



**AUDIT, RISK AND IMPROVEMENT  
COMMITTEE MEETING**

**AGENDA**

**NOTICE IS HEREBY GIVEN that an  
Audit, Risk and Improvement Risk Committee Meeting  
will be held in Council Chambers,  
Welcome Road, Karratha,  
on Wednesday, 3 June 2026 at 3.00pm**

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**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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# AGENDA

## 1 OFFICIAL OPENING

The Meeting was officially opened at \_\_\_\_\_.

## 2 RECORD OF ATTENDANCES AND APOLOGIES

Committee Members:	Phillip Draber	(Chairperson)
	David Price	(Deputy Chairperson)
	Cr Daniel Scott	
	Cr Jodie Swaffer	
	Cr Tony Simpson	
	Cr Geoff Harris	
Staff:	Virginia Miltrup	Chief Executive Officer
	Chloe Morris	Director Corporate Services
	Lee Reddell	Director Development Services
	Emma Landers	Director Community Experience
	Simon Kot	Director Strategic Projects & Business
	Michael Bunting	A/ Manager Infrastructure Services
	Jasmine Bray	Manager Governance
	Christine Palmer	Chief Financial Officer
	Justine Kendall	A/ Corporate Accountant
	Michael Mallon	Project Manager
Izabella Brandis	Minute Secretary	

External:

Apologies: Nil

## 3 DECLARATIONS OF INTEREST

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

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### OFFICER'S RECOMMENDATION

That the Minutes of the Audit and Organisational Risk Committee Meeting held on Monday, 16 February 2026, be confirmed as a true and correct record of proceedings.

## 5 OAG ENTRANCE MEETING

### 5.1 ENTRANCE MEETING – AUDIT 2025/26 – OFFICE OF AUDITOR GENERAL

<b>File No:</b>	FM.1
<b>Responsible Executive Officer:</b>	Director Corporate Services
<b>Reporting Author:</b>	Manager Governance
<b>Date of Report:</b>	8 May 2026
<b>Disclosure of Interest:</b>	Nil
<b>Attachment(s):</b>	Annual Audit Strategy Planning Memorandum

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#### PURPOSE

To advise that an audit entrance meeting will be convened as part of this Committee meeting on 3 June 2026 between Committee members and the Office of the Auditor General regarding the conduct of the financial audit for 2025/26.

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#### OFFICER'S RECOMMENDATION

**That the Committee RECEIVE the RSM Australia Annual Audit Strategy Memorandum for the year ended 30 June 2026.**

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#### BACKGROUND

Audit subcontract firm RSM Australia have been engaged by the Office of Auditor General (OAG) to undertake the 2025/26 financial audit for the City of Karratha as required under the *Local Government Act 1995* (the Act).

The interim audit commenced the week of 28 April 2026.

#### DISCUSSION

The purpose of the audit entrance meeting is 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, Engagement Partner and Nur Hafizah Zakaria, Engagement Manager.

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

The Teams meeting will commence shortly after the meeting is open.

#### LEVEL OF SIGNIFICANCE

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

#### STATUTORY IMPLICATIONS

Section 7.12A of the *Local Government Act 1995* requires local governments to meet with the auditors at least yearly, being best practice to facilitate both entrance and exit meetings.

Further, *Australian Auditing Standard ASA 260* requires the auditors to discuss certain aspects of an audit with Those Charged With Governance.

#### **COUNCILLOR/OFFICER CONSULTATION**

It is the OAG's recommendation that the Audit, Risk and Improvement Committee be present at the audit entrance meeting.

#### **COMMUNITY CONSULTATION**

No community consultation is required.

#### **POLICY IMPLICATIONS**

The Council's financial reporting is prepared in accordance with Accounting Policy CF12. This is reviewed periodically to ensure compliance with legislative and statutory obligations.

#### **FINANCIAL IMPLICATIONS**

There are no financial implications of this report. The Administration is satisfied that appropriate and responsible measures are in place to protect the City's financial assets.

