

minutes

Audit and Risk Committee

MEETING HELD ON

TUESDAY 1 MARCH 2022

Acknowledgement of Traditional Custodians

The City of Joondalup acknowledges the traditional custodians of the land, the Whadjuk people of the Noongar nation, and recognises the culture of the Noongar people and the unique contribution they make to the Joondalup region and Australia. The City of Joondalup pays its respects to their Elders past and present and extends that respect to all Aboriginal and Torres Strait Islander peoples.

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Note:

Clause 15.10 of the City's *Meeting Procedures Local Law 2013* states:

This local law applies generally to committee meetings except for clause 7.1 in respect of members seating and clause 7.8 in respect of limitation on members speaking.

CITY OF JOONDALUP

MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING HELD BY ELECTRONIC MEANS ON TUESDAY 1 MARCH 2022.

ATTENDANCE

Committee Members

Cr John Raftis	<i>Presiding Member</i>	
Mayor Hon. Albert Jacob, JP		
Cr Tom McLean, JP		<i>absent from 6.24pm to 6.26pm</i>
Cr Nige Jones	<i>Deputy Presiding Member</i>	
Cr Russell Poliwka		<i>absent from 6.45pm to 7.00pm</i>
Cr Russ Fishwick, JP		<i>absent from 6.32pm to 6.40pm</i>
Mr Richard Thomas	<i>External Member</i>	

Observers:

Cr John Chester	<i>from 6.16pm to 6.18pm</i>
Cr Adrian Hill	
Cr Suzanne Thompson	

Officers:

Mr James Pearson	Chief Executive Officer	<i>from 5.49pm</i> <i>absent from 6.31pm to 6.33pm</i>
Mr Mat Humfrey	Director Corporate Services	
Mrs Rebecca Maccario	Acting Director Governance and Strategy	
Mrs Kylie Bergmann	Manager Governance	
Mr Roney Oommen	Manager Financial Services	<i>until 6.26pm</i>
Mr David Murnain	Manager Information Technology	<i>until 6.33pm</i>
Ms Christine Robinson	Manager Audit, Risk and Executive Services	
Mr Peter McGuckin	Internal Auditor	
Mrs Wendy Cowley	Governance Officer	

Guests:

Mrs Renuka Venkatraman	Office of the Auditor General	<i>until 6.33pm</i>
Mrs Jing Jing Shen	Office of the Auditor General	<i>until 6.33pm</i>
Mr Grant Robinson	Office of the Auditor General	<i>until 6.33pm</i>
Mr Paul Tilbrook	Office of the Auditor General	<i>until 6.33pm</i>

DECLARATION OF OPENING

The Presiding Member declared the meeting open at 5.45pm.

DECLARATIONS OF FINANCIAL INTEREST / PROXIMITY INTEREST / INTEREST THAT MAY AFFECT IMPARTIALITY

Disclosure of Interest affecting Impartiality

Elected Members (in accordance with clause 22 of Schedule 1 of the *Local Government [Model Code of Conduct] Regulations 2021*) and employees (in accordance with the Code of Conduct) are required to declare any interest that may affect their impartiality in considering a matter. This declaration does not restrict any right to participate in or be present during the decision-making process. The Elected Member / employee is also encouraged to disclose the nature of their interest.

Name / Position	Mr Richard Thomas.
Nature of Interest	Interest that may affect impartiality.
Extent of Interest	Mr Thomas has been contracted as an independent risk management adviser with Identitii, an ASX-listed (ID8) company, which specialises in anti-financial crime software. The role involves attending Audit and Risk Committee meetings, attending some Board meetings in relation to those Audit and Risk Committee meetings and general risk management advice. There has been an ASX announcement and some social media commentary.

APOLOGIES AND LEAVE OF ABSENCE

Apologies

Cr John Chester.
Cr John Logan.

Leave of Absence Previously Approved

Cr John Logan 17 to 21 March 2022 inclusive.

CONFIRMATION OF MINUTES

MINUTES OF THE AUDIT AND RISK COMMITTEE MEETINGS HELD ON 9 AUGUST 2021 AND THE SPECIAL AUDIT AND RISK COMMITTEE MEETING HELD ON 1 NOVEMBER 2021 AND 15 DECEMBER 2021

MOVED Cr Jones, SECONDED Cr McLean that the Minutes of the following Committee meetings be CONFIRMED as a true and correct record:

- 1 Audit and Risk Committee held on 9 August 2021;
- 2 Special Audit and Risk Committee held on 1 November 2021;
- 3 Special Audit and Risk Committee held on 15 December 2021.

The Motion was Put and

CARRIED (7/0)

In favour of the Motion: Cr Raftis, Mayor Jacob, Crs Fishwick, Jones, McLean, Poliwka and Mr Thomas.

ANNOUNCEMENTS BY THE PRESIDING MEMBER WITHOUT DISCUSSION

Nil.

IDENTIFICATION OF MATTERS FOR WHICH THE MEETING MAY BE CLOSED TO THE PUBLIC

In accordance with Clause 5.2 of the City's *Meeting Procedures Local Law 2013*, this meeting was not open to the public.

PETITIONS AND DEPUTATIONS

Nil.

