



**City of
Kalgoorlie
Boulder**

AGENDA

for the

AUDIT AND RISK COMMITTEE MEETING

commencing at 11:00AM

on

29 JUNE, 2022

at the

Councillor's Conference Room

24 June 2022



NOTICE OF MEETING

A Audit and Risk Committee meeting of the City of Kalgoorlie-Boulder will be held in the **Councillor's Conference Room** on **Wednesday, 29 June 2022** commencing at **11:00am**.

Regards

A handwritten signature in black ink, appearing to read "Andrew Brien". The signature is stylized with a large, sweeping flourish that extends upwards and to the right.

ANDREW BRIEN
Chief Executive Officer

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Audit and Risk Committee Members

Independent Chairperson Allan Pandal
Independent Member Robert Northcoat
Mayor John Bowler
Cr Glenn Wilson
Cr John Matthew
Cr Terrence Winner
Cr Kirsty Dellar
Cr Kim Eckert
Cr Amy Astill

- 1 **DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS**
- 2 **RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE (PREVIOUSLY APPROVED)**

IN ATTENDANCE:

MEMBERS OF STAFF:

APOLOGIES – ELECTED MEMBERS:

APOLOGIES – MEMBERS OF STAFF:

LEAVE OF ABSENCE:

- 3 **PETITIONS/DEPUTATIONS/PRESENTATIONS**

- 3.1 Michael Hillgrove (Hall Chadwick) – Strategic risk register review scope.
- 3.2 OAG/ Grant Thornton – 2022 Audit entrance meeting

- 4 **DECLARATIONS OF MEMBERS’ AND OFFICERS’ INTEREST**

- 4.1 **INTEREST AFFECTING IMPARTIALITY CITY OF KALGOORLIE–BOULDER CODE OF CONDUCT**
- 4.2 **FINANCIAL INTEREST LOCAL GOVERNMENT ACT SECTION 5.60A**
- 4.3 **PROXIMITY INTEREST LOCAL GOVERNMENT ACT SECTION 5.60B**

- 5 **CONFIRMATION OF MINUTES**

[Minutes of Audit and Risk Committee Meeting held on 12 May 2022](#)

That the minutes of the **Audit and Risk Committee** meeting held on 12 May 2022 be confirmed as a true record of that meeting.

6 REPORTS OF OFFICERS

6.1 DEPUTY CEO - FINANCE AND CORPORATE

6.1.1 FINANCE MANAGEMENT REVIEW FY2022

Responsible Officer: David Trevaskis
Deputy Chief Executive Officer

Author: Xandra Curnock
Chief Financial Officer

Disclosure of Interest: Nil

VOTING REQUIREMENTS

Simple

OFFICER RECOMMENDATION

That the Committee recommends council accepts the update on the Finance Management Review for FY2022

EXECUTIVE SUMMARY

The report has been prepared to provide an update to the Committee and Council on the Financial Management Systems Review, required to be completed to meet regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996.

COMMUNITY STRATEGIC PLAN LINKS

This report links to the Strategic Community Plan through the following Guiding Theme/s: CAPABLE: We are continuing to undertake the appropriate risk management and assessment strategies.

BUDGET IMPLICATIONS

There are no financial implications resulting from the recommendations of this report.

REPORT

The CEO is responsible for implementing policies, procedures and controls designed to ensure the effective and efficient management of the City's resources. At least once in every three financial years the CEO is to undertake a review of the appropriateness and effectiveness of the financial management systems and procedures of the local government and report to Council the results of those reviews.

The last Financial Management Review was reviewed by Council on 15 May 2019 covering the period from 1 July 2018 to 8 May 2019. In accordance with the Regulations this review is now due for 2022. The City does not have an internal audit

team and any staff who are responsible for the day to day accounting or financial management operations, including those who manage or supervise these employees, are not to conduct the financial management systems review in accordance with the regulations. To provide an accurate and unbiased review the CEO engaged an external accounting firm, Hall Chadwick.

