



**AUDIT, RISK AND IMPROVEMENT
COMMITTEE MEETING**

AGENDA

**NOTICE IS HEREBY GIVEN that an
Audit, Risk and Improvement Committee Meeting
will be held in Council Chambers,
Welcome Road, Karratha,
on Monday, 16 February 2026 at 3.00pm**

**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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AGENDA

1 OFFICIAL OPENING

The Meeting was officially opened at _____.

2 RECORD OF ATTENDANCES AND APOLOGIES

Committee Members: Phillip Draber (Chairperson) [via Teams]
David Price (Deputy Chairperson) [via Teams]

Cr Daniel Scott
Cr Jodie Swaffer
Cr Tony Simpson
Cr Geoff Harris

Staff: Virginia Miltrup Chief Executive Officer
Chloe Morris Director Corporate Services
Henry Eaton Manager Governance
Christine Palmer Chief Financial Officer
Izabella Donaldson Minute Secretary

External:

Apologies:

3 DECLARATIONS OF INTEREST

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

OFFICER'S RECOMMENDATION

That the Minutes of the Audit, Risk and Improvement Committee Meeting held on Tuesday, 25 November 2025, be confirmed as a true and correct record of proceedings.

5 GOVERNANCE

5.1 TERMS OF REFERENCE

File No:	CM.246
Responsible Executive Officer:	Director Corporate & Commercial
Reporting Author:	Manager Governance
Date of Report:	27 January 2026
Applicant/Proponent:	Nil
Disclosure of Interest:	Nil
Attachment(s):	ARIC Terms of Reference (DRAFT)

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, Risk and Improvement Committee ACCEPT the updated Terms of Reference for the Audit, Risk and Improvement Committee.

BACKGROUND

The Terms of Reference were last considered by this Committee on 25 November 2025 where it was resolved to accept the updated Terms of Reference for the Audit, Risk and Improvement Committee (ARIC). The Minutes of the Committee were received at the 15 December 2025 Ordinary Council Meeting.

As previously reported to this Committee, the Terms of Reference has been re-written to align with introduced reforms to the *Local Government Act 1995*. Following the commencement of the *Local Government Regulations Amendment Regulations (No.4) 2025*, ARIC regulations come into effect as from 1 January 2026.

Briefly, the following can be noted as a result of the introduced amendments:

- update references to an 'audit committee' to instead refer to an 'audit, risk and improvement committee'
- prescribe the functions of an ARIC to include a focus on risk management and continuous improvement
- amend the requirements for compliance audit returns
- enable two or more local governments to have a shared ARIC by agreement
- include modifying provisions that apply for the purposes of shared ARICs
- repeal previous references to the appointment of auditors, following the completion of the transition to all local government audits being conducted by the Auditor General.

Functions of ARIC to include:

- receive and review reports related to local government compliance audits required under the *Local Government Act 1995* and regulations

- make recommendations to the council on actions to be taken in relation to those reports
- receive and review reports on the effectiveness of the local government’s systems and procedures in relation to financial management, legislative compliance and risk management, and make recommendations to the council on improvements to those systems and procedures
- receive and review reports on any actions the local government is required to take under the *Local Government Act 1995*, or has decided to take in relation to a compliance audit report or report into the effectiveness of the local government’s systems and procedures
- perform any function conferred on the ARIC prescribed in the regulations or another written law.

Audit committees that had delegations had to be open meetings. Section 5.23 of the Act now requires all committees to be open to the public. There are provisions within this section to close the meetings when certain conditions are met:

- directions from Parliament
- recruitment or employment of the CEO or senior employee
- directions from the Inspector
- where legislated to restrict making information public
- legal professional privilege
- personal affairs of an individual
- tender information that will divulge price or the methodology for calculating price
- tender information that would disclose a supplier’s processes or adversely affect a tenderer’s business interests
- information if made public is likely to endanger the security (including cyber security) of any of the local government’s property or operations
- information that is likely to impair the effectiveness of legal investigations
- Price for sale or purchase of property by the Council
- Behavioural breach complaints
- Property used for shelters for homeless persons, persons affected by family or domestic violence situations, or
- Residences for employees/officers of local, state or Commonwealth governments.

The following do not justify the closure of a meeting:

- cause embarrassment to Council, members or employees
- cause a loss of confidence in the local government or susceptible to adverse criticism
- be controversial in the district.