MOTION TO CHANGE THE ORDER OF BUSINESS

MOVED Cr Jones, **SECONDED** Mayor Jacob that the Audit and Risk Committee, in accordance with clause 14.1 of the *City of Joondalup Meeting Procedures Local Law 2013*, suspends the operation of clause 4.3 – Order of Business of the *City of Joondalup Meeting Procedures Local Law 2013*, to enable the consideration of:

- 1 Item 6 – 2021-22 Annual Financial Audit – Entrance Meeting with Office of the Auditor General WA,

to be discussed as the first item of business.

The Motion was Put and

CARRIED (7/0)

In favour of the Motion: Cr Raftis, Mayor Jacob, Crs Fishwick, Jones, McLean, Poliwka and Mr Thomas.

REPORTS

ITEM 6 2021-22 ANNUAL FINANCIAL AUDIT – ENTRANCE MEETING WITH OFFICE OF THE AUDITOR-GENERAL WA

WARD	All
RESPONSIBLE DIRECTOR	Mr Mat Humfrey Corporate Services
FILE NUMBERS	110069, 101515
ATTACHMENT	Attachment 1 OAG Entrance Interview Agenda and Planning Summary
AUTHORITY / DISCRETION	Executive - The substantial direction setting and oversight role of Council, such as adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.

PURPOSE

For the Audit and Risk Committee to note the Office of the Auditor-General's audit plan for the City's 2021-22 Annual Financial Audit.

EXECUTIVE SUMMARY

The Office of the Auditor General of Western Australia (OAG) is the designated auditor for all local governments in Western Australia. The OAG has undertaken the annual financial audit of the City's financial statements since 2017-18. Each year, before the audit process commences, the OAG meets with the City to advise of the audit approach and key focus areas. The OAG will brief the Audit and Risk Committee of its plan for the annual financial audit for 2021-22.

It is therefore recommended that the Audit and Risk Committee NOTES the Office of the Auditor General of Western Australia audit plan for the City's 2021-22 Annual Financial Audit.

BACKGROUND

Under the *Local Government Act 1995* and related Regulations, the OAG has been the City's auditor since 2017-18.

DETAILS

As part of preparation for the 2021-22 Annual Financial Audit of the City, the OAG has developed an audit plan to be communicated to the City in an audit entrance meeting with the Audit and Risk Committee.

The OAG undertakes the City's annual financial audit within the framework of the *Local Government Act 1995* and Australian Auditing Standards. The OAG is expected to undertake an interim audit for 2021-22 in approximately May 2022, with the final audit expected to be undertaken in October 2022.

Legislation / Strategic Community Plan / Policy Implications

Legislation *Local Government Act 1995.*

Strategic Community Plan

Key theme Financial Sustainability.

Objective Effective management.

Strategic initiative Not applicable.

Policy Not applicable.

Risk Management Considerations

Not applicable.

Financial / Budget Implications

The estimated fee for the 2021-22 audit has not yet been made available by the OAG.

All amounts quoted in this report are exclusive of GST.

Regional Significance

Not applicable.

Sustainability Implications

Not applicable.

Consultation

Not applicable.

COMMENT

The OAG's audit plan for 2021-22 outlines its proposed approach and key focus areas for the 2021-22 annual financial audit of the City.

VOTING REQUIREMENTS

Simple Majority.

MOVED Mr Thomas, SECONDED Cr Jones that the Audit and Risk Committee NOTES the Office of the Auditor General of Western Australia audit plan for the City's 2021-22 Annual Financial Audit.

The Motion was Put and

CARRIED (7/0)

In favour of the Motion: Cr Raftis, Mayor Jacob, Crs Fishwick, Jones, McLean, Poliwka and Mr Thomas.

Appendix 4 refers

To access this attachment on electronic document, click here: [Attach4agnAUDIT220301.pdf](#)

MOTION TO RESUME THE ORDER OF BUSINESS

MOVED Mayor Jacob, **SECONDED** Cr Jones that the Audit and Risk Committee **RESUMES** the operation of clause 4.3 of the *City of Joondalup Meeting Procedures Local Law 2013 – Order of Business*.

The Motion was Put and

CARRIED (7/0)

In favour of the Motion: Cr Raftis, Mayor Jacob, Crs Fishwick, Jones, McLean, Poliwka and Mr Thomas.

ITEM 1 **CONFIDENTIAL – 2020-21 OFFICE OF THE AUDITOR GENERAL INFORMATION SYSTEMS AUDIT**

WARD	All
RESPONSIBLE DIRECTOR	Mr Mat Humfrey Corporate Services
FILE NUMBERS	106169, 101515
ATTACHMENTS	Attachment 1 2020-21 Audit Findings (Please Note: <i>The Report and Attachment is confidential and will appear in the official Minute Book only</i>)
AUTHORITY / DISCRETION	Information - includes items provided to Council for information purposes only that do not require a decision of Council (that is for 'noting').

This report is confidential in accordance with Section 5.23(2)(f)(ii) of the *Local Government Act 1995*, which also permits the meeting to be closed to the public for business relating to the following:

- (f) *a matter that if disclosed, could be reasonably expected to -*
 - (ii) *endanger the security of the local government's property.*

A full report was provided to Elected Members under separate cover. The report is not for publication.

