



AUDIT AND ORGANISATIONAL RISK COMMITTEE MEETING

MINUTES

**The Audit and Organisational Risk Committee Meeting
was held in the Council Chambers,
Welcome Road, Karratha,
on Tuesday, 25 August 2015**

A handwritten signature in black ink, appearing to read "Chris Adams", is positioned above a horizontal line.

**CHRIS ADAMS
CHIEF EXECUTIVE OFFICER**



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WRITTEN CONFIRMATION

of the outcome of the application, and any conditions attaching to the decision made by the City of Karratha in respect of the application.

Signed: 
Chris Adams - Chief Executive Officer

DECLARATION OF INTERESTS (NOTES FOR YOUR GUIDANCE) (updated 13 March 2000)

A member who has a **Financial Interest** in any matter to be discussed at a Council or Committee Meeting, which will be attended by the member, must disclose the nature of the interest:

- (a) In a written notice given to the Chief Executive Officer before the Meeting or;
- (b) At the Meeting, immediately before the matter is discussed.

A member, who makes a disclosure in respect to an interest, must not:

- (c) Preside at the part of the Meeting, relating to the matter or;
- (d) Participate in, or be present during any discussion or decision-making procedure relative to the matter, unless to the extent that the disclosing member is allowed to do so under Section 5.68 or Section 5.69 of the Local Government Act 1995.

NOTES ON FINANCIAL INTEREST (FOR YOUR GUIDANCE)

The following notes are a basic guide for Councillors when they are considering whether they have a **Financial Interest** in a matter. I intend to include these notes in each agenda for the time being so that Councillors may refresh their memory.

1. A Financial Interest requiring disclosure occurs when a Council decision might advantageously or detrimentally affect the Councillor or a person closely associated with the Councillor and is capable of being measure in money terms. There are exceptions in the *Local Government Act 1995* but they should not be relied on without advice, unless the situation is very clear.
2. If a Councillor is a member of an Association (which is a Body Corporate) with not less than 10 members i.e. sporting, social, religious etc), and the Councillor is not a holder of office of profit or a guarantor, and has not leased land to or from the club, i.e., if the Councillor is an ordinary member of the Association, the Councillor has a common and not a financial interest in any matter to that Association.
3. If an interest is shared in common with a significant number of electors or ratepayers, then the obligation to disclose that interest does not arise. Each case needs to be considered.
4. If in doubt declare.
5. As stated in (b) above, if written notice disclosing the interest has not been given to the Chief Executive Officer before the meeting, then it **MUST** be given when the matter arises in the Agenda, and immediately before the matter is discussed.
6. Ordinarily the disclosing Councillor must leave the meeting room before discussion commences. The **only** exceptions are:
 - 6.1 Where the Councillor discloses the **extent** of the interest, and Council carries a motion under s.5.68(1)(b)(ii) or the Local Government Act; or
 - 6.2 Where the Minister allows the Councillor to participate under s5.69 (3) of the Local Government Act, with or without conditions.

INTERESTS AFFECTING IMPARTIALITY

DEFINITION: *An interest that would give rise to a reasonable belief that the impartiality of the person having the interest would be adversely affected, but does not include an interest as referred to in Section 5.60 of the 'Act'.*

A member who has an **Interest Affecting Impartiality** in any matter to be discussed at a Council or Committee Meeting, which will be attended by the member, must disclose the nature of the interest;

- (a) in a written notice given to the Chief Executive Officer before the Meeting; or
- (b) at the Meeting, immediately before the matter is discussed.

IMPACT OF AN IMPARTIALITY CLOSURE

There are very different outcomes resulting from disclosing an interest affecting impartiality compared to that of a financial interest. With the declaration of a financial interest, an elected member leaves the room and does not vote.

With the declaration of this new type of interest, the elected member stays in the room, participates in the debate and votes. In effect then, following disclosure of an interest affecting impartiality, the member's involvement in the Meeting continues as if no interest existed.

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MINUTES

1 OFFICIAL OPENING

The Meeting was officially opened at 10.03 am.

2 RECORD OF ATTENDANCES AND APOLOGIES

| | | |
|--------------------|-----------------------|--|
| Committee Members: | Cr Evette Smeathers | (Chairperson) |
| | Cr John Lally | |
| | Cr Peter Long | |
| | Cr Fiona White-Hartig | (arrived at 10.07 am) |
| Staff: | Chris Adams | Chief Executive Officer |
| | Phillip Trestrail | Director Corporate Services |
| | Henry Eaton | Manager Governance & Organisational Strategy |
| | Linda Franssen | Minute Secretary |
| | Sally Reynolds | Assistant Minute Secretary |
| External: | Nil | |
| Apologies: | Nil | |
| Absent: | Cr Harry Hipworth | |

3 DECLARATIONS OF INTEREST

Nil.

