g) to perform any other function conferred on the audit committee by these regulations or another written law.

FINANCIAL AND RESOURCE IMPLICATIONS:

Provision is made each year in the budget for the interim and annual financial audits conducted by the Office of the Auditor General.

INTEGRATED PLANNING LINKS:

Strategic Direction: Leadership	Aspiration: A strong local democracy with an engaged community, effective partnerships, visionary leadership and well informed decision-making.
Outcome 4.2	Decision making is ethical, informed and inclusive
Outcome 4.3	Accountable leadership supported by a skilled and professional workforce

Signed _____ Dated _____

Outcome 4.4	Healthy financial sustainability that provides capacity to respond to changes in economic conditions and community priorities
Outcome 4.7	Council understands its roles and responsibilities and leads by example

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT:

Findings outlined in the management letter have been assigned a risk rating by the Office of Auditor General. These ratings are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. Consideration is given to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

Management have provided responses to each of the findings.

ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:

No alternative options were considered by City officers.

COMMITTEE DECISION

MOVED Cr Colliver, **SECONDED** Cr Thomas

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

- 1. RECEIVE the Interim Audit report for 2020-21; and**
- 2. ENDORSE the Management Responses to those matters as contained within the report.**

CARRIED 4 /0

Signed _____ Dated _____

AC104	PROGRESS REPORT - MANagements ACTIONS ON AUDITS
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AGENDA REFERENCE:	D-21-100332
AUTHOR:	N Jane, A/Chief Financial Officer
EXECUTIVE:	P Radalj, Director Corporate & Commercial Services
DATE OF REPORT:	10 September 2021
FILE REFERENCE:	GO/11/0020
ATTACHMENTS:	Yes (x1) Confidential Management Actions on Audits – September 2021

EXECUTIVE SUMMARY:

The purpose of this report is to provide an update on management actions resulting from various audits.

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 management actions related to audits.

PROPONENT:

The proponent is the City of Greater Geraldton.

BACKGROUND:

This report provides an update on actions arising from audits and progress made since the report provided to the Committee in January 2021. The updated schedule includes actions resulting from the Financial Management Systems Review and Audit Regulation 17 Review undertaken in June 2021.

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

There are no adverse community impacts.

Economy:

There are no adverse economic impacts.

Environment:

There are no adverse environmental impacts.

Leadership:

Monitoring the actions resulting from various audits allows the Audit Committee to fulfil its governance and oversight responsibilities.

Disclosure of Interest:

No Officer involved in the preparation of this report has a declarable interest in this matter.

RELEVANT PRECEDENTS:

AC100 – Management Actions on Internal Audit – 27 January 2021

Signed _____ Dated _____

AC088 – Management Actions on Internal Audits – 2 December 2019

AC078 – Management Actions on Internal Audits – 12 March 2019

COMMUNITY/COUNCILLOR CONSULTATION:

There has been no community/councillor consultation.

LEGISLATIVE/POLICY IMPLICATIONS:

Local Government (Audit) regulations 1996, section 16:

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;

(c) to review a report given to it by the CEO under regulation 17(3) (the **CEO's report**) and is to —

(i) report to the council the results of that review; and

(ii) give a copy of the CEO's report to the council;

(d) to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under —

(i) regulation 17(1); and

(ii) the *Local Government (Financial Management) Regulations 1996* regulation 5(2)(c);

(e) to support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government;

(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); and

(iii) has accepted should be taken following receipt of a report of a review conducted under regulation 17(1); and

(iv) has accepted should be taken following receipt of a report of a review conducted under the *Local Government (Financial Management) Regulations 1996* regulation 5(2)(c);

(g) to perform any other function conferred on the audit committee by these regulations or another written law.

Signed _____ Dated _____

Local Government (Audit) regulations 1996, section 17:

- (1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —
 - (a) risk management; and
 - (b) internal control; and
 - (c) legislative compliance.
- (2) The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.
- (3) The CEO is to report to the audit committee the results of that review.

Local Government (Financial Management) regulations 1996, section 5:

- (1) Efficient systems and procedures are to be established by the CEO of a local government —
 - (a) for the proper collection of all money owing to the local government; and
 - (b) for the safe custody and security of all money collected or held by the local government; and
 - (c) for the proper maintenance and security of the financial records of the local government (whether maintained in written form or by electronic or other means or process); and
 - (d) to ensure proper accounting for municipal or trust —
 - (i) revenue received or receivable; and
 - (ii) expenses paid or payable; and
 - (iii) assets and liabilities;and
 - (e) to ensure proper authorisation for the incurring of liabilities and the making of payments; and
 - (f) for the maintenance of payroll, stock control and costing records; and
 - (g) to assist in the preparation of budgets, budget reviews, accounts and reports required by the Act or these regulations.
- (2) The CEO is to —
 - (a) ensure that the resources of the local government are effectively and efficiently managed; and
 - (b) assist the council to undertake reviews of fees and charges regularly (and not less than once in every financial year); and
 - (c) undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 3 financial

Signed _____ Dated _____

years) and report to the local government the results of those reviews.

FINANCIAL AND RESOURCE IMPLICATIONS:

There are no financial or resource implications.

INTEGRATED PLANNING LINKS:

Strategic Direction: Leadership	Aspiration: A strong local democracy with an engaged community, effective partnerships, visionary leadership and well informed decision-making.
Outcome 4.2	Decision making is ethical, informed and inclusive
Outcome 4.3	Accountable leadership supported by a skilled and professional workforce
Outcome 4.4	Healthy financial sustainability that provides capacity to respond to changes in economic conditions and community priorities.
Outcome 4.7	Council understands its roles and responsibilities and leads by example

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT:

Findings outlined in audit reports are assigned a risk rating. These ratings are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. Preparation of a schedule of management actions and reporting progress to the Audit Committee ensures findings are appropriately addressed.

ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:

No alternative options were considered by City officers.

COMMITTEE DECISION

MOVED Cr Colliver, **SECONDED** Cr Thomas

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 management actions related to audits.**

CARRIED 4/0

Signed _____ Dated _____

AC105	STRATEGIC INTERNAL AUDIT PLAN 2021-2025
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AGENDA REFERENCE:	D-21-100111
AUTHOR:	N Jane, A/Chief Financial Officer
EXECUTIVE:	P Radalj, Director Corporate and Commercial Services
DATE OF REPORT:	10 September 2021
FILE REFERENCE:	GO/11/0020
ATTACHMENTS:	Yes (x1) Confidential Strategic Internal Audit Plan 2021-2025

EXECUTIVE SUMMARY:

The purpose of this report is to seek endorsement of the draft Strategic Internal Audit Plan for 2021-2025. The key purpose of the plan is to ensure the implementation and establishment of adequate control systems, appropriate risk management and governance procedures to meet the City's objectives and statutory requirements.

