



AUDIT AND ORGANISATIONAL RISK COMMITTEE MEETING

MINUTES

**NOTICE IS HEREBY GIVEN that an
Audit and Organisational Risk Committee Meeting
was held in Council Chambers,
Welcome Road, Karratha,
on Monday, 11 August 2025 at 3.00pm**

A handwritten signature in black ink, appearing to read 'VMiltrup', is positioned above a horizontal line.

**VIRGINIA MILTRUP
CHIEF EXECUTIVE OFFICER**



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In particular, and without derogating in any way from the broad disclaimer above, in any discussion regarding any planning application or application for a license, any statement or intimation of approval made by any member or Officer of the City of Karratha during the course of any meeting is not intended to be and is not taken as notice of approval from the City of Karratha.

The City of Karratha warns that anyone who has any application lodged with the City of Karratha must obtain and should only rely on

WRITTEN CONFIRMATION

of the outcome of the application, and any conditions attaching to the decision made by the City of Karratha in respect of the application.

Signed: _____
Virginia Miltrup - Chief Executive Officer

DECLARATION OF INTERESTS (NOTES FOR YOUR GUIDANCE) (updated 13 March 2000)

A member who has a **Financial Interest** in any matter to be discussed at a Council or Committee Meeting, which will be attended by the member, must disclose the nature of the interest:

- (a) In a written notice given to the Chief Executive Officer before the Meeting or;
- (b) At the Meeting, immediately before the matter is discussed.

A member, who makes a disclosure in respect to an interest, must not:

- (c) Preside at the part of the Meeting, relating to the matter or;
- (d) Participate in, or be present during any discussion or decision-making procedure relative to the matter, unless to the extent that the disclosing member is allowed to do so under Section 5.68 or Section 5.69 of the Local Government Act 1995.

NOTES ON FINANCIAL INTEREST (FOR YOUR GUIDANCE)

The following notes are a basic guide for Councillors when they are considering whether they have a **Financial Interest** in a matter. I intend to include these notes in each agenda for the time being so that Councillors may refresh their memory.

1. A Financial Interest requiring disclosure occurs when a Council decision might advantageously or detrimentally affect the Councillor or a person closely associated with the Councillor and is capable of being measure in money terms. There are exceptions in the *Local Government Act 1995* but they should not be relied on without advice, unless the situation is very clear.
2. If a Councillor is a member of an Association (which is a Body Corporate) with not less than 10 members i.e. sporting, social, religious etc), and the Councillor is not a holder of office of profit or a guarantor, and has not leased land to or from the club, i.e., if the Councillor is an ordinary member of the Association, the Councillor has a common and not a financial interest in any matter to that Association.
3. If an interest is shared in common with a significant number of electors or ratepayers, then the obligation to disclose that interest does not arise. Each case needs to be considered.
4. If in doubt declare.
5. As stated in (b) above, if written notice disclosing the interest has not been given to the Chief Executive Officer before the meeting, then it **MUST** be given when the matter arises in the Agenda, and immediately before the matter is discussed.
6. Ordinarily the disclosing Councillor must leave the meeting room before discussion commences. The **only** exceptions are:
 - 6.1 Where the Councillor discloses the **extent** of the interest, and Council carries a motion under s.5.68(1)(b)(ii) or the Local Government Act; or
 - 6.2 Where the Minister allows the Councillor to participate under s5.69 (3) of the Local Government Act, with or without conditions.

INTERESTS AFFECTING IMPARTIALITY

DEFINITION: *An interest that would give rise to a reasonable belief that the impartiality of the person having the interest would be adversely affected, but does not include an interest as referred to in Section 5.60 of the 'Act'.*

A member who has an **Interest Affecting Impartiality** in any matter to be discussed at a Council or Committee Meeting, which will be attended by the member, must disclose the nature of the interest;

- (a) in a written notice given to the Chief Executive Officer before the Meeting; or
- (b) at the Meeting, immediately before the matter is discussed.

IMPACT OF AN IMPARTIALITY CLOSURE

There are very different outcomes resulting from disclosing an interest affecting impartiality compared to that of a financial interest. With the declaration of a financial interest, an elected member leaves the room and does not vote.

With the declaration of this new type of interest, the elected member stays in the room, participates in the debate and votes. In effect then, following disclosure of an interest affecting impartiality, the member's involvement in the Meeting continues as if no interest existed.

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MINUTES

1 OFFICIAL OPENING

The Meeting of Audit and Organisational Risk Committee held in the Council Chambers, Welcome Road, Karratha on Monday, 28 July 2025 was declared open at 3:02pm. Chairperson Phillip Draber acknowledged the traditions of the Ngarluma people, on whose land we are gathered here today.

2 RECORD OF ATTENDANCES AND APOLOGIES

Committee Members:	Phillip Draber	(Chairperson) (Via Teams)
	David Price	(Deputy Chairperson) (Via Teams)
	Cr Daniel Scott	
	Cr Daiva Gillam	(via Teams)
	Cr Tony Simpson	

Staff:	Warren Van Wyk	Director Corporate & Commercial Services (via Teams)
	Henry Eaton	Manager Governance & Organisational Strategy
	Christine Palmer	Chief Financial Officer
	Miranda Geal	Governance Coordinator – Procurement and Compliance
	Sarah Latimer Izabella Brandis	Corporate Accountant Minute Secretary

External:	Iris Yap	Office of the Auditor General
	Nur Hafizah Zakaria	RSM Australia
	Amit Kabra	RSM Australia

Apologies:	Virginia Miltrup	Chief Executive Officer
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(Cr Gillam entered the meeting at 3.03pm)

3 DECLARATIONS OF INTEREST

There were no declarations of interest.

4 CONFIRMATION OF MINUTES AND BUSINESS ARISING FROM MINUTES OF PREVIOUS MEETINGS

OFFICER'S RECOMMENDATION / COMMITTEE RESOLUTION

MOVED : Cr Simpson
SECONDED : Cr Scott
Res No : AORC20250811-01

That the Minutes of the Audit and Organisational Risk Committee Meeting held on Monday, 17 February 2025, be confirmed as a true and correct record of proceedings.

CARRIED 5/0

FOR: P. Draber, D. Price, Cr Scott, Cr Gillam, Cr Simpson.
AGAINST: Nil

5 ENTRANCE MEETING – AUDIT 2024/25 – OFFICE OF AUDITOR GENERAL

(Iris Yap (Office of the Auditor General), Nur Hafizah Zakaria (RSM Australia) and Amit Kabra (RSM Australia) entered the meeting at 3.06pm)

5.1 ENTRANCE MEETING – AUDIT 2024/25 – OFFICE OF AUDITOR GENERAL

File No: FM.1

Responsible Executive Officer: Director Corporate and Commercial

Reporting Author: Manager Governance & Organisational Strategy

Date of Report: 3 August 2025

Disclosure of Interest: Nil

Attachment(s): Audit Planning Memorandum

PURPOSE

To advise that an entrance meeting will be convened as part of this Committee meeting on 11 August 2025 between Committee members and the Office of the Auditor General (WA) regarding the conduct of the financial audit for 2024/25.

OFFICER'S RECOMMENDATION / COMMITTEE RESOLUTION

MOVED : Cr Simpson
SECONDED : Cr Scott
Res No : AORC20250811-02

That the Audit and Organisational Risk Committee RECEIVE the RSM Australia Audit Planning Memorandum for the year ended 30 June 2025.

CARRIED 5/0

FOR: P. Draber, D. Price, Cr Scott, Cr Gillam, Cr Simpson.
AGAINST: Nil

BACKGROUND

Audit subcontract firm RSM Australia have been engaged by the Office of Auditor General (OAG) to undertake the 2024/25 financial audit for the City of Karratha as required under the *Local Government Act 1995* (the Act).

The interim audit was planned to commence the week of 3 June 2025.

The entrance meeting is simply to present the audit planning memorandum.

This will be a Teams meeting with **Iris Yap** Assistant Director – Financial Audit for the OAG with representatives from RSM Australia **Amit Kabra**, Partner National Leader Government and Public Sector and Audit Engagement Director and **Nur Hafizah Zakaria**, Assistant Manager Audit and Assurance and Engagement Manager.

There will be an opportunity for all attendees to discuss the proposed audit, scope, focus areas, etc.

COMMITTEE QUESTION:

Appendix 3: Key Controls, mentions 'Unavailability of related party disclosure confirmation from a retired Councillor', is this in reference to just one councillor?

