



TOWN OF
VICTORIA PARK

Audit and Risk Committee Minutes – 6 September 2021



WE'RE OPEN
VIC PARK

Please be advised that an **Audit and Risk Committee** was held at **5.30pm** on **Monday 6 September** as an online meeting.

Cr Brian Oliver – Presiding Member
7 September 2021

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1 Declaration of opening

Cr Brian Oliver opened the meeting at 5.30pm.

Acknowledgement of Country

I am not a Nyungar man, I am a non-Indigenous man. I am honoured to be standing on Whadjuk - Nyungar country on the banks of the Swan River.

Ngany yoowart Noongar yorga, ngany wadjella yorga. Ngany djerapiny Wadjak – Noongar boodja-k yaakiny, nidja bilya bardook.

I acknowledge the traditional custodians of this land and respect past, present and emerging leaders, their continuing cultural heritage, beliefs and relationship with the land, which continues to be important today.

Ngany kaaditj Noongar moort keny kaadak nidja Wadjak Noongar boodja. Ngany kaaditj nidja Noongar birdiya – koora, ye-ye, boorda, baalapiny moorditj Noongar kaaditjin, moort, wer boodja ye-ye.

I thank them for the contribution made to life in the Town of Victoria Park and to this region.

Ngany youngka baalapiny Noongar birdiya wer moort nidja boodja.

2 Attendance

Mayor	Mayor Karen Vernon
Banksia Ward	Cr Wilfred Hendriks
Jarrah Ward	Cr Jesvin Karimi (Deputy Presiding Member) Cr Brian Oliver (Presiding Member)
Independent Committee Members	Mr Dane Ethridge Mr Jonathan Carley
A/Chief Financial Officer Manager Governance and Strategy Finance Manager	Mr Luke Ellis Ms Bana Brajanovic Mr Stuart Billingham
Secretary	Ms Amy Noon

2.1 Apologies

Chief Financial Officer	Mr Michael Cole
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2.2 Approved leave of absence

Nil.

3 Declarations of interest

Cr Jesvin Karimi joined the meeting at 5.32pm.

Declaration of financial interest

Nil.

Declaration of proximity interest

Nil.

Declaration of interest affecting impartiality

Name/Position	Cr Wilfred Hendriks
Item No/Subject	7.2 - Proposed Internal Audit Program FY 21/22
Nature of interest	Impartiality
Extent of interest	Member of the Rotary Club of Victoria Park which receive in kind sponsorship and on the Harold Hawthorne Community Centre Committee which receives an operating subsidy.

4 Confirmation of minutes

COMMITTEE RESOLUTION:

Moved: Mayor Karen Vernon

Seconded: Cr Jesvin Karimi

That the Audit and Risk Committee confirms the minutes of the Audit and Risk Committee meeting held on 19 April 2021.

Carried (6 - 0)

For: Cr Brian Oliver, Cr Jesvin Karimi, Cr Wilfred Hendriks, Mr Dane Etheridge, Mayor Karen Vernon and Mr Jonathan Carley

Against: Nil

5 Presentations

Nil.

6 Method of dealing with agenda business

COMMITTEE RESOLUTION:

Moved: Cr Brian Oliver

Seconded: Mayor Karen Vernon

That Audit and Risk Committee in accordance with clause 58 of the *Meeting Procedures Local Law 2019* suspends clause 50 - Speaking twice of the *Meeting Procedures Local Law 2019* for the duration of the meeting.

Carried (6 - 0)

For: Cr Brian Oliver, Cr Jesvin Karimi, Cr Wilfred Hendriks, Mr Dane Etheridge, Mayor Karen Vernon and Mr Jonathan Carley

Against: Nil

7 Reports

7.1 Interim Audit Report

Location	Town-wide
Reporting officer	Finance Manager
Responsible officer	Chief Financial Officer
Voting requirement	Simple majority
Attachments	1. Draft Interim Management Letter Attachment – Town of Victoria Park – 30 June 2021 [7.1.1 - 8 pages]

Recommendation

That the Audit and Risk Committee recommends that Council:

1. Accepts the matters and comments arising from the Auditor's 2020-2021 Interim Audit.
2. Endorses the Management Responses to those matters as contained within the body of the attached report.