4 CONFIRMATION OF MINUTES AND BUSINESS ARISING FROM MINUTES OF PREVIOUS MEETINGS

OFFICER'S RECOMMENDATION / COMMITTEE RESOLUTION

Res No : AOR26
MOVED : Cr Long
SECONDED : Cr Lally

That the Minutes of the Audit and Organisational Risk Committee Meeting held on Tuesday, 2 June 2015, be confirmed as a true and correct record of proceedings.

CARRIED

FOR : Cr Smeathers, Cr Lally, Cr Long, Cr White-Hartig
AGAINST : Nil

5 ITEMS FOR DISCUSSION

Cr White-Hartig arrived at 10.07 am.

5.1 RISK MANAGEMENT REVIEW

| | |
|---------------------------------------|---|
| File No: | RM.1 |
| Responsible Executive Officer: | Director Corporate Services |
| Reporting Author: | Manager Governance and Organisational Strategy |
| Date of Report: | 19 August 2015 |
| Applicant/Proponent: | Nil |
| Disclosure of Interest: | Nil |
| Attachment(s): | Risk Management Report |

PURPOSE

To consider the internal review of risk management systems and procedures in compliance with legislative requirements.

BACKGROUND

In February 2013 the State Government introduced changes to the *Local Government (Audit) Regulations 1996* whereby at least once every two years the CEO is to review the local government's risk management systems and procedures. To satisfy this requirement, the City commenced a partnership project with Local Government Insurance Services (LGIS) in early 2013. Reports on the project were provided to the Audit and Organisational Risk Committee and Council in 2013 and 2014.

The current review of the City's risk management systems commenced in April 2015 with a series of workshops across all work areas to examine current operational risks and ensure that adequate controls and measures are in place when delivering services to the community. Assessments were undertaken of each directorate across the 18 broad themes whereby key controls, risk ratings and key indicators have been analysed with a general rating provided for the City as a whole. Treatments have also been updated to monitor or manage areas that are prone to fluctuating risks if not managed closely, or emerging work areas that warrant closer scrutiny.

Whilst the initial review undertaken in June 2013 highlighted a number of areas that had risks that were inadequately managed, this number has reduced quite dramatically with improved documentation and training introduced by work areas over the past two years with critical examination of systems and approaches to servicing customers.

The review has highlighted the following control areas that require further focus:

1. business continuity arrangements and management (the PRC will be conducting a training and exercise session with key participants to test out the draft business continuity plan prepared in 2014);
2. fire management systems at the depot (this will be addressed by the planned depot upgrade);

3. improved frequency of stock reconciliations and control practices at the Leisureplex;
4. preventative maintenance scheduling at community facilities;
5. succession planning practices across work areas; and
6. improving systems of capturing corporate knowledge in the workplace.

A report of the findings across each theme is attached and a summary of the review follows:

| Theme | Risk | Control | Key Indicator Results |
|--|----------|----------|-----------------------|
| Misconduct | Low | Adequate | Adequate |
| Business disruption | Low | Adequate | Adequate |
| Damage to Physical Assets | Low | Adequate | Adequate |
| Errors, Omissions, Delays and Providing Inaccurate Advice or Information | Low | Adequate | Adequate |
| External Theft and Fraud (including Cyber Crime) | Low | Adequate | Adequate |
| Failure of IT and/or Communications Systems and Infrastructure | Low | Adequate | Adequate |
| Failure to Fulfil Statutory, Regulatory or Compliance Requirements | Moderate | Adequate | Adequate |
| Inadequate Safety and Security (Staff, Visitors and Community) | Low | Adequate | Adequate |
| Ineffective Management of Facilities / Venues | Low | Adequate | Adequate |
| Inadequate Emergency Management | Moderate | Adequate | Adequate |
| Inadequate Document Management Processes | Moderate | Adequate | Adequate |
| Inadequate Change Management (Internal) | Moderate | Adequate | Adequate |
| Inadequate Relationships with the Community | Moderate | Adequate | Adequate |
| Inadequate Procurement, Disposal or Tender Practices | Moderate | Adequate | Adequate |
| Inadequate Asset Management | Low | Adequate | Adequate |
| Inadequate Stock Management | Low | Adequate | Adequate |
| Inadequate Project Management | Moderate | Adequate | Adequate |
| Ineffective People Management | Moderate | Adequate | Adequate |

LEVEL OF SIGNIFICANCE

In accordance with Council Policy CG-8 Significant Decision Making Policy, this matter is considered to be of moderate significance in terms of Council's ability to perform its role.

