



Audit and Risk Committee

# Agenda

Wednesday 8 May 2024



## *Our Vision*

Where environment, lifestyle and opportunity meet

## *Community Aspirations*



### KEY THEME 1

#### **Environment**

An environment that is valued, conserved and enjoyed by current and future generations.



### KEY THEME 2

#### **Lifestyle**

A place that is relaxed, safe and friendly, with services and facilities that support positive lifestyles and wellbeing.



### KEY THEME 3

#### **Opportunity**

A vibrant City with diverse opportunities and a prosperous economy.



### KEY THEME 4

#### **Leadership**

A Council that connects with the community and is accountable in its decision making.

**NOTICE OF MEETING**

**TO: THE MAYOR AND COUNCILLORS**

**NOTICE** is given that a meeting of the Audit and Risk Committee will be held in the Council Chambers, Administration Building, Southern Drive, Busselton on Wednesday 8 May 2024, commencing at 10:00am.

Your attendance is respectfully requested.

**DISCLAIMER**

Statements or decisions made at Council meetings or briefings should not be relied on (or acted upon) by an applicant or any other person or entity until subsequent written notification has been given by or received from the City of Busselton. Without derogating from the generality of the above, approval of planning applications and building permits and acceptance of tenders and quotations will only become effective once written notice to that effect has been given to relevant parties. The City of Busselton expressly disclaims any liability for any loss arising from any person or body relying on any statement or decision made during a Council meeting or briefing.



**TONY NOTTLE**

**CHIEF EXECUTIVE OFFICER**

1 May 2024

## BEHAVIOUR PROTOCOLS

The City of Busselton values are:

- Listening
- Considered Decision Making
- Appreciation
- Respect
- Teamwork

In accordance with these values, the following outlines the behaviour expectations while attending a Council meeting, Committee meeting, Community Access Session, or Public Agenda Presentation:

- Listen respectfully through the meeting or presentation
- Respect the Council process and comply with directions from the Presiding Member
- Use respectful language when addressing Council, staff, and other members of the public
- Behave in a manner that is respectful and non-confrontational
- Do not use offensive language or derogatory language towards others

The City values the diverse input of the community and seeks to ensure that all members of the community can attend a meeting and have their say.

Elected Members, Committee members and Candidates are bound by the City's Code of Conduct and agree to uphold the values of the City of Busselton and principles of good behaviour, maintaining and contributing to a harmonious, safe, and productive environment.

Anyone who does not behave in accordance with the above values and behaviours may be asked by the Presiding Member to leave the gallery.

## CITY OF BUSSELTON

### Agenda for the Audit and Risk Committee to be held on Wednesday 8 May 2024

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## 1 OFFICIAL OPENING

The City of Busselton welcomes Elected Members, staff, guests and members of the public to the Audit and Risk Committee meeting of 8 May 2024.

The City of Busselton acknowledges the Wadandi and Bibbulmun people as the traditional custodians of this region and pay respects to Elders past and present.

Please note this meeting will be audio recorded for minute taking purposes.

## 2 ATTENDANCE

<b>PRESIDING MEMBER</b>	<b>MEMBERS</b>
Cr Andrew Macnish	Mayor Phill Cronin
	Cr Anne Ryan
	Cr Val Kaigg
	Cr Kate Cox
	Cr Richard Beecroft
	Cr Jarrod Kennedy
	Cr Jodie Richards
	Cr Mikayla Love
<b>INDEPENDENT MEMBER</b>	Mr Ben Townend

<b>OFFICERS</b>
Chief Executive Officer
Director Corporate Strategy and Performance
Manager Legal, Governance and Risk
Governance and Risk Coordinator
Governance Officer

<b>APOLOGIES</b>
Nil at time of publishing

### 3 DISCLOSURES OF INTEREST

#### DISCLOSURES OF FINANCIAL INTEREST

A declaration under section 5.65 of the *Local Government Act 1995* requires that the nature of the interest must be disclosed. An elected member or employee who has made a declaration must not preside, participate in, or be present during any discussion or decision-making procedure relating to the matter on which the subject of the declaration without the approval of the Council in accordance with the Act.