Purpose

This report is to present the findings of the Interim Audit, together with the responses from Management for the Committee's review and endorsement.

In brief

- The 2020-2021 Interim audit was conducted by KPMG, the Auditors appointed by the Auditor General's Office.
- The Interim Audit is primarily concerned with a review of internal controls, policies, procedures and management's compliance with those controls.
- The Interim Audit report is prepared on an exception basis for those items that require management's attention.
- The Interim Audit was conducted over two weeks between 31 May 2021 to 11 June 2021.

Background

1. Each year, as part of Council's audit process, an Interim Audit is undertaken to ascertain areas of potential review associated with Council's financial systems/processes. The advice received through the Interim Audit is then assessed by Management who note the comments and take action as required.
2. Management has reviewed the matters raised and consider them to be appropriate and have either already resolved or recognised actions to be taken.
3. These matters raised by the Auditor, and Management's response to each matter, are listed within the 2020-2021 Interim Audit Results for the year ending 30 June 2021 report, which is attached.

4. It is noted that the presentation of this report is slightly later than expected. Delays are attributed to the late start of the interim audit by the Auditor General’s Office and these delays are consistent local government wide. All requirements by the Town were completed in a timely manner.

Strategic alignment

Civic Leadership	
Strategic outcome	Intended public value outcome or impact
CL06 - Finances are managed appropriately, sustainably and transparently for the benefit of the community.	Ensure the Town meets its legislative responsibility in accordance with Part 7 of the <i>Local Government Act 1995</i> .

Engagement

Internal engagement	
All Service Areas	All Service areas were engaged as part of the Interim Audit process and the auditors were provided access to the relevant staff members for consultation.

Legal compliance

[Part 7 of the *Local Government Act 1995*](#)

Risk management consideration

Risk impact category	Risk event description	Consequence rating	Likelihood rating	Overall risk level score	Council’s risk appetite	Risk treatment option and rationale for actions
Financial	Management not implementing auditor recommendations which will lead to poor financial management and control.	Major	Unlikely	Moderate	Low	TREAT risk by adopting an internal program with a focus area on high-risk financial processes and activities. Consider the impacts of the recommendation on resource/system requirements and once resources and/or systems are available, implement recommendation.
Environmental	Nil					

Health and safety	Nil					
Infrastructure/ ICT systems/ utilities	Nil					
Legislative compliance	Council not accepting auditor recommendation which may leave the Town open to fraud, error or non-compliance.	Moderate	Unlikely	Moderate	Low	TREAT risk by providing reasoning and detailed explanations to Council to enable informed decision making.
Reputation	Nil					
Service delivery	Nil					

Financial implications

Current budget impact	Budget allocated within the 2021/2022 budget is sufficient to implement the Auditor’s recommendations.
Future budget impact	Not applicable.

Analysis

- Management accept the audit findings and will implement the recommendations as noted within the management’s response. These are found within the attachment under “Management Comment” following each matter. It is therefore recommended that the Audit Committee support the management responses to the matters identified during the Interim Audit as attached.

Relevant documents

Not applicable.

AMENDMENT:

Moved: Mayor Karen Vernon

Seconded: Cr Jesvin Karimi

That point 1 of the recommendation be amended to read:

1. Notes the matters and comments arising from the draft Auditor's 2020-2021 Interim Audit.

Carried (6 - 0)

For: Cr Brian Oliver, Cr Jesvin Karimi, Cr Wilfred Hendriks, Mr Dane Etheridge, Mayor Karen Vernon and Mr Jonathan Carley

Against: Nil

Reason:

Given the administration's advice that this is a draft auditor's interim audit it is appropriate to note rather than accept as the content may change.

Ms Bana Brajanovic joined the meeting at 5.56pm.

AMENDMENT:

Moved: Mayor Karen Vernon

Seconded: Cr Jesvin Karimi

That the following wording be added to the end of point 2:

, subject to the following further amendment in the management response to finding 2:

'the CEO is required to ensure all Managers sign payroll authorisation forms.'

