



AUDIT AND ORGANISATIONAL RISK COMMITTEE MEETING

MINUTES

**The Audit and Organisational Risk Committee Meeting
was held in the Council Chambers,
Welcome Road, Karratha,
on Friday, 20 October 2017**

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 1.33 pm.

2 RECORD OF ATTENDANCES AND APOLOGIES

Committee Members:	Cr Evette Smeathers Cr Peter Long Cr Daniel Scott	(Chairperson)
Staff:	Chris Adams Phillip Trestrail Henry Eaton Linda Phillips	Chief Executive Officer Director Corporate Services Manager Governance & Organisational Strategy Minute Secretary
External:	Maria Cavallo CA	Director, AMD Chartered Accountants (<i>Item 5.1 only</i>)
Apologies:	Cr Grant Cucel Cr Fiona White-Hartig	

3 DECLARATIONS OF INTEREST

Nil.

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

OFFICER'S RECOMMENDATION / COMMITTEE RESOLUTION

Res No : AOR56
MOVED : Cr Long
SECONDED: : Cr Scott

That the Minutes of the Audit and Organisational Risk Committee Meeting held on Tuesday, 25 July 2017, be confirmed as a true and correct record of proceedings.

CARRIED

FOR : Cr Smeathers, Cr Long, Cr Scott
AGAINST : Nil

5 ITEMS FOR DISCUSSION

5.1 AUDIT REPORT FOR THE YEAR ENDED 30 JUNE 2017

File No:	FM.1
Responsible Executive Officer:	Director Corporate Services
Reporting Author:	Manager Governance & Organisational Strategy
Date of Report:	6 October 2017
Applicant/Proponent:	Nil
Disclosure of Interest:	Nil
Attachment(s):	<ol style="list-style-type: none"> 1. Annual Financial Report with Audit Opinion 2. Management Report / Audit Findings (Confidential)

PURPOSE

To receive the Annual Financial Report of the City's affairs for the 2016/17 financial year and to consider the Audit Opinion and Management Report provided by the City Auditors, AMD Chartered Accountants (AMD).

BACKGROUND

Council is legislatively obliged to have the accounts and annual financial report for each financial year audited by an auditor appointed by the local government. AMD Chartered Accountants was appointed as the City's auditors to review the financial periods 2015/16 through to 2017/18. After the 2017/18 financial year audit, the Office of the Auditor General will be overseeing local government audits.

Following the completion of this year's audit, which commenced in August, AMD provided the attached Audit Opinion and Management Report, including audit findings and recommendations.

The Audit Opinion is unqualified indicating that the accounts are a true and fair representation of the City's financial performance for 2016/17. Additionally, the Management Report indicates that the City's financial procedures and controls are adequately designed with no significant or moderate findings identified and only one minor finding that is summarised as follows:

Finding	Implication	Recommendation	Management Response
Rates Debtors	A number of rates debtors have had outstanding balances in excess of 3 years.	List of rates debtors be subject to regular follow up and where they are not collected in a timely manner, Council proactively consider recovery through the provisions of the <i>Local Government Act</i> .	The City has been proactive in following up in accordance with Policy. Where rates are outstanding in excess of 5 years, the City may take action to recover rates under the Act.

During the audit, AMD noted that the financial ratio for Asset Sustainability was below the recommended guidelines provided by the Department of Local Government, although the City meets or exceeds all other ratio benchmarks. The Asset Sustainability ratio measures expenditure on capital renewal and replacement as a percentage of depreciation expense. The result reflects the fact that in recent years the City has built new assets and upgraded existing assets, which is not captured by the ratio. That said, these assets would not be expected to require any major maintenance in the short term and depreciation calculations over the next 10 years will adequately build up the ratio to within acceptable standards.

LEVEL OF SIGNIFICANCE

In accordance with Council Policy *CG-8 Significant Decision Making Policy*, this matter is considered to be of high significance in terms of compliance and financial integrity.

COUNCILLOR/OFFICER CONSULTATION

Financial Services staff together with the CEO, Director Corporate Services and Manager Financial Services/CFO have been consulted regarding the preparation of this report.

COMMUNITY CONSULTATION

No community consultation is required. The community will be notified of and invited to attend the Annual Electors Meeting to discuss the contents of the City's Annual Report that will contain the Annual Financial Report and the Audit Opinion.

