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</table>
1. DECLARATION OF OPENING

The Chairperson declared the meeting open at 5.30pm, welcomed attendees, and then read aloud the acknowledgement to country:

“We would seek to acknowledge the Wajuk (Wudjyuk) people, the traditional owners of the land. We would also like to pay our respect to elders, both past and present.

I would like to take a minute to advise you about our voting electronic software. It has not been possible to change the voting software screen, without its integrity suffering and possibly compromising the voting for Agenda Briefings and Ordinary Council Meetings. Therefore:

Mr M Wallace is seated in Cr Jacobs chair and Miss E Lee is seated in Cr Kunze’s chair.”

2. ATTENDANCE

<table>
<thead>
<tr>
<th>Mayor Ng</th>
<th>Chairperson</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cr P Hall</td>
<td>Elected Member - Bannister</td>
</tr>
<tr>
<td>Miss E Lee</td>
<td>External Committee Member</td>
</tr>
<tr>
<td>Mr M Wallace</td>
<td>External Committee Member</td>
</tr>
</tbody>
</table>

STAFF

| Mr G Adams | A/Chief Executive Officer |
| Ms K Bateman | Executive Manager Governance Canning |
| Mr M Sapsworth (departed at 5.50pm) | Executive Manager Connect Canning |
| Ms J Alexander | Leader Assurance |
| Mr H Attawala | Manager Finance and Asset Management |
| Mr S Dharmaratne | Leader Risk Management |
| Ms D Rafferty (departed at 5.50pm) | Leader Information Management |
| Ms S Johnson | Governance Officer |

2.1 APOLOGIES

| Mr A Kyron | Chief Executive Officer |
| Cr Y Ponnuthurai | Elected Member – Beeliar |

2.2 APPROVED LEAVE OF ABSENCE

Nil.
3. DISCLOSURE OF INTERESTS

3.1 DECLARATIONS OF INTEREST (FINANCIAL/DIRECT/INDIRECT) AND PROXIMITY

Nil.

3.2 DECLARATIONS OF IMPARTIALITY

Nil.

4. CONFIRMATION OF MINUTES

Audit and Risk Committee Meeting held on Wednesday, 27 February 2019

COMMITTEE RECOMMENDATION

MOVED Cr P Hall, SECONDED Mr M Wallace, that the Minutes of the Audit and Risk Committee Meeting held on Wednesday, 27 February 2019, be taken as read and confirmed.

CARRIED UNANIMOUSLY (4/0)

5. REPORTS
5.1 **Director Canning Community and Commercial**

<table>
<thead>
<tr>
<th>ARC-006-19</th>
<th>Auditor General's Records Management in Local Government Report April 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PROGRAM:</strong></td>
<td>Canning Community and Commercial</td>
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<tr>
<td><strong>SUB PROGRAM:</strong></td>
<td>Digital Canning</td>
</tr>
<tr>
<td><strong>FILE REF:</strong></td>
<td>Q19/224</td>
</tr>
<tr>
<td><strong>REPORT DATE:</strong></td>
<td>19 June 2019</td>
</tr>
<tr>
<td><strong>REPORTING OFFICERS:</strong></td>
<td>Danielle Rafferty - Leader Information Management Matthew Sapsworth - Executive Manager Connect Canning</td>
</tr>
<tr>
<td><strong>RESPONSIBLE OFFICER:</strong></td>
<td>Garry Adams - Director Canning Community and Commercial</td>
</tr>
</tbody>
</table>

**Strategic Plan Theme:** LEAD - Accountable, responsible and forward-thinking administration.

**Community Goal:** Effective leadership and good governance.

**Council Strategy:** Open and transparent to the community and stakeholders.

**Authority/Discretion:** **Noting:** Includes items provided to the Committee for information purposes only that do not require a decision of Committee.

**Attachments:**

1. **Auditor General's Report - Records Management in Local Government - 17 April 2019** (D19/78425). *(Large Attachments)*
2. **City of Canning Records Management Audit Action Plan** (D19/78257). *(Confidential)*

**In Brief:**

The purpose of this report is to present the Western Australian Auditor General's Report 'Records Management in the Local Government'.

Prior to the recommendation being presented, the Leader Information Management provided a presentation. Committee Members were given the opportunity to ask questions.

**COMMITTEE RECOMMENDATION**

MOVED Miss E Lee, SECONDED Mr M Wallace, that the Audit and Risk Committee receives the Western Australian Auditor General's Report 'Records Management in the Local Government' and notes the actions being taken to address the findings.

*CARRIED UNANIMOUSLY 4/0*

**Relevant Committee Resolutions**

<table>
<thead>
<tr>
<th>Committee Meeting and Date</th>
<th>Report No</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not Applicable.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
BACKGROUND

1. The Office of the Auditor General (‘OAG’), under the Local Government Amendment (Auditing) Act 2017, performed a Records Management Performance Audit on the City of Canning (the City) from November 2018 to March 2019. The City was one of four randomly chosen Local Government (‘LG’) authorities for this audit.

2. As defined by the OAG the purpose of the audit was:

   “…a focus on economy, efficiency, and effectiveness of activities, services and programs. These audits aim to identify improvement opportunities for participants that may also be of relevance across the local and state government sectors.”

3. The audit was conducted as a narrow scope performance audit to assess the efficiency or effectiveness of specific aspects of LG performance, LG’s internal controls and compliance with legislation, policy and good practice.

DETAILS

4. The scope of the audit was to determine if the sampled LGs effectively manage their records to promote accountable and transparent decision making. The lines of the enquiry were:

   1. Do LGs have approved and current recordkeeping plans (‘RKP’s’), and supporting policies and procedures?
   2. Are key business activities and decision making records managed in line with RKP’s?
   3. Do recordkeeping systems appropriately secure physical and electronic records against inappropriate access, alteration or destruction?