Carried (6 - 0)

For: Cr Brian Oliver, Cr Jesvin Karimi, Cr Wilfred Hendriks, Mr Dane Etheridge, Mayor Karen Vernon and Mr Jonathan Carley

Against: Nil

Reason:

To ensure final responsibility for the actions of all Managers rests with the CEO.

COMMITTEE RECOMMENDATION:

Moved: Mr Jonathan Carley

Seconded: Cr Wilfred Hendriks

That the Audit and Risk Committee recommends that Council:

1. Notes the matters and comments arising from the draft Auditor's 2020-2021 Interim Audit.
2. Endorses the Management Responses to those matters as contained within the body of the attached report, subject to the following further amendment in the management response to finding 2:
'the CEO is required to ensure all Managers sign payroll authorisation forms.'

Carried (6 - 0)

For: Cr Brian Oliver, Cr Jesvin Karimi, Cr Wilfred Hendriks, Mr Dane Etheridge, Mayor Karen Vernon and Mr Jonathan Carley

Against: Nil

7.2 Proposed Internal Audit Program FY 21/22

Location	Town-wide
Reporting officer	Manager Governance and Strategy
Responsible officer	Chief Executive Officer
Voting requirement	Simple majority
Attachments	1. Internal Audit Program 2021-2022 & 2022-2023 [7.2.1 - 7 pages]

Recommendation

That the Audit and Risk Committee recommends that Council adopts the Internal Audit Program to be undertaken in the 2021/2022 financial year and notes future internal audit scope proposals for 2022/2023, as included in Attachment 1.

Purpose

To present the Audit Committee with the proposed Internal Audit Program for the 2021/2022 financial year ("the Program") and recommendations, for review and recommendation to Council.

In brief

- At its meeting held on 23 June 2020, Council, on the recommendation of the Audit Committee, adopted the Internal Audit Program that was undertaken in the 2020/2021 Financial Year and noted future internal audit scope proposals for 2021/2022 and 2022/2023.
- The Internal Audit Program sets out the Town's internal audit plan over a three-year period, including the key audit areas and the timeframes of these audits.
- The Internal Audit Program provides the Town with a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, internal controls, and governance processes.
- The internal audits for 2020/2021 have now been completed. The scope of the Internal Audit Program specifies cross-functional audits to be undertaken in the following high-priority Focus Areas for the 2021/2022 Financial Year:
 - Employment Practices
 - Community Funding and Grants
 - Misuse of Assets and Resources.
- The timing of each audit has been considered ensuring the annual program of audits cover different areas of the organisation.

Background

1. At its meeting held on 17 September 2019, Council, at the Audit Committee's recommendation, resolved to request the Chief Executive Officer to investigate the establishment of a regular internal audit program and report back to the Audit Committee by March 2020.

2. At its meeting held on 21 April 2020, Council, on the recommendation of the Audit Committee, requested that the CEO present a report back to the Audit and Risk Committee with a proposed Internal Audit Program to be undertaken in the 2020/2021 Financial Year by July 2020.
3. At its meeting held on 23 June 2020, Council, on the recommendation of the Audit and Risk Committee, adopted the Internal Audit Program that was undertaken in the 2020/2021 Financial Year and noted future internal audit scope proposals for 2021/2022 and 2022/2023.
4. In developing the three-year audit plan, the Town considered the Strategic Risk Register which specifies the following Internal Audit-related risk treatment actions to address identified inherent high-risk events:

Inherent High-Risk Event	Risk Treatment Action
Non-compliance with Council's governance obligations under the <i>Local Government Act 1995</i> .	Develop and implement internal audit on compliance and performance.
Failure to prevent occurrences of fraud and corruption.	<ul style="list-style-type: none"> • Conduct a regular internal audit on fraud and corruption. • Conduct regular audits against findings by integrity bodies like the CCC, PSC and OAG.