STATUTORY IMPLICATIONS

Section 7.2 of the *Local Government Act 1995* and Regulation 10 of the *Local Government (Audit) Regulations 1996* provide for the annual audit and the report by auditor.

Section 5.54 of the *Local Government Act 1995* provides for acceptance of annual reports by the local government.

POLICY IMPLICATIONS

The financial affairs have been prepared in accordance with the Australian and International Accounting Standards and in accordance with Council Policy CF01 Local Government Accounting Directions.

FINANCIAL IMPLICATIONS

There are no direct financial implications.

STRATEGIC IMPLICATIONS

This item is relevant to the Council's approved Strategic Community Plan 2016-2026 and Corporate Business Plan 2016-2021. In particular, the Operational Plan 2017-2018 provides for this activity:

Our Program/Services: 4.c.1.1 Management Accounting Services
Our Projects/Actions: 4.c.1.1.1 Conduct monthly and annual financial reviews and reporting

Our Program/Services: 4.e.2.1 Publications and media notices
Our Projects/Actions: 4.e.2.1.1 Produce Annual Report

RISK MANAGEMENT CONSIDERATIONS

The annual audit assists Council in minimising risk from a financial management perspective.

IMPACT ON CAPACITY

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

RELEVANT PRECEDENTS

The external audit is completed annually and reported to the Audit & Organisational Risk Committee and Council prior to the Annual Electors Meeting.

VOTING REQUIREMENTS

Simple Majority.

OPTIONS:Option 1

As per Officer's recommendation.

Option 2

That the Audit & Organisational Committee by SIMPLE Majority pursuant to Section 5.54 of the *Local Government Act 1995* RESOLVES to NOT ACCEPT the Audit Opinion from AMD Chartered Accountants for the year ended 30 June 2017 and seek further advice and clarification on the report.

CONCLUSION

The Audit Opinion is unqualified indicating that the annual financial report is free from material misstatement and no non-compliance issues were identified through the examination of the City's financial affairs. It is recommended that the Audit Opinion and the Annual Financial Report be presented to Council to enable the Annual Electors Meeting to be convened.

OFFICER'S RECOMMENDATION / COMMITTEE RESOLUTION

Res No : AOR57
MOVED : Cr Long
SECONDED: : Cr Scott

That the Audit & Organisational Risk Committee by SIMPLE Majority pursuant to Section 5.54 and 7.2 of the *Local Government Act 1995* and Regulation 10 of the *Local Government (Audit) Regulations 1996* RESOLVES to:

1. NOTE the Management Report provided by AMD Chartered Accountants for the year ended 30 June 2017;
2. ACCEPT the Audit Opinion from AMD Chartered Accountants for 2016/17; and
3. ACCEPT the Annual Financial Report for the Year ended 30 June 2017.

CARRIED

FOR : Cr Smeathers, Cr Long, Cr Scott
AGAINST : Nil

5.2 INTERNAL AUDIT ON CORPORATE CREDIT CARD USAGE

File No:	FM.1
Responsible Executive Officer:	Director Corporate Services
Reporting Author:	Governance Officer - Compliance
Date of Report:	27 September 2017
Applicant/Proponent:	Nil
Disclosure of Interest:	Nil
Attachment(s):	Confidential - Internal Audit Report – Corporate Credit Card Usage

PURPOSE

For the Audit & Organisational Risk Committee (AORC) to consider the internal audit review of Corporate Credit Card Usage and associated outcomes.

BACKGROUND

On 23 August 2016 the AORC resolved to endorse the indicative Internal Audit Program, as follows:

Financial Year	Audit Activity Areas	
2016/17	Delegations and Authorisations	Credit cards
2017/18	Grants and Contributions	Tenders/Contract Management
2018/19	Records Management	Inventory Control

The internal audit on Delegations and Authorisations was completed and accepted by the AORC in February 2017 and endorsed by Council at its ordinary meeting in March 2017.

The internal audit on credit card usage commenced in July 2017 and the key elements of the scope examined:

- Appropriateness of the Corporate Credit Card Policy;
- Compliance with the policy including card security;
- Identifying key risks to prevent fraud and misconduct;
- Extent of usage and need;
- Card limits;
- Reconciliation of statements; and
- Reporting practices.

