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# AGENDA

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**Audit, Risk and Improvement Committee**

Tuesday 02 June 2026

5.30pm

Council Chambers

The Five Strategic Pillars



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AUDIT, RISK AND IMPROVEMENT  
COMMITTEE  
AGENDA – 02/06/2026

1. DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS

2. PRAYER AND ACKNOWLEDGEMENT OF TRADITIONAL LAND OWNERS:

*“Heavenly Father, we thank you for the peace and beauty of this area. Direct and prosper the deliberations of this Council for the advancement of the City and the welfare of its people. Amen.”*

*“We would like to acknowledge the Noongar people who are the Traditional Custodians of the Land.*

*We would also like to pay respect to Elders past, present and emerging”.*

3. RECORD OF ATTENDANCE AND APOLOGIES:

Presiding Member	A Hammond
Deputy of the Presiding Member	P Martin
Independent Member	D Evers
Mayor	G Stocks
<b>Councillors</b>	
Member	Councillor Stephens
Member	Councillor MacLaren
Member	Councillor McKinley
Member	Councillor Lionetti
Member	Councillor Brough
Member	Councillor Sutton
<b>Executive</b>	
Chief Executive Officer	A Sharpe
Executive Director Corporate & Commercial Services	M Gilfellow
Executive Director Community Services	N Watson
Executive Director Infrastructure, Development & Environment	P Camins
Manager Governance and Risk	S Jamieson
Manager Finance	S Van Nierop
Meeting Secretary	J Williamson
<b>Apologies/Leave of Absence</b>	
Member	Deputy Mayor Terry (Leave of Absence)
Member	Councillor Clarke APM (Apology)

4. DISCLOSURES OF INTEREST:

Name	Report Item Number	Nature of Interest
Nil.		

5. CONFIRMATION OF MINUTES

**DRAFT MOTION**

THAT the minutes of the Audit & Risk Committee Meeting held on 03 March 2026, as previously distributed, be CONFIRMED as a true and accurate record of proceedings.

6. PRESENTATIONS
7. UNRESOLVED BUSINESS FROM PREVIOUS MEETINGS

**AR188: INTERNAL AUDIT ACTION STATUS REPORT (MAY 2026)**

<b>Proponent / Owner</b>	: City of Albany
<b>Attachments</b>	: Nil
<b>Report Prepared By</b>	: Manager Governance & Risk
<b>Authorising Officers:</b>	: Chief Executive Officer Executive Director Corporate & Commercial Services Executive Director Community Services Executive Director Infrastructure, Development and Environment

**STRATEGIC IMPLICATIONS**

**Strategic Links:** Governance, Risk Management, Continuous Improvement

1. The Audit, Risk & Improvement Committee (ARIC) is established to provide independent assurance to Council on the adequacy and effectiveness of the City’s governance, risk management, internal control and compliance frameworks.

**In Brief:**

- Internal audit findings are reported on an exception basis, with most controls operating effectively.
- Across the 2024 and 2025 audits:
  - No extreme risk findings were identified
  - A limited number of high, medium and low risk findings were raised
- The Regulation 17 Review confirmed that:
  - The City’s systems and procedures for risk management, internal control and legislative compliance are appropriate and effective overall
- Internal audit actions from 2019–2025 are substantially complete, with controls embedded into business-as-usual operations.
- Remaining actions are:
  - Medium and low risk
  - Focused on policy development, documentation and organisation-wide consistency improvements
- No high-risk audit actions remain outstanding.

**RECOMMENDATION**

**AR188: AUTHORISING OFFICER RECOMMENDATION**

**THAT:**

1. The Internal Audit Action Status Report as at May 2026, including progress on outstanding actions and the closure of completed actions be **NOTED**; and
2. The provision of assurance to Council regarding the effective implementation of internal audit recommendations be **ENDORSED**.

## **BACKGROUND**

2. Internal audit is a key component of the City of Albany’s governance and assurance framework, providing independent assurance over the effectiveness of the City’s systems and procedures for risk management, internal control, legislative compliance and continuous improvement.
3. The Audit, Risk & Improvement Committee (ARIC) is established to provide independent assurance to Council on the adequacy and effectiveness of these frameworks.
4. As part of this role, ARIC monitors internal and external audit outcomes and the implementation of management actions arising from audit recommendations.
5. Following a competitive procurement process, the City appointed AMD Chartered Accountants as its internal audit service provider for a three-year period commencing in 2024, in accordance with the City’s Strategic Internal Audit Plan and approvals of Council and ARIC.
6. This report responds to the Committee’s request for a consolidated status update and supports ARIC’s assurance to Council regarding progress and closure of audit recommendations, including those from audits completed in 2024 and 2025.

### 2024 Regulation 17 Review

7. The Regulation 17 Review, presented under agenda item (AR173) assessed the City’s systems and procedures in relation to:
  - a. Risk management
  - b. Internal control
  - c. Legislative compliance
8. The review is required under Regulation 17 of the Local Government (Audit) Regulations 1996 and must be undertaken at least once every three years.
9. Findings were reported on an exception basis and included:
  - a. Two (2) high risk findings; and
  - b. Several medium and low risk findings across governance and control areas.
10. Key themes included:
  - a. Absence of an organisation-wide contract management framework;
  - b. Lack of formal post-contract review processes;
  - c. Gaps in policy documentation and registers; and
  - d. Selected internal control and compliance weaknesses.
11. Importantly, findings reflect maturity and consistency gaps, rather than control failure and management has:
  - Reviewed findings;
  - Assigned responsibilities; and
  - Established implementation actions and reporting processes.

2025 Internal Audit – Fees, Charges and Revenue Management

12. Audit fieldwork was completed in February 2025 under the Strategic Internal Audit Plan.
13. The audit focused on:
  - a. Fees and charges setting.
  - b. Revenue collection management.
  - c. Customer credit arrangements.
  - d. Revenue leakage risks.
14. Findings were reported on an exception basis and comprised:
  - a. 0 extreme risk findings.
  - b. 4 high risk findings.
  - c. 6 medium risk findings.
  - d. 2 low risk findings.
15. Key themes identified included:
  - a. Absence of organisation-wide guidance and policies;
  - b. Inconsistent cost recovery and documentation practices;
  - c. Gaps in debtor and credit management frameworks; and
  - d. Limited controls over waivers, discounts and revenue leakage.
16. These findings primarily reflect consistency and governance gaps, rather than breakdowns in core controls.
17. All actions were captured in the internal audit action register with assigned responsibilities and timeframes.

Request for Status Reporting

18. At its previous meeting, ARIC requested a consolidated status report on internal audit actions to support its assurance role to Council and to provide confidence regarding progress, closure discipline and any matters requiring ongoing oversight.
19. This report has been prepared in response to that request and provides a single, reconciled view of outstanding internal audit actions across multiple audit years.

**DISCUSSION**

20. A comprehensive reconciliation confirms that Audit findings across 2019–2025 were limited and exception-based.
21. Both the Regulation 17 Review and the 2025 Internal Audit:
  - Identified targeted improvement opportunities; and
  - Confirmed that the broader control environment is operating effectively.
22. As at May 2026, no high-risk audit actions remain outstanding. Remaining actions are medium and low risk with a focus on framework uplift and consistency improvements.
23. These actions align directly with audit-identified themes, including:
  - a. Contract and procurement frameworks;
  - b. Risk management maturity;
  - c. Policy governance and documentation; and
  - d. Financial and revenue controls.

24. Consistent with the intent of the Regulation 17 Review actions are being monitored and reported to ARIC.
25. Progress demonstrates continuous improvement in governance systems and controls.

**Table 1: Internal Audit Actions Remaining In Progress (April 2026)**

#	Audit Area	Activity	Risk	Responsibility	2026 Focus Area
1	Asset Management	Minor and portable asset stocktake	Medium	IDE / City Operations (city-wide)	Asset Management Maturity
2	Asset Management Plan	10-year asset forecasting consistency	Medium	IDE / Asset Team	Asset Management Maturity
3	Asset Policies	Asset policy and procedure coverage gaps	Medium	IDE / City Operations; CCS / Finance Team	Asset Management Maturity
4	Contract Management	Whole-of-City contract management framework	Medium	CCS / Governance & Risk; Procurement	Contract & Procurement Frameworks
5	Contracts	Consolidated contracts manual and procedures	Low	CCS / Governance & Risk; Procurement	Contract & Procurement Frameworks
6	Fraud – Third Parties	Supplier ethics and conflict disclosure controls	Medium	CCS / Governance & Risk	Governance & Integrity
7	Fraud & Corruption	Fraud & corruption policy update	Medium	CCS / Governance & Risk	Governance & Integrity
8	Project Risk	Formal risk assessment for high-risk procurement	Medium	CCS / Governance & Risk; Procurement	Enterprise Risk Maturity
9	Risk Management	Risk identification and system maturity	Medium	CCS / Governance & Risk	Enterprise Risk Maturity
10	Workforce Planning	Workforce Plan update	Low	CEO / People & Culture	Organisational Capability

26. These actions are being actively managed through executive governance arrangements and monitored by ARIC as part of its standing assurance responsibilities.