5. The Strategic Audit Plan 2020/2023 covers 12 auditable areas based on various levels of risk. It covers areas of the Town's governance, finance, operational, community and administrative functions as set out in the table below:

Audit Focus Area	2020/21	2021/22	2022/23
Conflicts of Interest	x		
Gifts, Benefits & Hospitality	x		
Misuse of Information	x		
Information Security			x
Fraud and Corruption Detection (reporting)	x		
Integrity Leadership & Culture (soft integrity audit / WA Integrity Snapshot Tool)	x		
Employment Practices		x	
Community Funding & Grants		x	
Misuse of Assets & Resources		x	

Detection & Reporting (Audit)			x
Procurement			x
Records Management			x

Strategic alignment

Civic Leadership	
Strategic outcome	Intended public value outcome or impact
CL08 - Visionary civic leadership with sound and accountable governance that reflects objective decision-making.	As internal audit is a key pillar of organisational governance, a robust internal audit program, with oversight from the Audit and Risk Committee, will enable the Town to have a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal controls, and governance processes. The business improvements that result from an effective internal audit program will ultimately add value to the way the Town runs its business.

Engagement

Internal engagement	
Stakeholder	Comments
C-Suite	C-Suite were briefed about the development of the Internal Audit Program and its submission to the Audit and Risk Committee.

Legal compliance

[Section 7.1a of the Local Government Act 1995](#)

[Regulation 16 of the Local Government \(Audit\) Regulations 1996](#)

Risk management consideration

Risk impact category	Risk event description	Consequence rating	Likelihood rating	Overall risk level score	Council's risk appetite	Risk treatment option and rationale for actions
Financial	Not applicable					
Environmental	Not applicable					
Health and safety	Not applicable					
Infrastructure/ ICT systems/ utilities	Not applicable					
Legislative compliance	A poorly designed Internal Audit Program will make the Town vulnerable to non-compliance, fraud and corruption risks which adversely impact on the Town's reputation, finances and organisational morale, and subject the Council to dismissal and public censure.	Severe	Possible	High	Low	<ul style="list-style-type: none"> • Implementing an independent Internal Audit Program which assures a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control, and governance processes in line with Local Government operational guidelines for audit. • Ensure that the Internal Audit role considers compliance and ethics risks in the development of the internal audit program and associated plans, and in the conduct of audit projects. • Audit program design considers reports and findings from key state agencies and interstate

		counterparts as well as industry best practice.
Reputation	Not applicable	
Service delivery	Not applicable	

Financial implications

Current budget impact	Sufficient funds exist within the annual budget to address this recommendation.
Future budget impact	Not applicable.

Analysis

6. The internal audit design and approach is based on extensive research, including, but not limited to, the following references:
 - WA Local Government Operational Guidelines: The operation, function and responsibilities of Audit Committees
 - Key Western Australian Office of Auditor General (OAG) reports on Fraud Prevention and Information Systems
 - Public Sector Commission (PSC) WA Integrity Framework
 - Corruption and Crime Commission (CCC) reports and findings (Western Australia and interstate counterparts)
 - Industry and international best practice standards, guidance material and articles.
7. The scope of the Internal Audit Program specifies cross-functional audits to be undertaken in the following high-priority Focus Areas for the 2021/2022 Financial Year:
 - Employment Practices
 - Community Funding and Grants
 - Misuse of Assets and Resources.
8. The timing of each audit has been considered ensuring the annual program of audits cover different areas of the organisation. This enables appropriate resourcing to be provided during the internal audit to minimise impacts on the operational demands of that function.
9. The Town's internal audit function will be delivered by an independent external auditor engaged through WALGA's preferred supplier program. A detailed Audit Plan will be developed for each Focus Area audit. The Internal Audit Criteria are subject to review and updates as part of detailed planning for each specific audit, taking into consideration emergent risks, internal and external trends and identified issues as they arise. A responsive, proactive and agile approach to audit planning will ensure currency and relevance, through environmental scanning, research and networking to keep abreast of industry and sector developments and changes in the regulatory environment.

Relevant documents

[Terms of Reference - Audit and Risk Committee](#)

[Strategic Risk Register](#)

COMMITTEE RECOMMENDATION:

Moved: Mr Dane Etheridge

Seconded: Mr Jonathan Carley

That the Audit and Risk Committee recommends that Council adopts the Internal Audit Program to be undertaken in the 2021/2022 financial year and notes future internal audit scope proposals for 2022/2023, as included in Attachment 1.

