



Audit Committee

Minutes

19 November 2024

City of Bunbury
4 Stephen Street
Bunbury WA 6230
Western Australia

Correspondence to:
Post Office Box 21
Bunbury WA 6231



Audit Committee Terms of Reference

The duties and responsibilities of the committee will be:

- a) *Provide guidance and assistance to Council as to the carrying out the functions of the local government in relation to audits and matters related to financial management;*
- b) *Meet with the auditor once in each year and provide a report to Council on the matters discussed and outcome of those discussions;*
- c) *Liaise with the CEO to ensure that the local government does everything in its power to:*
 - *assist the auditor to conduct the audit and carry out his or her other duties under the Local Government Act 1995; and*
 - *ensure that audits are conducted successfully and expeditiously;*
- d) *Examine the reports of the auditor after receiving a report from the CEO on the matters to:*
 - *determine if any matters raised require action to be taken by the local government; and*
 - *oversee the implementation of any action so determined in respect of those matters;*
- e) *Review the report prepared by the CEO on any actions taken in respect of any matters raised in the report of the auditor and presenting the report to Council for adoption prior to the end of the next financial year or 6 months after the last report prepared by the auditor is received, whichever is the latest in time;*
- f) *Review the scope of the internal audit plan and program and its effectiveness;*
- g) *Review the appropriateness of special internal audit assignments undertaken by internal audit at the request of Council or the CEO;*
- h) *Review the level of resources allocated to internal audit and the scope of its authority;*
- i) *Review reports of internal audits, monitor the implementation of recommendations made by the audit and review the extent to which Council and management reacts to matters raised;*
- j) *Facilitate liaison between the internal and external auditor to promote compatibility, to the extent appropriate, between their audit programs;*
- k) *Review the local government's draft annual financial report, focusing on:*
 - *accounting policies and practices;*
 - *changes to accounting policies and practices;*
 - *the process used in making significant accounting estimates;*
 - *significant adjustments to the financial report (if any) arising from the audit process;*
 - *compliance with accounting standards and other reporting requirements; and*
 - *significant variances from prior years;*
- l) *Consider and recommend adoption of the annual financial report to Council. Review any significant changes that may arise subsequent to any such recommendation but before the annual financial report is signed;*
- m) *Address issues brought to the attention of the committee, including responding to requests from Council for advice that are within the parameters of the committee's terms of reference;*
- n) *Seek information or obtain expert advice through the CEO on matters of concern within the scope of the committee's terms of reference following authorisation from the Council;*
- o) *Review the annual Compliance Audit Return and report to the council the results of that review,*
- p) *Having regard to the culture and capability of the organisation, consider the CEO's reviews of the appropriateness and effectiveness of the local government's systems and procedures in regard to risk management, internal control and legislative compliance, required to be provided to the committee, and report to the council the results of those reviews;*
- q) *Monitor and advise the CEO when the CEO is carrying out functions in relation to a review of the appropriateness and effectiveness of the local government's systems and procedures in regard to risk management, internal control and legislative compliance;*
- r) *Oversee the implementation of any action required following receipt of the review of the appropriateness and effectiveness of the local government's systems and procedures in regard to risk management, internal control and legislative compliance;*
- s) *Monitor and advise the CEO when the CEO is carrying out functions in relation to a review of the appropriateness and effectiveness of the financial management systems and procedures;*
- t) *Oversee the implementation of any action required following receipt of a review of the appropriateness and effectiveness of the financial management systems and procedures.*

Table of Contents

1. Declaration of Opening.....	4
2. Disclaimer.....	4
3. Announcements from the Presiding Member.....	4
4. Attendances.....	4
4.1 Apologies.....	5
4.2 Approved Leave of Absence.....	5
5. Declaration of Interest.....	5
6. Public Question Time.....	5
7. Confirmation of Minutes.....	5
8. Presentations.....	6
9. Method of Dealing with Agenda Business.....	6
10. Reports.....	7
10.1 Draft Auditors Report and Annual Financial Report for the year ending 30 June 2024.....	7
10.2 Audit Management Letter for the year ending 30 June 2024.....	11
10.3 Financial Trend Analysis Report.....	13
10.4 Internal Audit Report – Project Management.....	15
10.5 City Leases – Public Liability Insurance.....	18
10.6 Risk Management Report.....	20
10.7 Audit Findings Database.....	23
11. Questions from Members.....	27
11.1 Response to Previous Questions from Members taken on Notice.....	27
11.2 Questions from Members.....	27
12. Urgent Business.....	27
13. Date of Next Meeting.....	27
14. Close of Meeting.....	27

Acknowledgement of Country

We acknowledge the traditional owners of the land, the Noongar Wardandi people and their continuing connection to the land, waters and community. We pay our respects to all members of the Aboriginal communities and their cultures; and to Elders past, present and emerging.

Audit Committee

Minutes

19 November 2024

Members of the public to note that recommendations made by this committee are not final and will be subject to adoption (or otherwise) at a future meeting of the Bunbury City Council.

1. Declaration of Opening

The Manager Governance declared the meeting open at 9.30am, as the Presiding Member has advised the Mayor/CEO that he would be an apology for the meeting.

As the Committee had not previously appointed a Deputy Presiding Member, those Committee Members present unanimously chose Mr Stuart Eaton to preside over this meeting in accordance with section 5.14 of the *Local Government Act 1995*.

Mr Eaton assumed the role of Presiding Member at 9.31am.

