



## **AUDIT AND ORGANISATIONAL RISK COMMITTEE MEETING**

# **MINUTES**

**The Audit and Organisational Risk Committee Meeting  
Was held in Meeting Room 4,  
Welcome Road, Karratha,  
on Monday, 21 March 2022**

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 4pm.

## 2 RECORD OF ATTENDANCES AND APOLOGIES

**Committee Members:** Cr Peter Long  
Cr Garry Bailey  
Cr Travis McNaught  
Cr Daniel Scott

<b>Staff:</b>	Chris Adams	Chief Executive Officer
	Phillip Trestrail	Director Corporate Services ( <i>via teleconference</i> )
	Ray McDermott	Manager Financial Services/ CFO ( <i>up to item 6.2</i> )
	Linda Phillips	Minute Secretary

<b>Apologies:</b>	Henry Eaton	Manager Governance & Organisational Strategy
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## 3 ELECTION OF CHAIRPERSON

Nominations were called for the position of the Chairperson.

There being one nomination for Cr Peter Long and no further nominations received, Cr Long was declared the Chairperson of the Audit and Organisational Risk Committee for a two (2) year term expiring October 2023.

Cr Long assumed the position of Chairperson for the remainder of the meeting.

## 4 DECLARATIONS OF INTEREST

Nil

## **5 CONFIRMATION OF MINUTES AND BUSINESS ARISING FROM MINUTES OF PREVIOUS MEETINGS**

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### **OFFICER'S RECOMMENDATION / COMMITTEE RESOLUTION**

**Res No** : **AOR106**  
**MOVED** : **Cr Scott**  
**SECONDED** : **Cr McNaught**

**That the Minutes of the Audit and Organisational Risk Committee Meeting held on Monday, 24 May 2021, be confirmed as a true and correct record of proceedings.**

**CARRIED**

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**FOR** : **Cr Long, Cr Bailey, Cr McNaught, Cr Scott**  
**AGAINST** : **Nil**



## 6 ITEMS FOR DISCUSSION

### 6.1 TERMS OF REFERENCE – AUDIT AND ORGANISATIONAL RISK COMMITTEE

<b>File No:</b>	<b>FM.1</b>
<b>Responsible Executive Officer:</b>	<b>Director Corporate Services</b>
<b>Reporting Author:</b>	<b>Manager Governance &amp; Organisational Strategy</b>
<b>Date of Report:</b>	<b>18 February 2022</b>
<b>Applicant/Proponent:</b>	<b>Nil</b>
<b>Disclosure of Interest:</b>	<b>Nil</b>
<b>Attachment(s):</b>	<b>Terms of Reference</b>

#### PURPOSE

For the Audit and Organisational Risk Committee (AORC) to review its Terms of Reference (ToR) for Council consideration.

#### BACKGROUND

Council at its October 2021 Ordinary Council Meeting requested that Committee and Advisory Group ToR be reviewed to ensure that the aims, objectives and key deliverables are clear and up to-date, with the proposed revised ToR to be presented to Council for consideration.

It is a statutory requirement for Council to have an audit committee.

The AORC provides support to Council in its responsibilities for issues of risk, internal control and compliance by reviewing the comprehensiveness of the City's financial, risk and governance frameworks. The AORC provides oversight of the Council's responsibilities for audit related matters which include:

- monitor compliance with legislation, regulations and policy;
- review of the audited annual financial statements before their presentation to Council, to ensure they represent a true and fair view of the City's financial position and performance;
- review results and discuss the adequacy and effectiveness of accounting and financial controls;
- review planned activity and results of both internal and external audits;
- review the appropriateness of the City's internal control systems; and
- assess and monitor operational and strategic risks and recommend strategies to manage and mitigate such risks.

Officers have reviewed the current ToR and propose the the following amendments:

<b>Current Section</b>	<b>Proposed Amendment</b>	<b>Rationale</b>
3. <u>Objectives</u>	Add: The primary objective of the Committee is to accept responsibility for the annual external audit so Council can be satisfied with the	Emphasised primary objective of AORC to accept responsibility on behalf of the

Current Section	Proposed Amendment	Rationale
	performance of the local government in managing its financial affairs.	Council of the annual external audit.
3.4 <u>External Audit</u>	Change to read: 3.4.3 Confirming that high risk external audit recommendations and other issues are closed out on a timely basis.	Improve readability / grammar.

**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.

**STATUTORY IMPLICATIONS**

Section 7.1A of the *Local Government Act 1995* requires a local government to establish an Audit Committee of three or more persons. Functions of the Audit Committee are outlined in Regulation 16 of the *Local Government (Audit) Regulations 1996*.

**COUNCILLOR/OFFICER CONSULTATION**

No Councillor or Officer consultation is required.

**COMMUNITY CONSULTATION**

No community consultation is required.

**POLICY IMPLICATIONS**

There are no policy implications.

**FINANCIAL IMPLICATIONS**

There are no financial implications. Membership of Committees of Council does not affect the fees paid by the City to elected members.

**STRATEGIC IMPLICATIONS**

This item is relevant to the Council's approved Strategic Community Plan 2020-2030 and the Corporate Business Plan 2020-2025. In particular, the Operational Plan 2021-2022 provided for this activity:

Programs/Services: 4.e.1.2 Organisational Risk Management

**RISK MANAGEMENT CONSIDERATIONS**

The level of risk to the City is considered to be as follows:

Category	Risk level	Comments
Health	N/A	Nil
Financial	N/A	Nil
Service Interruption	N/A	Nil
Environment	N/A	Nil
Reputation	N/A	Nil
Compliance	Low	Failure to have an Audit Committee will breach statutory requirements.

**IMPACT ON CAPACITY**

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

**RELEVANT PRECEDENTS**

The ToR was most recently reviewed and adopted by Council in March 2020.

**VOTING REQUIREMENTS**

Simple Majority.

**OPTIONS:**Option 1

As per Officer's recommendation.

Option 2

That Council by SIMPLE Majority pursuant to Part 7 of the *Local Government Act 1995* RESOLVES to ACCEPT the draft revised Audit and Organisational Risk Committee Terms of Reference as attached with the following amendment(s):

1. \_\_\_\_\_
2. \_\_\_\_\_

Option 3

That Council by SIMPLE Majority pursuant to Part 7 of the *Local Government Act 1995* RESOLVES to DEFER consideration of the Audit and Organisational Risk Committee Terms of Reference pending further information.