Carried (6 - 0)

For: Cr Brian Oliver, Cr Jesvin Karimi, Cr Wilfred Hendriks, Mr Dane Etheridge, Mayor Karen Vernon and Mr Jonathan Carley

Against: Nil

7.3 Audit Activity Report

Location	Town-wide
Reporting officer	Manager Governance and Strategy
Responsible officer	Chief Executive Officer
Voting requirement	Simple majority
Attachments	1. CONFIDENTIAL REDACTED - Audit Activity Report (confidential) [7.3.1 - 9 pages]

Recommendation

That the Audit and Risk Committee recommends that Council receives the confidential Audit Activity Report as attached, noting that only one medium risk finding remains outstanding.

Purpose

To provide Council with a summary update on the status of implementation of outstanding audit recommendations.

In brief

- The Town performed an internal audit into processes and systems for the management of conflicts of interest and gifts (with a particular focus on decision-making in key administrative functions) as per the Internal Audit Program for 2020/2021.
- Overall, the audit identified low and medium risk findings. The risk findings and associated recommendations have been addressed in accordance with management responses.
- The status of implementation of four outstanding audit recommendations from the audit is shown within Confidential Attachment 1.

Background

1. Under its Terms of Reference, the Audit and Risk Committee assists Council in overseeing the Town's internal audit program.
2. In January and February 2021, the Town performed an internal audit into processes and systems for the management of conflicts of interest and gifts (with particular focus on decision-making in key administrative functions) as per the Internal Audit Program for 2020/2021.
3. The review was conducted in accordance with the Institute of Internal Auditors' International Standards for Professional Practice Internal Auditing.
4. Overall, the audit identified low and medium risk findings. The risk findings and associated recommendations have been addressed in accordance with management responses.

Strategic alignment

Civic Leadership	
Strategic outcome	Intended public value outcome or impact
CL08 - Visionary civic leadership with sound and accountable governance that reflects objective decision-making.	Performance of internal audits helps the Town to identify improvements to ensure ethics, integrity and probity in decision-making towards greater accountability and transparency.

Engagement

Internal engagement	
People and Culture Place Planning Development Services Community Governance and Strategy	Engagement with internal stakeholders, as listed within Attachment1, was undertaken in relation to this report.

Legal compliance

[Section 7.13 of the Local Government Act 1995](#)

[Regulation 17 of the Local Government \(Audit\) Regulations 1996](#)

[Local Government \(Model Code of Conduct\) Regulations 2021](#)

Risk management consideration

Risk impact category	Risk event description	Consequence rating	Likelihood rating	Overall risk level score	Council's risk appetite	Risk treatment option and rationale for actions
Financial	Not applicable.					
Environmental	Not applicable.					
Health and safety	Not applicable.					
Infrastructure/ ICT systems/ utilities	Not applicable.					
Legislative compliance	Failure to take appropriate management action will mean poor practices in decision-making in	Moderate	Possible	Medium	Low	TREAT risk by ensuring commitment to management actions to address findings.

	vulnerable areas are not identified and rectified, with risks of improper conduct and fraud and corruption resulting in legal penalties.					
Reputation	Failure to take appropriate management action will mean poor practices in decision-making in vulnerable areas are not identified and rectified, with risks of improper conduct and fraud and corruption resulting in brand and reputational damage, as well as community distrust.	Major	Unlikely	Medium	Low	TREAT risk by ensuring commitment to management actions to address findings.
Service delivery	Not applicable.					

Financial implications

Current budget impact	Sufficient funds exist within the annual budget to address this recommendation.
Future budget impact	Not applicable.

Analysis

- This report is a standard item on the agenda for the Audit and Risk Committee meeting. It provides a status of implementation of outstanding audit recommendations from the prior audit.
- There were four medium risk items and one low-medium risk item raised in the internal audit, which were addressed according to management comments. One medium risk finding remains outstanding and will be addressed and the management comment provided to a future Audit and Risk Committee.
- The status of implementation of five outstanding audit recommendations (as at 1 September 2021) from the prior audit carried out is shown within Confidential Attachment 1.

Relevant documents

Not applicable.