The internal audit noted that the use of credit cards was generally in line with Policy and no significant issue were detected. There were 12 observations however no recorded high or extreme risks and no known instances where corporate credit cards have been tied to a reward system or not returned or acquitted at time of termination. All cardholders have submitted a Corporate Credit Cardholder Agreement acknowledging and accepting the conditions relating to usage.

Seven recommendations have been proposed to address issues identified through the internal audit and improve practices to mitigate any potential risks.

LEVEL OF SIGNIFICANCE

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

COUNCILLOR/OFFICER CONSULTATION

The Finance team together with Corporate Credit Card holders were consulted. Consultation has also taken place with EMT.

COMMUNITY CONSULTATION

No community consultation is required.

STATUTORY IMPLICATIONS

The audit forms part of an overall review of systems and procedures in accordance with Regulation 17 of the *Local Government (Audit) Regulations 1996*.

POLICY IMPLICATIONS

The audit relates to the review of the CF07 Corporate Credit Card Policy.

FINANCIAL IMPLICATIONS

There are no financial implications.

STRATEGIC IMPLICATIONS

This item is relevant to the Council's approved Strategic Community Plan 2016-2026 and Corporate Business Plan 2016-2021. In particular, the Operational Plan 2017-2018 provided for this activity:

Programs/Services:	4.e.1.3	Risk Management
Projects/Actions:	4.e.1.3.1	Implement Internal Audit Program

RISK MANAGEMENT CONSIDERATIONS

The level of risk is considered to be medium to the City in terms of Financial, Reputation and Compliance.

IMPACT ON CAPACITY

There is no impact on capacity or resourcing to carry out the Officer's recommendation as the Internal Audit Program is part of the role of the Governance Officer - Compliance.

RELEVANT PRECEDENTS

The corporate credit card audit forms part of the Internal Audit Program.

VOTING REQUIREMENTS

Simple Majority.

OPTIONS:Option 1

As per Officer's recommendation.

Option 2

That the Audit & Organisational Risk Committee by SIMPLE Majority pursuant to Regulation 17 of the *Local Government (Audit) Regulations 1996* RESOLVES to DEFER consideration of the Internal Audit Report on Credit Card Usage pending further information.

CONCLUSION

The internal audit noted that the use of credit cards was generally in line with policy and no high or extreme risks were identified. Recommendations have been provided following the audit and are now presented for the Audit and Organisational Risk Committee's consideration.

OFFICER'S RECOMMENDATION / COMMITTEE RESOLUTION

Res No : **AOR58**

MOVED : **Cr Scott**

SECONDED: : **Cr Long**

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

- 1. ENDORSE the Recommendations contained within the Internal Audit Report on Corporate Credit Card Usage dated October 2017; and**
- 2. REQUEST that a status report be provided to the Audit and Organisational Risk Committee on progress with implementation of these recommendations until they have been completed.**

CARRIED

FOR : **Cr Smeathers, Cr Long, Cr Scott**
AGAINST : **Nil**

5.3 RISK REGISTER UPDATE

File No:	RM.8
Responsible Executive Officer:	Director Corporate Services
Reporting Author:	Governance Officer - Compliance
Date of Report:	25 September 2017
Applicant/Proponent:	Nil
Disclosure of Interest:	Nil
Attachment(s):	Confidential - Risk Register Extract

PURPOSE

To receive an update on relevant indicators relating to the organisation's management of risks.

BACKGROUND

At the previous meeting held 25 July 2017, the Committee requested that the following be reported at each meeting:

1. Risk Heat Map;
2. Details of risks with major or catastrophic inherent consequences; and
3. Changes to the Risk Register that result in an increase in the number of inherent risks rated high or extreme.

In September 2017 managers were required to review and update the Risk Register, with particular emphasis on identifying:

- Risks not already captured;
- Potential change in cause and effect factors;
- Inherent Likelihood and Consequence;
- Key controls and respective ratings;
- Residual Likelihood and Consequence;
- Actions or treatments to manage the risks (including review of action items from the last review process).