5. The Report was tabled in Parliament on 9 April 2019. (Refer Attachment 1). The City received a separate Management Letter (refer Attachment 3), dealing specifically with matters pertaining to the City’s audit results.

6. The Report contained an overarching recommendation to review recordkeeping policies and procedures to ensure they adequately support recordkeeping practices. In relation to this matter the OAG in the Management Letter to the City advised that:

   “The City of Canning (CoC) has an approved Recordkeeping plan (RKP) as required. However, the plan is not being effectively implemented. The plan does not reflect current practice or supporting policy, and there are only limited or outdated procedures in place to assist staff understand their general or specific recordkeeping roles and responsibilities. Staff receive training on how to use the records management system, but there is no records awareness training.

   Offsite storage of physical records is well managed, onsite storage is also reasonable with some small areas for improvement. A large number of electronic records are managed in business systems that are not formally recognised in the RKP or appropriately linked to the records management system. This makes it difficult to effectively manage electronic records security, access, retention and disposal. There is no Disaster Recovery Plan for records.”

7. In the Management Letter to the City, the OAG also noted a number of other issues and recognised that many of these issues were caused by transitioning from old to new records management and business systems, and acknowledged that the City is addressing them.

8. The six issues identified (four moderate issues and two minor) are:

   1) Moderate: The Recordkeeping Plan does not reflect current systems and practice.
   2) Moderate: The Recordkeeping Policy was last reviewed in 2009, and supporting procedures have not been developed or implemented.
   3) Moderate: City of Canning does not have an approved or documented Records Management Disaster Recovery Plan.
4) Moderate: Staff do not get regular records awareness training or job specific records training.

5) Minor: Records are not being disposed of in a timely manner.

6) Minor: Lack of regular compliance monitoring.

The City is actively addressing these recommendations and has put processes in place to ensure they are addressed in a timely manner. A Records Management Audit Action Plan (refer Attachment 2), will be used to monitor and track the progress of the implementation status. This progress will be reported to the Audit and Risk Committee as part of the internal audit process to follow-up outstanding audit recommendations.

CONSIDERATIONS

Legal Compliance


Policy Implications

Recordkeeping Plan and Recordkeeping Policy CM181.

Financial Considerations

Business Plan

Connect Canning.

Internal Budget

The audit was conducted within the approved budget.

Asset Management

Not applicable.

Sustainability Considerations

Not applicable.

Consultation

Throughout the audit process advice was sought from the Office of the Auditor General and the State Records Office.

Elected Members were advised of the outcome of the audit on 8 April 2019.

Other Considerations or Risks

Not applicable as the report is for noting only.

COMMENT

Not applicable.

VOTING REQUIREMENT

Simple majority.
COMMITTEE COMMENT

22 The Leader Information Management provided a presentation and responded to Committee Members questions.

5.50pm The Executive Manager Connect Canning and the Leader Information Management departed the meeting and did not return.
**ARC-007-19  City Debt**

<table>
<thead>
<tr>
<th>PROGRAM:</th>
<th>Canning Community and Commercial</th>
</tr>
</thead>
<tbody>
<tr>
<td>SUB PROGRAM:</td>
<td>Business Canning</td>
</tr>
<tr>
<td>FILE REF:</td>
<td>Q19/184</td>
</tr>
<tr>
<td>REPORT DATE:</td>
<td>19 June 2019</td>
</tr>
<tr>
<td>REPORTING OFFICERS:</td>
<td>Ngahuia Matehaere - Senior Rates Officer</td>
</tr>
<tr>
<td></td>
<td>Courtney Olsen - Revenue Officer</td>
</tr>
<tr>
<td></td>
<td>Steve Leeson - Executive Manager Business Canning</td>
</tr>
<tr>
<td>RESPONSIBLE OFFICER:</td>
<td>Garry Adams - Acting Chief Executive Officer</td>
</tr>
</tbody>
</table>

**Strategic Plan Theme:** LEAD - Accountable, responsible and forward-thinking administration.

**Community Goal:** Effective leadership and good governance.

**Council Strategy:** Prudent financial management and long term financial sustainability.

**Authority/Discretion:** Legislative: Includes adopting Local Laws, Town Planning Schemes and Policies. Committee and Council to review decisions made by Officers.

**Attachments:**
1. Debtors outstanding 90 days GT 10,000 (D19/77710).  
   *Confidential*
2. Rates Aged Debt Report GT 10,000 (D19/77759).  
   *Confidential*

**In Brief:**
The purpose of this report is to provide an update on the City of Canning’s outstanding Aged Sundry and Rates Debt.

**COMMITTEE DECISION**

*MOVED Mr M Wallace, SECONDED Cr P Hall, that the Audit and Risk Committee receives the report on City Debt.*

*CARRIED UNANIMOUSLY (4/0)*

<table>
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<th>Relevant Committee Resolutions</th>
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</tr>
<tr>
<td>Audit and Risk Committee</td>
</tr>
<tr>
<td>27 February 2019</td>
</tr>
</tbody>
</table>

**BACKGROUND**

Sundry debtors are created when an invoice is issued for goods or services provided by the City of Canning (‘the City’). Infringements are issued for compliance matters, and those which remain unpaid after three months are referred to the Department of the Attorney General - Fines Enforcement Agency (‘FER’) for collection.
The City’s Sundry Debt Collection Procedure is in accordance with the Chief Executive Officer (‘CEO’) Instruction FMC.06 Sundry Debt Collection. The Sundry Debt Collection Procedure is consistent with established commercial business practices and the steps to be followed are:

a) Invoice request generated by the responsible Officer as soon as possible to the time the debt is owed to the City.

b) Within 30 days - Statement issued with notification requesting payment within 14 days.

c) Within 45 days - Telephone contact is to be made with the customer requesting payment, or a letter is to be sent requesting payment within 14 days.

d) Within 60 days - Letter is to be sent to the customer informing that debt recovery or legal action will be pursued, if payment terms are not established within 14 days.

e) Within 90 days - Where considered feasible, recovery of outstanding debt is placed in the hands of a debt collection agency or solicitor.

