agenda

Ordinary Meeting of Council
Addendum

NOTICE IS HEREBY GIVEN THAT THE NEXT ORDINARY MEETING OF THE COUNCIL OF THE CITY OF JOONDALUP WILL BE HELD IN THE COUNCIL CHAMBER, JOONDALUP CIVIC CENTRE, BOAS AVENUE, JOONDALUP

ON	**TUESDAY 26 MAY 2026**
COMMENCING AT	**6.30pm**

JAMIE PARRY
Acting Chief Executive Officer
22 May 2026

Acknowledgement of Traditional Custodians
The City of Joondalup acknowledges the traditional custodians of the land, the Whadjuk people of the Noongar nation, and recognises the culture of the Noongar people and the unique contribution they make to the Joondalup region and Australia. The City of Joondalup pays its respects to their Elders past and present and extends that respect to all Aboriginal and Torres Strait Islander peoples.

This document is available in alternate formats upon request

TABLE OF CONTENTS

13 REPORTS OF COMMITTEES

13.2 AUDIT AND RISK COMMITTEE - 11 MAY 2026

13.2.1 CHIEF EXECUTIVE OFFICER'S THREE YEARLY REVIEW - RISK MANAGEMENT, INTERNAL CONTROL AND LEGISLATIVE COMPLIANCE (WARD - ALL)

WARD	All
RESPONSIBLE DIRECTOR	Mr Nico Claassen Temporary Chief Executive Officer
FILE NUMBER	10011, 49586, 101515
AUTHORITY / DISCRETION	Information – includes items provided to Council for information purposes only that do not require a decision of Council (that is for ‘noting’).

PURPOSE

For Council to note the results of the Chief Executive Officer’s three yearly review of the appropriateness and effectiveness of the City’s systems and procedures in relation to risk management, internal control and legislative compliance.

EXECUTIVE SUMMARY

This review relates to Regulation 17 of the *Local Government (Audit) Regulations 1996* prior to the changes that came into operation on 1 January 2026. The former provisions of Regulation 17 require the Chief Executive Officer of a local government to review the appropriateness and effectiveness of a local government’s systems and procedures in relation to risk management, internal control and legislative compliance, not less than once in every three financial years and report to the audit committee of the results of that review.

The review was undertaken by Paxon Group – facilitated by the City’s Internal Auditor – and has now been completed. This report provides the results of this review.

It is therefore recommended that Council NOTES the results of the Chief Executive Officer’s three yearly review of the appropriateness and effectiveness of the City’s systems and procedures in relation to risk management, internal control and legislative compliance, in accordance with Regulation 17 of the Local Government (Audit) Regulations 1996, forming Attachment 1 to this Report.

BACKGROUND

This review was performed under the former provisions of Regulation 17 of the *Local Government (Audit Regulations) 1996,* which required the Chief Executive Officer to review the appropriateness and effectiveness of a local government's systems and procedures in relation to risk management, internal control and legislative compliance.

These matters are to be subject of a review not less than once in every three financial years; and the Chief Executive Officer is to report to the Audit and Risk Committee the results of that review.

The results of the previous review undertaken by Stantons International Audit and Consulting Pty Ltd were reported to the Audit and Risk Committee at its meetings held on 22 May 2023 and 21 August 2023, before being noted by Council at its meeting held on 19 September 2023 (CJ186-09/23 and CJ187-09/23 refers).

Part 1 of the *Local Government Regulations Amendment Regulations (No. 4) 2025* came into operation on 17 December 2025; the rest of the regulations came into operation on 1 January 2026.

The changes to Regulation 17 of the *Local Government (Audit Regulations) 1996* now require the Chief Executive Officer to review the appropriateness and effectiveness of a local government's systems and procedures in relation to financial management, legislative compliance, and risk management effectiveness, not less than once in every four financial years. This change combines the previous Regulation 17 review with the previous Regulation 5 (2) (c) review of the *Local Government (Financial Management) Regulations 1996.*

A separate review has been undertaken by Paxon Group for Regulation 5 (2) (c) of the *Local Government (Financial Management) Regulations 1996*.

DETAILS

<u>Overall Outcome for Risk Management</u>

Good practice was noted within the processes outlined below:

- The City has implemented a *Risk Management Framework* aligned with ISO 31000, clearly outlining roles, responsibilities, and reporting structures. This is guided by a *Risk Management Council Policy*;
- Strategic risks are documented in a register that includes control effectiveness, residual risk ratings, and assigned risk owners;
- Operational risks are captured live by business units using SharePoint lists, enabling real-time monitoring and annual reporting via PowerBI;
- Risk reporting is formalised with clear requirements identified for reporting within the *Risk Management Framework*. Risks are reported through to the Audit and Risk Committee on an ad hoc basis;
- The City has a *Fraud, Corruption and Misconduct Framework* and guiding Policy in place and up to date which follow the principles under the Australian Standard AS 8001:2021 Fraud and Corruption Control. This is supported by the City's *Integrity Framework* and provides an overview of its approach and processes to manage fraud and corruption risks; and
- The City's insurance coverage is adequate and up to date.

***Finding** – the required annual testing on the Business Continuity Plan's critical services has not been performed.*

- Risk rating – medium.

- Possible implications – inadequate preparedness for major disruptions and service outages; and non-compliance with internal requirements.

- Recommendation – the City should ensure that a comprehensive BCP [Business Continuity Plan] test is conducted annually, encompassing all critical business functions in accordance with its internal requirements. A schedule for BCP testing should be formalised and monitored to ensure compliance moving forward.

- Management comments – new template has been created for risk assessments which allows for business impact assessments to be undertaken at the same time as annual risk reviews of operational risks. To be rolled out in line with annual risk reviews. [Target completion date: 31 December 2026].

  Once the annual risk reviews are completed, the *Business Continuity Plan* will be updated to reflect the current business impact assessments. The scenario testing documentation will also be updated in readiness for implementation.

<u>Overall Outcome for Internal Control</u>

Good practice was noted within the processes outlined below:

- Delegations of Authority is documented and aligned with the *Local Government Act 1995*, with clear levels of delegation across staff;

- IT access controls are supported by protocols and a ticketing system, with penetration testing conducted by external providers; and

- An internal findings register is maintained to track audit recommendations and updates provided to the Audit and Risk Committee. All previous Regulation 17 audit findings have been completed by the City.

***Finding** – two documents that were not reviewed in accordance with the City's stipulated timeframes and five documents that did not indicate subsequent review dates to ensure that they are up-to-date.*

- Risk rating – low.

- Possible implications – policies and procedures guiding internal requirements do not have continued relevance and applicability or are not up to date.

- Recommendation – perform a review of the documents identified within the finding and ensure that these have been included within the City's internal review processes to be updated in a timely manner.

- Management comments – an annual internal policy review schedule is considered by the Executive Leadership Team each year, the internal policies listed will be prioritised for review. [Target completion date: ongoing, and to be reviewed annually].

Overall Outcome for Legislative Compliance

Good practice was noted within the processes outlined below:

- A compliance calendar is maintained, tracking obligations and completion status for actionable items;
- Gift registers and primary/annual returns are actively managed and compliant with *Local Government Act* requirements, with sample testing confirming no exceptions;
- The Compliance Audit Return process is documented and the return completed for 2024;
- A current *Record Keeping Plan* is in place and reviewed in accordance with the *State Records Act 2000*;
- Freedom of Information processes are documented and publicly accessible, with a guide last reviewed in December 2024; and
- Public Interest Disclosure Protocol is in place with clear details of the City's PID officers and guidance published on the City's website.

