

TOWN OF COTTESLOE



AUDIT, RISK AND IMPROVEMENT COMMITTEE

AGENDA

**AUDIT, RISK AND IMPROVEMENT COMMITTEE
TO BE HELD IN THE
Mayor's Parlour, Cottesloe Civic Centre
109 Broome Street, Cottesloe
4:30 PM Monday, 30 March 2026**

Town of Cottesloe

AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING

Notice is hereby given that the next Audit, Risk and Improvement Committee Meeting will be held in the Mayor's Parlour, Cottesloe Civic Centre 109 Broome Street, Cottesloe on **30 March 2026** commencing at **4:30 PM**.

The business to be transacted is shown on the Agenda hereunder.

Yours faithfully,



Mark Newman
Chief Executive Officer

27 March 2026

DISCLAIMER

No responsibility whatsoever is implied or accepted by the Town for any act, omission, statement or intimation occurring during committee or council meetings.

The Town of Cottesloe disclaims any liability for any loss whatsoever and howsoever caused arising out of reliance by any person or legal entity on any such act, omission, statement or intimation occurring during committee or council meetings.

Any person or legal entity who acts or fails to act in reliance upon any statement, act or omission made in a council meeting does so at that person's or legal entity's own risk.

In particular and without derogating in any way from the broad disclaimer above, in any discussion regarding any planning application or application for a licence, any statement or intimation of approval made by any member or officer of the Town of Cottesloe during the course of any meeting is not intended to be and is not taken as notice of approval from the Town.

The Town of Cottesloe wishes to advise that any plans or documents contained within the agenda or minutes may be subject to copyright law provisions (*Copyright Act 1968*, as amended) and that the express permission of the copyright owner(s) should be sought prior to their reproduction.

Members of the public should note that no action should be taken on any application or item discussed at a committee or council meeting prior to written advice on the resolution of council being received.

Agenda and minutes are available on the Town's website www.cottesloe.wa.gov.au

PURPOSE

The purpose of the Audit, Risk and Improvement Committee is to:

- Guide and assist the local government in carrying out its financial management and audit functions.
- Monitor and advise the Chief Executive Officer in reviews conducted into financial management and audit systems and procedures.
- Oversee the implementation of any resulting Council recommendations so as to support better decision-making, greater accountability to the community and ensure a more efficient and effective Local Government.

TERMS OF REFERENCE

Under section 16 of the *Local Government (Audit) Regulations 1996*, an Audit, Risk and Improvement Committee has the following functions —

- (a) *to guide and assist the local government in carrying out —*
 - (i) *its functions under Part 6 of the Act; and*
 - (ii) *its functions relating to other audits and other matters related to financial management;*
- (b) *to guide and assist the local government in carrying out the local government's functions in relation to audits conducted under Part 7 of the Act;*
- (c) *to review a report given to it by the CEO under regulation 17(3) (the **CEO's report**) and is to —*
 - (i) *report to the council the results of that review; and*
 - (ii) *give a copy of the CEO's report to the council;*
- (d) *to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under —*
 - (i) *regulation 17(1); and*
 - (ii) *the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);*
- (e) *to support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government;*
- (f) *to oversee the implementation of any action that the local government —*
 - (i) *is required to take by 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 accepted should be taken following receipt of a report of a review conducted under regulation 17(1); and*
 - (iv) *has accepted should be taken following receipt of a report of a review conducted under the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);*
- (g) *to perform any other function conferred on the audit committee by these regulations or another written law.*

Under section 14(3A) of the Regulations, the Audit, Risk and Improvement Committee:

- (3A) *The local government's audit committee is to review the compliance audit return and is to report to the council the results of that review.*

TABLE OF CONTENTS

ITEM	SUBJECT	PAGE NO
1	DECLARATION OF MEETING OPENING/ANNOUNCEMENT OF VISITORS	2
2	DISCLAIMER	2
3	ANNOUNCEMENTS BY PRESIDING MEMBER WITHOUT DISCUSSION	2
4	ATTENDANCE	2
5	DECLARATION OF INTERESTS.....	2
6	CONFIRMATION OF MINUTES.....	2
7	PRESENTATIONS	2
8	REPORTS.....	3
8.1	REPORTS OF OFFICERS.....	3
8.1.1	COMPLIANCE ASSURANCE REPORTING	3
8.1.2	RESULTS OF REVIEW OF RISK MANAGEMENT FUNCTION	13
8.1.3	MEETING DATES 2026.....	20
8.2	ITEMS FOR DISCUSSION	21
8.2.1	ERP PROJECT UPDATE	21
8.2.2	REVIEW OF FINANCIAL MANAGEMENT, RISK MANAGEMENT, LEGISLATIVE COMPLIANCE AND INTERNAL CONTROLS (REGULATION 17 AND REGULATION 5) - V2	27
9	GENERAL BUSINESS.....	28
10	MEETING CLOSED TO PUBLIC.....	28
10.1	MATTERS FOR WHICH THE MEETING MAY BE CLOSED.....	28
10.1.1	AUDIT ACTIONS REGISTER.....	28
10.1.2	STRATEGIC RISK MANAGEMENT UPDATE.....	28
11	NEXT MEETING	28
12	MEETING CLOSURE	28

1 DECLARATION OF MEETING OPENING/ANNOUNCEMENT OF VISITORS

1.1 ACKNOWLEDGEMENT OF COUNTRY

I would like to begin by acknowledging the Whadjuk Nyoongar people, Traditional Custodians of the land on which we meet today, and pay my respects to their Elders past and present. I extend that respect to Aboriginal and Torres Strait Islander peoples here today.