**CONCLUSION**

The Terms of Reference has been reviewed to ensure the Committee's role, responsibilities, composition and key deliverables are current and meet statutory requirements.

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**OFFICER'S RECOMMENDATION / COMMITTEE RESOLUTION**

Res No : AOR107  
MOVED : Cr Scott  
SECONDED : Cr McNaught

**That Audit and Organisational Risk Committee by SIMPLE Majority pursuant to Part 7 of the *Local Government Act 1995* RESOLVES to ACCEPT the amended Audit and Organisational Risk Committee Terms of Reference as attached.**

**CARRIED**

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FOR : Cr Long, Cr Bailey, Cr McNaught, Cr Scott  
AGAINST : Nil



**6.2 2020/21 ANNUAL FINANCIAL REPORT AND AUDIT OPINION**

<b>File No:</b>	<b>FM.1</b>
<b>Responsible Executive Officer:</b>	<b>Director Corporate Services</b>
<b>Reporting Author:</b>	<b>Manager Governance &amp; Organisational Strategy</b>
<b>Date of Report:</b>	<b>17 March 2022</b>
<b>Applicant/Proponent:</b>	<b>Nil</b>
<b>Disclosure of Interest:</b>	<b>Nil</b>
<b>Attachment(s):</b>	<b>1. Annual Financial Report 2020/21 2. Independent Auditor's Report 2020/21 3. Management Letter – Financial Audit 4. Confidential - Management Letter: Information Systems Audit</b>

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**PURPOSE**

To receive the Annual Financial Report of the City's affairs for the 2020/21 financial year and to consider the Independent Auditor's Report and Management Letters provided by the Office of the Auditor General (OAG).

**BACKGROUND**

The OAG subcontracted RSM Australia to undertake the annual financial audit for the City for the 2020/21 financial year. The purpose of the audit is to express an opinion on the financial report and internal controls.

Financial reports were presented to the auditors prior to 30 September 2021. RSM Australia audit staff attended on site on 4-8 October 2021 to commence their field work. Ordinarily the audit is to be completed by 31 December of each year, however finalisation of the audit was delayed due to ongoing requests for further information by the auditors.

On completion of the annual financial audit, the OAG provided the attached Independent Auditor's Report and Management Letters dated 8 March 2022, including audit findings and recommendations for both the annual financial report and the information systems audit.

**Audit Opinion**

An unqualified opinion was issued indicating that the City's financial report is based on proper accounts and fairly represents, in all material respects, the results of the operations of the City for the year ended 30 June 2021 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (Act).

The OAG identified one material matter of non-compliance with Part 6 of the Act being insufficient controls in place to appropriately manage unauthorised and unprivileged access to the City's network and key systems. This relates to the decision to provide the CFO with privileged user access to the financial application (See ISA21-1 in Table 3 below).

**Management Reports and Findings**

The auditors prepare a management report that identifying deficiencies in internal controls that require management attention. The matters reported from the Annual Financial Report

Audit (Table 2) and the Information Systems Audit 2021 (contained in Confidential Attachment 4) are limited to those deficiencies that have been identified during those respective audits that are of sufficient importance to warrant being reported.

Table 1 – Summary risk rating per Finding

<b>Risk Ratings:</b>	<b>Significant</b>	<b>Moderate</b>	<b>Minor</b>
Annual Financial Report Audit 2021	0	1	0
Information Systems Audit 2021	1	6	2

Table 2 - Findings from the 2021 Annual Financial Report Audit

<b>Audit Finding</b>	<b>Implication</b>	<b>Auditor Recommendation</b>	<b>Management Response</b>
<b>Annual Financial Report 2020/21</b>			
<b>AFR21-1.</b> <b>Excessive leave entitlements accruing at reporting date</b>  <b>Risk rating:</b> Moderate	<i>(previously reported in 2019/20)</i>  Excessive leave entitlements can result in increased employee costs as the liability increases in conjunction with staff salary increments. In addition, if employees do not take leave, this can have a detrimental effect on their health, wellbeing and as a result their performance at work. Best practice guidelines encourage employees to take their leave regularly. Further, requiring staff to take leave periodically allows for an increase of segregation and rotation of duties and reduces the risk to perpetrate or conceal fraud.	Management formalise a plan on the utilisation of annual leave balances which may include a capped limit on balances that can be carried forward to the next financial year.  An action plan should be developed to reduce the accrued leave entitlements of staff, taking into account the circumstances of the individual as well as the needs of the City. This could include paying out a portion of annual leave when it has increased past a certain number of weeks.	The City's Enterprise Agreement (EA) provides a capped limit of 12 weeks annual leave. The EA also includes provision to pay out excess annual leave at the request of the employee.  The City regularly encourages employees to take leave but cannot require this except in cases where employees have greater than 12 weeks. Only 3 of the employees identified above had greater than 12 weeks annual leave at the reporting date and all of these have plans to reduce their leave.  The City's turnover rate has been increasing over the last 12 months and is currently at 46%. This means some staff are unable to take leave due to staff shortages.  <b>Responsible person:</b> Manager Human Resources  <b>Completion date:</b> 11 February 2022

#### 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.

## STATUTORY IMPLICATIONS

Part 7 Division 3A of the Act particular sections 7.12AA-7.12AE and regulation 10 of the *Local Government (Audit) Regulations 1996* provide for the conduct of the annual audit and the report by the auditor.

Section 5.54 of the Act provides for acceptance of annual reports by the local government.

Section 5.55A of the Act provides that the annual report, including the auditor's report and the audited financial report, are to be published on the City's official website within 14 days after the annual report has been accepted by the Council.

Section 7.12A of the Act requires significant matters requiring attention from an audit to be reported to the Minister within 3 months after the audit report is received with what actions are being undertaken and for the report to then also be disclosed on the City's website.

## COUNCILLOR/OFFICER CONSULTATION

Financial Services staff, the Director Corporate Services and CEO have been involved regarding the finalisation of the annual financial report and a response to the audit opinion.

The CEO, Director Corporate Services and Manager Financial Services/CFO participated in the Audit Exit Meeting with the OAG and RSM Australia.

## COMMUNITY CONSULTATION

The community will be 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 Independent Auditor's Report.