COUNCILLOR/OFFICER CONSULTATION

Consultation has taken place with officers across the City in the conduct of the review initially through a series of workshops held on 24 April, 28 April and 1 May 2015. Follow up meetings were held to clarify feedback and perspectives offered.

COMMUNITY CONSULTATION

No community consultation is required.

STATUTORY IMPLICATIONS

Regulation 17 of the *Local Government (Audit) Regulations 1996* applies.

POLICY IMPLICATIONS

The review was conducted in accordance with principles indicated within the CG-01 Risk Management Policy.

FINANCIAL IMPLICATIONS

The original Risk Management project was funded through the LGIS Member's Experience Account.

STRATEGIC IMPLICATIONS

This item is relevant to the Council's approved Strategic Community Plan 2012-2022 and Corporate Business Plan 2012-2016. In particular the Operational Plan 2015-2016 provided for this activity:

| | | |
|---------------|-----------|---|
| Our Program: | 4.c.2.1 | Maintain corporate information to enhance accountability and compliance |
| Our Services: | 4.c.2.1.1 | Review and maintain corporate registers |

RISK MANAGEMENT CONSIDERATIONS

The level of risk is considered to be Low to the City in terms of Compliance. Risks need to be reviewed to ensure that they fall within acceptable parameters that can be managed accordingly.

IMPACT ON CAPACITY

There is no impact on capacity or resourcing to carry out the Officer's recommendation.

RELEVANT PRECEDENTS

There are no relevant precedents related to this matter.

VOTING REQUIREMENTS

Simple Majority.

OPTIONS:Option 1

As per Officer's recommendation.

Option 2

That the Audit and Organisational Risk Committee by SIMPLE Majority pursuant to Regulation 17 of the *Local Government (Audit) Regulations 1996* RESOLVES to DEFER consideration of this matter to the next Audit and Organisational Risk Committee Meeting.

CONCLUSION

Existing risk management systems and practices have been reviewed in consultation with all work areas across the organisation. The review confirms that there are adequate controls in place across all risk themes.

OFFICER'S RECOMMENDATION

That the Audit and Organisational Risk Committee by SIMPLE Majority pursuant to Regulation 17 of the *Local Government (Audit) Regulations 1996* RESOLVES to ENDORSE the outcomes of the review of the Operational Risks of the City of Karratha.

COMMITTEE AMENDMENT / RESOLUTION**Res No : AOR27****MOVED : Cr Long****SECONDED : Cr Lally**

That the Audit and Organisational Risk Committee by SIMPLE Majority pursuant to Regulation 17 of the *Local Government (Audit) Regulations 1996* RESOLVES to:

- 1. ENDORSE the outcomes of the review of the Operational Risks of the City of Karratha; and**
- 2. REQUEST additional detail regarding high level risks and internal controls be reported to the next Audit and Organisational Risk Committee Meeting.**

CARRIED

FOR : Cr Smeathers, Cr Lally, Cr Long, Cr White-Hartig
AGAINST : Nil

REASON : The Committee modified the Officer's Recommendation to request additional detail regarding high level risks and internal controls be reported to the next AORC meeting to enable Members to better understand, monitor and review the City's internal control and risk management systems.

City of Karratha Report - June 2015

Executive Summary

Being the initial Annual Risk Report, this Report is focussing on driving the framework for ensuring that future Risk Reports will continue to provide relevant insight and recommendations to assist the City Executive in managing risks. This Risk Report is provided in full (a Dashboard on the first tab and individual Risk Profiles on the remaining tabs) to allow the City Executive an opportunity to review and confirm the current risk landscape of the City. It is envisaged that future Risk Reports will only be in a dashboard format, highlighting current trends in Key Indicators and progress of any Issues / Actions / Treatments.

As risk reporting mechanisms are still being confirmed, this Risk Report does not contain current performance on Key Indicators or Actions underway. It is envisaged that this aspect will be provided in the next Annual Report.

Recommendations

Risk Framework

1. Ensure that the Risk Management Procedures Manual is approved by Council.

Risk Profiles

1. Review and approve all Risk Profiles (from a Risk & Control perspective).
2. Confirm Key Indicator usage and set targets for ongoing reporting purposes.
3. Confirm Current Issues / Actions / Treatments (Responsibility & Due Date).