Prior to this review, there was 163 risks in the Risk Register. Following the review, this has increased to 176 identified risks that builds in:

- issues associated with the operation and management of the new Red Earth Arts Precinct (6);
- adverse publicity for the city at large regardless of whether an event was instigated by the City;
- maintaining adequate staffing levels in key functional areas that service the public;
- change in political leadership and direction as a consequence of elections;
- training of Councillors;
- maintaining financial sustainability of operations or major projects;
- withdrawal of grant funding for long term projects;
- business continuity of services;
- actioning and implementing adopted planning documents; and
- management of water quality in aquatic pools.

Changes this quarter to the Risk Register have resulted in a *decrease* in the number of inherent risks rated high or extreme from 56 to 46.

The attached extract from the Risk Register identifies 29 risks with major or catastrophic inherent consequences 62% of which have a high or extreme *inherent* risk rating, however with current controls in place there are only two of these risks that have a high *residual* risk. These risks are considered acceptable given the controls in place and effective management and monitoring of the risks.

Of all risks registered, 17 identified risks have controls that need improvement. All risks have adequate controls in place. There are no extreme residual risks identified.

10% of risks require some further improvement to existing controls. These are being addressed through stakeholder engagement, introduction of new technologies, training, implementing new methodologies strategies or processes which in some cases may have a long lead in period, for example updating cemetery records, PIIG process review, etc.

The heat map below displays the current assessed *residual* rating for all 176 identified risks.

<u>Consequence</u>		Insignificant	Minor	Moderate	Major	Catastrophic
<u>Likelihood</u>		1	2	3	4	5
Almost Certain	5	0	0	0	0	0
Likely	4	3	4	3	0	0
Possible	3	18	22	12	0	0
Unlikely	2	15	39	20	9	2
Rare	1	2	14	6	6	1

Since the last AORC meeting there has been no change to the number of *residual* risks rated extreme and one additional *residual* risks rated high (failure to maintain financial sustainability of operations or major projects) as indicated below. This risk is considered acceptable given the controls in place and effective management and monitoring of the risk.

Risk Acceptance	Sept 2017	July 2017	Change
Low	103	91	+12
Moderate	68	68	0
High	5	4	+1
Extreme	0	0	0

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 the Executive Management Group.

COMMUNITY CONSULTATION

No community consultation is required.

STATUTORY IMPLICATIONS

Regulation 17 of the *Local Government (Audit) Regulations 1996* requires the CEO to ensure that there are appropriate risk management systems and procedures in place for the City.

POLICY IMPLICATIONS

This is consistent with Council Policy - CG01 Risk Management Policy and how risk is managed across the organisation.

FINANCIAL IMPLICATIONS

There are no financial implications.

STRATEGIC IMPLICATIONS

This item is relevant to the Council's approved Strategic Community Plan 2016-2026 and Corporate Business Plan 2016-2021. In particular, the Operational Plan 2017-2018 provided for this activity:

Program/Services: 4. e.1.3 Risk Management

RISK MANAGEMENT CONSIDERATIONS

The level of risk is considered to be low to the City in terms of health, financial, service interruption, environment, reputation and compliance risks.

IMPACT ON CAPACITY

There is little impact on capacity or resourcing to carry out the Officer's recommendation.

RELEVANT PRECEDENTS

The Risk Register is reviewed on an ongoing basis.

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 pending further review.

CONCLUSION

Following a review of the Risk Register, 13 new risks have been identified bringing the total of identified risk to 176. Overall the City is managing risk effectively with no *residual* risks rated extreme and only 3% of *residual* risks rated high. These risks are considered acceptable given the controls in place and effective management and monitoring of the risks.

OFFICER'S RECOMMENDATION / COMMITTEE RESOLUTION

Res No : **AOR59**

MOVED : **Cr Long**

SECONDED: : **Cr Scott**

That the Audit and Organisational Risk Committee by SIMPLE Majority pursuant to Regulation 17 of the *Local Government (Audit) Regulations 1996* RESOLVES to NOTE the current status of risk management.

CARRIED

FOR : **Cr Smeathers, Cr Long, Cr Scott**
AGAINST : **Nil**

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 October 2017.