CITY RESPONSE:

Yes, just one councillor.

COMMITTEE QUESTION:

If we can't get a response from the Councillor, what do we do? How do we get this statistic to be resolved if options have been exhausted?

AUDITOR RESPONSE:

If we are satisfied that appropriate, exhaustive action has been taken, it will be marked as complete and resolved.

To ensure similar instances do not occur, we would like to see that new processes are implemented and undertaken, perhaps having these processes in place for sign off prior to the Councillor retiring, to ensure that this is not repeated and that related party disclosure information is complete.

COMMITTEE QUESTION:

What does lack of evidence of review mean on appendix 3?

AUDITOR RESPONSE:

This is related to a payroll review, this finding has been properly addressed and can now be closed.

COMMITTEE QUESTION:

Does the audit fee solely represent the fee from the Office of the Auditor General, or does it include all additional acquittals the City requires?

AUDITOR RESPONSE:

This solely reflects the financial statements audit. Any other engagements will be a separate fee. A fee for these separate engagements has not yet been determined.

COMMITTEE QUESTION:

Regarding timing of the presentation of the closing report, currently 24 November 2025, does it need to go to a Council meeting once this has been presented to the Committee?

CITY RESPONSE:

Yes, will go to December Council meeting after the CEO has signed off on the report.

(Iris Yap, Nur Hafizah Zakaria, and Amit Kabra left the meeting at 3.28pm)

(Sarah Latimer, Corporate Accountant, left the meeting at 3.29pm.)

6 GOVERNANCE

6.1 TERMS OF REFERENCE

File No:	CM.246
Responsible Executive Officer:	Director Corporate & Commercial
Reporting Author:	Manager Governance & Organisational Strategy
Date of Report:	21 July 2025
Applicant/Proponent:	Nil
Disclosure of Interest:	Nil
Attachment(s):	1. AORC Terms of Reference 2024 2. ARIC Terms of Reference 2025

PURPOSE

For the Audit, Risk and Improvement Committee to consider a draft updated Terms of Reference for this Committee.

OFFICER'S RECOMMENDATION

That the Audit and Organisational Risk Committee **ACCEPT** the updated Terms of Reference for the Audit, Risk and Improvement Committee and recommend the change in committee name.

COMMITTEE RESOLUTION

Res No : AORC20250811-03
Moved : D. Price
Seconded : Cr Gillam

That the Audit and Organisational Risk Committee:

1. **ACCEPT** the name change from 'Audit and Organisational Risk Committee' to 'Audit, Risk and Improvement Committee',
2. **INCLUDE** within the Terms of Reference that a member of the committee will be the spokesperson at Council on behalf of the Committee in the absence of the independent Chairperson and Deputy Chairperson, and
3. **REQUEST** officers present a revised and final draft of the Terms of Reference back to the Committee in 3 months.

CARRIED 5/0

For: P. Draber, D. Price, Cr Scott, Cr Gillam, Cr Simpson.
Against: Nil

Reason for the alternate resolution:

The Officer's Recommendation was not supported as members of the Committee wanted to further review the Terms of Reference and include any aspects from soon to be introduced legislation.

BACKGROUND

Legislative reforms to the *Local Government Act 1995* have necessitated a redefining of the committee's name, structure and an expansion to the scope of the existing Audit and Organisational Risk Committee.

The Terms of Reference has been re-written to align with the *Local Government Amendment Act 2024* (sections 86-90), which redefines the role of audit committees as 'Audit, Risk and Improvement Committees' that have broader responsibilities encapsulating the integrated planning and reporting framework, performance measures, and service reviews. Leadership of the Committee transitioned on 1 July 2025 to having an independent audit chairperson and deputy chairperson in addition to Council members with appropriate skills to effectively oversee the Committee's functions.

The *Amendment Act* was assented on 6 December 2024 however provisions related to the Audit Committee are awaiting proclamation by the Governor. Changes to the Terms of Reference are based on the soon to be introduced provisions.

The 2024 version reflects an earlier framework, focused primarily on financial oversight, audit, and compliance, without the enhancements brought by the recent legislative changes.

Section	Amendment	Rationale
Reference to Legislative Amendments	Reflects the amendments to the <i>Local Government Act</i> , changing audit committees to "Audit, Risk and Improvement Committees."	Current version has no mention of the 2024 amendments; still references older legislative basis.
1. Purpose of establishment	Emphasises expanded scope including improvement functions and independent chairing.	Current version focused primarily on audit and risk, under Part 7 of the Act and Audit Regs 1996.
4. Composition and Tenure	Incorporates independent persons into the Terms of Reference, the method of engagement, terms and conditions, skill sets, remuneration.	Introduced as part of legislative reform. Current version has no reference to independent external members or their appointment criteria.
	Voting members clarified	Added independent members
	Non-voting observers expanded	Added CFO to list.
5. Role	Expanded to include Improvement responsibilities as they relate to the IPR framework, performance measures.	Reform measures: Current version does not mention service reviews or performance management
7. Conduct	Updated reference to code of conduct	Code of conduct renamed to meet statutory requirements.
9. Meetings	Proposing meeting every quarter for no more than 2 hours.	Previously a target of 3 meetings per annum was set but often would be between 1-2 per annum.

Section	Amendment	Rationale
	<p>Quorum details noted with inclusion of independent persons</p> <p>Members need to attend in person for no less than 50% of meetings.</p> <p>Meetings to be held openly wherever possible.</p>	<p>50% of members need to be present including at least 50% of Council members.</p> <p>Attendance at meetings will be an issue to the City by incurring costs for independent persons to attend meetings for 2 hours. Matter being considered by DLG.</p> <p>The <i>LG Amendment Bill 2024</i> proposes meetings be open. This requirement is not currently in effect.</p>
Schedule 1	Audit committee responsibilities fully documented	Improved visibility.

LEVEL OF SIGNIFICANCE

In accordance with Council policy CG-8 Significant Decision Making policy, this matter is considered to be of moderate significance in terms of Council's ability to perform its role and to comply with legislative reform.

STATUTORY IMPLICATIONS

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

The *Local Government Amendment Act 2024* has been assented. However, provisions related to the audit committee have been withheld and are awaiting proclamation by the Governor including the release of updated audit regulations.

COUNCILLOR/OFFICER CONSULTATION

No Councillor or Officer consultation is required.

COMMUNITY CONSULTATION

No community consultation is required.

POLICY IMPLICATIONS

There are no policy implications.

FINANCIAL IMPLICATIONS

The approval of the Terms of Reference will determine costs associated with travel and accommodation applicable to the independent committee members.

STRATEGIC IMPLICATIONS

This item is relevant to the Council's approved Council Plan 2025 - 2035. It is an enabling service within Governance & Policy.

RISK MANAGEMENT CONSIDERATIONS

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

Category	Risk level	Comments
Health	N/a	Nil
Financial	N/a	Nil
Service Interruption	N/a	Nil
Environment	N/a	Nil
Reputation	N/a	Nil
Compliance	Low	Failure to have an audit committee properly established will breach statutory requirements.

IMPACT ON CAPACITY

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

RELEVANT PRECEDENTS

The Committee adopted the previous terms of reference in February 2024.

VOTING REQUIREMENTS

Simple Majority.

CONCLUSION

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

COMMITTEE QUESTION:

Is the intention that this Committee can provide input on the Terms of Reference before they go to Council?

CITY RESPONSE:

Yes, this is a draft document that the Committee can review. Council will consider any recommended changes before formally adopting the Terms of Reference for the Audit Committee.

COMMITTEE QUESTION:

Is three months too long to wait for this Committee to finalise its review of the Terms of Reference before ratification at Council?

CITY RESPONSE:

No, the updated Terms of Reference is a response to emerging legislation which has yet to take effect. The functions of the Audit Committee are broader than simply financial audit and risk management. Terms of Reference can be adopted at the next Committee meeting.

6.2 GOVERNANCE UPDATES

File No: CM.131
Responsible Executive Officer: Director Corporate and Commercial
Reporting Author: Manager Governance & Organisational Strategy
Date of Report: 3 August 2025
Disclosure of Interest: Nil
Attachment(s): Nil

PURPOSE

To provide an update on Policy Reviews, Delegation Reviews, Local Law Reviews, Local Government Act Reforms and the implementation of the Privacy and Responsible Information Sharing legislation.