2. Disclaimer

Not applicable to this committee.

3. Announcements from the Presiding Member

Nil

4. Attendances

Committee Members:

Member Name	Representing
Mayor Jaysen Miguel	City of Bunbury
Cr Ben Andrew (Deputy Member)	City of Bunbury
Cr Marina Quain	City of Bunbury
Cr Michelle Steck	City of Bunbury
Mr John Barratt	Independent Member
Mr Stuart Eaton	Independent Member

Support Staff/Visitors:

Name	Title
Mr Greg Golinski	Manager Governance
Mr Alan Ferris	Chief Executive Officer
Mr David Ransom	Manager Finance
Mrs Karin Strachan	Director Strategy and Organisational Performance
Ms Donelle Bruton	Team Leader Financial Accounting
Ms Sandra Labuschagne (online)	Deputy Auditor General, OAG
Ms Carly Meagher (online)	Director Financial Audit, OAG
Mr James Arthur (online)	Moore Australia

4.1 Apologies

Cr Ghasseb

4.2 Approved Leave of Absence

Nil

5. Declaration of Interest

IMPORTANT: Committee members to complete a “Disclosure of Interest” form for each item on the agenda in which they wish to disclose a financial/proximity/impartiality interest. They should give the form to the Presiding Member before the meeting commences. After the meeting, the form is to be forwarded to the Administration Services Section for inclusion in the Corporate Financial Disclosures Register.

Nil

6. Public Question Time

Not applicable to this committee.

7. Confirmation of Minutes

Committee Decision: Moved: Cr Quain Seconded: Mayor Miguel

The minutes of the Audit Committee Meeting held on 24 September 2024 are confirmed as a true and accurate record.

CARRIED

8. Presentations

Representatives from the OAG and Moore Australia will be in attendance to discuss the City's annual financial audit for the 2023/24 financial year. Moore Australia have provided a Concluding Report to help facilitate this conversation (see Appendix 10.1B). Items 10.1 and 10.2 on the agenda then relate to the outcomes of the annual financial audit.

Further, the Deputy Auditor General and COO of the OAG, Sandra Labuschagne will be in attendance to make a presentation to the committee.

Note that Section 7.12A(2) of the *Local Government Act 1995* requires a local government to meet with its auditor at least once in every year, and clause (b) of the Audit Committee terms of reference nominates the Committee as being the Council's representative in this regard.

Outcome of Meeting 19 November 2024

Cr Quain moved and Cr Steck seconded that Standing Orders be suspended to enable discussion during the presentations by OAG and Moore Australia. The Presiding Member put the motion to the vote and it was CARRIED unanimously.

Mr James Arthur from Moore Australia presented to the Committee an overview of the Audit Concluding Report (Appendix 10.1B). Mr Arthur stressed that an unmodified audit opinion has been issued, followed by a brief overview of each of the key audit risks and focus areas as detailed within Appendix 10.1B, being: revenue recognition, completeness and accuracy of liabilities and expenses, valuation of property, plant and equipment and infrastructure assets, accounting for joint arrangements, accounting for employee related provisions, accounting for rehabilitation costs, disclosures in the financial report, fraud risk and management override of controls, and the review of the system of internal control (general IT controls).

Ms Sandra Labuschagne from the OAG provided the committee with a brief overview of the functions of the audit committee in the context of local government legislation, the OAG better practice guide, and the Department of Local Government operational guideline relating to Audit Committees.

General discussion and questions took place during both presentations, which were aligned with items 10.1 and 10.2 of this agenda.

Cr Steck moved and Cr Quain seconded that Standing Orders be resumed. The Presiding Member put the motion to the vote and it was CARRIED unanimously.

9. Method of Dealing with Agenda Business

All items were dealt with in the order they appeared in the agenda.

10. Reports

10.1 Draft Auditors Report and Annual Financial Report for the year ending 30 June 2024

File Ref:	COB/5574
Applicant/Proponent:	Internal
Responsible Officer:	David Ransom, Manager Finance
Responsible Manager:	David Ransom, Manager Finance
Executive:	Karin Strachan, Director Strategy and Organisational Performance
Authority/Discretion	<input type="checkbox"/> Advocacy <input type="checkbox"/> Quasi-Judicial <input type="checkbox"/> Executive/Strategic <input type="checkbox"/> Information Purposes <input checked="" type="checkbox"/> Legislative
Attachments:	Appendix 10.1A: Draft Annual Financial Report and Auditor’s Report Appendix 10.1B: 2024 Audit Concluding Report

Summary

The Auditor’s Report and Annual Financial Report of the City of Bunbury for the financial year ending 30 June 2024 are attached at Appendix 10.1A for the information of the Audit Committee.

The Auditor’s Report (refer Pages 63 - 65 in the attached Annual Financial Report) is in ‘draft’ as Ms Carly Meagher, Director Financial Audit, from the Office of the Auditor General WA is required to meet with the Audit Committee prior to the signing of the Auditor’s Report. Ms Meagher will be attending this meeting to brief the Committee on the audit and to answer any questions. Following this meeting the Auditor’s Report will be signed and then presented to Council at its meeting on 26 November 2024.

The Auditor General Independent Auditor’s Report has confirmed that the financial report is based on proper accounts and records, and fairly represents, in all material respects, the results of the operations and the financial position of the City for the year ended 30 June 2024.

A copy of the 2024 Audit Concluding Report is also attached at Appendix 10.1B for the information of the Committee.