## POLICY IMPLICATIONS

The financial report was prepared in accordance with the Australian and International Accounting Standards and in accordance with Council Policy *CF01 Local Government Accounting Directions*.

A review will be undertaken of CG01 – Risk Management Policy, OP-IS-01 Conditions of Use of Information Technology Facilities and the Business Continuity Plan to address the findings.

Consideration will also be given to creating new operational policies and procedures where considered necessary to address audit recommendations.

## FINANCIAL IMPLICATIONS

In summary, the Annual Financial Report indicated that the City had as at 30 June 2021:

	30 June 2021	30 June 2020	Inc /(Dec)
Net Result	\$15,631,007	\$6,337,772	\$9,293,235
Net Assets	\$771,416,056	\$756,101,235	\$15,314,821
Total Assets	\$804,296,237	\$783,629,773	\$20,666,464
Total Liabilities	\$32,880,181	\$27,528,538	\$5,351,643
Loan Liability	\$33,269	\$236,014	(\$202,745)
Cash Reserves	\$73,555,557	\$67,506,603	\$6,048,954
Property, Plant & Equipment	\$250,787,540	\$250,813,979	(\$26,439)
Investment Property	\$31,300,000	\$25,619,936	\$5,680,064
Infrastructure Assets	\$431,210,116	\$426,824,872	\$4,385,244
<b>Final Surplus (Restricted)</b>	<b>\$248,516</b>	<b>\$453,046</b>	<b>(\$204,530)</b>
<b>Final Surplus (Unrestricted)</b>	<b>\$452,221</b>	<b>\$1,700,172</b>	<b>(\$1,247,951)</b>

The OAG invoices the City for the conduct of the audit on a full cost recovery basis. The total audit fee for the 2020/21 audit is \$72,000 plus GST.

### STRATEGIC IMPLICATIONS

This item is relevant to the Council's approved Strategic Community Plan 2020-2030 and the Corporate Business Plan 2020-2025. In particular, the Operational Plan 2021-2022 provided for this activity:

Programs/Services:	4.b.2.3	Software Management
Projects/Actions:	4.b.2.3.21.2	Undertake Network Vulnerability Testing (Internal Penetration Testing).
	4.b.2.3.21.3	Install security devices for server and communication rooms at core sites (Netbotz and EKA Key System).
Our Program/Services:	4.c.1.1	Management Accounting Services
Our Projects/Actions:	4.c.1.1.19.1	Conduct monthly and annual financial reviews and reporting
Programs/Services:	4.e.1.2	Organisational Risk Management
Projects/Actions:	4.e.1.2.19.3	Review and test the Business Continuity Framework.
	4.e.1.2.20.2	Review and maintain a contemporary set of council policies.
Projects/Actions:	4.e.1.2.21.1	Assist the Office of Auditor General with financial and performance audits.
Our Program/Services:	4.e.2.1	Publications and media notices
Our Projects/Actions:	4.e.2.1.19.1	Produce Annual Report

### RISK MANAGEMENT CONSIDERATIONS

The level of risk to the City is considered to be as follows:

Category	Risk level	Comments
Health	N/A	Nil
Financial	Moderate	Significant controls and oversight in place throughout the year to monitor financial performance. Audits assist in minimising risks.  The City has insurance to cover losses associated with breaches of IT security.
Service Interruption	Low	Improving IT security policies, system and processes will minimise service interruption.
Environment	N/A	Nil
Reputation	Low	Significant controls and oversight in place throughout the year to protect the City from reputational damage.
Compliance	Moderate	Significant controls and oversight in place throughout the year to ensure high levels of compliance.

### 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 Independent Auditor's Report from the Office of the Auditor General for the year ended 30 June 2021 and seek further advice and clarification on the report.

**CONCLUSION**

The OAG has provided an unqualified Audit Opinion indicating that the accounts are a true and fair representation of the City's financial performance for 2020/21.

The OAG's Management Report for the Financial Audit has highlighted only one moderate financial risk in relation to the level of annual leave accrued at the end of the year. The Management Report for the Information Systems Audit identifies one significant risk that is related to the CFO's access to the finance system, six moderate risks and two minor risks. Although not supported, the significant risk has been resolved and action is being taken to address other identified risks.

It is recommended that the Annual Financial Report and the Independent Auditor's Report be presented to Council to enable the Annual Electors' Meeting to be convened.

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**OFFICER'S RECOMMENDATION / COMMITTEE RESOLUTION**

**Res No** : **AOR108**  
**MOVED** : **Cr Bailey**  
**SECONDED** : **Cr McNaught**

**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. ACCEPT the Annual Financial Report for the Year ended 30 June 2021;**
- 2. ACCEPT the Independent Auditor's Report from the Office of the Auditor General for 2020/21;**
- 3. NOTE the Management Report for the Financial Audit provided by the Office of the Auditor General for the year ended 30 June 2021; and**
- 4. NOTE the Management Report for the Information Systems Audit Report provided by the Office of the Auditor General for the year ended 30 June 2021.**

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**CARRIED**

**FOR** : **Cr Long, Cr Bailey, Cr McNaught, Cr Scott**  
**AGAINST** : **Nil**

At 4.09 pm the Manager Financial Services/CFO left the meeting.

### 6.3 COMPLIANCE AUDIT RETURN 2021

<b>File No:</b>	<b>FM.12</b>
<b>Responsible Executive Officer:</b>	<b>Director Corporate Services</b>
<b>Reporting Author:</b>	<b>Governance Officer - Compliance</b>
<b>Date of Report:</b>	<b>17 March 2022</b>
<b>Applicant/Proponent:</b>	<b>Nil</b>
<b>Disclosure of Interest:</b>	<b>Nil</b>
<b>Attachment(s):</b>	<b>Draft Compliance Audit Return 2021</b>