2 DISCLAIMER

Refer to the Disclaimer on the inside of the cover page

3 ATTENDANCE

Members

Deputy Mayor Sonja Heath	Elected Member
Cr Lorraine Young	Elected Member
Cr Jeffrey Irvine	Elected Member
Mr Andrew Dimsey	Community Representative
Mr Ian McKenzie	Community Representative

Officers

Mr Mark Newman	Chief Executive Officer
Mrs Vicki Cobby	Director Corporate and Community Services
Mrs Sheryl Teoh	Finance Manager

Visitors

Apologies

At the close of the agenda no apologies had been received.

4 DECLARATION OF INTERESTS

5 ANNOUNCEMENTS BY PRESIDING MEMBER WITHOUT DISCUSSION

The meeting will be recorded, solely for the purpose of confirming the correctness of the Minutes.

6 CONFIRMATION OF MINUTES

That the Minutes of the Audit, Risk and Improvement Committee Meeting held on Monday 8 December 2025 be confirmed as a true and accurate record.

7 PRESENTATIONS

8 REPORTS**8.1 REPORTS OF OFFICERS****8.1.1 COMPLIANCE ASSURANCE REPORTING**

Directorate: Corporate and Community Services
Author(s): Kate Jones, Governance Coordinator
Nicola Temelcos, Governance Officer
Authoriser(s): Mark Newman, Chief Executive Officer
File Reference: D26/46535
Applicant(s):
Author Disclosure of Interest: Nil

SUMMARY

This report seeks ARIC/Council's endorsement of the newly developed Compliance Spreadsheet and Compliance Register, outlines the statutory risks it is designed to mitigate; and provides advice on a more streamlined approach to reporting compliance to ARIC. The report also confirms that the Town's existing Compliance Calendar has not been updated pending a full review of the compliance assurance reporting framework, and that comprehensive compliance reporting will be provided to ARIC at its June 2026 meeting.

OFFICER RECOMMENDATION IN BRIEF

The ARIC is asked to recommend that Council endorse a new compliance assurance reporting framework, including a Compliance Spreadsheet and Register; a simplified reporting model; and the retirement of the existing Compliance Calendar. It is also asked to note that the updated approach reduces key statutory risks and that a comprehensive compliance report will be presented in June 2026.

BACKGROUND

The Town currently maintains a WALGA-template Compliance Calendar to monitor statutory compliance. While comprehensive, the Calendar has become administratively burdensome, is duplicated across business areas, and difficult to use as a clear assurance tool for ARIC and Council.

The Town is also required to report statutory compliance annually in the Compliance Audit Return (CAR) as required by s.7.13 of the *Local Government Act 1995*.

There is currently no tool that captures governance compliance; that is, compliance obligations related to governance frameworks and policies; risk management and internal controls; ethical conduct and integrity management; and information governance.

OFFICER COMMENT

The Town is currently developing a CAR spreadsheet (**Spreadsheet**) that brings together the extensive statutory obligations listed in Regulation 13 of the Local Government (Audit) Regulations 1996. These obligations span a wide range of matters under the *Local Government Act 1995*, including tendering, delegations, disclosures of interest, financial reporting, employment processes, elections, and other compliance requirements prescribed across associated regulations. The purpose of the Spreadsheet is to systematically test and document the Town's performance against these specific legislative provisions each year, providing a clear record of whether the Town has met the detailed requirements set out in the annual Compliance Audit Return.

In parallel with this work, the Town is developing a broader and more contemporary Compliance Register (**Register**). Unlike the Spreadsheet, which is tied solely to the requirements of the *Local Government Act 1995* and its Regulations, the Register captures the full spectrum of the Town's compliance obligations, aside from CAR obligations. This includes all State legislation that applies to the Town's operations, relevant regulations and standards, internal policies that impose compliance responsibilities, and the specific obligations that sit within each of these instruments. The Register will map each obligation to the officer or business area responsible for meeting it, the frequency with which it must be fulfilled, the controls that support compliance and the Town's current performance or any issues that require action. The Register replaces the long list of operational tasks previously recorded in the Compliance Calendar with a more coherent and principled structure.

The development of the Register reflects the Town's shift toward a more integrated and risk-aligned compliance model. By consolidating all obligations into a single source of truth, it reduces duplication and clarifies accountability across the organisation. It also provides a mechanism for strengthening governance oversight: rather than presenting ARIC with hundreds of individual checklist items, the Register enables the Committee to focus on areas of genuine materiality, emerging compliance risks, and the effectiveness of the Town's internal control environment.

In contrast, the Spreadsheet continues to play an important statutory role. It captures the discrete, legislated obligations that the State requires local governments to report on each year. These include high-risk matters such as procurement processes, property disposal, delegations, interest disclosures, financial reporting deadlines and audit responsibilities. Because these obligations relate directly to the Town's core governance and accountability functions, the CAR dataset provides insight into statutory risks that are to be managed.

The obligations captured in the Compliance Calendar also highlight risks arising under other key legislation. Many of these obligations reappear throughout the operational calendar in the form of monthly or statutory deadlines. While important, this calendar-style tracking has proven administratively heavy and is not as useful for high-level oversight. For this reason, the Calendar has not been updated while the Town undertakes a full redesign of its

compliance assurance model. Updating it at this stage would divert resources away from building the more robust, sustainable framework the Compliance Register represents.

