

Audit and Risk Committee Meeting

9 March 2023

Agenda

Notice is hereby given of an Audit and Risk Committee Meeting to be held in the Council Chambers, City of Kwinana Administration Centre commencing at 5.30pm.

Wayne Jack
Chief Executive Officer

Members of the public who attend Council meetings should not act immediately on anything they hear at the meetings, without first seeking clarification of Council's position. Persons are advised to wait for written advice from the Council prior to taking action on any matter that they may have before Council.

Agendas and Minutes are available on the City's website www.kwinana.wa.gov.au

Order Of Business

1	Opening and Announcement of Visitors	3
2	Welcome to Country and Acknowledgement of Country	3
3	Attendance, Apologies, Leave(s) of Absence (Previously Approved)	4
4	Public Question Time	4
5	Receiving of Petitions, Presentations and Deputations	4
5.1	Petitions	4
5.2	Presentations	5
5.3	Deputations.....	5
6	Declarations of Interest (Financial, Proximity, Impartiality – both real And Perceived) by Members and City Officers	5
7	Confirmation of Minutes	6
7.1	Minutes of the Audit and Risk Committee Meeting held on 12 December 2022.....	6
8	Reports	7
8.1	Compliance Audit Return 2022.....	7
8.2	Regulation 17 Audit.....	12
8.3	Risk Management Report.....	16
8.4	Work Health and Safety (WHS) Statistical Report - 9 March 2023	19
8.5	Audit Action Update	23
8.6	Developer Contribution Plans - Quarterly Progress Reporting.....	28
9	Late and Urgent Business	32
10	Answers to Questions which were taken on Notice	32
11	Close of Meeting	32

1 OPENING AND ANNOUNCEMENT OF VISITORS

Presiding Member to declare the meeting open and welcome all in attendance.

Presiding Member to announce that the Audit and Risk Committee Meeting is being live streamed and recorded in accordance with the City's Live streaming and Recording Council Meetings policy.

By being present at this meeting, members of the public consent to the City recording and livestreaming their image and/or voice.

2 WELCOME TO COUNTRY AND ACKNOWLEDGEMENT OF COUNTRY

Councillor Barry Winmar to present the Welcome to Country:

"Ngullak nyinniny kooralong koora ngullak noitj nidja noongar boodjar. Noongar moort djoorapiny nyinniny nidja ngulla quopadok noongar boodjar kooralong.

From the beginning of time to the end, this is Noongar Country. Noongar people have been graceful keepers of our nation for many, many years.

Ngalla djoorapiny maambart boodjar ngallak bala maambart quop ngalla koort djoorapiny nidja ngalla mia mia nyinniny noongar boodjar.

We respect the earth our mother and understand that we belong to her - she does not belong to us. In all her beauty, we find comfort, wellbeing, and life that creates a home for everyone that has become a keeper of Noongar Country.

Djinanginy katatjin djoorapiny nidja weern noongar boodjar ngalla mia mia boorda.

Look, listen, understand and embrace all the elements of Noongar Country that is forever our home.

Kaya wandju ngaany Barry Winmar Wadjuk Ballardong maaman ngaany koort djoorpiny noonook nidja Noongar boodjar daadjaling waankganiny noitj Noongar Boodjar.

Hello and welcome my name is Barry Winmar and I am a Whadjuk Ballardong man my heart is happy as we are gathered on Noongar country and speaking here on Noongar Country"

Presiding Member to read the Acknowledgement of country:

"It gives me great pleasure to welcome you all here and before commencing the proceedings, I would like to acknowledge that we come together tonight on the traditional land of the Noongar people and we pay our respects to their Elders past and present."

3 ATTENDANCE, APOLOGIES, LEAVE(S) OF ABSENCE (PREVIOUSLY APPROVED)

Apologies:

Leave(s) of Absence (previously approved):

Nil

4 PUBLIC QUESTION TIME

In accordance with the *Local Government Act 1995* and the *Local Government (Administration) Regulations 1996*, any person may during Public Question Time ask any question.

In accordance with Regulation 6 of the *Local Government (Administration) Regulations 1996*, the minimum time allowed for Public Question Time is 15 minutes.

A member of the public who raises a question during Question Time is to state his or her name and address.

Members of the public must provide their questions in writing prior to the commencement of the meeting. A public question time form must contain all questions to be asked and include contact details and the form must be completed in a legible form.

Please note that in accordance with Section 3.4(5) of the *City of Kwinana Standing Orders Local Law 2019* a maximum of two questions are permitted initially. An additional question will be allowed by the Presiding Member if time permits following the conclusion of all questions by members of the public.

5 RECEIVING OF PETITIONS, PRESENTATIONS AND DEPUTATIONS

5.1 PETITIONS

A petition must –

- be addressed to the Mayor;
- be made by electors of the district;
- state the request on each page of the petition;
- contain at least five names, addresses and signatures of electors making the request;
- contain a summary of the reasons for the request;
- state the name of the person to whom, and an address at which, notice to the petitioners can be given; and
- be respectful and temperate in its language and not contain language disrespectful to Council.

The only motion which shall be considered by the Council on the presentation of any petition are –

- that the petition be received;
- that the petition be rejected; or
- that the petition be received and a report prepared for Council.

5.2 PRESENTATIONS

In accordance with Clause 3.6 of the *Standing Orders Local Law 2019* a presentation is the acceptance of a gift, grant or an award by the Council on behalf of the local government or the community.