Hall Chadwick are currently in the process of reviewing documentation provided by the City's finance team. They are undertaking a thorough review of all systems and processes and will provide feedback by August 2022.

STATUTORY IMPLICATIONS

Regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996 requires the CEO to undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 3 financial years) and report to the local government the results of those reviews.

Regulation 5(1) of the Local Government (Financial Management) Regulations 1996 requires that the Chief Executive Officer establish efficient systems and procedures:

- (a) For the proper collection of money owing the local government; and
- (b) For the safe custody and security of all money collected or held by the local government; and
- (c) For the proper maintenance and security of the financial records of the local government (whether maintained in written form or by electronic or other means or process); and
- (d) To ensure proper accounting for municipal or trust –
 - (i) Revenue received or receivable; and
 - (ii) Expenses paid or payable; and
 - (iii) Assets and liabilities;

AND

- e) To ensure proper authorisation for the incurring of liabilities and the making of payments; and
- (f) For the maintenance of payroll, stock control and costing records; and
- (g) To assist in the preparation of budgets, budget reviews, accounts and reports required by the Act or these regulations.

Regulation 6 of the Local Government (Financial Management) Regulations 1996 A local government is to ensure that an employee to whom is delegated responsibility for the day to day accounting or financial management operations of a local government is not also delegated the responsibility for –

- (a) Conducting an internal audit; or
- (b) Reviewing the discharge of duties by that employee,

Or for managing, directing or supervising a person who carries a function referred to in paragraph (a) or (b).

POLICY IMPLICATIONS

There are no policy implications resulting from the recommendations of this report.

COMMUNITY ENGAGEMENT CONSULTATION

No community consultation was considered necessary in relation to the recommendations of the report.

6.1.2 AUDIT AND RISK COMMITTEE STANDING ITEMS JUNE 2022

Responsible Officer:	David Trevaskis Deputy Chief Executive Officer
Author:	Emma Holtum Governance Officer
Disclosure of Interest:	Nil

VOTING REQUIREMENTS

Simple

OFFICER RECOMMENDATION

That the Committee recommends Council receive the information.

EXECUTIVE SUMMARY

At the May 2021 Finance & Audit Committee Meeting, members recommended the inclusion of two standing items in future agendas, being the Audit Recommendations Progress Report and the Audit & Finance Committee action item list. The items are attached for review.

COMMUNITY STRATEGIC PLAN LINKS

This report links to the Strategic Community Plan through the following Guiding Theme:

- **EMPOWERED:** We ensure considered decision making based on collaborative, transparent and accountable leadership.

BUDGET IMPLICATIONS

There are no financial implications resulting from the recommendations of this report.

REPORT

The Finance and Audit Committee considered the Better Practice Guide for Public Sector Audit Committees at its May 2021 meeting, and supported the inclusion of two standing items on the agenda.

Audit recommendations progress report

This report is designed to provide the Committee with an update on the progress of actions taken by management to implement audit recommendations from the OAG, internal audit and external reviews.

Audit and Risk Committee action item list

This report identifies Audit and Risk Committee recommendations that are adopted by Council, and how the resolutions are followed-up and addressed by the

responsible officer. The report aims to include a level of information to allow the audit committee to understand the nature of actions taken to date and the real reasons for any delays.

The report uses a 'traffic light system' to categorise progress into three groups: red – not started, amber – in progress, and green – complete.

STATUTORY IMPLICATIONS

There are no statutory implications resulting from the recommendations of this report.

POLICY IMPLICATIONS

There are no policy implications resulting from the recommendations of this report.

COMMUNITY ENGAGEMENT CONSULTATION

No community consultation was considered necessary in relation to the recommendations of the report.

ATTACHMENTS

Audit recommendations progress report 

Audit and Risk - Action Item List 

6.1.3 STRATEGIC RISK REGISTER

Responsible Officer:	David Trevaskis Deputy Chief Executive Officer
Author:	Emma Holtum Governance Officer
Disclosure of Interest:	Nil

VOTING REQUIREMENTS

Simple

OFFICER RECOMMENDATION

That the Committee recommends that Council:

- 1. Receives the June 2022 Strategic Risk Register as reviewed by the Committee.**

EXECUTIVE SUMMARY

The Council and Management are required to keep a Risk Register which identifies inherent risk ratings across a range of areas, makes a control assessment by reviewing current control practices, determines a residual risk rating and sets forward actions that will improve the management of the risk.