**GOVERNMENT & PUBLIC CONSULTATION**

27. Not applicable.

**STATUTORY IMPLICATIONS**

28. This report supports compliance with the City’s obligations under the *Local Government (Audit) Regulations 1996*, including Regulation 17, by demonstrating that audit findings and recommendations are formally tracked, actioned, and monitored through appropriate governance arrangements.

**POLICY IMPLICATIONS**

29. There are no direct policy implications arising from this report. Where audit recommendations identify the need for new or updated policies or procedures, these are progressed separately through the City’s established policy governance framework.

**RISK IDENTIFICATION & MITIGATION**

30. The absence of extreme and high-risk findings across recent audits and the closure of all high-risk actions, indicates that:
  - Material risks have been appropriately identified and addressed, and
  - The City’s control environment is stable and effective.

31. Remaining actions relate to improving consistency, transparency and documentation and strengthening whole-of-organisation governance frameworks.
32. These improvements are consistent with the findings and intent of the Regulation 17 Review, and the City’s ongoing governance maturity program.

**FINANCIAL IMPLICATIONS**

33. There are no direct financial implications arising from this report. Any costs associated with implementing audit recommendations are managed within approved operational budgets or project funding, as applicable.

**LEGAL IMPLICATIONS**

34. There are no legal implications arising directly from this report. Implementation of audit recommendations assists the City in meeting its legislative and regulatory obligations and reducing exposure to compliance-related risk.

**ENVIRONMENTAL CONSIDERATIONS**

35. There are no environmental considerations arising from this report.

**ALTERNATE OPTIONS**

36. Not applicable. The report has been prepared in response to a request from ARIC and supports its assurance role to Council.

**CONCLUSION**

37. As at May 2026:
    - a. Internal audit findings across the Regulation 17 Review and 2025 Internal Audit are limited and exception based.
    - b. The City’s governance, risk management and control frameworks are assessed as appropriate and operating effectively.
    - c. No high-risk audit actions remain outstanding.
  38. Remaining actions are medium and low risk and relate to organisational maturity and consistency improvements, including:
    - Contract management;
    - Asset management;
    - Enterprise risk; and
    - Policy and documentation governance.
  39. These actions are:
    - clearly defined and assigned
    - actively monitored through governance processes
    - progressing in line with audit expectations
2. Accordingly, ARIC can be satisfied that:
- Audit recommendations are being implemented in a structured and disciplined manner; and
  - Are continuously improving over time.

Consulted References	:	Internal Audit Reports (2019–2025) Internal Audit Action Register
File Number	:	FM.MEE.3
Previous Reference	:	Audit & Risk Committee May 2025 (Reports AR173 & AR174)

**AR189: LEGAL REGISTER**

<b>Business Entity Name</b>	: City of Albany
<b>Attachments</b>	: Legal Register - <b>Confidential</b>
<b>Report Prepared By</b>	: Manager Governance & Risk
<b>Authorising Officers:</b>	: Manager Governance & Risk

**CONFIDENTIAL REPORT & ATTACHMENT**

Section 5.23(4) of the Local Government Act 1995

**CONFIDENTIALITY & STATUTORY CONSIDERATIONS**

1. This report is provided to the Audit, Risk & Improvement Committee as a confidential item.
2. In accordance with section 5.23(4) of the Local Government Act 1995, a committee may close a meeting to the public where information is to be considered that includes:
  - information over which the local government holds legal professional privilege; and/or
  - information the public disclosure of which would be likely to prejudice the security, financial management or operations of the local government.
3. The attached internal audit report contains:
  - detailed findings relating to internal controls, financial systems and revenue management practices;
  - identified control gaps and risk exposures; and
  - management responses and proposed remediation actions.
4. Public disclosure of this information at this stage could reasonably be expected to:
  - compromise the effectiveness of internal controls;
  - expose the City to financial or operational risk; and
  - undermine the integrity of ongoing governance and improvement activities.
5. Accordingly, the report and its attachments are recommended to be dealt with on a confidential basis.

**In Brief:**

- This report is presented to the Audit, Risk & Improvement Committee (ARIC) in accordance with its Terms of Reference, which establish ARIC's role in providing independent oversight and advice to Council on risk management, internal control, legislative compliance, and continuous improvement.
- The Legal Register is provided as a standing report to support ARIC's oversight role by providing visibility of current and emerging legal risks, including matters involving actual or potential legal liability and matters where legal advice has been sought or may be required.

**RECOMMENDATION**

**AR189: AUTHORISING OFFICER RECOMMENDATION**

**THAT the Audit, Risk & Improvement Committee (ARIC) NOTE the Legal Register as at 02 June 2026.**

**STATUTORY & GOVERNANCE IMPLICATIONS**

6. This report is submitted to ARIC in accordance with its Terms of Reference, which establish the Committee as Council’s independent assurance and advisory body for oversight of risk management, internal control, legislative compliance, and organisational improvement.
7. The Legal Register supports ARIC in discharging its oversight responsibilities under:
  - a. Section 7.12A of the *Local Government Act 1995*, which requires Council to consider audit matters and ensure appropriate action is taken;
  - b. The *Local Government (Audit) Regulations 1996*; and
  - c. ARIC’s Terms of Reference, which require the Committee to monitor matters that may expose the City to legal, compliance, or governance risk and to provide informed advice and assurance to Council.

Consulted References	:	Local Government Act 1995
Previous Reference	:	ARIC Committee – March 2026 – Report AR186.

**AR190: CYBER SECURITY POSTURE UPDATE – ESSENTIAL EIGHT**

<b>Proponent / Owner</b>	: City of Albany
<b>Attachments</b>	: City of Albany Essential Eight Summary
<b>Report Prepared By</b>	: Cyber Security Officer Manager Governance & Risk
<b>Authorising Officers:</b>	: Executive Director Corporate & Commercial Services Manager IT

**STRATEGIC IMPLICATIONS**

1. This item supports ARIC's role in providing independent assurance to Council on the adequacy and effectiveness of the City's governance, risk management and internal control frameworks, with specific reference to cyber security risk.

**In Brief:**

- This report provides ARIC with a high-level update on the City's cyber security posture against the Australian Government's Essential Eight framework.
- The detailed maturity assessment, key metrics, risks, achievements and priority actions are set out in the attached Essential Eight Summary, which is intended to be provided to ARIC on a quarterly basis.

**RECOMMENDATION**

**AR190: AUTHORISING OFFICER RECOMMENDATION**

**THAT the Audit, Risk & Improvement Committee:**

1. **NOTE** the City's current cyber security posture and maturity position as outlined in the attached Essential Eight Summary; and
2. **ENDORSE** the use of this attachment as a standing quarterly cyber security update to support ongoing assurance to Council.

**BACKGROUND**

2. Cyber security represents a key enterprise risk for the City of Albany, with potential impacts to service delivery, data security, financial sustainability and reputation.
3. The City has adopted the Australian Cyber Security Centre’s Essential Eight framework as its primary maturity model for cyber security risk management.

**DISCUSSION**

4. The attached Essential Eight Summary provides ARIC with:
  - The City’s current Essential Eight maturity position;
  - A status overview of each Essential Eight control;
  - Operational security metrics for the reporting period;
  - Key achievements and key risks; and
  - Identified priorities for the next 3–6 months.
5. The report demonstrates that baseline controls are in place and that the City is progressing toward improved consistency, automation and effectiveness across its cyber security environment.
6. Quarterly reporting will enable trends, emerging risks and maturity uplift progress to be monitored over time.

**STATUTORY & GOVERNMENT IMPLICATIONS**

7. Regular reporting on cyber security risk supports sound governance practice and strengthens ARIC’s assurance to Council regarding the management of technology and information security risks.

**FINANCIAL, LEGAL & ENVIRONMENTAL IMPLICATIONS**

8. There are no direct financial, legal or environmental implications arising from this report.

**CONCLUSION**

9. The attached Essential Eight Summary provides a clear, concise overview of the City’s cyber security posture and planned uplift activity. Ongoing quarterly reporting to ARIC will support transparency, assurance and effective oversight of cyber security risk.

Consulted References	:	<a href="https://www.cyber.gov.au/business-government/asds-cyber-security-frameworks/essential-eight">https://www.cyber.gov.au/business-government/asds-cyber-security-frameworks/essential-eight</a>
Previous Reference	:	N/A

## **AR191: INTEGRITY & WORKFORCE ANNUAL COLLECTION**

<b>Proponent / Owner</b>	: City of Albany
<b>Attachments</b>	: <ul style="list-style-type: none"><li>• 2026 Integrity and Workforce Annual Collection</li><li>• Integrity Framework Maturity Self-Assessment (PSC Tool)</li></ul>
<b>Report Prepared By</b>	: Manager Governance & Risk
<b>Authorising Officers:</b>	: Chief Executive Officer Executive Director Corporate & Commercial Services Executive Management Team

### **STRATEGIC IMPLICATIONS**

1. This item supports ARIC's role in providing independent assurance to Council on the adequacy and effectiveness of the City's governance, risk management and internal control frameworks, with specific reference to integrity, ethical conduct and workforce related risks.