The procedure for collection of the City’s rate and service charges is in accordance with CEO Instruction FMC.02 Rates and Service Charges Recovery. This procedure is in compliance with the Local Government Act 1995 and actions that may be taken are:

a) Lodge caveats on land where rates and/or service charges are in arrears for three years or longer.

b) Withdraw caveats on land where the owner has paid in full, the outstanding rates and/or service charges.

c) Engage the services of a debt collection agency to recover rates and/or service charges that are overdue and unpaid for less than three years and/or proceed to recover those debts in a court of competent jurisdiction.

DETAILS

The overall outstanding amount for debts > 90 days as at 23 May 2019 is $413,814.28 (a decrease from $580,070.09 as at February 2019).

The City’s current outstanding debt greater than 90 days is represented in the graph below:
Prosecutions continue to form the bulk of the City’s long term debt. City Officers have established contacts with the FER, in an effort to recognise uncollectable fines earlier and recognise bad debts in a timely manner.

Represented in the graph below is a comparison of the City’s overall sundry debt outstanding greater than 90 days since August 2017. The amounts in red represent the amounts written off during that period.

Sundry debts greater than $10,000 and outstanding 90+ days are included as Confidential Attachment 1. This includes comment and recommendations.

Council has the option of proceeding with formal recovery of outstanding debts; or enter into payment arrangements, or alternatively write the debt off.

Rates

Included as Confidential Attachment 2 are details of due and payable rates over $10,000 which remain outstanding for three or more years. It should be noted that eligible pensioners are not included in this report.

The City does enter into alternative payment arrangements (being other than the four instalment options) for outstanding rates, fees and service charge debt. This is on an individual basis with ratepayers who may be experiencing financial difficulty with the intent of avoiding further recovery action. The City’s expectation of a suitable payment arrangement is to have the outstanding debts and further rates as they fall due, recovered within two financial years. These arrangements must enter in to a direct debit arrangement.

There are currently 125 ratepayers on informal arrangements which are reviewed periodically, included with 800 accounts on direct debit arrangements.

Todate, the City has received 95.7% of the total rates and service charges levied for the 2018-2019 year. This is comparatively similar to the same time last financial year (95.9%).
Historically, the City has been successful in maintaining a low outstanding rates and service charge balance as at 30 June each year. The graph below shows the amounts outstanding at the end of each financial year. Included in the below tables balances are deferred rates and the Emergency Service Levy.

**CONSIDERATIONS**

**Legal Compliance**
Not applicable.

**Policy Implications**
Not applicable.

**Financial Considerations**
The current provision for doubtful debt is $356,045.11.

**Business Plan**
Business Canning.
Financial Reporting:
  a) To prepare the City’s Annual Report, Annual Budget, and Long Term Financial Plan.
  b) To oversee acquittals for external agencies.
  c) To prepare the City’s accounts for audit.

**Internal Budget**
Not applicable.

**Asset Management**
Not applicable.

**Sustainability Considerations**
Not applicable.
Consultation
22 Finance staff liaised with the service units responsible for the establishment of the debt, regarding its collectability and any recommendations made within this report.

Other Considerations or Risks
23 Not applicable. This report is for noting only.

COMMENT
24 Not applicable.

VOTING REQUIREMENT
25 Simple majority.

COMMITTEE COMMENT
26 Miss E Lee asked questions about the Aged Debtor Report. The Manager Finance and Asset Manager to provide further information to Committee Members.

Miss Lee requested that the total amount outstanding for Sundry Debtors and Rates Debtors should be added together with old outstanding balances (greater than 90 days). This will allow the Committee Members to understand the percentage of the debt outstanding.

The Director Canning Community and Commercial acknowledged that it was a reasonable request and would improve the value of the report and accordingly this information will be provided in all future reports.
In Brief:
The purpose of this report is to outline the activities undertaken by the City of Canning’s (‘the City’) Risk Management function for the last quarter of the 2018-2019 financial year, and to provide an overview of the activities planned for the first quarter of the 2019-2020 financial year.

Prior to the recommendation being presented, the Leader Risk Management provided a presentation. Committee Members were given the opportunity to ask questions.

COMMITTEE RECOMMENDATION

MOVED Cr P Hall, SECONDED Miss E Lee, that the Audit and Risk Committee receives the Risk and Business Continuity Management Activity Report for June 2019.

CARRIED UNANIMOUSLY (4/0)

Relevant Committee Resolutions

<table>
<thead>
<tr>
<th>Committee Meeting and Date</th>
<th>Report No</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit and Risk Committee 27 February 2019</td>
<td>ARC-004-19</td>
<td>Audit and Risk Committee received the Risk and Business Continuity Management Activity Report.</td>
</tr>
</tbody>
</table>

BACKGROUND

This activity report covers the last quarter of the 2018-2019 financial year, and outlines the risk and business continuity management activities undertaken during this quarter.
DETAILS

Risk and Business Continuity Management Activities

Strategic Risks Mid-Year Check-In

2 The Risk Management Function has now completed the mid-year check-in of strategic risks, through one-on-one catch ups with each Program Director.

3 The objective of the mid-year check-in was to ensure that:
   a) Risk profiles for each Program are complete, accurate and relevant to the Program.
   b) Residual risk ratings identified in May 2018 are still accurate.
   c) Controls identified are up to date, operating and effective.
   d) Agreed action plans have been progressed or completed.

4 The Annual Strategic Risk Review Workshop, with the Executive Team, has been scheduled for June 2019.

Internal Audit of Strategic Risks

5 The Risk Management Function in conjunction with the Assurance Function, is planning an internal audit to assess controls and treatment tasks associated with extreme and high rated strategic risks. The internal audit will be conducted by an independent third party.