#### **STRATEGIC IMPLICATIONS**

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

Goal: 7 Our civic leaders are innovative, listening and balanced in meeting community needs.

Objective: 7.5 Provide strong financial management and transparency

#### **RISK MANAGEMENT CONSIDERATIONS**

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

<b>Category</b>	<b>Risk level</b>	<b>Comments</b>
Health	N/A	Nil
Financial	Moderate	Failure to host the audit entrance meeting has implications for Council's financial integrity.
Service Interruption	N/A	Nil
Environment	N/A	Nil
Reputation	Moderate	There is an obligation on the City to ensure that its financial reporting and audit meets the requirements of legislation and the Australian Accounting Standards.
Compliance	Moderate	Failure to comply with legislation and regulations represents a risk to Council's financial position.

#### **IMPACT ON CAPACITY**

There is no impact to capacity.

#### **RELEVANT PRECEDENTS**

Nil.

#### **VOTING REQUIREMENTS**

Simple Majority.

**CONCLUSION**

The Annual Audit Strategy, presented at the audit entrance meeting, is a requirement of the OAG and sets the tone for the 2025/26 annual audit, ensuring compliance with legislation and accounting standards.

## 6 GOVERNANCE

### 6.1 GOVERNANCE UPDATES

<b>File No:</b>	CM.131
<b>Responsible Executive Officer:</b>	Director Corporate Services
<b>Reporting Author:</b>	Manager Governance
<b>Date of Report:</b>	4 May 2026
<b>Disclosure of Interest:</b>	Nil
<b>Attachment(s):</b>	Policy Reporting Update

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#### 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.

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#### OFFICER'S RECOMMENDATION

**That the Audit, Risk and Improvement Committee RECEIVE the Governance updates.**

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#### 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

##### Council Policies

Council policies are made in accordance with section 2.7(2)(b) of the *Local Government Act 1995*. It is good governance to regularly review policies to ensure that they remain relevant and are consistent with legislation.

Council has 72 current policies (excluding Local Planning Policies).

The following policy reviews have been completed since the last Audit, Risk and Improvement Committee (ARIC) meeting.

<b>Policy</b>	<b>Council Adoption Date</b>
CS26 Feedback Policy	23 March 2026
CS15 Customer Service Charter	23 March 2026
CE01 Unbudgeted Financial Requests from the Community	23 March 2026
CG18 Complaints Investigation	23 March 2026

The table below lists the current reviews that are proposed to be submitted to Council for consideration in the coming months. Please note this list is subject to change.

<b>Month</b>	<b>Policies Proposed to be Presented to Council</b>
<b>May 2026</b>	CS15 Disability Access and Inclusion (for public consultation) Grants & Sponsorship (for public consultation) Privacy Policy (new)
<b>June 2026</b>	TE03 Maintenance of Street Trees, Reserves and Verges TE05 Subdivisional Guidelines and Outstanding Works Bond Information Breach Policy
<b>July 2026</b>	Equal Opportunity Employment Working with Children Checks Standards for CEO Recruitment, Performance and Termination Appointment of Acting CEO CG-13 Confidential Information

Of the 72 Council policies, 40 (55.5%) have exceeded their review dates. This is a 5.5% increase since the February ARIC meeting; however, the following updates are to be noted:

- A procedure on policy review and development has been adopted and is being rolled out to the organisation to encourage and aid officers to review,
- 23/40 overdue policies are currently being reviewed - a 20% increase since February,
- Four (4) amended policies have been updated and adopted by Council since February, with additional policies scheduled for adoption in the following months as detailed above,
- A project plan has been adopted to streamline and improve policy processes and reduce backlog of overdue policy reviews.