***Finding** – the review did not identify any findings within this area.*

Legislation / Strategic Community Plan / Policy implications

Legislation *Local Government (Audit) Regulations 1996*.

10-Year Strategic Community Plan

Key theme 5. Leadership.

Outcome 5-1 Capable and effective - you have an informed and capable Council backed by a highly-skilled workforce.

Policy *Risk Management Council Policy.*

Risk management considerations

Risk management considerations in reports to Council consider the relevant strategic risk(s).

This category of risk requires input from Council and is managed by the Chief Executive Officer and relevant Director(s).

Strategic risks are external or internal risks that affect the achievement of the City's long-term objectives.

Strategic Risk Relationship

Risk	**DECISIONS**
Risk Event Description	Ineffective / improper decision making
Risk Responsibility	Director Governance and Strategy
Residual Risk	High
Control Effectiveness	Strong
Risk Appetite	High risk requires close monitoring with assurance of the highest levels of controls – strong – including plans for improving effectiveness levels.
Risk Control	A relevant control, to mitigate risk, is to ensure the City's Administration operational structure includes dedicated and experienced employees with responsibility and accountability for risk management, internal control and legislative compliance. A further control is the requirement to independently review systems to establish if internal controls and/or processes are appropriate and effective, in accordance with the *Local Government (Audit) Regulations 1996.* Any risks and weaknesses identified will be addressed by introducing new controls and/or improving the current controls and control environment.

Other risk information

The progress of the implementation of any improvements identified will be reported to future meetings of the Audit, Risk and Improvement Committee.

Financial / budget implications

All amounts quoted in this report are exclusive of GST.

Financial year impact – 2025/26 (as at 31 March 2026)

Account no.	1.230.A2301.3265.0000
Budget item	Consultancy
Budget amount (revised)	$ 68,100
Amount spent to date	$ 38,900 ($12,800 this review)
Balance	$ 29,200 ($ 3,200 this review)

Regional significance

Strong focus and/or improvements of the areas included in the review enhances the City's capability to deliver services to the District, and beyond, as relevant.

Sustainability implications

The financial sustainability of the City's operations depends on effective controls within the areas included in the review, with the aim to decrease the risks of significant reputational damage and/or financial losses being incurred through error or fraudulent activity. Being responsible and financially sustainable is part of the goals of the City's *Strategic Community Plan.*

Consultation

Paxon Group – facilitated by the City's Internal Auditor – liaised with relevant City employees to undertake the review.

COMMENT

Not applicable.

VOTING REQUIREMENTS

Simple Majority.

COMMITTEE RECOMMENDATION

The committee recommendation to Council for this Report (as detailed below) was resolved by the Audit and Risk Committee at its meeting held on 11 May 2026.

The committee recommendation is the same as recommended by City officers.

RECOMMENDATION

That Council NOTES the results of the Chief Executive Officer's three yearly review of the appropriateness and effectiveness of the City's systems and procedures in relation to risk management, internal control and legislative compliance, in accordance with Regulation 17 of the *Local Government (Audit) Regulations 1996*, forming Attachment 1 to this Report.

ATTACHMENTS

1. Regulation 17 Review (April 2026) [**13.2.1.1** - 11 pages]

13.2.2 APPOINTMENT OF INDEPENDENT MEMBERS TO THE AUDIT, RISK AND IMPROVEMENT COMMITTEE (WARD - ALL)

WARD	All
RESPONSIBLE DIRECTOR	Mr Nico Claassen Temporary Chief Executive Officer
FILE NUMBER	107022, 101515
AUTHORITY / DISCRETION	Executive - The substantial direction setting and oversight role of Council, such as adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.

PURPOSE

For Council to consider the short-listed candidates for the selection and appointment of independent audit, risk and improvement committee members.

EXECUTIVE SUMMARY

At its meeting held 21 April 2026 (CJ090-04/26 refers), Council received a report on the process for the selection and appointment of the independent presiding member and independent deputy of the presiding member to the new audit, risk and improvement committee, as required from 1 July 2026.

At that meeting, Council resolved as follows:

1 *ENDORSES the following process for the selection and appointment of independent audit, risk and improvement committee members outlined in this Report;*

1.1 *REQUESTS the Chief Executive Officer to provide access to all expressions of interest from the WALGA (North Metropolitan Zone) Audit, Risk and Improvement Committee Presiding Members Pool for the Audit and Risk Committee to short-list candidates for interview;*

1.2 *NOTES that the short-list of candidates for interview must be presented to the next meeting of the Audit and Risk Committee, tentatively scheduled for 11 May 2026, for Council endorsement at its meeting on 26 May 2026;*

1.3 *AUTHORISES the current Presiding Member, Mayor and Cr Count of the Audit and Risk Committee to interview the preferred candidate/s for the appointment of independent audit, risk and improvement committee members;*

1.4 *NOTES that a report on the preferred candidates must be presented to Council for endorsement at its meeting on 23 June 2026;*

2 *ENDORSES that the selection and appointment of independent audit, risk and improvement committee members will be for:*

- *One independent presiding member;*
- *One independent deputy of the presiding member;*

3 *NOTES that the meeting attendance fees of independent audit, risk and improvement committee members will be dependent on the skills and experience of the preferred candidates, and is not to exceed $1,215 per meeting attended;*

4 *NOTES that an amendment to the 2026-27 annual budget may be required for the allocation of meeting attendance fees of independent audit, risk and improvement committee members;*

5 *NOTES that a future report will be presented to Council to establish a new audit, risk and improvement committee, appoint committee members, endorse the meeting attendance fees of the independent committee members, and to update the committee's terms of reference.*

In accordance with Part 1.1 of the Council's decision, Elected Members were advised on 24 April 2026 that all expressions of interest from the WALGA (North Metropolitan Zone) Audit, Risk and Improvement Committee Presiding Members Pool were made available via the Elected Member Portal, for the Audit and Risk Committee to short-list candidates for interview. A shortlisting assessment guide was also provided which included the criteria and criteria weighting as included in the Report to Council on 21 April 2026 (Report 13.1.1 refers).

This Report addresses Part 1.2 of the Council's decision on 21 April 2026.

It is therefore recommended that Council:

1 *CONSIDERS the short-listed candidates for the selection and appointment of one Independent Presiding Member and one Independent Deputy of the Presiding Member for the Audit, Risk and Improvement Committee, as required from 1 July 2026;*

2 *REQUESTS the Chief Executive Officer to contact the short-listed candidates to confirm their ongoing availability for consideration as either the Independent Presiding Member or Independent Deputy of the Presiding Member of the Audit, Risk and Improvement Committee, effective from 1 July 2026:*

   2.1 *Candidate #*
   2.2 *Candidate #*
   2.3 *Candidate #*
   2.4 *Candidate #*
   2.5 *Candidate #*

3 *REQUESTS the Chief Executive Officer to arrange appropriate administrative support to the interview panel, comprising Cr Raftis (current Presiding Member of the Audit and Risk Committee), Mayor, and Cr Count (current members of the Audit and Risk Committee);*

4 *NOTES that a report on the preferred candidates will be presented to Council for endorsement at its meeting on 23 June 2026, to enable the establishment of the new Audit, Risk and Improvement Committee, as required from 1 July 2026.*

BACKGROUND

The *Local Government Act 1995* (Act) and the *Local Government (Audit) Regulations 1996* (Regulations) require local governments to establish an audit, risk and improvement committee with certain roles and responsibilities. Members of the audit, risk and improvement committee of a local government are to be appointed by the local government (absolute majority) and at least three of the members, and the majority of the members, are to be council members.