OFFICER'S RECOMMENDATION / COMMITTEE RESOLUTION

Res No : AOR60

MOVED : Cr Scott

SECONDED: : Cr Long

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

- 6.1 Business Improvement – Progress Report
- 6.2 Update on Internal Audit – Delegations & Authorisations
- 6.3 Update on External Audit

CARRIED

FOR : Cr Smeathers, Cr Long, Cr Scott
AGAINST : Nil

6.1 BUSINESS IMPROVEMENT – PROGRESS REPORT**File No: FM.3****Responsible Executive Officer: Director Corporate Services****Reporting Author: Manager Governance and Organisational Strategy****Date of Report: 10 June 2017****Disclosure of Interest: Nil****Attachment(s): Nil****PURPOSE**

To provide the Audit & Organisational Risk Committee with a progress update on Business Improvement activities and initiatives:

Focus Areas	Brief Description	Indicative Activities/Outputs	Current and Future Status	Review Date
1. Strategic Community Plan 2016-2026	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 undertaken by Councillors community and staff during 2105/16 • Adopted by Council in September 2016 	<ul style="list-style-type: none"> • June 2020
2. Corporate Business Plan 2016-2020	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"> • Approved by Council at October 2016 OCM 	<ul style="list-style-type: none"> • Desktop review 2018
3. Operational Plan 2017-2018	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"> • Approved by Council at June 2017 SCM 	<ul style="list-style-type: none"> • June 2018
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 	<ul style="list-style-type: none"> • Approved by Council in June 2013. • Asset Management Policy reviewed and submitted to Council in Nov 2016 	<ul style="list-style-type: none"> • To be completed by Dec 2018

Focus Areas	Brief Description	Indicative Activities/Outputs	Current and Future Status	Review Date
		assets at an agreed level of service <ul style="list-style-type: none"> Asset Disposal Strategy and Lifecycle Costing Action Plans 	however deferred pending further review.	
5. Long Term Financial Plan	Informs the Strategic Community Plan and Corporate Business Plan. CEO has reviewed with EMT. Staff believe that assumptions that inform the financial modelling need review prior to Council adoption.	<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"> Submitted to the DLGC in June 2013. Review of key assumptions and 10 year Capital Works Plan completed in June 2015 and March 2017. 	<ul style="list-style-type: none"> Nov 2017 following LG election.
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 	<ul style="list-style-type: none"> Approved by Council in August 2013. Annual review has been completed and incorporated in the LTFP assumptions. 	<ul style="list-style-type: none"> To be reviewed again in 2017
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"> Strategy currently under review to reflect normalisation of the housing market. 	<ul style="list-style-type: none"> December 2017
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 for 2016/17 loaded. 	<ul style="list-style-type: none"> Q1 KPIs to be completed for November Council meeting. Review of KPI scheduled for Nov 2017.
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	<ul style="list-style-type: none"> Centralise and streamline the approach to procurement and tendering. Create knowledge management and 	<ul style="list-style-type: none"> Induction and awareness training commenced June 2014. eQuotes for local suppliers 	<ul style="list-style-type: none"> Ongoing

Focus Areas	Brief Description	Indicative Activities/Outputs	Current and Future Status	Review Date
	tendering occurs to ensure a more centralised approach is adopted which is connected across the various directorates within the organisation.	succession .planning of procurement and tendering through the organisation.	introduced in November 2015. • Management training provided at October 2016 EMG meeting.	
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. • 632 processes have been developed with 83% published for organisation to use. 	<ul style="list-style-type: none"> • Ongoing and annual reviews of processes undertaken
11. Service Reviews	Review of all service areas to ensure efficacy and alignment with strategic direction and community	<ul style="list-style-type: none"> • Thorough review of individual service area with recommendations targeting business improvement and efficiency 	<ul style="list-style-type: none"> • Service reviews have been undertaken across 38 service areas (81% complete) with over 296 recommended actions put forward to EMT. 	<ul style="list-style-type: none"> • All service reviews completed • Service reviews summaries included in contentious issues for consideration.
12. 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 was developed and utilised for the four (4) Pilbara LGA's. 	<ul style="list-style-type: none"> • Risk plan and policies approved by Council in Feb 2017 • Major review of Risk Register is being undertaken. 	<ul style="list-style-type: none"> • Highlight risks to be provided to AORC each meeting.
13. 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"> • BCM Policy and Plan. • BCM Governance Framework. • Exercise Maintenance and Awareness Plan. 	<ul style="list-style-type: none"> • BCM Plan prepared and training undertaken by PRC with Critical Response Team in November 2015. 	<ul style="list-style-type: none"> • BCM Plan under review and will be submitted to AORC in 2018.