The Department has yet to make any changes to meeting attendances by independent members. Current legislation requires all members to be physically present at meetings for at least 50% of meetings. As previously reported, the cost for travel and accommodation is not feasible nor always convenient for independent members.

Many of the amendments noted in the *Local Government Regulations Amendment Regulations (No.4) 2025* have already been addressed. Additional updates are to the Terms of Reference are described below.

Section	Amendment	Rationale
11. Public Attendance at Meetings	The Committee will be open to the public and closed where required.	Legislative requirement under s.5.23 of the Act.

Section	Amendment	Rationale
12. Reporting	Agendas to be published 10 days prior to the scheduled meeting.	Improved transparency of meetings.
Schedule 1 Compliance	<p>Include receive and review annual compliance audits and making recommendations to Council on actions to be taken.</p> <p>Included ARIC meeting with internal auditors and external auditors (OAG) in camera annually to discuss audit plans and the final results of engagements.</p>	Legislative requirement to improve reporting and improvement of systems.

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 Regulations Amendment Regulations (No.4) 2025* has been assented with numerous provisions related to the audit committee introduced as of 1 January 2026.

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

Category	Risk level	Comments
Financial	Moderate	It is important terms of reference have been determined to ensure effective governance and oversight and accountability.
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 and December 2025.

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. These Terms of Reference will be represented to Council for their consideration and approval.

5.2 GOVERNANCE UPDATES

File No:	CM.131
Responsible Executive Officer:	Director Corporate and Commercial
Reporting Author:	Manager Governance & Organisational Strategy
Date of Report:	22 January 2026
Disclosure of Interest:	Nil
Attachment(s):	Procedure for Developing and Reviewing Council Policies

PURPOSE

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

OFFICER'S RECOMMENDATION

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

BACKGROUND

This report provides an overview of various Governance activities as they relate to local law reviews, policy development and review and legislative reforms and their implementation.

DISCUSSION

Local Law Reviews

Further to the last report, Council has 10 local laws currently and five that are undergoing review.

Local laws to be reviewed are:

- *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**

** Items denoted with an asterisk are required to be finalised before 7 December 2026 unless a review was conducted within the last 8 years. Failure to complete these reviews will result in the local law being ruled invalid.*

Policy Reviews

Council has 93 policies that it has approved of which 47 (50%) are outstanding and have exceeded their review dates:

- Projects & Infrastructure (3)
- Community Experience (8)
- Corporate Services (16)
- Development Services (20- includes 12 Local Planning Policies)

Governance is coordinating reviews of existing policies with responsible management teams to address the significant number that are overdue.

Figure 1: Status of all Council policies.

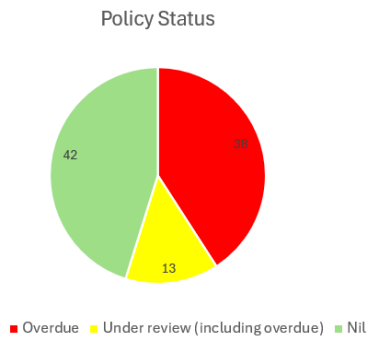


Figure 2: Breakdown of Overdue Policies by Age:

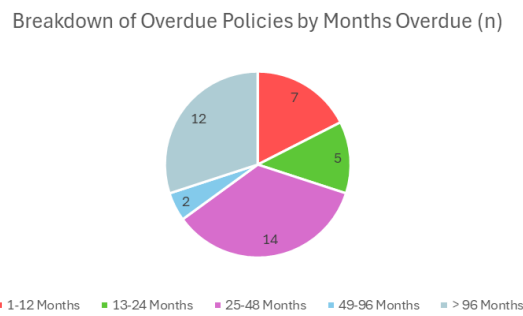
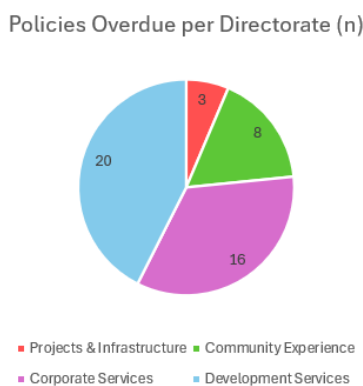


Figure 3: Overdue Policies by Directorate.