#### DISCLOSURES OF IMPARTIALITY INTEREST

Elected members and employees are required, in addition to declaring any financial interest, to declare an interest that might cause or perceive to cause a conflict. If the elected member or employee declares that their impartiality will not be affected then they may participate in the decision-making process.

## 4 PUBLIC QUESTION TIME

### 4.1 RESPONSES TO PREVIOUS QUESTIONS TAKEN ON NOTICE

Nil

### 4.2 QUESTION TIME FOR PUBLIC

#### Public question time procedures and guidance

Public question time allows members of the public to participate in local government by asking questions of the Council in relation to issues affecting the City. It also assists the City in identifying issues of importance to the community and assists the public to be better informed about how the City is governed.

- The City will allocate a minimum of 15 minutes and a maximum of 30 minutes per Council meeting for public question time.
- Members of the public should register their intent to ask a question at a Council meeting by completing and submitting the [Public Question Time form](#) before 4pm the day prior to the relevant meeting.
- Members of the public will be invited to ask their question in order of registration.
- Questions will be limited to three per person. Additional questions may be permitted by the Presiding Member where time permits.
- Where a person is not present to ask their submitted question it will be responded to administratively as general correspondence.
- Questions may be taken on notice, to be responded to at a later time by the CEO in accordance with clause 6.7 of the Standing Orders.
- Public question time is for the tabling of questions, not for members of the community to make statements. For context, the Presiding Member may allow a short preamble.
- Questions containing defamatory remarks or offensive language, or that question the competency or personal affairs of Elected Members or employees may be ruled inappropriate by the Presiding Member subject to the Presiding Member taking reasonable steps to assist the member of the public to rephrase the question.
- There will be no debate or discussion on the response provided.

For further information, please see the [Meetings, Information Sessions and Decision Making Processes Policy](#).



## 5 CONFIRMATION AND RECEIPT OF MINUTES

### 5.1 Audit and Risk Committee 13 March 2024

#### **RECOMMENDATION**

That the Minutes of the Audit and Risk Committee 13 March 2024 be confirmed as a true and correct record (as published on the City of Busselton website as at 1 May 2024:

<https://www.busselton.wa.gov.au/documents/13211/20240313-minutes-audit-and-risk-13-march-2024>)

## 6 REPORTS

### 6.1 Complaints Handling Process

<b>Strategic Theme:</b>	Key Theme 4: Leadership 4.4 Govern a professional organisation that is healthy, capable and engaged.
<b>Directorate:</b>	Corporate Strategy and Performance
<b>Reporting Officer:</b>	Acting Director Corporate Strategy and Performance – Ben Whitehill
<b>Authorised By:</b>	Acting Director Corporate Strategy and Performance – Ben Whitehill
<b>Nature of Decision:</b>	Executive: Substantial direction setting, including adopting budgets, strategies, plans and policies (excluding local planning policies); funding, donations and sponsorships; reviewing committee recommendations.
<b>Voting Requirements:</b>	Simple Majority
<b>Disclosures of Interest:</b>	No officers preparing this item have an interest to declare.
<b>Attachments:</b>	Nil

#### OFFICER RECOMMENDATION

That the Council:

- 1. Request the CEO to undertake a review of the Council’s Complaints Management Policy through its Policy and Legislation Committee; and**
- 2. Include complaints handling as a topic for audit in the City’s internal audit plan when established.**

#### **EXECUTIVE SUMMARY**

Further to Council Resolution C2402/39, this report seeks consideration of, and a recommendation from, the Audit and Risk Committee (ARC) in relation to a review or audit of the City’s complaint handling process. Officers recommend that the Council include the topic in an Internal Audit Plan to be established, and that ahead of this the CEO undertake a review of the Council’s Complaints Management Policy

#### **STRATEGIC CONTEXT**

A robust complaint handling process aids in a positive customer experience and provides opportunity for the organisation to continually improve its service delivery.