Prior approval must be sought by the Presiding Member prior to a presentation being made at a Council meeting.

Any person or group wishing to make a presentation to the Council shall advise the CEO in writing before 12 noon on the day of the meeting. Where the CEO receives a request in terms of the preceding clause the CEO shall refer it to the presiding member of the Council committee who shall determine whether the presentation should be received.

A presentation to Council is not to exceed a period of fifteen minutes, without the agreement of Council.

5.3 DEPUTATIONS

In accordance with Clause 3.7 of the *Standing Orders Local Law 2019*, any person or group of the public may, during the Deputations segment of the Agenda with the consent of the person presiding, speak on any matter before the Council or Committee provided that:

- the person has requested the right to do so in writing addressed to the Chief Executive Officer by noon on the day of the meeting.
- setting out the agenda item to which the deputation relates;
- whether the deputation is supporting or opposing the officer's or committee's recommendation; and
- include sufficient detail to enable a general understanding of the purpose of the deputation.

A deputation to Council is not to exceed a period of fifteen minutes, without the agreement of Council.

6 DECLARATIONS OF INTEREST (FINANCIAL, PROXIMITY, IMPARTIALITY – BOTH REAL AND PERCEIVED) BY MEMBERS AND CITY OFFICERS

Section 5.65(1) of the *Local Government Act 1995* states:

A member who has an interest in any matter to be discussed at a council or committee meeting that will be attended by the member must disclose the nature of the interest —
in a written notice given to the CEO before the meeting; or
at the meeting immediately before the matter is discussed.

Section 5.66 of the *Local Government Act 1995* states:

If a member has disclosed an interest in a written notice given to the CEO before a meeting then —

- before the meeting the CEO is to cause the notice to be given to the person who is to preside at the meeting; and
- at the meeting the person presiding is to bring the notice and its contents to the attention of the persons present immediately before the matters to which the disclosure relates are discussed.

7 CONFIRMATION OF MINUTES

7.1 MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING HELD ON 12 DECEMBER 2022

RECOMMENDATION

That the Minutes of the Audit and Risk Committee Meeting held on 12 December 2022 be confirmed as a true and correct record of the meeting.

8 REPORTS

8.1 COMPLIANCE AUDIT RETURN 2022

SUMMARY

Regulation 14 of the *Local Government (Audit) Regulations 1996* (Regulations) requires that a Compliance Audit Return (CAR) be completed and submitted to the Department of Local Government (Department) by 31 March 2023.

The CAR evaluates the City's compliance with targeted provisions of the *Local Government Act 1995* ('Act') during the period 1 January 2022 to 31 December 2022.

The City has prepared the CAR provided at Attachment A for the Audit and Risk Committee's consideration prior to adoption by Council and lodging with the Department.

Note, Attachment A is presented as generated from the Department's SmartHub in its unfinalised state and does not accurately reflect the formatting of the finalised version for submission.

OFFICER RECOMMENDATION

That the Audit and Risk Committee:

- 1. Review the Compliance Audit Return 2022 as detailed at Attachment A; and**
- 2. Recommends that Council adopt the Compliance Audit Return 2022.**

DISCUSSION

In accordance with the Regulations, the City is required to carry out an annual audit of statutory compliance in the form determined by the Department.

The 2022 Compliance Audit Return deals with the period 1 January 2022 to 31 December 2022 and focuses on those areas considered high risk in accordance with the Act and associated regulations.

The Regulations require that the CAR be presented to Council for adoption following review of its Audit and Risk Committee. Once adopted, the CAR is to be certified by both the Mayor and Chief Executive Officer before it is submitted to the Department by 31 March 2023 through SmartHub.

The CAR requires that responsible officers respond to the audit questions, whether the City was compliant of required actions by answering 'Yes', 'No' or 'N/A'. Local governments are required to provide feedback or comments on areas of non-compliance to assist the Department in better understanding any problems or issues that have resulted in a local government's inability to achieve full compliance in a particular area.

The following table summarises the City's performance in each of the relevant categories:

Compliance Area	Number of Questions	Compliant
Commercial Enterprises	5	Yes - 100%
Delegation	13	Yes - 100%
Disclosure of Interest	21	No - 95%
Disposal of Property	2	Yes - 100%
Elections	3	Yes - 100%
Finance	7	Yes - 100%
Integrated Planning and Reporting	3	Yes - 100%
Employees	5	Yes - 100%
Conduct	4	Yes - 100%
Other	9	Yes – 100%
Tenders	22	Yes – 100%

The area in which the City did not achieve full compliance is as follows:

Disclosure of Interest

- **5. Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2022?**

City Comment:

All administrative steps had been taken to request the completion of all Annual Returns, one Officer however failed to complete their Annual Return by the 31 August 2022, their return was completed at a later date. The City took the appropriate steps as per the reporting requirements, the department determined no further action was required.

Action to be taken as an outcome of the 'no' response:

Nil, all administrative steps had been taken to remind and request the officer to complete their return. The City's reporting software system is website based and can be accessed with the required link; this link was provided. The officer was reminded of their requirements and the possible outcome should their return not be completed on time or if at all.

The above action will be included within the City's Audit Action Report for presenting at each Audit and Risk Committee meeting until such time as it is completed.

Whilst 100% compliance is the ideal outcome, the CAR should be considered as a means of internal audit, capable of identifying shortcomings and weaknesses in the system, which can then be improved or modified practices can be implemented, to resolve issues.