Executive Recommendation

That the Audit Committee recommends that Council accept the Auditor General Independent Auditor’s Report and the Audited Annual Financial Report of the City of Bunbury for the financial year ending 30 June 2024.

Voting Requirements: Simple Majority

Background

The Auditor General has audited the 2023/24 Annual Financial Report and have provided an Independent Auditor’s Report as required under the relevant provisions of the *Local Government Act 1995* (the Act). The Auditor’s Report and Annual Financial Report are now presented to the Audit Committee.

Furthermore, section 7.12A(2) of the Act requires a local government to meet with its Auditor at least once in every year.

Ms Carly Meagher, Director Financial Audit, from the Office of the Auditor General WA, who is representing the Auditor General will be in attendance to discuss with the Committee the audit and any queries arising from the 2023/24 Audit.

Council Policy Compliance

N/A

Legislative Compliance

Section 7.9(1) of the Act requires the Auditor to submit a report to the local government by 31 December each year.

Section 7.12A(2) of the Act requires a local government to meet with its Auditor at least once each year.

Officer Comments

There are five (5) primary financial statements:

- Statement of Comprehensive Income
- Statement of Financial Position
- Statement of Changes in Equity
- Statement of Cash Flows
- Rate Setting Statement

Statement of Comprehensive Income: The Statement of Comprehensive Income (Page 5 of the Financial Report) shows the extent to which operating income has exceeded operating expenditure during the financial year.

Key financial figures within the audited Annual Financial Report for the year ended 30 June 2024 include:

	<u>2024</u>	<u>2023</u>
Operating Revenue	\$70,268,392	\$64,419,665
Operating Expenses	<u>\$(79,587,393)</u>	<u>\$(75,286,324)</u>
Operating Surplus / (Deficit)	\$(9,319,001)	\$(10,866,659)
Net Result	\$1,042,475	\$(6,536,423)

For the year ending 30 June 2024, the operating deficit was \$9.3M compared to an operating deficit of \$10.8M in 2022/23, a decrease of \$1.5M. Revenue increased by \$5.8M and expenditure increased by \$4.3M.

Operating Revenue – The City received \$5.8M more in 2023/24 than in 2022/23. This was mainly due to receiving \$3.3M more in Rates, an increase in Fees and Charges of \$1.7M and higher Interest Revenue of \$579K. In 2023/24 \$46.3M of rates were raised, an increase of \$3.3M or 7.7% on 2022/23. Note: the property rate increase was 7.0%. The increase in Fees and Charges income was mainly due to higher

waste collection charges of \$913K (e.g. higher contract charges for recycling passed on to users), and higher sports facility fees (including South West Sport Centre memberships, café sales and admission income).

Operating Expenditure – The increase in operating expenditure of \$4.3M from the previous year was mainly due to increases in Employees Costs of \$3.1M mainly due to the EBA increase of 4.0% and increase in FTE's, Materials and Contracts of \$3.2M mainly due to a \$2.9M increase in contractors expenditure (including storm damage clean up, building maintenance and Withers regional renewal project costs), and increase in material expenditure of \$337K; and Depreciation increased by \$753K. This was offset by a decrease in Other Expenditure of \$2.9M, as the contribution to the Bunbury Harvey Regional Council in 2022/23 for cell capping was a one-off expense.

Net Result - The Net Result was \$1.0M which includes the Operating Revenue and Expenditure results above, plus Capital Grants of \$13.9M (including \$9.1M for the Hands Oval Redevelopment), Net Loss on Asset Disposal of \$3.8M, and Share of Net Profit in Associates (i.e. Bunbury Harvey Regional Council) \$242K. This compares to a loss of \$6.5M in 2022/23.

This Statement also accounts for the Changes on Revaluation of Non-Current assets which was an increase of \$90.4M, mainly from the revaluation increment of stormwater assets of \$90.0M. This resulted in Total Comprehensive Income for 2023/24 of \$91.5M. In 2022/23 this was \$(1.6M).

Statement of Financial Position: The Statement of Financial Position (Page 6 of the Financial Report) shows the assets and liabilities which make up the Community Equity as at the 30 June 2024.

Key financial figures within the Annual Financial Report for the year ended 30 June 2024 include:

	<u>2024</u>	<u>2023</u>
Current Assets	\$43,775,439	\$41,207,536
Current Liabilities	<u>\$(19,385,078)</u>	<u>\$(17,159,859)</u>
Current Assets over Current Liabilities	\$24,390,361	\$24,047,677
Non-Current Assets	\$570,768,390	\$473,498,801
Non-Current Liabilities	<u>\$(15,693,051)</u>	<u>\$(9,567,402)</u>
Total Equity	\$579,465,700	\$487,979,076

The City's Current Assets exceed Current Liabilities in 2023/24 by \$24.4M, compared to \$24.0M in 2022/23, an increase of \$343K.

Non-Current Assets increased by \$97.3M mainly due to an increase in Stormwater assets of \$88.3M (\$90.0 in revaluation increment) and increase in capital works in progress \$13.3M (including Hands Oval and Forrest Park Pavilion and foreshore marine walls).

Non-Current Liabilities decreased by \$6.1M mainly due to a decrease in borrowings.

These changes contributed to the increase in total Community Equity at 30 June 2024 by \$91.5M to \$579.5M.

Statement of Changes in Equity: The Statement of Changes in Equity (Page 7 of the Financial Report) shows the extent to which the Community Equity has been increased by the net result of the year's activities. For the year ending 30 June 2024, the Community Equity increased from \$488.0M to \$579.5M,

an increase of \$91.5M as explained in the Statement of Financial Position and the Statement of Comprehensive Income above.