Cr Mclean left the meeting at 6.24pm and returned at 6.26pm.

The Manager Financial Services left the meeting at 6.26pm

The Chief Executive Officer left the meeting at 6.31pm.

Cr Fishwick left the meeting at 6.32pm.

MOVED Mayor Jacob, SECONDED Cr McLean that the Audit and Risk Committee NOTES the findings identified during the Office of the Auditor General Information Systems Audit for the period 1 July 2020 to 30 June 2021.

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Cr Raftis, Mayor Jacob, Crs Jones, McLean, Poliwka and Mr Thomas.

The Chief Executive Officer entered the meeting at 6.33pm

The Manager Information Technology left the meeting at 6.33pm.

Guests from the Office of the Auditor General left the meeting at 6.33pm.

ITEM 2 **2021 COMPLIANCE AUDIT RETURN**

WARD	All
RESPONSIBLE DIRECTOR	Mr James Pearson Office of the CEO
FILE NUMBERS	32481, 09492, 101515
ATTACHMENT	Attachment 1 2021 Compliance Audit Return
AUTHORITY / DISCRETION	Executive - The substantial direction setting and oversight role of Council, such as adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.

PURPOSE

For Council to adopt the City's 2021 Compliance Audit Return (the Return) prior to it being submitted to the Department of Local Government, Sport and Cultural Industries (DLGSC).

EXECUTIVE SUMMARY

The DLGSC Compliance Audit Return for the period 1 January 2021 to 31 December 2021 has been completed and is required to be adopted by Council before being submitted to the DLGSC by 31 March 2022.

It is therefore recommended that Council:

- 1 ADOPTS the completed 2021 Local Government Compliance Audit Return for the period 1 January 2021 to 31 December 2021 forming Attachment 1 to this Report;*
- 2 in accordance with Regulation 15 of the Local Government (Audit) Regulations 1996, SUBMITS the completed Compliance Audit Return as detailed in Part 1 above, to the Department of Local Government, Sport and Cultural Industries.*

BACKGROUND

Regulation 14 of the *Local Government (Audit) Regulations 1996* requires a local government to carry out a compliance audit for the period 1 January to 31 December in each year. After carrying out a compliance audit the local government is to prepare a compliance audit return in a form approved by the Minister. The Audit and Risk Committee is to review the Return before it is presented to Council for adoption.

Regulation 15 requires the Return to be certified by the Mayor and the Chief Executive Officer before being submitted to the DLGSC, along with the relevant section of the minutes, by 31 March following the period to which the Return relates.

The 2021 Return was made available to local government authorities by the DLGSC via its centralised portal Smart Hub. The 2021 Return is similar to previous years and focuses on high risk areas of compliance and statutory reporting as prescribed in Regulation 13 of the *Local Government (Audit) Regulations 1996*.

DETAILS

The 2021 Return contains the following compliance categories:

- Commercial Enterprises by Local Governments.
- Delegation of Power / Duty.
- Disclosure of Interest.
- Disposal of Property.
- Elections.
- Finance.
- Integrated Planning and Reporting.
- Local Government Employees.
- Official Conduct.
- Optional Questions.
- Tenders for Providing Goods and Services.

The relevant Managers were required to complete the responses to the Return's questions which were approved by their Director before being forwarded to the Internal Auditor for review and input via the Smart Hub on the DLGSC website. The Return has been completed and is now required to be adopted by Council before being finalised and submitted to the DLGSC by 31 March 2022.

It should be noted that the Return indicates two areas of non-compliance as follows:

- Disclosure of Interest – Question 5

One employee failed to lodge an annual return by 31 August 2021. The employee was on extended personal leave since 31 August 2020 and during this time their position was made redundant. The employee ceased employment with the City on 22 July 2021.

- Disclosure of Interest – Question 22

The draft Code of Conduct for council members, committee members and candidates was provided to Elected Members at Strategy Sessions on 2 March 2021 and 6 April 2021 for feedback; and adopted by Council on 18 May 2021 (CJ071-05/21 refers). This was not within three months of the prescribed model code of conduct coming into operation on 3 February 2021.

Legislation / Strategic Community Plan / Policy Implications

Legislation Regulations 14 and 15 of the *Local Government (Audit) Regulations 1996*.

Strategic Community Plan

Key theme Governance and Leadership.

Objective Corporate capacity.

Strategic initiative Demonstrate accountability through robust reporting that is relevant and easily accessible by the community.

Policy Not applicable.

Risk Management Considerations

The risk associated with Council failing to adopt the 2021 Return would result in non-compliance with the legislative requirements of the *Local Government (Audit) Regulations 1996*.

Financial / Budget Implications

Not applicable.

Regional Significance

Not applicable.

Sustainability Implications

Not applicable.

Consultation

Not applicable.

COMMENT

Two areas of non-compliance were identified, one of which was outside the City's control, as it related to an annual return not being lodged by one employee. Notwithstanding this, the 2021 Return reveals a high level of compliance with legislation by the City.

VOTING REQUIREMENTS

Simple Majority.

