



## **AUDIT AND ORGANISATIONAL RISK COMMITTEE MEETING**

# **MINUTES**

**The Audit and Organisational Risk Committee Meeting  
was held in Council Chambers,  
Welcome Road, Karratha,  
on Thursday, 12 December 2024 at 4.00pm**

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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**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  
**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 was officially opened at 4:08PM by Cr Scott.

## 2 RECORD OF ATTENDANCES AND APOLOGIES

Committee Members:	Cr Daniel Scott	(Chairperson)
	Cr Daiva Gillam	
	Cr Tony Simpson	
	Virginia Miltrup	Chief Executive Officer (Via Teams)
	Alistair Pinto	Director Corporate and Commercial
	Henry Eaton	Manager Governance & Organisational Strategy
	Christine Palmer	Chief Financial Officer
	Sarah Latimer	Corporate Accountant
	Miranda Geal	Governance Coordinator
	Izabella Brandis	Minute Secretary (Via Teams)
External:	Aamir Sheikh	Office of Auditor General
	Nurhafizah Kakaria	RSM Australia
	Amit Kabra	RSM Australia

Apologies:

## 3 DECLARATIONS OF INTEREST

No Declarations of Interest

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

### **OFFICER'S RECOMMENDATION**

Res No : AOR-241212-1  
MOVED : Cr Gillam  
SECONDED : Cr Simpson

**That the Minutes of the Audit and Organisational Risk Committee Meeting held on Monday, 20 May 2024, be confirmed as a true and correct record of proceedings.**

**CARRIED 3/0**

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FOR : Cr Scott, Cr Gillam, Cr Simpson  
AGAINST : Nil

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## 5 ITEMS FOR DISCUSSION

Members of the audit engagement team, Aamir Sheikh (OAG), Nurhafizah Kakaria (RSM Australia), and Amit Kabra (RSM Australia), were present in the discussion of the audit management report.

### 5.1 2023/24 Audit Management Reports

<b>File No:</b>	FM.1
<b>Responsible Executive Officer:</b>	Director Corporate and Commercial Services
<b>Reporting Author:</b>	Manager Governance and Organisational Strategy
<b>Date of Report:</b>	11 December 2024
<b>Applicant/Proponent:</b>	Nil
<b>Disclosure of Interest:</b>	Nil
<b>Attachment(s):</b>	1. Confidential Management Letter – IT General Controls  2. Confidential Management Letter – Financial Audit

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### OFFICER'S RECOMMENDATION / COMMITTEE RESOLUTION

<b>Res No</b>	<b>:</b>	<b>AOR-241212-2</b>
<b>MOVED</b>	<b>:</b>	<b>Cr Simpson</b>
<b>SECONDED</b>	<b>:</b>	<b>Cr Gillam</b>

**That the Audit & Organisational Risk Committee:**

**1. NOTE the Management Reports for the Financial Audit and the IT General Controls Audit provided by RSM Australia for the year ended 30 June 2024.**

**CARRIED 3/0**

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<b>FOR</b>	<b>:</b>	<b>Cr Scott, Cr Gillam, Cr Simpson</b>
<b>AGAINST</b>	<b>:</b>	<b>Nil</b>

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## BACKGROUND

The OAG subcontracted RSM Australia to undertake the annual financial audit for the City for the 2023/24 financial year. The purpose of the audit is to express an opinion on the financial report and internal controls.

Financial reports were presented to the auditors on 30 September 2024. RSM Australia audit staff subsequently attended on site from 14-25 October 2024 to commence their field work. The City is awaiting the final results of the OAG's Opinion and the Annual Financial Report for 2024 as assessed and audited by RSM Australia.

On 10 December 2024, the City received the draft management reports from RSM Australia identifying findings from the Financial Audit and the IT General Controls audit.

A subsequent meeting of the Committee will need to be convened to discuss and receive the OAG's Opinion and the Annual Financial report for the period ending 30 June 2024.

### Management Reports and Findings

The auditors prepare a management report that identifying deficiencies in internal controls that require management attention. The matters reported from the Annual Financial Report Audit (Table 2) and the Information Technology General Controls Audit (Table 3) are of sufficient importance to warrant being reported.