Together, the Spreadsheet and the Register form a comprehensive assurance system. The Spreadsheet continues to meet the Town's statutory reporting requirements by tracking compliance with prescribed *Local Government Act 1995* obligations. The Register, in turn, provides a complete picture of all obligations across the organisation, the controls that support them, and the risks associated with any gaps. When considered together, these two tools enable ARIC to exercise effective oversight. This combined approach ensures the committee will receive both the detail it is required to examine and the higher-level assurance needed to confidently advise Council on the Town's compliance performance.

Improved, Streamlined Compliance Assurance Reporting Model

The Administration proposes to retire the current Compliance Calendar and replace it with the following reporting tools.

1. Compliance Register

1.1 Compliance Register reporting – quarterly

Rather than a 20-page, line-by-line monthly checklist, the Administration will provide a quarterly Compliance Register report to ARIC as per the following example:

Compliance Register			
Legislative Area	No. of Obligations	Status	Key Notes / Risks
<i>Local Government Act (LGA) 1995</i>	These will be populated with numbers drawn from the Register	●	eg, delegations reviewed, pending returns, etc.
Financial Management Regs		●	eg, monthly reporting, budget compliance
Audit Regulations		●	eg, Reg 17 reviews timing
Local Laws and s3.16 Reviews		●	eg, overdue legacy local law reviews
<i>Public Health Act 2016</i>		●	eg, Public Health Plan progress
<i>Freedom of Information Act 1992</i>		●	eg, FOI statement updates
<i>Emergency Management Act 2005</i>		●	eg, Local Emergency Management Agreement reviews
Other statutory areas		●	eg, heritage, waste plans

1.2 Compliance Register reporting – bi-annually

Providing the full version of the Compliance Register twice per year to ARIC ensures the committee has comprehensive visibility of the Town’s compliance obligations and performance without creating unnecessary workload or information fatigue at every meeting. Presenting it on a bi-annual basis allows for a meaningful level of scrutiny, highlights any emerging trends or areas of concern, and demonstrates strong oversight practices while still keeping meeting agendas focused and manageable. This approach balances transparency with efficiency, ensuring ARIC receives the detail it needs to fulfil its assurance role while avoiding repetitive reporting that adds limited value.

2 Compliance Assurance Reports

The Compliance dashboards are new oversight tools designed to give the ARIC a clear, real-time, evidence-based view of the Town’s statutory compliance position. It consolidates all key obligations into visual snapshots, allowing ARIC to immediately identify vulnerabilities, overdue actions, and areas that require targeted assurance.

The dashboards are structured around five core features:

- green/amber/red status indicators
- overdue items
- material breaches

2.1. Compliance Overview Dashboard

This dashboard provides at a glance a view of organisational compliance by showing the number and trend of items that are compliant, partially compliant, or non-compliant/overdue, along with the risk implications of each status.

Compliance Overview Dashboard			
Status	Description	Count	Trend
● Compliant	All statutory obligations met, evidence sighted	eg, 14	↔
● Partially Compliant	Minor gaps; evidence incomplete or delayed	eg, 11	↗
● Non-Compliant / Overdue	Statutory non-compliance or deadline missed	eg, 3	↘

Green – Compliant - on track and fully compliant

- All evidence has been provided and verified.
- No further action is required and controls assessed as effective.

Amber – Partially Compliant - at risk / upcoming deadline

- Due dates approaching (typically within 60 days)
- Evidence is incomplete or under review
- Control weaknesses have been observed but remediation is underway
- ARIC may wish to monitor progress closely

Red – Non-Compliant or overdue

- Item is overdue or materially non-compliant.
- Evidence not supplied or does not meet statutory requirements.
- Represents a heightened compliance risk requiring ARIC’s attention.
- May require escalation to the CEO and Council depending on severity.

2.2. Overdue Items Dashboard

This dashboard separately highlights any compliance obligations that have passed their statutory due date, with clear commentary detailing:

- the nature of the overdue obligation
- length of time overdue
- underlying cause(s)
- immediate and long-term impacts
- proposed corrective actions and responsible officers

This ensures that ARIC has clear visibility of whether non-compliances relate to systemic weaknesses, resourcing issues, procedural gaps, or isolated administrative errors.

Overdue Obligation	Days Overdue	Summary

2.3. Material Breaches Dashboard

Material Breach	Legislative Requirement	Issue Summary	Status

Material breaches are obligations where failure has resulted in, or could reasonably result in, significant consequences such as:

- breach of legislation
- reputational damage
- financial exposure
- audit findings or qualification
- regulatory scrutiny by the Office of the Local Government Inspector

The dashboard will list any breach that meets the Town’s definition of “material,” including:

- description of the breach
- relevant legislative provision
- root cause and control weaknesses
- management response and timelines
- whether ARIC or Council reporting is triggered

This section elevates the most serious matters so ARIC can provide proper oversight and ensure corrective actions are implemented and effective.

2.4. Exceptions Dashboard

Only items rated *high or medium risk* will be reported in detail as demonstrated in the example below.