A new Procedure for Developing and Reviewing Policies has been endorsed by the ELT. It establishes a clear framework for policy development, including standardised review processes, formatting and accessibility requirements, mandatory content elements, and policy categorisation. This framework is intended to strengthen consistency, governance, and oversight across all policies. A copy of the Procedure for Developing and Reviewing Council Policies can be found in **Attachment 1**.

Local Government Act Reforms

In December 2025 State Parliament approved Bills that impact on the operations of local governments in WA. The predominant changes impacted the introduction of a new Inspector to Local Government and the transition to Audit Risk and Improvement Committees. These changes were to come into force from 1 January 2026.

The table below is an indication of the status of reform measures announced by the WA Government that have either been introduced, awaiting proclamation or drafting is still underway.

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

Activity	Tranche	Legislation Status	Responsible Area	Effective Date	Implementation Status
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	In effect
Council Sizes	1	Commenced	Governance	1 July 2023	In effect
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	In effect
Backfilling Extraordinary Vacancies	1	Commenced	Governance	21 Oct 2023	In effect
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	2	Commenced	Governance / IT	1 Jan 2025	Completed
Council Member Superannuation	2	Voluntary Mandatory	Governance / Finance	1 Feb 2025	Completed

Activity	Tranche	Legislation Status	Responsible Area	Effective Date	Implementation Status
(12% for Band 1 LGs after Oct 2025)				19 Oct 2025	
LG Inspector Regulations	2	Commenced	Governance	1 Jan 2026	DLG Implemented
LG Monitor Panel Regulations (Panels to be appointed by the Inspector)	2	Commenced	Governance	1 Jan 2026	DLG Implemented
Adjudicators	2	Commenced	Governance	1 Jan 2026	DLG Implemented
Closed Meetings	2	Regulations being developed	Governance	1 Jan 2026	Admin Reg 4A confidential matters includes: <ul style="list-style-type: none"> • Sale/purchase of property by LG • Behavioural breach complaints • Property info for shelters for homeless persons, family and domestic violence, residence for local state and commonwealth officers and employees
Mandatory Training Compliance	NA	Commenced	Governance	1 Jan 2026	Members to declare completion of mandatory training, repay fees if sanctioned for non-completion within statutory time frames.
Unreasonable complaints	NA	Commenced	Governance	1 Jan 2026	CEO to manage unreasonable complaints
Legal Expenses	NA	Commenced	Governance	1 Jan 2026	Limitations to paying legal expenses for members
Code of Conduct (Employees)	NA	Commenced	Governance	1 Jan 2026	Disclosure of secondary employment Code of Conduct to be updated

Activity	Tranche	Legislation Status	Responsible Area	Effective Date	Implementation Status
Code of Conduct (Council Members)	NA	Commenced	Governance	1 Jan 2026	Two or more behavioural breach complaints to be referred to the Inspector Code of Conduct to be updated
Audit Risk and Improvement Committees	2	Commenced	Governance	1 Jan 2026	ARICs to be commenced and in place by 30 June 2026
Audit Reg 17 Reviews	NA	Commenced	Governance	1 Jan 2026	Financial Management, Legislative Compliance and Risk Management to be reviewed once every 4 yrs (currently every 3 yrs)
DRAFTING					
Compliance Audit Return (2025)	NA	Deferred	Governance	TBA	Enabling transition of Inspector provisions. New due date 30 September 2026.
Shared CEOs and Senior Employees	2	Drafting	Governance	TBA	Regulations being drafted
CEO performance indicators	1	Drafting, Consultation ending 8 May 2025	Governance / People & Culture	TBA	In DLGs secondary drafting phase (following public consultation)
Communication Agreements	1	Regulations and Ministerial Order being developed	Governance	TBA	In DLGs secondary drafting phase (following public consultation)
Standardised Meeting Procedures	1	Drafting	Governance	TBA	In DLGs secondary drafting phase (following public consultation)
Council Plan Regulations	1	In Development (IPR Group established by Minister)	Governance	TBA	In DLG's Policy development phase
Rates and Revenue Policy	2	Drafting	Finance	TBA	In DLG's Policy development phase
DEVELOPMENT					

Activity	Tranche	Legislation Status	Responsible Area	Effective Date	Implementation Status
Residential Crossover Approvals	1	In Development	Development Services	TBA	
Alfresco Reforms	1	In Development	Development Services	TBA	
Online registers: <ul style="list-style-type: none"> • Land leases and Licences • Contracts for Goods and Services • Grants and Sponsorship Agreements • Developer Contributions 	1	In Development	Governance	TBA	
Financial Regulations		In Development	Finance	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 & Partnerships / Marketing	TBA	
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 parts of the Act are awaiting proclamation when regulations are developed. It is anticipated that this legislation will take effect on 1 July 2026.