MOVED Cr McLean, SECONDED Mr Thomas that Council:

- 1 ADOPTS the 2021 Local Government Compliance Audit Return for the period 1 January 2021 to 31 December 2021 forming Attachment 1 to this Report;**
- 2 in accordance with Regulation 15 of the *Local Government (Audit) Regulations 1996*, SUBMITS the completed 2021 Compliance Audit Return as detailed in Part 1 above to the Department of Local Government, Sport and Cultural Industries.**

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Cr Raftis, Mayor Jacob, Crs Jones, McLean, Poliwka and Mr Thomas.

Appendix 1 refers

To access this attachment on electronic document, click here: [Attach1agnAUDIT220301.pdf](#)

ITEM 3 **ROLE AND FUNCTIONING OF THE AUDIT AND RISK COMMITTEE**

WARD	All
RESPONSIBLE DIRECTOR	Mr James Pearson Office of the CEO
FILE NUMBERS	107022, 101515
ATTACHMENT	Attachment 1 Draft Audit and Risk Committee Charter
AUTHORITY / DISCRETION	Review - Council reviews a decision made by officers.

PURPOSE

For Council to consider possible changes to the role and functioning of the Audit and Risk Committee.

EXECUTIVE SUMMARY

Council at its meeting held on 20 July 2021 requested the Chief Executive Officer to prepare a report for the first ordinary meeting of the Audit and Risk Committee (and subsequent Council meeting) following the 2021 election, detailing the possible changes to the role and functioning of the Audit and Risk Committee (Committee), including but not limited to:

- the reporting of the City's Internal Auditor to the Committee
- the possibility of developing an Audit Charter on the function of the Committee.

This Report provides details of the current reporting structure of the City's Internal Auditor and possible changes to this reporting structure. This Report also presents a draft Audit Charter detailing the functions of the Committee, forming Attachment 1 to this Report.

It is therefore recommended that Council:

- 1 *MAINTAINS the current functional reporting relationship between the Internal Auditor and the Audit and Risk Committee;*
- 2 *ADOPTS the updated Audit and Risk Committee Charter, forming Attachment 1 to this Report;*
- 3 *ADOPTS the revised Terms of Reference for the Audit and Risk Committee as reflected in the draft Audit and Risk Committee Charter, forming Attachment 1 to this Report.*

BACKGROUND

The *Local Government Act 1995* (the Act) and the *Local Government (Audit) Regulations 1996* requires local governments to establish an audit committee with certain roles and responsibilities.

The City has established a committee under Section 7.1A of the Act, which is a formally appointed committee of Council in accordance with the Act, and is responsible to Council.

DETAILS

Reporting of the City's Internal Auditor to the Audit and Risk Committee

The internal audit function within a local government structure is independent from operational functions, systems and processes. To be most effective the function must be free from management control that may adversely impact on this independence and the auditing and reporting function. The Internal Auditor operates independently and reports directly to the Chief Executive Officer to eliminate undue influence on audit activities, findings and reports. The internal audit program is not subject to direction or approval from Directors, Managers or the Executive Leadership Team, however operational support is provided by the Manager Audit and Risk Services. This differs from listed companies (that are bound by the rules of the Australian Securities Exchange) whereby the final decision on the internal audit scope, annual plan and budget is reserved for the Board or Board Audit Committee on recommendation from internal audit and management.

One of the key objectives of the Internal Auditor position is to provide an independent and objective internal audit function that provides assurance on the City's systems of internal controls, compliance and risk management processes.

This is undertaken by:

- The provision of advice, support and recommendations to the Chief Executive Officer, Executive Leadership Team and the Committee on a range of audit, compliance and risk management matters in accordance with legislation, policies, protocols and professional standards;
- Preparation and presenting reports to the Chief Executive Officer, Executive Leadership Team and/or the Committee that contain detailed findings including identification of risks and recommendations to mitigate risks;
- Performing specialist assignments and investigations:
 - as requested by the Chief Executive Officer; or
 - from requests for reports from the Committee; or
 - from notifications received from external oversight agencies (such as the Corruption and Crime Commission, Public Sector Commission and the Department of Local Government, Sport and Cultural Industries).

The Internal Auditor can liaise directly with the Presiding Member of the Committee to discuss reports that are included on Committee meeting agendas, has a direct line of communication with the Committee through attendance at committee meetings, and the Committee can request reports which can relate to matters that are progressed as internal audit reviews. The annual Internal Audit Plan is presented to the Committee for review.

This liaison and direct line of communication is referred to as a functional reporting relationship.

The Internal Auditor is an employee of the City and is bound by the *City of Joondalup Inside Workforce Enterprise Agreement 2018* which sets out the terms and conditions of employment. This means that the Chief Executive Officer is responsible for employment of the Internal Auditor. This differs from listed companies (that are bound by the rules of the Australian Securities Exchange) whereby decisions on the employment of the head of internal audit are reserved for the Board (on recommendation from the Board Audit Committee), as well as the Board or relevant Board Committee reviewing the reasonableness of the remuneration of the head of internal audit.

As per s7.1B (Delegation of some powers and duties to audit committee) of the Act, the only powers that a local government may delegate to its audit committee are any of its powers and duties under Part 7 – Audit, of the Act. This does not include the ability for an Internal Auditor to report directly to an audit committee, outside of the current functional reporting mechanism.