● High-Risk Items (Requiring immediate attention)

Obligation	Legislative Reference	Issue	Consequence	Due Date	Responsible
------------	-----------------------	-------	-------------	----------	-------------

● Medium-Risk Items (Monitoring required)

Obligation	Legislative Reference	Issue	Due Date	Responsible
------------	-----------------------	-------	----------	-------------

2.5. Forward-Looking Compliance Dashboard

This dashboard highlights key upcoming statutory obligations each quarter, showing their risk level and organisational readiness to help prioritise compliance actions.

Quarter	Key Upcoming Obligations	Risk Level	Readiness
Q2	eg, delegations review, RPD’s		High
Q3	eg, annual returns		High
Q4	eg, annual report, audited financials		Low

2.6. Annual Compliance Assurance Statement

The Annual Compliance Assurance Statement is a formal statement, signed by the CEO that summarises the Town’s compliance position (both statutory and governance) for the calendar year. The timing of the Assurance Statement aligns with the State’s timeframe for submission of the annual Compliance Audit Return in March.

Rather than providing ARIC and Council with large volumes of detailed, process-driven reports, the statement delivers a high-level, risk-informed assessment of whether the Town has met its legislative, regulatory, and policy obligations. It brings together key assurance activities, including internal reviews, monitoring outcomes, audit findings, risk assessments, and executive oversight, into one consolidated document that offers a clear picture of the organisation’s compliance health.

This reporting approach shifts from *process-heavy reporting* to risk-informed assurance, consistent with contemporary audit and governance expectations.

Next Steps and Timing

Prior to the ARIC meeting in June 2026, the Administration will:

- continue working towards fully populating the Compliance Spreadsheet and Compliance Register as the Town’s primary compliance assurance tools;
- implement the new ARIC reporting dashboard framework; and
- retire the existing Compliance Calendar once the new model is endorsed.

At the June 2026 ARIC meeting a consolidated Compliance Report will be presented in line with the reporting framework discussed above.

CONSULTATION

External consultation is not required at this stage, as the framework relates to internal governance processes rather than changes to policy or public-facing regulatory instruments.

STATUTORY IMPLICATIONS

The CAR spreadsheet ensures the Town continues to meet its statutory obligations under Regulation 13 of the Local Government (Audit) Regulations 1996 and provides the required evidence base for completing the annual Compliance Audit Return. The new Compliance Register expands this statutory accountability by capturing all legislative and regulatory obligations that apply to the Town's operations, including those not referenced in local government legislation or the CAR.

Adopting this expanded approach, and incorporating it into regular ARIC reporting, supports the Town in meeting its statutory duties to maintain sound governance systems, uphold transparency, and provide Council with accurate and timely compliance information.

FINANCIAL IMPLICATIONS

The shift away from an administratively heavy, duplicated compliance calendar towards a more streamlined and risk-informed Compliance Register reduces staff effort spent on manual tracking and repeated reporting. By strengthening compliance oversight and reducing the likelihood of statutory error, the Register also indirectly mitigates the financial risks associated with audit findings, regulatory intervention, or the need for corrective actions arising from non-compliance.

POLICY IMPLICATIONS

The new compliance assurance reporting model enhances policy-level oversight by ensuring ARIC and Council receive consistent, evidence-based compliance reporting, supporting informed decision-making and better fulfilment of their statutory and governance responsibilities.

By introducing structured dashboards, bi-annual Register reporting, and an Annual Compliance Assurance Statement, the policy environment will move toward higher-level, risk-informed assurance rather than operational checklists. This supports improved transparency, clearer accountability, and more contemporary governance standards.

STRATEGIC IMPLICATIONS

This report is consistent with the Town's *Council Plan 2023-2033*.

Priority Area 4: Our Leadership and Governance - Strategic leadership providing open and accountable governance.

Major Strategy 4.3: Deliver open, accountable and transparent governance.

RESOURCE IMPLICATIONS

Developing the new Compliance Spreadsheet and Register and associated ARIC reporting dashboards is requiring a modest internal commitment of officer time; however, this investment is expected to reduce ongoing workload by replacing the highly repetitive and operationally intensive Compliance Calendar. Once implemented, officers will be able to

track and evidence compliance in a more streamlined manner. The new model also reduces the burden on staff preparing ARIC reports, as compliance information will be drawn from two well-maintained sources rather than multiple spreadsheets or manual calendars. Initially, there will be work to develop the assurance model. Once this is done, future reporting will be a much more streamlined and simpler task.

ENVIRONMENTAL / SUSTAINABILITY IMPLICATIONS

There are no direct environmental impacts arising from the development of the Compliance Spreadsheet, Compliance Register, or the proposed reporting model. These initiatives relate to governance, statutory assurance, and internal reporting processes rather than operational activities that affect the natural environment.

RISK IMPLICATIONS

The development of the new Compliance Register significantly strengthens the Town’s ability to identify, monitor and respond to statutory risk. By consolidating all obligations into a single, coherent framework, the Register reduces the likelihood of oversight associated with the fragmented Compliance Calendar and improves visibility of emerging issues across multiple legislative domains.

The CAR spreadsheet continues to address risks tied specifically to the *Local Government Act* and associated regulations, providing assurance over high-risk matters such as delegations, tendering, disclosures of interest and financial reporting.

When considered together, the Register and Spreadsheet provide a more complete picture of the Town’s risk exposure and the effectiveness of the internal control environment. This integrated model allows ARIC to focus on material compliance risks rather than isolated operational tasks, thereby enhancing the Town’s ability to detect gaps early, prevent non-compliance and avoid the consequences associated with regulatory breaches.