Amendments to the Act which commenced 1 January 2025 now require changes to the committee name and membership as outlined below – commencing 1 July 2026:

- *Division 1A — Audit, risk and improvement committee*

  - *Section 7.1A (1) – A local government must establish a committee of its council under section 5.8 to be called the audit, risk and improvement committee.*

  - *Section 7.1A (3) – The presiding member of the audit, risk and improvement committee cannot be a council member of the local government or of any other local government.*

  - *Section 7.1A (4) – Any deputy presiding member of the audit, risk and improvement committee cannot be a council member of the local government or of any other local government.*

  - *Section 7.1B (1) – The local government must appoint a person under section 5.11A to be a deputy of the presiding member of the audit, risk and improvement committee.*

    Section 5.11A of the Act states:

    5.11A. Deputy committee members

    (1) The local government may appoint a person to be a deputy of a member of a committee and may terminate such an appointment* at any time.*

    ** Absolute majority required.*

    (2) A person who is appointed as a deputy of a member of a committee is to be –
    (a) if the member of the committee is a council member – a council member; or
    (b) if the member of the committee is an employee – an employee; or
    (c) if the member of the committee is not a council member or an employee – a person who is not a council member or an employee; or
    (d) if the member of the committee is a person appointed under section 5.10(5) – a person nominated by the CEO.

    (3) A deputy of a member of a committee may perform the functions of the member when the member is unable to do so by reason of illness, absence or other cause.

(4) A deputy of a member of a committee, while acting as a member, has all the functions of and all the protection given to a member.

- *Section 7.1B (2) – In addition to the requirement of section 5.11A(2)(c), the deputy of the presiding member cannot be a council member of any other local government.*

  Section 5.11A(2)(c) of the Act states:

  5.11A. Deputy committee members

  (2) A person who is appointed as a deputy of a member of a committee is to be –
  (c) if the member of the committee is not a council member or an employee – a person who is not a council member or an employee; or

- *Section 7.1B (4) – If the local government appoints a person under section 5.11A to be a deputy of the deputy presiding member of the audit, risk and improvement committee, in addition to the requirement of section 5.11A(2)(c), the appointed deputy cannot be a council member of any other local government.*

Fees paid and expenses reimbursed to independent committee members are governed by:

- Section 5.100 of Act which relates to fees paid and expenses reimbursed to committee members, who are neither a council member nor an employee.
- Part 6.4A of the *Salaries and Allowances Tribunal Determination* of 19 December 2025 – effective from 1 January 2026 – provides for meeting attendance fees for independent audit, risk and improvement committee members; for Band 1 to 4 local governments the fee is a minimum of $105 and a maximum of $1,215 per meeting.

DETAILS

To facilitate the shortlisting of candidates for interview, all expressions of interest received from the WALGA (North Metropolitan Zone) Audit, Risk and Improvement Committee Presiding Members Pool, in respect of the new audit, risk and improvement committee, were made available to Elected Members via the Elected Member Portal.

Each local government will be responsible for undertaking their own assessment and due diligence as WALGA has not verified the information provided by the candidate/s and does not endorse any candidate/s. Pool members have been advised that local governments may seek further information from them as part of their selection processes.

For Council's consideration of suitable candidates for interview, the selection criteria and associated weighting, as included in the Report to Council dated 21 April 2026 (Item 13.1.1 refers), are outlined below.

Selection Criteria	Weighting
Experience in presiding at local government council or committee meetings and / or meetings conducted in accordance with formal rules for conduct, participation and voting.	10
Have current qualifications and/or demonstrate extensive senior experience relevant to one or more of the following: a. Financial management b. Audit and assurance c. Governance, compliance d. Risk management e. Fraud, cyber security, internal controls	10
Demonstrate knowledge and/or experience in working in or with local government.	10
Demonstrate experience in working with government and/or institutional governing bodies responsible for diverse and complex legislative functions.	3
Have demonstrated leadership, facilitation and communication skills, in complex compliance environments.	3

Selection Criteria Weighting	Weighting
Critical – critical to success in the role and essential for a presiding member, or a deputy of the presiding member to be proficient in skilfully demonstrating this criteria; this is non-negotiable and someone who could not perform this would most likely fail.	10
Very important – it would be very difficult for a person to achieve the expected role outcomes/results without skilfully demonstrating this.	3
Fairly important – this criteria is among the most important for achieving expected role outcomes/results, but if lacking, a lesser skill could be tolerated. Steps would however need to be put in place for improvement of competence.	2
Important – the criteria is important but would have less impact on role outcomes/results if the presiding member, or a deputy of the presiding member was not proficient in it. Therefore, a lesser skill can be accepted.	1

Roles and Responsibilities – Administration

- Circulate all expressions of interest from the WALGA (North Metropolitan Zone) Audit, Risk and Improvement Committee Presiding Members Pool to Elected Members.
- Confirm ongoing availability of short-listed candidates.
- Undertake logistics of arranging interview times and venue.
- Undertake validation checks of qualifications and experience.
- Draft advice to successful and unsuccessful candidates; to be sent from the Presiding Member of the Audit and Risk Committee.

Roles and Responsibilities – Audit and Risk Committee Interview Panel

- Interview panel (Cr Raftis as current Presiding Member, Mayor and Cr Count, as current committee members) to present short-listed candidates for interview, to the Audit and Risk Committee meeting of 11 May 2026, for Council endorsement at its meeting on 26 May 2026.
- Preparation of interview questions (which may be undertaken in consultation with the Administration).
- Undertake reference checks.
- Maintain corporate records related to the interview and selection process.

Roles and Responsibilities – Council

- Final decision maker with regard to appointment of independent committee members, for endorsement at its meeting on 23 June 2026 – to enable the establishment of the new Audit, Risk and Improvement Committee – as required from 1 July 2026.

Issues and options considered

The composition of the new audit, risk and improvement committee must include the following:

- An independent presiding member.

  7.1A. Establishment of audit, risk and improvement committee

  (3) The presiding member of the audit, risk and improvement committee cannot be a council member of the local government or of any other local government.

- An independent deputy *of* the presiding member. The deputy *of* the presiding member acts when the presiding member is unavailable.

  7.1B. Deputy of presiding member or of deputy presiding member

  (1) The local government must appoint a person under section 5.11A to be a deputy of the presiding member of the audit, risk and improvement committee.

  Section 5.11A(2)(c) (Deputy committee members) of the Act states:

  A person who is appointed as a deputy of a member of a committee is to be – if the member of the committee is not a council member or an employee – a person who is not a council member or an employee;

  (2) In addition to the requirement of section 5.11A(2)(c), the deputy of the presiding member cannot be a council member of any other local government.