#### **In Brief:**

- This report provides ARIC with a high-level integrity assurance update arising from the City's submission of the 2026 Integrity and Workforce Annual Collection and completion of the Integrity Framework Maturity Self-Assessment using the Public Sector Commission's endorsed tool.
- The attached documents provide the detailed evidence base for integrity posture, maturity, key trends and priority improvement areas and are intended to support periodic integrity assurance reporting to ARIC.

### **RECOMMENDATION**

#### **AR191: AUTHORISING OFFICER RECOMMENDATION**

##### **THAT the Audit, Risk & Improvement Committee:**

1. **NOTES the City's integrity and workforce position as outlined in the attached 2026 Integrity and Workforce Annual Collection and Integrity Framework Maturity Self-Assessment; and**
2. **NOTES that these instruments form part of the City's ongoing integrity assurance framework supporting ARIC's oversight and assurance role to Council.**

### **BACKGROUND**

2. Integrity, ethical conduct and workforce behaviour represent foundational elements of the City's governance and risk environment, with potential impacts on public trust, regulatory compliance, service delivery and reputation.
3. The Public Sector Commission requires public sector entities to complete an annual Integrity and Workforce Annual Collection, providing whole-of-sector insight into integrity, misconduct and workforce trends.
4. In April 2026, the City completed and submitted its 2026 Annual Collection. Receipt has been confirmed by the Commission, with validation underway and follow-up only if clarification is required.
5. In parallel, management completed the Integrity Framework Maturity Self-Assessment, providing a structured assessment of the City's integrity systems, controls and culture.

## **DISCUSSION**

6. The attached Annual Collection and Maturity Self-Assessment provide ARIC with:
  - Confirmation of compliance with integrity reporting obligations;
  - The City's current integrity and conduct risk profile;
  - Sector-endorsed assessment of integrity framework maturity;
  - Key integrity and workforce trends for the reporting period; and
  - Identified priority focus areas to support ongoing maturity uplift.
7. For the period 1 April 2025 to 31 March 2026, the City reported:
  - No allegations or substantiated matters relating to fraud, corruption, misuse of public resources, conflicts of interest or information misuse; and
  - Discipline matters predominantly relating to behavioural and performance issues, with the most common themes being workplace conduct (including bullying and harassment). These matters were generally substantiated and managed through improvement-focused actions including counselling, training and performance management.
8. No public interest disclosures were received during the reporting period and grievance levels remained low. These indicators suggest a stable conduct environment, noting they require ongoing monitoring in the context of encouraging a strong speak-up culture.
9. The results indicate a low integrity risk position in relation to corruption and serious misconduct, with behavioural conduct risks representing the primary integrity risk area. No systemic control or compliance failures were identified, and matters were managed within established governance and disciplinary frameworks.
10. This aligns with the maturity assessment which identifies organisational culture and behavioural risks as continuing areas of focus for improvement.
11. Together, the Annual Collection and Maturity Self-Assessment provide structured and evidence-based integrity assurance, complementing existing assurance derived through governance frameworks, enterprise risk management, internal audit, training and reporting.
12. The maturity assessment indicates that while core integrity controls, leadership and governance arrangements are well established, further maturity is required to strengthen integration across risk, culture and oversight functions, and to consolidate integrity assurance into a more structured, organisation-wide model.

### Workforce Data Clarification

13. The Full Time Equivalent (FTE) figure reported in the Annual Collection exceeds total headcount due to the methodology prescribed in the Public Sector Commission's workforce data spreadsheet.
14. The calculation includes an estimated FTE component for casual employees and applies standardised rounding across employment categories. In contrast, internal workforce reporting uses actual employment fractions and does not incorporate casual FTE in the same manner.

## **STATUTORY & GOVERNMENT IMPLICATIONS**

15. Completion of the Integrity and Workforce Annual Collection and use of the Commission's integrity maturity assessment tool support sound governance practice and strengthen ARIC's assurance to Council regarding integrity, ethical conduct and workforce risk management.

**FINANCIAL, LEGAL & ENVIRONMENTAL IMPLICATIONS**

16. There are no direct financial, legal or environmental implications arising from this report.

**CONCLUSION**

17. The attached Integrity and Workforce Annual Collection and Integrity Framework Maturity Self-Assessment provide ARIC with a clear, concise and evidence-based overview of the City's integrity posture and maturity position.
18. These instruments support transparency, informed oversight and ongoing assurance to Council that integrity risks are appropriately identified, managed and monitored within the City's governance, risk and internal control frameworks.

Consulted References	:	<a href="#">Public Sector Commission – Integrity Framework Maturity Self-Assessment Tool</a> <a href="#">Research and analysis: Information about Western Australian public sector workforce data</a>
Previous Reference	:	Not applicable.

## **AR192: PROPOSED ARIC GOVERNANCE AND PLANNING FRAMEWORK PAPER**

<b>Proponent / Owner</b>	: City of Albany
<b>Attachments</b>	: ARIC Governance and Planning Framework (2026)
<b>Report Prepared By</b>	: Manager Governance & Risk
<b>Authorising Officers:</b>	: Chief Executive Officer

### **STRATEGIC IMPLICATIONS**

1. The framework represents a strategic governance strengthening initiative intended to improve:
  - Organisational assurance capability;
  - Governance discipline;
  - Executive accountability;
  - Council oversight confidence; and
  - Long-term governance resilience.
2. The framework is intended to achieve these outcomes without altering the formal authority, independence or governance role of ARIC, Council or the Executive Management Team.

### **RECOMMENDATION**

#### **AR192: AUTHORISING OFFICER RECOMMENDATION**

**That the Audit, Risk & Improvement Committee:**

- (1) **NOTE the proposed ARIC Governance and Planning Framework intended to strengthen the quality, consistency and coordination of assurance matters presented to ARIC;**
- (2) **NOTE proposed establishment of an Internal ARIC Support Working Group as an internal management coordination mechanism operating under Executive Management Team (EMT) sponsorship;**
- (3) **NOTE that the framework is designed to support:**
  - **Clearer assurance pathways;**
  - **Improved action tracking and follow through;**
  - **Stronger system-level oversight; and**
  - **More disciplined governance reporting to ARIC and Council;**
- (4) **NOTE That the framework will continue to be refined through implementation and annual governance review processes. AND**
- (5) **PROVIDE any comments or observations regarding the proposed framework, annual assurance planning approach, or areas of strategic assurance focus for future ARIC consideration.**

## **PURPOSE**

3. The purpose of this paper is to present the proposed ARIC Governance and Planning Framework for ARIC consideration and feedback.
4. The framework has been developed to strengthen how governance, risk, audit, compliance and improvement matters are:
  - Planned;
  - Framed;
  - Escalated;
  - Reported; and
  - Tracked through to implementation.
5. The framework is also intended to support contemporary local government governance expectations relating to assurance maturity, accountability, transparency and continuous improvement.

## **BACKGROUND AND CONTEXT**

6. The City's Audit, Risk & Improvement Committee (ARIC) is a Committee of Council established to provide independent oversight and advice regarding:
  - Governance;
  - Risk management;
  - Internal control;
  - Financial management;
  - Legislative compliance;
  - Internal and external audit; and
  - Organisational improvement.
7. ARIC operates as an assurance and advisory body and does not exercise operational management functions.
8. The Council has separately delegated limited audit-related functions to ARIC under Delegation LG9.01 relating to engagement with the Auditor and review of audit reports and responses. These delegated functions do not alter ARIC's broader advisory and assurance role.
9. As governance expectations continue to mature across the local government sector, there is increasing emphasis on:
  - System-level assurance;
  - Evidence-based oversight;
  - Disciplined action tracking;
  - Thematic governance analysis; and
  - Clearer separation between operational management and independent assurance.
10. The proposed framework has been developed in response to these evolving expectations and to support a more structured and coordinated assurance environment.

**GOVERNANCE OBJECTIVE**

11. The framework seeks to establish a disciplined pathway from operational evidence to independent assurance and informed Council oversight.
12. The framework is intended to:
  - Improve assurance quality and consistency;
  - Reinforce clear governance role separation;
  - Support ARIC independence;
  - Strengthen executive accountability for implementation and follow through; and
  - Improve visibility of systemic governance, risk and control issues.

**GOVERNANCE ARCHITECTURE (ROLE SEPARATION)**

13. The framework reaffirms the following governance structure:

<b>Tier</b>	<b>Function</b>	<b>Owner</b>
<b>Tier 1</b>	Strategy, policy and governance oversight	Council
<b>Tier 2</b>	Operational delivery, risk ownership and implementation	CEO and EMT
<b>Tier 3</b>	Independent assurance and advice	ARIC

14. Under this structure:
  - Council sets direction and governance expectations;
  - The CEO and EMT remain accountable for operational delivery, controls, compliance and improvement actions; and
  - ARIC provides independent assurance and advice to Council.
15. The framework is specifically designed to preserve ARIC’s independence while improving the quality and consistency of assurance provided to the Committee.
16. Administrative arrangements supporting ARIC operations remain under the direction of the Chief Executive Officer.