Focus Areas	Brief Description	Indicative Activities/Outputs	Current and Future Status	Review Date
14. DLGC Governance Review Program	External review by AICD of City's governance structures and practices. Online feedback required by Crs and Exec, followed with workshop by AICD.	<ul style="list-style-type: none"> Independent review and benchmarking of governance systems. Identify any areas of weakness that need to be improved upon. 	<ul style="list-style-type: none"> Surveys completed and responses collated by AICD. AICD has provided overview to Mayor and CEO. 	
15. Internal Audit Program	A program to examine and test internal controls established within the organisation to ensure sound governance systems are effective.	<ul style="list-style-type: none"> IA Schedule developed of internal audit program. Identify any weaknesses and reduce risks by examining existing control measures and providing recommendations for improvement. 	<ul style="list-style-type: none"> Completed Delegations and Authorisations IA with 22 improvement opportunities identified. Currently undertaking Credit Card IA. 	<ul style="list-style-type: none"> Credit Card IA completed.
16. Staff Engagement Survey	All staff are invited to participate in a survey to provide feedback on a wide range of work related topics that will help to shape our people policies and ensure a positive workplace for all employees.	<ul style="list-style-type: none"> Online and hard copy survey sent to all employees every 2 years. Each department to develop an action plan in consultation with staff to respond to survey results. 	<ul style="list-style-type: none"> Survey released on 16 May 2017. Closing date 30 May. Action plan prepared to respond to feedback. 	<ul style="list-style-type: none"> March 2019






6.2 UPDATE ON INTERNAL AUDIT – DELEGATIONS & AUTHORISATIONS**File No:** CM.131**Responsible Executive Officer:** Director Corporate Services**Reporting Author:** Governance Officer - Compliance**Date of Report:** 19 July 2017**Disclosure of Interest:** Nil**Attachment(s):** Nil**PURPOSE**






To provide the Audit & Organisational Risk Committee with a status update regarding implementation of recommendations from the internal audit into Delegations & Authorisations.

BACKGROUND

At the AORC meeting on 21 February 2017, a report was presented detailing the findings and recommendations arising from the internal audit into Delegations & Authorisations.

The table below provides an update on the status of recommendations from the report:

Recommendation	Responsibility	Comments	Timing	Status
Finance to provide improved training around Purchase Orders	Finance	<ul style="list-style-type: none"> Finance arranging resources to implement a training workshop prior to end of year. 	Mar 2018	
Training for staff with purchasing authority	Governance	<ul style="list-style-type: none"> Staff with no training targeted immediately. Refresher training being finalised and will be implemented before year end. Liaison with HR for new starters. 	Ongoing	
Invoices to be stored electronically	Finance	<ul style="list-style-type: none"> Governance to liaise with Finance for best ways to achieve this outcome. A complete transition is not possible with existing software. 	Sep 2018	
Health staff to maintain better records utilising Synergy.	Regulatory Services	<ul style="list-style-type: none"> Governance to meet with Regulatory Services staff for advice and education surrounding improving record keeping. 	Oct 2017	
Proper processes to be developed for accountability of infringements.	Regulatory Services	<ul style="list-style-type: none"> Discussions commenced in improving systems to track infringement reporting. 	Nov 2017	

Recommendation	Responsibility	Comments	Timing	Status
Fee waiver / fee concession processes to be better communicated to staff.	Governance	<ul style="list-style-type: none"> Ongoing education to be provided by Governance and Finance. 	Ongoing	
Fee waiving delegation for minor matters to Airport and Rec Facilities Managers.	EMT	<ul style="list-style-type: none"> Governance have liaised with all parties regarding system to track exercise of delegation. 	Complete	
All significant records to be captured in the record keeping system rather than hard copy only.	Governance	<ul style="list-style-type: none"> Staff notified by email of their reporting obligations. Ongoing spot checks of record keeping. 	Ongoing	
Governance to educate staff regarding delegation of legal power/duty and 'Acting Through'.	Governance	<ul style="list-style-type: none"> Minutes will be monitored for areas requiring further education. Revised Delegations Register will assist in this area. 	Ongoing	
Improved electronic workflow process to replace paper based slower systems surrounding delegations.	Governance	<ul style="list-style-type: none"> Working toward system utilising SharePoint. 	June 2018	

CONCLUSION

Various teams are collaborating in order to implement the outstanding recommendations, some of which may take longer to fully implement due to the nature of the recommendations.