  Under section 7.1B of the Act, the person appointed as the deputy *of* the presiding member cannot also be appointed as an ordinary member of the committee. This is because the deputy *of* the presiding member is appointed under section 5.11A of the Act as a deputy committee member, and the same person cannot, at the same time, hold the statutory office of committee member and the statutory office of a deputy committee member.

  The deputy of the presiding member is only required to attend meetings in the absence of the presiding member; however, it is recommended that as part of establishing the new committee, Council invites the deputy of the presiding member to attend all committee meetings as an observer; this will maintain continuity and oversight of committee matters.

Legislation / Strategic Community Plan / Policy implications

Legislation *Local Government (Audit) Regulations 1996.*
Local Government Act 1995.

10-Year Strategic Community Plan

Key theme 5. Leadership.

Outcome 5-1 Capable and effective - you have an informed and capable Council backed by a highly skilled workforce.

Policy Not applicable.

Risk management considerations

Risk management considerations in reports to Council consider the relevant strategic risk(s).

This category of risk requires input from Council and is managed by the Chief Executive Officer and relevant Director(s).

Strategic risks are external or internal risks that affect the achievement of the City's long-term objectives.

Strategic Risk Relationship

Risk	**DECISIONS**
Risk Event Description	Ineffective / improper decision making
Risk Responsibility	Director Governance and Strategy
Residual Risk	High
Control Effectiveness	Strong
Risk Appetite	High risk requires close monitoring with assurance of the highest levels of controls – strong – including plans for improving effectiveness levels.
Risk Control	The relevant control, to mitigate risk, is the provision of a report that includes relevant details and information required for Council to make an informed decision relating to the appointment of, and remuneration for, independent committee members of the new audit, risk and improvement committee. The establishment of committees assists Council in performing some of its legislative responsibilities and functions. If Council does not establish committees this may hinder the overall decision-making process, place an onerous burden on Council as a whole, and would be a breach of legislation.

Other risk information

Previous external members added value to the Audit and Risk Committee's role through their experience, qualifications and independence. The inclusion of external members offers an independent view of the City's systems of internal control, risk management, legislative compliance and internal and external audit reporting, and reduces risks associated with being perceived as non-objective or non-independent.

Financial / budget implications

Section 5.100 of the Act relates to fees paid and expenses reimbursed to committee members, who are neither a council member nor an employee, and provides that:

> *(2) A committee member who attends a meeting of the committee is entitled to be paid –*
> *(a) the fee determined for attending a committee meeting; or*
> *(b) if the local government has set a fee within the range determined for committee meeting attendance fees – that fee.*
>
> *(3) A committee member who attends a meeting of a prescribed type at the request of the council is entitled to be paid –*
> *(a) the fee determined for attending a meeting of that type; or*
> *(b) if the local government has set a fee within the range determined for meetings of that type – that fee.*
>
> *(4) Subsection (5) applies if a committee member incurs –*
> *(a) an expense that is of a kind prescribed as being an expense to be reimbursed by all local governments; or*
> *(b) an expense –*
> *(i) that is of a kind prescribed as being an expense which may be approved by any local government for reimbursement by the local government; and*
> *(ii) which has been approved by the local government for reimbursement.*
>
> *(5) The committee member must be reimbursed for the expense –*
> *(a) if the extent of reimbursement for the expense has been determined – to that extent; or*
> *(b) if the local government has set the extent to which the expense can be reimbursed and that extent is within the range determined for reimbursement – to that extent.*
>
> *(6) If an expense is of a kind that may be approved by a local government for reimbursement, the local government may approve reimbursement of the expense either generally or in a particular case but nothing in this subsection limits the application of subsection (5) if the local government has approved reimbursement of the expense in a particular case.*

Part 6.4A of the *Salaries and Allowances Tribunal Determination* of 19 December 2025 provides for meeting attendance fees for independent audit, risk and improvement committee members, per meeting:

> *(1) In accordance with section 5.100(1)(b) of the LG Act, the fee payable by a local government or regional local government council to an Independent Audit, Risk and Improvement Committee (ARIC) Member (whether Presiding Member, Deputy Presiding Member, Deputy Member or Member) for attendance at an ARIC meeting must be set within the range provided in table 8A. The fees provided in table 8A are exclusive of superannuation. Local government bodies should seek their own professional advice in regard to whether or not independent committee members are to be paid superannuation.*

(2) *The range in table 8A is provided to enable local governments to appropriately compensate independent ARIC members depending on the skills and expertise required to undertake the roles. The local government must resolve that the fee 2 represents value for money. The State Government's Audit and Financial Advisory Services Common Use Agreement (CUAAFA2024) may be used as guide.*

Table 8A: per meeting fees for independent ARIC members – local government and regional local governments

Independent ARIC per meeting fees		
Bands	**Independent ARIC Member**	
1 – 4	**Min**	**Max**
	$105	$1,215

(3) *In accordance with sections 5.100(4), (5) and (6) of the LG Act, an independent ARIC member can be reimbursed for attending ARIC meetings.*

(4) *The extent to which an independent committee member can be reimbursed for expenses attending ARIC meetings is the actual travel and associated costs incurred by the independent member demonstrated to the satisfaction of the local government.*

The revised audit, risk and improvement committee, including the independent committee members, will be required from 1 July 2026. Each financial year, the committee meets on four or five occasions.

The Council can decide to appropriately compensate independent committee members depending on the skills and expertise they bring to the committee, ranging from $105 to $1,215.

No meeting attendance fees or reimbursements have been made to past external members.

There is no current budget allocation for the payment of meeting attendance fees or reimbursements. An amendment to the 2026-27 annual budget may be required for the allocation of meeting attendance fees of independent audit, risk and improvement committee members.

Regional significance

The requirement to have an independent presiding member, and independent deputy of the presiding member, will ensure a level of independence and impartial oversight; and aims to increase community confidence in a local government's financial and risk management. Local government operations may also benefit through appointing an independent person with risk and financial management expertise. This enhances the City's capability to deliver services to the district, and beyond, as required.

Sustainability implications

The requirement to have an independent presiding member, and independent deputy of the presiding member, will ensure a level of independence and impartial oversight; and aims to increase community confidence in a local government's financial and risk management. Local government operations may also benefit through appointing an independent person with risk and financial management expertise. This enhances the City's capability to operate sustainably.

Consultation

Not applicable.

COMMENT

Not applicable.

VOTING REQUIREMENTS

Simple Majority.

COMMITTEE RECOMMENDATION

The committee recommendation to Council for this Report (as detailed below) was resolved by the Audit and Risk Committee at its meeting held on 11 May 2026.