**PROPOSED FRAMEWORK COMPONENTS**

17. The proposed framework comprises three integrated elements:

Governance Architecture

18. Clarifies governance boundaries and responsibilities between Council, EMT and ARIC.

Planning and Assurance Cycle

19. Introduces a more structured and predictable annual assurance planning approach aligned to:
  - Audit cycles;
  - Risk reviews;
  - Financial governance;
  - Compliance reporting; and
  - Organisational improvement priorities.

Internal ARIC Support Working Group

20. Establishes an internal operational coordination mechanism intended to support:
- Assurance framing;
  - Agenda alignment;
  - Executive ownership;
  - Action tracking; and
  - Governance reporting consistency.
21. The Working Group:
- Is not a committee of Council;
  - Is not a subcommittee of ARIC;
  - Has no delegated authority; and
  - Does not make decisions on behalf of ARIC, Council or EMT.
22. The Working Group does not prevent matters from being raised with ARIC where the CEO, Council, ARIC Chair or responsible Executive Director considers ARIC oversight appropriate.

**OPERATIONAL ASSURANCE FLOW**

23. The proposed operational assurance pathway is summarised below:

**Operational evidence, audit findings, risk information and governance data**



**Internal ARIC Support Working Group**

(Tier 2 operational coordination)

- Assurance coordination and framing
- Agenda alignment
- Executive ownership confirmation
- Action tracking preparation



**EMT visibility and endorsement of the management position**



**ARIC independent assurance consideration and advice**



**Council oversight through ARIC reporting and recommendations**



**Management implementation, monitoring and reporting**

24. This structure is intended to support clearer governance pathways while ensuring operational accountability remains with management.

**ANNUAL ASSURANCE PLANNING APPROACH**

25. The framework proposes a more balanced annual assurance cycle across:

- Governance;
- Audit;
- Risk;
- Compliance;
- Financial management; and
- Continuous improvement.

26. Illustrative annual focus areas may include:

Quarter	Typical Focus
Q1	External audit planning, financial governance, strategic risk review
Q2	Internal audit program, compliance framework review
Q3	Risk maturity, thematic governance analysis, service review themes
Q4	Governance framework review, ARIC self-assessment, forward planning

27. This approach is intended to support proactive rather than reactive ARIC agenda management.

28. The framework recognises that ARIC assurance coverage should remain risk-based and proportionate, with priorities refined over time in response to organisational risk, audit outcomes and emerging sector issues.

**EMERGING STRATEGIC ASSURANCE THEMES**

29. As part of broader governance maturity discussions, it is recognised that technology governance, cyber security and enterprise systems are increasingly significant risk areas across the local government sector.

30. The recent Office of the Auditor General report regarding Information Systems Audits within local government reinforces the importance of:

- ICT governance;
- Cyber resilience;
- ERP controls;
- Data management; and
- Information security oversight.

31. Consistent with recent discussions raised by the Independent Chair, these matters represent important strategic assurance considerations within the ARIC environment and are proposed for inclusion within future ARIC assurance planning and briefing programs.

32. This may include:

- Overview briefings regarding the City’s ICT governance framework;
- Strategic ICT risk profiles;
- ERP governance and control environments;
- Cyber security maturity considerations; and
- Associated assurance activities or audit programs.

33. These matters would be presented at a strategic governance and assurance level consistent with ARIC’s role.

## **BENEFITS OF THE FRAMEWORK**

34. The proposed framework is expected to:
- Improve the quality and consistency of assurance reporting;
  - Strengthen governance discipline and accountability;
  - Improve action tracking and implementation visibility;
  - Support clearer executive ownership;
  - Reduce fragmented or reactive reporting;
  - Strengthen thematic and systemic oversight capability; and
  - Improve Council confidence in governance and assurance processes.

### Implementation Approach

35. Subject to ongoing refinement and implementation planning, proposed next steps include:
- Finalisation of the Internal ARIC Support Working Group Terms of Reference;
  - Alignment of the ARIC Forward Planner to the annual assurance cycle;
  - Establishment of an ARIC Recommendation & Action Register;
  - Development of assurance-based reporting standards; and
  - Integration into ARIC induction and governance materials.
  - No changes to Council committee structures are proposed.

### Matters for ARIC Consideration

36. ARIC feedback is sought regarding:
- The proposed governance structure;
  - Annual assurance planning and prioritisation;
  - Assurance reporting expectations and information quality;
  - Action tracking, accountability and closure evidence arrangements; and
  - Emerging strategic assurance priorities appropriate for future ARIC oversight.
37. Particular feedback is welcomed regarding strategic assurance coverage and organisational assurance maturity in areas such as:
- ICT governance, cyber security and ERP governance;
  - Information governance and records management;
  - Use and oversight of delegated authority and statutory powers;
  - Customer service systems, complaints trends and service assurance;
  - Asset management, asset renewal and maintenance governance;
  - Infrastructure lifecycle risk and long-term asset sustainability;
  - Procurement, contract management and supplier oversight;
  - Compliance management and regulatory assurance;
  - Organisational risk maturity and internal control effectiveness; and
  - Continuous improvement, governance culture and organisational accountability.
38. These areas are intended to be considered at a strategic governance and assurance level, rather than through operational management oversight.

**RISK IMPLICATIONS**

39. If the organisation does not maintain a structured and coordinated assurance framework, risks may include:
- Fragmented assurance reporting;
  - Reduced visibility of systemic governance issues;
  - Inconsistent follow through of audit and improvement actions;
  - Reduced governance clarity; and
  - Diminished Council assurance confidence.
40. The proposed framework is intended to mitigate these risks through improved governance coordination and assurance discipline.

**CONCLUSION**

41. The proposed ARIC Governance and Planning Framework is intended to strengthen the City's overall assurance environment while maintaining clear governance role separation between Council, management and ARIC.
42. The framework does not alter ARIC's role or authority. Rather, it seeks to improve how management prepares, coordinates and follows through on assurance matters presented to ARIC and Council.
43. The framework is intended to support more mature, disciplined and system-focused governance oversight across the organisation moving forward.

Consulted References	: <ul style="list-style-type: none"><li>• Local Government Act 1995;</li><li>• Local Government (Audit) Regulations 1996;</li><li>• Local Government Amendment Act 2024;</li><li>• Associated ARIC reform amendments and implementation guidance issued within Western Australia;</li><li>• Office of the Auditor General Western Australia reporting themes and Information Systems Audit findings; and</li><li>• Contemporary public sector governance and assurance practices.</li></ul>
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**AR193: ALBANY MOTORSPORT PARK – GOVERNANCE, COMPLIANCE, RESIDUAL RISK & INSURANCE**

<b>Proponent / Owner</b>	: City of Albany
<b>Attachments</b>	: <ul style="list-style-type: none"><li>• Albany Motorsport Park – Governance, Compliance &amp; Support Framework &amp; Annual Compliance Checklist</li><li>• Risk Rating &amp; Assurance Assessment</li></ul>
<b>Report Prepared By</b>	: Manager Governance & Risk
<b>Authorising Officers:</b>	: Chief Executive Officer Executive Director Corporate & Commercial Services Executive Management Team

**STRATEGIC IMPLICATIONS**

1. This item supports ARIC's role in providing independent assurance to Council on the adequacy and effectiveness of the City's governance, risk management and internal control frameworks, with specific reference to:
  - Governance and compliance arrangements for major leased community infrastructure;
  - Management of residual environmental and statutory landowner risks; and
  - The design and application of risk mitigation controls that preserve accountability and regulatory integrity.

**In Brief:**

- This report provides ARIC with an overview of the governance and compliance framework for the Albany Motorsport Park (AMP) and its alignment with established risk management principles.
- The report outlines the City's residual statutory risk exposure as landowner, noting that such exposure cannot be fully transferred through contractual arrangements.
- It also presents, for assurance purposes, a proposed risk-mitigation approach involving a limited contribution toward incremental pollution insurance coverage held by the operator.
- The attached framework provides the detailed governance architecture underpinning compliance management, escalation and role separation, supported by an annual compliance checklist and reporting process to ARIC.

**RECOMMENDATION**

**AR193: AUTHORISING OFFICER RECOMMENDATION**

**THAT the Audit, Risk & Improvement Committee NOTE:**

1. **The governance, compliance and support framework for the Albany Motorsport Park; and**
2. **The City's residual risk exposure as landowner and the proposed risk mitigation approach relating to pollution insurance; and**
3. **That these arrangements, including the annual compliance checklist and reporting framework, form part of the City's broader risk management and assurance framework supporting ARIC's oversight role to Council.**

## **BACKGROUND**

2. The Albany Motorsport Park (AMP) is located on land owned by the City of Albany and operated by Albany Motorsport Venue Incorporated (AMV Inc.) under a long-term lease arrangement.
3. AMV Inc. is responsible for:
  - Operating the facility;
  - Implementing approved management plans;
  - Complying with development approval conditions; and
  - Funding monitoring, mitigation and compliance activities.
4. The City does not operate the facility and undertakes its role through:
  - Landowner and lessor responsibilities;
  - Statutory regulatory functions exercised under delegation; and
  - Non-regulatory facilitation and support.
5. A comprehensive governance and compliance framework has been developed and endorsed through EMT to ensure that compliance is managed in a lawful, transparent and defensible manner, with clear separation between regulatory, contractual and support functions.