Mandatory Risk Management Training

6 The Risk Management Function held two risk management training sessions in February and April 2019 for new people leaders and selected existing staff members. There were eight attendees in total. This takes the total attendees for the financial year to 31. The training sessions include both the theory and principles of risk management, and exercises on the practical application of risk management.

Operational Risk Workshops

7 The Risk Management Function facilitates the review of operational risks for sub programs and associated business units/departments. The risk profiles for the following sub programs/business units/departments were reviewed this quarter:
   a) Stakeholder Relations.
   b) Clean Canning.
   c) Parks and Place Improvement.
   d) Work Health and Safety.
   e) Build Canning.
   f) People and Performance.
   g) Sustainability.
   h) Business Development.
   i) Digital Canning.
   j) Finance and Asset Management.
   k) Architecture.

Risk Detectives – Sustainable Canning

8 Risk Detectives are to be the first point of contact for risk management related matters for the City’s staff, and should be able to provide guidance on effective risk management practices. Each Program will have a team of Risk Detectives.

9 In this quarter, a group of Risk Detectives selected from the Sustainable Canning Program were inducted.
The Risk Management Function is working with the Risk Detectives to further improve the City’s risk management practices. This includes:

a) Meetings to discuss outcomes of risk management initiatives.
b) Best practice (risk management) sharing.
c) Discussing lessons learnt.
d) Enhancing risk management techniques across the business.

**OneCouncil Risk Module Rollout and System Upgrades**

The Risk Management Function delivered the first pilot training session of the OneCouncil Risk Module to the Events team and the Urban Regeneration team. Training included practical use of the OneCouncil Risk Module. Another session has been scheduled for the Architecture team.

To address feedback received from user groups, a number of changes are being developed for the OneCouncil Risk Module. The Risk Management Function is working with TechnologyOne consultants to implement these changes.

**Fraud Risk Workshop**

The City has a rolling program to conduct fraud risk assessments for areas typically thought to be susceptible to fraud. This is performed in conjunction with the Assurance Function.

We have commenced a review of fraud risks relevant to asset management. Initial discussions were completed with the Leader Asset Management. More sessions are scheduled with key stakeholders.

**Business Continuity Management**

**Relocation Team**

The Risk Management Function is setting up a ‘Relocation Team’ that comprises of key personnel from various sub programs. The objective of the Relocation Team is to relocate staff from the primary location to the alternate location including setting up desks, chairs, phones, computer equipment and ensuring workstations are set up ergonomically minimising health and safety hazards. The potential team composition includes staff from Information Communication Technology, Facilities, Work Health and Safety and any other teams as necessary.

**Waste Depot Back-Up Arrangement**

The Risk Management Function and the City of Cockburn’s Waste Management team discussed an arrangement to support the two cities during a crisis. This arrangement would benefit both cities in the event the waste transfer functions are impacted by a disaster.

The purpose of this arrangement is to share resources such as waste trucks and workshop space to continue critical business activities.

Information regarding this arrangement has been passed on to the Executive Manager Waste Services. The Waste Services Business Continuity Plan will be updated with the relevant information.
Business Continuity and Risk Management Activities Planned for the Next Quarter

The following activities are planned, subject to availability of organisational staff:

<table>
<thead>
<tr>
<th>Risk Management Activities</th>
<th>Expected Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continue to work with the Risk Detectives network, depending on staff commitments and availability.</td>
<td>Support the relevant Programs with risk management activities. Risk Detectives will be the first point of contact for risk management matters for each Program.</td>
</tr>
<tr>
<td>Continue mandatory training for all new starters and selected existing staff (this will be an ongoing exercise which will be extended to existing staff).</td>
<td>Familiarise new starters and existing staff members with the risk management practices in place at the City.</td>
</tr>
<tr>
<td>Continue work on the Asset Management Fraud and Corruption Risk Workshop.</td>
<td>Identify existing controls in place to reduce the risk of fraud in asset management and identify action items to further reduce existing risks.</td>
</tr>
<tr>
<td>Continue to facilitate risk workshops for major projects.</td>
<td>Ensure project risks are identified at the commencement of the project, and responsible owners are identified to manage the risks.</td>
</tr>
</tbody>
</table>

CONSIDERATIONS

Legal Compliance

Not applicable.

Policy Implications


Financial Considerations

Business Plan

Governance Canning.

Internal Budget

Activities outlined are performed in line with the approved Annual Budget.

Asset Management

Not applicable.

Sustainability Considerations

Not applicable.

Consultation

Not applicable.

Other Considerations or Risks

Not applicable. This report is for noting only.
COMMENT

28 Not applicable.

VOTING REQUIREMENT

29 Simple majority.

COMMITTEE COMMENT

30 Nil.
In Brief:
The purpose of this report is to present the activities undertaken by the City of Canning’s (‘the City’) Internal Audit Function for the period 1 March 2019 to 30 June 2019, and to provide an overview of the activities planned for the period 1 July 2019 to 30 September 2019.

Prior to the recommendation being presented, the Leader Assurance provided a presentation. Committee Members were given the opportunity to ask questions.

COMMITTEE RECOMMENDATION

MOVED P Hall, SECONDED Mr M Wallace, that the Audit and Risk Committee receives the Internal Audit Activity Report for period 1 March 2019 to 30 June 2019.

CARRIED UNANIMOUSLY (4/0)

<table>
<thead>
<tr>
<th>Relevant Committee Resolutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Committee Meeting and Date</td>
</tr>
<tr>
<td>Audit and Risk Committee 27 February 2019</td>
</tr>
</tbody>
</table>
UNCONFIRMED MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING 26 JUNE 2019

BACKGROUND

1 The City of Canning’s (‘the City’) Internal Audit Activity Report (Activity Report) covers the period 1 March 2019 to 30 September 2019 and outlines:
   a) Audit activities undertaken during the period 1 March 2019 to 30 June 2019.
   b) Other assurance activities.
   c) Audit activities planned for the period 1 July 2019 to 30 September 2019.