#### **BACKGROUND**

At its ordinary meeting on 21 February 2024, the Council considered a report in relation to a review undertaken by officers of customer service and communications practices at the City, and what improvements the City could look to implement. This review was undertaken in response to the following CEO performance criterion:

*Outcome:*

*To have a best practice customer service and communication model in place across the City which increases community engagement and understanding of City processes and decisions.*

*Deliverable:*

*Provide a report to council outlining measures undertaken to:*

- a. implement a best practice customer service model following consultation with peer local governments;*
- b. ensure the City's communication with its customers is understandable, uses simple language wherever possible, and clearly explains the impacts of decisions or potential decisions and why they have been made.*

The Council resolved in response to the report (C2402/39):

*That the Council:*

- 1. Observes the report providing measures and opportunities increasing community engagement and understanding of City processes and decisions addressing the relevant CEO KPI deliverable, but also notes the strategy to be a collection of process inputs NOT outcomes (which are yet to be fully assessed in terms of successfully delivering the desired customer service experience levels).*
- 2. Accordingly, refers the matter of consideration of the CEO's performance meeting KPI criterion #4 to the next CEO Performance Committee meeting for its advice to the Council.*
- 3. Refers the opportunity identified in the officer's report of a risk-based approach to communications and capitalising on the value offered primarily from complaints to its Audit and Risk Committee (ARC) to consider (but not be limited to) the following options moving forward:*
  - a. the CEO undertake a review of the City's complaint handling process and provide a report to the ARC outlining the risks and opportunities for improvement of the current process as it relates to customer service.*
  - b. the CEO to engage an independent auditor to undertake a review of the City's complaint handling processes and provide a report to the ARC outlining the risks and opportunities for improvement.*
  - c. the CEO include complaints handling as an area for audit in any future internal audit plan (noting that there is a report scheduled for the March ARC meeting that will address an internal audit plan).*

This report responds to part 3 of that resolution.

## **OFFICER COMMENT**

### **Current complaints management approach**

The Council has an adopted Complaints Management Policy (the Policy) which sets out the City's complaints management approach as applicable to complaints as defined within the Policy.

A Complaint is defined in the Policy as:

*an expression of dissatisfaction with a level of service, repeated lack of promised service or response, or the conduct of any person employed by the City of Busselton, which is not anonymous, made to the City of Busselton through its Councillors, the Chief Executive Officer or any of its employees in writing or verbally, where a response or resolution is explicitly or implicitly expected*

The Policy further sets out that a Complaint is not:

- a. a request for service;*
- b. a request for information;*
- c. the lodging of an appeal in accordance with a standard procedure or policy;*
- d. a freedom of information enquiry;*
- e. an allegation of a breach of the law by a third party; or*
- f. an expression of dissatisfaction with a decision.*

The Policy identifies Complaints as an opportunity to learn and improve service delivery, and outlines principles to guide the management of Complaints, including being responsive, empathetic, objective, fair, outcome focused, and there being no reprisals for any person involved in the process.

The City's customer service area is responsible for recording and coordinating the management of Complaints in accordance with the Policy. Officers who receive a Complaint are asked to forward the Complaint to the Customer Service Coordinator, who will then log them in the City's complaints system, and work with the relevant Manager to ensure they are responded to. It is important to note that only Complaints that meet the definition of a Complaint under the Policy, noting also the specific exclusions in the Policy, are centrally recorded and coordinated.

### **Review or Audit of Complaints Handling**

The Council resolved to request the ARC to consider (but not be limited to) the following options for review of the City's complaints handling process:

- a. the CEO undertake a review of the City's complaint handling process and provide a report to the ARC outlining the risks and opportunities for improvement of the current process as it relates to customer service.
- b. the CEO to engage an independent auditor to undertake a review of the City's complaint handling processes and provide a report to the ARC outlining the risks and opportunities for improvement.
- c. the CEO include complaints handling as an area for audit in any future internal audit plan

The Council's decision was in relation to how complaints handling relates to or influences customer experience (customer service and communications).

Officers believe that improvements can be made to the City's approach to complaints management, including through a review of the City's Complaints Management Policy and specifically how complaints are defined. Officers therefore recommend that the Council (on recommendation from the ARC) requests the CEO to undertake a review of the City's Complaints Management Policy through its Policy and Legislation Committee. This will set / reconfirm the strategic direction in relation to complaints management.