The original recommendation as presented by City officers to the Committee is as follows:

That Council:

1 *CONSIDERS the short-listed candidates for the selection and appointment of one Independent Presiding Member and one Independent Deputy of the Presiding Member for the Audit, Risk and Improvement Committee, as required from 1 July 2026;*

2 *REQUESTS the Chief Executive Officer to contact the short-listed candidates to confirm their ongoing availability for consideration as either the Independent Presiding Member or Independent Deputy of the Presiding Member of the Audit, Risk and Improvement Committee, effective from 1 July 2026:*

   2.1 Candidate #
   2.2 Candidate #
   2.3 Candidate #
   2.4 Candidate #
   2.5 Candidate #

3 *REQUESTS the Chief Executive Officer to arrange appropriate administrative support to the interview panel, comprising Cr Raftis (current Presiding Member of the Audit and Risk Committee), Mayor, and Cr Count (current members of the Audit and Risk Committee);*

4 *NOTES that a report on the preferred candidates will be presented to Council for endorsement at its meeting on 23 June 2026, to enable the establishment of the new Audit, Risk and Improvement Committee, as required from 1 July 2026.*

The Committee's subsequent recommendation to Council is as follows (changes identified):

That Council:

1 *CONSIDERS the short-listed candidates for the selection and appointment of one Independent Presiding Member and one Independent Deputy of the Presiding Member for the Audit, Risk and Improvement Committee, as required from 1 July 2026;*

2 *REQUESTS the Chief Executive Officer to contact the short-listed candidates to confirm their ongoing availability for consideration as either the Independent Presiding Member or Independent Deputy of the Presiding Member of the Audit, Risk and Improvement Committee, effective from 1 July 2026:*

2.1 Candidate A
2.2 Candidate D
2.3 Candidate F
2.4 Candidate G
2.5 Candidate H

3 *REQUESTS the Chief Executive Officer to arrange appropriate administrative support to the interview panel, comprising Cr Raftis (current Presiding Member of the Audit and Risk Committee), Mayor, and Cr Count (current members of the Audit and Risk Committee);*

4 *NOTES that a report on the preferred candidates will be presented to Council for endorsement at its meeting on 23 June 2026, to enable the establishment of the new Audit, Risk and Improvement Committee, as required from 1 July 2026.*

RECOMMENDATION

That Council:

1 CONSIDERS the short-listed candidates for the selection and appointment of one Independent Presiding Member and one Independent Deputy of the Presiding Member for the Audit, Risk and Improvement Committee, as required from 1 July 2026;

2 REQUESTS the Chief Executive Officer to contact the short-listed candidates to confirm their ongoing availability for consideration as either the Independent Presiding Member or Independent Deputy of the Presiding Member of the Audit, Risk and Improvement Committee, effective from 1 July 2026:

2.1 Candidate A
2.2 Candidate D
2.3 Candidate F
2.4 Candidate G
2.5 Candidate H

3 REQUESTS the Chief Executive Officer to arrange appropriate administrative support to the interview panel, comprising Cr Raftis (current Presiding Member of the Audit and Risk Committee), Mayor, and Cr Count (current members of the Audit and Risk Committee);

4 NOTES that a report on the preferred candidates will be presented to Council for endorsement at its meeting on 23 June 2026, to enable the establishment of the new Audit, Risk and Improvement Committee, as required from 1 July 2026.

ATTACHMENTS

1. CONFIDENTIAL REDACTED - EOI Shortlisting [**13.2.2.1** - 145 pages]

14 REPORTS OF THE CHIEF EXECUTIVE OFFICER

14.1 PROPOSAL FOR LEVYING DIFFERENTIAL RATES FOR THE 2026-27 FINANCIAL YEAR (WARD - ALL)

WARD	All
RESPONSIBLE DIRECTOR	Mr Mat Humfrey Director Corporate Services
FILE NUMBER	111596, 101515
AUTHORITY / DISCRETION	Executive - The substantial direction setting and oversight role of Council, such as adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.

PURPOSE

For Council to consider a proposal for the setting of differential rates for the Draft Budget for the 2026-27 Financial Year.

EXECUTIVE SUMMARY

As part of the process for the 2026-27 Draft Budget, it is proposed to continue to apply differential rating introduced in 2008-09. In accordance with section 6.36 of the *Local Government Act 1995* (the Act) Council is required to determine the differential rates to be advertised prior to consideration of the budget.

It is recommended that the proposed differential rates be advertised, and public submissions sought in accordance with section 6.36 of the Act.

BACKGROUND

To set the rates for its budget, Council determines the total rate revenue it needs, in accordance with section 6.2 of the Act, and sets the cents in the dollar that will generate that revenue. The individual property valuations determine what proportion of the total rate requirements are met by each property owner. This proportion will change when a valuation changes.

Differential rates were first introduced in 2008-09 to maintain the distribution of the rate burden between the classes of residential, commercial, and industrial property following a revaluation. The relativities between the differentials have been adjusted at subsequent revaluations in 2011-12, 2014-15, 2017-18, 2020-21, 2023-24 and 2026-27.

In addition to a differential between classes of property the City has applied a differential between improved and vacant land within each of the classes of residential, commercial and industrial property. The City is keen to promote and encourage the development of vacant land. This can be done through a number of positive initiatives and in this regard the City makes a significant contribution to encourage and promote economic development. It can also be done by actively discouraging the holding of vacant and undeveloped land. In respect of the latter, a higher differential rate imposed on vacant land than the rate applicable for improved land is considered an inducement to develop vacant land.

At the November 2025 Ordinary Council Meeting the Strategic Financial Plan 2025 and the Budget Parameters 2026-27 (CJ326–11/25 refers) were noted and endorsed respectively. The budget parameters set out that rates would increase in 2026-27 financial year by up to 2% more than inflation. The differential rates in the recommendation meet this requirement.

DETAILS

Draft Budget 2026-27

The City is in the final stages of developing and preparing the draft 2026-27 Budget. This process has encompassed the following:

- Reference and alignment to the Strategic Community Plan.
- Strategic Financial Plan alignment and review.
- Other Plans and Strategies.
- Critical Analysis of 2024-25 and progress in 2025-26 Corporate Business Plan performance.
- Consideration of budget parameters.
- Ongoing review of service delivery and service standards.
- Consideration of the efficiency and effectiveness of services and facilities and implementation of new efficiencies.
- Consideration of operating and capital proposals.
- Assessment of capacity including financial, rating and resources, sustainability, assets and reserves.

The development has been scrutinised by the following:

- Executive through an extensive evaluation process encompassing the Capital Works Program and each Business Unit's draft budget.
- Elected Members, through three Draft 2026-27 Budget Workshops to date (during February, March and April 2026).

The final stage of the draft 2026-27 budget process prior to adoption is to consider the setting of the cents in the dollar.

The development of the budget has been undertaken in accordance with the budget parameters adopted by Council in November 2025. The parameters set out that the expenditure for the Employee Costs and Materials and Contracts categories were to be held at the 2025-26 budget level. This was implemented to begin the process of rebalancing the City's budget.

Differential Rates

Section 6.33 of the Act makes provision for the City to be able to levy differential rates based on a number of criteria.

"(1) A local government may impose differential general rates according to any, or a combination, of the following characteristics —

(a) the purpose for which the land is zoned, whether or not under a local planning scheme or improvement scheme in force under the Planning and Development Act 2005; or

(b) a purpose for which the land is held or used as determined by the local government; or

(c) whether or not the land is vacant land; or

(d) any other characteristic or combination of characteristics prescribed."

Section 6.33 of the Act permits Council to levy differential rates such that the highest is no more than twice the lowest differential. A greater difference in differentials may be used but requires Ministerial approval.

Issues and options considered

There are several broad approaches for how the City might consider the rates levy for the 2026-27 Budget.

Cents in the Dollar

There are three options for determining how the cents in the dollar may be set.

Option One – Do not Differentially Rate and Revert to a General Rate

The differential rate was introduced in 2008-09 to compensate for the distortions caused by higher residential property valuation increases compared to commercial and industrial property valuations. These relativities have been adjusted at subsequent revaluations to maintain the relativity between residential compared to commercial and industrial.