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.

Information Proficiency have been contracted to assist the City in meeting our compliance requirements.

Compliance Audit Return

The 2025 Compliance Audit Return (CAR) was scheduled to be completed for this Committee meeting however following amendments to the Act, the Inspector will be responsible for the development of the 2025 CAR and this is being drafted by the Inspector's Office and will need to be completed by local governments by September 2026.

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

The Local Government Act 1995 requires local laws to be reviewed in accordance with section 3.16 every 15 years (effective from 7 December 2024). Local laws that were overdue prior to 7 December 2024 had a grace period of two years to be reviewed. In the event this was not complied with, the overdue local laws will be deemed to have expired.

The Council also has an obligation to ensure that its policies are reviewed regularly to ensure that they remain relevant.

Legislative reforms to the Local Government Act and the PRIS Act are pending announcements by the Department of Local Government, Industry Regulation and Safety and the Department of Premier and Cabinet respectively.

COUNCILLOR/OFFICER CONSULTATION

Officers impacted by policies and local laws are actively working towards addressing the overdue documents.

COMMUNITY CONSULTATION

No community consultation is required.

POLICY IMPLICATIONS

Amendments to policies are updated on the City's website and official City documentation.

FINANCIAL IMPLICATIONS

There will be costs associated with the engagement of consultants to review the City's local laws and implementation of the PRIS legislation. Other reforms may have some financial costs in being made ready for implementation.

STRATEGIC IMPLICATIONS

Finance, Governance and Policy are enabling services towards the delivery of the Council Plan 2025-2035. It supports the delivery of the Plan's goals and ensures that we fulfill our statutory obligations.

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	Moderate	Failure to maintain corporate documentation that aligns with legislation or Council policy may impact service delivery.
Environment	N/A	Nil
Reputation	Moderate	There is an obligation on the City to ensure that its decision making is based on law or implemented policies approved by Council. Failure to comply can compromise the City's reputation.
Compliance	Moderate	It is important that documentation, policies and procedures are current to ensure that the City does not breach legislation or the advice provided does not contravene policies approved by Council. Failure to review local laws within stipulated time frames will impact the legitimacy of applicable law enforcement within the City. Roll out of legislative requirements is also being closely monitored to ensure that measures are implemented within agreed time frames.

IMPACT ON CAPACITY

Governance with collaboration from other work areas is ensuring that capacity is available to address implementation needs. Local laws and implementation of PRIS legislation will require third party support. Inhouse capacity, available time frames and the technical and complex legislation requires external involvement.

RELEVANT PRECEDENTS

Policy reviews, local law reviews and legislative reviews are undertaken in accordance with review dates or within implementation periods.

VOTING REQUIREMENTS

Simple Majority.

CONCLUSION

The Governance Report Update indicates a number of areas for improvement that has been a recent focus in the areas of policy reviews. Limited capacity within the team has delayed various stages of implementation and thus necessitated the engagement of third parties to assist with these time sensitive works.

6 RISK MANAGEMENT

6.1 RISK MANAGEMENT REPORT

File No:	CM.131
Responsible Executive Officer:	Director Corporate Services
Reporting Author:	Manager Governance
Date of Report:	22 January 2026
Disclosure of Interest:	Nil
Attachment(s):	1. Draft Workshopped Strategic Risks 2. Revised Strategic Risks

PURPOSE

To provide an update on the status of risk management and business continuity initiatives.

OFFICER'S RECOMMENDATION

That the Audit, Risk and Improvement Committee RECEIVE the Risk Management Report Update.

BACKGROUND

As part of the City's commitment to continuous improvement and robust governance, a review of the City's risk management and audit framework is being undertaken. This review aims to strengthen the City's capability to identify, assess, manage and monitor organisational risks, while also recognising and leveraging opportunities that support innovation, improved service delivery and strategic value creation.

DISCUSSION

Below is a status update of key initiatives of the risk management and audit framework projects.

1. 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, while also enabling the City to identify, capture and leverage opportunities that support improved performance and strategic value creation.