#### Council Policies Currently Being Reviewed

<b>Policy</b>	<b>Overdue? (Y/N)</b>	<b>Comment</b>
Public Art	Y	Currently under review and proposed to be presented to Council in July.
Community Grants & Contributions Scheme	Y	Will be repealed with the adoption of 'Grants & Sponsorship Policy'.
Community Leasing of Land	Y	Currently in early stages of review.
Disability Access and Inclusion	Y	Going to Council in May.
Community Engagement	Y	Currently out for public comment.
Standards for CEO recruitment, performance & termination	Y	Review being undertaken by consultant.
Financial Reporting to Council – Variations and Timing	Y	To be repealed as items relate to legislation (no requirements for policy).
Asset Management	Y	Reviewed, going through stakeholder engagement process.
Disposal of Asset	Y	To be repealed as being incorporated into the Asset Management Policy.

<b>Policy</b>	<b>Overdue? (Y/N)</b>	<b>Comment</b>
Confidential Information	Y	Review being undertaken by consultant.
Appointment of Acting CEO	Y	Review being undertaken by consultant.
Cash Handling	Y	Reviewed, going through stakeholder engagement process.
Corporate Credit Card	Y	Reviewed, going through stakeholder engagement process.
Debt Collection	Y	Reviewed, going through stakeholder engagement process.
Budget Review	Y	To be repealed as items relate to legislation (no requirement for policy).
Self Supporting Loans	Y	Reviewed, going through stakeholder engagement process.
Major Events Sponsorship and Attraction Program	Y	Will be repealed with the adoption of 'Grants & Sponsorship Policy'.
Business Development Support Grant Scheme	Y	Will be repealed with the adoption of 'Grants & Sponsorship Policy'.
Economic Development Grant Scheme	Y	Will be repealed with the adoption of 'Grants & Sponsorship Policy'.
Take Your Business Online Grant Scheme	Y	Will be repealed with the adoption of 'Grants & Sponsorship Policy'.
Maintenance of Reserves and Street Verges Adjoining Residential Properties	Y	Currently under review and proposed to be presented to Council in June.
Subdivisional Guidelines and Outstanding Works Bonding	Y	Currently under review and proposed to be presented to Council in June.
Karratha Airport Passenger Transport Vehicle Operators	Y	Currently under review including engagement with transport operators. Scheduled to be presented to Council in August.
For Profit Activities on City Reserves and Parks	N	Currently in early stages of review.
Active Reserve Management	N	Currently in early stages of review.
Approval of Events Held on Council Managed or Owned Property	N	Currently in early stages of review.
Naming of Parks, Reserves and Buildings	N	Currently in early stages of review.

### Local Planning Policies

The City of Karratha administers a suite of local planning policies prepared under Schedule 2 of the *Planning and Development (Local Planning Schemes) Regulations 2015* ('the Regulations'). These policies provide guidance on how the City will exercise discretion when determining planning proposals under Local Planning Scheme No. 8 ('LPS 8').

The Department of Planning, Lands and Heritage ('DPLH') is progressing a package of reforms to improve the consistency and transparency of planning instruments across Western Australia. These reforms include the *Planning and Development Amendment Act 2023*, the draft *Planning and Development Amendment Regulations (Reviews of Planning Instruments) Regulations 2025* ('draft Regulations') and updates to the WA Planning Manual including a new chapter on local planning policies.

The reforms introduce requirements for local planning policies to be prepared in a WAPC-approved manner and form, and to be formally reviewed at least every five years. While the draft Regulations have not yet been gazetted, the City has elected to proactively review its policy suite to ensure policies are fit for purpose and capable of transitioning into the emerging State framework.

The following local planning policies are currently under review and are proposed to be submitted to Council in June 2026. Please note this list is subject to change.

- LPP 24 Complex Applications
- LPP 22 Signage
- LPP 25 Design Review
- LPP 07 Residential Development Requirements
- LPP 26 Requirements for LPS Amendments

The above policies were identified as generally operating effectively but requiring minor updates to structure, terminology and formatting to align with the draft WA Planning Manual.

A program for updating the remainder of the local planning policies is currently being developed.

### Local Government Act Reforms

The table below details the status of the City's implementation of the local government reforms which have commenced.