OFFICER'S RECOMMENDATION / COMMITTEE RESOLUTION

MOVED : Cr Scott
SECONDED : Cr Simpson
Res No : AORC20250811-04

That the Audit and Organisational Risk Committee RECEIVE the Governance Report Update.

CARRIED 5/0

FOR: P. Draber, D. Price, Cr Scott, Cr Gillam, Cr Simpson.
AGAINST: Nil

BACKGROUND

Policy Reviews

Council has 90 policies that it has approved of which 38 (42%) are outstanding and have exceeded their review dates:

- Projects & Infrastructure (3)
- Community Experience (5)
- Office of the CEO (5)
- Corporate Services (8)
- Development Services (17)

Governance is coordinating reviews of existing policies that are overdue for review. Management teams are reviewing policies and these will be presented to Council once process is completed.

The outstanding policy list consists of:

- 7 in progress, and
 - 31 not started
-

Figure 1: Status of all Council policies.

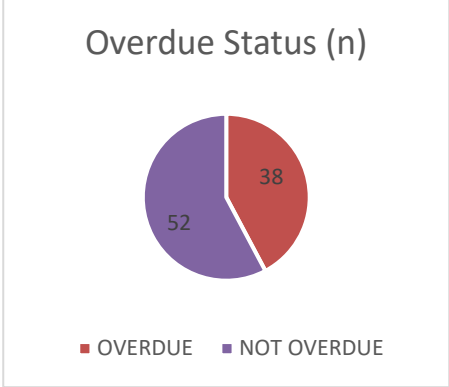


Figure 2: Breakdown of Overdue Policies by Months Overdue:

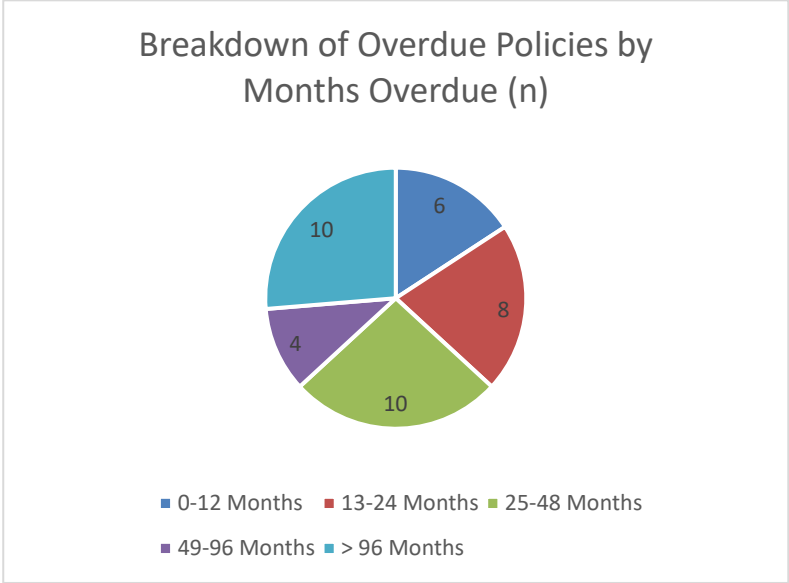
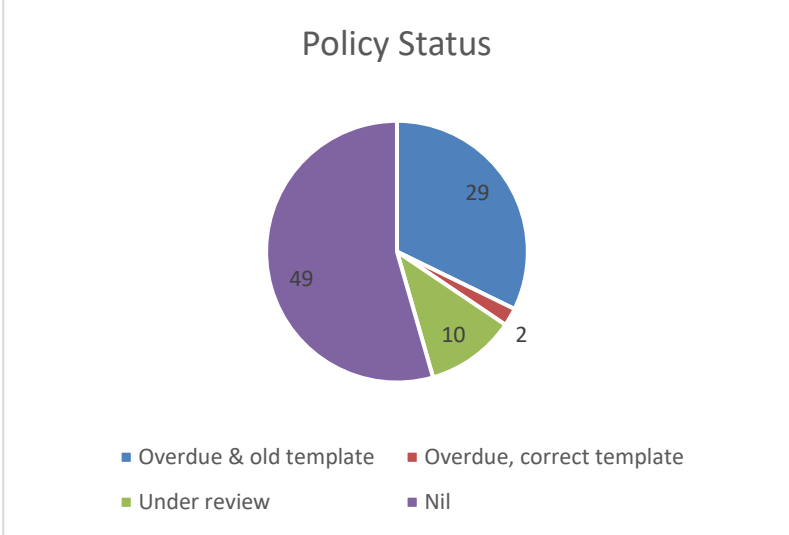


Figure 3: Policy Status by Stage in Process



Delegation Reviews

The Delegation Register was submitted to Council in June 2025 and was endorsed with a series of new delegations being added and amendments to existing delegations. A full review of the Delegations Register will be outsourced in 2025/26 to ensure that the City's delegation register is appropriately drafted and addresses key pieces of legislation within the Local Government Act and other legislation to which local governments and officers are accountable for.

Since Council's approval in June 2025, no new delegations are proposed, to be amended or repealed.

Local Law Reviews

The Council has 10 local laws currently approved of which five are outstanding and exceeded their review dates.

A consultant will be engaged to assist with the review of these local laws in 2025/26. Local laws were reviewed every eight years. Recent reforms to the Local Government Act now propose this period to be 15 years (s.3.16 LG Act) however any pre-existing overdue local laws have a two year period to be reviewed otherwise any overdue local laws will be repealed.

Local laws to be reviewed:

- Activities in Thoroughfares and Public Places and Trading Local Law (2017)
- Animals, Environment and Nuisance Local Law 2012
- Cemeteries Local Law 2017
- Health Local Law 2012
- Local Government Property Local Law 2003

Local Government Act Reforms

A series of reforms have been announced by the WA Government and have been either legislated or awaiting proclamation or drafting is still in progress.

Below is an indication of the status of reform measures announced by the WA Government:

Activity	Tranche	Legislation Status	Responsible Area	Effective Date	Implementation Status
INTRODUCED					
Special Electors Meetings (number of electors=300)	1	Commenced	Governance	19 May 2023	Completed
Compliance Exemptions	1	Commenced	Ministerial power under the Act	19 May 2023	Completed
Recording Votes in Minutes of Council Meetings	1	Commenced	Governance	1 July 2023	Completed
Restrictions on meeting participation due to gifts	1	Commenced	Governance	1 July 2023	Completed
Model Financial Statements	1	Commenced	Finance	1 July 2023	Completed
Classes of local government	1	Commenced	Governance	1 July 2023	No action

Activity	Tranche	Legislation Status	Responsible Area	Effective Date	Implementation Status
Council Sizes	1	Commenced	Governance	1 July 2023	No action
Changes to Wards	1	Commenced	Governance	1 July 2023	Completed
Parental Leave for Council Members	1	Commenced	Governance	1 July 2023	Completed
Credit Card Reporting	1	Commenced	Finance	1 Sep 2023	Completed
Council member training and development	1	Commenced	Governance	19 Oct 2023	Completed
Optional Preferential Voting	1	Commenced	Governance	21 Oct 2023	No action
Backfilling Extraordinary Vacancies	1	Commenced	Governance	21 Oct 2023	No action
Election of Mayors and Presidents	1	Commenced	Governance	21 Oct 2023	Completed
Payment to independent Committee Members	1	Commenced	Governance	1 Jan 2024	Completed
Owners and Occupiers Rolls	1	Commenced	Governance	1 Jan 2024	Completed
Caretaker Period	1	Commenced	Governance	1 July 2024	Completed
Good Practice Guidelines	2	Commenced	Governance	7 Dec 2024	Under review
Roles of councils, mayors, councillors and CEOs	2	Commenced	Governance	7 Dec 2024	Completed
Local Laws (15 year reviews)	2	Commenced	Governance	7 Dec 2024	Under review
Livestreaming and Recording of Council Meetings		Commenced	Governance / IT	1 Jan 2025	Completed
Council Member Superannuation (12% for Band 1 LGs after Oct 2025)	2	Voluntary Mandatory	Governance / Finance	1 Feb 2025 19 Oct 2025	Completed
DRAFTING					
Residential Crossover Approvals	1	Drafting	Development Services	TBA	
Alfresco Reforms	1	Drafting	Development Services	TBA	
CEO performance indicators	1	Drafting, Consultation ending 8 May 2025	Governance / People & Culture	TBA	
Shared CEOs and Senior Employees	2	Drafting	Governance	TBA	
Online registers: <ul style="list-style-type: none"> Land leases and Licences 	1	Drafting	Governance	TBA	