Key Activities:

- Gap analysis of the current framework
- Stakeholder engagement
- Elected Member workshops
- Strategic Risk Register and Operational Risk Register
- Establishing 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:

Moore Australia has been engaged to develop a final Strategic Risk Register. As part of this engagement, the consultant has completed a detailed desktop analysis of the existing draft Strategic Risk Register, Council Plan, and Long-Term Financial Plan (LTFP). This review assessed the alignment between the City’s strategic objectives, financial planning, and risk management framework, identifying gaps and opportunities for improvement to strengthen the City’s overall approach to strategic risk management.

Moore Australia facilitated a three-hour Strategic Risk Workshop with the City’s Executive Leadership Team and Councillors on 17 November 2025. The workshop focused on identifying and assessing the City’s strategic risks and establishing a consistent, shared approach to strategic risk identification, assessment and ownership across the organisation.

A draft Strategic Risk Register comprising 23 risks was developed as an outcome of the workshop and is provided at **Attachment 1**. Following the workshop, further analysis and refinement were undertaken by management to consolidate and prioritise these risks. This process resulted in a revised Strategic Risk Register consisting of nine strategic risks, provided at **Attachment 2** for ARICs review.

The City’s strategic risks will be reviewed annually as part of the Annual Operational Planning and Budget Review processes.

Upcoming Risk Management Activities:

Activity	Q3	Q4	Q1	Q2
Recruitment and onboarding of Risk Management and Assurance Advisor				
Risk Management Maturity Assessment				
Investigate appropriate risk and audit software				
Risk Appetite Workshops – define tolerance levels				
Risk Management Framework developed				
Operational Risks and process for quarterly review defined				
Risk Management Training – Targeting people leaders				

2. 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:

The City has engaged Escalate Consulting to review, validate, and update the existing draft BCP. This process will include a comprehensive assessment of the plan's structure, content, and alignment with best practice principles and relevant standards. The outcomes and data gathered from the City's 2025 internal workshops will be integrated into the revised draft to ensure that all critical business functions, key risks, and recovery priorities are accurately captured and reflected.

The final draft BCP is expected to be submitted in late February. As part of this engagement, the consultant will also develop an implementation plan outlining recommendations for ongoing maintenance, periodic testing, and continuous improvement to ensure the plan remains effective and current.

In early 2026, the consultant will facilitate a testing exercise to validate the effectiveness and practicality of the finalised BCP. This exercise will test the City's readiness and identify any areas requiring enhancement.

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

Progress Update:

The Audit Framework Project has encountered delays following the extended vacancy in the Audit and Risk position within the Governance team.

In response, the City has reviewed and readvertised the role to ensure stronger alignment with its long-term audit and risk management objectives, with the position to focus on governance oversight and coordination rather than the direct delivery of internal audits. Under this new approach, the City will engage external consultants to deliver the internal audit function, providing greater independence, access to specialist expertise, and improved alignment with the City's evolving audit and risk governance framework.

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

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 regard to risk management, internal controls and legislative compliance.

COUNCILLOR/OFFICER CONSULTATION

No Councillor or Officer consultation is required.

COMMUNITY CONSULTATION

No community consultation is required.

POLICY IMPLICATIONS

CG01 Risk Management Policy

FINANCIAL IMPLICATIONS

Allocation of funds has been set aside in the current budget for strategic risk management workshops and a review of the City's risk framework.

STRATEGIC IMPLICATIONS

Risk management is an enabling service in the delivery of the Council Plan 2025-2035. It supports the delivery of the Plan's goals and ensures that we fulfill our statutory obligations.

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	Effective risk management supports strong financial outcomes by preventing unnecessary expenditure, improving resource allocation and enabling more informed decision-making.
Service Interruption	Moderate	Strong risk management reduces the likelihood and severity of service interruptions by identifying vulnerabilities in advance, implementing controls and ensuring continuity arrangements are in place to maintain service delivery.
Environment	N/A	Nil
Reputation	Low	Failure to identify and manage risks in a timely manner may allow issues to escalate, resulting in reduced public trust in the administration of the City's operations.
Compliance	Moderate	Effective identification and management of risks supports adherence to legislative and regulatory requirements, helping to safeguard the City from legal, financial, and reputational impacts.

IMPACT ON CAPACITY

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

RELEVANT PRECEDENTS

Risk Register reviews are periodically reported to the Committee.

VOTING REQUIREMENTS

Simple Majority.

CONCLUSION

The City continues to advance the Risk Management and Audit Frameworks, with recent consultant engagements and updated governance arrangements strengthening organisational risk oversight.