<b>Subject</b>	<b>Effective Date</b>	<b>Reform Summary and Implementation Status</b>	<b>Target/Date Completed</b>
Local Law Reviews	7 Dec 2024	Timeframe to review local laws increased from eight (8) to 15 years. Transitional provisions included to require local laws due for review when reform was implemented must be reviewed by 6 December 2026 or will be repealed.  A report to commence the review of three (3) local laws will be submitted to Council in June 2026.	Target date 6 Dec 2026

<b>Subject</b>	<b>Effective Date</b>	<b>Reform Summary and Implementation Status</b>	<b>Target/Date Completed</b>
Closed Meetings	1 Jan 2026	The reasons for closing a meeting to the public were significantly amended providing for increased open decision making.  A quick reference guide was prepared and sent to the relevant staff on 14 April 2026.	<b>Action completed 14 Apr 2026</b>
Mandatory Training Compliance	1 Jan 2026	Council Members must make a formal declaration of completion of mandatory training. Requirement to repay fees if sanctioned for non-completion within statutory timeframes.  Internal procedure to be developed.	Target date 30 Sep 2026
Unreasonable Complaints	1 Jan 2026	Provisions included which provide for the CEO to manage unreasonable complaints.  New Feedback Policy was adopted by Council on 23 March 2026.	<b>Action completed 23 Mar 2026</b>
Legal Expenses	1 Jan 2026	Limitations included for the local government to pay legal expenses for Council Members.  Minor updates to Council Policy CG-04 Legal Representation and Cost Indemnification should be made to reference the new legislation and ensure compliance.	Target date 31 Dec 2026
Code of Conduct (Employees)	1 Jan 2026	Code of Conduct (Employees) must now include a requirement for staff to disclosure of secondary (outside) employment.  Code of Conduct (Employees) currently under review.	Target date 30 Jun 2026
Code of Conduct (Council Members)	1 Jan 2026	New provisions included Two or more behavioural breach complaints to be referred to the Inspector.  Updated Code of Conduct (Council Members) adopted by Council on 23 March 2026.	<b>Action completed 23 Mar 2026</b>
Audit Risk and Improvement Committees	1 Jan 2026	ARICs to be commenced and in place by 30 June 2026.  Updated Terms of Reference were accepted by Council on 23 March 2026. Appointments to the Committee were reaffirmed by Council on 28 April 2026.	<b>Action completed 28 Apr 2026</b>

Subject	Effective Date	Reform Summary and Implementation Status	Target/Date Completed
Audit Reg 17 Reviews	1 Jan 2026	<p>Timeframe for review of Financial Management, Legislative Compliance and Risk Management systems and procedures increased from every three (3) to four (4) financial years.</p> <p>The Financial Management, Legislative Compliance and Risk Management reviews were last undertaken in 2023. The next reviews are scheduled for the 2026/2027 financial year.</p>	Target date 30 Jun 2027

#### Privacy and Responsible Information Sharing Act 2024

The new [Privacy and Responsible Information Sharing Act 2024](#) (PRIS Act) is due to come into 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. The following activities are currently being undertaken to support organisational alignment with PRIS requirements:

- Organisation-wide review of information assets to identify and document personal information holdings, supporting the establishment of an Information Asset Register.
- Review of personal information collection points, including websites, online systems, physical and manual processes, CCTV and other surveillance activities, to identify where and how personal information is collected and used across the organisation, supporting the development of accurate collection notices.
- Development of:
  - PRIS-related policies, including a Privacy Policy and Information Breach Policy
  - An Information Breach Response Plan to support the management of privacy incidents.
  - A PRIS Framework to provide overarching governance and guidance.
  - An implementation roadmap, outlining staged activities, dependencies, and priorities.
  - Training materials to build organisational awareness and capability.

#### Compliance Audit Return

The Inspector's Office will prepare the 2025 Compliance Audit Return (CAR) and issue the CAR for completion in the coming months. As part of the reforms, local governments will have until 30 September 2026 to complete the CAR and submit to the Inspector.

**LEVEL OF SIGNIFICANCE**

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

**STATUTORY IMPLICATIONS**

Section 2.7(2)(b) prescribes that it's Council's role to determine the local government's policies.