The particulars of any matters of concern raised by the Audit and Risk Committee’s review relating to the CAR must be recorded in the minutes of this meeting.

Any person who is not satisfied with the manner in which the compliance assessment process has been undertaken by the City or believes there may be a discrepancy in the CAR, may bring the particular issue to the attention of the Department. Council may also refer the completed CAR to its Auditor or other external inspection service for an independent assessment if it is deemed necessary.

STRATEGIC IMPLICATIONS

This proposal will support the achievement of the following outcome/s and objective/s detailed in the Strategic Community Plan and Corporate Business Plan.

Strategic Community Plan			
Outcome	Strategic Objective	Action in CBP (if applicable)	How does this proposal achieve the outcomes and strategic objectives?
5 – Visionary leadership dedicated to acting for its community	5.4 – Establish a culture of continuous improvement achieving high levels of business excellence	5.4.4 – N/A – There is no specific action in the CBP, yet this report will help achieve the indicated outcomes and strategic objectives	Although no direct link part of the City’s strategic objective is to deliver continuous improvement, this report helps ensure the City is addressing any inconsistencies that are identified.
	5.1 – Model accountable and ethical governance, strengthening trust with the community	N/A – There is no specific action in the CBP, yet this report will help achieve the indicated outcomes and strategic objectives	This report helps provide the information in relation to the City taking action and correcting any errors that have arisen with this review. Therefore, this report is modelling accountability and ethical governance.

SOCIAL IMPLICATIONS

There are no social implications as a result of this proposal.

LEGAL/POLICY IMPLICATIONS

Local Government (Audit) Regulations 1996:

14. Compliance audits by local governments

- (1) *A local government is to carry out a compliance audit for the period 1 January to 31 December in each year.*
- (2) *After carrying out a compliance audit the local government is to prepare a compliance audit return in a form approved by the Minister.*
- (3A) *The local government's audit committee is to review the compliance audit return and is to report to the council the results of that review.*
- (3) *After the audit committee has reported to the council under subregulation (3A), the compliance audit return is to be —*
 - (a) *presented to the council at a meeting of the council; and*
 - (b) *adopted by the council; and*
 - (c) *recorded in the minutes of the meeting at which it is adopted.*

15. Certified copy of compliance audit return and other documents to be given to Departmental CEO

- (1) *After the compliance audit return has been presented to the council in accordance with regulation 14(3) a certified copy of the return together with —*
 - (a) *a copy of the relevant section of the minutes referred to in regulation 14(3)(c); and*
 - (b) *any additional information explaining or qualifying the compliance audit,**is to be submitted to the Departmental CEO by 31 March next following the period to which the return relates.*
- (2) *In this regulation —*

certified *in relation to a compliance audit return means signed by —*

 - (a) *the mayor or president; and*
 - (b) *the CEO.*

FINANCIAL/BUDGET IMPLICATIONS

There are no financial implications that have been identified as a result of this report or recommendation.

ASSET MANAGEMENT IMPLICATIONS

No asset management implications have been identified as a result of this report or recommendation.

ENVIRONMENTAL/PUBLIC HEALTH IMPLICATIONS

No environmental or public health implications have been identified as a result of this report or recommendation.

COMMUNITY ENGAGEMENT

There are no community engagement implications as a result of this report or recommendation.

ATTACHMENTS

A. Attachment A - Draft Compliance Audit Return 2022 (SmartHub Extract)

8.2 REGULATION 17 AUDIT

SUMMARY

At the Audit and Risk Committee meeting of 14 June 2021, the findings of the recent Regulation 17 Audit conducted by Paxon Group were presented. The audit contained recommendations as to areas of potential improvement to current practices, updates of which have provided to the Committee at subsequent meetings.

All recommended actions are now finalised apart from the following:

- Disaster Recovery Plan is out of date.

Details of the outstanding action and the progress towards its closure are detailed in Attachment A for noting and comment by the Committee. In summary, the City has retained Riskwest to review the existing Disaster Recovery Plan and develop new documentation suited to the City's existing needs. A baseline review has been performed which has identified a number of recommended improvements. A workshop has now been scheduled with relevant staff.

Further updates regarding this outstanding action will be provided to future meetings of the Audit and Risk Committee until such time as it is approved for closure.

OFFICER RECOMMENDATION

That the Audit and Risk Committee note and provide comment where appropriate, the Regulation 17 audit action report detailed within Attachment A.

VOTING REQUIREMENT

Simple majority

DISCUSSION

Full details of the outstanding action arising from the recent Regulation 17 review is included in Attachments A and is provided to the Committee for noting and comment where appropriate.

The City has had in place a Management and Business Disruption Procedures Manual and Crisis Management and Business Disruption Response Plan (Plan) since 2015. The City has engaged consultant Riskwest to conduct a review of City documentation and processes in this area.

A baseline review has now been conducted which has determined a number of recommended improvement for the purpose of aligning the City's process with international standards and guidelines such as AS ISO22301:2020 and the Business Continuity Institute's Good Practice Guidelines 2018. The next stage involves Riskwest holding a workshop with appropriate City Officers, which has been scheduled to occur on 1 March 2023.

STRATEGIC IMPLICATIONS

This proposal will support the achievement of the following outcome/s and objective/s detailed in the Strategic Community Plan and Corporate Business Plan.

