



AUDIT COMMITTEE MEETING
MINUTES

19 APRIL 2022

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CITY OF GREATER GERALDTON
AUDIT COMMITTEE MEETING
TO BE HELD ON TUESDAY 19 APRIL 2022 AT 3PM IN THE GREENOUGH
ROOM – CIVIC CENTRE

MINUTES

1 DECLARATION OF OPENING

The meeting was declared open at 3.01 pm by Chairman Mayor Van Styn.

2 ATTENDANCE

Present:

Mayor Van Styn
Deputy Mayor Clune
Cr N Colliver

Officers:

R McKim, Chief Executive Officer
P Radalj, Director Corporate and Commercial Services (by video link)
R Doughty, Chief Financial Officer
T Machukera, Financial Accountant
B Pearce, Manager Corporate Compliance and Safety
M Adam - Minute Secretary

By Invitation:

Auditors	OAG – M Ambrose	(by video link)
	RSM – AK Neo	(by video link)
	RSM – Amit Kabra	(by video link)

Apologies:

Cr Reymond

Leave of Absence:

N/A

3 CONFIRMATION OF PREVIOUS MINUTES

Recommendation: That the minutes of the City of Greater Geraldton Audit Committee meeting held 22 February 2022 on as attached be accepted as a true and correct record of proceedings.

COMMITTEE DECISION

MOVED Cr Colliver, SECONDED Mayor Van Styn

Signed _____ Dated _____

That the minutes of the City of Greater Geraldton Audit Committee meeting held on 22 February 2022 as attached be accepted as a true and correct record of proceedings.

CARRIED 3/0

Signed _____ Dated _____

4 ITEMS FOR AUDIT COMMITTEE REVIEW

AC119	AUDIT ENTRANCE MEETING WITH OAG AND RSM
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AGENDA REFERENCE:	D-22-040699
AUTHOR:	R Doughty, Chief Financial Officer
EXECUTIVE:	P Radalj, Director Corporate and Commercial Services
DATE OF REPORT:	6 April 2022
FILE REFERENCE:	GO/11/0020-002
ATTACHMENTS:	Yes (x1) Audit Planning Memorandum

EXECUTIVE SUMMARY:

The purpose of this report is to provide the Committee with the Audit Planning Memorandum for the year ending 30 June 2022.

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 Planning Memorandum for the year ending 30 June 2022.

PROPONENT:

The proponent is the City of Greater Geraldton.

BACKGROUND:

The *Local Government Amendment (Auditing) Act 2017* makes legislative changes giving the Auditor General the mandate to audit Western Australian local governments. The Act allows the Auditor General to contract out some or all of the financial audits, but all audits remain the responsibility of the Auditor General.

Each year the Office of the Auditor General (OAG) undertake an audit of the City's financial report. The OAG appointed RSM as the contract auditor who will undertake the audits for the period 2020-21 to 2022-23.

The interim audit for the 2021-22 year is scheduled for May 2022, and prior to this an Entrance meeting is required to discuss the Audit Planning Memorandum (draft attached). This document provides detail of the proposed approach by RSM Australia in undertaking the financial audit.

COMMUNITY, ENVIRONMENT, ECONOMY AND GOVERNANCE ISSUES:

Community:

There are no adverse community impacts.

Signed _____ Dated _____

Environment:

There are no adverse environment impacts.

Economy:

There are no adverse economic impacts.

Governance:

Holding an Entrance Meeting provides the opportunity for the Audit Committee to undertake its functions including to support the auditor to conduct an audit.

RELEVANT PRECEDENTS:

Each year an audit entrance and exit meeting is held with OAG, the audit committee and the contract auditor.

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

Signed _____ Dated _____

- (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.

FINANCIAL AND RESOURCE IMPLICATIONS:

Provision in the budget is made to undertake the audit.

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 entrance meeting assists both the Committee and the OAG to undertake the annual financial audit.

ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS

No alternative options were considered.

COMMITTEE DECISION

MOVED Cr Colliver, **SECONDED** Cr Clune

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

1. **RECEIVE** the Audit Planning Memorandum for the year ending 30 June 2022.