| Misconduct | | Risk | Controls |
|--|--------|-------------|----------|
| | | Low | Adequate |
| Key Indicators | Target | Date | Result |
| Compliant Purchase Orders (Checks) | 90% | Ongoing | Adequate |
| IT Auditing | 100% | Ongoing | Adequate |
| # Incidents (Misconduct) | 0 | As occur | Adequate |
| # incidents of inappropriate access to HR Synergy | 0 | Fortnightly | Adequate |
| Recording/Reporting of the exercise of Delegated Authority | 100% | Ongoing | Adequate |
| Comments: Corporate Compliance provides training in procurement and general compliance to ensure staff are aware of their duties and responsibilities and how to conduct themselves appropriately as council officers within the legal and policy framework. | | | |

| Damage to Physical Assets | | Risk | Controls |
|--|--------|----------|----------|
| | | Low | Adequate |
| Key Indicators | Target | Date | Result |
| # Graffiti removal kits provided | 0 | Ongoing | Adequate |
| Response to removal of Offensive Graffiti within 48 hours | 100% | Ongoing | Adequate |
| # Insurance Claims | 0 | As Occur | Adequate |
| Routine Inspections | 100% | Ongoing | Adequate |
| Comments: Even though the City of Karratha is located in a cyclone prone area, the risk of Damage to Physical Assets is rated as low. Although the consequences of a cyclone could be major or catastrophic, the likelihood of such consequences are rare, occurring in exceptional circumstances. | | | |

| Business Disruption | | Risk | Controls |
|--|--------|-----------|------------|
| | | Low | Adequate |
| Key Indicators | Target | Date | Result |
| Annual Inspection Regime (City Buildings) | 100% | Annual | Adequate |
| Annual Desktop Exercises (Business Continuity Management) | 100% | Annual | Inadequate |
| Actual appropriate recovery after event | 100% | As occurs | Adequate |
| Comments: A Business Continuity Plan has been developed, however, is yet to be fully implemented. Once fully implemented (December 2015), it will become an adequate Key Control to address the risk of Business Disruption. Additionally, the implementation of the Business Continuity Plan will include Annual Desktop Exercises, which will then become an adequate Key Indicator. | | | |
| Strategic Projects and Infrastructure identified that the Fire Management Systems at the Depot were inadequate. The Depot upgrade master plan will incorporate Fire Management Systems to address this issue. | | | |

| Errors, Omissions, Delays and Providing Inaccurate Advice / Information | | Risk | Controls |
|---|--------|----------|----------|
| | | Low | Adequate |
| Key Indicators | Target | Date | Result |
| # discrepancies identified by Internal Audits | 0 | Ongoing | Adequate |
| # Complaints | 0 | As occur | Adequate |
| Community Satisfaction Survey | N/A | Annual | Adequate |
| Media Monitoring | N/A | Ongoing | Adequate |
| Comments: There are currently 13 adequate Key Controls addressing the risk of Errors, Omissions, Delays and Providing Inaccurate Advice/Information. As the above Key Indicators are also adequate, it confirms that the Key Controls are effective for managing this risk. | | | |

City of Karratha Report - June 2015

| External Theft & Fraud (incl. Cyber Crime) | | Risk | Controls |
|--|--------|----------|----------|
| | | Low | Adequate |
| Key Indicators | Target | Date | Result |
| # Referrals to Police/CCC | 0 | As occur | Adequate |
| # discrepancies identified through reconciliation of cash / equipment | 0 | Daily | Adequate |
| # Insurance Claims | 0 | As occur | Adequate |
| <u>Comments:</u> It was identified by the Community Directorate that the Key Control of Reconciliation of Stock/Stock Control was inadequate as it is only conducted on an annual basis. Commencing in September 2015, Facility Coordinators and the Youth Services Coordinator will undertake monthly stock takes instead of annual. | | | |

| Failure of IT &/or Communications Systems and Infrastructure | | Risk | Controls |
|---|--------|-----------|----------|
| | | Low | Adequate |
| Key Indicators | Target | Date | Result |
| # of incidents breaching agreed service level agreements | 0 | Quarterly | Adequate |
| Unscheduled down time | 0 | Quarterly | Adequate |
| <u>Comments:</u> IT Disaster Recovery Plans are in the process of being reviewed and further developed. Incident response Service Level Agreements and processes are also being developed. | | | |

| Failure to Fulfil Statutory, Regulatory or Compliance Requirements | | Risk | Controls |
|--|--------|----------|----------|
| | | Moderate | Adequate |
| Key Indicators | Target | Date | Result |
| # discrepancies identified through Internal / External Audit | 0 | Ongoing | Adequate |
| # discrepancies identified through DER Audit (3 Yearly) | 0 | 3 yearly | Adequate |
| # Incidents (Compliance Based) | 0 | As Occur | Adequate |
| CASA non-compliance items (Annual Audit) | 0 | Annual | Adequate |
| OTS non-compliance items (Annual Audit) | 0 | Annual | Adequate |
| # FOI Applications completed within 45 days | 100% | As Occur | Adequate |
| # Notices of non-compliance received from external agencies | 0 | As Occur | Adequate |
| <u>Comments:</u> One of the Key Controls for addressing this risk is having Policies, Procedures, Processes and Templates. The introduction of Promapp and the continual development and capture of processes in Promapp has helped to consolidate and strengthen this Key Control for preventing the Failure to Fulfil Statutory, Regulatory or Compliance Requirements. | | | |