Audit Charter

Following an amendment to the Act requiring all local governments to establish an audit committee, Council adopted an Audit Committee Charter (the Charter) on 29 August 2006 (CJ142-08/06 refers). The Charter included details on the Committee's objectives and functions, powers and membership, and duties and responsibilities. The Charter was included with the agenda for meetings of the Committee until August 2015, and from the meeting held in November 2015 the Charter was replaced by updated Terms of Reference for the Committee.

The Western Australian Auditor General produced a report in June 2020 titled *Western Australian Public Sector Audit Committees – Better Practice Guide* (the Guide). The Guide recognises that audit committees are an essential part of an entity's governance framework in the provision of independent advice and assurance on systems of risk management, internal control, and financial and performance reporting.

The Guide provides better practice principles and guidance to accountable authorities and those with responsibility for audit committee activities. The Guide includes toolkits to assist the development of effective audit committees and promote the better practice principles included in the Guide. This includes a toolkit designed to assist entities to develop an audit committee charter that reflects the better practice principles. The Office of the Auditor General (OAG) sourced information from the Institute of Internal Auditors Australia (and global) and the Australian National Audit Office to develop the Guide.

The City has used the OAG Guide and toolkit, the *Local Government Operational Guidelines (Number 09 Audit in Local Government)* published by the Department of the Local Government, Sport and Cultural Industries, and the previous Charter to develop a draft Audit Charter for consideration by the Committee and Council.

Responsibilities of the Office of the Auditor General

The Auditor General's functions and powers are prescribed in the *Auditor General Act 2006*. On 28 October 2017, the [Local Government Amendment \(Auditing\) Act 2017](#) was proclaimed, giving the Auditor General the mandate to audit local government authorities within Western Australia, which includes performance audits and annual financial audits.

The Auditor General seeks to develop an audit program that is balanced in its coverage and includes topics that matter to Parliament and the community. The audit program is informed by enquiries received, expressions of concern and requests for audits from Members of Parliament and the community. The OAG's audit program is developed using the criteria of materiality, impact, risk, context, coverage, and auditability/efficiency. Deciding what to audit is a key part of the Auditor General's independence and this is not subject to direction from Parliament or government. However, the topic selection process involves annual discussions on the proposed forward audit program with the oversight committees of Public Accounts Committee and Estimates and Financial Operations Committee.

In accordance with section 24 of the *Auditor General Act 2006* the OAG issued the *Audit Practice Statement* (dated March 2017) which provides a concise and consolidated summary of why, what and how audits are undertaken. This Statement is available on the OAG website (www.audit.wa.gov.au).

Issues and Options Considered

There are a number of options for Council to consider.

For the reporting of the City's Internal Auditor to the Committee, Council can either:

- maintain the current functional reporting relationship as described in this report or
- advocate for a change to the *Local Government Act 1995* to allow for the ability for an Internal Auditor to report directly to an audit committee.

For the development of an Audit Charter on the function of the Committee, Council can either:

- continue to use the current Terms of Reference to reflect the role of the Committee or
- adopt, or amend and adopt, the draft Charter, forming Attachment 1 to this Report.

If Council determines to adopt the draft Charter, it is recommended that Council also adopt the revised Terms of Reference for the Audit and Risk Committee as reflected in the draft Charter.

Legislation / Strategic Community Plan / Policy Implications

Legislation	<i>Auditor General Act 2006.</i> <i>Local Government Act 1995.</i> <i>Local Government Amendment (Auditing) Act 2017.</i> <i>Local Government (Audit) Regulations 1996.</i> <i>Local Government (Financial Management) Regulations 1996.</i>
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Strategic Community Plan

Key theme	Governance and Leadership.
Objective	Corporate capacity.
Strategic initiative	Demonstrate accountability through robust reporting that is relevant and easily accessible by the community.
Policy	Not applicable.

Risk Management Considerations

An independent internal audit service provides objective review and assurance on risks associated with the City's systems, governance, and compliance processes. An Audit and Risk Committee Charter that clearly communicates the roles and responsibilities of the Committee reduces the risk of the Committee being less accountable and effective.

Financial / Budget Implications

Not applicable.

Regional Significance

Not applicable.

Sustainability Implications

Not applicable.

Consultation

Not applicable.

COMMENT

The Internal Auditor operates independently, free from management interference and / or influence, and has access to all relevant City systems, records, and personnel. The previous Charter, which was discontinued, contained more detailed information about the Committee's accountabilities and functions than the current Terms of Reference for the Committee. However, it has become dated and included some details that did not comply with legislation and current practice. Updating this Charter to include the better practice principles from the OAG's Guidelines results in a contemporary Charter that reflects the Committee's roles and responsibilities.

VOTING REQUIREMENTS

Simple Majority.

OFFICER'S RECOMMENDATION

That Council:

- 1 MAINTAINS the current functional reporting relationship between the Internal Auditor and the Audit and Risk Committee;
- 2 ADOPTS the updated Audit and Risk Committee Charter, forming Attachment 1 to this Report;
- 3 ADOPTS the revised Terms of Reference for the Audit and Risk Committee as reflected in the draft Audit and Risk Committee Charter, forming Attachment 1 to this Report.