ATTACHMENTS

Nil

VOTING REQUIREMENT

Simple Majority

OFFICER RECOMMENDATION

THAT ARIC recommend to Council to:

- 1. ENDORSE:**
 - a. The development of a Compliance Spreadsheet and Compliance Register as the primary tools for capturing statutory compliance.**

- b. The proposed simplified ARIC reporting model comprising quarterly/bi-annually compliance status reports, compliance dashboards and an Annual Assurance Compliance Statement.
 - c. Retiring the existing Compliance Calendar as the primary statutory compliance reporting tool.
2. NOTE that the reviewed compliance assurance reporting model mitigates key statutory risks associated with the *Local Government Act 1995*, Regulations, and other legislation relevant to local government.
 3. NOTE that comprehensive compliance assurance reporting will be provided to ARIC at its June 2026 meeting.

8.1.2 RESULTS OF REVIEW OF RISK MANAGEMENT FUNCTION

Directorate: Executive Services
Author(s): Kate Jones, Governance Coordinator
Authoriser(s): Mark Newman, Chief Executive Officer
File Reference: D26/46547
Applicant(s):
Author Disclosure of Interest: Nil

SUMMARY

A review of the Town's existing risk management framework has revealed it is not being consistently applied across the organisation, resulting in unmanaged exposures, inconsistent practices, and a lack of risk visibility for Executive, ARIC and Council.

The 2025 Regulation 17 audit identified that the current Risk Management Policy does not meet AS ISO 31000:2018 and requires reviewing.

A new Risk Management Policy (**Draft Policy**) and new Risk Management Strategy (**Draft Strategy**) have been developed and are **attached**. Together they provide a modern, ISO-aligned foundation for making continuous improvement towards a coherent risk management framework, strengthening governance, and driving a risk-aware culture.

Adopting this Policy and Strategy is a critical mitigation in itself, reducing the likelihood and consequence of recurring operational, compliance, safety and service-delivery failures.

OFFICER RECOMMENDATION IN BRIEF

That ARIC recommend to Council to:

1. **ENDORSE** the Draft Risk Management Policy for Council adoption.
2. **NOTE** the Draft Risk Management Strategy as the guiding document for development of the Town's Risk Management Framework and processes.
3. **SUPPORT** development of Council's Risk Appetite and Tolerance Statement for presentation at the next ARIC meeting.
4. **REQUEST** implementation updates via quarterly reporting to ARIC.

BACKGROUND

Current framework not applied across organisation

The Town's risk management practices are currently **fragmented**, with inconsistent or absent risk registers; limited visibility of operational risks; no organisation-wide risk escalation; variable control monitoring; and risks emerging only after incidents occur rather than being identified early.

This exposes the Town to significant preventable failures across compliance, safety, financial management, asset stewardship and service delivery.

Regulation 17 recommendations

The Regulation 17 audit in 2025, found that although the current Risk Management Policy refers to risk management Standard ISO 31000:2018, the commitments which should be articulated in the policy may not currently align to it. It was recommended the policy be reviewed and updated and a risk management strategy be developed, aligned to the Standard, to support the implementation of the policy.

OFFICER COMMENT

In response to the Regulation 17 recommendations, the Draft Policy and Draft Strategy have been drafted, both aligned to ISO 31000:2018. Together the documents address:

- a. roles and responsibilities;
- b. integration of risk management into planning, projects or operations;
- c. risk appetite / tolerance;
- d. the requirement for consistent documentation and monitoring;
- e. clear escalation pathways; and
- f. an overall functioning framework.

How the Draft Policy improves compliance with ISO 31000:2018

The Draft Policy adopts the ISO 31000:2018 Principles, Framework and Process. It provides clear governance and delineated responsibilities; mandates identification, assessment, treatment and monitoring of risks; and embeds risk management into planning, projects, events, procurement, and service delivery.

The Draft Policy replaces the previous Risk Management Policy and is supported by the Draft Strategy and associated procedures, which include the methods, tools and matrices used to assess and manage risk. Please note, the matrices have not been changed from what is in the existing policy.

The success of the implementation of Council's policy position will rely on organisation-wide expectations for integrated risk practice being consistently communicated and reinforced. It will take time for these expectations to be fully realised.

Comparison Table – Existing vs Proposed Risk Management Policy

Policy Element	Existing Risk Management Policy	Proposed Draft Policy
Purpose / Intent	Intention to identify potential risks early to minimise impacts or realise opportunities; achieve objectives within good governance.	Expands purpose to embed enterprise-wide risk management, strengthen ARIC oversight, and integrate risk thinking into all levels of decision-making.
Alignment to Standards	Explicitly aligned to ISO 31000:2018.	Maintains ISO 31000:2018 alignment; strengthens emphasis on leadership, culture, integration and continual improvement per ISO 31000:2018 guidance.
Scope and Applicability	Applies to all Elected Members, employees and contractors involved in Town operations.	Broadens applicability by formalising decision-making checkpoints, business case requirements and reporting expectations across strategic, operational, and project activities.
Governance Structure	CEO responsible for implementation, performance measurement, and triennial review (or earlier if required).	Clarifies roles in line with LG Act reforms whereby Council sets appetite and oversees via ARIC; CEO implements framework and reports regularly to ARIC and Council.
Risk Appetite	Contains high-level Risk Assessment and Acceptance Criteria.	Introduces clearer, more granular appetite statements tied to strategic objectives; integrates appetite thresholds into Council reports.
Risk Process	ISO 31000-consistent process (identify, analyse, evaluate, treat, monitor, review).	Operationalises via mandated templates, business case inclusions, and explicit project risk registers.
Controls and Assurance	Requires embedding appropriate controls; aims to enhance organisational resilience.	Strengthens assurance through ARIC-aligned quarterly reporting, deep-dive schedule, and emerging risk tracking, using OAG better practice