| Inadequate Safety and Security (Staff, Visitors and Community) | | Risk | Controls |
|--|--------|----------|----------|
| | | Low | Adequate |
| Key Indicators | Target | Date | Result |
| Lost time injury frequency rate (LTIFR) | <5% | Annual | Adequate |
| # discrepancies identified through OSH Audit Results | 0 | Annual | Adequate |
| # discrepancies identified through Worksafe Audit Results | 0 | As Occur | Adequate |
| # Incidents Reported | 0 | As Occur | Adequate |
| # Public Liability Insurance Claims made against the City | 0 | As Occur | Adequate |
| <u>Comments:</u> OSH Audits are undertaken every 3 years with LGIS, but in addition, internal OSH Audits are undertaken annually. | | | |

| Ineffective Management of Facilities / Venues | | Risk | Controls |
|--|--------|---------|----------|
| | | Low | Adequate |
| Key Indicators | Target | Date | Result |
| Maintaining Operational Hours | 100% | Ongoing | Adequate |
| Community Survey Results | N/A | Annual | Adequate |
| Facilities Scorecard (meeting specific targets) | TBA | Ongoing | Adequate |
| Leisureplex Water Use (volume) | TBA | Annual | Adequate |
| Number of Complaints (Facility / Venue) | 0 | Ongoing | Adequate |
| Media Monitoring | N/A | Ongoing | Adequate |
| <u>Comments:</u> Currently the most significant facilities/venues project is the Karratha Airport Terminal Upgrade which is due for completion in August 2015. The risk of Ineffective Management of Facilities/Venues needs to be considered for existing facilities/venues and considered in advance for all new facilities/venues that are intended to be built. | | | |

| Inadequate Emergency Management | | Risk | Controls |
|--|--------|-----------|----------|
| | | Moderate | Adequate |
| Key Indicators | Target | Date | Result |
| # Injuries or assets damaged as a result of bushfire | 0 | As Occur | Adequate |
| # Plans out of date by more than 12 months | 0 | Annual | Adequate |
| Performance on Emergency Practice Drills | 100% | Ongoing | Adequate |
| Airport Emergency Drills | 100% | Bi-Annual | Adequate |
| Quarterly LEMC Meetings | 4 | Quarterly | Adequate |
| <u>Comments:</u> The Key Indicators and Key Controls addressing the risk of Inadequate Emergency Management are all rated as adequate. There are currently no issues, actions or treatments required for this Risk Theme. | | | |

City of Karratha Report - June 2015

| Inadequate Document Management Processes | | Risk | Controls |
|--|--------|-----------|----------|
| | | Moderate | Adequate |
| Key Indicators | Target | Date | Result |
| CASA Annual inspections (non-compliance specific to Document management) | <5% | Annual | Adequate |
| Freedom of Information Applications - non-fulfillment due to documents not being located | 0 | As occurs | Adequate |
| Reporting of outstanding Synergy Records | <10% | Monthly | Adequate |
| <u>Comments:</u> The Corporate Services Directorate has identified that the Vital Records Register developed by the Records Team is an excellent Key Control of the risk of Inadequate Document Management Processes. The Vital Records Register captures organisational documents such as contracts, agreements, leases etc and ensures they are kept in the safe. | | | |

| Inadequate Change Management (Internal) | | Risk | Controls |
|---|--------|----------|----------|
| | | Moderate | Adequate |
| Key Indicators | Target | Date | Result |
| Staff satisfaction surveys | 100% | Ongoing | Adequate |
| Time taken for takeup of new Technologies | TBA | Ongoing | Adequate |
| Time taken for takeup of new Processes | TBA | Ongoing | Adequate |
| <u>Comments:</u> Human Resources have been tasked with developing a Change Management Framework due for completion in July 2016. This will become an additional Key Control to help address this risk. | | | |

| Inadequate Relationships with the Community | | Risk | Controls |
|---|--------|-----------|----------|
| | | Moderate | Adequate |
| Key Indicators | Target | Date | Result |
| Media Monitoring | N/A | Ongoing | Adequate |
| Community Survey Results | N/A | Annual | Adequate |
| # Complaints received | 0 | Ongoing | Adequate |
| # Council Reports detailing level of consultation undertaken | 100% | Monthly | Adequate |
| # Enquiries resolved FPOC (first point of contact) | 90% | Ongoing | Adequate |
| Meeting Operational Business Plan Targets | 95% | Quarterly | Adequate |
| Meeting Department Operational Plans Targets / KPIs | 95% | Quarterly | Adequate |
| <u>Comments:</u> There are currently 13 adequate Key Controls addressing the risk of Inadequate Relationships with the Community. As the above Key Indicators are also adequate, it confirms that the Key Controls are effective for managing this risk. | | | |