The strategic risks are primarily a responsibility of the elected Council. Council has resolved to review the Strategic Risk Register on a 6 monthly basis through the Audit and Risk Committee.

COMMUNITY STRATEGIC PLAN LINKS

This report links to the Strategic Community Plan through the following Guiding Theme:

- **EMPOWERED:** We ensure considered decision making based on collaborative, transparent and accountable leadership.

BUDGET IMPLICATIONS

There are no financial implications resulting from the recommendations of this report.

REPORT

The Audit and Risk Committee receives the Strategic Risk Register presented biannually. The Strategic Register is attached.

Regarded as a dynamic document which requires constant review, no significant changes have been made since the last version reviewed by the Committee.

The Committee is requested to complete a review of the June 2022 Strategic Risk Register, and if appropriate, recommend for adoption by Council.

At the Ordinary Council Meeting 13 December 2021, Council requested the CEO to engage an independent consultant to conduct a review of the City's strategic risk register and to present recommendations to the Audit and Risk committee for consideration. LGIS has provided Risk Management advice to the City previously and were contacted to assist with a strategic review. However, the City was notified in May that LGIS were not in a position to support the City to complete this review. The City has engaged Hall Chadwick to complete this review contemporaneously with the preparation of the CEOs report in accordance with Audit Regulation 17.

STATUTORY IMPLICATIONS

Compliance with section 17 of the *Local Government (Audit) Regulations 1996*.

POLICY IMPLICATIONS

There are no policy implications resulting from the recommendations of this report.

COMMUNITY ENGAGEMENT CONSULTATION

No community consultation was considered necessary in relation to the recommendations of the report.

ATTACHMENTS

Strategic Risk Register June 2022 

6.1.4 RESERVES AT 30 JUNE 2022

Responsible Officer: David Trevaskis
Deputy Chief Executive Officer

Author: Xandra Curnock
Chief Financial Officer

Disclosure of Interest: Nil

VOTING REQUIREMENTS

Simple

OFFICER RECOMMENDATION

That the Committee recommend that Council accept the estimated reserve position at 30 June 2022.

EXECUTIVE SUMMARY

The report has been prepared to provide the Committee and Council with an update of the estimated closing position of cash backed reserves based on actual activities during the FY 2022 financial year.

COMMUNITY STRATEGIC PLAN LINKS

This report links to the Strategic Community Plan through the following Guiding Theme/s: CAPABLE: We will have the resources to contribute to our community and economy.

BUDGET IMPLICATIONS

There are no financial implications resulting from the recommendations of this report.

REPORT

The estimated closing cash back reserve position is noted below within the attachment, Cash Backed Reserves. This shows an estimated closing reserve cash position of \$36,767,607. This is \$15,214,241 higher when compared to the original budgeted closing position of \$21,553,366.

The main reason for this increase in closing cash being a reduction in capital spend during the FY2022 year. In particular on key projects such as the Kal City Centre, Golf Course Resort, and Street Lighting, which were \$12.5m less than budget due to delays in these projects, leaving the Future Projects Reserve \$12.5m higher than originally budgeted.

The closing position of the Aerodrome reserve is also \$2.6m higher than budgeted expectations due to savings in capital spend on the runway renewal.

Cash back reserves are linked to specific projects or commitments. These are noted within the below table.