6.2 MAJOR HOUSING DEVELOPMENTS UPDATE

File No:**Responsible Executive Officer:** Director Corporate Services**Reporting Author:** Director Corporate Services**Date of Report:** 3 February 2026**Disclosure of Interest:** Nil**Attachment(s):**

1. Project Risk Register Baynton Apartments (Confidential)
2. Bulgarra Apartments Risk Management Analysis (Confidential)

PURPOSE

To provide the Audit, Risk and Improvement Committee with an update on Major Housing Developments.

OFFICER'S RECOMMENDATION

That the Audit, Risk and Improvement Committee RECEIVE the update on Major Housing Developments.

BACKGROUND

Project Dorothy is a key initiative under the City's Housing Action Plan, aimed at accelerating housing delivery through partnerships with developers and the State Government.

Project Dorothy has resulted to date in two major housing development projects that Council agreed to progress: Baynton Apartments & Bulgarra Apartments expected to deliver up to 153 new dwellings supporting housing supply and planned community growth.

Separately the City secured \$22.1m in Federal Government Funding to support Development WA to deliver 130 residential lots, known as the Mulataga Subdivision.

This report focuses on the Baynton Apartments and Bulgarra Apartments, which represent the most advanced and strategically significant elements of the City's Housing Action Plan.

DISCUSSION**Baynton Apartments – Project Update**

The Baynton Apartments Project continues to progress in line with planned milestones and remains a key deliverable within the City's broader housing program. The builder, Acero Construction is advancing a full turnkey development comprising 17 houses, featuring a mix of 3x2 and 4x2 dwellings, alongside an apartment complex of 20 units made up of 1x1 and 2x2 units. The modular construction approach enables multiple units to be produced concurrently in a controlled environment, supporting schedule efficiency and reducing exposure to typical construction delays.

The City of Karratha will acquire the completed development through a single land acquisition transaction valued at approximately \$26 million. Practical completion is forecast

for March 2027, no significant emerging risks or issues have been identified at this stage with site works having commenced as scheduled.

The Risk Register for the yard works is provided at **Attachment 1** and current as of January 2026. The broader project risk register is currently being developed.

Overall project status: On Track.

Bulgarra Apartments – Project Update

The Bulgarra Apartments Project is being delivered in partnership with Karratha Development Pty Ltd through three land leases enabling medium density residential development across Bulgarra: 48 dwellings at Nairn Street, 36 at Gregory Way, and 32 at Ridley Street. In total, 116 new dwellings will be delivered, forming a significant component of the City’s strategy to expand housing supply within established urban areas.

Council approved a development agreement with Karratha Development Pty Ltd in July 2025, including a \$56 million loan facility to support project delivery. The agreement was executed on 17 October 2025, with the City securing a three year, interest only \$56 million loan from Westpac to fund the arrangement. Following construction completion, Karratha Development will commence principal and interest repayments to the City over a 20 year term.

Progress continues across all sites. Ridley Street has completed full design development, with the Building Permit application for forward works progressing through final approvals. Gregory Way has reached 90% Design Development, while Nairn Street design work is paused pending finalisation of the Ridley IFM. Forward works packages for one site have been completed and submitted, and interior design and fixtures, finishes and equipment documentation is nearing completion. Offsite modular construction preparations with TLC Vietnam are advancing, with prototype works scheduled to commence after Vietnamese Lunar New Year and Ridley Street modular construction ramp up planned for March 2026.

Given the scale, financing structure, and multisite delivery model, the project remains more complex than the Baynton Apartments and is supported by a strengthened governance framework (Figure 1) and Project Steering Group who continues to meet monthly.

The project’s Risk Register, current as of January 2026, is provided at **Attachment 2**.



Figure 1

Overall project status: Monitor.

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

There are no statutory implications.

COMMUNITY CONSULTATION

No community consultation is required as a result of this report.

POLICY IMPLICATIONS

There are no policy implications.

FINANCIAL IMPLICATIONS

The financial implications for each project are detailed within the body of this report, with additional information provided below. Monthly updates are also reported to Council through the Investments Report.