Statement of Cash Flows: The Statement of Cash Flows (Page 8 of the Financial Report) shows the nature and amount of the City’s cash inflows and outflows from all activities. At the end of the reporting period the City’s cash holdings were \$34.5M compared to \$36.0M in 2022/23, a decrease of \$1.5M.

Statement of Financial Activity: The Statement of Financial Activity (Pages 9 and 10 of the Financial Report) shows the surplus position after income and expenditure activity during the year. At the end of 2023/24 the Surplus After Imposition of General Rates was \$4.8M. This was \$79K less than last year.

The Surplus of \$4.8M includes the following items to result in an unallocated closing surplus of \$473K.

Closing Surplus Funds	\$4,820,575
<u>Less:</u>	
Projects not finalised in 2023/24 carried forward to 2024/25	\$(1,505,205)
Amount required to fund the 2024/25 Budget	\$(1,006,045)
2024/25 Financial Assistance Grants received in advance	<u>\$(1,836,367)</u>
Unallocated Closing Surplus Funds	\$472,958

Analysis of Financial and Budget Implications

There are no financial or budget implications for the Committee to accept the Annual Financial Statements and Auditor’s Report.

Community Consultation

The Annual Financial Report will be included in the City’s 2023/24 Annual Report and will be available on the City’s website.

Elected Member/Officer Consultation

This matter is presented to the Audit Committee for consideration.

Timeline: Council Decision Implementation

Effective immediately once adopted by Council.

Outcome of Meeting 19 November 2024

The recommendation as printed was moved by Mayor Miguel and seconded by Mr Barratt and was CARRIED unanimously as follows:

That the Audit Committee recommends that Council accept the Auditor General Independent Auditor’s Report and the Audited Annual Financial Report of the City of Bunbury for the financial year ending 30 June 2024.

10.2 Audit Management Letter for the year ending 30 June 2024

File Ref:	COB/5574
Applicant/Proponent:	Internal
Responsible Officer:	David Ransom, Manager Finance
Responsible Manager:	David Ransom, Manager Finance
Executive:	Karin Strachan, Director Strategy and Organisational Performance
Authority/Discretion	<input type="checkbox"/> Advocacy <input type="checkbox"/> Quasi-Judicial <input type="checkbox"/> Executive/Strategic <input type="checkbox"/> Information Purposes <input checked="" type="checkbox"/> Legislative
Attachments:	Appendix 10.2A: Audit Management Letter

Summary

Following the 30 June 2024 financial audit, the City’s auditor, the Auditor General, has issued their Management Letter (attached at Appendix 10.2A). The Management Letter comments on matters noted during the audit and provides recommendations to be considered.

The following three matters were raised in the Management Letter:

1. Bunbury Harvey Regional Council
2. Information Technology Controls
3. Procurement – Segregation of Duties

A management comment responding each of these finding is included in the Management Letter attached.

Executive Recommendation

That the Audit Committee recommends that Council notes the Management Letter for the City of Bunbury annual financial audit for the year ending 30 June 2024.

Voting Requirements: Simple Majority

Background

At the completion of the annual financial audit the Auditor (if required) will provide a list of deficiencies in internal control and other matters that were identified during the audit.

Council Policy Compliance

There are no Council policies relating to this report.

Legislative Compliance

Section 7.9(1) of the Act requires the auditor to submit a report to the local government by 31 December each year.

Section 7.12A(2) of the Act requires a local government to meet with its Auditor at least once each year.

Officer Comments

Officer comments on the three items identified by Auditor General have been included in the Management Letter attachment.

Analysis of Financial and Budget Implications

There are no financial or budget implications for Council to note the Management Letter.

Community Consultation

Not required.

Elected Member/Officer Consultation

This matter is presented to the Committee for consideration.

Timeline: Council Decision Implementation

Effective immediately once adopted by Council.

Outcome of Meeting 19 November 2024

The recommendation as printed was moved by Cr Andrew and seconded by Cr Quain and was CARRIED unanimously as follows:

That the Audit Committee recommends that Council notes the Management Letter for the City of Bunbury annual financial audit for the year ending 30 June 2024.

10.3 Financial Trend Analysis Report

File Ref:	COB/5574
Applicant/Proponent:	Internal
Responsible Officer:	David Ransom, Manager Finance
Responsible Manager:	David Ransom, Manager Finance
Executive:	Karin Strachan, Director Corporate & Community
Authority/Discretion	<input type="checkbox"/> Advocacy <input type="checkbox"/> Quasi-Judicial <input checked="" type="checkbox"/> Executive/Strategic <input checked="" type="checkbox"/> Information Purposes <input type="checkbox"/> Legislative
Attachments:	Appendix 10.3A: Financial Trend Analysis Report

Summary

A Financial Trend Analysis Report (Report) has been prepared at the request of the Audit Committee and is based on the audited Annual Financial Report to 30 June 2024. It includes the past 5 years financial data and looks forward to the next 12 years based on the adopted 2024/25 Annual Budget and the Long Term Financial Plan (LTFP) 2024/25 – 2035/36.

The key findings, and what actions the City is currently implementing to addressing these findings are included in the report.

Executive Recommendation

That the Audit Committee receives the Financial Trend Analysis Report.