DETAILS

2 Audit Activities Undertaken 1 March 2019 to 30 June 2019

<table>
<thead>
<tr>
<th>Internal Audit Review</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>People and Performance – Engaging Agency/Labour Hire</td>
<td>This audit review was conducted by internal resources and the report was endorsed by the Executive Team on 10 April 2019. (Refer to Confidential Attachment 1 for full report).</td>
</tr>
<tr>
<td>Financial Management Systems and Procedures</td>
<td>This audit review was conducted by external resources and the report was endorsed by the Executive Team on 29 May 2019. Full details are reported separately in the 26 June 2019 Audit and Risk Committee (‘ARC’) report titled ‘Financial Management Systems and Procedures Review’.</td>
</tr>
<tr>
<td>Abandoned Vehicles Impound</td>
<td>This audit review was conducted by internal resources. The audit fieldwork has been completed and the audit report is being finalised. There are no significant findings.</td>
</tr>
<tr>
<td>Vehicle Fleet and Plant Management</td>
<td>This audit review is being conducted by internal resources. The fieldwork is underway.</td>
</tr>
<tr>
<td>Internal Audit Charter Review</td>
<td>The audit review is in the process of being reviewed and updated accordingly and endorsement will be sought from the ARC.</td>
</tr>
<tr>
<td>Risk Management: Assurance on Controls for High Risk Strategic Risks</td>
<td>This audit review is being conducted by external resources. The scoping document has been finalised and the audit engagement is about to commence.</td>
</tr>
<tr>
<td>Integrated Planning and Reporting (IPR) Framework</td>
<td>As part of the planning phase, the scoping document for this audit review is being developed and the specific area(s) of focus are being determined.</td>
</tr>
</tbody>
</table>
### Other Assurance Activities

<table>
<thead>
<tr>
<th>Audit Activity</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Internal Audit Plan for 2019-2020 (Completed).</td>
<td>A rolling Internal Audit Program (2019-2023) has been developed for the internal audit coverage. This is reviewed annually to establish the Annual Internal Audit Plan. Full details are reported separately in the 26 June 2019 ARC report titled 'Internal Audit Plan 2019-2020'.</td>
</tr>
<tr>
<td>Follow-up of Outstanding Internal and External Audit Recommendations (Ongoing).</td>
<td>The Internal Audit follows up on the status of all outstanding internal and external audit recommendations on a quarterly basis and reports the results in a separate report to the ARC on a six monthly basis. The status of all outstanding audit recommendations was last followed up as at 31 March 2019 and is next due for a follow-up as at 30 June 2019. Full details of the results of these follow-ups will be reported separately in a report to the next ARC meeting.</td>
</tr>
<tr>
<td>Whistleblower Hotline (Ongoing).</td>
<td>The Executive Manager Governance and Leader Assurance continue to monitor the City’s Whistleblower Hotline and briefed staff at the Open House forum on 20 February 2019.</td>
</tr>
<tr>
<td>Fraud and Corruption Risk Workshops (Ongoing).</td>
<td>Fraud and Corruption Risk workshops are conducted every six months in conjunction with the City’s Risk Management Function. A workshop was conducted in the fourth quarter of 2018-2019 to assess fraud risks associated with the City’s assets management.</td>
</tr>
<tr>
<td>Fraud and Corruption Control Messaging (Ongoing).</td>
<td>The City’s Governance Team continues to provide staff with fraud and corruption control messaging presentations.</td>
</tr>
<tr>
<td>Project Assurance – OneCouncil (Ongoing).</td>
<td>OneCouncil Phase 1 went live on 30 April 2018. The City's Governance Team provides project assurance of the OneCouncil project(s) where required.</td>
</tr>
<tr>
<td>Investigations (Ad hoc).</td>
<td>Involvement in 13 confidential investigations/complaints during the period June 2018 to June 2019 (13 month period), including collecting information (evidence), reporting to the Department of Local Government, Sports and Cultural Industries, Public Sector Commission and the Crime Corruption Commission as appropriate.</td>
</tr>
<tr>
<td>Annual Financial Controls Review Activity Report (Annually).</td>
<td>The City audits its financial management systems and procedures on a cyclical basis, over a three-year cycle. A full review was completed over the three-year cycle for the financial years 2017, 2018 and 2019, resulting in three separate reports (one report for each financial year). All three audit reports are to be reported to Council together. The reports for 2017 and 2018 have already been endorsed by the Executive Team and the Audit and Risk Committee. The City engaged an external consultant to complete the three reviews. 2018-2019:</td>
</tr>
<tr>
<td>Audit Activity</td>
<td></td>
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<tr>
<td>---------------</td>
<td></td>
</tr>
<tr>
<td>Audit review covered the following nine areas:</td>
<td></td>
</tr>
<tr>
<td>a) Sundry debtors and receipting.</td>
<td></td>
</tr>
<tr>
<td>b) Rates invoicing and collection.</td>
<td></td>
</tr>
<tr>
<td>c) Purchasing and accounts payable/creditors.</td>
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</tr>
<tr>
<td>d) Payroll.</td>
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</tr>
<tr>
<td>e) Asset register and asset revaluation reserve.</td>
<td></td>
</tr>
<tr>
<td>f) Trust fund and reserve fund.</td>
<td></td>
</tr>
<tr>
<td>g) Canning Lodge bonds.</td>
<td></td>
</tr>
<tr>
<td>h) Goods and Services Tax ('GST') and Fringe Benefits Tax ('FBT').</td>
<td></td>
</tr>
<tr>
<td>i) Application controls and interfaces with the general ledger.</td>
<td></td>
</tr>
<tr>
<td>2017-2018:</td>
<td></td>
</tr>
<tr>
<td>Audit review covered the following five areas:</td>
<td></td>
</tr>
<tr>
<td>a) Credit card security and usage.</td>
<td></td>
</tr>
<tr>
<td>b) Investments.</td>
<td></td>
</tr>
<tr>
<td>c) Register (Tender).</td>
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<tr>
<td>d) Register (Financial Interests).</td>
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</tr>
<tr>
<td>e) Community grants.</td>
<td></td>
</tr>
<tr>
<td>2016-2017:</td>
<td></td>
</tr>
<tr>
<td>Audit review covered the following three areas:</td>
<td></td>
</tr>
<tr>
<td>a) Cash handling and security.</td>
<td></td>
</tr>
<tr>
<td>b) Service contracts.</td>
<td></td>
</tr>
<tr>
<td>c) Non-rates revenue.</td>
<td></td>
</tr>
</tbody>
</table>