Bulgarra Apartments Development

Table 7. Karratha Development Pty Ltd Loan Agreement Schedule

	Month 30 Nov 2025 \$	Month 31 Dec 2025 \$	Year to Date 31 Dec 2025 \$	Life to Date 31 Dec 2025 \$
Developer drawdown	661,604	3,729,204	7,356,927	7,356,927
Developer Interest Accrued	11,061	18,497	30,858	30,858
Developer Remaining Loan Drawdown	(52,372,277)	(48,643,073)	(48,643,073)	(48,643,073)

Table 8. Westpac Loan Facility Agreement

	Month 30 Nov 2025 \$	Month 31 Dec 2025 \$	Year to Date 31 Dec 2025 \$	Life to Date 31 Dec 2025 \$
Bank Interest & Charges	48,746	60,378	129,130	129,130
WBC Loan Drawdowns	3,627,723	-	3,627,723	3,627,723
Remaining Loan Amount	(52,372,277)	(52,372,277)	(52,372,277)	(52,372,277)

Baynton Apartments

Table 9. Acero Construction Pty Ltd Payment Schedule

	Month 30 Nov 2025 \$	Month 31 Dec 2025 \$	Year to Date 31 Dec 2025 \$	Life to Date 31 Dec 2025 \$
Contract Paid Amount	3,434,241	1,454,048	7,888,838	7,888,838
Infrastructure Reserve (funding)	(3,434,241)	(1,454,048)	(7,888,838)	(7,888,838)
Remaining Contract Amount	18,347,854	18,347,854	18,347,854	18,347,854

STRATEGIC IMPLICATIONS

This item is relevant to the City of Karratha’s approved Council Plan 2025-2035.

Goal: 6 Local Economy is diverse and thriving, with opportunities for all.
 Objective: 6.1 Advocate for, facilitate and support the provision of affordable housing
 Priority Focus Area: Affordable and diverse housing
 Key projects/actions: Develop and deliver the Housing Action Plan

RISK MANAGEMENT CONSIDERATIONS

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

Category	Risk level	Comments
Health	Nil	Nil
Financial	Moderate	Governance arrangements for these innovative projects, when considered alongside existing controls, reduce the <u>current</u> risk rating to Moderate .
Service Interruption	Nil	Nil
Environment	Low	Construction Management Plans addressing DA conditions and internal environmental team monitoring regulatory compliance.
Reputation	Moderate	Governance arrangements for these innovative projects, when considered alongside existing controls, reduce the <u>current</u> risk rating to Moderate .
Compliance	Nil	Nil

IMPACT ON CAPACITY

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

VOTING REQUIREMENTS

Simple Majority.

CONCLUSION

The City Housing Action Plan continues to progress as a critical element of the City’s response to housing supply constraints, with both priority initiatives advancing broadly in line

with expectations. The Baynton Apartments Project remains on track, with a clear delivery pathway, stable commercial arrangements, and no material emerging risks identified at this stage.

The Bulgarra Apartments Project, while more complex due to its scale, financing structure, and multi-site delivery model, is progressing through key design, approvals, and early construction readiness milestones and is supported by strengthened governance and active oversight. Overall, current risk exposure across the two major housing developments is considered manageable, with appropriate controls in place, and the program remains well positioned to deliver a significant uplift in housing supply in line with Council's strategic objectives.

7 AUDIT

7.1 REGISTER OF AUDIT RECOMMENDATIONS

File No:	FM.1
Responsible Executive Officer:	Director Corporate Services
Reporting Author:	Manager Governance
Date of Report:	2 February 2026
Disclosure of Interest:	Nil
Attachment(s):	Confidential Outstanding Audit Recommendations Status Report

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 Audit, Risk and Improvement Committee RECEIVE the Audit Recommendations Update.

BACKGROUND

This report is intended to provide a list of outstanding findings or recommendations raised through internal and external audits.

DISCUSSION

The confidential attachment highlights recommendations that have been identified through past audits that are being progressed by the City's administration and incorporates the above Committee requests.

Matter	Risk rating	Completion Date
Contract Management	Moderate	June 2027
Procurement	Moderate	June 2026
IT Data Loss	Moderate	June 2026
IT Governance and Strategy	Minor	March 2026

Two recommendations have been closed out, three. Three recommendations have a moderate risk rating and one with a minor risk rating that remain current. There are no recommendations considered significant that require Ministerial consideration.

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 in ensuring it has sound systems and processes in place.

STATUTORY IMPLICATIONS

The City is required to ensure that it fulfills its obligations in accordance with Part 7 of the Local Government Act 1995.

COUNCILLOR/OFFICER CONSULTATION

Consultation has taken place between affected teams to ensure actions are taken to address audit findings.