Policy Element	Existing Risk Management Policy	Proposed Draft Policy
		guidance.
Culture and Leadership	Implied commitment; limited explicit reference to leadership behaviours.	Explicit emphasis on leadership responsibility (Council and CEO) for modelling and embedding a risk culture across the organisation, consistent with ISO 31000’s focus on cultural factors.
Integration with IPRF / Strategy	States risk is part of strategic, operational and project responsibilities and incorporated within the IPRF.	Deepens integration via risk checkpoints in strategic planning, LTFP, project initiation, procurement, contract management and change control.
Compliance with Legislative Reforms	Predates ARIC independence and enhanced oversight requirements.	Fully incorporates 2024–2026 reforms: independent ARIC, broadened risk/governance oversight, and transition/compliance obligations.
Review Cycle	CEO to review triennially or earlier if circumstances change.	Retains review cadence but also triggers updates via ARIC recommendations, audit outcomes, and legislative or sector guidance changes.

The Draft Policy directly addresses the Regulation 17 recommendation to articulate alignment with ISO 31000:2018. It explicitly states that the Town’s risk management approach is *“aligned to AS ISO 31000:2018 Risk management – Guidelines”* within the Purpose section of the Policy. It further reinforces this alignment in the Policy Statement, which commits the Town to maintaining and implementing its Risk Management Strategy *“applying the Principles, Framework and Process provided in AS ISO 31000:2018.”* By naming these three core components of the Standard, the Policy makes the alignment explicit rather than implied, demonstrating that the Town’s practices, structures and expectations are intentionally shaped by ISO 31000. This satisfies the recommendation by moving beyond general references to good practice and clearly setting out the Policy’s commitment to an internationally recognised framework for risk management.

Practical mechanisms of Draft Strategy

The Draft Strategy strengthens the commitment articulated in the Draft Policy by providing the practical mechanisms required to implement the Policy across the organisation. It outlines structured communication and reporting pathways, defines risk categories, provides guidance for applying Council’s risk appetite and tolerance, and embeds processes for monitoring and continuous improvement. Through these mechanisms, the Draft Strategy translates the Policy’s high-level intent into an operational approach that supports consistent application of risk management practices and enables the development of a fully compliant Risk Management Framework.

Addressing legacy inefficiencies through culture and capability

Inefficiencies (rework, delays, cost overruns, compliance findings) are symptomatic of decisions being made without a clear line-of-sight of risk to objectives, eg, insufficient consideration of delivery risk in business cases; weak handover controls; inadequate contractor oversight; or fragmented change control. The Strategy addresses this by:

- a. Establishing “risk-in-decision” checkpoints in reports to Council and Executive (risk implications explicitly documented for options and recommendations);
- b. Mandating risk-informed business cases (including benefits, assumptions, constraints, key risks, mitigations, and residual exposure);
- c. Uplifting officer capabilities (practical ISO 31000-aligned training; short courses using OAG resources on fraud, cyber and audit readiness); and
- d. Running leadership-led risk conversations to model the behaviours expected across the organisation.

Pathway to a risk-aware culture

Developing a more mature risk culture will strengthen decision-making by ensuring that staff consistently consider risks, controls and impacts before taking action. As this mindset becomes embedded, the organisation is likely to see a reduction in incidents and compliance breaches because risks are identified earlier and managed more proactively. A stronger risk culture also supports more effective planning and delivery of projects, as clearer risk awareness leads to better-informed scopes, timelines and contingencies. Safety performance typically improves as well, because teams become more aware of hazards and the importance of reporting and addressing them promptly. In addition, earlier visibility of emerging issues enables leaders to intervene before problems escalate, reducing both reputational risk and potential financial loss. Ultimately, better risk management becomes a mitigation in its own right, helping the Town avoid recurring issues and operate more efficiently and confidently.

Roles and responsibilities—Leadership matters

Consistent with the reforms clarifying separation of powers, Council sets risk appetite and tolerance and oversees the system through ARIC, while the CEO implements the framework and ensures risk is integrated into strategy, planning, projects and operations. This dual emphasis—governance oversight by Council and execution by the CEO—reflects contemporary public sector better practice and ISO 31000’s expectation that leadership sponsors and sustains the risk culture.

ATTACHMENTS

- 8.1.2(a) Draft Risk Management Strategy [under separate cover]**
- 8.1.2(b) Draft Risk Management Policy [under separate cover]**

CONSULTATION

The review of the current Risk Management Policy identified the need to extend the review to consideration of a framework informed by a Risk Management Strategy. The intention is to first establish the framework foundation, then undertake internal consultation on how it will be implemented across the organisation. Further consultation with Council will follow to support the development of a Risk Appetite and Tolerance Statement.

STATUTORY IMPLICATIONS

Local Government (Audit) Regulations 1996, Regulation 17 – requires the CEO to review systems of risk management, internal control and legislative compliance.

AS ISO 31000:2018 Risk Management Guidelines – widely adopted as the contemporary standard for risk management in WA local government.