Voting Requirements: Simple Majority

Background

At the Audit Committee Meeting on 24 September 2024 the Committee requested that a financial trend analysis report be developed and reported to the Audit Committee in conjunction with the Annual Financial Report.

Council Policy Compliance

There are no Council policies relating to this report.

Legislative Compliance

Not applicable.

Officer Comments

The Report provides an analysis of the City's financial performance and financial position. It looks at the financial trend for income and expenditure, capital expenditure, loans, reserve funds, and financial ratios.

The financial ratios compare how the City is performing to benchmarks set by the Western Australian Department of Local Government, Sport and Cultural Industries.

This report focuses on the key aspects to give a high level view, and to highlight the major findings from this analysis.

Analysis of Financial and Budget Implications

There are no financial or budget implications for Council to receive this report.

Community Consultation

Not required.

Elected Member/Officer Consultation

This matter is presented to the Committee for information.

Timeline: Council Decision Implementation

N/A

Outcome of Meeting 19 November 2024

The recommendation as printed was moved by Mr Barratt and seconded by Mayor Miguel and was CARRIED unanimously as follows:

That the Audit Committee receives the Financial Trend Analysis Report.

10.4 Internal Audit Report – Project Management

File Ref:	COB/6823
Applicant/Proponent:	Internal Audit Department
Responsible Officer:	Delise Fynn, Internal Auditor
Responsible Manager:	Greg Golinski, Manager Governance & Integrated Planning
Executive:	Karin Strachan, Director Corporate and Community
Authority/Discretion	<input type="checkbox"/> Advocacy <input type="checkbox"/> Review <input checked="" type="checkbox"/> Executive/Strategic <input type="checkbox"/> Quasi-Judicial <input type="checkbox"/> Legislative <input type="checkbox"/> Information Purposes
Attachments:	CONFIDENTIAL Appendix 10.4A: Final Project Management Internal Audit Report

Summary

Internal audit has completed a review of the City of Bunbury’s Project management controls. The internal audit report summarises the findings identified during the review. This purpose of this report is to communicate how the City of Bunbury intends to address the findings.

A copy of the confidential Internal Audit Report is at Appendix 10.4A.

Executive Recommendation

That the Audit Committee:

1. Note the information within the Internal Audit Report at Appendix 10.4A; and
2. Endorse the recommendations made within the report at Appendix 10.4A, noting these will be included in the City’s Audit Findings Database

Voting Requirement: Simple Majority

Strategic Relevance

Pillar	Performance
Aspiration	Leading with purpose and robust government.
Outcome 1.	A leading local government
Objective 2.	Provide strong, accountable leadership and governance. Effectively manage the City’s resources

Regional Impact Statement

N/A

Background

The project management audit was conducted in terms of the FY24/25 internal audit plan. The City of Bunbury delivers a large and diverse range of projects each year. In FY23/24 approximately \$24.6m was budgeted for major projects for the City of Bunbury. In general, the City's major projects carry more risk and complexity than operational activities therefore, close monitoring of the City's project portfolio is important to ensure project risks and issues are managed effectively and the portfolio continues to deliver on the organisation's strategic objectives.

Council Policy Compliance

City of Bunbury Risk Management Framework

- Council Policy Risk Management
- City of Bunbury Risk Management Strategy
- City of Bunbury Risk Management Plan

City of Bunbury Compliance Framework

- Management Policy: Legislative Compliance

City of Bunbury Internal Control Framework

Legislative Compliance

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

r.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 the matters referred to in sub regulation (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.*

Officer Comments

The objective of the Project Management audit was to evaluate and assess the effectiveness, efficiency, and compliance of project management practices within the City of Bunbury. Specifically, it aimed to:

- **Ensure Compliance:** Verify that projects are being managed in accordance with established the project management framework and governance structures.
- **Evaluate Project Performance:** Assess whether projects are being executed as planned, in terms of scope, schedule, budget, and quality. This includes identifying any deviations from the project plan and providing insights into corrective actions or improvements needed.

- **Risk Management:** Review the effectiveness of risk management processes in place to identify, assess, and mitigate risks. The audit seeks to ensure that risks are properly documented, monitored, and addressed throughout the project lifecycle.
- **Verify Financial Controls:** Ensure that project budgets are being managed properly, with appropriate financial controls in place to track costs and prevent overspending or fraud.

Below is a summary of findings identified during the project management audit and management actions have been documented for each:

- Project documentation for standard and minor projects were not available for review
- Project budgets are not tracked throughout the project life cycle
- Training on governance and project management required for all projects

Analysis of Financial and Budget Implications

N/A

Community Consultation

N/A

Councillor/Officer Consultation

N/A

Applicant Consultation

N/A

Timeline: Council Decision Implementation

N/A

Outcome of Meeting 19 November 2024

The recommendation as printed was moved by Cr Andrew and seconded by Mr Eaton and was CARRIED unanimously as follows:

That the Audit Committee:

- 1. Note the information within the Internal Audit Report at Appendix 10.4A; and***
- 2. Endorse the recommendations made within the report at Appendix 10.4A, noting these will be included in the City's Audit Findings Database.***

10.5 City Leases – Public Liability Insurance

File Ref:	COB/5574
Applicant/Proponent:	Council
Responsible Officer:	Gemma Stewart, Senior Lands Officer
Responsible Manager:	Felicity Anderson, Manager Economic Growth
Executive:	Andrew McRobert, Director Sustainable Development
Authority/Discretion	<input type="checkbox"/> Advocacy <input type="checkbox"/> Quasi-Judicial <input type="checkbox"/> Executive/Strategic <input checked="" type="checkbox"/> Information Purposes <input type="checkbox"/> Legislative
Attachments:	Nil

Summary

At the Ordinary Council Meeting held 15 October 2024, Council resolved as follows following a motion on notice from Cr Michelle Steck (refer decision 222/24):

“That Council... identify all leases that do not have a valid public liability insurance certificate of currency to operate and provide a report to the Audit Committee.”