Activity	Tranche	Legislation Status	Responsible Area	Effective Date	Implementation Status
<ul style="list-style-type: none"> Contracts for Goods and Services Grants and Sponsorship Agreements Developer Contributions 					
Communication Agreements	1	Regulations and Ministerial Order being developed	Governance	Proposed 18 Oct 2025	
Standardised Meeting Procedures	1	Drafting	Governance	TBA	
Closed Meetings	2	Regulations being developed	Governance	TBA	
DEVELOPMENT					
Council Plan Regulations	1	In Development (IPR Group established by Minister)	Governance	TBA	
LG Inspector Regulations	2	In Development	Governance	TBA	
LG Monitor Panel Regulations (Panels to be appointed by the Inspector)	2	In Development	Governance	TBA	
Adjudicators	2	Regulations being developed	Governance	TBA	
Unreasonable Complaints	2	Regulations being developed	Governance	TBA	
Financial Regulations		In Development	Finance	TBA	
Rates and Revenue Policy	2	In Development	Finance	TBA	
Audit Risk and Improvement Committees	2	In Development	Governance	TBA	
Building Upgrade Finance	2	In Development	Finance	TBA	
Waste Charges on Rates Notices	2	In Development	Finance	TBA	
Community Engagement Charter	1	In Development	Governance / Engagement &	TBA	

Activity	Tranche	Legislation Status	Responsible Area	Effective Date	Implementation Status
			Partnerships / Marketing		
Community Surveys	1	In Development	Engagement & Partnerships / Marketing	TBA	
Regional Subsidiaries Structure	2	In Development	Governance	TBA	
Regional Subsidiaries – Employment Principles and LSL	2	In Development	People and Culture	TBA	
Regional Subsidiaries – Borrowing	2	In Development	Finance	TBA	
Regional Subsidiaries – Land Transactions and Trading Undertakings	2	In Development	Governance / Finance	TBA	

Privacy and Responsible Information Sharing Act 2024

The PRIS Act was passed by WA State Parliament in December 2024 and is subject to the bulk of the legislation being proclaimed at a later date following the development of appropriate regulations and sector wide support tools. It is anticipated that this legislation will take effect on 1 July 2026.

Here is a link to the [PRIS Act](#) requirements. The website indicates that it aims to better protect personal information and improve the responsible sharing of government data for public benefit. From 1 July 2026, the PRIS Act will:

- Set clear principles and standards for how government agencies collect, use, store, and share your personal information.
- Allow agencies to share information only if they follow clear principles for risk, decision-making, and transparency.
- Ensure aboriginal people are involved when sharing data that affects aboriginal people and communities.

CONCLUSION

The information be received.

7 RISK MANAGEMENT

7.1 RISK MANAGEMENT REPORT

File No: CM.131

Responsible Executive Officer: Director Corporate and Commercial

Reporting Author: Manager Governance & Organisational Strategy

Date of Report: 3 August 2025

Disclosure of Interest: Nil

Attachment(s): Draft Strategic Risk Register

PURPOSE

To provide an update to the Committee on the status of the operational risks, strategic risks, audit project and the business continuity plan.

OFFICER'S RECOMMENDATION

That the Audit and Organisational Risk Committee **RECEIVE** the Risk Management Report Update.

COMMITTEE RESOLUTION

MOVED : Cr Scott
SECONDED : Cr Simpson
Res No : AORC20250811-05

That the Audit and Organisational Risk Committee:

1. **RECEIVE** the Risk Management Report Update,
2. **REQUEST** officers to provide an update on the Workforce Plan for the November Committee meeting, and
3. **CONVENE** a workshop to progress the draft Strategic Risk Register and ensure it is aligned with the Council Plan and Long Term Financial Plan.

CARRIED 5/0

For: P. Draber, D. Price, Cr Scott, Cr Gillam, Cr Simpson.
Against: Nil

Reason for the alternate resolution:

The Officer's Recommendation was not supported as the Committee wanted to identify how the Strategic Risk Register addressed risks to delivering the Council Plan, Long Term Financial Plan and Workforce Plan.

BACKGROUND

As part of the City's commitment to continuous improvement and robust governance, a major review of the City's risk management and audit framework is being undertaken. This major review aims to enhance the City's capability to identify, assess, manage and monitor organisational risks.

The following key initiatives have been identified to support this major review:

1. Finalise Business Continuity Plan (BCP) (2025)

Objective:

To review and implement the draft Business Continuity Plan ensuring it is current, risk-informed and capable of supporting the City's resilience in the face of disruptions.

Key Activities:

- Review, finalise and implement draft BCP prepared by a consultant in 2023
- Stakeholder engagement
- Testing and simulation of business continuity procedures
- Updating of recovery strategies, dependencies, and resource requirements
- Aligned with risk management framework

Progress Update:

Governance reviewed the 2023 draft BCP, completed a gap analysis and facilitated 22 workshops with each business unit between April and June 2025. The workshops incorporated review and updating of each areas business continuity activities and risks.

Data is still being compiled with a final draft BCP expected to be available for the next Committee meeting and completed in the next 6-8 weeks..

2. Risk Management Framework Project (2025-2026)

Objective:

To review and update the existing risk management framework to ensure it reflects current best practices, aligns with ISO 31000:2018, and meets the City's evolving operational and strategic needs.

Key Activities:

- Gap analysis of the current framework
- Stakeholder engagement
- Elected Member workshops
- Separate Strategic Risk Register and Operational Risk Register
- Integration of risk appetite and tolerance thresholds
- Consideration of a software solution
- Review Business Continuity Plan to align with revised risk management framework
- Updated policies, procedures, and tools

Progress Update:

A review of the City's existing Risk Register was also conducted during the 22 workshops facilitated by Governance between April and June 2025.

The intent of this review was not to make material changes to the existing framework but to establish a baseline to inform and support the commencement of the Risk Management Framework Project. This baseline will serve as a foundation for the development of a refreshed, fit for purpose risk management framework.

At this stage the draft Strategic Risk Register includes the following strategic risks:

- Ineffective advocacy and stakeholder engagement
 - Change in political leadership and direction
 - Failure to ensure financial sustainability
-

- Rapidly changing IT environment
- Failure to align services with community values and aspirations
- Lack of sustained and balanced economic growth
- Climate change
- Sustainability of water resources
- Natural environment degradation
- Housing supply shortage in the City
- Asset Failure
- Asset Failure in the Airport
- Psychosocial Safety
- Resource Scarcity

A consultant will be engaged in 2025/26 to examine and work with the executive and elected members to identify potential strategic risks that may impact the Council Plan and Council's ability to meet strategic outcomes, priority focus areas and base services and programs.

The draft Strategic Risk Register is attached to this agenda item. The full 2025 Risk Register Review which incorporates both operational and strategic risks is expected to be available for the next Committee meeting.

3. Audit Framework Project (2025-2026)

Objective:

To ensure that the Audit Framework is aligned with the Risk Management Framework and supports effective oversight and assurance activities.

Key Activities:

- Review of audit methodology and planning processes
- Alignment with risk-based auditing principles
- Clarification of roles and responsibilities
- Enhancing audit reporting and follow-up procedures
- Updated procedures, and tools

Preliminary planning activities have commenced, however progress has been impacted by a prolonged vacancy in the Governance Officer – Audit and Risk position.

The functions of the role are currently under review to determine the most effective way for the City to meet its audit and risk obligations. As part of this review, alternative delivery methods are also being considered to ensure optimal outcomes.

Progress Update:

This project has encountered a delay in part due to the audit and risk vacancy in the Governance team and in part due to the newly formed Audit, Risk and Improvement Committee (ARIC).

ARIC introduces new governance structures and oversight mechanisms which need to be integrated into the audit framework to ensure alignment with the City's evolving risk management approach.

CONCLUSION

The information be received.

COMMITTEE QUESTION:

What is the capacity of the organisation to be able to take on what is in the risk register in a timely way?

CITY RESPONSE:

Once strategic risks are identified against the Council Plan and the Long Term Financial Plan, resources are allocated to action extreme and high risk items. These higher risk items are a priority and lower risks would likely receive less resources.

COMMITTEE QUESTION:

Will these risks be fed into the Workforce Plan?

CITY RESPONSE:

Yes.

COMMITTEE QUESTION:

Regarding the Workforce Management Plan, and noting its importance in the risk register, will this Committee be reviewing the results of the Workforce Plan?