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 Strategic Internal Audit Plan for 2021-2025 as presented; and
2. REQUEST an update on progress at the next Audit Committee meeting.

PROONENT:

The proponent is the City of Greater Geraldton.

BACKGROUND:

Internal audit provides independent, objective assurance over an organisation's risk management, internal control, governance and the processes in place for ensuring effectiveness, efficiency and economy.

In 2017, a Strategic Internal Audit Plan 2017-2021 was endorsed to ensure we meet the statutory requirement to conduct regular reviews as required by Local Government (Financial Management) Regulation 5 and Local Government (Audit) Regulation 17 and to review specific processes and controls as identified in the Plan.

In October 2020 the Audit Committee endorsed the development of a new Strategic Internal Audit Plan 2021-2025. A Request for Quote was issued to the WALGA Preferred Supplier Panel PSP004-02 Compliance and Audit Services on 6 April 2021 and closed on 27 April 2021. Five responses were received and evaluated on relevant experience, key personnel skills and experience, respondent's resources, demonstrated understanding and price. The successful respondent was AMD Chartered Accountants.

Signed _____ Dated _____

A draft Strategic Internal Audit Plan 2021-2025 has been prepared and is presented in the attachment.

COMMUNITY, ECONOMY, ENVIRONMENT AND LEADERSHIP ISSUES:

Community:

There are no adverse community impacts. Implementing this plan will assist in ensuring we are accountable for our actions to the community.

Economy:

There are no adverse economic impacts.

Environment:

There are no adverse environmental impacts.

Leadership:

The Audit Committee plays a key role in assisting a local government to fulfil its governance and oversight responsibilities in relation to risk management, internal controls, and legislative compliance. The Strategic Internal Audit Plan outlines the required and proposed actions over the period of the plan.

Disclosure of Interest:

No Officer involved in the preparation of this report has a declarable interest in this matter.

RELEVANT PRECEDENTS:

The Audit Committee endorsed the proposed scope of the Strategic Internal Audit Plan 2021-2025 at the meeting on 27 January 2021 (AC095) and endorsed the previous Strategic Internal Audit Plan 2017-2021 at the meeting on 21 February 2017 (AC051).

COMMUNITY/COUNCILLOR CONSULTATION:

There has been no community/councillor consultation.

LEGISLATIVE/POLICY IMPLICATIONS:

Local Government (Audit) regulations 1996, section 16:

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;
- (c) to review a report given to it by the CEO under regulation 17(3) (the **CEO's report**) and is to —
 - (i) report to the council the results of that review; and
 - (ii) give a copy of the CEO's report to the council;

Signed _____ Dated _____

- (d) to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under —
 - (i) regulation 17(1); and
 - (ii) the *Local Government (Financial Management) Regulations 1996* regulation 5(2)(c);
- (e) to support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government;
- (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); and
 - (iii) has accepted should be taken following receipt of a report of a review conducted under regulation 17(1); and
 - (iv) has accepted should be taken following receipt of a report of a review conducted under the *Local Government (Financial Management) Regulations 1996* regulation 5(2)(c);
- (g) to perform any other function conferred on the audit committee by these regulations or another written law.

Local Government (Audit) regulations 1996, section 17:

- (1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —
 - (a) risk management; and
 - (b) internal control; and
 - (c) legislative compliance.
- (2) The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.
- (3) The CEO is to report to the audit committee the results of that review.

Local Government (Financial Management) regulations 1996, section 5:

- (1) Efficient systems and procedures are to be established by the CEO of a local government —
 - (a) for the proper collection of all money owing to the local government; and
 - (b) for the safe custody and security of all money collected or held by the local government; and
 - (c) for the proper maintenance and security of the financial records of the local government (whether maintained in written form or by electronic or other means or process); and

Signed _____ Dated _____

- (d) to ensure proper accounting for municipal or trust —
 - (i) revenue received or receivable; and
 - (ii) expenses paid or payable; and
 - (iii) assets and liabilities;
 and
 - (e) to ensure proper authorisation for the incurring of liabilities and the making of payments; and
 - (f) for the maintenance of payroll, stock control and costing records; and
 - (g) to assist in the preparation of budgets, budget reviews, accounts and reports required by the Act or these regulations.
- (2) The CEO is to —
- (a) ensure that the resources of the local government are effectively and efficiently managed; and
 - (b) assist the council to undertake reviews of fees and charges regularly (and not less than once in every financial year); and
 - (c) undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 3 financial years) and report to the local government the results of those reviews.

FINANCIAL AND RESOURCE IMPLICATIONS:

Provision is made in the budget to undertake reviews as required.

INTEGRATED PLANNING LINKS:

Strategic Direction: Leadership	Aspiration: A strong local democracy with an engaged community, effective partnerships, visionary leadership and well informed decision-making.
Outcome 4.2	Decision making is ethical, informed and inclusive
Outcome 4.3	Accountable leadership supported by a skilled and professional workforce
Outcome 4.4	Healthy financial sustainability that provides capacity to respond to changes in economic conditions and community priorities.
Outcome 4.7	Council understands its roles and responsibilities and leads by example

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

Signed _____ Dated _____

RISK MANAGEMENT:

Preparation and implementation of a Strategic Internal Audit Plan assists with ensuring we meet the requirements of Audit Regulation 17 and Financial Management Regulation 5.

ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:

No alternative options were considered.

COMMITTEE DECISION

MOVED Cr Colliver **SECONDED** Cr Thomas

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

1. **ENDORSE** the Strategic Internal Audit Plan for 2021-2025 as presented; and
2. **REQUEST** an update on progress at the next Audit Committee meeting.

CARRIED 4/0

Signed _____ Dated _____

AC106	FINANCIAL MANAGEMENT SYSTEMS REVIEW 2021
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AGENDA REFERENCE:	D-21-100064
AUTHOR:	N Jane, A/Chief Financial Officer
EXECUTIVE:	P Radalj, Director Corporate and Commercial Services
DATE OF REPORT:	10 September 2021
FILE REFERENCE:	GO/11/0020
ATTACHMENTS:	Yes (x1) Confidential
	Financial Management Systems Review

EXECUTIVE SUMMARY:

The purpose of this report is to present to the Audit Committee the Financial Management Systems Review 2021.