| Inadequate Procurement, Disposal or Tender Practices | | Risk | Controls |
|--|--------|----------|----------|
| | | Moderate | Adequate |
| Key Indicators | Target | Date | Result |
| # Justifiable Complaints (Procurement, Disposal & Tender) | 0 | As occur | Adequate |
| Compliance Audit Return | 90% | Annual | Adequate |
| # discrepancies identified through Spot checks by Finance Team | 0 | Ongoing | Adequate |
| | | | |
| | | | |
| | | | |
| | | | |
| <u>Comments:</u> An internal audit on the City's tendering process is in progress and due for completion in December 2015. The accepted findings of the internal audit will be incorporated as appropriate into the tender policies, processes and procedures and the procurement training. | | | |

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| Inadequate Asset Management | | Risk | Controls |
|---|--------|----------|-----------|
| | | Low | Adequate |
| Key Indicators | Target | Date | Result |
| # Complaints (Community Infrastructure) | 0 | As Occur | Adequate |
| Maintenance Budget Overrun | 0 | As Occur | Adequate |
| Fuel Usage / Utilisation Hours (optimum usage) | 100% | Ongoing | Adequate |
| Significant Write-Downs of Fair Value | 0 | Annual | Adequate |
| Asset Renewal Ratio | >1 | Annual | Excellent |
| Asset Failure Reporting | 0 | Ongoing | Adequate |
| <u>Comments:</u> The Community Directorate identified that Preventative Maintenance Schedules are inadequate as a Key Control. There is a lack of awareness of what is contained within the Preventative Maintenance Schedules as they are prepared by another Department (Building Maintenance). The Manager Recreation Facilities, the Building Maintenance Coordinator and the Youth Services Coordinator are working together on an ongoing basis to provide/obtain copies of the relevant Preventative Maintenance Schedules and make any required additions. | | | |

| Inadequate Stock Management | | Risk | Controls |
|--|----------------------|---------|----------|
| | | Low | Adequate |
| Key Indicators | Target | Date | Result |
| # Inter-Library loan requests | 10 per mth | Ongoing | Adequate |
| Inventory Turnover reports | Predetermined levels | Ongoing | Adequate |
| Inventory Service Levels | Predetermined levels | Ongoing | Adequate |
| Annual stocktakes | Predetermined levels | Ongoing | Adequate |
| | | | |
| <u>Comments:</u> It was identified by the Community Directorate that the Key Control of Stocktake Program was inadequate as it is only conducted on an annual basis. Commencing in September 2015, Facility Coordinators and the Youth Services Coordinator will undertake monthly stock takes instead of annual. | | | |

| Inadequate Project Management | | Risk | Controls |
|--|--------|----------|----------|
| | | Moderate | Adequate |
| Key Indicators | Target | Date | Result |
| Projects coming within budget | 100% | Ongoing | Adequate |
| Not achieving milestones / KPIs within agreed timeframes | 0% | Ongoing | Adequate |
| Unresolved issues (contract related) | 0% | Ongoing | Adequate |
| Contracts yet to be renewed | 0% | Ongoing | Adequate |
| <u>Comments:</u> Strategic Projects and Infrastructure rated the Tender Management Program (Tenderlink) and the PIIG Framework (Project Management) as excellent Key Controls of the risk of Inadequate Project Management. From the perspective of Strategic Projects and Infrastructure, these Key Controls are fully in place, are being well addressed/complied with, are subject to ongoing maintenance and monitoring and are being continuously reviewed and tested. | | | |

| Ineffective People Management | | Risk | Controls |
|--|--------|----------|----------|
| | | Moderate | Adequate |
| Key Indicators | Target | Date | Result |
| Staff Turnover | <25% | Ongoing | Adequate |
| Performance Reviews Completed on Time | 100% | Annual | Adequate |
| Staff Survey Results | + 5% | May-15 | Adequate |
| Absenteeism (unplanned leave) | <5% | Ongoing | Adequate |
| <u>Comments:</u> It has been identified that there is currently inadequate HR Succession Planning across all Directorates. The Manager Human Resources has been tasked with completing the the HR Succession Planning Program by June 2016. HR Succession Planning will then become an adequate Key Control to address the risk of Ineffective People Management, by reducing single person dependencies. | | | |

6 ITEMS FOR INFORMATION ONLY

Responsible Officer: Director Corporate Services

Reporting Author: Minute Secretary

Disclosure of Interest: Nil

PURPOSE

To advise the Audit and Organisational Risk Committee of the information items for period ending August 2015.