Local planning policies are prepared under Schedule 2 of the *Planning and Development (Local Planning Schemes) Regulations 2015*.

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 for review prior to 7 December 2024 had a grace period of two years to be reviewed. In the event this is not complied with, the overdue local laws will be repealed.

Legislative reforms to the *Local Government Act 1995* and the *Privacy and Responsible Information Sharing Act 2024* 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**

This report refers to the review status of Council's policies.

**FINANCIAL IMPLICATIONS**

There are costs associated with the engagement of a consultant to assist with the implementation of the PRIS legislation. This is provided for in the current budget. Other reforms may have some financial costs in being made ready for implementation.

**STRATEGIC IMPLICATIONS**

Governance 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	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

Category	Risk level	Comments
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 they reflect organisational practices and do not conflict with legislation. Failure to review local laws within stipulated timeframes will impact the legitimacy of applicable law enforcement within the City. The rollout of legislative reforms is being closely monitored to ensure that measures are implemented within agreed timeframes.

### **IMPACT ON CAPACITY**

Governance with collaboration from other work areas is ensuring that capacity is available to address implementation needs. The City has engaged a suitably qualified consultation to assist with the implementation of PRIS legislation due to the complexity of the legislation and the required timeframes.

### **RELEVANT PRECEDENTS**

Nil

### **VOTING REQUIREMENTS**

Simple Majority.

### **CONCLUSION**

The Governance Update highlights several key opportunities to strengthen our policy review program. While capacity constraints have impacted timelines for some implementation activities, additional specialist support has been engaged to help progress these time-sensitive works and maintain momentum.

## 7 RISK MANAGEMENT

### 7.1 RISK MANAGEMENT REPORT

<b>File No:</b>	CM.131
<b>Responsible Executive Officer:</b>	Director Corporate Services
<b>Reporting Author:</b>	Manager Governance
<b>Date of Report:</b>	5 May 2026
<b>Disclosure of Interest:</b>	Nil
<b>Attachment(s):</b>	<ol style="list-style-type: none"> <li>1. Confidential Strategic Risk Register</li> <li>2. Risk Appetite Statement</li> </ol>

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#### PURPOSE

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

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#### OFFICER'S RECOMMENDATION

That the Audit, Risk and Improvement Committee:

1. **RECEIVE** the Risk Management Report Update.
2. **Recommend** that Council **ENDORSE** the:
  - a. **Strategic Risk Register; and**
  - b. **Risk Appetite Statement.**

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#### 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 was engaged to develop a final Strategic Risk Register. 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.

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 eight strategic risks, provided at Attachment 1 and summarised below for the Audit, Risk and Improvement Committee and Council's consideration.

The Strategic Risks will be reviewed annually as part of the Annual Operational Planning and Budget Review processes.

A further workshop was held with the Executive Leadership Team and Councillors on 20 March 2026 to determine the City's risk appetite and tolerance criteria. Following this workshop, the Risk Appetite Statement (Attachment 2) was prepared. The Statement is a key governance document within the City's Risk Management Framework.

The Statement outlines the City's appetite and tolerance for key strategic risk categories and provides a baseline for setting controls, monitoring and reporting risk levels, and assessing residual risk against approved thresholds. Where risks fall outside the approved appetite or tolerance, mitigation strategies are identified and implemented to return the City to acceptable levels.

The table below summarises the residual risk, appetite and tolerance levels for each of the City's identified strategic risks.