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 Financial Management Systems Review 2021
2. ENDORSE actions taken or proposed to be taken by staff to resolve items identified in the report; and
3. REQUIRE progress updates on implementation of the proposed management actions at the next Audit Committee Meeting.

PROPONENT:

The proponent is the City of Greater Geraldton.

BACKGROUND:

In accordance with Regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996, local government CEO's are to undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government not less than once in every three financial years and report to the local government the results of those reviews.

AMD Chartered Accountants were engaged to undertake the review in June 2021. Their report is attached.

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

There are no adverse community impacts. Undertaking this review ensures that we are accountable for our actions to the community.

Economy:

There are no adverse economic impacts.

Environment:

There are no adverse environmental impacts.

Signed _____ Dated _____

Leadership:

The Audit Committee plays a key role in assisting a local government to fulfil its governance and oversight responsibilities in relation to financial reporting.

Disclosure of Interest:

No Officer involved in the preparation of this report has a declarable interest in this matter.

RELEVANT PRECEDENTS:

The Audit Committee regularly reviews reports relating to the auditing processes of the City. The previous Financial Management Systems Review was presented to the Audit Committee on 12 March 2019 – AC075.

COMMUNITY/COUNCILLOR CONSULTATION:

There has been no consultation.

LEGISLATIVE/POLICY IMPLICATIONS:

Local Government (Audit) regulations 1996, section 16:

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;
- (c) to review a report given to it by the CEO under regulation 17(3) (the **CEO's report**) and is to —
 - (i) report to the council the results of that review; and
 - (ii) give a copy of the CEO's report to the council;
- (d) to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under —
 - (i) regulation 17(1); and
 - (ii) the *Local Government (Financial Management) Regulations 1996* regulation 5(2)(c);
- (e) to support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government;
- (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); and

Signed _____ Dated _____

- (iii) has accepted should be taken following receipt of a report of a review conducted under regulation 17(1); and
- (iv) has accepted should be taken following receipt of a report of a review conducted under the *Local Government (Financial Management) Regulations 1996* regulation 5(2)(c);
- (g) to perform any other function conferred on the audit committee by these regulations or another written law.

Local Government (Financial Management) regulations 1996, section 5:

- (1) Efficient systems and procedures are to be established by the CEO of a local government —
 - (a) for the proper collection of all money owing to the local government; and
 - (b) for the safe custody and security of all money collected or held by the local government; and
 - (c) for the proper maintenance and security of the financial records of the local government (whether maintained in written form or by electronic or other means or process); and
 - (d) to ensure proper accounting for municipal or trust —
 - (i) revenue received or receivable; and
 - (ii) expenses paid or payable; and
 - (iii) assets and liabilities;
 and
 - (e) to ensure proper authorisation for the incurring of liabilities and the making of payments; and
 - (f) for the maintenance of payroll, stock control and costing records; and
 - (g) to assist in the preparation of budgets, budget reviews, accounts and reports required by the Act or these regulations.
- (2) The CEO is to —
 - (a) ensure that the resources of the local government are effectively and efficiently managed; and
 - (b) assist the council to undertake reviews of fees and charges regularly (and not less than once in every financial year); and
 - (c) undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 3 financial years) and report to the local government the results of those reviews.

FINANCIAL AND RESOURCE IMPLICATIONS:

Provision was made in the budget to undertake this required review.

Signed _____ Dated _____

INTEGRATED PLANNING LINKS:

Strategic Direction: Leadership	Aspiration: A strong local democracy with an engaged community, effective partnerships, visionary leadership and well informed decision-making.
Outcome 4.2	Decision making is ethical, informed and inclusive
Outcome 4.3	Accountable leadership supported by a skilled and professional workforce
Outcome 4.4	Healthy financial sustainability that provides capacity to respond to changes in economic conditions and community priorities
Outcome 4.7	Council understands its roles and responsibilities and leads by example

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT:

Undertaking a Financial Management Systems Review is a statutory compliance requirement for local governments and requires a report to the Audit Committee and Council at least once every three financial years. This review assesses the adequacy and effectiveness of systems and controls. It identifies and evaluates the level of risk exposure and recommends actions for improvement.

ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:

No alternatives have been 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 1995 RESOLVES to:

- 1. RECEIVE the Financial Management Systems Review 2021**
- 2. ENDORSE actions taken or proposed to be taken by staff to resolve items identified in the report; and**
- 3. REQUIRE progress updates on implementation of the proposed management actions at the next Audit Committee Meeting.**

CARRIED 4/0

Signed _____ Dated _____

AC107	CYBERSECURITY AND INFORMATION SECURITY
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AGENDA REFERENCE:	D-21-098408
AUTHOR:	D Duff, Manager ICT Services
EXECUTIVE:	P Radalj, Director Corporate and Commercial Services
DATE OF REPORT:	September 2021
FILE REFERENCE:	D-21-098408
ATTACHMENTS:	Yes 2 x Confidential
	A. RSM IT Audit – Factual Validation V1.0
	B. Audit Management Letter

EXECUTIVE SUMMARY:

Frequent internal and external Information Communication and Technology (ICT) and financial systems audits, along with ICT security testing have highlighted gaps in the City's Cybersecurity and Information Security posture and its ability to respond to cyber threats and recover from incidents.

The aforementioned audits and testing reports are:

- **2017 Penetration and Vulnerability Assessment** aimed to test the resilience of the external facing network attack surface, internal vulnerable systems and services, and 'hardness' of the Windows Standard Operating Environment.
- **2017 Information Technology Internal Audit Report**, requested by the City to audit the procedures and items within the 2016-2021 Strategic Internal Audit Plan.
- **2020 Financial Systems Internal Audit**, reviews the appropriateness and effectiveness of the financial management systems and procedures.
- **2020 Penetration and Vulnerability Assessment** aimed to test the resilience of the external facing network attack surface, internal vulnerable systems and services, validation of network segmentation controls, and assessment of City websites.
- **2021 Information Technology Internal Audit**, requested by the City to audit a large range of IT processes and controls to validate their effectiveness.
- **2021 Office of the Auditor General (OAG) Performance Audit**, initiated by the Auditor General to audit the state of cybersecurity in local government, such as security controls and the capacity to respond cyber threats.