**Audit Customer Survey Results (After each completed audit review).**

The Internal Audit Function's Key Performance Indicator is set at a target of 75% or above auditee satisfaction rating for individual audits, based on the results of the Auditee Satisfaction Surveys.

For the October 2018 to June 2019, five surveys (for four completed audits) have been completed and returned. All four completed audits achieved a total satisfaction rating of 75% or above (meeting the Internal Audit Function's KPI requirement), with the lowest rating being 78%.

Average overall auditee satisfaction rating (for the five surveys returned) is 84%. 

Audit Activities Planned for the Period 1 July 2019 to 30 September 2019

The audit activities planned and in progress are consistent with the approved 2018-2019 and 2019-2020 Internal Audit Plans, unless otherwise noted below.

<table>
<thead>
<tr>
<th>Audit Activities</th>
<th>Responsible Program / Sub-Program</th>
</tr>
</thead>
</table>
| Abandoned Vehicles Impound (In progress). | Canning Sustainable Development  
Canning Environment |
| Vehicle Fleet and Plant Management (In Progress). | Canning Environment |
| Internal Audit Charter Review (In progress). | Governance Canning |
| Risk Management: Assurance on Controls for High Risk Strategic Risks (Planning). | Governance Canning |
| Integrated Planning and Reporting (IPR) Framework (Planning). | Office of the CEO |
| Project Management – Centenary Park (West) Road Capping Project. | Sustainable Development |

CONSIDERATIONS

Legal Compliance

Not applicable.

Policy Implications

Not applicable.

Financial Considerations

Business Plan

Governance Canning.

Internal Budget

Budget allocations have been made for external resourcing and the two main positions involved in the Internal Audit Function (internal resourcing):

a) Executive Manager Governance.

b) Leader Assurance.

Asset Management

Not applicable.
Sustainability Considerations

Not applicable.

Consultation

Information audits were conducted in consultation with the relevant Program and Sub-Program staff.

Other Considerations or Risks

Not applicable.

COMMENT

Not applicable.

VOTING REQUIREMENT

Simple majority.

COMMITTEE COMMENT

Cr P Hall queried why Committee Members were not given copies of the Internal Audit follow up report before the Committee Meeting, and expressed his concern regarding not being given enough notice to review audit recommendations. The Director Canning Community and Commercial advised he would review the process so that Committee Members would receive information in a timely manner.
PROGRAM: Canning Community and Commercial
SUB PROGRAM: Governance Canning
FILE REF: Q19/163
REPORT DATE: 19 June 2019
REPORTING OFFICER: June Alexander - Leader Assurance
RESPONSIBLE OFFICER: Garry Adams - Director Canning Community and Commercial

Strategic Plan Theme: LEAD - Accountable, responsible and forward-thinking administration.
Community Goal: Effective leadership and good governance.
Council Strategy: Open and transparent to the community and stakeholders.
Authority/Discretion: Legislative: Includes adopting Local Laws, Town Planning Schemes and Policies. Committee and Council to review decisions made by Officers.

Attachments:
1. Financial Management Review 2019 (D19/55197). (Large Attachments) (Confidential)
2. Financial Management Review 2018 (D18/58981). (Large Attachments) (Confidential)
3. Financial Management Review 2017 (D17/66384). (Large Attachments) (Confidential)

In Brief:
Section 5(2)(c) of the Local Government (Financial Management) Regulations 1996 requires the Chief Executive Officer to undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every three financial years) and report to the local government the results of those reviews.

The purpose of this report is to present the Internal Audit Report on the City of Canning’s Financial Management Systems and Procedures for the 2018-2019 financial year, for reporting to Council, along with the Financial Management Systems and Procedures review reports from the 2017-2018 and 2016-2017 financial years.

Prior to the recommendation being presented, the Leader Assurance provided a presentation. Committee Members were given the opportunity to ask questions.

COMMITTEE RECOMMENDATION
MOVED Miss E Lee, SECONDED Mr M Wallace, that the Audit and Risk Committee:

In accordance with Section 5(2)(c) of the Local Government (Financial Management) Regulations 1996:


CARRIED UNANIMOUSLY (4/0)
### Relevant Committee Resolutions

<table>
<thead>
<tr>
<th>Committee Meeting and Date</th>
<th>Report No</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit and Risk Committee 28 June 2018</td>
<td>ARC-066-18</td>
<td>The Audit and Risk Committee received the confidential Internal Audit Activity Report, containing the Financial Management Systems and Procedures 2018 report.</td>
</tr>
<tr>
<td>Audit and Risk Committee 8 June 2017</td>
<td>ARC-007-17</td>
<td>The Audit and Risk Committee received the confidential Internal Audit Activity Report, containing the Financial Management Systems and Procedures 2017 report.</td>
</tr>
</tbody>
</table>

### BACKGROUND

1. Section 5(2)(c) of the *Local Government (Financial Management) Regulations 1996* requires the Chief Executive Officer to undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every three financial years), and report to the local government the results of those reviews.