Strategic Community Plan			
Outcome	Strategic Objective	Action in CBP (if applicable)	How does this proposal achieve the outcomes and strategic objectives?
5 – Visionary leadership dedicated to acting for its community	5.4 – Establish a culture of continuous improvement achieving high levels of business excellence	5.4.4 – N/A – There is no specific action in the CBP, yet this report will help achieve the indicated outcomes and strategic objectives	Implementation of the Audit recommendations will improve the City’s internal systems.

SOCIAL IMPLICATIONS

There are no social implications as a result of this proposal.

LEGAL/POLICY IMPLICATIONS

Local Government (Audit) Regulations 1996

16. Functions of audit committee

An audit committee has the following functions —

- (a) *to guide and assist the local government in carrying out —*
 - (i) *its functions under Part 6 of the Act; and*
 - (ii) *its functions relating to other audits and other matters related to financial management;*
- (b) *to guide and assist the local government in carrying out the local government’s functions in relation to audits conducted under Part 7 of the Act;*
- (c) *to review a report given to it by the CEO under regulation 17(3) (the **CEO’s report**) and is to —*
 - (i) *report to the council the results of that review; and*
 - (ii) *give a copy of the CEO’s report to the council;*
- (d) *to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under —*
 - (i) *regulation 17(1); and*
 - (ii) *the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);*
- (e) *to support the auditor of the local government to conduct an audit and carry out the auditor’s other duties under the Act in respect of the local government;*

- (f) *to oversee the implementation of any action that the local government —*
 - (i) *is required to take by section 7.12A(3); and*
 - (ii) *has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a); and*
 - (iii) *has accepted should be taken following receipt of a report of a review conducted under regulation 17(1); and*
 - (iv) *has accepted should be taken following receipt of a report of a review conducted under the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);*
- (g) *to perform any other function conferred on the audit committee by these regulations or another written law.*

17. CEO to review certain systems and procedures

- (1) *The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —*
 - (a) *risk management; and*
 - (b) *internal control; and*
 - (c) *legislative compliance.*
- (2) *The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.*
- (3) *The CEO is to report to the audit committee the results of that review.*

FINANCIAL/BUDGET IMPLICATIONS

There are no financial implications that have been identified as a result of this report or recommendation.

ASSET MANAGEMENT IMPLICATIONS

No asset management implications have been identified as a result of this report or recommendation.

ENVIRONMENTAL/PUBLIC HEALTH IMPLICATIONS

No environmental or public health implications have been identified as a result of this report or recommendation.

COMMUNITY ENGAGEMENT

There are no community engagement implications as a result of this report or recommendation.

ATTACHMENTS

- A. Attachment A - Regulation 17 Review - Action Update**

8.3 RISK MANAGEMENT REPORT

SUMMARY

The City's Risk Management Policy provides the foundations and organisational arrangements for embedding risk awareness, monitoring and management across strategic and operational levels of the organisation.

At each Audit and Risk Committee Meeting, reports are presented detailing all identified strategic risks and high-level operational risks, including the status of identified actions to manage those risks. These reports are provided at Attachments A and B for noting and comment by the Committee.

The City is continuing to enter risks into the Camms.Risk system. City Officers provide ongoing risk training and education across the organisation.

OFFICER RECOMMENDATION

That the Audit and Risk Committee note and provide comment where appropriate on:

- 1. City of Kwinana Organisational Risk Register – Strategic Risks detailed in Attachment A.**
- 2. City of Kwinana Organisational Risk Register – Operational Risks detailed in Attachment B.**

VOTING REQUIREMENT

Simple majority

DISCUSSION

The City's Risk Management Strategy sets the following role and responsibilities for the Committee:

- a) Ensuring the City has appropriate risk management and internal controls in place.
- b) Approving and reviewing risk management programmes and risk treatment options for extreme risks.
- c) Setting and reviewing risk management tolerances/appetite and making recommendations to Council.
- d) Providing guidance and governance to support significant and/or high-profile elements of the risk management spectrum.
- e) Monitoring strategic risk management and the adequacy of internal controls established to manage the identified risks.
- f) Monitoring the City's internal control environment and reviewing the adequacy of policies, practices and procedures.
- g) Assessing the adequacy of risk reporting.

- h) Monitoring the internal risk audit function, including development of audit programs as well as monitoring of audit outcomes and the implementation of recommendations.
- i) Setting the annual internal audit plan in conjunction with the internal auditor taking into account the City Strategic and Operational Risk Registers.
- j) Conduct an annual review of the organisation’s Risk Management Policy and Strategy; and
- k) Reporting through the Chief Executive Officer to the Council on its findings.

The Organisational Risk Registers are provided to the Audit and Risk Committee on a quarterly basis for their review and as an opportunity to provide advice regarding risk management, as the City is focussed on creating a culture that is committed to openness and transparency and fulfilling its responsibilities in relation to risk management.

The City of Kwinana Risk Management Strategy establishes the risk appetite/attitude for residual risk as follows:

Impact Category	Level of residual risk the City is willing to retain			
	Low	Moderate	High	Extreme
Environmental		●		
Financial	●			
Health and Safety	●			
ICT, Infrastructure and Assets		●		
Legislative Compliance	●			
Reputation/Image	●			
Service Delivery		●		

The Organisational Risk Register shows all strategic risks. Strategic and Operational Risk Registers are provided for the Committee’s noting and comment where appropriate, showing those risks having a residual risk assessment of ‘High’ or ‘Extreme’.