Actions so far completed or planned, as a consequence of these audits and reports are detailed in the background section of this report.

In recognition of these gaps in its Cybersecurity posture, and its ability to respond to increased cybersecurity threats, the City has also prioritised resources to implement a Cybersecurity function and framework. Such a

Signed _____ Dated _____

framework will encompass controls to better identify, protect, detect, respond and recover from Cybersecurity incidents going forward.

The purpose of this report is to update the Audit Committee on actions so far completed and planned, which are a result of findings from these audits and tests as well as internally identified risks, to uplift the City's Cybersecurity & Information Security posture and reduce risk.

In addition, the purpose of this report is to update the Audit Committee on the establishment of a Cybersecurity function and framework to meet the ongoing and persistent threat that bad actors, intent on causing disruption, pose to the organisation.

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 actions completed and planned to uplift the City's Cybersecurity & Information Security posture and reduce IT risk.
2. NOTE the City of Greater Geraldtons establishment of a Cybersecurity function and development of a Cybersecurity framework.

PROPOSER:

The proposer is the City of Greater Geraldton.

BACKGROUND:

The City undergoes frequent Information Communication & Technology (ICT) and financial systems audits as well as independent ICT network & systems security testing which highlight gaps in the City's information security posture. In addition, it receives alerts and notifications for action from the Australian Cyber Security Centre (ACSC) of global and local Cybersecurity threats and is active in the ACSC community, amongst others.

The following is a list of completed, ongoing, in-progress and so far planned actions to increase the City's cybersecurity posture.

COMPLETED OR ONGOING ACTIONS

- Developed the ICT Strategic Plan 2021-2024. Endorsed by the Executive Management Team in April 2020.
- Developed the Cybersecurity Incident Response Plan (CIRP) to respond and recover from security events. Endorsed by the EMT in March 2021
- Enforced minimum 15-character pass phrases on all user, system, and service accounts
- Developed an internal user account and password management standard
- Implemented multi-factor authentication (MFA) for external access to the internal network

Signed _____ Dated _____

- Developed a Remote Access operational policy and revised other operational policies where required
- Completed an Information Security Risk Assessment on the Geraldton Airport, prioritised risks and implemented treatments
- Upgraded Email Gateway/Filtering and applied assurance protocols to incoming and outgoing emails
- Re-introduced staff security awareness training (SAT) and simulated phishing campaigns
- Reviewed the use of privileged service accounts and aligned accounts with the methodology of least privilege
- Restricted the use of USB storage devices on City computers
- Developed guidelines for staff to work securely from home
- Entered into a memorandum of Understanding (MoU) with Geraldton Regional TAFE to assist with uplifting the cybersecurity posture of the region

IN-PROGRESS or PLANNED ACTIONS

- Develop a Cybersecurity Strategy/Framework
- Develop Information Security Policies, Standards, and Guidelines
- Perform annual network wide Information Security Risk Assessment and prioritise risks for treatment
- Conduct annual Penetration and Vulnerability Assessment and prioritise vulnerabilities for treatment
- Implement a Security Information and Event Management (SIEM) system to capture, parse and alert on security logs
- Implement a vulnerability management system to proactively detect and respond to vulnerable systems and services
- Implement privileged access management (PAM) to reduce the risk these accounts introduce by way of 'just in time' provisioning and management oversight
- Review and strengthen data backup procedures to protect from malicious activity
- Test the CIRP for effectiveness and apply improvements
- Review and update the ICT risk register to align with current and emergent risks, current controls and future treatments
- Improve system patch management processes
- Expand the use of MFA to include more systems, services and users

During the previous 12 months, as a corporate priority, the City has initiated and applied additional resources to the implementation of an effective Cybersecurity framework, policies, procedures, and systems to apply best practice in cyber and information security and to provide adequate information systems and technology protection and resilience.

In its establishment of a cybersecurity framework the City has, and will continue to be, guided by the following frameworks, standards and policies;

Signed _____ Dated _____

- National Institute of Standards and Technology (NIST) Cybersecurity Framework
- Australian Signals Directorate (ASD) Essential 8
- AS/NZS 31000:2018 Risk Management – Principles and Guidelines
- AS/ISO 27001-2015 Information Technology Security Techniques - Information Security Management Systems Requirements
- AS/ISO 27005-2012 Information Technology Security Techniques - Information Security Risk Management
- CGG Risk Management Framework 2018
- Council Policy 4.7 Risk Management v3
- Council Policy 4.24 Risk Appetite and Tolerance v2

Future audits, security testing and internal reports will reflect the City's commitment to Cybersecurity and validate its matured capability to better identify, protect, detect, respond and recover from Cybersecurity incidents.

COMMUNITY, ECONOMY, ENVIRONMENT AND LEADERSHIP ISSUES:

Community:

The establishment of a cybersecurity function and associated framework of systems, controls, policy and processes provides the community with assurance that their information is kept private and secure.

Economy:

To partner with local providers to uplift cybersecurity capabilities within the region will assist to maintain a resilient economy due to the flow on effect to businesses.

Environment:

There are no adverse environmental impacts.

Leadership:

The establishment of a cybersecurity function and associated framework of systems, controls, policy and processes provides for good governance of enterprise IT and ensures the City can better protect itself from a cybersecurity incident and continue business as usual.

RELEVANT PRECEDENTS:

There are no relevant precedents.

COMMUNITY/COUNCILLOR CONSULTATION:

There has been no community/councillor consultation.

LEGISLATIVE/POLICY IMPLICATIONS:

The remediation or mitigation of vulnerabilities, along with the implementation of security controls, addresses past audit and test findings and highlights the City's commitment to cyber and information security.

Signed _____ Dated _____

FINANCIAL AND RESOURCE IMPLICATIONS:

Financial and resource implications as the Cybersecurity program develops and matures is not yet known. However, ongoing risk assessments (annual and per project) will ensure the cost of treatments and controls never outweigh the cost of the consequence should that risk eventuate.

INTEGRATED PLANNING LINKS:

Strategic Direction: Leadership	Aspiration: A strong local democracy with an engaged community, effective partnerships, visionary leadership and well informed decision-making.
Outcome 4.7	Council understands its roles and responsibilities and leads by example
Outcome 4.8	Deliver secured technology that supports sustainability, the environment, service delivery and the community

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT:

The establishment of a Cybersecurity function and associated framework of systems, controls, policy and processes is to manage Cyber risk.

ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:

No alternative options were considered. This report seeks to update the committee on the City's progress to better identify, protect, detect, respond and recover from Cybersecurity incidents.

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 1995 RESOLVES to:

- 1. NOTE the actions completed and planned to uplift the City's Cybersecurity & Information Security posture and reduce IT risk.**
- 2. NOTE the City of Greater Geraldtons establishment of a Cybersecurity function and development of a Cybersecurity framework.**

CARRIED 4/0

Signed _____ Dated _____

AC108 WORK HEALTH & SAFETY UPDATE
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AGENDA REFERENCE:	D-21-096116
AUTHOR:	B Pearce, Manager Corporate Compliance & Safety
EXECUTIVE:	P Radalj, Director Corporate & Commercial Services
DATE OF REPORT:	03 September 2021
FILE REFERENCE:	RM/6/0012
ATTACHMENTS:	Yes (x1) Safety Management System Document Control Register

EXECUTIVE SUMMARY:

The purpose of this report is to update the Audit Committee of the status of the City of Greater Geraldton safety management system ahead of the anticipated implementation of the Work Health & Safety legislation in January 2022.

EXECUTIVE RECOMMENDATION:

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

1. ACKNOWLEDGE receipt of the Internal Audit Safety Management Systems report:
2. REQUIRE the status of the Internal Audit Safety Management Systems Improvement Action Plan to be provided to the Audit Committee.

PROONENT:

The proponent is the City of Greater Geraldton.

BACKGROUND:**Work Health & Safety Legislation:**

In November of 2020, the Work Health & Safety Act was enacted in WA. This was the first step in the implementation of harmonised safety legislation in WA. As the regulations supporting the WHS Act have not yet been enacted, the Occupational Safety & Health Act and Regulations are in operation in WA.

Worksafe WA in August 2021 issued an industry update confirming that the WHS regulations are scheduled for implementation in January 2022. At the time of this report, the City's understanding is that WHS full legislation will go live at this time with no grace period.

As detailed in AC091 there are significant changes brought about by the transition from OSH to WHS. These changes are summarised as follows.

WHS requirements	Implication for the City
PCBU	The term employee under WHS has been replaced by the broader term Person conducting a business or undertaking (PCBU).

Signed _____ Dated _____

Officer Due Diligence	<p>WHS outlines six core elements that officers under the Act must proactively manage, summarised as follows.</p> <ol style="list-style-type: none"> 1. Acquire and keep up-to-date knowledge of WHS matters beyond the workplace; 2. Understand the nature of the operations of the organisation and the hazards and risks associated with those operations; 3. Ensure appropriate resources and processes are available for use and are actually used, to eliminate or minimise risks; 4. Provide appropriate processes to obtain information regarding incidents, hazards and risks and ensure response in a timely way to that information; 5. Implement a process for ensuring ongoing legal compliance with all duties; and 6. Verify the provision and use of these resources and processes
Worker	<p>In place of the OSH defined employee WHS has expanded this to be Worker.</p> <p>A Worker is any person who carries out work for a PCBU, including work as an employee, contractor, subcontractor, self-employed person, outworker, apprentice or trainee, work experience student, an employee of a labour-hire company placed with a 'host employer' and volunteers.</p>
Volunteers	<p>Volunteers are deemed to be Workers under the new WHS laws and are owed a primary duty of care by a PCBU i.e. volunteers are to be treated the same as a paid worker.</p>
Duty to all people affected by the work	<p>The type of people owed a duty under the proposed new WHS laws by PCBU's and other duty holders, is broadened from 'employees' to 'workers' and other 'people affected by the work'.</p> <p>This includes all directly employed and indirectly engaged workers. It also includes customers, patrons, residents, tenants, students, visitors, spectators, and passers-by.</p>
Increased consultation requirements	<p>Increased internal and external organisational WHS consultation requirements. This includes Volunteers and Contractor consultation obligations which they require PCBU's with common interests, to 'consult, cooperate and coordinate' in relation to health and safety matters.</p>
Inability to insure or contract out liability	<p>Prohibited from purchasing insurance to pay a WHS fine or liability. This would require the PCBU or the individual to incur fines directly.</p>
Increase of Penalties	<p>Penalties under WHS have increased, with breaches of a health and safety duty ranging from to \$570,000 to \$3.5 million for a corporation and for an individual \$120,000 to \$680,000 and imprisonment for 5 years.</p>
Industrial manslaughter provisions	<p>Industrial manslaughter provisions state individuals being liable for a maximum fine of \$5,000,000 and/or up to 20 years imprisonment and corporations for a maximum fine of \$10,000,000.</p>

Signed _____ Dated _____

Safety Management System:

The City as detailed previously in AC091, the City over the last 12 months has been developing a WHS aligned safety management system. As an example and per attached Document Control Register significant work has been undertaken in developing the system which in summary is structured as follows:

- Policy – Strategic safety directions.
- Plan – Details the implementation of safety management.
- Procedures –Detailed directions on specific safety activities detailed in the plan.
- Templates – templates used to document a safety activity.

This system following completion had a phased implementation during 2020 – 2021. To ensure the suitability of the City’s safety management systems, a full internal audit of safety was undertaken. This audit made use of the Worksafe WA Worksafe plan audit tool. This audit tool is used by Worksafe WA to determine the effectiveness of an organisations safety system. The internal desktop audit has identified a number of areas requiring improvement. A draft improvement action plan to address issues with the City’s management of the system has been developed and is currently under review by EMT. This improvement action plan in summary will:

- ensure all staff understand the safety system; and
- ensure the safety system is practiced by staff.

The primary method of ensuring staff understand the City’s safety systems will be completed during the national safe work month (October 2021). This will have all staff complete a full induction of the City’s safety management plan. Following this induction process, managers and the City’s safety teams shall follow up and ensure that the safety system is imbedded in City operations.

The City’s safety committee (which includes CEO, Directors, managers and safety representatives from across City operations) shall ensure the successful implementation of the safety management plan in conjunction with ensuring completion of the improvement action plan.

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

Volunteers from the community who are involved in Council based activities are deemed to be Workers under the new WHS laws and are to be managed and treated the same as a paid worker.

Economy:

The cost of compliance with WHS will affect the City, local businesses and community associations. This will be due to the increase in administration for all who must proactively manage and document effective safety management.

Environment:

There are no adverse environmental impacts.