This report is provided in response to the above resolution.

Executive Recommendation

That the Audit Committee note the information provided in this report.

Voting Requirement: Simple Majority

Strategic Relevance

Pillar	Performance
Aspiration	Leading with purpose and robust governance.
Outcome 13.	A leading local government.
Objective 13.3.	Effectively manage the City’s resources.

Background

At the Ordinary Council Meeting held 15 October 2024, Council resolved as follows following a motion on notice from Cr Michelle Steck (refer decision 222/24):

“That Council... identify all leases that do not have a valid public liability insurance certificate of currency to operate and provide a report to the Audit Committee.”

This report is provided in response to the above resolution.

Council Policy Compliance

Not applicable.

Legislative Compliance

Not applicable.

Officer Comments

City Officers undertake quarterly assessments of its leases database to ensure lessee's are compliant with the terms of their lease. At the time of drafting this report, 28 of the City's 160 lessee's have expired general insurance certificates of currency.

As per the City's internal processes, all 28 lessees have been contacted but have not yet submitted an updated general liability certificate of currency, which Officers' are actively following up.

Analysis of Financial and Budget Implications

Nil

Community Consultation

Nil

Elected Member/Officer Consultation

This matter is presented to the Audit Committee for information.

Applicant Consultation

N/A

Timeline: Council Decision Implementation

This item is simply for noting.

Outcome of Meeting 19 November 2024

The recommendation as printed was moved by Mr Barratt and seconded by Mayor Miguel and was CARRIED unanimously as follows:

That the Audit Committee note the information provided in this report.

10.6 Risk Management Report

File Ref:	COB/5574		
Applicant/Proponent:	Internal		
Responsible Officer:	Jordan Hunt, Team Leader Integrated Planning		
Responsible Manager:	Greg Golinski, Manager Governance and Integrated Planning		
Executive:	Karin Strachan, Director Corporate and Communities		
Authority/Discretion	<input type="checkbox"/> Advocacy	<input type="checkbox"/> Review	
	<input checked="" type="checkbox"/> Executive/Strategic	<input type="checkbox"/> Quasi-Judicial	
	<input type="checkbox"/> Legislative	<input checked="" type="checkbox"/> Information Purposes	
Attachments:	CONFIDENTIAL Appendix 10.6A: Risk Management Summary Report CONFIDENTIAL Appendix 10.6B: Risk Appetite Statement		

Summary

The purpose of this Report is for the Audit Committee to receive the Q2 FY25 Enterprise Risk Management Report.

Executive Recommendation

That the Audit Committee note the information provided within the Q2 FY25 Enterprise Risk Management Report at Appendix 10.6A.

Voting Requirement: Simple Majority

Strategic Relevance

Pillar: Performance
Aspiration: Leading with purpose and robust governance.
Outcome 13: A leading local government.
Objective 13.1: Provide strong, accountable leadership and governance.

Regional Impact Statement

Nil

Background

The City of Bunbury is still in the early stages of its risk management journey, currently operating at a low level of maturity in this area, noting that this is the inaugural Risk Summary Report as presented to the Committee. As the organisation continues to develop and refine its processes, the integrity and reliability of the data provided within the Enterprise Risk Management Report will progressively improve. Over time, more in-depth analysis of the risks identified in the organisation’s risk register will occur which will allow us to develop clearer, more actionable mitigation strategies, ensuring that our approach to risk management becomes increasingly robust and data driven.

Progress against the City’s implementation plan for risk management is detailed below:

Phase	Key Deliverables	Timeframe	Status
Phase 1: Establishment of the Enterprise Risk Management service	Development of Framework and Operational Risk Register, identification of Risk Owners, development of Risk Reporting Template (ELT), identification of Risk Team requirements (training, space).	March '23 - Jun '23	Completed
Phase 2: Establishment of the organisational risk approach	Development of process maps, trigger maps, Escalation Framework, and organisational tools & templates.	Jul '23 - Sept '23	Completed
Phase 3: Prepare for the implementation of Pulse Software	Identification of user needs, requirements and training, input of system information and update processes in line with software.	Oct '23 - Dec '23	Completed
Phase 4: Embedding of Enterprise Risk service and Pulse Software	Internal communications plan and engagement to effectively initiate the embedding of the Enterprise Risk Management service within the organisation.	Jan '24 - Jun '24	In progress (The City has commenced embedding ERM throughout the organisation. The Risk Team is working with Risk Owners to assess risks, capture control information, and learn the Pulse system.
Phase 5: Establishment of Control Assurance Program (BAU)	Schedule, engagement plan and approach for continual improvement of risk controls	Jul '24 - Ongoing	Not started

Council Policy Compliance

Risk Management Council Policy
 Risk Management Framework

Legislative Compliance

The Enterprise Risk Management service is developed in the context of Regulation 17 of the *Local Government (Audit) Regulations 1996*.