Further to this, it is then recommended that the Council resolve to include complaints handling as an area for audit in its internal audit plan, to be established.

The City is currently seeking quotations from suitably qualified consultancies to establish an internal audit plan. It is anticipated that this plan will span over multiple years, commencing 2024/2025, with the Council (again on recommendation from the ARC) determining the areas of audit.

### **Statutory Environment**

Not Applicable

### **Relevant Plans and Policies**

The officer recommendation aligns to the following adopted plan or policy:

Plan:

Not applicable.

Policy:

[Complaints Management](#)

### **Financial Implications**

Not Applicable

### **External Stakeholder Consultation**

Not Applicable

### **Risk Assessment**

An assessment of the potential implications of implementing the officer recommendation has been undertaken using the City's risk management framework, with risks assessed taking into account any controls already in place. No risks of a medium or greater level have been identified.

### **Options**

As an alternative to the proposed recommendation the Council could

1. request the CEO engage a suitably qualified consultant to audit the City's complaint handling process, outside of and separate to its internal audit plan; or
2. request the CEO to undertake an internal review of the City's complaints handling processes.

If the Council was to resolve on option 1 there would be financial implications, with additional costs to conduct a standalone audit estimated at around \$7,000. This would need to be funded from the CEO's contingency budget.

### **CONCLUSION**

Officers believe that a review of the City's complaints process would be of benefit to identify improvements. In particular officers believe that the definition of a Complaint and the Council's strategic approach to Complaints should be reviewed. Officers note that an internal audit function / plan is in the process of being established and therefore believes it would be prudent for the Council to include an audit of complaints handling processes as part of that plan.

### **TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION**

The officer recommendation will be implemented in full, or in stages as per the following table:

<b>Milestone</b>	<b>Completion Date</b>
Complaints Management Policy Review to P&L	31 July 2024
Internal Audit Plan established	30 September 2024

## 7 MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

### 7.1 Notice of Motion – Complaints and Audit List

#### MOTION

1. Pursuant to Council resolution C2402/39\*, the ARC establish a list of items/functions/matters the subject of 'complaint', to be reviewed through an independent or internal audit/auditor<sup>^</sup>.
2. An internal audit plan be developed prior to the commencement of the application of the budgeted resourcing and it be priority headed by the following list. The draft internal audit plan to be presented by the scheduled July ARC meeting.
3. The internal audit plan list to include (in order of priority) but not be limited to:
  - A review of the definition of a Complaint (for monitoring/analysis).
  - The process of assessing and monitoring and also dealing with third parties (pre and post approval) involving extractive industry Development Applications.
  - The City's Planning department's system of application of assessment and subsequent interaction with applicants where i) DA's are triaged upon receipt and ii) about to or have progressed to their 60/90 day limit.
4. The Council requests members of the ARC to submit (complaint-related) matters with accompanying justification/reasons by 5:30, 22<sup>nd</sup> May 2024 , for the CEO to collate and list as an ARC agenda item for discussion for future programming into the internal audit function at the next ARC meeting.

<sup>^</sup> *The Council has allocated a combined \$145,000 to resource (via officer and consultant) the undertaking of the internal audit function.*

#### NOTICE OF MOTION

Cr Andrew Macnish has given notice that at the Audit and Risk Committee meeting on 8 May 2024, he will move the above motion.

#### REASONS


- The originating resolution had the Council recognising the value to be sourced in reviewing complaints for future learning.
- The Internal Auditor (function) will, once commenced, need functional direction from the ARC as per the ARC's ToR.
- There is currently a growing reputational risk the City does not listen to nor care to resolve long-standing matters of concern. This is a chance to honour the efforts of those to have their complaints heard AND assessed for improvement.
- Another matter of significant complaint, Saltwater (at least the business plan and associated decision-making) has not been included on the priority list given its particulars are ideally to be dealt with separately directly by the Council.
- The ARC members are asked to consider what other matters would be valuable to consider for audit assessment. This might include such things as the Vasse River project management and cyno- bacteria communication.

- The CEO could also avail himself of this opportunity to request the ARC to consider more administrative matters to be included on the list to be discussed and recommended to the Council.