Signed _____ Dated _____

Leadership:

Effective safety management under WHS requires the establishment of robust safe systems of work. The City's implementation of the WHS compliant Safety Management System shall ensure effective management and government of the City's safety.

Disclosure of Interest:

No Officer involved in the preparation of this report has a declarable interest in this matter.

RELEVANT PRECEDENTS:

The Audit Committee previously considered WHS on 03 March 2020, AC091

COMMUNITY/COUNCILLOR CONSULTATION:

There has been no community/councillor consultation.

LEGISLATIVE/POLICY IMPLICATIONS:

Occupational Safety & Health Act 1984
Occupational Safety & Regulation 1996
Work Health & Safety Act 2020
Operational Policy OP041 Occupational Health & Safety
City of Greater Geraldton Safety Management Plan
City of Greater Geraldton Safety Management System

FINANCIAL AND RESOURCE IMPLICATIONS:

The implementation and ongoing management of the new WHS requirements will require the application of additional resources to meet compliance obligations.

In addition, as WHS requires that the City ensure the safety of all workers (including volunteers & contractors) this will require significant resourcing to ensure these categories of workers are managed in accordance with WHS requirements.

INTEGRATED PLANNING LINKS:

Strategic Direction: Leadership	Aspiration: A strong local democracy with an engaged community, effective partnerships, visionary leadership and well informed decision-making.
Outcome 4.3	Accountable leadership supported by a skilled and professional workforce
Outcome 4.5	A culture of safety, innovation and embracing change

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT:

The implementation of the WHS aligned Safety Management Plan and System is a critical risk management and compliance control for the City.

Signed _____ Dated _____

ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:

No alternatives have been considered.

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 1995 RESOLVES to:

- 1. ACKNOWLEDGE receipt of the Internal Audit Safety Management Systems report:**
- 2. REQUIRE the status of the Internal Audit Safety Management Systems Improvement Action Plan to be provided to the Audit Committee.**

CARRIED 4/0

Signed _____ Dated _____

AC109	APPLICATION OF COUNCIL POLICY 4.28 MANAGING UNREASONABLE CUSTOMER CONDUCT
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AGENDA REFERENCE:	D-21-096950
AUTHOR:	N Hope, Manager Organisational Development
EXECUTIVE:	P Radalj, Director Corporate and Commercial Services
DATE OF REPORT:	6 September 2021
FILE REFERENCE:	GO/19/0008
ATTACHMENTS:	No

EXECUTIVE SUMMARY:

The purpose of this report is to update the Audit Committee on the application of Council Policy 4.28 Managing Unreasonable Customer Conduct, listing the number of customers to whom the policy has applied.

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 information provided below in relation to Council Policy 4.28 Managing Unreasonable Customer Conduct.
2. REQUIRE the CEO to report back annually to the Audit Committee at the first meeting held after the close of the relevant financial year.

PROPONENT:

The proponent is the City of Greater Geraldton.

BACKGROUND:

The City of Greater Geraldton Council Policy - *4.28 Managing Unreasonable Customer Conduct* has a set of strategies to manage the risks to the City's resource management, staff health and productivity, posed by a growing prevalence of unreasonable conduct by a small number of high-demand customers.

The policy objectives are to provide the overarching principles and guidance as the basis for a fair, equitable and transparent mechanism for dealing with unreasonable conduct by customers that will achieve an effective balance between:

- Meeting the genuine needs of customers fairly and equitably;
- Providing a safe working environment for staff, volunteers and elected members;
- Providing a safe experience for customers of the City; and
- Ensuring that City resources are used efficiently, effectively and equitably, to manage the City's responsibilities to discharge its statutory functions and represent the interests of all persons in the District.

Signed _____ Dated _____

Council Policy 4.28 Managing Unreasonable Customer Conduct, reporting requirements list that annually, at the first Audit Committee meeting held after the close of the relevant financial year, the Chief Executive Officer (CEO) will report to the committee.

In the 2020/2021 financial year, the City of Greater Geraldton reports the following:

<i>The number of customers to whom this policy has been applied:</i>	<i>0</i>
<i>The nature of the unreasonable conduct:</i>	<i>n/a</i>
<i>The action taken or limits imposed:</i>	<i>n/a</i>
<i>The number of reviews undertaken and their outcomes:</i>	<i>n/a</i>

Although the City still experiences unreasonable conduct by customers with a noted escalating trend, the City so far, has not had to implement this policy due to security or police attendance (where serious enough) and the enforcement of orders placed on individuals by the courts prohibiting their attendance at the Council office.

COMMUNITY, ECONOMY, ENVIRONMENT AND LEADERSHIP ISSUES:

Community:

This policy is aimed at unreasonable conduct that falls well outside of community norms and is expected to affect only a very few persons, who will receive prior warning of the consequences of their conduct or behaviour.

Economy:

This policy addresses growing issues that left unattended may result in unnecessary costs to the productivity and operational efficiency of the City, as well as costs associated with stress-related impacts on employee's health and productivity as well as the requirement to provide a safe workplace.

Environment:

There are no adverse environmental impacts.

Leadership:

The Local Government Act requires that Councils establish good governance principles through the introduction of policies and guidelines.

Disclosure of Interest:

No Officer involved in the preparation of this report has a declarable interest in this matter.

RELEVANT PRECEDENTS:

Council review or amend Council Policies as and when required.

COMMUNITY/COUNCILLOR CONSULTATION:

On development of the Council Policy 4.28 Managing Unreasonable Customer Conduct, Councillors were consulted via briefing note in 23 July 2019.

Signed _____ Dated _____

LEGISLATIVE/POLICY IMPLICATIONS:

Pursuant to section 2.7 of the Local Government Act 1995 the role of Council includes determination of Council Policies:

2.7. Role of council

- (1) *The council —*
- (a) *governs the local government's affairs; and*
 - (b) *is responsible for the performance of the local government's functions.*
- (2) *Without limiting subsection (1), the council is to —*
- (a) *oversee the allocation of the local government's finances and resources; and*
 - (b) *determine the local government's policies.*

FINANCIAL AND RESOURCE IMPLICATIONS:

There are no financial or resource implications.