CARRIED 3/0

Signed _____ Dated _____

AC120	RISK MANAGEMENT PROFILE
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AGENDA REFERENCE:	D-22-034557
AUTHOR:	B Pearce, Manager Corporate Compliance and Safety
EXECUTIVE:	P Radalj, Director Corporate and Commercial Services
DATE OF REPORT:	24 March 2022
FILE REFERENCE:	GO/11/0020-002
ATTACHMENTS:	Yes (x1) 2022 Risk Management Maturity Assessment

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 an update on the status of either strategic or high risks. Moderate or low risks of an operational nature are not included in this report.

Strategic risk:

The Executive Management Team during 2021 undertook multiple strategic risk review sessions. These sessions assessed foreseeable risks that have an external source which the City has limited ability to mitigate, and instead is required to develop response plans should the risks eventuate. The following strategic risks were assessed with mitigation plans established.

1. Major emergency event (natural or human caused, includes COVID 19)
2. Work Health & Safety injury or harm
3. Impact on operations due to shortage of resources (e.g. fuel, gas, electricity, contractors, water etc.)
4. Reduction or loss of external funding
5. Forced organisational change

Signed _____ Dated _____

6. Climate change impacts
7. Organisational culture
8. Regional population & economic decline
9. Technology advances more rapidly than council is able to adapt

High or Extreme Risks:

The City across its operations currently has identified 20 risks with a rating of high. These risks are as follows.

1. MP. Aquarena 50m Pool Upgrade - Tenders exceed budget
2. Walkaway Nangetty Bridge 3014 at risk of failure
3. Major aerodrome emergency Incident
4. Infrastructure failure event
5. Theft/holdup of City employees transporting/handling cash
6. Major security incident/event at City facilities or sites
7. Emergency evacuation of City facility
8. Cyber or information security incident
9. Major disruption/cancellation of City event
10. Potential health/disease impacts to Mullewa residents due to waste water/effluent treatment systems
11. Harm to minor under City guardianship for youth outreach program
12. Injury or illness to community member(s) (relating to City sites of services)
13. Major medical emergency at City facility or site
14. Major emergency event (natural or human caused, includes COVID 19)
15. Work Health & Safety injury or harm
16. Major Project. LRCIP 3 Culverts - Injury to a community member(s) or worker(s)
17. Major Project. Aquarena 50m Pool Upgrade - Injury to a community member(s) or worker(s)
18. Major Project. Railway Street - Safe Active Streets – Construction - Resources
19. Major Project. Renewals - Roads 21/22 - Injury to a community member(s) or worker(s)
20. Major Project. Renewals - Footpaths - Injury to a community member(s) or worker(s)

All risks identified above were included in the risk review workshops detailed below.

Risk review workshops:

During the fourth quarter of 2021, all City branches undertook a review of their branches risk accountabilities. These sessions verified the current risk mitigation plans and ensured risk accountabilities were up to date.

Since these review sessions, the average overdue risk action status has reduced by approximately 75%, with the majority of overdue actions now being completed within a 30-day period. All such overdue risk actions are reported to

Signed _____ Dated _____

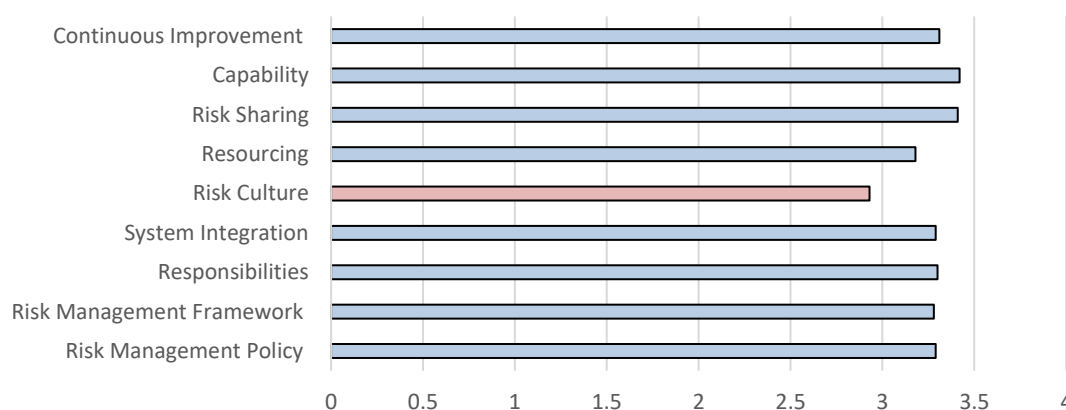
the Executive Management Team monthly and are monitored by managers and directors as part of the employee performance conversation process.