Risk ID Number	Risk Event	Main Risk Category	Residual Risk	Risk Appetite	Risk Tolerance
SR-01	Insufficient financial sustainability to maintain service delivery and infrastructure over the long term	Financial	Moderate	Low	Moderate
SR-02	Inability to maintain a capable and sustainable workforce	Service Interruption	Moderate	Low	Moderate
SR-03	Loss of community and stakeholder trust	Reputation	Moderate	None	Low
SR-04	Reduced external funding, influence and support required to deliver City priorities	Financial	Moderate	Low	Moderate
SR-05	Major strategic projects, commercial operations or partnerships failing to deliver intended outcomes	Infrastructure & Project Outcomes	Moderate	Low	Moderate
SR-06	Inadequate response and preparedness to extreme weather event	Service Interruption	High	Low	Moderate
SR-07	Cybersecurity breach or compromise of critical IT systems or data	Service Interruption	High	Low	Moderate
SR-08	Breakdown in effective governance and working relationships between Council and the administration	Reputation	Low	None	Low

Upcoming Risk Management Activities

Activity	2025/26		2026/27	
	Q3	Q4	Q1	Q2
Recruitment and onboarding of Risk Management and Assurance Advisor – Reviewing position				
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 BCP 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.

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.

The final draft BCPs were received in early May 2026. The documents are being reviewed by staff and will be progressed through internal approval processes.

Once approved, the consultant will facilitate a testing exercise to validate the effectiveness and practicality of the finalised BCPs. This exercise will test the City's readiness and identify any areas requiring enhancement. This exercise is expected to be arranged early in the new financial year.

## **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 due to ongoing vacancy in the Audit and Risk position within the Governance team.

To ensure further delays are not encountered, the City has included funds in the draft Annual Budget 2026/2027 to 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.

A procurement process will be undertaken following the adoption of the Annual Budget.

**LEVEL OF SIGNIFICANCE**

In accordance with Council policy CG-8 Significant Decision Making, 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 financial management, legislative compliance and risk management.

**COUNCILLOR/OFFICER CONSULTATION**

No Councillor or Officer consultation is required.

**COMMUNITY CONSULTATION**

No community consultation is required.

**POLICY IMPLICATIONS**

As part of the risk management project, Council policy CG01 Risk Management will be reviewed and updated.

**FINANCIAL IMPLICATIONS**

Funds has been set aside in the current budget for the risk management and business continuity projects.

**STRATEGIC IMPLICATIONS**

Governance 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

<b>Category</b>	<b>Risk level</b>	<b>Comments</b>
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.

## 7.2 MAJOR HOUSING PROJECTS UPDATE REPORT

<b>File No:</b>	CM.131
<b>Responsible Executive Officer:</b>	Director Corporate Services
<b>Reporting Author:</b>	Director Corporate Services
<b>Date of Report:</b>	5 May 2026
<b>Disclosure of Interest:</b>	Nil
<b>Attachment(s):</b>	<ol style="list-style-type: none"> <li>1. Bulgarra Project Status Update</li> <li>2. Confidential Bulgarra Business Continuity Exercise</li> <li>3. Bulgarra Funding Arrangements</li> <li>4. Confidential Bulgarra Risk Scenarios</li> <li>5. Baynton Project Status Update</li> </ol>

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### PURPOSE

To provide an update on the Major Housing Projects and recent Business Continuity Exercise undertaken on the Bulgarra Project.

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### OFFICER'S RECOMMENDATION

**That the Audit, Risk and Improvement Committee RECEIVE the Major Housing Projects Update.**

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### BACKGROUND

The City's Housing Action Plan has supported the acceleration of housing delivery through partnerships with developers and the State Government. It has progressed two major developments - Baynton and Bulgarra Apartments—expected to deliver up to 153 dwellings, while separately securing \$22.1 million in Australian Government funding to support the development of a minimum of 130 lots at the Mulataga Subdivision in partnership with DevelopmentWA.

This report focuses on the Baynton and Bulgarra projects as the most advanced elements of the program. At its February 2026 meeting, the Audit, Risk and Improvement Committee (ARIC) requested a Business Continuity Exercise to test the City's response to higher-risk scenarios associated with the Bulgarra project and confirm organisational readiness.

### DISCUSSION

#### **Bulgarra Project Status Update**

The Bulgarra Apartments Project is progressing and is considered in an overall health of *Monitor* while proposed amendments to the development applications for Ridley Street and Gregory Way are readvertised/considered. City Projects staff meet with Developed Projects weekly, and the Project Steering Group meet with Developed Projects monthly to discuss the projects progress. Prototype construction of one 1x1 and one 2x2 module has commenced in Vietnam. Administration representatives conducted a factory and prototype inspection in March and April.