CITY RESPONSE:

Yes, this will be provided to the Committee.

8 INTERNAL AUDIT

8.1 INTERNAL AUDIT PROGRAM – 2025-2027

File No: FM.1 / CM.131

Responsible Executive Officer: Director Corporate and Commercial Services

Reporting Author: Manager Governance and Organisational Strategy

Date of Report: 4 August 2025

Applicant/Proponent: Nil

Disclosure of Interest: Nil

Attachment(s): Nil

PURPOSE

For the Audit and Organisational Risk Committee to consider a two-year internal audit program for the period 2025/26 – 2026/27.

OFFICER'S RECOMMENDATION

That the Audit and Organisational Risk Committee **ENDORSE** the following Internal Audit Program:

AUDIT YEAR	AUDIT PROGRAM
2025/26	Reg17 Reviews Cyber Security and Access Controls Preferred Supplier Contracts (minor)
2026/27	Procurement, Tendering and Contract Management Delegations (minor)

COMMITTEE RESOLUTION

MOVED : D. Price
SECONDED : Cr Gillam
Res No : AORC20250811-06

That the Audit and Organisational Risk Committee **PROVIDE** in principle support to undertake 5 internal audits over the next two years.

CARRIED 5/0

For: P. Draber, D. Price, Cr Scott, Cr Gillam, Cr Simpson.
Against: Nil

Reason for the alternate resolution:

The Officer's Recommendation was not supported as the Committee did not wish to lock in specific internal audits until strategic risks were known and then prioritised.

BACKGROUND

Regulation 17 of the *Local Government (Audit) Regulations 1996* requires the review of the appropriateness and effectiveness of a local government's systems and procedures in regard to risk management, internal control and legislative compliance. The results of those reviews are to be submitted to the audit committee for consideration.

An audit plan was endorsed by the audit committee in June 2023 however the City administration have encountered difficulties in attracting and retaining staff to deliver on the internal audit program. As part of restructuring discussions, it is proposed that an interim contract be let for up to three years to engage a qualified person or organisation to conduct internal audit activities.

Work had commenced by Governance staff in reviewing Preferred Supplier Contracts and their accumulated spend over \$250,000 in 2021. Staff turnover has forced this internal audit to be paused and will need to recommence given the significant passing of time.

The last internal audit was presented to the audit committee in September 2023 on the use of credit cards.

The proposed internal audit program will be administered by the Governance team through the outsourcing of engagements with the aim of achieving three internal audits annually with a cyclical spot audit program. The initial year will be building on audit capability and contracts so a lesser number is proposed. In Year 2 an audit of Procurement, tendering and Contract Management will be a significant piece of work. The Audit Plan will categorise projects as either major reviews requiring substantial investigations and minor reviews requiring shorter turnarounds and sample testing.

In accordance with Regulation 17 the audits will target key organisational processes and systems by assessing general compliance, identify gaps and providing recommendations on business improvements.

The proposed audit projects identified for the period 2025/26 – 2026/27 are detailed in the Table below:

Proposed Period	Key Audit Area	Objective	Audit Provider
2025/26	<u>Major Review</u> Regulation 17 Reviews	To conduct a review of the appropriateness and effectiveness of the City's systems and procedures relating to legislative compliance, risk management and internal controls.	Contract
	<u>Major Review</u> Cyber Security and Access Controls	Strong IT controls are critical in protecting a Council's systems, networks, and programs. Cyber-attacks aim to disrupt/interrupt normal business processes; gain access to information with the aim of stealing, changing or destroying content; and/or extort money from individuals or organisation. A cyber security audit against a recognised Standard will determine whether Council has strong and effective controls in place to protect sensitive information and minimise business disruption.	Contract

Proposed Period	Key Audit Area	Objective	Audit Provider
	<u>Minor Review</u> Preferred Supplier Contracts (rolled over from 2020/21)	Examining the preferred supplier list for accumulative spend over \$250k (Referenced in 2020 FMSR)	Internal
2026/27	Major Review Procurement, Tendering and Contract Management	The controls over procurement and tendering are essential in minimising financial and reputational risks. A procurement and tendering audit can compare a Council's policies and procedures with good practices to ensure that these policies and procedures are understood and followed by staff at all levels of Council. Reviewing existing systems and procedures to ensure contracts are administered appropriately including specific focus on extensions and variations to contracts. (Referenced in 2020 FMSR; OAG Report #20, May 2020) <i>This can also assist with the recent introduction of the new module in the ERP system.</i>	Contract
	<u>Minor Review</u> Use of delegations	Taking a sample of each set of delegations and checking to ensure they are being exercised and recorded in accordance with Section 5.46 of the LG Act and Regulation 19 of the Admin Regs.	Internal

In addition to the above reviews, spot audits will be conducted on a cyclical basis throughout each year examining areas previously audited to ensure recommendations are being adhered to or adapted to strengthen existing systems:

Key Audit Area	Objective
Fee Concessions	Sample testing of procedures related to fee waivers including the application of delegations, policies and reporting.
Cash Handling	Sample testing of cash handling procedures across the organisation to ensure safety of monies collected and reducing the risk for misappropriation of funds.
Credit Card Usage	Sample testing of credit card transactions for compliance with internal policies and procedures.

LEVEL OF SIGNIFICANCE

In accordance with Council Policy CG-8 Significant Decision Making Policy, this matter is considered to be of moderate significance.

STATUTORY IMPLICATIONS

Regulation 17 of the *Local Government (Audit) Regulations 1996* requires the CEO to review the appropriateness and effectiveness of local government systems and procedures in regards to risk management, internal controls and legislative compliance.

COUNCILLOR/OFFICER CONSULTATION

No Councillor or Officer consultation has occurred.

COMMUNITY CONSULTATION

No community consultation is required.

POLICY IMPLICATIONS

There are no policy implications.

FINANCIAL IMPLICATIONS

There are no financial implications.

STRATEGIC IMPLICATIONS

The conduct of audits is an enabling service within the 2025-2035 Council Plan that ensures strong governance frameworks are established and operate efficiently and effectively.

RISK MANAGEMENT CONSIDERATIONS

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

Category	Risk level	Comments
Health	N/A	Nil
Financial	Moderate	Outcomes from the audits are intended to reduce the financial risks associated with the audited activities.
Service Interruption	N/A	Nil
Environment	N/A	Nil
Reputation	Low	Undertaking internal audits adds a level of assurance that systems and procedures used in the City are being appropriately followed in accordance with approved policies and practices.
Compliance	Moderate	A regular audit program will reduce compliance risk in organisational programs.

IMPACT ON CAPACITY

There is no impact on capacity or resourcing to carry out the Officer's recommendation based on current program proposed. In the event that other priority work takes precedence, the internal audit activities maybe deferred.

RELEVANT PRECEDENTS

A three year audit program was endorsed by the Audit and Organisational Risk Committee in August 2016, October 2020 and June 2023.

VOTING REQUIREMENTS

Simple Majority.

CONCLUSION

A formal internal audit program has been proposed to assist the City in meeting its obligations under Regulation 17 of the *Local Government (Audit) Regulations 1996* to review the appropriateness and effectiveness of a local government's systems and procedures in regards to risk management, internal control and legislative compliance.

9 FINANCE

9.1 LONG TERM FINANCIAL PLAN 2025-2035

File No:	FM.1
Responsible Executive Officer:	Director Corporate & Commercial
Reporting Author:	Chief Financial Officer
Date of Report:	5 August 2025
Disclosure of Interest:	Nil
Attachment(s):	Long Term Financial Plan 2025-2035

PURPOSE

For the Audit and Organisational Risk Committee to receive the adopted Long Term Financial Plan for the period 2025-2035.

OFFICER'S RECOMMENDATION / COMMITTEE RESOLUTION

MOVED	:	Cr Simpson
SECONDED	:	Cr Scott
Res No	:	AORC20250811-07

That the Audit and Organisational Risk Committee RECEIVE the Long Term Financial Plan 2025-2035 update.

CARRIED 5/0

FOR:	P. Draber, D. Price, Cr Scott, Cr Gillam, Cr Simpson.
AGAINST:	Nil

BACKGROUND

Section 5.56(1) of the Local Government Act 1995 requires local government authorities in Western Australia to plan for the future. To assist local government authorities in meeting their strategic planning responsibilities pursuant to this section, the Department of Local Government, Sport, and Culture has developed an Integrated Planning and Reporting (IPR) Framework.