STRATEGIC IMPLICATIONS

This proposal will support the achievement of the following outcome/s and objective/s detailed in the Strategic Community Plan and Corporate Business Plan.

Strategic Community Plan			
Outcome	Strategic Objective	Action in CBP (if applicable)	How does this proposal achieve the outcomes and strategic objectives?
5 – Visionary leadership dedicated to acting for its community	5.1 – Model accountable and ethical governance, strengthening trust with the community	N/A – There is no specific action in the CBP, yet this report will help achieve the indicated outcomes and strategic objectives	City Officers report risk in an accountable and transparent manner.

SOCIAL IMPLICATIONS

There are no social implications as a result of this proposal.

LEGAL/POLICY IMPLICATIONS

Regulation 17 of the Local Government (Audit) Regulations 1996 provides:

17. CEO to review certain systems and procedures

- (1) *The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —*
 - (a) *risk management; and*
 - (b) *internal control; and*
 - (c) *legislative compliance.*
- (2) *The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.*
- (3) *The CEO is to report to the audit committee the results of that review.*

FINANCIAL/BUDGET IMPLICATIONS

There are no financial implications that have been identified as a result of this report or recommendation.

ASSET MANAGEMENT IMPLICATIONS

No asset management implications have been identified as a result of this report or recommendation.

ENVIRONMENTAL/PUBLIC HEALTH IMPLICATIONS

No environmental or public health implications have been identified as a result of this report or recommendation.

COMMUNITY ENGAGEMENT

There are no community engagement implications as a result of this report or recommendation.

ATTACHMENTS

- A. Attachment A - Strategic Risk Register - Audit and Risk Committee - 9 March 2023**
- B. Attachment B - Operational Risk Register - Audit and Risk Committee - 9 March 2023**

8.4 WORK HEALTH AND SAFETY (WHS) STATISTICAL REPORT - 9 MARCH 2023

SUMMARY

Council has endorsed a Health and Safety Policy to meet its moral and legal obligation to provide a safe and healthy work environment for all employees, contractors, customers, and visitors. This commitment extends to ensuring the City's operations do not place the community at risk of injury, illness, or property damage. It is usual practice to provide a report detailing statistical data at each Audit and Risk Committee meeting. Due to the transition and a delay to the migration of data to the new MYOSH system, this report, as a graphical representation, is not available for this meeting. There have however been no incidents of significance for reporting during this period.

A newly developed document, the Safety and Wellbeing Strategic Plan 2022 -2024, was discussed at the last the Audit and Risk meeting. This document is designed to provide a link between the Health and Safety Framework and the operational processes to ensure that the City is delivering on its moral and legal obligations. This strategic plan will provide visibility across the City and has been created with input from the Work Health and Safety (WHS) Committee, the Executive Leadership and Senior Management teams and the identified responsible officers. The Work Health and Safety Committee have commenced the implementation of tasks for this plan and its progress continues to be monitored by the Executive Leadership Team. The plan and an initial high level overview quarterly report to the Executive is enclosed as Attachment A.

On 30 March 2022, the new Work Health and Safety (WHS) legislation came into effect. There is a transition period of 12 months to ensure that existing health and safety documentation and processes are updated to align with the new legislation. The City has been progressing the review and applicable amendments to reflect any changes. Accordingly, Officers are currently reviewing the Health and Safety Management System Framework and the first tier of the framework has been completed and is enclosed as Attachment B.

OFFICER RECOMMENDATION

That the Audit and Risk Committee:

- 1. Note the City of Kwinana Safety and Wellbeing Strategic Plan 2022-2024 and quarterly report detailed in Attachment A.**
- 2. Note the City of Kwinana Work Health and Safety Management System Framework, Tier One document detailed in Attachment B.**

VOTING REQUIREMENT

Simple majority

DISCUSSION

Summary of Statistical Data and OSH System Update:

The statistical data report is not available for this report as the City is transitioning from the current manual system of reporting data to the new software system, MyOSH. The system went live on 1 December 2022 and has been in use for recording of any new incidents however, there has been a delay in the migration of existing data from the manual system to the new software. The data has been prepared and is currently with the provider of MyOSH to validate and confirm before the migration takes place.

Whilst it is not possible to produce a statistical data report at this time, it should be noted that there have been no incidents of significance reported during the period. A summary of the incidents recorded since “go-live” on 1 December 2022 is as follows. A total of 4 incidents have been recorded during the three-month period. Two from the City Life directorate and two from the City Development and Sustainability directorate. One incident was listed as first aid only and three incidents were reports only. The three reports only involved members of the public and City employees contacting WA Police to report matters. The incidents have been reported to ensure that the City is mindful and follow-up on any psychological impact on the employee through reporting through to the police.

Safety and Wellbeing Strategic Plan 2022-2024:

This strategic plan has been created to provide visibility across the City to ensure the delivery on its moral and legal obligations within the health and safety environment. The strategic plan lists five safety and wellbeing priorities and describes the strategic outcomes to be achieved, the key performance measures and the progress of delivery. The inclusion of the traffic light system is incorporated to enhance the visual representation of progress of the plan. The strategic plan has gone through to the Work Health and Safety Committee who have commenced the implementation of tasks for this plan and its progress continues to be monitored by the Executive Leadership Team.