## **DISCUSSION**

### Governance and Compliance Framework

6. The AMP governance framework establishes a structured model built on the following principles:
  - **Operator Accountability** – AMV Inc retains full responsibility for compliance, operations and funding of monitoring and mitigation activities.
  - **Separation of Functions** – regulatory enforcement, lease administration and operational support are distinct and non-interchangeable roles.
  - **Correct Regulator, Correct Power** – each compliance matter is addressed by the authority holding the relevant statutory or contractual power.
  - **Facilitation/Education First Approach** – the City may provide support and guidance to assist compliance, without implying enforcement or assumption of responsibility.
  - **Parallel Controls** – statutory regulation and lease compliance operate independently and may proceed concurrently where required.
7. Compliance checking is facilitated where appropriate to support early identification of risks and self correction by AMV Inc.
8. Escalation pathways are clearly defined, ensuring matters are referred to the appropriate regulatory authority or to Leasing for contractual remedies where thresholds are met.
9. The framework is supported by formal annexures, including:
  - Responsibility Matrix (RACI);
  - Regulatory and lease trigger tables;
  - Escalation pathways and recordkeeping standards; and
  - Governance register of all approved management plans.
10. An **Annual Compliance Checklist** has been established to provide a structured assurance process, which is:
  - Completed on an annual basis in coordination with relevant City teams;
  - Linked to the City's risk management framework; and
  - Reported to ARIC to support ongoing oversight and accountability.

Residual Risk Position

11. External legal advice confirms that, notwithstanding lease arrangements and indemnities, the City retains residual statutory exposure as landowner under environmental legislation.
12. Key principles relevant to ARIC include:
  - Contractual indemnities do not transfer statutory liability;
  - Liability exposure cannot be fully outsourced to the operator; and
  - The City may be subject to regulatory action in its capacity as landowner in certain circumstances.
13. The governance framework is designed to mitigate this exposure through:
  - Clear role delineation;
  - Structured escalation pathways;
  - Compliance monitoring and reporting; and
  - Maintenance of operator accountability.

Insurance and Risk Mitigation Approach

14. The current lease requires AMV Inc. to maintain pollution insurance; however, no minimum cover level is specified.
15. The City, as landowner, retains residual statutory liability for environmental harm and maintains its own insurance coverage in that capacity. However, this coverage primarily responds at the landowner level and does not remove the need for appropriate operator-level insurance controls.
16. Operator-held pollution insurance is intended to respond to risks arising from facility operations and activities, including circumstances where non-compliance with environmental, operational or lease requirements may result in contamination or environmental harm.
17. A key risk consideration is the potential coverage gap between operator activity and broader site condition outcomes, particularly where:
  - Contamination arises progressively or outside discrete events or racing activities;
  - Operator insurance limits are insufficient to respond to higher consequence events; or
  - Liability arises from failure to comply with management plans or operational controls.
18. The City has identified that:
  - Existing operator insurance levels may be insufficient to respond to higher consequence events; and
  - AMV Inc. has indicated potential financial constraints in increasing coverage.
19. A proposed risk mitigation approach has been developed whereby:
  - The City may contribute to the incremental cost of increasing operator pollution insurance limits;
  - The policy is held, controlled and maintained solely by AMV Inc.;
  - The City does not insure, underwrite or assume operational risk; and
  - The arrangement is explicitly framed as a residual risk reduction measure, not an operational subsidy.
20. This approach strengthens the operator's first-layer response to contamination risk, reducing the likelihood that exposure escalates to the City as landowner while maintaining clear accountability with AMV Inc.

Key Risk Considerations for ARIC

21. The AMP presents several key governance and risk themes:
  - Residual environmental liability risk inherent in land ownership;
  - Operator capacity and financial resilience risk, particularly in relation to insurance and compliance obligations;
  - Governance clarity risk, where support activities must not be misconstrued as operational control or enforcement; and
  - Compliance dependency risks, including timely progression of required management plans such as the Noise Management Plan.
22. The framework directly responds to these risks through structured controls, clear accountabilities and defined escalation pathways.

**STATUTORY & GOVERNMENT IMPLICATIONS**

23. The governance framework aligns with the City's obligations to:
  - exercise statutory functions strictly within delegated authority;
  - maintain separation between regulatory and non-regulatory roles; and
  - ensure transparency and defensibility in compliance and enforcement actions.
24. Recognition of residual statutory liability as landowner is consistent with environmental legislation and relevant legal advice.

**FINANCIAL, LEGAL & ENVIRONMENTAL IMPLICATIONS**

25. **Financial:** Potential future consideration of a limited contribution toward increased insurance premiums (subject to EMT/Council decision).
26. **Legal:** Residual statutory liability remains with the City as landowner; contractual arrangements do not extinguish this exposure.
27. **Environmental:** Risk relates to potential pollution or contamination events and associated investigation, remediation and compliance obligations.

**RISK IDENTIFICATION & MITIGATION**

28. Overall Risk & Assurance Position:
  - **Inherent Risk Profile:** High (driven primarily by environmental exposure and landowner liability)
  - **Residual Risk Profile:** Medium
  - **Control Design:** Strong (well-defined governance, escalation, and separation of roles)
  - **Operating Effectiveness:** Moderate–High (subject to consistent application and operator performance).
  - **Assurance Maturity:** Further uplift achievable through periodic internal assurance reviews and formal monitoring of control effectiveness
29. ARIC may consider whether periodic independent assurance (e.g. internal audit or targeted review) would provide additional confidence regarding the consistent application and effectiveness of the governance and escalation framework.

**CONCLUSION**

30. The Albany Motorsport Park governance and compliance framework provides a clear, structured and defensible approach to managing a complex regulatory and operational environment.
31. The framework:
  - Preserves statutory integrity and role separation;
  - Reinforces operator accountability;
  - Establishes clear escalation and control mechanisms; and
  - Supports proactive risk management.
32. The identification of residual landowner exposure, combined with targeted strengthening of operator insurance coverage, represents a mature, layered approach to risk management addressing both landowner and activity-based exposure.
33. Together, these elements provide ARIC with assurance that risks associated with AMP are recognised, structured controls are in place, and governance arrangements support informed oversight and decision making.

Consulted References	:	<ul style="list-style-type: none"> <li>• Internal EMT Options Paper – Albany Motorsport Park Governance, Compliance &amp; Support Framework (v6)</li> <li>• External Legal Advice (Confidential)</li> </ul>
Previous Reference	:	Not applicable.

## AR194: LOCAL GOVERNMENT REFORM – PROGRESS & STATUS UPDATE

<b>Business Entity Name</b>	: City of Albany
<b>Attachment</b>	: Local Government Reform Register – Status
<b>Report Prepared By</b>	: Manager Governance & Risk
<b>Authorising Officers:</b>	: Chief Executive Officer Executive Director Corporate & Commercial Services

### STRATEGIC IMPLICATIONS

1. This item supports ARIC's role in providing independent assurance to Council on the adequacy and effectiveness of the City's governance, risk management and internal control frameworks, with specific reference to:
  - The City's legislative compliance with the Western Australian local government reform program;
  - Governance and assurance arrangements supporting ongoing compliance, including ARIC and the Local Government Inspector framework; and
  - The identification, monitoring and management of reform-related risks, including emerging regulatory requirements.

#### In Brief:

- This report provides a routine update on implementation of local government reforms, confirms the City's compliance position, and highlights reforms subject to ongoing monitoring or future commencement.
- The attached Reform Register includes management-applied assurance descriptors to support transparency and consistent reporting of reform maturity and risk.
- No instances of non-compliance have been identified. The updated Model Code of Conduct has not been formally adopted; however, it applies by default under the legislative framework and remains enforceable.

### RECOMMENDATION

#### AR194: AUTHORISING OFFICER RECOMMENDATION

##### THAT the Audit, Risk & Improvement Committee (ARIC) NOTE:

- (1) The Local Government Reform Progress and Status Update (Report AR185);
- (2) That the City of Albany remains up to date with enacted local government reforms, with no identified areas of non-compliance, noting that the updated Model Code of Conduct applies by operation of the legislation notwithstanding that it has not been formally adopted by Council; and
- (3) That a small number of reforms remain subject to ongoing monitoring or future regulatory commencement and are being managed through established governance and executive oversight processes.

## **EXECUTIVE SUMMARY**

2. Management assessment confirms that:
  - a. High-impact reforms are embedded in business-as-usual operations, including the Local Government Inspector, ARIC reforms, strengthened penalties and closed meeting provisions; and
  - b. A defined group of reforms requires ongoing monitoring or is awaiting further regulatory release.
2. No instances of non-compliance have been identified. The Model Code of Conduct applies by default despite not being formally adopted.
3. Key watch items include:
  - a. Consequential regulations;
  - b. Standardised meeting procedures;
  - c. Communications agreements; and
  - d. The financial management reform package.