Reverting back to a general rate would considerably increase the rate burden falling on residential property owners with a commensurate reduction to commercial and industrial property owners.

This option is not recommended.

Option Two – Apply a Differential Rate but Re-Assess What They Should Be

There needs to be a key driver or basis for setting a differential rate. In 2008-09 the driver was to maintain the proportion of rate revenue derived from each of residential, commercial and industrial property. Applying a higher differential rate for vacant property was introduced to discourage the holding of property in a vacant or undeveloped state.

A change was made to the differential for vacant residential property in 2015-16 to bring it into line with treatment of the differentials for vacant commercial and industrial property. The differential for residential, commercial and industrial vacant property has since been set at a rate that is not more than twice the lowest differential, which is the rate for residential improved property.

Since the differential rates were last considered for the previous year's budget there has been no change in legislative requirements impacting on the application of differential rating in the City of Joondalup and no change in circumstances that would warrant the basic drivers needing to be reconsidered at this time.

This option is not recommended.

Option Three – Apply a Differential Rate Based on the Differentials Set in 2025-26

There has been no change in legislative requirements impacting on the application of differential rating in the City of Joondalup. There are no circumstances suggesting a change to the basic drivers for differential rating. Maintaining the relativity between the differentials, based on those set in 2025-26, would best permit setting appropriate differential rates for 2026-27. This is considered the most appropriate course in the current circumstances.

This option is recommended.

Minimum Payments

The Act provides that a local government may set a minimum payment for rates. That is, regardless of the result of the rate calculation determined by multiplying the cents in the dollar by the valuation, no property should be assessed for rates at an amount below the minimum payment. The cents in the dollar and minimum payment will together determine the minimum property valuation. Properties with a valuation below this will be subject to the minimum payment.

The Act does not provide any guidance as to what an appropriate value for the minimum payment is or how it might be determined. In essence it is whatever the local government may determine. The general philosophy is that every ratepayer should make a reasonable contribution to the services and facilities that a local government provides. There is a statutory limit prohibiting a minimum being set so high that more than 50% of properties in each differential rating category would be on the minimum. The percentage of properties in the City of Joondalup on the minimum is well below this threshold in each differential rating category.

There are three further options.

Option Four – Re-Assess the Setting of Minimum Payments

The minimum payment that the City has been applying each year has not been based on any formula or criteria but simply represents what the City has determined is reasonable as a minimum payment. By way of comparison in the table below for the 2025-26 financial year, the City's current minimum payment for residential improved of $935 is the lowest of eight larger metropolitan local governments by population noting that two of them do not have a separate refuse charge and include refuse in the rates charge.

Local Government	**Residential Improved Minimum Payment 2025-26**
City of Joondalup	935.00
City of Stirling	991.00
City of Swan	1,005.00
City of Gosnells	1,128.00
City of Wanneroo	1,138.00
City of Rockingham	1,425.00
City of Melville*	1,491.80
City of Cockburn*	1,591.00

**Minimum rate includes refuse charge*

In the absence of any specific guidelines and given that the City of Joondalup's minimum payment is near industry norms, the option of re-assessing the setting of minimum payments is not recommended.

Option Five – No Change to Minimum Payments

Leaving the existing minimum payments at the same level in 2025-26 is expected to result in a decrease in the number of properties on the minimum, as a consequence of not adjusting the minimum payments in line with the proposed differential rates for 2026-27. It is therefore not considered appropriate to retain the current minimum payment levels for 2026-27.

This option is not recommended.

Option Six – Apply Changes in Line with the Changes in Rates

It is considered that applying changes to the minimum payment that is in line with the overall City rate change provides the most consistent and equitable approach. The proposed differential rates for 2026-27 represent an increase from the current rates, and it is therefore considered appropriate to make changes to the minimum payments accordingly.

This option is recommended.

Draft 2026-27 Budget Rate Revenue Requirement

The Draft 2026-27 Budget is in the final stages of preparation. Workshops have been held with Elected Members, and the draft Budget is expected to be presented to Council in June 2026.

The budget is being developed in a challenging economic environment. The City has a responsibility to minimise the impact of rates levied on property owners along with a responsibility to deliver services, infrastructure and facilities that the community expects. Input costs remain under significant pressure and the City must balance these two outcomes in a financially responsible manner.

The proposed differential rates in 2026-27 represent a 23.70% decrease in the cents in the dollar compared to 2025-26. Based on the current property listing, an increase of 6.50% has been included within the reduction of the cents in the dollar.

It is recommended that the City base its cents in the dollar on Option Three and its minimum payment on Option Six with rates applying to each property category based on the following criteria:

- That differential rates apply to residential, commercial and industrial improved property.
- That the differential rate on residential, commercial and industrial vacant property be set at no more than twice the lowest differential rate.

Legislation / Strategic Community Plan / Policy implications

Legislation *Local Government (Financial Management) Regulations 1996. Local Government Act 1995.*

10-Year Strategic Community Plan

Key theme 5. Leadership.

Outcome 5-4 Responsible and financially sustainable - you are provided with a range of City services which are delivered in a financially responsible manner.

Policy Not applicable.

Risk management considerations

Risk management considerations in reports to Council consider the relevant strategic risk(s).

This category of risk requires input from Council and is managed by the Chief Executive Officer and relevant Director(s).

Strategic risks are external or internal risks that affect the achievement of the City's long-term objectives.

Strategic Risk Relationship

Risk	**DECISIONS**	**FINANCIAL**	**REPUTATIONAL**
Risk Event Description	Ineffective / improper decision making	Lack of financial sustainability	Loss of community trust
Risk Responsibility	Director Governance and Strategy	Director Corporate Services	Chief Executive Officer
Residual Risk	High	Medium	High
Control Effectiveness	Strong	Strong	Strong
Risk Appetite	High risk requires close monitoring with assurance of the highest levels of controls – strong – including plans for improving effectiveness levels.	Medium risk is acceptable without variation to existing control activities.	High risk requires close monitoring with assurance of the highest levels of controls – strong – including plans for improving effectiveness levels.
Risk Control	The relevant control, to mitigate risk, is the provision of the report clearly demonstrating compliance with the legislation relating to levying differential rates and recommending a financially responsible differential rate to Council by the responsible Director.		

Financial / budget implications

The application of differential rating is about apportioning rates revenue between different categories of property. No budget implications arise just from applying differential rating. The City would be able to derive the same revenue by applying a single general rate to all categories of property. The intention with differential rating, however, is to maintain the general proportion of rate revenue derived from each category of residential, commercial and industrial property.

Regional significance

Not applicable.

Sustainability implications

Not applicable.

Consultation

The proposed differential rating has been considered at budget workshops by Elected Members. The recommendations of this report reflect the feedback from those discussions.

The proposed differential rates are required to be advertised and public submissions sought. An appropriate consultation process will be undertaken, including requisite advertising for 21 days. When concluded, a report on the outcomes of the consultation will be prepared and submitted to Council at its meeting to be held in June 2026.

COMMENT

The differential rates and minimum payments that have been recommended are in line with deliberations from the Budget Workshops held to date.

The various differential rates and minimum payments maintain the City's historical approach to apportioning the rate burden between the respective categories of residential, commercial and industrial as well as between vacant and developed residential, commercial and industrial property.