Officer Comments

The Enterprise Risk Management (ERM) Report at Appendix 10.6A outlines the risks that the City of Bunbury is facing as an organisation. The purpose of the report is to provide the Risk Board and Audit Committee with a clear view of the potential challenges to the organisation's goals to help facilitate strong decision making in addressing them.

The report outlines the key organisational risks across the City of Bunbury. These risks are classified as strategic risks and operational risks. The report allows the Risk Board to assess and prioritise risks based on likelihood and impact, which helps in determining which risks require immediate attention.

In terms of the strategic risks, the Committee will note that these were developed by Council and the Executive in facilitated sessions with an external consultant during the visioning workshop held in February 2024. Residual risk ratings are reviewed quarterly for all risks by the Risk Board. Strategic risks will be reviewed at least annually by the Risk Board and Council, noting that reporting will occur quarterly via the Audit Committee.

Analysis of Financial and Budget Implications

Nil

Community Consultation

Nil

Elected Member/Officer Consultation

This matter is presented to Council by the Audit Committee for consideration.

Applicant Consultation

N/A

Timeline: Council Decision Implementation

Not applicable

Outcome of Meeting 19 November 2024

General discussion took place in relation to this item, with the CEO emphasising that the City is still developing its maturity in terms of its formalised risk management processes, and that the attached report is the inaugural risk report provided to the Audit Committee.

The recommendation as printed was moved by Mr Barratt and seconded by Cr Andrew and was CARRIED unanimously as follows:

That the Audit Committee note the information provided within the Q2 FY25 Enterprise Risk Management Report at Appendix 10.6A.

10.7 Audit Findings Database

File Ref:	COB/603
Applicant/Proponent:	Internal
Responsible Officer:	Delise Fynn, Internal Auditor
Responsible Manager:	Greg Golinski, Manager Governance and Integrated Planning
Executive:	Karin Strachan, Director and Corporate Community
Authority/Discretion	<input type="checkbox"/> Advocacy <input type="checkbox"/> Review <input checked="" type="checkbox"/> Executive/Strategic <input type="checkbox"/> Quasi-Judicial <input type="checkbox"/> Legislative <input type="checkbox"/> Information Purposes
Attachments:	CONFIDENTIAL Appendix 10.7A Database of Findings

Summary

The City of Bunbury has established a database and follow-up process to monitor and ensure that management’s actions to audit findings (both internal and external) have been effectively implemented.

The database (as presented at Appendix 10.7A) is presented to the Audit Committee for information and discussion as necessary.

Executive Recommendation

That the Committee note the information provided in this report.

Voting Requirement: Simple Majority

Strategic Relevance

Pillar	Performance
Aspiration	Leading with purpose and robust governance.
Outcome	A leading local government
Objective 1.	Provide strong, accountable leadership and governance.
Objective 2.	Adopt innovations to improve business efficiencies and the customer experience.
Objective 3.	Effectively manage the City’s resources

Regional Impact Statement

N/A

Background

The International Standards for the Professional Practice of Internal Auditing requires the Internal Audit Coordinator to establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not acting.

Appendix 10.7A has been developed to capture audit findings from all engagements, both internal and external.

Council Policy Compliance

N/A

Legislative Compliance

The *International Standards for the Professional Practice of Internal Auditing 2500.A1*
Management Policy: Internal Control