## **STATUTORY & GOVERNANCE IMPLICATIONS**

4. This report supports ARIC's oversight role in relation to legislative compliance, governance, risk management and organisational improvement.
5. The Reform Register provides a structured assessment of implementation status, including embedded reforms, monitored items and those dependent on further regulation.

## **DISCUSSION**

### Reform Implementation Status

6. Core reform elements previously reported (March 2026) are now operational, including:
  - a. Establishment of the Local Government Inspector (from 1 January 2026); and
  - b. Implementation of Audit, Risk and Improvement Committee requirements.
7. These reforms are embedded within the City's governance framework and reinforce the need for sustained compliance, oversight and assurance practices.

### Reform Register Overview

8. Review of the Reform Register confirms that:
  - a. Tranche 1 reforms are fully embedded;
  - b. Tranche 2 reforms are implemented or subject to monitoring; and
  - c. Several reforms remain dependent on final regulations (notably registers, financial reforms and meeting procedures).

### Model Code of Conduct

9. The updated Model Code of Conduct commenced on 1 January 2026 with a requirement for local government adoption.
10. The matter was presented to Council, which resolved not to adopt the updated Code at this time.
11. Notwithstanding this decision, the Model Code applies by default under the legislative framework, and behavioural and complaint provisions remain in effect.
12. This position is recorded in the Reform Register and is subject to ongoing monitoring.
13. Management has applied assurance status descriptors across the Register to distinguish between embedded compliance, monitored reforms, transitional items and emerging risks. These classifications support ARIC oversight but do not represent formal determinations.

**ONGOING REGULATORY DEVELOPMENT**

14. Further regulations are in development across key reform areas, including:
  - a. CEO performance and reporting requirements;
  - b. Public transparency registers;
  - c. Standardised meeting procedures; and
  - d. Communications agreements.
15. These reforms remain subject to State finalisation, with the City maintaining readiness and monitoring progress.

**RISK & ASSURANCE CONSIDERATIONS**

16. No high or critical compliance risks have been identified.
17. The Model Code position has been assessed and does not constitute a compliance breach given its default legislative application.
18. Management focus remains on:
  - a. Ensuring ongoing compliance with enacted reforms;
  - b. Preparing for forthcoming regulatory changes; and
  - c. Monitoring transitional and emerging reform risks.
19. The Reform Register continues to provide a structured, risk-informed assurance tool for ARIC oversight.

**CONSULTATION**

20. Relevant responsible officers have been consulted to confirm reform status, assurance descriptors and any required preparatory actions.

Consulted References	:	Local Government Act 1995
Previous Reference	:	Audit & Risk Committee – 03/03/2026 – Report AR185

**AR195: ENTERPRISE RESOURCE PLANNING (ERP) IMPLEMENTATION  
– ARIC PROGRESS UPDATE (APRIL 2026)**

<b>Proponent / Owner</b>	: City of Albany
<b>Attachments</b>	: Significant Project Reporting – April 2026: Enterprise Resource Planning Implementation <b>ERP Assurance Dashboard – April 2026</b>
<b>Report Prepared By</b>	: Manager Governance & Risk Manager Information Technology
<b>Authorising Officers:</b>	: Chief Executive Officer Executive Director Corporate & Commercial Services

**STRATEGIC IMPLICATIONS**

1. This report supports ARIC's role in providing independent assurance to Council on the adequacy and effectiveness of the City's governance, risk management and internal control frameworks, with specific reference to major ICT investment, transformation delivery and ERP governance.

**In Brief:**

- Provides a high-level assurance update on the ERP Implementation Program, with detailed delivery, financial and operational information contained in the attached Significant Project Report.
- The ERP program represents a major organisational transformation initiative impacting financial management, internal controls, cyber resilience, information/records governance and service delivery.
- Sector-wide experience indicates heightened risks in major IT projects, including cost escalation, schedule slippage, data migration complexity and unrealised benefits, reinforcing the need for structured and ongoing ARIC oversight.
- The attached report is proposed to be provided as a standing update each ARIC meeting, enabling trend analysis and progressive assurance.

**RECOMMENDATION**

**AR195: AUTHORISING OFFICER RECOMMENDATION**

**That the Audit, Risk & Improvement Committee (ARIC):**

- (1) **NOTE** the ERP Implementation progress update for April 2026 as outlined in the attached Significant Project Report;
- (2) **NOTE** that the attached report is proposed to be provided as a standing progress update each ARIC meeting to support ongoing assurance oversight; and
- (3) **PROVIDE** any observations regarding risk, assurance coverage, benefits realisation, or areas where further governance visibility or deep-dive reporting is required.

## **BACKGROUND**

2. The City is implementing a replacement ERP system in response to end-of-life legacy systems, with the objective of improving integration, efficiency, information quality and customer outcomes.
3. The program extends beyond software implementation and includes cyber security uplift, process reform, organisational change, training and improved information and records management capability.
4. ERP programs of this scale are recognised as high-risk transformation initiatives, requiring sustained executive oversight, disciplined governance and structured assurance across delivery and post-implementation phases.

## **DISCUSSION**

5. The attached April 2026 Significant Project Report provides a consolidated update on:
  - **Project status**, including delivery progress and key milestones;
  - **Financial position**, including budget and expenditure to date;
  - **Key delivery updates**, including revised timeframes for some modules; and
  - **Key risks and challenges**, including resourcing, data migration, and change management considerations.
6. The report indicates that the program is generally on track, with core modules delivered and further modules progressing, noting emerging schedule adjustments and implementation risks requiring continued management focus.

### Assurance Context For ARIC

7. Consistent with sector-wide observations and Auditor General reporting, ERP programs require governance focus particularly in relation to:
  - Scope, schedule and cost control;
  - Data migration integrity and records continuity;
  - Vendor performance and dependency;
  - Cyber resilience and control effectiveness;
  - Legacy system retention and associated cost impacts; and
  - Benefits realisation.
8. It is noted that benefits realisation in ERP programs does not necessarily equate to workforce reduction, and may instead be realised through improved control effectiveness, service quality, compliance, data visibility and decision-making capability.
9. To support ARIC's ongoing oversight, future updates will progressively incorporate a structured assurance reporting approach, including:
  - Delivery (schedule and milestone) status;
  - Financial performance and forecast;
  - Capability delivered relative to cost to date;
  - Data migration and records assurance status;
  - Vendor performance; and
  - Organisational readiness and adoption.

**FINANCIAL, LEGAL & ENVIRONMENTAL IMPLICATIONS**

- 10. The ERP program is fully budgeted within the City’s long-term financial framework.
- 11. Ongoing reporting will support visibility of any emerging cost pressures, including potential whole-of-life cost considerations such as legacy system retention, ongoing licensing and support requirements.

**NEXT STEPS**

- 12. The next key milestone is end-of-financial-year processing, including system testing and operational readiness activities.
- 13. The ERP Significant Project Report will continue to be provided to ARIC as a standing agenda attachment, with progressive enhancement of assurance indicators as the program matures.

**MATTERS FOR ARIC CONSIDERATION**

- 14. ARIC may wish to provide feedback on:
  - The adequacy of current reporting for assurance purposes;
  - The proposed evolution toward a structured assurance dashboard;
  - Expectations regarding visibility of whole-of-life costs and legacy system implications; and
  - Any specific areas for targeted assurance review (e.g. data migration, vendor performance, post-implementation control validation).

**CONCLUSION**

- 15. The ERP Implementation Program remains a significant organisational initiative with material governance, financial and operational implications.
- 16. The attached report provides a current status update, while ongoing structured reporting to ARIC will support transparent oversight, early identification of emerging risks, and strengthened assurance in an area of increasing sector focus.

Consulted References	:	<ul style="list-style-type: none"><li>• Auditor General Western Australia – Information Systems Audit themes</li><li>• Attached Significant Project Report (April 2026)</li></ul>
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## **AR196: INTERNAL AUDIT PROGRAM**

<b>Business Entity Name</b>	: City of Albany
<b>Report Prepared By</b>	: Manager Finance
<b>Authorising Officer:</b>	: Executive Director Corporate & Commercial Services

### **STRATEGIC IMPLICATIONS**

1. This item relates to the following elements of the City of Albany Strategic Community Plan or Corporate Business Plan:
  - **Pillar:** Leadership.
  - **Outcome:** Strong workplace culture and performance.

### **IN BRIEF:**

- Provide the Audit, Risk & Improvement Committee with a summary of internal audit areas audited in previous years;
- Present the current status of Council's Internal Audit Program; and
- Facilitate discussion by the Committee on potential areas for inclusion in the Internal Audit Plan for FY2026/27, should the Committee wish to provide input or guidance.

### **RECOMMENDATION**

#### **AR196: AUTHORISING OFFICER RECOMMENDATION**

**THAT the Audit, Risk & Improvement Committee:**

1. **NOTES the past internal audit areas audited and the current status of the Internal Audit Program; and**
2. **PROVIDES guidance, if considered appropriate, on potential areas for audit focus for inclusion in the FY2026/27 Internal Audit Plan.**

### **BACKGROUND**

2. The City of Albany has historically, through the request and guidance of previous Audit & Risk Committees, undertaken an Internal Audit Program as a key element of its governance, risk management and continuous improvement framework.
3. The program has operated in accordance with approved and specific internal audit modules and scopes of work, through discussion between City Administration and the Audit & Risk Committee.
4. The Audit, Risk & Improvement Committee plays a critical role in overseeing the effectiveness of the Internal Audit Program and may provide input into audit planning to ensure alignment with emerging risks and organisational priorities.
5. Internal auditing stands as a crucial component within our governance structure, providing the Council and the Executive Management Team with independent assurance of a robust internal control framework. This ensures that our operations are functioning effectively, efficiently, and in compliance with the law.