INTEGRATED PLANNING LINKS:

Strategic Direction: Community	Aspiration: Our Culture and heritage is recognised and celebrated. We are creative and resilient. We can all reach our full potential.
Outcome 1.2	We are a community accountable for our actions
Outcome 1.4	Community safety, health and well-being is paramount
Strategic Direction: Economy	Aspiration: A healthy thriving and resilient economy that provides opportunities for all whilst protecting the environment and enhancing our social and cultural fabric.
Outcome 2.4	A desirable place to live, work, play, study, invest and visit
Strategic Direction: Leadership	Aspiration: A strong local democracy with an engaged community, effective partnerships, visionary leadership and well informed decision-making.
Outcome 4.1	Meaningful customer experiences created for the people we serve
Outcome 4.3	Accountable leadership supported by a skilled and professional workforce
Outcome 4.5	A culture of safety, innovation and embracing change
Outcome 4.6	A community that is genuinely engaged and informed in a timely and appropriate manner
Outcome 4.7	Council understands its roles and responsibilities and leads by example

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT:

Ensuring that the Council Policy Register is current and comprehensive supports the role of Council in the good government of the City of Greater Geraldton. Council Policy 4.28 and its associated processes is wholly associated with mitigating the risk to City employees and the users or attendees at City facilities.

Signed _____ Dated _____

ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:

No alternative options were considered by City Officers.

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 1995 RESOLVES to:

- 1. NOTE the information provided below in relation to Council Policy 4.28 Managing Unreasonable Customer Conduct.**
- 2. REQUIRE the CEO to report back annually to the Audit Committee at the first meeting held after the close of the relevant financial year.**

CARRIED 4/0

Signed _____ Dated _____

AC110	AUDIT REGULATION 17 REVIEW 2021
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AGENDA REFERENCE:	D-21-100082
AUTHOR:	N Jane, A/Chief Financial Officer
EXECUTIVE:	P Radalj, Director Corporate and Commercial Services
DATE OF REPORT:	10 September 2021
FILE REFERENCE:	GO/11/0020
ATTACHMENTS:	Yes (x1) Confidential Audit Regulation 17 Review

EXECUTIVE SUMMARY:

The purpose of this report is to present to the Audit Committee the Audit Regulation 17 Review 2021.

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 Audit Regulation 17 Review 2021
2. ENDORSE actions taken or proposed to be taken by staff to resolve items identified in the report; and
3. REQUIRE progress updates on implementation of the proposed management actions at the next Audit Committee Meeting.

PROPONENT:

The proponent is the City of Greater Geraldton.

BACKGROUND:

In accordance with Regulation 17 of the Local Government (Audit) Regulations 1996, local government CEO's are to undertake reviews of the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance not less than once in every three financial years and report to the local government the results of those reviews.

AMD Chartered Accountants were engaged to undertake the review in June 2021. Their report is attached.

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

There are no adverse community impacts. Undertaking this review ensures that we are accountable for our actions to the community.

Economy:

There are no adverse economic impacts.

Environment:

There are no adverse environmental impacts.

Signed _____ Dated _____

Leadership:

The Audit Committee plays a key role in assisting a local government to fulfil its governance and oversight responsibilities in relation to financial reporting.

Disclosure of Interest:

No Officer involved in the preparation of this report has a declarable interest in this matter.

RELEVANT PRECEDENTS:

The Audit Committee regularly reviews reports relating to the auditing processes of the City. The previous Audit Regulation 17 Review was presented to the Audit Committee on 15 March 2018 – AC066.

COMMUNITY/COUNCILLOR CONSULTATION:

There has been no consultation.

LEGISLATIVE/POLICY IMPLICATIONS:

Local Government (Audit) regulations 1996, section 16:

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;
- (c) to review a report given to it by the CEO under regulation 17(3) (the **CEO's report**) and is to —
 - (i) report to the council the results of that review; and
 - (ii) give a copy of the CEO's report to the council;
- (d) to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under —
 - (i) regulation 17(1); and
 - (ii) the *Local Government (Financial Management) Regulations 1996* regulation 5(2)(c);
- (e) to support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government;
- (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); and

Signed _____ Dated _____

- (iii) has accepted should be taken following receipt of a report of a review conducted under regulation 17(1); and
- (iv) has accepted should be taken following receipt of a report of a review conducted under the *Local Government (Financial Management) Regulations 1996* regulation 5(2)(c);
- (g) to perform any other function conferred on the audit committee by these regulations or another written law.

Local Government (Audit) regulations 1996, section 17:

- (1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —
 - (a) risk management; and
 - (b) internal control; and
 - (c) legislative compliance.
- (2) The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.
- (3) The CEO is to report to the audit committee the results of that review.

FINANCIAL AND RESOURCE IMPLICATIONS:

Provision was made in the budget to undertake this required review.

INTEGRATED PLANNING LINKS:

Strategic Direction: Leadership	Aspiration: A strong local democracy with an engaged community, effective partnerships, visionary leadership and well informed decision-making.
Outcome 4.2	Decision making is ethical, informed and inclusive
Outcome 4.3	Accountable leadership supported by a skilled and professional workforce
Outcome 4.4	Healthy financial sustainability that provides capacity to respond to changes in economic conditions and community priorities
Outcome 4.7	Council understands its roles and responsibilities and leads by example

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT:

Undertaking this review is a statutory compliance requirement for local governments and requires a report to the Audit Committee and Council at least once every three financial years. This review assesses the adequacy and effectiveness of systems and procedures. It identifies and evaluates the level of risk exposure and recommends actions for improvement.

Signed _____ Dated _____

ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:

No alternatives have been 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 1995 RESOLVES to:

- 1. RECEIVE the Audit Regulation 17 Review 2021**
- 2. ENDORSE actions taken or proposed to be taken by staff to resolve items identified in the report; and**
- 3. REQUIRE progress updates on implementation of the proposed management actions at the next Audit Committee Meeting.**

CARRIED 4/0

Signed _____ Dated _____

5 COMPLIANCE REVIEW – STANDING ITEM**AC111 AUDIT COMMITTEE ANNUAL REPORT TO COUNCIL**

AGENDA REFERENCE:	D-21-090425
AUTHOR:	M Adam, Coordinator Governance
EXECUTIVE:	P Radalj, Director Corporate and Commercial Services
DATE OF REPORT:	8 September 2021
FILE REFERENCE:	GO/11/0020
ATTACHMENTS:	No

EXECUTIVE SUMMARY:

The purpose of this report is to seek Audit Committee endorsement of the summary of activities, for the period 1 July 2020 to 30 June 2021 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 the Audit Committee activities for the period 1 July 2020 to 30 June 2021
2. SUBMIT the summary of Audit Committee activities for the period 1 July 2020 to 30 June 2021 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 2020 to 30 June 2021 for the purposes of providing the above mentioned report to Council:

Audit Committee Meeting – 27 January 2021

Report Number	Title	Decision
N/A	Exit Meeting with Audit Committee and Auditors	Completed 27 January 2021

Signed _____ Dated _____

AC093	2019-20 Annual Financial Report	<ol style="list-style-type: none"> 1. RECEIVE the Annual Financial Report for the financial year ended 30 June 2020; 2. RECEIVE the Audit Report for the financial year ended 30 June 2020; 3. NOTE that for the Annual Financial Report for the year ended 30 June 2020 the Auditor has provided an unqualified audit opinion; 4. RECOMMEND to Council the adoption of the audited Financial Report for the year ended 30 June 2020; 5. NOTE the findings identified during the Interim Audit and REQUEST they be listed for review until completed. <ol style="list-style-type: none"> a. Payroll Masterfile accuracy and validity b. Income Statement per Trading Undertaking c. General Journals – supporting documentation d. Daily Banking Reconciliations – Art Gallery 6. NOTE the findings identified during the Final Audit and REQUEST they be listed for review until completed. <ol style="list-style-type: none"> a. High annual leave accrual at year end
AC094	Fraud and Corruption Plan Audit	<ol style="list-style-type: none"> 1. RECEIVE The Fraud & Corruption Control Plan Audit
AC095	Strategic Internal Audit Plan	<ol style="list-style-type: none"> 1. ENDORSE the development and delivery of the Strategic Internal Audit Plan 2021-2025. 2. ENDORSE the scope for the plan to include: <ol style="list-style-type: none"> a. Financial Management Systems Review (as required by Financial Management Regulation 5). b. Review of systems and procedures (as required by Audit Regulation 17). c. Follow up on previous internal, external and performance audit recommendations. d. Fraud & Corruption Control Plan Audit. e. Procurement and Contract management. f. Lease and agreement management. g. Disposal of assets. h. Information Technology – Cyber Risks and controls. i. Management of Compliance Obligations. j. Asset Management
AC096	Application of the Council Policy 4.28 Managing Unreasonable Customer Conduct	<ol style="list-style-type: none"> 1. NOTE the information provided below in relation to Council Policy 4.28 Managing Unreasonable Customer Conduct. 2. REQUIRE the CEO to report back annually to the Audit Committee at the first meeting held after the close of the relevant financial year.
AC097	Procurement Update	<ol style="list-style-type: none"> 1. RECEIVE the update regarding the status of the City of Greater Geraldton's procurement activities.

Signed _____ Dated _____

AC098	Business Continuity Management	1. RECEIVE the update on the City of Greater Geraldton's Business Continuity Management Plan
AC099	Audit Committee Annual Report to Council	1. ENDORSE the summary of Audit Committee activities for the period 1 July 2019 to 30 June 2020. 2. SUBMIT the summary of Audit Committee activities for the period 1 July 2019 to 30 June 2020 to Council as the Audit Committee annual report of activities.
AC100	Management Actions on Internal Audit	1. RECEIVE the Progress Report on the current status of management actions related to Internal Audits.
AC101	Compliance Audit Return	1. REVIEW the results of the Compliance Audit Return 2020. 2. REPORT to Council the results of the Audit Committee review of the Compliance Audit Return 2020, at the Ordinary Meeting of Council on 23 February 2021

Audit Committee Meeting – 31 May 2021

Report Number	Title	Decision
AC102	Entrance Meeting – OAG & RSM	1. RECEIVE the Audit Planning Memorandum for the year ending 30 June 2021. <u>NOTE</u> Clause 6.2 of the Audit Planning Memorandum provides that the Mayor and CEO are to sign the Management Representation Letter. Mayor Van Styn requested that this clause be amended to provide that the Management Representation Letter is signed off by the CEO and the Director of Corporate and Commercial Services, instead of being signed off by the Mayor and CEO. The reason for the amendment is that the Mayor has no operational oversight of the finance function.

COMMUNITY, ECONOMY, ENVIRONMENT AND LEADERSHIP ISSUES:

Community:

The annual report to the council on Audit Committee activities provides transparency to the Community in the undertakings of the committee.

Economy:

There are no adverse economic impacts.

Environment:

There are no adverse environmental impacts.

Leadership:

The submission of the annual Audit Committee report to the Council, under the provisions of the Audit Committee Charter clause 5.2, provides accountable

Signed _____ Dated _____

governance, and transparency of decision making to the Council and the Community.

Disclosure of Interest:

No Officer involved in the preparation of this report has a declarable interest in this matter.

RELEVANT PRECEDENTS:

The provisions of the Audit Committee Charter require 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 27 January 2021, Item Number AC099, and the Council on 23 February 2021, CCS565.

COMMUNITY/COUNCILLOR CONSULTATION:

There has been no community/councillor consultation.

LEGISLATIVE/POLICY IMPLICATIONS:

Local Government Act 1995 section 7.1A

Local Government (Audit) Regulations regulation 16

FINANCIAL AND RESOURCE IMPLICATIONS:

There are no financial or resource implications.

INTEGRATED PLANNING LINKS:

Strategic Direction: Leadership	Aspiration: A strong local democracy with an engaged community, effective partnerships, visionary leadership and well informed decision-making.
Outcome 4.2	Decision making is ethical, informed and inclusive
Outcome 4.7	Council understands its roles and responsibilities and leads by example

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT:

The provision of an annual summary of Audit Committee activities, to Council 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.

Signed _____ Dated _____

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 1995 RESOLVES to:

- 1. ENDORSE the summary of the Audit Committee activities for the period 1 July 2020 to 30 June 2021.**
- 2. SUBMIT the summary of Audit Committee activities for the period 1 July 2020 to 30 June 2021 to Council as the Audit Committee annual report of activities.**

Carried 4/0

Signed _____ Dated _____

6 GENERAL BUSINESS

A revaluation of infrastructure assets is required this financial year as part of the required five year cycle. A working group has been formed to achieve the required objective. Sealed road condition assessments have been undertaken by Talis and will be received shortly. A request for quote is being prepared to determine a supplier to undertake the revaluation. Once the revaluation is completed, data will be entered into Assetic and incorporated into the financial system and reporting.

7 MEETING CLOSURE

There being no further business the meeting was declared closed at 4.12 pm.

Signed _____ Dated _____