A high level report which summaries the key outcomes of the plan was tabled at the Executive Leadership Team meeting on 21 February 2023. Further to the report, the strategic plan indicates that all the listed priorities, the strategic outcomes and associated actions have either been completed or are in progress. Of note, is the comments section that details the progress being made. With respect to the strategic outcomes that have been determined as in progress, outcomes numbered 1.3, 2.1 and 3.2 have been determined to be on schedule as per the designated due date. Strategic priorities numbered 2.2, 3 and 5.3 are unlikely to be completed by the listed timeframes, although individual activities of these priorities have commenced and strategic priority 2.4 is anticipated that the expected timeframes will be delayed by one month.

Further to the above, there are several strategic priorities that have been completed however, will continue to remain in the strategic plan as they are on-going actions.

New Work Health and Safety (WHS) Legislation:

The City has prepared a working document which has identified the documentation and processes that are required to be reviewed and amended to align with the new legislation. There is a translation period of 12 months for the review to be completed. The City has commenced the review and applicable amendments to reflect any changes. As such, Officers are currently reviewing the Health and Safety Management System Framework and the first-tier document of the framework has been completed.

The review and alignment of this document reflects the amendments to the employer-employee relationship. There are now a greater variety of workplace relationships in the workforce that do not meet the traditional concepts of employment. The WHS Act includes the concept of PCBU 'person conducting a business or undertaking' as the person with the primary care and broadens the concept of a 'worker'. Of note, the alignment to legislation has resulted in the inclusion of psychosocial risk factors being things that may affect workers' psychological response to their work and their workplace conditions, which includes working relationships with supervisors and colleagues.

STRATEGIC IMPLICATIONS

There are no strategic implications as a result of this proposal.

SOCIAL IMPLICATION

There are no social implications as a result of this proposal.

LEGAL/POLICY IMPLICATIONS

Regulation 17 of the Local Government (Audit) Regulations 1996 provides:

17. CEO to review certain systems and procedures

- (1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —
 - (a) risk management; and*
 - (b) internal control; and*
 - (c) legislative compliance.**
- (2) The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.*
- (3) The CEO is to report to the audit committee the results of that review.*

FINANCIAL/BUDGET IMPLICATIONS

There are no financial implications as a result of this report.

ASSET MANAGEMENT IMPLICATIONS

There are no asset management implications as a result of this report.

ENVIRONMENTAL/PUBLIC HEALTH IMPLICATIONS

There are no environment/public health implications as a result of this report or recommendation.

COMMUNITY ENGAGEMENT

There are no community engagement implications as a result of this report or recommendation.

ATTACHMENTS

- A. Attachment A - City of Kwinana Safety and Wellbeing Strategic Plan 2022 - 2024 and Quarterly Report January - March 2023**
- B. Attachment B - City of Kwinana Work Health and Safety Management System Framework - Tier 1 - 22 February 2023**

8.5 AUDIT ACTION UPDATE

SUMMARY

At its meeting of 13 October 2021, Council resolved to adopt the Strategic Internal Audit Plan 2021 /2022 to 2023/2024 ('Strategic Internal Audit Plan'). Recommended areas of improvement identified through internal auditing are presented to the Audit and Risk Committee ('Committee') on a quarterly basis until such time as they are finalised.

All actions identified in previous internal audit reviews which are yet to be finalised are presented at Attachment A for noting by the Committee.

In the interest of increasing oversight and good governance, it was determined appropriate that all external audit actions yet to be finalised also be collated for inclusion within Attachment A for consideration by the Committee. Such findings will be presented to all future Committee meetings along with any unfinalised internal audit actions.

In accordance with the Strategic Internal Audit Plan, a review of the City's building and planning areas is currently in progress by Paxon and will be reported to a future meeting of the Committee. These reviews will conclude the City's agreement with Paxon in relation to their provision of auditing services. The City will therefore undertake a review as to whether to continue to retain them for the remainder of the reviews scheduled under the Strategic Internal Audit Plan.

OFFICER RECOMMENDATION

That the Audit and Risk Committee note the status of previous audit recommended actions as detailed in Attachment A.

VOTING REQUIREMENT

Simple majority

DISCUSSION

Due to an increased focus on the accountability of local governments, a review of the effectiveness of all business processes is becoming best practice. Internal audit is one way to reduce risk and identify improvements in internal controls. There are many benefits to conducting internal audits, such as:

- improving the performance of the organisation.
- making the organisation process-dependent instead of person-dependent.
- identification of redundancies in operational and control procedures and the provision of recommendations to improve the efficiency and effectiveness of procedures.
- it serves as an early warning system, enabling deficiencies to be identified and remediated on a timely basis (i.e., prior to external, regulatory or compliance audits); and
- increases accountability within the organisation and supporting strategic objectives (for example cost reduction initiatives).

At its meeting of 13 October 2021, Council resolved to adopt the Strategic Internal Audit Plan 2021 /2022 to 2023/2024, a summary of which is as follows:

Area of Review	2021/22 (hours)	2022/23 (hours)	2023/24 (hours)
Planning & Building	80		
Asset Management	80		
Community Services – Events (Community Engagement, Resource Centre, Family Day Care, Events)	80		
Recquatic		80	
Environmental & Health Services/Waste		80	
Finance - Financial Management Regulation 5*		80	
Project/Program Management (Building, Operations & Engineering)		80	
Occupational Safety & Health / Human Resources			80
City Legal & Governance - Audit Regulation 17 (Legislative compliance, risk and internal control) *			80
Business Continuity/Disaster Recovery/Pandemic/Emergency Planning			80
Essential Services (Security, Rangers & Parking)			80
City Strategy			
Customer service			
Information Technology			
Contracts & Procurement	80		

Recommended areas of improvement from previous audits, including information on their current status of implementation, are provided at Attachment A for noting.