As part of the development of the Integrated Strategic Planning Framework, Council is required to adopt a Long Term Financial Plan (LTFP). The LTFP is a ten-year rolling financial plan and is created based on a series of assumptions that consider strategic direction, priorities and services identified throughout the City's Strategic Community Plan and Corporate Business Plan.

The LTFP integrates with other important strategic documents such as rating strategies (differential rating), the capital expenditure program, asset management plans and the workforce plan. The LTFP identifies the City's long term financial sustainability, allows early identification of financial issues and the longer-term impacts, shows the linkages between specific plans and strategies, and enhances the transparency and accountability of the Council to the community.

The following table highlights significant differences over the 10-year term since the adoption of the City's previous Long Term Financial Plan.

	2024/25	2025/26	
	\$	\$	Explanation
Operating Revenue			
Rates	657m	896m	Increase in rates revenue due to population growth and new commercial and industrial developments. TWA and Strategic Industry rates account for new developments expected and approval extensions, such as Perdaman, Bechtel and The Ranges.
User fees and charges	766m	879m	The revised LTFP includes lease income derived from the Quarter Investment property, plus revenue generated from the Red Earth Arts Precinct and the Karratha Leisureplex. Waste and Airport fees and charges reflect increases above CPI due to independent assessment. The airport has grown in excess of assumptions in place for the previous LTFP
Operating Expenses			
Employee Costs	575m	717m	Increase in FTE from 378 in 2024/25 to 398.11 in 2025/26. The revised LTFP is based on the updated figures from the workforce plan which identifies workforce requirements and strategies for current and future operations to enable the City to plan and address, rather than just react to, business, sustainability, and environmental challenges
Depreciation	339m	323m	Depreciation assumption decreased from 1.5% to 1.0% to maintain a consistent asset base with capital works.
Capital			
New borrowings	17m	-	No current borrowings.
Capital Program	486m	489m	The following significant items have been included in the capital program; <ul style="list-style-type: none"> • Karratha Leisureplex Improvement Study Masterplan • Kevin Richards Memorial Development • Conzinc Bay Road (Murujuga) increased expenditure • Roebourne Recreation Precinct • Red Earth Arts Precinct amphitheatre extension • Shakespeare Precinct Improvement Project • Windy Ridge Sporting Precinct Masterplan • Karratha Country Club Redevelopment • Karratha Airport improvements and upgrades • Point Samson Masterplan • Roebourne Streetscape Masterplan • Construction of new Cells at 7 Mile Waste Facility

	2024/25	2025/26	
	\$	\$	Explanation
			<ul style="list-style-type: none"> • Operations Centre (Depot) Improvements • Wickham Recreation Precinct – Multisport Courts Hard Shade • Wickham Recreation Precinct – Oval and carpark redevelopment

The Long Term Financial Plan is a ten-year rolling plan formulated based on additional assumptions regarding the City's revenue and expenditure.

As included within the above table, prospective projects and facilities that are not sufficiently detailed at this stage have not been removed from the plan. They will be incorporated into future plans once endorsed by Council and transparency around timing, revenue, expenditure, and capital is known. Conversely, those projects such as Project Dorothy, Dampier Land Transfer and the Community Infrastructure Plan that have not been endorsed through Council are not included in the LTFP due to timing and will be collated in the next revision.

At this time, costs are expected to continue to change. Therefore, it is necessary to effectively draw a line in the sand when preparing the capital program for the LTFP. The values disclosed in this plan represent estimated future prices and costs.

CONCLUSION

The Long Term Financial Plan 2025-2035 will facilitate the progression of updates to Integrated Strategic Planning documents to ensure the sustainability of the City as it continues to meet the ongoing needs of the Community now and into the future.

9.2 ANNUAL BUDGET 2025/26

File No: FM.1
Responsible Executive Officer: Director Corporate & Commercial Services
Reporting Author: Chief Financial Officer
Date of Report: 5 August 2025
Disclosure of Interest: Nil
Attachment(s): Budget 2025/26

PURPOSE

For the Audit and Organisational Risk Committee to review the adopted annual budget for 2025/26.

OFFICER'S RECOMMENDATION / COMMITTEE RESOLUTION

MOVED : Cr Simpson
SECONDED : Cr Gillam
Res No : AORC20250811-08

That the Audit and Organisational Risk Committee RECEIVE the Annual Budget update.

CARRIED 5/0

FOR: P. Draber, D. Price, Cr Scott, Cr Gillam, Cr Simpson.
AGAINST: Nil

BACKGROUND

Strategic Focus Areas for 2025/26

The budget reflects the priorities of Council and the City of Karratha Community, while also delivering quality community and regulatory services, business improvements and the management of organisational risk.

In collaboration with Councillors, the following Strategic Focus Areas have been identified and resourced in the 2025/26 Budget:

1. Progress, and advocate for, the delivery of Karratha 2050
 2. Advocate on issues important to our community, through our Advocacy Plan
 3. Deliver key infrastructure projects:
 - a. Roebourne streetscape Phase 1 & 2
 - b. Wickham undercover courts
 - c. Wickham Oval Redevelopment & car park
 - d. KRMO outdoor courts and lighting
 4. Implement the Housing Action Plan and remain agile in responding to new external funding opportunities
 5. Apply to the Federal Government for International flight status
 6. Progress Place Plans for each Town
 7. Progress Dampier Land Transfer
 8. Progress our plans for Future Land Use & Development
 9. Implement Economic Development and Tourism Strategy initiatives
 10. Develop a Reconciliation Action Plan
-

11. Progress a Strategic Planning Framework that captures the City's strategies and plans and ensure action plans are prepared and tracked
12. Create a Project Management Framework and prioritisation process
13. Continue to deliver a Business Transformation Plan to improve organisational culture, workplace safety, processes and systems, for the benefit of our customers and our employees.

Cost of Living Measures

In the 2025 City of Karratha Annual Community Survey, Karratha residents and ratepayers stated that cost of living was their greatest concern.

The City has responded to that feedback by maintaining downward pressure on fees and charges and delivering free and family-friendly community events.

Due to a revaluation year on properties, the rate in the dollar was reduced to provide ratepayers in the GRV residential category with a 0% rate yield movement. The only impact born is from the value of properties increasing or decreasing due to Landgate's valuations.

City investments continue to deliver value to ratepayers. In particular, The Quarter property is expected to generate a net operating result of \$2,496,298 for 2024/25.

Revenue

The City's revenue includes a 3% increase in fees and charges, mainly attributable to Airport and Waste Commercial activities.

A minimal increase of \$272,000 is budgeted in interest earned reflecting the current environment where interest rates are anticipated to decrease.

The City has applied a 2.1% increase to rate yields, which is consistent with CPI (2.4% annualised as of March 2025 **Source: WATC). Increased rates revenue of \$1.6m from baseline also includes \$254,401 of interim rates derived by completed projects.

Transfers from City reserves will fund \$52.9m in capital projects inclusive of capital carryovers from 2024/25 projects.

Differential Rates

In 2025/26 the City will require \$66.6m from general rates revenue, being approximately 33.5% of total revenue. 66.5% of operating revenue will come from other external sources including grants and fees and charges.

At its Ordinary Council Meeting on 26 May 2025 Council considered a differential rates model for 2025/26 and resolved to advertise the rates for public consultation (Resolution no. OCM250526-06). The advertised model incorporated a 2.1% increase to overall rate yields with a subsequent reduction to the rate in the dollar for GRV categories due to the revaluations.

The impact on the advertised differential rates and final differential rates proposed, inclusive of the Transient Workforce Accommodation/Workforce Accommodation rate in the dollar requiring approval from the Minister to be tabled at the meeting, is detailed below:

GRV/UV	Differential Rates Categories 2025/26	2025/26 Advertised Rate in \$	Multiplier Lowest Rate in \$	2025/26 Proposed Rate in \$
GRV	Residential	0.055795	Lowest GRV	\$1,750
GRV	Commercial / Industrial	0.091110	1.63	\$1,750
GRV	Airport / Strategic Industry	0.111589	2.00	\$1,750
GRV	Transient Workforce Accommodation / Workforce Accommodation	0.223179	4.00	\$1,750
UV	Pastoral	0.130035	Lowest GRV	\$367
UV	Mining / Other	0.145248	1.12	\$367
UV	Strategic Industry	0.219248	1.69	\$367

Rates waivers

Applications for rates waivers from not-for-profit community groups have been assessed in accordance with CF-11 Rating Exemption Policy and pursuant to section 6.47 of the *Local Government Act*.