OFFICER'S RECOMMENDATION / COMMITTEE RESOLUTION

Res No : AOR28

MOVED : Cr Long

SECONDED : Cr White-Hartig

That the Audit and Organisational Risk Committee note the following information items:

- 6.1 Internal Audit – Status Report
- 6.2 Business Improvement – Progress Report

CARRIED

FOR : Cr Smeathers, Cr Lally, Cr Long, Cr White-Hartig

AGAINST : Nil

6.1 INTERNAL AUDIT - STATUS REPORT

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|---------------------------------------|---|
| File No: | FM.3 |
| Responsible Executive Officer: | Director Corporate Services |
| Reporting Author: | Manager Governance and Organisational Strategy |
| Date of Report: | 21 August 2015 |
| Applicant/Proponent: | Nil |
| Disclosure of Interest: | Nil |
| Attachment(s): | Nil |

PURPOSE

To provide the Audit and Organisational Risk Committee with a progress update on the Internal Audit Program.

Tenders and Contract Management Audit

Paxon Group has completed the review of tenders and contract management, however the results are still under review and will be reported to a future meeting of the Audit and Organisational Risk Committee.

Community Grants, Funding, Sponsorships and Donations Audit

It is proposed that the next internal audit focus on the expenditure area of grants, funding, sponsorships and donations provided by the City to various community associations and groups.

The internal audit is proposed to include review of the following:

1. Distribution/allocation of funds (value for money);
2. Administration of applications and requests;
3. Evaluation of applications and requests;
4. Payments and acquittals;
5. Evaluation of outcomes in accordance with stated objectives/purpose (ROI/benefit);

Quotes will be obtained from appropriately qualified service providers from the WALGA services panel to undertake these works.

This audit is expected to be completed for reporting to the 13 October 2015 AORC meeting.

6.2 BUSINESS IMPROVEMENT – PROGRESS REPORT**File No: FM.3****Responsible Executive Officer: Director Corporate Services****Reporting Author: Manager Governance and Organisational Strategy****Date of Report: 21 August 2015****Disclosure of Interest: Nil****Attachment(s) Nil****PURPOSE**

To provide the Audit & Organisational Risk Committee with a progress update on Business Improvement.

| Focus Areas | Brief Description | Indicative Activities/Outputs | Current and Future Status |
|--|--|--|---|
| 1. Strategic Community Plan 2012-2022 | Outlines the outcomes expressed by our communities and our response as an organisation in achieving those agreed outcomes in the next 10 years. | <ul style="list-style-type: none"> • Vision • Strategies • Community Engagement • Resources and Commitments | <ul style="list-style-type: none"> • Review to be undertaken post October 2015 following Council elections to feed into 2016/17 year. |
| 2. Corporate Business Plan 2012-2016 | Outlines what the organisation needs to deliver in the next five years. Has been extensively reworked internally over the past 4-6 weeks with a focus on consistency and measurability of KPI's. | <ul style="list-style-type: none"> • Activates Strategic Community Plan • Progress Measures to achieve delivery of outcomes • Budget information for five years | <ul style="list-style-type: none"> • Review to be undertaken post October 2015 following Council elections to feed into 2016/17 year. |
| 3. Operational Plan 2014-2015 | Annual slice and dice of Corporate Business Plan. Has been extensively reworked internally to ensure consistency and compliance. | <ul style="list-style-type: none"> • Annual Budget. • Annual Projects and Services | <ul style="list-style-type: none"> • 2015/16 KPIs were presented to Council and approved on 30 June 2015. • Q4 KPI's for 2014/15 will be considered by Council in September 2015. |