A further update will be provided at the next Audit and Organisational Risk Committee meeting.





6.3 UPDATE ON EXTERNAL AUDIT**File No:** CM.131**Responsible Executive Officer:** Director Corporate Services**Reporting Author:** Manager Governance & Organisational Strategy**Date of Report:** 6 October 2017**Disclosure of Interest:** Nil**Attachment(s):** Nil**PURPOSE**






To provide the Audit & Organisational Risk Committee with a status update regarding implementation of recommendations from external audits by AMD Chartered Accountants.

BACKGROUND

At the last meeting of the AORC on 25 July 2017, a report was presented detailing the findings and recommendations arising from a review of the City's Financial Management Systems and the Interim Audit Management Report for 2016/17.

The table below outlines the status of recommendations from the report:

Recommendation	Responsibility	Comments	Timing	Status
Financial Management System Review				
Custody and Security of Money				
Cash security and till discrepancies to be recorded correctly and stored securely	Finance	<ul style="list-style-type: none"> Training to be provided to facility staff to ensure forms are completed correctly for recording unders/overs 	Q4 2017	
Cash Float/Petty Cash records to be reviewed to reflect all cash on hand	Finance	<ul style="list-style-type: none"> Quarterly reviews underway to ensure records are accurate 	No further action. Complete	
Maintenance and security of financial records				
BCP to be tested periodically to its full extent	Governance	<ul style="list-style-type: none"> Testing due every two years 	Dec 2017	
Recommend development of a fraud policy	Governance	<ul style="list-style-type: none"> Adequate information contained with the Code of Conduct for Councillors and Staff Members, Public Interest Disclosure Policy and Risk Management Policy. Additionally fraud and misconduct is discussed through Compliance induction training. 	No further action. Complete	
Authorisation of incurring liabilities and making payments				

Recommendation	Responsibility	Comments	Timing	Status
Greater analysis of fuel consumption and fuel card usage	Finance / Fleet Services / HR	<ul style="list-style-type: none"> Transitioned to a new fleet management system (MyData) that monitors fuel consumption. To be available to EMT. MV usage policy has been updated. Fuel cards to be signed by responsible officer as part of induction – currently in place. 	No further action. Complete	
Corporate Credit Card Holders to sign CCC Agreement and verify compliance with acquittal process	Governance	<ul style="list-style-type: none"> All CCC Agreement forms signed and filed. 	Complete	
Conflicts of interest to be disclosed when evaluating tender submissions	Governance	<ul style="list-style-type: none"> Statement included in evaluation report that panel members have considered and declared any conflicts of interest. 	No further action. Complete	
Maintenance of payroll, stock control and costing records				
Stock takes be reconciled and signed off	Depot / Finance	<ul style="list-style-type: none"> Quarterly stock takes undertaken at Depot and are to be subject to an independent review. Stock at other locations with minimal stock value continue to be reviewed annually. Random spot checks to be conducted independently. 	No further action. Complete	
Interim Audit Management Report – 2016/17				
All month end checklists are signed and dated to evidence independent review of the key account monthly reconciliations	Finance	<ul style="list-style-type: none"> All independent reviews will be substantiated with a signature 	Q1 2018	

CONCLUSION

Various teams are collaborating in order to implement the outstanding recommendations, some of which may take longer to fully implement due to the nature of the recommendations.

A further update will be provided at the next AORC meeting.

7 CLOSURE & DATE OF NEXT MEETING

The meeting closed at 2.11 pm.

The date of the next meeting to be advised.

I, Cr Evette Smeathers, Chairperson for the Audit & 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 & Organisational Risk Committee Meeting held 20 October 2017.

..... Date_____/_____/_____