Cr Fishwick entered the meeting at 6.40pm.

Cr Poliwka left the meeting at 6.45pm.

PROCEDURAL MOTION – THAT THE ITEM BE REFERRED BACK

MOVED Cr Raftis, **SECONDED** Mr Thomas that Item 3 – Role and Functioning of the Audit and Risk Committee **BE REFERRED BACK** to the Chief Executive Officer to clarify definitions and make corrections on the election process within the Terms of Reference for the Audit and Risk Committee.

The Procedural Motion was Put and

CARRIED (6/0)

In favour of the Procedural Motion: Cr Raftis, Mayor Jacob, Crs Fishwick, Jones, McLean and Mr Thomas.

Appendix 2 refers

To access this attachment on electronic document, click here: [Attach2agnAUDIT220301.pdf](#)

ITEM 4 HALF YEARLY REPORT – WRITE-OFF OF MONIES FROM 1 JULY TO 31 DECEMBER 2021

WARD	All
RESPONSIBLE DIRECTOR	Mr Mat Humfrey Corporate Services
FILE NUMBERS	07032, 101515
ATTACHMENTS	Nil
AUTHORITY / DISCRETION	Information - includes items provided to Council for information purposes only that do not require a decision of Council (that is for 'noting').

PURPOSE

For the Audit and Risk Committee to note the amounts of monies written-off under delegated authority.

EXECUTIVE SUMMARY

The total amount written-off under delegated authority during the six months ended 31 December 2021 was \$7,622.53. This amount consisted of 10,653 small unpaid rate amounts below the \$100 reportable limit.

It is therefore recommended that the Audit and Risk Committee RECEIVES the report of amounts written-off under delegated authority for the period 1 July to 31 December 2021.

BACKGROUND

Section 6.12(1)(c) of the *Local Government Act 1995* gives Council the power to write-off any amount of money owing to the City.

At its meeting held on 6 June 2006 (CJ079-06/06 refers) Council approved to delegate to the Chief Executive Officer the authority to write-off monies owed to the City, subject to a report being provided to the Audit and Risk Committee on a six-monthly basis on the exercise of this delegation for amounts between \$100 and \$20,000. The Chief Executive Officer under section 5.44 has delegated his authority to nominated employees, up to the limits provided in the instrument of delegation.

DETAILS

During the six months ended 31 December 2021 a total amount of \$7,622.53 was written-off as unrecoverable. This amount includes the following:

- 10,653 items below the reportable limit totalling \$7,622.53, mainly small rates balances, representing in the main rounding decimals or other minor miscellaneous charges and the cost of collection was, for all practical purposes, uneconomical.

Issues and Options Considered

Not applicable.

Legislation / Strategic Community Plan / Policy Implications

Legislation Section 6.12(1)(c) of the *Local Government Act 1995*.
Section 5.42 of the *Local Government Act 1995*.
Section 5.44 of the *Local Government Act 1995*.

Strategic Community Plan

Key theme Financial Sustainability.

Objective Effective management.

Strategic initiative Not applicable.

Policy Not applicable.

Risk Management Considerations

The amounts written off are either unrecoverable or uneconomical to recover, none of which represent a material financial risk to the City.

Financial / Budget Implications

Account No:	3256
Budget Item	Bad Debts written-off.
Annual Budget	\$ 13,500
Year to Date Budget	\$ 6,160
Year to Date Actual	\$ 7,622.53
Year to Date variance	(\$1,462.53)

All amounts quoted in this report are exclusive of GST.

Regional Significance

Not applicable.

Sustainability Implications

Not applicable.