POLICY IMPLICATIONS

Adoption of the Draft Policy will replace the existing Risk Management Policy. The draft provides a strategic, contemporary and enforceable foundation from which to develop risk management practices across the organisation.

STRATEGIC IMPLICATIONS

The Draft Policy and Strategy help deliver Council's strategic objectives by providing the tools to manage risks to the Town's services, infrastructure, environment and governance are identified and managed early. This will support reliable service delivery, financial sustainability and accountable decision-making as outlined in the Council Plan.

RESOURCE IMPLICATIONS

Implementation will require officer time to build the new framework, tools and registers; deliver training and capability-building for staff; and develop administrative and system improvements (within existing budgets).

ENVIRONMENTAL SUSTAINABILITY IMPLICATIONS

Embedding risk management supports environmental, social, cultural and economic sustainability by ensuring material risks are identified early, considered in Council decisions, and monitored through ARIC. This improves resilience and long-term value for the community. (Consistent with ISO 31000's integration of risk with strategy and planning.)

RISK MANAGEMENT IMPLICATIONS

Adopting the draft Policy carries the manageable risk of short-term workload and change-management effort, whereas not adopting them leaves the Town exposed to inconsistent risk practices, weaker governance, and misalignment with forthcoming ARIC

and legislative requirements, increasing the likelihood of compliance, financial, service-delivery and reputational impacts.

VOTING REQUIREMENT

Simple Majority

OFFICER RECOMMENDATION

That the ARIC recommend to Council to:

- 1. ENDORSE the Draft Risk Management Policy for Council adoption.**
- 2. NOTE the Draft Risk Management Strategy 2026 as the guiding document for developing the Town's Risk Management Framework and processes.**
- 3. SUPPORT development of a Town of Cottesloe Risk Appetite and Tolerance Statement (to be presented at the next ARIC meeting).**
- 4. REQUEST quarterly implementation progress reports.**

8.1.3 MEETING DATES 2026

Attachments: Nil

The proposed Audit Committee meeting dates for 2026 are listed below:

- Monday, 30 March 2026 4.30-6.00pm
- Wednesday, 29 April 2026 4:30-6.00pm
- Monday, 15 June 2026 4.30-6.00pm
- Monday, 14 September 2026 4.30-6.00pm
- Monday, 7 December 2026 4.30-6.00pm

THAT the Audit Committee RECOMMENDS that the Council ADOPTS these Audit Committee Meetings dates for 2026.

8.2 ITEMS FOR DISCUSSION

8.2.1 ERP PROJECT UPDATE

Attachments: Nil

EXECUTIVE SUMMARY

During the first quarter of 2026, the Town of Cottesloe has continued to make strong progress towards achieving Business As Usual (BAU) with the Datascape ERP platform. All core functions are now stable or supported by clear action plans.

New functionality has been further developed in preparation for rollout, including the new Chart of Accounts, improved Work Order usage, and deeper integration with Datapay and Datascape Timesheets. Several of these enhancements are already in place, with the remainder scheduled for implementation in the coming weeks.

Most major issues affecting Infringements have now been resolved, with the vast majority processing correctly. Challenges remain in the Building and Rates areas, primarily due to complex workflows, limited internal expertise, and the impact on staff.

Although some complex processes still require refinement, overall system usage has improved significantly. Most issues are now resolved internally, in collaboration with other WA councils using similar systems, or through the Datacom support process. Product-level enhancements from Datacom continue to progress slowly, and workarounds remain necessary in the interim.

CURRENT BAU AREAS

The following modules and functions are now operating largely as BAU:

- Finance
 - General Ledger
 - Receipting
 - Debt Recovery
 - Bonds / Trusts
 - Accounts Payable
 - Accounts Receivable
 - Bank Reconciliation
 - Payroll (excluding Timesheets)
- Property & Ratings

- Streets
- Properties
- Rates
- Debt Recovery
- Customer Services
 - Contacts
 - Service Requests

- Regulatory
 - Parking Permits
 - Impounded Goods
 - Parking Infringements
 - Pools
 - Planning
- Integrations
 - PinForce Parking Ticket System

RECENT ACHIEVEMENTS

- **Subject Matter Expert (SME) Program**
 - Regular SME sessions have been established to review issues, deliver training, standardise processes, prepare for monthly updates, and identify improvement opportunities.
 - Initial support requests are now routed to SMEs to strengthen capability and enable direct engagement with Datascape support, broadening knowledge across relevant teams.
- **End User Lunch and Learns**
 - Regular Lunch and Learn sessions have improved system familiarity and confidence among end users.
- **Knowledge Sharing and Networking**
 - Strong engagement has taken place with other WA local governments using similar systems. Information has been shared through online forums, email, virtual meetings and in-person discussions.
- **Vendor Engagement**
 - Regular meetings continue with the Datacom Account Manager, Support Team Leader and Project Teams (for Phase 2 implementation). These teams have been effective in delivering configuration changes, fixes, and workarounds.

- Key issues and high-priority areas have been escalated to support timely resolution, although items requiring action from the Datacom product team remain slow to progress.
- Collaboration with other councils helps strengthen requests submitted to the product team.
- **Template Standardisation**
 - Further progress has been made on template standardisation, with expectations for increased pace in coming months through additional resourcing and reduced time spent on major issue resolution.
- **Support Ticket Stabilisation**
 - Tickets raised by SMEs now primarily relate to fringe issues in BAU areas, demonstrating growing system stability.