	Name of Reserve	Purpose of the reserve
(a)	Leave Reserve	To fund payments to staff for accrued leave and / or budgeted leave.
(b)	Plant Reserve	To fund the City's ten year (10) Plant Replacement Program.
(c)	Building Reserve	To fund building projects and major structural repairs to existing assets.
(d)	Computer Facilities Reserve	To fund Information Technology projects.
(e)	Sewerage Construction Reserve	To provide for the ongoing construction and future replacement of sewerage lines and any other relevant initiatives.
(f)	Recreation Reserve	To be utilised for future reserves, ovals, or any other recreational projects Council deems necessary.
(g)	Parking Facilities Reserve	To provide for the future parking needs of the City.
(h)	Senior Citizens Reserve	To meet any requirements the Community Centre may have.
(i)	Oasis Reserve	To improve the Goldfields Oasis.
(j)	Aerodrome Reserve	To facilitate the replacement of assets to subsidise operations, items not included in the Airport Movement Reserve
(k)	Valuations Equalisation Reserve	To provide for revaluation expenses, every four (4) years.
(l)	Insurance Equalisation Reserve	To provide for any Workers Compensation expenses.
(m)	Town Halls Refurbishment Reserve	To provide for future maintenance, refurbishment, heritage development of the Kalgoorlie and Boulder Town Halls.
(n)	Waste Initiatives Reserve	To develop and introduce alternatives or modified waste collection treatment and disposal options.
(o)	Airport and City Promotions Reserve	To promote the City of Kalgoorlie-Boulder and the Kalgoorlie- Boulder Airport.
(p)	Future Projects Reserve	To fund future projects that Council supports as a desired outcome for the overall Community.
(q)	Public Open Space Reserve	To comply with Planning and Development Act, section 154

STATUTORY IMPLICATIONS

There are no statutory implications resulting from the recommendations of this report.

POLICY IMPLICATIONS

There are no policy implications resulting from the recommendations of this report.

COMMUNITY ENGAGEMENT CONSULTATION

No community consultation was considered necessary in relation to the recommendations of the report.

ATTACHMENTS

CASH BACKED RESERVES 

6.1.5 UPDATE ON LOAN BORROWINGS

Responsible Officer:	David Trevaskis Deputy Chief Executive Officer
Author:	Xandra Curnock Chief Financial Officer
Disclosure of Interest:	Nil

VOTING REQUIREMENTS

Simple

OFFICER RECOMMENDATION

That the Committee recommend Council note the closing position of the loan borrowings at 30 June 2022.

EXECUTIVE SUMMARY

The report has been prepared to provide the Committee and Council with an update on the City's borrowing position as at 30 June 2022.

COMMUNITY STRATEGIC PLAN LINKS

This report links to the Strategic Community Plan through the following Guiding Theme/s: CAPABLE: We will have the resources to contribute to our community and economy.

BUDGET IMPLICATIONS

There are no financial implications resulting from the recommendations of this report.

REPORT

The Loan Borrowings have been reviewed as part of the 2023 budget preparation process. The closing position at 30 June 2022 has been calculated and is noted within the attachments, 2022 Loan Borrowings.

This attachment shows closing borrowings estimated to be \$6,671,980 at 30 June 2022, as opposed to a budgeted position of \$21,671,928. This reduction of \$14,999,948 is due to new loans originally budgeted for not being required in the 2022 financial year.

The original budget assumed the City would be purchasing and developing land within the CBD which would have required funding of \$6.5m, this project did not occur. Sewerage capital works did not require the additional funding of \$8m originally budgeted for. The Basketball Club did not request to fulfil its option of obtaining a \$500k self-supporting loan from the City during the 2022 financial year.

The Debt Service Ratio in the 2021 audited financial statements was calculated to be 13.862. This ratio is 14.230 using original budgeted numbers. 2022 forecast is

currently estimating this ratio to be 17.697. A Debt Service Ratio of 10 is considered healthy. Based on the above the City has room to borrow funds in the future should it need to.

STATUTORY IMPLICATIONS

No statutory implications resulting from the recommendations of this report.

POLICY IMPLICATIONS

There are no policy implications resulting from the recommendations of this report.

COMMUNITY ENGAGEMENT CONSULTATION

No community consultation was considered necessary in relation to the recommendations of the report.

ATTACHMENTS

2022 LOAN BORROWINGS 

7 CONFIDENTIAL ITEMS

8 CLOSURE