Rates Payment Options

Ratepayers are provided various payment options, enabling payment in full, payment by two instalments and payment by four instalments. These involve an instalment administration charge of \$10 per instalment after the first instalment, and instalment interest of 4.5% per annum. The City also offer direct debit payment plans to those who apply over the course of the rates period.

Financial Hardship (Rates)

Under CF-05 Financial Hardship (Rate Relief) Policy, there is the opportunity for ratepayers to request flexible payment arrangements with a suspension of debt recovery while the payment plan is in place. Residential property owners experiencing financial hardship can apply for an interest waiver up to \$500.

Rates Incentive Scheme

The rate payment incentive scheme is undertaken by the City each year, the terms and conditions of which are available on the City's website and are reviewed and updated annually.

Penalty interest on rates

Penalty interest on rates and service charges remains at 7% pursuant to Regulation 70 of the *Local Government (Financial Management) Regulations 1996* (where the maximum allowable penalty interest rate is 11%).

Expenditure

The City's total operating expenditure of \$169.8m includes non-recurring project expenditure. Business as usual expenditure is budgeted at \$137m which reflects an increase of 4.3% from the previous year. Expenditure increases includes:

Project expenditure (not recurring):

- Mulataga land development expense contribution \$22.11m (offset totally by federal grant funding).
- \$8.21 m for Rio Tinto owned facilities (offset totally by funding contributions)

Business as Usual (recurring):

- 4.8% increase in materials and contracts, amounting to \$1.76m, largely due to increases in service and maintenance of existing facilities.
- \$1.1m increase in depreciation to reflect updated asset valuations and increase in replacement costs.
- 9% increase in insurance, based on advice from the insurer on insurance premiums.

Employment Costs

Employment costs have increased by \$6.5m, being 33.8% of operating expenditure. This compares favourably to other large regional local governments where employment costs range between 33% and 38% of operating expenditure.

Employment increases are required to resource strategies to deliver community expectations, to address areas of risk, and ensure wages remain market competitive. This includes:

- Enterprise Agreement increase of 4.0%.
- Additional \$152K in training, representing a 33% increase reflective of staff numbers.
- Additional \$271K for employment contract oncosts.
- Increased resources to support Waste, Governance, People and Culture, Work Health and Safety, Community infrastructure planning and delivery.
- Permanent increases to staffing levels aligned to local government staffing benchmarks in similar sized organisations.
- Temporary increases to staffing levels during a period of business transformation to support the implementation of IT systems.

Capital Works

The Capital Works Program for 2025/26 is \$59.7m, however when adding carryovers from the 2024/25 year this brings the total up to \$70.9 million and includes the following major projects:

Project	\$
7 Mile Waste Cell Development - Construction	\$5.8m
Ten Year Footpath Program and renewals	\$5.7m
Hancock Way – Construction of 6 houses	\$5.6m
Road Reseal Program	\$4.9m
Kevin Richards Oval Multi Use Hardcourts and Lighting	\$3.8m
Airside Upgrade (Airport)	\$2.6m
Roebourne Streetscape Master Plan	\$2.5m
Kerb Renewals	\$2.5m
Equipment Upgrades (Airport)	\$2.4m
Karratha Airport Water Mains Pipe Replacement	\$2.0m
Karratha Leisureplex – Capital Works	\$1.7m
Hampton Oval Lighting Installation	\$1.5m
Karratha Golf Course	\$1.5m
Park Enhancement	\$1.4m
Waste Water Treatment Plant (WWTP)	\$1.3m
Playground Upgrade	\$1.2m
Roebourne Recreation Precinct	\$1.0m

The Capital Works Program has been funded through a combination of external and reserve funds and the remaining from municipal funds. This program includes carryovers from the 2024/25 capital projects that were incomplete.

Program	Amount \$	Funded by Municipal Funds	External Funding	Funded by Reserve Funds
Infrastructure	\$17,863,286	\$2,259,141	-	\$15,604,145
Building	\$13,522,482	\$3,357,232	-	\$10,165,250
Parks	\$12,874,140	\$2,559,170	-	\$10,314,970
Roads	\$7,743,609	\$4,469,609	\$774,000	\$2,500,000
Aerodromes	\$5,868,808	\$928,808	-	\$4,940,000
Footpaths	\$5,748,658	\$1,451,300	-	\$4,297,358
Plant	\$3,853,563	\$486,563	-	\$3,367,000
Equipment	\$2,549,528	\$800,411	-	\$1,749,117
Furniture	\$899,290	\$899,290	-	-
TOTAL	\$70,923,364	\$17,211,524	\$774,000	\$52,937,840

Reserve Funds

The following is a summary of budgeted reserve movements for 2025/26:

Budgeted Opening Balance 2025/26	Transfers Reserve	to Transfers from Reserve	Budgeted Closing Balance 2025/26
\$127,231,352	\$51,908,756	(\$52,937,840)	\$126,202,268

Councillor and Independent Committee Member Allowances

It is proposed that Councillor Fees and Allowances increase, based on the 5 April 2025 determination by the Salaries and Allowances Tribunal for 2025/26, which saw a 4.0% increase applied. The allowance ranges are from \$27,560 to \$35,480 for Councillors and \$27,560 to \$53,215 for the Mayor, with the decision up to Council to determine the percentage of this band. Council has traditionally determined that they will receive 100% of the SAT range as it reflects the complexity and demands of being a Councillor/Mayor in a Band 1 Local Government. Should this be the case for 2025/26, the impact will result in sitting fees of \$35,480 per Councillor and \$53,215 for the Mayor.

An annual professional development allowance, per Councillor, of \$5,000 is included in the budget.

An allocation for travel expenses, per Councillor, for City business requirements and attending meetings and professional development, of actual expenses of up to \$6,000, is included in the budget.

An Independent Committee Member meeting fee of \$450 per meeting has been included, to remunerate independent members appointed by Council to the Audit and Organisational Risk Committee.

Variance Reporting

The City has previously applied a materiality variance threshold of '10% or \$50,000 whichever is the greater' for 2024/25.

In 2025/26 Administration propose that the material variance threshold is increased to 10% or \$100,000 to better align with other Class 1 and Regional City Council Benchmarks:

Council	Material Variance Threshold (current values)
City of Albany	Greater than \$100,000
City of Greater Geraldton	Greater of 10% or \$50,000
City of Mandurah	Greater of 10% or \$100,000
City of Kalgoorlie-Boulder	10% and minimum of \$100,000
City of Joondalup	\$50,000 or 5%
City of Stirling	10% and \$100,000
Town of Port Hedland	Greater of 10% or \$50,000

CONCLUSION

The 2025/26 Budget continues a balanced approach to meeting community expectations, while providing relief in the cost of living by keeping the rate yield to a minimal increase of 2.1%. With the benefit of 66% of operating income coming from external sources other than rates, the 2025/26 Budget will ensure both the immediate needs of current residents are met while at the same time providing enhanced services and infrastructure developments to meet future requirements.

10 PERFORMANCE

10.1 COUNCIL PLAN 2025-2025

File No:	CM.8
Responsible Executive Officer:	Director Corporate & Commercial
Reporting Author:	Manager Governance & organisational Strategy
Date of Report:	5 August 2025
Disclosure of Interest:	Nil
Attachment(s):	Council Plan 2025-2035

PURPOSE

For the Audit and Organisational Committee to review the adopted Council Plan that incorporates the Strategic Community Plan and the Corporate Business Plan.

OFFICER'S RECOMMENDATION / COMMITTEE RESOLUTION

MOVED	:	Cr Scott
SECONDED	:	Cr Simpson
Res No	:	AORC20250811-09

That the Audit and Organisational Risk Committee RECEIVE the Council Plan 2025-2035 update.

CARRIED 5/0

FOR:	P. Draber, D. Price, Cr Scott, Cr Gillam, Cr Simpson.
AGAINST:	Nil

BACKGROUND

The *Local Government Act 1995* (the "Act") requires each Council to have a plan for the future. The City's current plan for the future has been in the form of the Strategic Community Plan 2020 – 2030 (SCP) and the Corporate Business Plan 2020 – 2025 (CBP).

At the highest level, the SCP is to capture the community's vision and short to long term aspirations of what the Council should be providing over a ten year period. It identifies the goals and priority focus areas for Council.