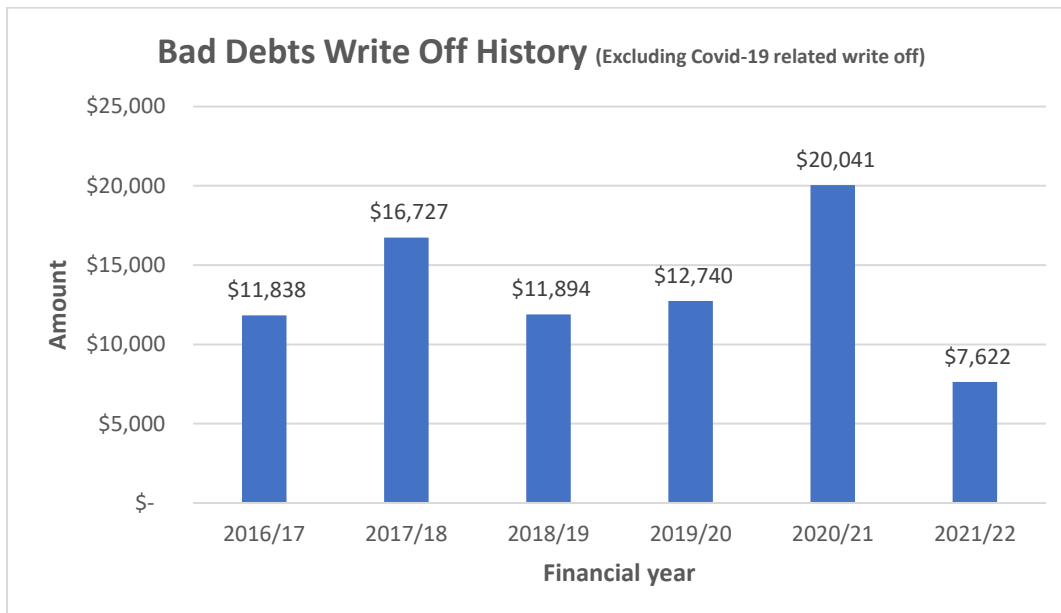
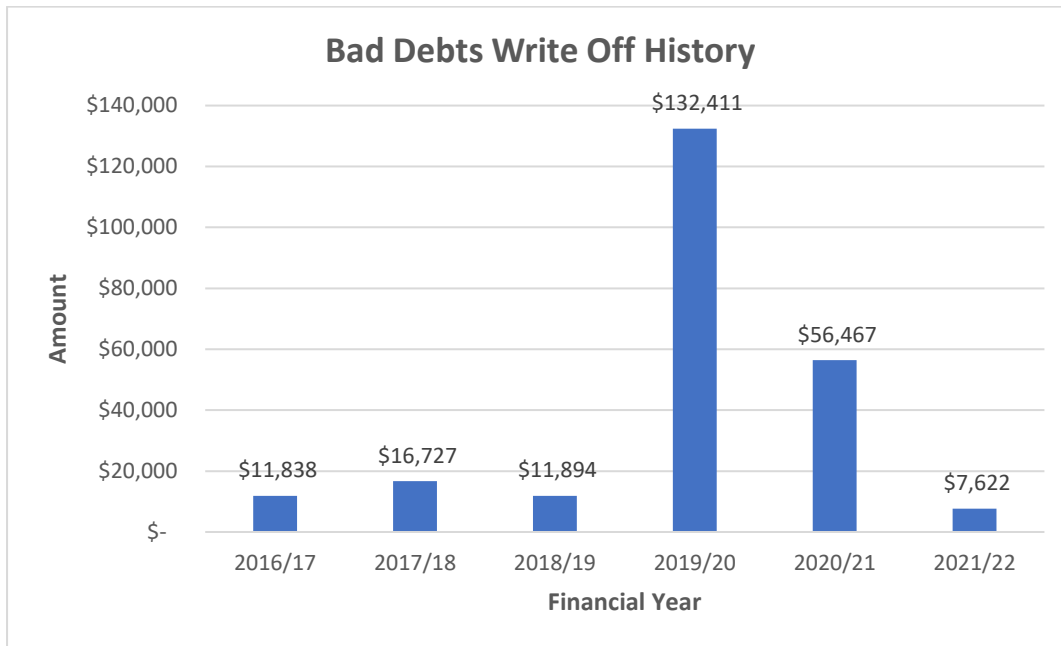
Consultation

Not applicable.

COMMENT

Monies written-off under delegated authority comprised 10,653 small items of unpaid rates totalling \$7,622.53, all of which were below the \$100 reportable limit.

History of bad debts written off over the past five financial years is below.



VOTING REQUIREMENTS

Simple Majority.

MOVED Mr Thomas, SECONDED Cr McLean that the Audit and Risk Committee RECEIVES the report of monies written-off under delegated authority for the period 1 July to 31 December 2021.

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Cr Raftis, Mayor Jacob, Crs Fishwick, Jones, McLean and Mr Thomas.

ITEM 5 HALF YEAR REPORT – CONTRACT EXTENSIONS – 1 JULY TO 31 DECEMBER 2021

WARD	All
RESPONSIBLE DIRECTOR	Mr Mat Humfrey Corporate Services
FILE NUMBER	07032
ATTACHMENT	Attachment 1 Contract Expenditure Report
AUTHORITY / DISCRETION	Information - includes items provided to Council for information purposes only that do not require a decision of Council (that is for 'noting').

PURPOSE

For the Audit and Risk Committee to note the details of contracts extended by the Chief Executive Officer between 1 July 2021 to 31 December 2021.

EXECUTIVE SUMMARY

The schedule of contracts extended by the Chief Executive Officer during the period 1 July 2021 to 31 December 2021 is provided in Attachment 1 to this Report.

It is therefore recommended that the Audit Committee NOTES the contracts extended by the Chief Executive Officer during the period 1 July 2021 to 31 December 2021, forming Attachment 1 to this Report.

BACKGROUND

At its meeting held on 1 November 2005 (Item CJ231-11/05 refers), Council resolved that a half-yearly report be prepared for the Audit and Risk Committee detailing contracts that were originally approved by Council and have subsequently been extended by the Chief Executive Officer.

DETAILS

Council has delegated to the Chief Executive Officer the authority to approve all contract extensions on tenders approved by Council subject to a report to the Audit and Risk Committee being prepared on a half-yearly basis providing details of those contracts extended.

Four contracts were extended during the period 1 July 2021 to 31 December 2021.

Issues and Options Considered

The option to extend the contracts by the Chief Executive Officer is required to maintain continuity of the applicable services to the City.

Legislation / Strategic Community Plan / Policy Implications

Legislation The City's legal advice is that under section 5.41(d) of the *Local Government Act 1995* the Chief Executive Officer may be delegated the power to extend a contract – provided the Chief Executive Officer does not extend the contract beyond the “total term of the Contract” specified by the Council in the resolution.