### Bulgarra Project Funding

Scenario modelling has been undertaken to assess the potential impact of rising interest rates on the Bulgarra loan, with a particular focus on two key scenarios outlined in Attachment 4. This analysis was presented to Councillors at the Councillor Workshop held on 11 May, providing an overview of forecast interest rate movements and associated financial implications. Council's current interest rate is aligned to the Bank Bill Swap Rate (BBSW), meaning the loan is subject to variable market conditions. In response, the strategic intent is to transition to a fixed rate during the downward phase of the interest rate cycle, thereby providing greater certainty over borrowing costs.

### Business Continuity Exercise Overview

A structured Business Continuity Exercise was undertaken to assess the City's preparedness to respond to major disruption scenarios impacting project delivery. The exercise involved a cross-functional group of staff from Community Infrastructure, Property Services, Procurement, City Growth, Finance and Governance. It tested response capability, decision-making pathways, and operational readiness under adverse conditions, focusing on high-consequence risks consistent with the project risk profile.

### Key Risk Scenarios Tested

Scenario 1: Cost escalation beyond the \$56 million facility where the developer cannot fund the shortfall. This would require assessment of additional financing, potential scope adjustments and activation of contractual protections.

Scenario 2: Developer default during construction, requiring the City to enact step-in rights, engage contractors directly and manage completion and delivery.

Scenario 3: Builder (TLC) unable to secure statutory approvals or complete works, requiring regulatory engagement, potential contractor replacement and enforcement of contractual obligations.

### Key Findings

The key findings of this exercise are outlined in attachment two.

### Baynton Project Status Update

The Baynton Housing Development continues to progress well, with townhouse modules arriving onsite weekly. A total of 10 modules have now been installed and set in place, with dwellings across the site at varying stages of completion. Service connections and footing backfill works have commenced in preparation for upcoming in-situ construction activities.

Due to complex site manoeuvring requirements, the townhouses located at Lots 1 and 17 will be craned into position during the next stage of installation works.

Baynton Project Status Report can be found at attachment five.

### **LEVEL OF SIGNIFICANCE**

In accordance with Council policy CG-8 Significant Decision Making, this matter is considered to be of high 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 financial management, legislative compliance and risk management.

**COUNCILLOR/OFFICER CONSULTATION**

No Councillor or Officer consultation is required.

**COMMUNITY CONSULTATION**

No community consultation is required.

**POLICY IMPLICATIONS**

No policy implications as a result of this report.

**FINANCIAL IMPLICATIONS**Bulgarra Apartments

Council resolved at its July 2025 meeting to execute a development agreement with Karratha Development Pty Ltd for the development of the Bulgarra Apartments project. Part of the Council resolution included a \$56 million loan to the developer at a set interest rate. A loan was obtained from Westpac for \$56.0M, with a 3 year loan term on interest only payment arrangements. Karratha Development will be required to make principal and interest repayments upon construction completion over a 20 year period.

*Table 1. Karratha Development Pty Ltd Loan Agreement Schedule*

	<b>Month 31 Mar 2026 \$</b>	<b>Year to Date 31 Mar 2026 \$</b>	<b>Life to Date 31 Mar 2026 \$</b>
Developer drawdown	-	10,494,658	10,494,658
Developer Interest Accrued	35,933	118,418	118,418
<b>Developer Remaining Loan Drawdown</b>	<b>(45,505,342)</b>	<b>(45,505,342)</b>	<b>(45,505,342)</b>

*Table 2. Westpac Loan Facility Agreement*

	<b>Month 31 Mar 2026 \$</b>	<b>Year to Date 31 Mar 2026 \$</b>	<b>Life to Date 31 Mar 2026 \$</b>
WBC Loan Drawdowns	-	7,356,927	7,356,927
Bank Interest & Charges	74,413	335,301	335,302
<b>Remaining Loan Amount</b>	<b>(48,643,073)</b>	<b>(48,643,073)</b>	<b>(48,643,073)</b>

Baynton Apartments

Council resolved at its June 2025 meeting to execute a development agreement with Acero Construction Pty Ltd for the development of the Baynton Housing project. This project is to be funded entirely from Councils Infrastructure reserve funds for an amount of \$26.2M.