#### PURPOSE

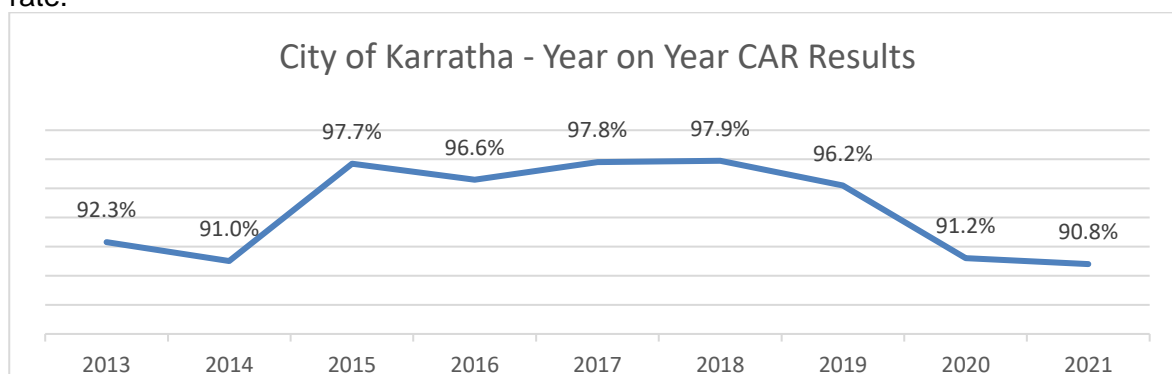
To consider the City's audit of compliance to inform the Compliance Audit Return (CAR) for the 2021 calendar year.

#### BACKGROUND

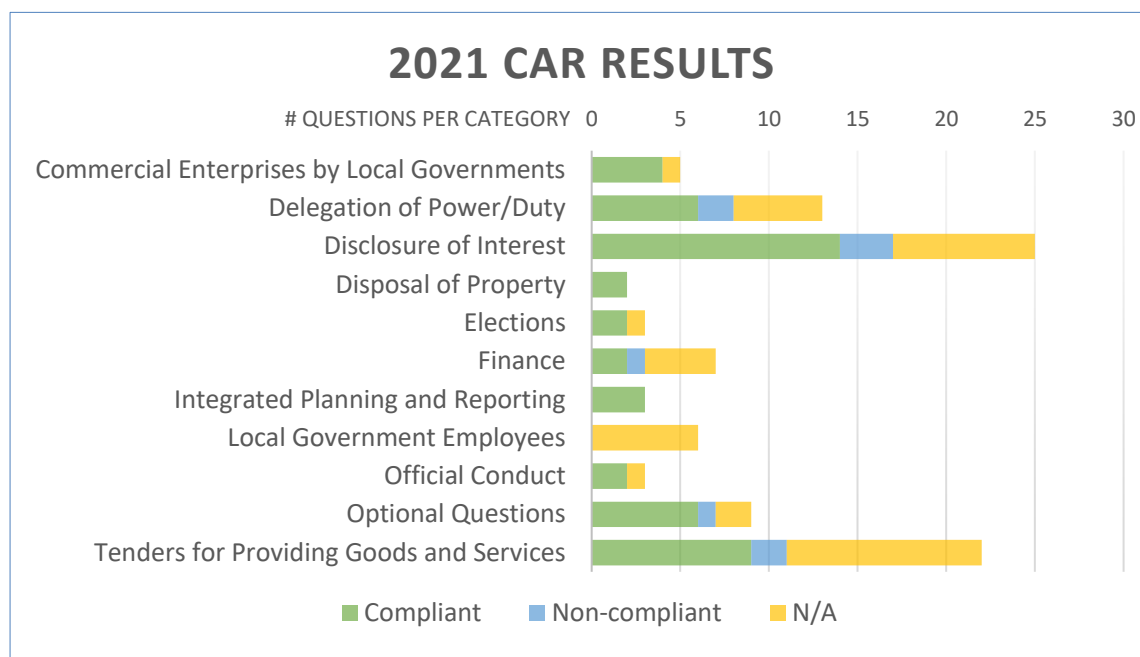
Each local government is required to submit a CAR for the preceding calendar year, by 31 March following review by the Audit and Organisational Risk Committee and adoption by Council. The CAR is submitted to the Department of Local Government, Sport and Cultural Industries (DLGSCI) in a prescribed form and addresses statutory requirements in the following areas:

- a) Commercial Enterprises by local governments;
- b) Delegation of Power/Duty;
- c) Disclosure of Interest;
- d) Disposal of Property;
- e) Elections;
- f) Finance;
- g) Integrated Planning and Reporting;
- h) Local Government Employees;
- i) Official Conduct;
- j) Optional Questions; and
- k) Tenders for Providing Goods and Services.

As provided below, historically the City has performed well with annual results for the CAR above 90%. In completing the internal review for the 2021 calendar year, 9 instances of non-compliance have been identified against the 98 questions, resulting in a 90.8% compliance rate.



A summary of the results per category is provided below:



The 9 non-compliances and other issues identified relate to:

#### Delegation of Power/Duty

Question 6 - In December 2020 the City invited tenders under CEO delegation which provides for "Disposal of property other than an interest in land" where the individual market value of the property to be disposed is less than \$150k (excl. GST). The contract was awarded under CEO delegation based on historical volumes and predicted tonnage rates however, income subsequently exceeded the threshold and in November 2021 Council ratified the disposition of property under the contract.

Question 9 – A manager provided concession on fees on 54 separate occasions where a delegation under 1.10 Concession of Fees was not provided by the CEO. As these breaches were not concealed and the manager did not receive any personal benefit, disciplinary action has been initiated and the manager's delegations reviewed.

#### Disclosure of Interest

Question 4 - One instance has been identified where a relevant person did not submit a primary return within three months of commencement as required and was received within six months.

Question 5 - Two annual returns were not submitted by relevant persons by the due date of 31 August 2021. In both cases the employees left the City within a week of the due date.

Question 6 - One instance has been identified where an acknowledgement of a primary return cannot be evidenced.

#### Finance

Question 3 - The auditor's report for the financial year 2020/21 was not received by 31 December 2021. The auditor's report is to be delivered to the March 2022 Audit and Organisational Risk Committee meeting and subsequent Council meeting.

### Optional Questions

Question 7 - A report on Council members completed training for 2020/21 was not updated on the City's website by the due date of 31 July 2021. This appears to be an administrative oversight and although the report was current for the previous financial year, only minor changes were required before it was officially updated on the City's website.

### Tenders for Providing Goods and Services

Question 1 - There were three recorded non-compliances in respect to complying with Council's Purchasing Policy. They relate to:

- an officer committing expenditure where a purchasing authority did not exist;
- an officer committing to a sole supplier arrangement where no authorisation was provided; and
- an officer not adhering to the purchasing threshold requirements prior to engaging in a contract with the City.