\*

viewer Refers the opportunity identified in the officer's report of a risk-based approach to communications and capitalising on the value offered primarily from complaints to its Audit and Risk Committee (ARC) to consider (but not be limited to) the following options moving forward:

- the CEO undertake a review of the City's complaint handling process and provide a report to the ARC outlining the risks and opportunities for improvement of the current process as it relates to customer service.



- the CEO to engage an independent auditor to undertake a review of the City's complaint handling processes and provide a report to the ARC outlining the risks and opportunities for improvement.
- the CEO include complaints handling as an area for audit in any future internal audit plan (noting that there is a report scheduled for the March ARC meeting that will address an internal audit plan).

CARRIED 7 / 0

### OFFICER COMMENT

Officers do not support this notice of motion for the reasons outlined below.

At its ordinary meeting in February Council resolved (C2402/39):

*That the Council:*

1. *Observes the report providing measures and opportunities increasing community engagement and understanding of City processes and decisions addressing the relevant CEO KPI deliverable, but also notes the strategy to be a collection of process inputs NOT outcomes (which are yet to be fully assessed in terms of successfully delivering the desired customer service experience levels).*
2. *Accordingly, refers the matter of consideration of the CEO's performance meeting KPI criterion #4 to the next CEO Performance Committee meeting for its advice to the Council.*
3. *Refers the opportunity identified in the officer's report of a risk-based approach to communications and capitalising on the value offered primarily from complaints to its Audit and Risk Committee (ARC) to consider (but not be limited to) the following options moving forward:*
  - the CEO undertake a review of the City's complaint handling process and provide a report to the ARC outlining the risks and opportunities for improvement of the current process as it relates to customer service.*
  - the CEO to engage an independent auditor to undertake a review of the City's complaint handling processes and provide a report to the ARC outlining the risks and opportunities for improvement.*
  - the CEO include complaints handling as an area for audit in any future internal audit plan (noting that there is a report scheduled for the March ARC meeting that will address an internal audit plan).*



Item 6.1 on the current Audit and Risk Committee agenda responds to (relevantly) part 3 of that Council decision and recommends that the Council include complaints handling as a topic for audit in the City's internal audit plan when established (in addition to recommending that a review of the Council's Complaints Management Policy is undertaken).

An internal audit program / plan provides an independent overview of the adequacy and effectiveness of reporting and management frameworks and corporate governance processes. An internal audit program is designed to explore frameworks, processes and systems in place within an organisation, and identify opportunities for improvement. While an internal auditor may look at individual examples to determine how a process has, or has not, been applied, it's important to note that it is not the role of an auditor to make findings in relation to individual examples; in this context, individual complaints. It is also important for the Auditor to maintain independence and to determine how they audit the various matters. To provide particular examples or a set of examples, as proposed in part 1 and 4 of this notice of motion, puts at risk this independence, and would also be in advance of the auditor determining their audit approach.

The Council has (C2403/51) resolved to establish an internal audit function and has allocated \$35,000 to engage an experienced and appropriately qualified external consultant for that purpose. The engagement of an external consultant also ensures independence. Development of an internal audit plan by officers, as proposed in part 2 of the motion, goes against that council decision, and is not recommended. The RFQ for the engagement of the internal auditor has been / will be imminently released, and it is expected that an appointment would be made in July.

With respect to part 3 of the motion, it is recommended that the ARC (and the Council) await discussion with, and the advice of the appointed auditor, before determining (more broadly) what to include in the internal audit plan. It is anticipated that the ARC will have the opportunity to discuss the plan with the auditor in August / September, post their appointment.

## **8 CONFIDENTIAL MATTERS**

### **OFFICER RECOMMENDATION**

**That the meeting is closed to the public to discuss items which are confidential under section 5.23(2)(d) of the *Local Government Act 1995***

#### **8.1 Notice of Motion – Legal Advice**

This item contains information of a confidential nature in accordance with sections 5.23(2)(d) of the *Local Government Act 1995*, as it contains information relating to legal advice obtained, or which may be obtained by the local government.

**9 NEXT MEETING DATE**

Wednesday 24 July 2024

**10 CLOSURE**