- **Intramaps Integration**
 - Major components of the Datascape-to-Intramaps integration have been completed, successfully replacing almost all Authority-based functionality.
- **Authority Shutdown and Archive**
 - The iArchive project has commenced to archive Authority data, with completion expected in May. This will enable Authority system shutdown and reduce annual licensing costs.

OUTSTANDING AREAS REQUIRING FURTHER EFFORT

The following areas need additional work to reach BAU:

(a) Building process streamlining and team upskilling

The Building team continues to face challenges due to substantial process differences from Authority, complex Datascape workflows, limited system understanding, and reduced earlier focus on process optimisation.

Additional resourcing, including two Business Analysis interns, will support expanded focus and improved outcomes in the coming month.

(b) Waste

Collaborative work with Datacom is underway to resolve identified issues.

(c) Rates Training

Key Rates personnel trained during implementation have left the organisation. Updated training with Datacom is scheduled for April to rebuild capability.

(d) Integration with CM10 / Trim

Although substantial progress was expected earlier in 2026, competing priorities and system issues have caused delays. Recent issue resolution and increased resourcing will allow this work to accelerate.

(e) Integration with Intramaps

Most integration components are complete. Remaining work is planned for completion within this financial year.

(f) Migration of Planning and Building Data

Significant work has been undertaken on Planning data migration but technical issues within Datascape have prevented completion. The Town is working closely with Datacom to resolve these issues.

Building data migration—less complex but contingent on the same technical fixes—will follow and is also scheduled for completion this financial year.

NEXT STEPS

- Complete implementation of the new Chart of Accounts, Work Orders and Assets.

- Support the Building and Rates teams to reach BAU.
- Finalise Planning and Building data migration.
- Accelerate CM10 / TRIM integration.
- Complete Intramaps integration.
- Continue building end user and SME capability.
- Strengthen engagement with other LGAs to share knowledge and advocate for system improvements.
- Provide targeted support to resolve outstanding issues.

OVERALL STATUS

System usage continues to improve steadily, with most functional areas now free of major issues and operating at or close to BAU, aside from Rates and Building. End users and SMEs are developing deeper system knowledge, and remaining issues are actively managed.

The next quarter will focus on finalising the new chart of accounts and work order implementations, mapping and journaling all 'interim chart' transactions to work orders and the new chart. Once that is done, improved financial reporting will be enabled and regular monthly management reporting can commence and staff will be able to have customised dashboards with relevant and useful financial information at their fingertips. Other pending tasks include completing key integrations, finalising legacy data migrations, and streamlining complex processes to achieve BAU across all areas.

8.2.2 REVIEW OF FINANCIAL MANAGEMENT, RISK MANAGEMENT, LEGISLATIVE COMPLIANCE AND INTERNAL CONTROLS (REGULATION 17 AND REGULATION 5) - V2

Attachments: Nil

Background

The Town engaged Moore Australia WA in October 2025 to undertake audits of the Town's internal controls, legislative compliance, and risk management frameworks, in order to assess compliance with Regulation 17 of the Local Government (Audit) Regulations 1996 and Regulation 5 of the Local Government (Financial Management) Regulations 1996.

At the December meeting of the Audit, Risk and Improvement Committee, the following recommendations were resolved:

THAT the Audit, Risk and Improvement Committee recommends to Council:

- 1. To DIRECT the Audit, Risk and Improvement Committee to monitor the progress of the Reg 17 Audit and Reg 5 Audit Action Plan and report results quarterly to Council.**
- 2. To DIRECT the CEO to conduct a review of the Audit, Risk and Improvement Charter to:**
 - a. extend the ARIC's responsibilities to monitoring the progress of actions in the Reg 17/Reg 5 Audit Actions Plan; and**
 - b. consider any other amendments to ensure the Charter reflects the legislative responsibilities of an Audit, Risk and Improvement Committee.**

At the December Ordinary Council Meeting, these recommendations were approved.

For Discussion

In recognition of the substantial work already undertaken by the administration to strengthen the Town's risk management framework and commence remediation of the most critical audit findings, it is proposed that a consolidated update on the outcomes of these resolutions, including progress against the Audit Action Plan, be presented at a separate meeting scheduled for Wednesday, 29 April 2026.

9 GENERAL BUSINESS**9.1 COMMITTEE MEMBERS****9.2 OFFICERS****10 MEETING CLOSED TO PUBLIC****10.1 MATTERS FOR WHICH THE MEETING MAY BE CLOSED****MOTION FOR BEHIND CLOSED DOORS**

That, in accordance with Section 5.23(2) ((4)(e)), to discuss the confidential reports behind closed doors.

10.1.1 AUDIT ACTIONS REGISTER

This item is considered confidential in accordance with the *Local Government Act 1995* section 5.23(4)(e) as it contains information relating to information the making public of which would be likely to endanger the security (including cyber-security) of any of the local government's property or operations;.

10.1.2 STRATEGIC RISK MANAGEMENT UPDATE

This item is considered confidential in accordance with the *Local Government Act 1995* section 5.23(4)(e) as it contains information relating to information the making public of which would be likely to endanger the security (including cyber-security) of any of the local government's property or operations;.

MOTION FOR RETURN FROM BEHIND CLOSED DOORS

In accordance with Section 5.23 that the meeting be re-opened to members of the public and media and motions passed behind closed doors be read out if there are any public present.

11 NEXT MEETING**12 MEETING CLOSURE**