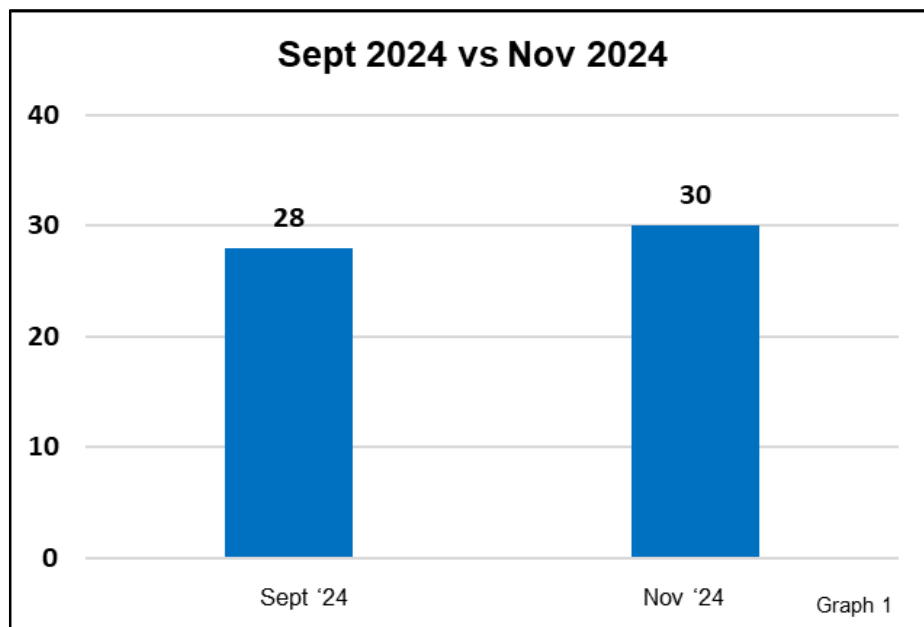
Officer Comments

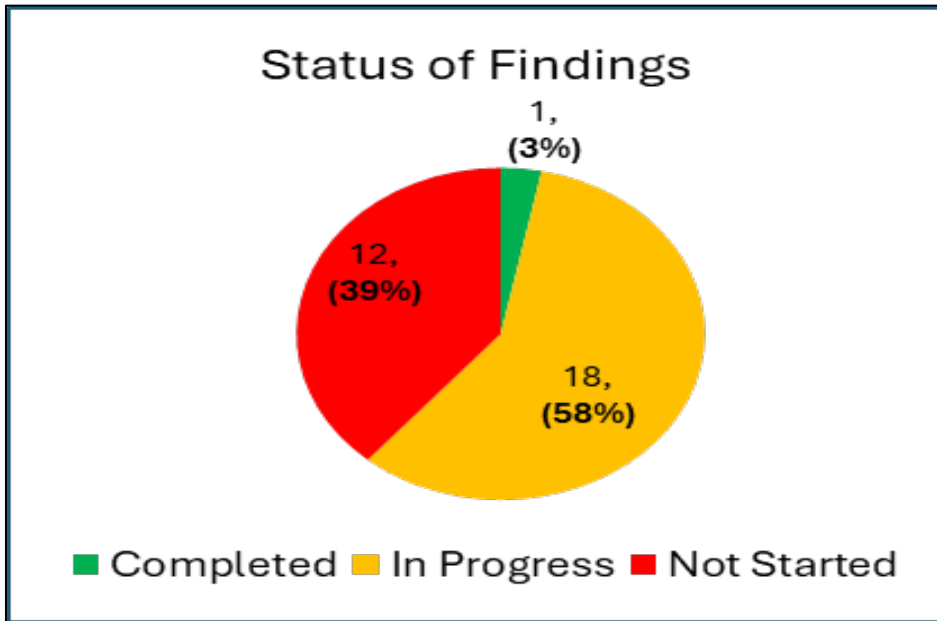
Of the 28 unresolved findings reported at the November 2023 Audit Committee, 1 has been completed (graph 1), 18 are in progress and 12 have not been addressed (graph 2). Reasons for the findings not yet addressed include:

- Financial considerations.
- Insufficient resources at present.
- Task cannot proceed until other tasks are completed.

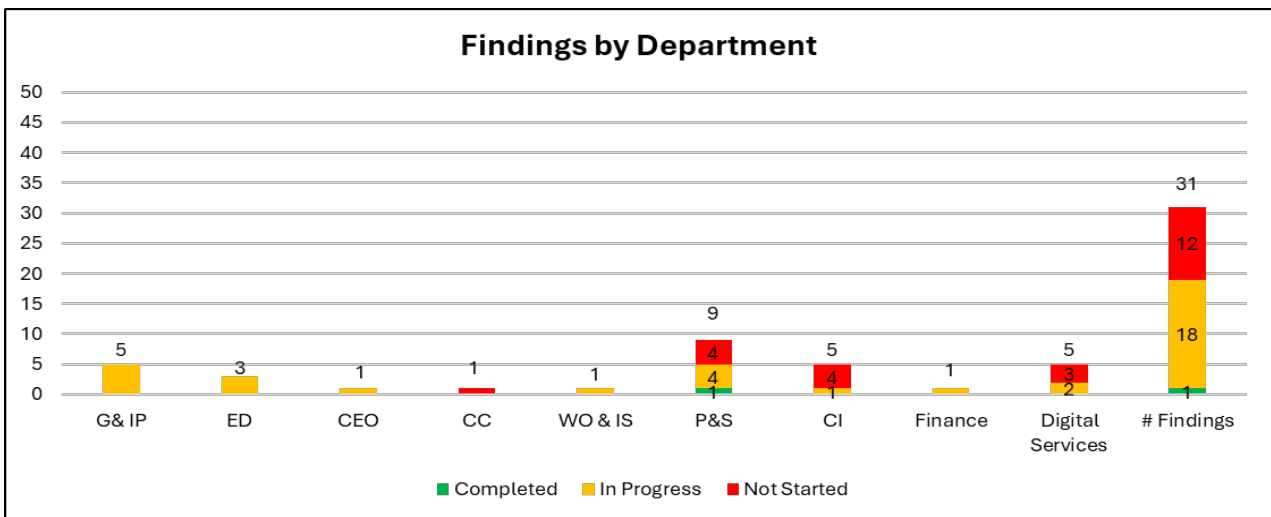
Findings from the Lease Management audit report (3) in September 2024 have been added to the audit findings database for monitoring.

Graph 3 shows the number and status of findings per department. The database of findings is also attached for more detail.





Graph 2



Graph 3

Abbreviations:

- CI – Corporate Information
- ED – Economic Development
- P&S – People and Safety
- WO & IS – Waste Operations & Infrastructure Services
- CC – Community Connection
- G&IP – Governance & Integrated Planning
- IMS – Infrastructure Maintenance Services

Analysis of Financial and Budget Implications

Any financial implications arising from the implementation of the recommendations will be considered independently in implementing the relevant aspects of each recommendation.

Community Consultation

N/A

Councillor/Officer Consultation

N/A

Applicant Consultation

N/A

Timeline: Council Decision Implementation

N/A

Outcome of Meeting 19 November 2024

The recommendation as printed was moved by Cr Andrew and seconded by Cr Steck and was CARRIED unanimously as follows:

That the Committee note the information provided in this report.

11. Questions from Members

11.1 *Response to Previous Questions from Members taken on Notice*

Nil

11.2 *Questions from Members*

Nil

12. Urgent Business

Nil

13. Date of Next Meeting

TBC pending compliance audit being completed, likely late February/early March 2025

14. Close of Meeting

The Presiding Member closed the meeting at 11.01am.