The recommendation relates only to undertaking the prescribed advertising for public submissions on the proposed differential rates and minimum payments. Adopting the recommendation does not commit the Council to the differential rates and minimum payments proposed. Council is required to consider any public submissions received, prior to making its final determination. Adopting this recommendation also does not represent any commitment in relation to the adoption of the 2026-27 Budget.

The proposed differential rates in 2026-27 represent a 23.70% decrease in the cents in the dollar compared to 2025-26. Based on the current property listing, an increase of 6.50% has been included within the reduction of the cents in the dollar.

The cents in the dollar amounts contained in the report have been calculated with the data available at the time the report was completed. The remaining valuation updates are not likely to impact the cents in the dollar, however if they do Council can consider this when the responses to the consultation process are presented and final consideration of the differential rates occurs.

At the November 2025 Ordinary Council Meeting the Strategic Financial Plan 2025 and the Budget Parameters 2026-27 (CJ326–11/25 refers) were noted and endorsed respectively. The budget parameters set out that rates would increase in 2026-27 financial year by up to 2% more than inflation. The differential rates in the recommendation meet this requirement.

VOTING REQUIREMENTS

Simple Majority.

RECOMMENDATION

That Council:

1 **NOTES the process undertaken for the development of the Draft Budget for the 2026-27 Financial Year;**

2 **APPLIES differential rates for the Draft Budget for the 2026-27 Financial Year;**

3 **ADVERTISES in accordance with section 6.36 of the *Local Government Act 1995* for public submission on the proposed differential rates as set out in the table below and makes available to the public, Attachment 1 to this Report setting out the objects and reasons for the differential rates as below:**

	Cents in $	Minimum Payment $
General Rate - GRV		
Residential Improved	4.3450	995
Residential Vacant	7.6700	1,085
Commercial Improved	6.7900	1,085
Commercial Vacant	9.3120	1,085
Industrial Improved	6.2850	1,085
Industrial Vacant	9.6800	1,085
General Rate - UV		
Residential	1.1399	1,005
Rural	1.0753	1,005

4 **REQUESTS a further report be presented to Council to consider:**

4.1 **any public submissions in relation to the proposed differential rates;**

4.2 **the adoption of the Budget for the 2026-27 Financial year after the close of public submissions.**

ATTACHMENTS

1. Objects of and Reasons for Proposed Differential Rates for the 2025-26 Year [**14.1.1** - 2 pages]

26 MAY 2026 - ORDINARY MEETING OF COUNCIL - ADDENDUM AGENDA ATTACHMENTS

PAXON

CITY OF JOONDALUP

Regulation 17 Internal Audit Review

Final Report

23 April 2026

paxongroup.com.au

PAXON

TABLE OF CONTENTS

PAXON

1. INTRODUCTION

1.1 Background & Objective

The objective of our Regulation 17 Review was to provide a report, based on our understanding of the City of Joondalup, to assist the CEO in reporting to the Audit and Risk Committee on the appropriateness and effectiveness of the City's systems and procedures in relation to risk management, internal control and legislative compliance.

Regulation 17 of the Local Government (Audit) Regulations 1996 states:

(1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —

(a) risk management; and

(b) internal control; and

(c) legislative compliance.

(2) The review may relate to any or all of the matters referred to in sub-regulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.

(3) The CEO is to report to the audit committee the results of that review.

1.2 Risks & Scope

The Regulation 17 Review focussed on the risk that the City's systems and procedures relating to risk management, internal control and legislative compliance are not appropriate and effective. The following specific areas were reviewed:

Risk Management

- Reviewing the effectiveness of the City's risk management system, including alignment with ISO 2018
- Assessment of internal processes for managing operating risk in comparison to tolerance
- Reviewing the City's fraud and misconduct risks have been identified and that an appropriate treatment plan has been developed
- Insurance coverage
- Review of risk registers
- Development of risk reports and reporting processes, including Committee
- Business Continuity Planning and Disaster Recovery
- Assessment of controls that are in place for unusual transactions

Internal Control

- Integrity and ethics
- Levels of responsibilities and delegated authority
- Information system access and security
- Policy and management practice
- Audit practices, including follow-up of the findings raised in previous reviews, the compliance audit return and the annual audit reports
- Fraud and Misconduct Framework

PAXON

Legislative Compliance

- Assessment of the City's legislative compliance framework or individual measures in place, including reporting to Committee
- Complaints, whistleblowing and PID processes
- Conflicts of Interest and Code of Conduct
- Review of registers including gift, annual and primary returns
- Compliance Audit Return process
- Freedom of Information
- Integrated Planning & Reporting Framework

The fieldwork was performed between July and September 2025 and focussed on the processes and controls in place at that time, or their last point of operation. Further information and management comments were provided by the City between January and March 2026 to finalise the report.

Processes relating to key financial controls have been excluded from the scope of this review and will be covered separately as part of Regulation 5, Financial Management Review performed by Paxon.

Processes and testing relating to procurement were also covered as part of the Regulation 5, Financial Management review completed by Paxon in March 2026.

PAXON

2. EXECUTIVE SUMMARY

Paxon reviewed the design and operational effectiveness of the City's systems and procedures in relation to risk management, internal controls and legislative compliance.

Overall, our review identified one medium-rated finding and one low-rated finding. These gaps are mainly in relation to risk management and internal controls as follows:

Risk Area	Finding		Paxon Risk Rating
Risk Management	5.1	Business Continuity Plan Testing	**Medium**
Internal Controls	6.1	Policy and Procedure Management	**Low**

Good practice was noted within some of the processes reviewed which are outlined below within each of the three areas.

Risk Management

The following finding was identified:

- The required annual testing on the Business Continuity Plan's critical services has not been performed (5.1).

Good Practice

- The City has implemented a Risk Management Framework aligned with ISO 31000, clearly outlining roles, responsibilities, and reporting structures. This is guided by a Risk Management Council Policy;
- Strategic risks are documented in a register that includes control effectiveness, residual risk ratings, and assigned risk owners;
- Operational risks are captured live by business units using SharePoint lists, enabling real-time monitoring and annual reporting via PowerBI;
- Risk reporting is formalised with clear requirements identified for reporting within the Risk Management Framework. Risks are reported through to the Audit & Risk Committee on an ad hoc basis;
- The City has a Fraud Corruption and Misconduct Framework and guiding Policy in place and up to date which follow the principles under the Australian Standard AS 8001:2021 Fraud and Corruption Control. This is supported by the City's Integrity Framework and provides an overview of its approach and processes to manage fraud and corruption risks; and
- The City's insurance coverage is adequate and up to date.

Internal Control

The following finding was identified:

- We identified two documents that were not reviewed in accordance with the City's stipulated timeframes and five documents that did not indicate subsequent review dates to ensure that they are up-to-date (6.1).

Good Practice

- Delegations of Authority is documented and aligned with the Local Government Act 1995, with clear levels of delegation across staff;
- IT access controls are supported by protocols and a ticketing system, with penetration testing conducted by external providers; and
- An internal findings register is maintained to track audit recommendations and updates provided to the Audit & Risk Committee. All previous Regulation 17 audit findings have been completed by the City.

Legislative Compliance

Our review did not identify any findings within this area.