Strategic Community Plan

Key theme Governance and Leadership.

Objective Corporate capacity.

Strategic initiative Demonstrate accountability through robust reporting that is relevant and easily accessible by the community.

Policy Not applicable.

Risk Management Considerations

The delegated authority to extend Contracts is limited to the original terms and conditions approved by resolution of Council when the tender was first awarded.

Financial / Budget Implications

In accordance with each individual Contract and approved budget limits.

Regional Significance

Not applicable.

Sustainability Implications

Not applicable.

Consultation

Not applicable.

COMMENT

This Report provides the Audit and Risk Committee with details of contracts originally approved by Council or by the Chief Executive Officer under delegated authority, which have subsequently been extended by the Chief Executive Officer during the period from 1 July 2021 to 31 December 2021.

VOTING REQUIREMENTS

Simple Majority.

MOVED Cr Jones, SECONDED Cr McLean that the Audit and Risk Committee NOTES the contracts extended by the Chief Executive Officer during the period 1 July 2021 to 31 December 2021, forming Attachment 1 to this Report.

The Motion was Put and

CARRIED (6/0)

In favour of the Motion: Cr Raftis, Mayor Jacob, Crs Fishwick, Jones, McLean and Mr Thomas.

Appendix 3 refers

To access this attachment on electronic document, click here: [Attach3agnAUDIT220301.pdf](#)

ITEM 6 **2021-22 ANNUAL FINANCIAL AUDIT – ENTRANCE MEETING WITH OFFICE OF THE AUDITOR-GENERAL WA**

WARD	All
RESPONSIBLE DIRECTOR	Mr Mat Humfrey Corporate Services
FILE NUMBERS	110069, 101515
ATTACHMENT	Attachment 1 OAG Entrance Interview Agenda and Planning Summary
AUTHORITY / DISCRETION	Executive - The substantial direction setting and oversight role of Council, such as adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.

This Item was dealt with earlier in the meeting, prior to Item 1 Confidential – 2020-21 Office of the Auditor General Information System Audit, page 5 refers.

ITEM 7 **CONFIDENTIAL – INTERNAL AUDIT
OUTCOMES – EMPLOYEE TO SUPPLIER
RELATIONSHIPS**

WARD	All
RESPONSIBLE DIRECTOR	Mr James Pearson Office of the CEO
FILE NUMBERS	36574, 101515, 105279
ATTACHMENT	Nil
AUTHORITY / DISCRETION	Information - includes items provided to Council for information purposes only that do not require a decision of Council (that is for 'noting').

This report is confidential in accordance with Section 5.23(2)(a) of the *Local Government Act 1995*, which also permits the meeting to be closed to the public for business relating to the following:

(a) *a matter affecting an employee or employees.*

A full report was provided to Elected Members under separate cover. The report is not for publication.

Cr Poliwka entered the meeting at 7.00pm.

MOVED Mr Thomas, SECONDED Cr Jones that the Audit and Risk Committee NOTES the outcomes of the internal audit into employee to supplier relationships.

The Motion was Put and CARRIED (7/0)

In favour of the Motion: Cr Raftis, Mayor Jacob, Crs Fishwick, Jones, McLean, Poliwka and Mr Thomas.

ITEM 8 **CONFIDENTIAL – REPORT TO EXTERNAL OVERSIGHT AGENCIES**

WARD	All
RESPONSIBLE DIRECTOR	Mr James Pearson Office of the CEO
FILE NUMBERS	107084, 105279, 101515
ATTACHMENT	Nil
AUTHORITY / DISCRETION	Information - includes items provided to Council for information purposes only that do not require a decision of Council (that is for 'noting').

This report is confidential in accordance with Section 5.23(2)(a), (f)(i) of the *Local Government Act 1995*, which also permits the meeting to be closed to the public for business relating to the following:

- (a) *a matter affecting an employee or employees;*
- (f) *a matter that if disclosed, could be reasonably expected to –*
 - (i) *impair the effectiveness of any lawful method or procedure for preventing, detecting, investigating or dealing with any contravention or possible contravention of the law.*

A full report was provided to Elected Members under separate cover. The report is not for publication.

MOVED Cr McLean, SECONDED Mayor Jacob that the Audit and Risk Committee NOTES the status of reporting to external oversight agencies.

The Motion was Put and **CARRIED (7/0)**

In favour of the Motion: Cr Raftis, Mayor Jacob, Crs Fishwick, Jones, McLean, Poliwka and Mr Thomas.

URGENT BUSINESS

Nil.

MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil.

REQUESTS FOR REPORTS FOR FUTURE CONSIDERATION

Risk Management Process

Cr Fishwick requested a report on the risk management processes undertaken by the City, particularly when upgrading parks or the installation of basketball pads.

CLOSURE

There being no further business, the Presiding Member declared the meeting closed at 7.08pm the following Committee Members being present at that time:

CR JOHN RAFTIS
MAYOR HON. ALBERT JACOB, JP
CR RUSS FISHWICK, JP
CR NIGE JONES
CR TOM MCLEAN, JP
CR RUSSELL POLIWKA
MR RICHARD THOMAS