Action has been taken to address each instance of non-compliance and ensure understanding of requirements in accordance with the Policy.

Question 10 - Whilst compliant for 35 tenders where the CEO was required to give each tenderer notice in writing containing particulars of the successful tender or advising that no tender was accepted - one unsuccessful notice was not provided due to an administrative oversight.

### **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.

### **STATUTORY IMPLICATIONS**

Regulations 13-15 of the *Local Government (Audit) Regulations 1996* provide for compliance audits.

The CAR is to be received and accepted by the Audit and Organisational Risk Committee and Council prior to a certified copy being submitted to the Department of Local Government by 31 March of each year.

### **COUNCILLOR/OFFICER CONSULTATION**

Consultation has taken place with relevant City officers when preparing responses.

### **COMMUNITY CONSULTATION**

No community consultation is required.

### **POLICY IMPLICATIONS**

There are no policy implications.

### **FINANCIAL IMPLICATIONS**

There are no financial implications.

### **STRATEGIC IMPLICATIONS**

This item is relevant to the Council's approved Strategic Community Plan 2020-2030 and the Corporate Business Plan 2020-2025. In particular, the Operational Plan 2021-2022 provided for this activity:

Programs/Services:	4.e.1.2	Organisational Risk Management
Projects/Actions:	4.e.1.2.21.2	Complete the annual Compliance Audit Return

**RISK MANAGEMENT CONSIDERATIONS**

The level of risk to the City is considered to be as follows:

Category	Risk level	Comments
Health	N/A	Nil
Financial	N/A	Nil
Service Interruption	N/A	Nil
Environment	N/A	Nil
Reputation	Low	The CAR is utilised to inform the DLGSCI and is not likely to have significant reputational implications unless major non-compliances are identified through the process.
Compliance	Moderate	The CAR provides an opportunity for self-assessment, to review current practices and identify any areas for operational improvement. Good systems and strong governance are in place to manage this risk.

**IMPACT ON CAPACITY**

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

**RELEVANT PRECEDENTS**

The CAR is submitted to the Audit and Organisational Risk Committee and to Council prior to March 31 each year.

**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 14 of the *Local Government (Audit) Regulations 1996* RESOLVES to DEFER consideration of the 2021 Compliance Audit Return pending further review, noting that submissions are due to the Department of Local Government, Sport and Cultural Industries by 31 March 2022.

**CONCLUSION**

Each local government is required to carry out an annual Compliance Audit Return in relation to the period 1 January 2021 to 31 December 2021. Overall, the audit indicates a compliance rate of 90.8% for the City, a slight improvement since 2020. Measures have been taken to rectify non-compliances and internal controls continue to be monitored to identify and address non-compliances as they occur. These systems continue to reflect a high level of compliance.

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**OFFICER'S RECOMMENDATION / COMMITTEE RESOLUTION**

**Res No** : **AOR109**  
**MOVED** : **Cr Scott**  
**SECONDED** : **Cr McNaught**

**That the Audit and Organisational Risk Committee by SIMPLE Majority pursuant to Regulation 14 of the *Local Government (Audit) Regulations 1996* RESOLVES to:**

- 1. RECEIVE the 2021 Compliance Audit Return; and**
- 2. PRESENT the 2021 Compliance Audit Return to Council for adoption prior to submission to the Department of Local Government, Sport and Cultural Industries by 31 March 2022.**

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**CARRIED**

**FOR** : **Cr Long, Cr Bailey, Cr McNaught, Cr Scott**  
**AGAINST** : **Nil**





## 6.4 RISK REGISTER UPDATE

<b>File No:</b>	<b>RM.8</b>
<b>Responsible Executive Officer:</b>	<b>Director Corporate Services</b>
<b>Reporting Author:</b>	<b>Governance Officer - Compliance</b>
<b>Date of Report:</b>	<b>1 March 2022</b>
<b>Applicant/Proponent:</b>	<b>Nil</b>
<b>Disclosure of Interest:</b>	<b>Nil</b>
<b>Attachment(s):</b>	<ol style="list-style-type: none"> <li><b>1. Confidential - Risk Register Extract: High Level Residual Risks</b></li> <li><b>2. Confidential - Risk Register Extract: Strategic Risks</b></li> </ol>

### PURPOSE

To provide an update of high level residual risks and associated indicators as contained in the City's Risk Register.

### BACKGROUND

Periodically the Risk Register is reviewed by Managers and audited by Governance Officers to ensure currency. In February 2022, a more detailed review was conducted by Managers who assessed existing risks and updated the register, including addition/deletion of the following:

#### New risks:

- COVID 19 impact on City facilities and operations;
- Failure to wear appropriate protective equipment in times of a health pandemic mandate;
- Incorrectly managing strata property in line with legislation; and
- Inappropriate disposition of property.

#### Risks no longer applicable or duplicated in other areas:

- Failure to administer and maintain City funeral and burial records;
- Ineffective relationship with Safer Communities Partners (group now disbanded);
- Inability to meet the expectations of local tourism operators and businesses;
- Incorrect positioning/use/setup of Variable Messaging System (Roadside electronic noticeboard);
- Inability to respond to an emergency in an effective and timely manner at the REAP building;
- Injury to staff or public; and
- Failure to provide a timely, consistent, and accurate response to electronic customer requests.

These changes brings the total of identified risks to 187. Further analysis will be undertaken in the coming months to interrogate and consolidate more duplicated risks.

The table below provides the *inherent* and *residual* risk totals and percentages for the highest risks.

Number of Risks	187	
Number with Inherent Consequences rated Major or Catastrophic	37	19.8%
Number of Inherent Risks rated High or Extreme	46	24.6%
Number of Residual Risks rated High or Extreme	2	1.07%

Of the 46 *inherent risks* rated high or extreme, 2 risks have a high *residual risk* rating having regard to the implementation of current controls. These are contained in the attachment to this report.

The heat map below displays the current assessed *residual* rating for all 187 identified risks:

#### Residual Risk Matrix

		Consequence				
		Insignificant	Minor	Moderate	Major	Catastrophic
Likelihood		1	2	3	4	5
Almost Certain	5	1	0	0	0	0
Likely	4	2	9	1	0	0
Possible	3	15	31	24	0	0
Unlikely	2	12	37	20	10	1
Rare	1	0	14	6	3	1

Since the last AORC meeting there has been a small decrease in the overall number of risks in the Register. The number of risks assessed as moderate has increased however these are acceptable with adequate controls in place, and the number of high risks has slightly decreased.