*Table 1 – Summary risk rating per Finding*

<b>Risk Ratings:</b>	<b>Significant</b>	<b>Moderate</b>	<b>Minor</b>	<b>Outstanding from Prior Years</b>
Annual Financial Report Audit 2024			2	
Information Technology General Controls Audit 2024		3		1



Table 2 - Findings from the 2024 Annual Financial Report Audit

Audit Finding	Implication	Auditor Recommendation	Management Response
Annual Financial Report 2023/24			

**CONFIDENTIAL**

## 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.

## STATUTORY IMPLICATIONS

Part 7 Division 3A of the Act particular sections 7.12AA-7.12AE and regulation 10 of the *Local Government (Audit) Regulations 1996* provide for the conduct of the annual audit and the report by the auditor.

## COUNCILLOR/OFFICER CONSULTATION

Financial Services staff, the Chief Financial Officer, Director Corporate and Commercial Services and CEO have been involved regarding the finalisation of the annual financial report, management reports and a response to the audit opinion.

## COMMUNITY CONSULTATION

No community consultation is required in assessing the confidential management reports received.

## POLICY IMPLICATIONS

The financial report was prepared in accordance with the Australian and International Accounting Standards and in accordance with Council Policy *CF01 Local Government Accounting Directions*.

## FINANCIAL IMPLICATIONS

There are no financial implications relevant to the management reports.

## STRATEGIC IMPLICATIONS

This item is relevant to the Council's approved Strategic Community Plan 2020-2030 and the Corporate Business Plan 2020-2025. In particular, the Operational Plan 2024-2025 provided for this activity:

Our Program/Services:	4.c.1.1	Management Accounting Services
Our Projects/Actions:	4.c.1.1.19.1	Conduct monthly and annual financial reviews and reporting
Programs/Services:	4.e.1.2	Organisational Risk Management
Projects/Actions:	4.e.1.2.21.1	Assist the Office of Auditor General with financial and performance audits.

## 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	Significant controls and oversight in place throughout the year to monitor financial performance. Audits assist in minimising risks.
Service Interruption	Low	Improving IT security policies, system and processes will minimise service interruption.
Environment	N/A	Nil

Reputation	Low	Significant controls and oversight in place throughout the year to protect the City from reputational damage.
<b>Category</b>	<b>Risk level</b>	<b>Comments</b>
Compliance	Moderate	Significant controls and oversight in place throughout the year to ensure high levels of compliance.

#### **IMPACT ON CAPACITY**

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

#### **RELEVANT PRECEDENTS**

The external audit is completed annually and reported to the Audit & Organisational Risk Committee and Council prior to the Annual Electors' Meeting. Management reports are received as part of this process.

#### **VOTING REQUIREMENTS**

Simple Majority.

#### **CONCLUSION**

RSM Australia have provided management reports in relation to the financial audit and in relation to the information technology general controls that are in operation at the City.

RSM Australia's Management Report for the Financial Audit highlighted two minor financial risks in relation to a lack of evidence of review of reports and no disclosure of a related party disclosure of a retired councillor. Processes have been put in place to ensure that these gaps are avoided in the future. The Management Report for the Information Technology General Controls Audit identifies three moderate risks in relation to a lack of IT governance procedures, remote access management and login passwords/access reviews. Actions have been taken to address findings make further improvements.

## **6 ITEMS FOR INFORMATION ONLY**

### **6. 1 AI Awareness Training**

Cr Scott attended a recent workshop where cybersecurity and AI was discussed. The City will approach a suitable consultant to share similar understandings with the Council on the risks and rewards associated with the use of Artificial Intelligence and cybersecurity.

## **7 MATTERS BEHIND CLOSED DOORS**

No matters behind closed doors.

## **8 CLOSURE & DATE OF NEXT MEETING**

The meeting closed at 4:31PM.

The date of the next meeting is Monday 17 February, at 3:00 pm in Council Chambers - Welcome Road, Karratha.