It was identified by officers that due to the various departments being responsible for coordinating their own external auditing, although management comments were generally provided within either the audit report or the officers report to the Committee, external audit actions were not always collated for ongoing reporting to the committee until their completion. All open external audit actions were therefore identified and have been included within Attachment A for noting. All future external audit actions will be added to ensure they are appropriately monitored by the Committee until approved for closing.

Note, RSM have been appointed to undertake the City's finance audit for 2023 on behalf of the OAG. The scope of such audit will be presented at the June Committee meeting.

STRATEGIC IMPLICATIONS

There are no strategic implications as a result of this proposal.

SOCIAL IMPLICATIONS

There are no social implications as a result of this proposal.

LEGAL/POLICY IMPLICATIONS

Section 7.13 of the *Local Government Act 1995* provides:

7.13. Regulations as to audits

- (1) Regulations may make provision as follows —
- (aa) as to the functions of a CEO in relation to —
 - (i) a local government audit; and
 - (ii) a report (an **action report**) prepared by a local government under section 7.12A(4)(a); and
 - (iii) an audit report; and
 - (iv) a report on an audit conducted by a local government under this Act or any other written law;
 - (ab) as to the functions of an audit committee, including in relation to —
 - (v) the selection and recommendation of an auditor under Division 2; and
 - (vi) a local government audit; and
 - (vii) an action report; and
 - (viii) an audit report; and
 - (ix) a report on an audit conducted by a local government under this Act or any other written law;
 - (ac) as to the procedure to be followed in selecting an auditor under Division 2;
 - (ad) deleted]
 - (ae) as to monitoring action taken in respect of any matters raised in an audit report;
 - (a) with respect to matters to be included in an agreement in writing (**agreement**) made under section 7.8(1);
 - (b) for notifications and reports to be given in relation to an agreement, including any variations to, or termination of an agreement;
 - (ba) as to a copy of an agreement being provided to the Department;
 - (c) as to the manner in which an application may be made to the Minister for approval as an auditor under section 7.5;
 - (d) in relation to approved auditors, for the following —
 - (i) reviews of, and reports on, the quality of audits conducted;
 - (ii) the withdrawal by the Minister of approval as an auditor;
 - (iii) applications to the State Administrative Tribunal for the review of decisions to withdraw approval;
 - (e) for the exercise or performance by auditors of their powers and duties under this Part;
 - (f) as to the matters to be addressed in an audit report;
 - (g) requiring an auditor (other than the Auditor General) to provide the Minister with prescribed information as to an audit conducted by the auditor;
 - (h) prescribing the circumstances in which an auditor (other than the Auditor General) is to be considered to have a conflict of interest and requiring an auditor (other than the Auditor General) to disclose in an audit report such information as to a possible conflict of interest as is prescribed;
 - (i) requiring local governments to carry out, in the prescribed manner and in a form approved by the Minister, an audit of compliance with such statutory requirements as are prescribed whether those requirements are —
 - (i) of a financial nature or not; or
 - (ii) under this Act or another written law.
- (2) Regulations may also make any provision about audit committees that may be made under section 5.25 in relation to committees.

Regulation 16 of the *Local Government (Audit) Regulations 1996* provides:

16. Functions of audit committee

An audit committee has the following functions —

- (a) *to guide and assist the local government in carrying out —*
 - (i) *its functions under Part 6 of the Act; and*
 - (ii) *its functions relating to other audits and other matters related to financial management;*
- (b) *to guide and assist the local government in carrying out the local government's functions in relation to audits conducted under Part 7 of the Act;*
- (c) *to review a report given to it by the CEO under regulation 17(3) (the CEO's report) and is to —*
 - (i) *report to the council the results of that review; and*
 - (ii) *give a copy of the CEO's report to the council;*
- (d) *to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under —*
 - (i) *regulation 17(1); and*
 - (ii) *the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);*
- (e) *to support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government;*
- (f) *to oversee the implementation of any action that the local government —*
 - (i) *is required to take by section 7.12A(3); and*
 - (ii) *has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a); and*
 - (iii) *has accepted should be taken following receipt of a report of a review conducted under regulation 17(1); and*
 - (iv) *(iv) has accepted should be taken following receipt of a report of a review conducted under the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);*
- (g) *to perform any other function conferred on the audit committee by these regulations or another written law.*

FINANCIAL/BUDGET IMPLICATIONS

There are no financial implications that have been identified as a result of this report or recommendation.

ASSET MANAGEMENT IMPLICATIONS

There are no financial implications that have been identified as a result of this report or recommendation.

ENVIRONMENTAL/PUBLIC HEALTH IMPLICATIONS

No environmental or public health implications have been identified as a result of this report or recommendation.

COMMUNITY ENGAGEMENT

There are no community engagement implications as a result of this report or recommendation.

ATTACHMENTS

A. Audit Action Update

8.6 DEVELOPER CONTRIBUTION PLANS - QUARTERLY PROGRESS REPORTING

SUMMARY

A recent audit by Crowe Australasia of the City's practices and procedures relating to developer contribution payments recommended an increase of management reporting to monitor Developer Contribution Plans (DCP's) activity.

A report showing developer contribution activity for all current Developer Contribution Plans for the 2nd Quarter 2022/23 is presented for noting and comment by the Audit and Risk Committee.