COMMITTEE RECOMMENDATION:

Moved: Mr Jonathan Carley

Seconded: Mayor Karen Vernon

That the Audit and Risk Committee recommends that Council receives the confidential Audit Activity Report as attached, noting that only one medium risk finding remains outstanding.

Carried (6 - 0)

For: Cr Brian Oliver, Cr Jesvin Karimi, Cr Wilfred Hendriks, Mr Dane Etheridge, Mayor Karen Vernon and Mr Jonathan Carley

Against: Nil

7.4 Internal Audit Report: Integrity audit incorporating Fraud & Corruption Detection

Location	Town-wide
Reporting officer	Manager Governance and Strategy
Responsible officer	Chief Executive Officer
Voting requirement	Simple majority
Attachments	<ol style="list-style-type: none">1. CONFIDENTIAL REDACTED - Confidential Integrity Snapshot & Fraud Corruption Detection and Reporting [7.4.1 - 16 pages]2. Integrity Snapshot Tool for WA Public Authorities [7.4.2 - 9 pages]3. Integrity Strategy 2020–23 for WA Public Authorities [7.4.3 - 16 pages]

Recommendation

That the Audit and Risk Committee recommends that Council:

1. Notes that an internal audit on Integrity and Fraud and Corruption Detection Reporting has been conducted and there were five medium risk matters identified that require action.
2. Notes that the 'medium' rated observations be listed on the Internal Audit Activity Confidential Report for Audit and Risk Committee review until completed.

Purpose

To inform Council of the outcome of the Integrity and Fraud and Corruption Detection Reporting Internal Audit.

In brief

- The Town performed an internal audit into the integrity and fraud & corruption detection reporting as per the Internal Audit Program for 2020/2021.
- The results of the Town's Integrity Snapshot show that a significant number of suggested good practice measures and activities are in place across the four key integrity improvement focus areas under the Integrity Strategy for WA Public Authorities 2020/2023.
- Overall, the audit identified low and medium risk findings. The risk findings and associated recommendations will be addressed in accordance with management responses.

Background

1. The Town's Council-approved risk-based Internal Audit Program 2020/2021 includes an audit of the Town's Integrity Leadership and Culture.
2. The audit comprised a review of the Town's integrity, leadership and culture and its supporting governance controls and mechanisms including those relating to fraud and corruption detection (reporting).

3. The Integrity Audit was conducted in conjunction with an audit of the Town's mechanisms for Fraud and Corruption Detection (Reporting), in line with the Internal Audit Program 2020/2021 recommendation. It was considered there would be efficiencies and synergies to combine the scopes of both these internal audits due to overlapping areas of focus and common themes and outcomes around fraud and corruption prevention and control.
4. The fraud and corruption audit component was conducted using supplementary Fraud and Corruption questions which drew on public sector best practices from across Federal, State and local government models. This included guidance from WA State integrity bodies (Public Sector Commission, Corruption and Crime Commission and OAG) and the Australian National Audit Office (ANAO Better Practice Fraud Guidance) to promote a fraud aware culture.

Strategic alignment

Civic Leadership	
Strategic outcome	Intended public value outcome or impact
CL08 - Visionary civic leadership with sound and accountable governance that reflects objective decision-making.	Performance of this internal audit helps the Town to identify improvements to ensure ethics, integrity and probity in decision-making towards greater accountability and transparency.

Engagement

Internal engagement	
C-Suite	Chiefs were briefed on the scope of the internal audit and which administrative functions in their areas of responsibility would be affected.
Managers	Operational managers of functions that made up the focus areas of the internal audit were briefed on the scope and findings of the internal audit and requested to provide management responses, including: <ul style="list-style-type: none"> • Manager People and Culture • Manager Governance and Strategy • Finance Manager.

Legal compliance

[Section 7.13 of the Local Government Act 1995](#)

[Regulation 17 of the Local Government \(Audit\) Regulations 1996](#)

[Local Government \(Model Code of Conduct\) Regulations 2021](#)

Risk management consideration

Risk impact category	Risk event description	Consequence rating	Likelihood rating	Overall risk level score	Council's risk appetite	Risk treatment option and rationale for actions
Financial	Not applicable.					
Environmental	Not applicable.					