Table 3. Acero Construction Pty Ltd Payment Schedule

	Month 31 Mar 2026 \$	Year to Date 31 Mar 2026 \$	Life to Date 31 Mar 2026 \$
Contract Paid Amount	1,603,054	12,188,896	12,188,896
Infrastructure Reserve (funding)	(1,603,054)	(12,188,896)	(12,188,896)
<b>Remaining Contract Amount</b>	<b>14,047,796</b>	<b>14,047,796</b>	<b>14,047,796</b>

**STRATEGIC IMPLICATIONS**

This item is relevant to the Council’s approved Council Plan 2025-2035:

Goal: The local economy is diverse and thriving, with opportunities for all

Objectives: Advocate for, facilitate and support the provision of affordable housing choices

Priority Focus Area: Advocacy, partnership, and facilitation to increase land development and options for diverse, affordable housing

**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	High	Key project risks are well managed through strong contractual, financial and governance controls, including cost contingencies, fixed-price arrangements, and risk allocation to the proponent. Revenue, delivery, and asset risks are mitigated through long-term leases, due diligence, enforceable quality and maintenance requirements, and the City’s financial capacity and ability to step in if needed.
Service Interruption	N/A	
Environment	N/A	
Reputation	High	Reputational and operational risks are effectively managed through clear funding, governance, and communication controls.  Use of non-rate funding, demonstrated financial returns, transparent community messaging, and strong property management oversight with enforceable standards and step-in rights mitigate key concerns.

Category	Risk level	Comments
Compliance	N/A	

**IMPACT ON CAPACITY**

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

**RELEVANT PRECEDENTS**

Nil

**VOTING REQUIREMENTS**

Simple Majority.

**CONCLUSION**

The Bulgarra Apartments and Baynton Housing projects remain strategically significant initiatives, delivering community benefit while carrying elevated delivery and financial risks. The Business Continuity Exercise provides assurance that governance and contractual controls are appropriate, while identifying opportunities to further strengthen organisational readiness in the event of major disruption.

## 8 AUDIT

### 8.1 AUDIT RECOMMENDATION STATUS REPORT

<b>File No:</b>	FM.1
<b>Responsible Executive Officer:</b>	Director Corporate Services
<b>Reporting Author:</b>	Manager Governance
<b>Date of Report:</b>	7 May 2026
<b>Disclosure of Interest:</b>	Nil
<b>Attachment(s):</b>	Confidential Outstanding Audit Recommendations Status Report – May 2026

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#### PURPOSE

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

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#### OFFICER’S RECOMMENDATION

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

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#### BACKGROUND

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

#### DISCUSSION

The confidential attachment details recommendations of past audits and provides implementation progress updates.

Matter	Risk rating	Estimated Completion Date
Business Continuity	Moderate	July 2026
Contract Management	Moderate	June 2027
Procurement	Moderate	June 2026
Data Loss Prevention	Moderate	To be confirmed
IT Governance and Strategy	Minor	May 2026

#### LEVEL OF SIGNIFICANCE

In accordance with Council policy CG-8 Significant Decision Making, 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 re-engaging the contractor for design and implementation of Microsoft Purview, which covers a facet of Data Loss Prevention. 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 or minor risk items.

## **9 FINANCE**

There are no finance reports.

## **10 PERFORMANCE**

There are no performance reports.

## **11 INFORMATION TECHNOLOGY**

There are no information technology reports.

## **12 MATTERS BEHIND CLOSED DOORS**

There are no matters behind closed doors.

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

The meeting closed at \_\_\_\_\_.

The date of the next meeting is to be held on Monday, 17 August 2026 at 3:00 pm in Council Chambers - Welcome Road, Karratha.