Risk	Oct 2018	Feb 2019	Mar 2020	May 2020	Mar 2021	Mar 2022	Change
Low	100	99	97	99	103	89	-14
Moderate	76	76	79	84	82	96	+14
High	4	4	4	1	3	2	-1
Extreme	0	0	0	0	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.

#### **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.

#### **COUNCILLOR/OFFICER CONSULTATION**

Consultation has taken place with the Executive Management Group.

#### **COMMUNITY CONSULTATION**

No community consultation is required.

#### **POLICY IMPLICATIONS**

Council's CG01 Risk Management Policy is relevant to this matter.

**FINANCIAL IMPLICATIONS**

There are no financial implications.

**STRATEGIC IMPLICATIONS**

This item is relevant to the Council's approved Strategic Community Plan 2020-2030 and the Corporate Business Plan 2020-2025. In particular, the Operational Plan 2021-2022 provided for this activity:

Programs/Services:	4.e.1.2	Organisational Risk Management
Projects/Actions:	4.e.1.2.19.2	Review Risk Management Framework

**RISK MANAGEMENT CONSIDERATIONS**

The level of risk to the City is considered to be as follows:

Category	Risk level	Comments
Health	Moderate	The risk register now considers COVID and pandemic scenarios that require appropriate resource and facility management.
Financial	N/A	Nil
Service Interruption	N/A	Nil
Environment	N/A	Nil
Reputation	N/A	Nil
Compliance	High	Local Government Audit Regulations require appropriate risk management systems and procedures to be in place. A Risk Register and supporting policy documents ensure that the City is constantly reviewing identified risks and managing them appropriately.

**IMPACT ON CAPACITY**

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

**RELEVANT PRECEDENTS**

The Risk Register is reviewed periodically to maintain currency.

**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 the risk register pending further review.

**CONCLUSION**

Following the most recent review of the Risk Register, new risks have been identified and duplicated risks have been removed bringing the total of identified risks to 187. Overall, the City is managing risk effectively with no *residual* risks rated extreme and only 1.1% of *residual* risks rated high. These risks are considered acceptable with ongoing refinement of some controls to ensure effective management and monitoring of the risks.

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**OFFICER'S RECOMMENDATION / COMMITTEE RESOLUTION**

**Res No** : **AOR110**  
**MOVED** : **Cr Scott**  
**SECONDED** : **Cr McNaught**

**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.**

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**CARRIED**

**FOR** : Cr Long, Cr Bailey, Cr McNaught, Cr Scott  
**AGAINST** : Nil

**6.5 RISK MANAGEMENT POLICY REVIEW**

<b>File No:</b>	<b>RM.8</b>
<b>Responsible Executive Officer:</b>	<b>Director Corporate Services</b>
<b>Reporting Author:</b>	<b>Manager Governance &amp; Organisational Strategy</b>
<b>Date of Report:</b>	<b>11 February 2022</b>
<b>Applicant/Proponent:</b>	<b>Nil</b>
<b>Disclosure of Interest:</b>	<b>Nil</b>
<b>Attachment(s):</b>	<b>Draft CG01 Risk Management Policy</b>

**PURPOSE**

To consider the review of Council's Risk Management Policy that indicates the City's commitment to, and objectives surrounding, managing and mitigating risk.

**BACKGROUND**

The revised policy was last endorsed by the Audit and Organisational Risk Committee in February 2019 and adopted by Council in March 2019 following consultation with the Local Government Insurance Scheme (LGIS).

It is proposed that the policy be updated to broadly address the risks of fraud and corruption identified in the OAG's Performance Audit on Fraud Prevention amongst local governments. This will obviate the requirement for a separate policy on Fraud and Corruption as has been recommended by auditors in recent years.

Amendments proposed are tabled below:

<b>Section - Current</b>	<b>Proposed Amendment</b>	<b>Rationale</b>
1. Objectives	<ul style="list-style-type: none"> <li>Ensure all Councillors and employees are aware of the need to manage risk including fraud prevention within an organisational culture that promotes sound ethics and an understanding of the responsibilities associated with ethical conduct.</li> </ul>	Updated 3 <sup>rd</sup> bullet point to include Councillors having a responsibility for risk management and the promotion of an organisation culture with sound ethical conduct.
	<ul style="list-style-type: none"> <li>Protect the City from adverse incidents including fraud or corruption, to reduce exposure to loss, and to mitigate and control loss and associated costs should an adverse incident occur.</li> </ul>	Updated 4 <sup>th</sup> bullet point in mitigating risk associated with adverse impacts including fraud or corruption.

Section - Current	Proposed Amendment	Rationale
3.1 General	<ul style="list-style-type: none"> <li>Management of sensitive issues.</li> </ul>	7 <sup>th</sup> bullet point required an administrative correction.
3.2 Responsibilities	<ul style="list-style-type: none"> <li>Employees and Councillors having a duty to advise management of any concerns they have about the conduct of Council affairs or the use of Council assets and resources.</li> </ul>	5 <sup>th</sup> bullet point has been added to emphasise the need for reporting any misconduct.
	<ul style="list-style-type: none"> <li>All staff will be encouraged to alert management to the risks that exist within their area, including fraudulent or corrupt activities, without fear of recrimination.</li> </ul>	6 <sup>th</sup> bullet point, emphasises the need to report any fraud or corruption without fear of recrimination.
	<ul style="list-style-type: none"> <li>Investigations will be carried out on any perceived or actual fraudulent or corrupt activities.</li> </ul>	11 <sup>th</sup> bullet point, any reports will be fully investigated.
5. References	<ul style="list-style-type: none"> <li>Code of Conduct for Council Members, Committee Member and Candidates.</li> </ul>	Added 5 <sup>th</sup> bullet point as additional reference material.
	<ul style="list-style-type: none"> <li>Code of Conduct for Employees.</li> </ul>	Added 6 <sup>th</sup> bullet point as additional reference material
Policy Review Period	<ul style="list-style-type: none"> <li>3 years</li> </ul>	This has increased from 2 years to reflect a more reasonable review period frequency.