6. The City has been running an internal audit program dating back to the 2019/20 financial year. The City has engaged an external accounting firm, AMD Chartered Accountants (“AMD”), to oversee the internal audit program for specific modules.
7. Previous Internal Audit Reports prepared by AMD are as follows:

Module	Financial Year Completed
Project, Tender & Contract Management	2019/20
Insurance Management	2019/20
Financial Management Systems Review*	2019/20
General Financial Controls	2019/20
Risk Management	2020/21
Policy and Procedure Maintenance	2020/21
Fraud and Corruption Control	2020/21
Information Technology Systems	2020/21
Regulation 17 Review and Compliance*	2021/22
Access to Account Functions	2021/22
Asset Management and Capital Commitments	2021/22
Human Resources	2021/22
Financial Management Systems Review*	2022/23
Fees, Charges & Revenue Management	2024/25
Regulation 17 Review and Compliance*	2024/25

8. Other areas of the City that have been reviewed, outside of the formal Internal Audit Program conducted by AMD, are as follows:

Module	Completed	Completed By
Building Approvals	2018/19	Office of the Auditor General
Ranger Services Review	2019/20	GFG Consulting
Strategic Fleet Review	2020/21	Fleetstrategy
Worksafe Plan Report	2021/22	LGIS
Daycare Centre Review	2021/22	NAJA Business Consulting
ALAC Gymnasium Review	2021/22	NAJA Business Consulting
Management of Purchasing Cards	2023/24	Office of the Auditor General
Operations Department Review	2023/24	GFG Consulting
Strategic Land Review	2023/24	NAJA Business Consulting
Strategic Review National ANZAC Centre	2024/25	Delos Delta
Diligence in Safety	2025/26	LGIS
Development Information Services Review	2025/26	GFG Consulting

9. Noting the above may not be all areas of the City where reviews have occurred over the past 5-6 years.
10. The City is also under the guidance/review of other agencies on a regular basis, including:
  - a. Financial Audits, twice per year – Office of the Auditor General
  - b. Oversight of Environmental & Waste Services – Department of Water and Environmental Regulation
  - c. Planning & Building – Reviews and Oversight by Department of Planning, Lands and Heritage, and Building Commission (DMIRS)
  - d. Daycare Centre - Department of Communities (Early Childhood Education and Care Regulatory Authority in WA)
  - e. Albany Leisure & Aquatic Centre - LGIS
  - f. Workplace Health & Safety - WorkSafe WA (DMIRS)
  - g. Emergency Management - Department of Fire and Emergency Services (DFES)
  - h. Records Keeping by the State Records Office of WA
  - i. Review of asset and infrastructure grants, through the form of acquittals, by various state and federal grant bodies.

**CURRENT STATUS OF THE INTERNAL AUDIT PROGRAM**

11. The City went to market in early 2024 to engage a suitably qualified consultant to conduct internal audit services to the City over a three-year period (2024/25, 2025/26 and 2026/27 financial years).
12. As part of the Request for Quotation, it was articulated that the City cannot commit to a definitive schedule of work to be completed over the three-year period (on the basis that areas for audit would be determined on an annual basis), however at a minimum it will commit the following mandatory review/audit modules:
  - a. System and Procedures Review related to Risk Management, Internal Control and Legislative Compliance, required to be conducted in accordance with Regulation 17 of the Local Government (Audit) Regulations 1996. This is required by the City in the 2024/25 financial year; and
  - b. Financial Management System and Procedures Review, required to be conducted in accordance with Regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996. This is required by the City in the 2026/27 financial year.
13. The successful consultant was AMD Chartered Accountants, with the City entering into a three-year agreement through to the end of June 2027.
14. In 2024/25 the City conducted a Regulation 17 Compliance Review (a review of the appropriateness and effectiveness of the local government's systems and procedures in relation to legislative compliance and risk management - required under legislation) as well as a review of its Setting of Fees and Charges along with Revenue Management.
15. In 2025/26, the City has not engaged AMD to undertake any internal audits. Instead, a review of the City's planning and building teams is occurring (due for completion by the end of FY2025/26), coordinated by external consultants GFG Consulting.

## **FORWARD PLANNING**

16. Administration notes that the initial Request for Quotation was issued in 2024 seeking submissions to undertake a Financial Management Systems and Procedures Review in FY2026/27.
17. It should also be noted that during FY2024/25 and continuing into FY2025/26, the City has been implementing a new Enterprise Resource Planning (ERP) system. This system integrates and automates core business processes across the organisation. The rollout of the ERP will not be fully completed by the end of FY2025/26.
18. While recent legislative changes have altered the required frequency of CEO reviews (refer to the Statutory Implications section), Administration considers it appropriate that a Financial Management Systems and Procedures Review still be undertaken in FY2026/27. This is considered good governance practice, particularly considering the significant system changes associated with the ERP implementation.
19. Elected Members have also requested that consideration be given to a budget allocation for undertaking a service review and gap analysis of the Arts & Culture business unit.
20. In this context, and as part of the development of the FY2026/27 Internal Audit Plan, the Committee is provided with an opportunity to:
  - a. discuss the adequacy of historical audit coverage;
  - b. consider emerging or increasing risks;
  - c. identify areas where additional assurance may be desirable; and
  - d. suggest potential audit topics for future consideration.
21. Potential inputs may include (where relevant):
  - a. changes to legislative or regulatory requirements;
  - b. outcomes of recent risk assessments;
  - c. known control weaknesses or incidents;
  - d. significant organisational change, projects or system implementations; and
  - e. areas not recently subject to internal audit review.
22. Any other matters raised by the Committee will be considered by management and, where appropriate, incorporated into the proposed FY2026/27 Internal Audit Plan for subsequent Committee approval.

## **STATUTORY IMPLICATIONS**

23. Recent amendments to the *Local Government (Audit) Regulations 1996* have introduced a new requirement for Chief Executive Officers to periodically review key governance systems.
24. Regulation 17 now requires the CEO to review the appropriateness and effectiveness of the local government's systems and procedures relating to financial management, legislative compliance and risk management.
25. Each of these areas must be reviewed at least once every four financial years, with the flexibility for more frequent reviews where considered necessary. The results of each review are required to be reported to the ARIC, reinforcing transparency and strengthening governance oversight.
26. For the City, this change formalises a structured, organisation-wide approach to assessing core governance systems and supports continuous improvement.

27. Reviews may be undertaken through management processes, internal audit activities, or external assurance, depending on risk and complexity.
28. For the ARIC, the regulation confirms its role in receiving and considering the outcomes of these reviews. The Committee's focus is on oversight and advice, including assessing whether sufficient assurance is provided, and recommending improvements to Council where appropriate.
29. The requirement also supports alignment between CEO reviews, internal audit planning, and the Committee's broader work program.
30. The amended *Local Government (Audit) Regulations 1996* states:

**Regulation 16. Functions of the audit, risk, and improvement committee:**

An audit, risk and improvement committee has the following functions —

- (a) to receive and review reports on, and recommend to the council actions to be taken in relation to —
  - i. audits under Part 7 of the Act; and
  - ii. compliance audits; and
  - iii. reviews under regulation 17;
- (b) to otherwise receive and review reports on the appropriateness and effectiveness of, and recommend to the council improvements to, the local government's systems and procedures in relation to —
  - i. financial management; and
  - ii. legislative compliance; and
  - iii. risk management.
- (c) to receive and review reports on, and recommend to the council improvements to, the implementation of any actions that the local government —
  - i. is required to take under section 7.12A(3); and
  - ii. has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a); and
  - iii. has otherwise decided to take in response to a report or recommendation referred to in paragraph (a) or (b); and
  - iv. has stated it has done or proposes to do in written advice prepared under section 8.6(1)(a) or 8.23(4)(a);
- (d) any other function conferred on the audit, risk and improvement committee under these regulations or another written law.

**Regulation 17. CEO to review certain systems and procedures:**

- (1) The CEO must review the appropriateness and effectiveness of the local government's systems and procedures in relation to the following matters —
  - (a) financial management;
  - (b) legislative compliance;
  - (c) risk management.
- (2) Under subregulation (1), the CEO may review any or all of the matters referred to in subregulation (1)(a) to (c) at any time but must review each of those matters not less than once in every 4 financial years.
- (3) The CEO must report to the audit, risk and improvement committee the results of each review carried out under subregulation (1).