OFFICER RECOMMENDATION

That the Audit and Risk Committee note and provide comment with respect to the Quarterly Progress Report – 2nd Quarter 2022/23 Details on Developer Contribution Activity as shown at Attachment A.

VOTING REQUIREMENT

Simple majority

DISCUSSION

In 2021, Crowe Australasia completed an audit of the City's handling of DCPs. In relation to the management reporting of DCPs, the following was identified:

- Currently the level of regular management reporting of DCP activity is limited to:
 - A monthly finance report that outlines the DCA reserve balances.
 - Ad hoc council briefings where there has been a change to the delivery of a DCP that has a financial impact that requires Council approval.
 - Cost Apportionment Schedule (CAS) is presented to Council on an annual basis and is published on the website.
 - Annual reviews of development activity
- This level of reporting is:
 - not adequate to support decision making.
 - does not facilitate adequate oversight to identify potential risks that may need to be managed, and
 - does not provide assurance to Council that the DCP function is operating as expected.

- The current reporting does not provide oversight of key activities such as:
 - Status of the development
 - Income collected
 - Projects delivered
 - Projects to be completed
 - Level of developer liability

As a result of the above findings, the following recommendations were made:

1. Management needs to develop management reporting for DCP activity. Reporting should include data pertaining to the status of all DCP activity as identified. Management reporting should be tailored to both the Cross Functional Team, the Working Group and Council.
2. Management reporting should be developed to monitor the level of developer liability.

This reporting should form the basis of a 'statement of liability' that is provided to each developer on a regular basis.

In accordance with such recommendations, the City's DCP Cross-Functional Team have developed the report annexed hereto as Attachment A for review and comment by the Audit and Risk Committee.

The Quarterly Report breaks down contributions into DCP activity and DCP payments and seeks to highlight spatially, where the activity is located. It is also intended to reconcile the progress of active facility development against the facility total costs and its respective DCP contributions for the quarter. The report also includes maps illustrating DCP infrastructure and facilities and provides a DCA financial summary for the Quarter.

Second Quarter 2022/23 Highlights

Highlights include: -

- Works completed in DCA3 on the Peel Sub P drain by Aigle Royal in the northern part of Casuarina.
- Significant activity around DCA payments made as part of the subdivision activity at a range of new housing estates within the City. This includes the Glendale Estate, Apsley Estate, Providence Estate.
- Ongoing improvements were made to Thomas Road by Main Roads, and
- Continued but final works on the Ngook Boorn Mia Mia / Honeywood Pavilion in Wandi.

Note that details as to the acquisition of land at Wandi under the developer contribution scheme arrangements referred to as the 'Galati Triangle' will be discussed as part of the 3rd Quarter Report 2022/23.

STRATEGIC IMPLICATIONS

This proposal will support the achievement of the following outcome/s and objective/s detailed in the Strategic Community Plan and Corporate Business Plan.

Strategic Community Plan			
Outcome	Strategic Objective	Action in CBP (if applicable)	How does this proposal achieve the outcomes and strategic objectives?
1 – A naturally beautiful environment that is enhanced and protected	1.2 – Maintain and enhance our beautiful, natural environment through sustainable protection and conservation	N/A – There is no specific action in the CBP, yet this report will help achieve the indicated outcomes and strategic objectives 1.2.3 – Implement the Local Planning Strategy	Developer contribution payments assist the City to provide essential infrastructure to meet the needs of the district.
3 – Infrastructure and services that are affordable and contribute to health and wellbeing	3.1 – Develop quality, affordable infrastructure and services designed to improve the health and wellbeing of the community	3.1.1 – Review the Community Infrastructure Plan	Developer contribution payments assist the City to provide essential and affordable infrastructure to contribute to health and wellbeing.

SOCIAL IMPLICATIONS

This proposal will support the achievement of the following social outcome/s, objective/s and strategic priorities detailed in the Social Strategy.

Social Strategy			
Social Outcome	Objective	Strategic Priority	How does this proposal achieve the social outcomes, objectives and strategic priorities?
1 – Healthy and Active	1.0 – A physically and mentally healthy and active community	1.5 – Provide infrastructure that enhances opportunities for recreation, play and relaxation 1.6 – Support local services and programs that promote healthy relationships	Community Facilities and infrastructure partially funded by DCP’s will provide vital support to community for recreation, relaxation and overall social benefit.

LEGAL/POLICY IMPLICATIONS

No legal/policy implications have been identified as a result of this report or recommendation.

FINANCIAL/BUDGET IMPLICATIONS

The Quarterly Reports will provide an important and consistent review of DCP financial activity for the City.

ASSET MANAGEMENT IMPLICATIONS

No asset management implications have been identified as a result of this report or recommendation.

ENVIRONMENTAL/PUBLIC HEALTH IMPLICATIONS

No environmental or public health implications have been identified as a result of this report or recommendation.

COMMUNITY ENGAGEMENT

There are no community engagement implications as a result of this report or recommendation.

ATTACHMENTS

- A. Quarterly Progress Report 2nd Quarter 2022/23 Details of Developer Contribution Activity**

9 LATE AND URGENT BUSINESS

Note: In accordance with Clauses 3.13 and 3.14 of Council's Standing Orders, only items resolved by Council to be Urgent Business will be considered.

10 ANSWERS TO QUESTIONS WHICH WERE TAKEN ON NOTICE

Nil

11 CLOSE OF MEETING