At the second tier is the CBP that identifies the Council's priorities in delivering on the SCP through projects and actions for the next four-year period within available resources. This is guided by agreed objectives, priority focus areas, service levels and success measures.

The City has developed a framework to incorporate the two documents into a singular refreshed Council Plan to reflect impending reforms to the Act (Attachment 1).

The City's current SCP was adopted by Council in 2020, with a statutory major review required to be completed in the financial year 2024-25.

The Department of Local Government, Sport and Cultural Industries (DLGSC) has an Integrated Planning and Reporting Framework (IPRF) and Guidelines that states a "major review" of the SCP involves comprehensive community engagement and a reassessment of

long-term priorities to ensure the plan remains aligned with current trends and community needs.

To meet this requirement, the City delivered the major review project through a three-phase methodology (Table 1).

Table 1 SCP Major Review methodology and timeline

Phase	Dates	Details
Phase 1: Desktop Analysis and Gap Assessment COMPLETE	December 2023 – March 2024	This phase assessed the relevance and effectiveness of the current SCP through a desktop review and consultation with administration staff, with findings presented to Council in June 2024.
Phase 2: Community Visioning COMPLETE	March 2024 – September 2024	Extensive community engagement was undertaken under the new <i>What We Make It</i> engagement brand. Methods included workshops, online platforms, direct outreach, pop-up stalls, and focus groups, yielding 945 contributions. The activities were place-based and targeted specific community segments, with findings presented to Council in November 2024.
Phase 3: Drafting the new SCP COMPLETE	October 2024 – March 2025	This phase built on community feedback and findings from earlier stages, as well as input from multiple strategic planning workshops with Council and the Administration, to develop the draft SCP 2025–2035.

As part of Phase 3, the draft SCP 2025–2035 was updated to include:

- Guiding commitments for implementation.
- A renewed vision and seven strategic goals.
- Objectives and priority focus areas for each goal.
- Measurable indicators and targets for tracking progress.
- Improved alignment with other IPR Framework documents.
- An updated, more accessible layout.

The Draft SCP was advertised for public comment in April 2025 for a period of 4 weeks following Council endorsement at the March 2025 Ordinary Council Meeting (OCM).

The CBP identifies the services required in response to the goals determined from the SCP. It considers current and emerging trends, operational issues and improvement strategies. The CBP further informs the necessary resourcing required through people, funding and assets to achieve the goals, objectives and priorities outlined within the SCP. The four year CBP drives the focus and priorities in the annual budget.

Following community engagement workshops and the draft presentation of the SCP, projects and actions have then been identified as part of the IPRF for the next four year period. The CBP will then be reviewed on an annual basis.

The Corporate Business Plan 2025-2029 identifies:

- 51 services to be provided by the City and Council's role in each service to address the priority focus areas of each goal;
- Informing strategies or plans that provide guidance towards the implementation of Council services and programs over the next four year period;
- Success measures to achieve each goal using measurable and transparent indicators; and

- d. Projects and actions necessary to address each goal.

CONCLUSION

The Council Plan is a combination of the SCP and the CBP that identify and guide the City's plan for the future. Through extensive community engagement, the Council Plan is a reflection today of the community's aspirations for the next 10 years. The delivery of services and programs is captured in the CBP that also identifies over the next four years the projects and actions of the City.

10.2 KEY PERFORMANCE MEASURES 2025-26

File No: CM.89

Responsible Executive Officer: Director Corporate & Commercial

Reporting Author: Manager Governance & Organisational Strategy

Date of Report: 5 August 2025

Disclosure of Interest: Nil

Attachment(s): Key Performance Measures 2025-26

PURPOSE

For the Audit and Organisational Risk Committee to review the Key Performance Measures for 2025-26.

OFFICER'S RECOMMENDATION / COMMITTEE RESOLUTION

MOVED : Cr Simpson
SECONDED : Cr Scott
Res No : AORC20250811-10

That the Audit and Organisational Risk Committee RECEIVE the Key Performance Measures 2025-26 update.

CARRIED 5/0

FOR: P. Draber, D. Price, Cr Scott, Cr Gillam, Cr Simpson.
AGAINST: Nil

BACKGROUND

In order to monitor and track Council's performance in achieving community outcomes, a set of key performance measures have been determined for each service area for the 2025/26 period. These measures will be reported across the year based on established frequencies.

Over the past five years, between 90-102 Key Performance Measures or Indicators (KPIs) have been reported annually by Council and provide trends in data and service performance.

These KPIs however did not track all services.

The City Administration, following the creation of the Council Plan, have identified 137 key performance indicators for 2025/26 that measure progress and the effectiveness of the services delivered in meeting the goals, objectives and priority focus areas of the Council Plan.

The proposed measures will ensure that there will be full coverage of all service areas.

It is expected that over the next years these KPIs will evolve to improve reporting on the services and Council's delivery against the aspirational goals contained within the Council Plan.

The KPIs therefore are a combination of mature KPIs that have been developed over time, and a number of newer KPIs that are in early development.

15 measures are in early stages of development and will evolve following further advancements in service definition, data collection and analysis. Following the adoption of the Council Plan, a number of new strategies and action plans will be developed that provide greater direction and opportunities for service improvement and measurement.

The table below reflects this mixture of KPIs.

Key Performance Measures Summary:

Goal	2025/26			
	Services	Key Projects Actions	KPIs	
			Mature	Emerging
1. We respect Aboriginal people's cultural authority and connection to Ngurra (Country)	1	3	2	-
2. Our community is welcoming, connected, vibrant, healthy and safe	11	31	27	8
3. Everyone is included	6	5	3	5
4. Our places and spaces are functional, attractive and reflect our unique identity	10	19	29	-
5. We respect and care for the natural environment	4	4	9	-
6. The local economy is diverse and thriving, with opportunities for all	5	7	9	2
7. Our civic leaders are innovative, listening and balanced in meeting community needs	7	5	11	-
Enabling Services	13	7	32	-
Total	57	81	122	15

CONCLUSION

This will be the first year where all service areas are being measured and will be reported according to agreed frequencies. These measures will provide greater insight into the efficiency and effectiveness of Council's service delivery. A total of 122 mature KPIs have been identified whilst a further 15 measures are in early stages of development. A total of 137 measures will be monitored and tracked for 2025/26.

11 INFORMATION TECHNOLOGY

There were no Information Technology reports.

Director of Corporate and Commercial Services, Warren van Wyk, provided a verbal update on Information Technology in relation to the ICT Service Review, ERP Governance and Cybersecurity.

COMMITTEE QUESTION:

Can the Chairperson and Deputy Chairperson receive copies of the recently adopted 'Use of Artificial Intelligence' Policy?

CITY RESPONSE:

Yes, a copy will be provided. A link is also on our website to the [AI Usage Policy](#).

12 ITEMS FOR INFORMATION ONLY

There are no items for information only.

13 MATTERS BEHIND CLOSED DOORS

13.1 REGISTER OF AUDIT RECOMMENDATIONS

File No: FM.1

Responsible Executive Officer: Director Corporate and Commercial

Reporting Author: Manager Governance & Organisational Strategy

Date of Report: 4 August 2025

Disclosure of Interest: Nil

Attachment(s): Nil

PURPOSE

To provide a status report update on all outstanding recommendations that have resulted from external and internal audit activity.

OFFICER'S RECOMMENDATION

That the Committee **RECEIVE** the Audit Recommendations Update.

COMMITTEE RESOLUTION

MOVED : D. Price
SECONDED : Cr Simpson
Res No : AORC20250811-11

That the Audit and Organisational Risk Committee:

1. **RECEIVE** the Audit Recommendations update,
2. **REQUEST** Administration to review existing recommendations, risk rate and age all recommendations rated as 'Medium' or above,
3. **REQUEST** Administration to create an exception report for all recommendations not being addressed within 12 months, and
4. **REQUEST** Administration to create a process for how audit recommendations are reported to the Committee.

CARRIED 5/0

FOR: P. Draber, D. Price, Cr Scott, Cr Gillam, Cr Simpson.
AGAINST: Nil

Reason for the alternate resolution:

The Officer's Recommendation was not supported as the Committee sought a report of outstanding recommendations that had a medium or higher risk rating and reasons as to why they have not been resolved.

14 CLOSURE & DATE OF NEXT MEETING

The meeting closed at 4.57pm.

The date of the next meeting is to be held on Monday, 17 November 2025 at 3:00 pm in Council Chambers - Welcome Road, Karratha.