### **GOVERNMENT & PUBLIC CONSULTATION**

31. While government and public consultation is not mandatory, due consideration of Auditor General reports (both sector-wide and those directly relating to the City of Albany) provides important assurance that the City's governance, management practices and decision-making frameworks remain aligned with the expectations of the Public Sector Commission and the Council

### **POLICY IMPLICATIONS**

32. The outcomes of the internal audit have led to the formulation or revision of policies, guidelines, and procedures to address identified gaps or deficiencies, thereby enhancing governance and operational practices.
33. This approach facilitates continuous improvement and ensures compliance with regulatory requirements.

### **RISK IDENTIFICATION & MITIGATION**

34. The primary risk addressed through this agenda item is the potential for gaps in assurance arising from incomplete audit coverage, emerging risks not being captured in forward planning, or limited visibility of the current status of the Internal Audit Program.
35. Without periodic review and discussion, there is a risk that changes in the operating environment, legislative obligations or organisational priorities may not be adequately reflected in audit focus areas.
36. This risk is mitigated by providing the Audit, Risk & Improvement Committee with a consolidated view of historical internal audit activity, the current status of the Internal Audit Program, and an opportunity to inform future audit priorities.
37. Committee oversight and input assist in ensuring that audit activity remains aligned with Council's risk profile, governance obligations and continuous improvement objectives, thereby strengthening overall assurance and reducing the likelihood of unmanaged or emerging risks.

### **FINANCIAL IMPLICATIONS**

38. There are no immediate financial implications associated with this report.
39. Future internal audit activity will be delivered within approved budgets or presented to the Committee and Council if additional resources are required.

### **LEGAL IMPLICATIONS & ENVIRONMENTAL CONSIDERATIONS**

40. Nil

### **ALTERNATE OPTIONS**

41. Nil

### **CONCLUSION**

42. This report provides the Audit, Risk & Improvement Committee with a consolidated overview of:
  - a. past internal audit coverage;
  - b. the current status of the Internal Audit Program; and
  - c. an opportunity to contribute to forward planning for FY2026/27.
43. The report is presented for noting, with Committee discussion welcomed to inform future audit planning.

Consulted References	:	<ul style="list-style-type: none"><li>• <a href="#">Local Government Act 1995</a></li><li>• <a href="#">Local Government (Audit) Regulations 1996</a></li><li>• <i>Auditor General Act 2006</i></li></ul>
File Number	:	FM.MEE.3
Previous Reference	:	<ul style="list-style-type: none"><li>• Audit &amp; Risk Committee - 17/03/2025 - Report AR170</li><li>• Audit &amp; Risk Committee - 26/05/2025 - Report AR173</li><li>• Audit &amp; Risk Committee - 26/05/2025 - Report AR174</li></ul>

## AR197: STRATEGIC CORPORATE RISK REGISTER – STATUS UPDATE

<b>Business Entity Name</b>	: City of Albany
<b>Attachment</b>	: Strategic Corporate Risk Register (as at 22 May 2026) Risk & Opportunity Framework (as at 22 May 2026)
<b>Report Prepared By</b>	: Manager Governance & Risk
<b>Authorising Officers:</b>	: Chief Executive Officer Executive Directors

### STRATEGIC IMPLICATIONS

1. This item supports ARIC's role in providing independent oversight of:
  - Governance and risk management frameworks
  - Effectiveness of internal controls
  - Monitoring of strategic risks and organisational resilience
2. Provides assurance regarding:
  - Key enterprise risks impacting service delivery and sustainability
  - Adequacy of current controls and mitigation strategies
  - Alignment of risk management with organisational objectives

#### In Brief:

- The register identifies key corporate risks across governance, financial sustainability, service delivery and community outcomes. Overall:
  - Most risks are rated Medium after treatment.
  - Several High inherent risks remain, primarily in safety and service delivery areas (Refer to Report AR195).
- No critical risks are identified; however:
  - High-risk areas require ongoing monitoring and active management.

### RECOMMENDATION

#### AR197: AUTHORISING OFFICER RECOMMENDATION

**THAT the Audit, Risk & Improvement Committee (ARIC) NOTE:**

- (1) The Strategic Corporate Risk Register (Report AR197);**
- (2) That the City's key risks are being actively managed with controls in place, with most residual risks assessed as Medium; and**
- (3) That risks relating to community safety, workplace safety and long-term service delivery remain areas of elevated exposure and continue to be subject to ongoing monitoring and management.**

## **EXECUTIVE SUMMARY**

3. Management assessment confirms:
  - Core enterprise risks are identified and documented across financial, governance, operational and community domains.
  - Existing controls and mitigation strategies are in place for all listed risks.
4. Risk profile highlights:
  - High risks (inherent):
    - Community safety incident
    - Workplace safety incident
    - Long-term service delivery capability
    - Community development and infrastructure expectations
  - Medium residual risk across most categories, indicating controls are reducing exposure
5. No risks are currently assessed as Severe.

## **STATUTORY & GOVERNANCE IMPLICATIONS**

6. Supports ARIC oversight responsibilities for:
  - Risk management frameworks
  - Internal control effectiveness
  - Organisational performance and improvement
7. The Risk Register:
  - Provides a structured approach to identifying, assessing and managing risks
  - Allocates accountability to executives and responsible officers.

## **DISCUSSION**

### Strategic Risk Profile Overview

8. The register includes 11 core strategic risks across the organisation.
9. Key themes include:
  - Financial sustainability and revenue stability
  - Governance and decision-making
  - Workforce capability and resourcing
  - Compliance with legislation
  - Community safety and wellbeing
  - Service delivery and infrastructure

### Financial & Governance Risks

10. Risks include:
  - Fraud or theft
  - Revenue reduction
  - Poor financial management
  - Ineffective decision-making
11. Controls in place:
  - Audit programs and financial reviews
  - Internal controls and governance frameworks
  - Staff training and performance management
12. Residual risk:
  - Generally Medium, indicating effective mitigation

Operational & Service Delivery Risks

13. Risks include:
  - Resourcing constraints
  - Failure to deliver essential services
  - Community expectations not being met
14. Key treatments:
  - Strategic planning and financial modelling
  - Service reviews and long-term planning
  - Partnerships and regional collaboration
15. Residual risk:
  - Mostly Medium, with some higher exposure in long-term service provision

Safety & Community Risks

16. High inherent risk areas:
  - Community safety incidents
  - Workplace safety incidents
17. Controls include:
  - Disaster management and business continuity planning
  - Safety systems and culture initiatives
  - Asset maintenance and operational improvements
18. Residual risk:
  - Community safety remains High
  - Workplace safety reduced to Medium following controls.

Compliance & Reputation Risks

19. Risks include:
  - Non-compliance with legislation
  - Reputational damage
20. Controls include:
  - Regulatory compliance frameworks
  - Complaint handling and communication improvements
  - Governance and policy reviews
21. Residual risk:
  - Low to Medium, indicating strong control environment

**RISK & ASSURANCE CONSIDERATIONS**

22. No critical or extreme risks identified.
23. High inherent risks are:
  - Known, monitored and subject to existing controls
24. Key assurance observations:
  - Controls are comprehensive and documented
  - Risk ownership is clearly assigned
  - Residual risk levels indicate effective mitigation in most areas.

**CONSULTATION**

25. Risk owners and responsible officers identified in the register.
26. Input provided across executive and operational teams to confirm:
  - Risk ratings
  - Existing controls
  - Required actions

**IN SUMMARY**

27. Residual Risk Ratings by Risk

COA001 – Fraud / theft:	Medium
COA002 – Revenue levels fall:	Medium
COA003 – Poor financial management:	Medium
COA004 – Ineffective decision-making:	Medium
COA005 – Resourcing failure:	Medium
COA006 – Reputation risk:	Medium
COA007 – Community safety incident:	High
COA008 – Workplace safety incident:	Medium
COA009 – Legislative non-compliance:	Low
COA010 – Failure to provide essential services:	Medium
COA011 – Community development expectations:	Medium

Transition to Risk & Opportunity Management Framework (Work in Progress)

28. The current Strategic Corporate Risk Register will be progressively transitioned into the new 1.51 Risk-and-Opportunity-Management-Framework(9) - Working once formally finalised and adopted by Council.
29. The new framework introduces a structured approach across both risks and opportunities, recognising that risk includes both positive and negative impacts, with a clear distinction between:
  - **Strategic risks** (long-term, enterprise-level).
  - **Operational risks** (day-to-day service delivery).
30. Defined escalation pathways from Managers through to Executive Management Team and ARIC for high and extreme risks will be implemented.
31. Existing risks will be:
  - Mapped to the new risk categories, including safety, service delivery, governance, financial management and reputation.
  - Reviewed and re-assessed using the updated risk tolerance tables, likelihood and consequence criteria.
  - Aligned with defined risk ownership and reporting requirements under the new framework.
32. The transition will ensure:
  - Consistent assessment of likelihood, consequence and residual risk across the organisation.
  - Improved visibility of high and extreme risks through structured escalation and reporting.
  - Clear integration of risk management into planning, decision-making and performance processes.

33. This work is currently in progress, with further refinement of the framework underway. Full implementation will occur following formal adoption by Council.

Consulted References	:	Local Government Act 1995
Previous Reference	:	Audit & Risk Committee – 03/03/2026 (Risk & Opportunity Framework Presentation)

**9. CLOSE OF MEETING**