### 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 compliance.

### STATUTORY IMPLICATIONS

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

### COUNCILLOR/OFFICER CONSULTATION

Consultation has taken place between the Director Corporate Services, Governance staff and relevant areas in line with the City's Risk Management Framework.

### COMMUNITY CONSULTATION

No community consultation is required.

### POLICY IMPLICATIONS

If approved by Council, the revised policy will replace the existing Risk Management Policy.

### FINANCIAL IMPLICATIONS

There are no financial implications.

**STRATEGIC IMPLICATIONS**

This item is relevant to the Council's approved Strategic Community Plan 2020-2030 and the Corporate Business Plan 2020-2025. In particular, the Operational Plan 2021-2022 provided for this activity:

Programs/Services:	4.e.1.2	Organisational Risk Management
Projects/Actions:	4.e.1.2.19.2	Review Risk Management Framework
	4.e.1.2.20.2	Review and maintain a contemporary set of Council Policies

**RISK MANAGEMENT CONSIDERATIONS**

The level of risk to the City is considered to be as follows:

Category	Risk level	Comments
Health	N/A	Nil
Financial	N/A	Nil
Service Interruption	N/A	Nil
Environment	N/A	Nil
Reputation	Low	Addressing the risk of fraud and corruption will assist in protecting the City's reputation.
Compliance	Low	Good systems and strong governance are in place to manage risk.

**IMPACT ON CAPACITY**

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

**RELEVANT PRECEDENTS**

This policy was last reviewed by Council at its February 2019 OCM.

**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 RECOMMEND to Council the adoption of the amended Risk Management Policy with the following changes:

1. \_\_\_\_\_
2. \_\_\_\_\_

Option 3

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 the amended Risk Management Policy.

**CONCLUSION**

The Risk Management policy has been reviewed and it is proposed that the policy be updated to reflect fraud and corruption risk.

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**OFFICER'S RECOMMENDATION / COMMITTEE RESOLUTION**

**Res No** : **AOR111**  
**MOVED** : **Cr McNaught**  
**SECONDED** : **Cr Bailey**

**That the Audit and Organisational Risk Committee by SIMPLE Majority pursuant to Regulation 17 of the *Local Government (Audit) Regulations 1996* RESOLVES to RECOMMEND to Council the adoption of the updated CG01 Risk Management Policy as attached.**

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**CARRIED**

**FOR** : Cr Long, Cr Bailey, Cr McNaught, Cr Scott  
**AGAINST** : Nil



**6.6 AUDIT AND ORGANISATIONAL RISK COMMITTEE DATES 2022**

<b>File No:</b>	<b>FM.3</b>
<b>Responsible Executive Officer:</b>	<b>Director Corporate Services</b>
<b>Reporting Author:</b>	<b>Manager Governance &amp; Organisational Strategy</b>
<b>Date of Report:</b>	<b>21 February 2022</b>
<b>Applicant/Proponent:</b>	<b>Nil</b>
<b>Disclosure of Interest:</b>	<b>Nil</b>
<b>Attachment(s):</b>	<b>Nil</b>

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**PURPOSE**

To consider dates for Audit and Organisational Risk Committee (AORC) meetings for the remainder of 2022.

**BACKGROUND**

The AORC Terms of Reference provides for meetings to be held at least three times per year, or as required in order to expedite matters of governance and risk to ensure that the City has effective internal controls in place.

The Committee met twice in 2021 where one meeting was rescheduled due to delays in receiving audit reports from the OAG and the November meeting was postponed due to no final audit report being received for 2020/21.

A similar schedule of meetings is proposed for the remainder of 2022, with meetings commencing at 3pm on the second Tuesday of the months of June and November. The following meeting dates and significant matter for discussion are proposed for the remainder of 2022:

<b>Date</b>	<b>Significant Matters for Discussion</b>
14 June 2022	<ul style="list-style-type: none"><li>• Receive Interim Audit Report 2021/22</li><li>• Receive Internal Audits</li></ul>
8 November 2022	<ul style="list-style-type: none"><li>• Receive Annual Financial Report 2021/22</li><li>• Consider External Audit Report 2021/22</li><li>• Endorse 2023 AORC Meeting dates</li></ul>

**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.

**STATUTORY IMPLICATIONS**

Division 1A of Part 7 of the *Local Government Act 1995* provides for local government audit committees.

**COUNCILLOR/OFFICER CONSULTATION**

No Councillor or Officer consultation is required.

**COMMUNITY CONSULTATION**

No community consultation is required.

**POLICY IMPLICATIONS**

There are no policy implications.

**FINANCIAL IMPLICATIONS**

There are no financial implications.

**STRATEGIC IMPLICATIONS**

This item is relevant to the Council's approved Strategic Community Plan 2020-2030 and the Corporate Business Plan 2020-2025. In particular, the Operational Plan 2021-2022 provided for this activity.

Programs/Services: 4.a.2.6 Agenda and Minutes Preparation

**RISK MANAGEMENT CONSIDERATIONS**

The level of risk to the City is considered to be as follows:

Category	Risk level	Comments
Health	N/A	Nil
Financial	N/A	Nil
Service Interruption	N/A	Nil
Environment	N/A	Nil
Reputation	N/A	Nil
Compliance	Moderate	Failure to convene Audit Committee meetings will breach Statutory requirements.

**IMPACT ON CAPACITY**

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

**RELEVANT PRECEDENTS**

The Committee adopted the 2021 meeting dates at the March 2021 AORC meeting.

**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 Part 7 of the *Local Government Act 1995* RESOLVES to SCHEDULE the 2022 Audit and Organisational Risk Committee meeting dates as follows:

**CONCLUSION**

It is proposed to continue the schedule of three Audit and Organisational Risk Committee meetings in 2022, however the timing of the annual financial audit remains uncertain. In the event that any other urgent matters need to be considered, additional meetings of the Committee can be convened.