| Focus Areas | Brief Description | Indicative Activities/Outputs | Current and Future Status |
|------------------------------------|--|--|--|
| 4. Asset Management Plan | What Assets are required at what service level to deliver the services expressed by our communities? | <ul style="list-style-type: none"> • Asset Conditions & Ratings • Levels of Service, operational, technical and community • Financial information for maintenance of assets at an agreed level of service • Asset Disposal Strategy and Lifecycle Costing. • Action Plans | <ul style="list-style-type: none"> • Approved by Council in June 2013. |
| 5. Long Term Financial Plan | <p>Informs the Strategic Community Plan and Corporate Business Plan.</p> <p>CEO has reviewed with EMT. Staff believe that assumptions that inform the financial modelling need review prior to Council adoption.</p> | <ul style="list-style-type: none"> • Sensitivity Analysis • Long Term Financial Sustainability • Capital Works Program for next 10 years • Financial Modelling • Assumptions and Scenarios | <ul style="list-style-type: none"> • Presented to Council in March 2013. • Submitted to the Department of Local Government in June 2013. • Key assumptions and 10 year Capital Works Plan reviewed by Council in June 2015. |
| 6. Workforce Plan 2013-2018 | Development of an all-encompassing strategy which addresses staff turnover rates and an appreciation of the full number of staff required to deliver City business now and into the future. | <ul style="list-style-type: none"> • Structural Review • Performance Measurement Systems • Performance Appraisal System • Retention • Recruitment • Succession Planning • Development and training • Staff housing & accommodation • Indigenous engagement policy | <ul style="list-style-type: none"> • Approved by Council in August 2013. • Annual review has been completed and incorporated in the LTFP. |
| 7. Housing Strategy | Development of a strategy to address the housing and accommodation needs of the City from retention and recruitment perspective. | <ul style="list-style-type: none"> • Short term review and modifications undertaken. • Options for staff housing to be developed (ownership vs leasing vs paying allowances) | <ul style="list-style-type: none"> • Report to be presented to Council in 2015. |

| Focus Areas | Brief Description | Indicative Activities/Outputs | Current and Future Status |
|---|---|--|---|
| 8. Corporate Performance Management System | A tool to integrate all operations including projects and services delivered by the organisation and report on the individual status and financials. | <ul style="list-style-type: none"> Ability for all reporting teams to update their quarterly performances | <ul style="list-style-type: none"> Contract awarded to Civica Pty Ltd. KPIs in system for 2014/15 and quarterly performance reporting. 2015/16 KPIs to entered once Q4 KPIs endorsed. |
| 9. Procurement and Tendering | Given the large growth and volume of projects that the City is accountable for, there needs to be a review of the way procurement and tendering occurs to ensure a more centralised approach is adopted which is connected across the various directorates within the organisation. | <ul style="list-style-type: none"> Centralise and streamline the approach to procurement and tendering Create knowledge management and succession planning of procurement and tendering through the organisation | <ul style="list-style-type: none"> Developing documentation to adequately meet the organisation's needs and statutory accountabilities. Current practices are being process mapped as an internal resource and guide to all staff. Induction and awareness training commenced June 2014. Internal audit conducted on tenders and contract management Purchasing Manual has been updated. eQuotes for local suppliers to be implemented in September 2015. |
| 10. Functional Processes | A review of the key processes that link how things are done within the organisation and examine the need to streamline and avoid duplication of activity that further create efficiencies in time and cost on how activities are undertaken. | <ul style="list-style-type: none"> Define what a process is and how these will be recorded. Conduct a review of current functional processes across the organisation Define what functional processes are needed, how they will be recorded, understood and applied consistently throughout the organisation. | <ul style="list-style-type: none"> Policies adopted. Current practices are being process mapped as an internal resource and guide to all staff. 557 processes have been developed with 44% published for organisation to use. Service reviews have commenced across organisation. 49 service areas to be reviewed over 18 month period. |

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| 11. Risk Management Review | Review of existing policies, procedures and supporting documentation. Development of Risk Management Framework. | <ul style="list-style-type: none"> • Common, contemporary, compliant framework to be developed and utilised by four (4) Pilbara LGA's. | <ul style="list-style-type: none"> • PRC Document has been produced and presented to Council. • Implementation of report recommendations being progressively undertaken by Corporate Compliance team in collaboration with other staff. • Risk Framework identified. • Risk Register prepared. • Risk plan and policies approved by Council in June 2014. • Risk report to be presented to Council in September 2015. |
| 12. Business Continuity Management Project | A project funded by the PRC to assist Pilbara councils to establish a business continuity framework for their local authorities. | <ul style="list-style-type: none"> • Business Continuity Management Policy • Business Continuity Management Plan • BCM Governance Framework • Exercise Maintenance and Awareness Plan | <ul style="list-style-type: none"> • Draft documents prepared and being reviewed by the City. • Training to be provided by PRC to Critical Response Team by undertaking exercises and reinforcing the contents of the plans in 2015. |

7 CLOSURE & DATE OF NEXT MEETING

The meeting closed at 10.39 am.

The date of the next meeting is to be held on Tuesday, 13 October 2015 at 10:00 am at Meeting Room 4 - Welcome Road, Karratha.

I, Cr Evette Smeathers, Chairperson for the Audit and Organisational Risk Committee of the City of Karratha, hereby declare on behalf of the Committee that the enclosed Minutes are a true and accurate record of the Audit and Organisational Risk Committee Meeting held on Tuesday 25 August 2015.

..... Date_____/_____/_____