2. The City audits its financial management systems and procedures on a cyclical basis, over a three-year cycle. The 2019 review was the final review for the three-year cycle 2017 to 2019 and all three reports will be reported to Council at the Ordinary Council Meeting of 16 July 2019. The Financial Management Review reports for 2017 and 2018 were received by the Audit and Risk Committee at the 8 June 2017 (for the 2017 report) and 28 June 2018 (for the 2018 report) meetings respectively.

### DETAILS

#### Review Objectives

3. Each of the three reviews included a high-level review of the controls framework for select key financial management systems.

4. The review objectives for the select key financial management systems were to:
   a) Assess the adequacy and effectiveness of internal controls and procedures.
   b) Assess the adequacy of segregation of duties.
   c) Assess the adequacy and effectiveness of fraud mitigation controls.
   d) Ascertain the status of prior audit recommendations.

#### Financial Management Review 2019 Report

5. This 2019 audit review was conducted by external resources. The Internal Audit Report was endorsed by the City’s Executive Team on 29 May 2019.

6. For 2018-2019, the audit review covered the period from July 2018 to February 2019, and addressed nine areas:
   a) Sundry debtors and receipting.
   b) Rates invoicing and collection.
   c) Purchasing and accounts payable/creditors.
   d) Payroll.
   e) Asset register and asset revaluation reserve.
f) Trust fund and reserve fund.
g) Canning Lodge bonds.
h) Goods and Services Tax (‘GST’) and Fringe Benefits Tax (‘FBT’).
i) Application controls and interfaces with the General Ledger.

The audit review identified positive findings in all but one of the nine areas reviewed. The audit review also identified one high risk area (in relation to sundry debtors and receipting); seven medium risk areas (in relation to sundry debtors and receipting – two areas; purchasing and accounts payable/creditors - three areas and payroll – two areas) and six low risk areas for improvement.

**Financial Management Review 2018 Report**

8 The 2018 audit review was conducted by external resources. The Internal Audit Report was endorsed by the City’s Executive Team on 30 May 2018.

9 For 2017-2018, the audit review covered the period from July 2017 to February 2018, and addressed five areas:

a) Credit card security and usage.
b) Investments.
c) Tender register.
d) Register of Financial Interests.
e) Community Grants.

10 The audit review identified positive findings in all of the five areas reviewed. The audit also identified one medium risk area (in relation to Community Grants) and seven low risk areas for improvement.

**Financial Management Review 2017 Report**

11 The 2017 audit review was conducted by external resources. The Internal Audit Report was endorsed by the City’s Executive Team on 24 May 2017.

12 For 2016-2017, the audit review covered the period from July 2016 to March 2017, and addressed three areas:

a) Cash handling and security.
b) Service contracts.
c) Non-rates revenue.

13 The audit review identified positive findings in all but one of the three areas reviewed. The audit also identified one high risk area (in relation to cash handling and security); 12 medium risk areas (in relation to cash handling and security – eight areas and service contracts - four areas) and one low risk area for improvement.

**Internal Audit Follow-Up**

14 The Internal Audit conducts regular follow-ups on the status of outstanding internal audit recommendations from all internal audit reports.

15 The Internal Audit has conducted follow-ups of the status of outstanding audit recommendations from the 2017 and 2018 Reports. Status of implementation of all recommendations (medium and above) from these reports is that implementation is now complete for 64% of the recommendations and in progress for 36% of the recommendations.

16 The status of outstanding recommendations for all three audits will next be followed up as at 30 June 2019, and subsequently reported to the Audit and Risk Committee.
CONSIDERATIONS

Legal Compliance

Policy Implications
18 Not applicable.

Financial Considerations

Business Plan
19 Governance Canning.

Internal Budget
20 Budget allocations have been made for external resourcing and the two main positions involved in the Internal Audit Function (internal resourcing):
   a) Executive Manager Governance.
   b) Leader Assurance.

Asset Management
21 Not applicable.

Sustainability Considerations
22 Not applicable.

Consultation
23 Audit reviews were conducted in consultation with the relevant Program and Sub-Program staff.

Other Considerations or Risks

<table>
<thead>
<tr>
<th>Risk/Opportunity</th>
<th>Consequences</th>
<th>Mitigation/Actions</th>
<th>Consequence Likelihood</th>
<th>Consequence Rating</th>
<th>Overall Risk/Opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Officer Recommendation approved by the Audit and Risk Committee (positive outcomes)</td>
<td>Legislative Compliance</td>
<td>Submission of Financial Management Review reports 2017; 2018 and 2019 to Council.</td>
<td>Almost Certain</td>
<td>Moderate</td>
<td>High (Opportunity)</td>
</tr>
<tr>
<td><strong>Opportunity A</strong></td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Officer Recommendation approved by the Audit and Risk Committee (negative outcomes)</td>
<td>Breach of legislative requirement to submit report(s) to Council not less than once</td>
<td>Advise Committee of legislative requirement / timeframe.</td>
<td>Likely</td>
<td>Minor</td>
<td>Medium (Risk) Deferred by 3 months</td>
</tr>
<tr>
<td><strong>Risk B</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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### Risk/Opportunity

<table>
<thead>
<tr>
<th>Risk/Opportunity</th>
<th>Consequences</th>
<th>Mitigation/Actions</th>
<th>Consequence Likelihood</th>
<th>Consequence Rating</th>
<th>Overall Risk/Opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Risk C</strong></td>
<td>In every three financial years.</td>
<td>Financial Management Review conducted in line with LG (Financial Management) Regulations 1996.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Officer</strong></td>
<td>Breach of legislative requirement to submit report(s) to Council.</td>
<td>Advise Committee of legislative requirement / timeframe.</td>
<td>Almost Certain</td>
<td>Moderate</td>
<td>High (Risk)</td>
</tr>
</tbody>
</table>

**COMMENT**

24 Not applicable.

**VOTING REQUIREMENT**

25 Simple majority.

**COMMITTEE COMMENT**

Miss E Lee asked a question in regard to the Financial Management Review 2019, and the timing of allocation of payments to the general ledger, particularly FM 0/19 – Sundry Debtors and Receipting – Documentation of Accounts Payable Processes, part c) Payments for utilities and fuel. Allocation to the general ledger accounts had not been made since October 2018.