Health and safety	Not applicable.					
Infrastructure/ ICT systems/ utilities	Not applicable.					
Legislative compliance	Failure to perform this audit and take appropriate management action will mean poor practices in decision-making in vulnerable areas are not identified and rectified, with risks of improper conduct and fraud and corruption resulting in legal penalties.	Moderate	Possible	Medium	Low	TREAT risk by conducting this internal audit and ensuring commitment to management actions to address findings.
Reputation	Failure to perform this audit and take appropriate management action will mean poor practices in decision-making in vulnerable areas are not identified and rectified, with risks of improper conduct and fraud and corruption resulting in brand and reputational damage, as well as community distrust.	Major	Unlikely	Medium	Low	TREAT risk by conducting this internal audit and ensuring commitment to management actions to address findings.
Service delivery	Not applicable.					

Financial implications

Current budget impact	Sufficient funds exist within the annual budget to address this recommendation.
Future budget impact	Not applicable.

Analysis

5. The design of the base methodology for this audit is based on the Integrity Model for WA public authorities under the Integrity Strategy for WA Public Authorities 2020/2023, with the Integrity Snapshot Tool forming an assessment framework with a checklist to assess the Town's current state in four focus areas which are at the core of effective integrity management:

Integrity Focus Area	Criteria
1. Planning and acting to improve integrity (including 15 assessments)	Effective governance systems and frameworks are established.
2. Modelling and embodying a culture of integrity (including 13 assessments)	A culture of integrity exists and is reinforced and communicated by leaders.
3. Learning and developing integrity knowledge and skills (including 14 assessments)	Individual and authority integrity knowledge, skills and competence are grown.
4. Being accountable for integrity (including 6 assessments)	Prevention, detection and response to integrity matters are everyone's personal and professional responsibilities.

6. The Town's Integrity Snapshot results show that a significant number of suggested good practice measures and activities (34 out of 48, or 71%) are in place across the four key integrity improvement focus areas under the Integrity Strategy for WA Public Authorities 2020/2023. The auditor has identified leading practices over and above good practices recommended in the Integrity Snapshot Tool framework in a number of areas.
7. The Town performed strongly in the 'softer' focus areas, i.e., modelling and embodying strong integrity culture through good leadership and culture practices, supported by capability building through education. This is a significant result, as integrity leadership and culture effectively prevent misconduct, fraud, and corruption.
8. There were five medium risk items raised in the internal audit, which will be addressed in accordance with management comments. Management stakeholders have been debriefed on the findings and recommendations and accordingly, they have provided management responses with timeframes for action. In several cases, actions have commenced in response to recommendations to address areas of need.
9. The audit did identify several low-risk issues regarding process improvement options and matters which may need further follow up action. These have been discussed with management and have been reported to management for their action. All audit findings will be included in the Service Area plans to ensure all actions are completed.

Relevant documents

[Town of Victoria Park Audit & Risk Committee Terms of Reference.](#)

[Integrity Strategy for WA Public Authorities 2020-2023.](#)

COMMITTEE RECOMMENDATION:

Moved: Mayor Karen Vernon

Seconded: Cr Jesvin Karimi

That the Audit and Risk Committee recommends that Council:

1. Notes that an internal audit on Integrity and Fraud and Corruption Detection Reporting has been conducted and there were five medium risk matters identified that require action.
2. Notes that the 'medium' rated observations be listed on the Internal Audit Activity Confidential Report for Audit and Risk Committee review until completed.

Carried (6 - 0)

For: Cr Brian Oliver, Cr Jesvin Karimi, Cr Wilfred Hendriks, Mr Dane Etheridge, Mayor Karen Vernon and Mr Jonathan Carley

Against: Nil

8 Motion of which previous notice has been given

9 Meeting closed to the public

9.1 Matters for which the meeting may be closed

Nil.

9.2 Public reading of resolutions which may be made public

Nil.

10 Closure

There being no further business, Cr Brian Oliver closed the meeting at 6.38pm.

I confirm these minutes to be true and accurate record of the proceedings of the Committee.

Signed:

.....

Dated this: Day of: 2021