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**OFFICER'S RECOMMENDATION / COMMITTEE RESOLUTION**

**Res No** : AOR112  
**MOVED** : Cr Bailey  
**SECONDED** : Cr McNaught

That the Audit and Organisational Risk Committee by SIMPLE Majority pursuant to Part 7 of the *Local Government Act 1995* RESOLVES to SCHEDULE Audit and Organisational Risk Committee meetings for the remainder of 2022 as follows:

Date and Time of Meeting	Location
Tuesday 14 June 2022 at 3pm	Council Chambers, Karratha
Tuesday 8 November 2022 at 3pm	Council Chambers, Karratha

**CARRIED**

**FOR** : Cr Long, Cr Bailey, Cr McNaught, Cr Scott  
**AGAINST** : Nil



## **7 ITEMS FOR INFORMATION ONLY**

**Responsible Officer:** Director Corporate Services

**Reporting Author:** Minute Secretary

**Disclosure of Interest:** Nil

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### **PURPOSE**

To advise the Audit and Organisational Risk Committee of the information items for period ending March 2022.

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### **OFFICER'S RECOMMENDATION / COMMITTEE RESOLUTION**

**Res No** : AOR113

**MOVED** : Cr McNaught

**SECONDED** : Cr Scott

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

#### **7.1 Update on External Audits**

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**CARRIED**

**FOR** : Cr Long, Cr Bailey, Cr McNaught, Cr Scott

**AGAINST** : Nil

**7.1 UPDATE ON EXTERNAL AUDITS**

**File No:** CM.131

**Responsible Executive Officer:** Director Corporate Services

**Reporting Author:** Manager Governance & Organisational Strategy

**Date of Report:** 9 February 2022

**Disclosure of Interest:** Nil

**Attachment(s):** Nil

**PURPOSE**



To provide the Audit and Organisational Risk Committee (AORC) with a status update regarding implementation of recommendations from past external or independent audits on the City's activities.



**BACKGROUND**

At the 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. On 16 November 2018 a report was presented to the AORC on the City's IT Network Security.

Officers have completed self-assessments against the findings of OAG performance audits in relation to fraud prevention and records management.

The table below outlines the status of outstanding recommendations from past audits and self-assessments:

Recommendation	Responsibility	Comments	Timing	Status
<b>2017 Financial Management System Review - AMD</b>				
Maintenance and security of financial records				
BCP to be tested periodically to its full extent	Governance	<ul style="list-style-type: none"> <li>Testing carried out every two years.</li> <li>BCP exercises undertaken at Airport in 2017 and REAP in 2018.</li> <li>BCP tested annually in relation to cyclonic events – last being TC Damien Feb 2020.</li> <li>A COVID BCP exercise was undertaken with EMG in Feb 2022.</li> <li>A review of the current BCP document is being finalised.</li> </ul>	Oct 2022	
<b>Network Vulnerability Assessment and Penetration Testing</b>				
The report identified: 15 recommendations for external penetration testing;	Information Services	<ul style="list-style-type: none"> <li>33 recommendations have been completed. Of the remaining 35 recommendations:</li> </ul>	June 2023	

Recommendation	Responsibility	Comments	Timing	Status
33 recommendations for Security Process Review; 5 recommendations for Social Engineering – Phishing; and 15 recommendations for Technical Security Review.		<p>- <b>2 are high priority</b> One is dependent on the Microsoft licensing RFQ (procured). It is related to multi-factor authentication that requires the MS MFA product. Change management now in progress over network.</p> <p>The other is related to Physical Entry – this work is currently under way.</p> <p>- <b>19 are medium priority</b> Majority refer to policy and strategy development which is scheduled to occur following the completion of a selection of current projects.</p> <p>The balance are in progress including staff security training which has been incorporated into the newly formed IT induction process that is now being delivered.</p> <p>Items such as keys and access is being coordinated with Building Maintenance. Work is currently under way with expenditure included in the 2021/22 budget.</p> <p>- <b>14 are low priority.</b></p>		
<b>OAG Performance Audit – Fraud Prevention – Self Assessment</b>				
Risks are understood	Governance	<ul style="list-style-type: none"> <li>Draft risk management framework and policy incorporate the risk of fraud to be updated in Mar 2022.</li> <li>Culture of anti-fraud is addressed in staff training and induction.</li> <li>Governance and HR to review recording registers.</li> </ul>	March 2022	
<b>OAG Performance Audit – Records Management in Local Government – Self Assessment</b>				
City websites and social media pages	Information Services & Marketing and Communications	<ul style="list-style-type: none"> <li>Digital records to be captured in the City record keeping system. Website</li> </ul>	June 2022	

Recommendation	Responsibility	Comments	Timing	Status
		<p>upgrade project to address the website element.</p> <ul style="list-style-type: none"><li>• Procurement in progress for social media.</li></ul>		

**CONCLUSION**

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



## **8 MATTERS BEHIND CLOSED DOORS**

**CONFIDENTIAL ITEM 8.1 OAG CYBER SECURITY AUDIT**

**ATTACHMENT TO ITEM 6.2 2020/21 ANNUAL FINANCIAL REPORT AND AUDIT  
OPINION**

**ATTACHMENT TO ITEM 6.4 RISK REGISTER UPDATE**

**These matters if disclosed would reveal information about the business, professional, commercial or financial affairs of a person.**



**8.1 CONFIDENTIAL ITEM - OAG CYBER SECURITY AUDIT**

These matters if disclosed would reveal information about the business, professional, commercial or financial affairs of a person.

**File No:** FM.3

**Responsible Executive Officer:** Director Corporate Services

**Reporting Author:** Manager Governance & Organisational Strategy

**Date of Report:** 11 March 2022

**Applicant/Proponent:** Nil

**Disclosure of Interest:** Nil

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**OFFICER'S RECOMMENDATION / COMMITTEE RESOLUTION**

**Res No** : AOR115

**MOVED** : Cr McNaught

**SECONDED** : Cr Bailey

That Audit and Organisational Risk Committee by SIMPLE Majority pursuant to Part 7 of the *Local Government Act 1995* RESOLVES to:

1. NOTE the recommendations of the OAG performance audit on Cyber Security dated November 2021; and
2. NOTE the Management Responses and proposed actions to the audit findings.

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**CARRIED**

**FOR** : Cr Long, Cr Bailey, Cr McNaught, Cr Scott  
**AGAINST** : Nil



## **9 CLOSURE & DATE OF NEXT MEETING**

The meeting closed at 4.26pm.

The date of the next meeting is to be held on Tuesday, 14 June 2022 at 3:00pm in Council Chambers - Welcome Road, Karratha.

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I, Cr Peter Long, 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 21 March 2022.

..... Date \_\_\_\_/\_\_\_\_/\_\_\_\_