Risk Maturity Assessment:

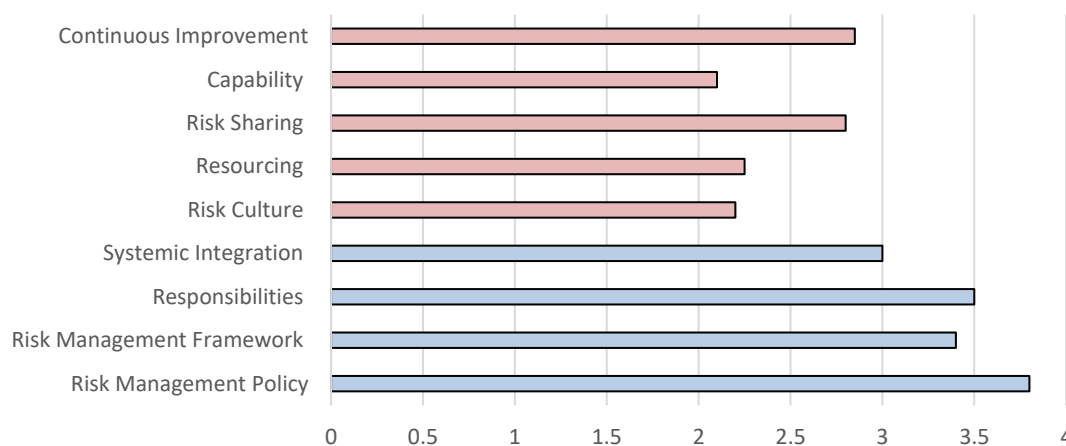
Utilising the Risk Improvement Strategy assessment template, the City has assessed the current maturity of its risk systems across its operations. The assessment reviewed the status of 9 key risk management system elements and their implementation across City operations using a scale of 1 – 5.

The assessment confirmed the City has successfully improved its risk maturity across the board with 8 out of 9 elements now rating a score of over 3 (3/implemented). This is in contrast to the assessment done in 2019 which had 4 of the 9 elements scoring above 3. See below tables which detail the improvements.

2022 Risk Maturity Assessment.



2019 Risk Maturity Assessment.



It is acknowledged that while the City’s risk maturity has improved, it has not progressed as far as was expected following the 2019 review. COVID 19 has influenced the City’s ability to be able to implement detailed risk programs (with the exception of pandemic and business continuity planning).

Signed _____ Dated _____

The noted reduction in the Risk Management Policy, Responsibilities and Risk Culture element relates to process issues associated with bi annual document review dates and overdue risks. These will be prioritised in 2022 as part of the Risk Management Framework review.

It is anticipated with the implementation of the Enterprise Resource Planning System and the improved Work Health & Safety Risk Management Systems that the City's risk maturity will increase from a risk maturity score of 3/implemented to either 4/embedded or 5/mature.

Further details associated with the maturity assessment are included in the attached 2022 Risk Management Maturity Assessment.

COMMUNITY, ECONOMY, ENVIRONMENT AND LEADERSHIP ISSUES:

Community:

There are no adverse community impacts relating to the risk profile update.

Economy:

There are no adverse economic impacts relating to the risk profile update.

Environment:

There are no adverse environment impacts relating to the risk profile update.

Leadership:

There are no adverse leadership impacts to the risk profile update.

Disclosure of Interest:

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

RELEVANT PRECEDENTS:

- AC039 – Status of City Risk Management Activities
- AC044 – Status of Risk Management & Compliance Activities
- AC084 – Risk Management Profile

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 CP4.24 Risk Appetite and Tolerance

Signed _____ Dated _____

FINANCIAL AND RESOURCE IMPLICATIONS:

There are no financial or resource implications relating to the risk profile update.

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 4.5	A culture of safety, innovation and embracing change

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 Clune, SECONDED Cr Colliver

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**

CARRIED 3/0

Signed _____ Dated _____

5 FRAUD CONTROL – STANDING ITEM – Deferred to next meeting

6 GENERAL BUSINESS Nil

Signed _____ Dated _____

7 MEETING CLOSURE

There being no further business the meeting was declared closed at 3.39 pm.

Signed _____ Dated _____