COMMUNITY CONSULTATION

No community consultation is required.

POLICY IMPLICATIONS

There are no policy implications.

FINANCIAL IMPLICATIONS

The City will be engaging a consultant to review works carried out by the City in reviewing the Business Continuity Plan and undertaking an exercise in early 2026. Other works intend to be resourced internally through set project activities.

STRATEGIC IMPLICATIONS

Finance, Governance and Policy are enabling services towards the delivery of the Council Plan 2025-2035. It supports the delivery of the Plan's goals and ensures that we fulfill our statutory obligations.

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	Low	Audit findings as they relate to financial operations and procurement pose a risk towards and should provide assurance that the community is receiving best value for money.
Service Interruption	N/A	Nil
Environment	N/A	Nil
Reputation	Low	Failure to address critical audit recommendations can have an impact on the City's reputation.
Compliance	Low	Failure to comply with audit recommendations in a timely manner can impact future audit reporting or notification to the OAG or Department of Local Government.

IMPACT ON CAPACITY

The City's capacity to address outstanding recommendations is being supplemented by engaging consultancy services where required.

RELEVANT PRECEDENTS

Audit recommendations are tabled and reported on at each Committee meeting.

VOTING REQUIREMENTS

Simple Majority.

CONCLUSION

Significant effort was made to ensure that outstanding recommendations were closed out to reduced aged findings. All items current are noted as moderate risk items.

8 MATTERS BEHIND CLOSED DOORS

8.1 PROCUREMENT LEGISLATIVE NON-COMPLIANCE

File No:	CM.1973
Responsible Executive Officer:	Director Corporate Services
Reporting Author:	Manager Governance
Date of Report:	23 January 2026
Disclosure of Interest:	Nil
Attachment(s):	Confidential Internal Audit Report – Liquid Waste Review (RFQ0000044)

PURPOSE

To inform the Audit and Risk Committee of a legislative non-compliance identified through an internal procurement review relating to the contract for Liquid Waste – Effluent and Grease Trap Pump Out Service & Maintenance (RFQ0000044 / CT00000145).

BACKGROUND

An internal audit review was undertaken into the procurement and contract management processes associated with RFQ0000044 / CT00000145, following indications that expenditure under the contract may have exceeded the tender threshold prescribed in *Regulation 11 of the Local Government (Functions and General) Regulations 1996*.

The review examined expenditure tracking, evaluation methodology, contract administration practices, and purchase order management across multiple departments. The audit confirmed that total contract expenditure exceeded \$250,000 (ex GST) within the first year of the three year contract. This occurred due to several contributing factors, including:

- Inaccurate interpretation of historical expenditure under the previous tender resulting in use of an RFQ where a public tender was required.
- Lack of a pricing model during evaluation.
- Purchase orders not consistently linked to the CiAnywhere contract and incorrectly referenced, reducing visibility of spend.
- Multiple departments initiating PO activity without centralised oversight.
- Record-keeping in CiAnywhere spread across modules, impacting contract monitoring.

While the procurement method used was non-compliant, the supplier acted in accordance with the contract, and the City remains obligated to honour scheduled services. The internal audit report (attached) outlines detailed findings and recommended process improvements.

The following actions are underway in response to audit recommendations:

- Discussions with the supplier regarding contract limitations.
- Commencement of a compliant sole supplier procurement pathway for remaining term.
- Strengthening contract record-keeping processes in CiAnywhere.

- Organisational communication reminding officers of PO and contract linkage requirements. Notice was issued 9 December 2025.
- Engagement with ERP and records teams on dual module document storage.
- Development of improved approval processes for multi-department purchasing.

These actions address both the root causes and the control gaps identified.

The non-compliance will be reported in the 2025 Compliance Audit Return (CAR). No other legislative non-compliances have been identified for the initial 2025 CAR review at the time of this report.

CONCLUSION

This item is presented for the Committee's information. The City acknowledges the legislative noncompliance and is implementing the internal audit recommendations to strengthen procurement accuracy, contract visibility, recordkeeping, and cross department purchasing practices. All corrective actions are progressing, and no further action is required from the Committee at this time.

9 CLOSURE & DATE OF NEXT MEETING

The meeting closed at _____.

The date of the next meeting is to be held on Wednesday, 3 June 2026 at 3:00 pm in Council Chambers - Welcome Road, Karratha.