The Manager Finance and Assets provided the following information:

Due to implementation of the new system the process of booking these invoices had changed. Most of the utilities invoices are now on direct debit.

The City now has a defined process in place and the entire backlog has since been cleared and accounting for these invoices is now on a monthly basis.
ARC-011-19  Internal Audit Plan 2019-2020

PROGRAM:  Canning Community and Commercial
SUB PROGRAM:  Governance Canning
FILE REF:  Q19/162
REPORT DATE:  19 June 2019
REPORTING OFFICER:  June Alexander - Leader Assurance
RESPONSIBLE OFFICER:  Garry Adams - Director Canning Community & Commercial

Strategic Plan Theme:  LEAD - Accountable, responsible and forward-thinking administration.
Community Goal:  Effective leadership and good governance.
Council Strategy:  Open and transparent to the community and stakeholders.
Authority/Discretion:  Noting: Includes items provided to the Committee for information purposes only that do not require a decision of Committee.

Attachments:  1. Internal Audit Plan 2019-2020 (D19/64116). (Large Attachments) (Confidential)

In Brief:
The purpose of this report is to present the Internal Audit Plan 2019-2020 (Annual Plan) for the City of Canning (the City).

Prior to the recommendation being presented, the Leader Assurance provided a presentation. Committee Members were given the opportunity to ask questions.

COMMITTEE RECOMMENDATION

MOVED Cr P Hall, SECONDED Mr M Wallace, that the Audit and Risk Committee receives the confidential Internal Audit Plan 2019–2020.

CARRIED UNANIMOUSLY (4/0)

Relevant Committee Resolutions

<table>
<thead>
<tr>
<th>Committee Meeting and Date</th>
<th>Report No</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit and Risk Committee 28 June 2018</td>
<td>ARC-009-17</td>
<td>Audit and Risk Committee receives the confidential Internal Audit Plan 2018–2019.</td>
</tr>
</tbody>
</table>

BACKGROUND

1 A rolling Internal Audit Program 2019-2023 has been developed for the internal audit coverage. This is reviewed annually to establish the Internal Annual Plan 2019-2020 (Annual Plan).

2 The Annual Plan meets emerging business imperatives and will provide assurance, or otherwise, that business processes and existing controls are operating throughout the City as expected. Additionally, the Annual Plan takes into account of the results of previous years’ internal audits and developments within the City.

3 The audits are predominantly conducted by the Leader Assurance, with external resources engaged periodically to conduct audits requiring specialised skills or expertise.
The internal audit planning process for 2019-2020 encompassed:

a) Discussions with senior management to consider risk exposure and identify internal audits for key processes and controls within respective Programs and Sub Programs.
b) Mapping internal audits to the City’s strategic goals and risks.
c) Providing an overview of the matters of focus of internal audit work to be performed.
d) Estimating the time (number of days) required to conduct each internal audit engagement.
e) Planning the timing (by financial quarter) for each of the internal audit engagements.
f) Planning the audit resources (including internal vs external mix) required to complete the Annual Plan.

Preliminary timings have been provided in the Annual Plan. After the Annual Plan has been received by the Audit and Risk Committee (‘ARC’), the timing of the audits will be confirmed with the respective Programs and Sub-Programs.

Professional judgement has been used to estimate the number of days per auditable area. This could change if issues arise which require additional time.

The total percentage of audits to be conducted by the Leader Assurance is estimated at 64% for 2019-2020. Five 2019-2020 audits require independent assurance or assistance with resourcing to complete the Annual Plan, and will be fully or partly sourced externally. These audits are:

a) Financial Controls Review.
b) Compliance Audit Return 2018 (partly outsourced).
c) Data analytics (Waste Collection – services versus income).
d) IT security and vulnerability review/strategy and planning.
e) Project Management Framework.

In addition to conducting audits (planned and ad hoc as required), the in-house internal audit function includes:

a) ARC reporting and meetings.
b) Follow-up audit recommendations.
c) Audit customer survey.
d) Fraud and corruption control – risk assessment coordination.
e) ARC: Financial Controls Review Activity report.
f) ARC: Terms of Reference Review.
g) ARC: Performance Assessment.
h) Ad hoc requests and investigations.
i) Governance presentations.
j) Internal Audit Manual review.

**CONSIDERATIONS**

**Legal Compliance**

*Local Government Act 1995, Section 7 – Audit.*

*Local Government (Audit) Regulations 1996, Section 7(c).*
Policy Implications

10 Not applicable.

Financial Considerations

Business Plan

11 Governance Canning.

Internal Budget

12 There is a budget allocation for the two main positions involved in the internal audit function (internal resourcing):

a) Executive Manager Governance.

b) Leader Assurance.

Internal budget also includes an allocation for external resourcing.

Asset Management

13 Not applicable.

Sustainability Considerations

14 Not applicable.

Consultation

15 The Annual Plan was developed based on discussions with the Executive Team and senior management to consider risk exposures and identify internal audits for key processes and controls within respective Programs and their Sub-Programs.

16 The Executive Team reviewed and endorsed the Internal Annual Plan 2019-2020 on 10 June 2019.

Other Considerations or Risks

17 Not applicable as this report is for noting only.

COMMENT

18 Not applicable.

VOTING REQUIREMENT

19 Simple majority.

COMMITTEE COMMENT

20 Nil.
6. CONFIDENTIAL MATTERS
   Nil.

7. CLOSURE
   There being no further business, the Chairman declared the Meeting closed at 6.32pm.