Good Practice

- A compliance calendar is maintained, tracking obligations and completion status for actionable items;
- Gift registers and primary/annual returns are actively managed and compliant with Local Government Act requirements, with sample testing confirming no exceptions;
- The Compliance Audit Return (CAR) process is documented and the return completed for 2024;
- A current Record Keeping Plan is in place and reviewed in accordance with the State Records Act 2000;
- Freedom of Information processes are documented and publicly accessible, with a guide last reviewed in December 2024; and
- Public Interest Disclosure Protocol is in place with clear details of the City's PID officers and guidance published on the City's website.

All of Paxon's findings are summarised below and documented in detail within sections 5-6 of this report.

3. METHODOLOGY

Our methodology for this review comprised of the following steps:

- Conducted an initial meeting with management to obtain an understanding of processes and potential issues;
- Developed overview documentation of the processes including key controls by discussion with staff and review of the processes;
- Evaluated the effectiveness of the design of controls to cover the identified risk and tested the operation of the key controls;
- Followed up and confirmed action taken on any previous business issues identified and recommendations made;
- Researched the issues, weaknesses and potential improvements noted from our discussions and review of the existing processes and identified key controls;
- Developed appropriate recommendations for improvement for discussion with management;
- Drafted a report of findings and recommendations and obtained formal responses from management; and
- Finalised the report and issued it to Management for distribution to the Audit and Risk Committee.

Each finding detailed in section 5-7 is rated based on the following Risk Rating Matrix in accordance with the City's Risk Management Framework:

<table>
<tr><th>Rating</th><th>City of Joondalup Required Action</th></tr>
<tr><td>Extreme</td><td rowspan="2">MONITORING REQUIRED by Executive Leadership Team to ensure highest control effectiveness possible is being applied and reasonable efforts to investigate treatment plans are undertaken.
Audit, Risk and Executive Services to provide quarterly Risk Report to Executive Leadership Team for review.
Review to occur six monthly unless otherwise directed, or when change occurs.</td></tr>
<tr><td>High</td></tr>
<tr><td>Medium</td><td rowspan="2">MONITOR WITH DAY TO DAY OPERATIONS by Risk Owners; adequate and/or partially effective controls acceptable; consider if all controls are required.
Audit, Risk and Executive Services to provide quarterly Risk Report to Executive Leadership Team for review.
Review to occur six monthly unless otherwise directed, or when change occurs.</td></tr>
<tr><td>Low</td></tr>
</table>

4. INHERENT LIMITATIONS

Due to the inherent limitations in any internal control structure, it is possible errors or irregularities may occur and not be detected. Further, the internal control structure, within which the control procedures that have been reviewed operate, has not been reviewed in its entirety and therefore no opinion is expressed as to the effectiveness of the greater internal control structure.

It should also be noted our review was not designed to detect all weaknesses in control procedures as it was not performed continuously throughout the period subject to review.

The review conclusion and any opinion expressed in this report have been formed on the above basis.

5. RISK MANAGEMENT

5.1 Audit Finding – Business Continuity Plan Testing

The City has a Business Continuity Plan (BCP) in place which was last reviewed in August 2023 and endorsed by the CEO in February 2024. The BCP requires the Crisis Management Team to conduct a test of systems, information, and teamwork by means of an exercise at least once every 12 months, and Business Unit Managers to test at least one reactive risk control every six months. These exercises are intended to validate recovery strategies across all critical business functions, not limited to IT.

Paxon noted that the City has not undertaken the required annual BCP exercise in 2025. While some IT-related testing occurred in response to the global technology outage in July 2024, this was reactive and does not meet the requirement for planned annual testing.

Risk Rating

Paxon has determined this finding to be of **Medium Risk.**

Possible Implications

- Inadequate preparedness for major disruptions and service outages
- Non-compliance with internal requirements

Recommendation

5.1 The City should ensure that a comprehensive BCP test is conducted annually, encompassing all critical business functions in accordance with its internal requirements. A schedule for BCP testing should be formalised and monitored to ensure compliance moving forward.

Management Comments

Agree – new template has been created for risk assessments which allows for business impact assessments to be undertaken at the same time as annual risk reviews of operational risks. To be rolled out in line with annual risk reviews.

Action Owner

Manager Audit, Risk and Executive Services

Target Completion Date

31 December 2026

6. INTERNAL CONTROL

6.1 Audit Finding – Policy and Procedure Management

The City has an internal Policy Framework, under which all policies and procedures are reviewed regularly. Paxon noted from our review that the following documents were not reviewed in accordance with the internal requirements for review or lacked adequate version control.

Details of the documents that have not been recently reviewed are provided within the table below:

No.	Document Title	Last Review Date
1.	Employee Training Protocol	February 2014
2.	Conference and Training Pool	July 2014
3.	Code of Conduct for Employees	No Review Date on the Document
4.	Employee Exit Process: Work Instructions	No Review Date on the Document
5.	Insurance Procedure- Public Liability Claim	No Review Date on the Document
6.	Insurance Procedure- Motor Vehicle Accident Claims	No Review Date on the Document
7.	Insurance Procedure- Property Claims	No Review Date on the Document

Risk Rating

Paxon has determined this finding to be of **Low Risk**.

Possible Implication

Policies and procedures guiding internal requirements do not have continued relevance and applicability or are not up to date.

Recommendation

6.1 Perform a review of the documents identified within the finding and ensure that these have been included within the City's internal review processes to be updated in a timely manner.

Management Comments

An annual internal policy review schedule is considered by the Executive Leadership Team each year, the internal policies listed will be prioritised for review.

Action Owner

Chief Executive Officer

Target Completion Date

Ongoing, to be reviewed annually.

PAXON

SYDNEY
Level 15, 56 Pitt Street, Sydney NSW 2000
T: +61 2 8379 6144

PERTH
Level 5, 160 St Georges Terrace, Perth WA 6000
Telephone: +61 8 9476 3144

MELBOURNE
Level 27, 101 Collins Street, Melbourne VIC 3000
Telephone: +61 3 9111 0046

ADELAIDE
Level 30, 91 King William Street, Adelaide SA 5000
Telephone: +61 8 8113 5739

BRISBANE
Level 19, 10 Eagle Street, Brisbane QLD 4000
Telephone: +61 7 3121 3240

DARWIN
Level 16, 19 Smith Street The Mall
Darwin NT 0800, Australia
Telephone: +61 8 6314 3066

paxongroup.com.au | mail@paxongroup.com.au

OBJECTS OF AND REASONS FOR PROPOSED DIFFERENTIAL RATES FOR THE 2026-27 FINANCIAL YEAR

GROSS RENTAL VALUES:

OBJECT

The cents in the dollar ($) for the various differential rates are calculated to provide the shortfall in income required to enable the City to provide necessary works and services in the 2026-27 Financial Year after taking into account all non-rate sources of funding.

REASONS

Residential Improved – the cents in the $ of 4.3450 has been set to ensure that the proportion of total rate revenue derived from residential property remains consistent with previous years.

Residential Vacant – the cents in the $ of 7.6700 has been set to ensure that the proportion of total rate revenue derived from residential property remains consistent with previous years and is higher than residential improved property in an effort to promote development of this category of property thereby stimulating growth and development in the community.

Commercial Improved – the cents in the $ of 6.7900 has been set to ensure that the proportion of total rate revenue derived from commercial property remains consistent with previous years and recognises the higher demand on City infrastructure and services from the activity on commercial property.

Commercial Vacant – the cents in the $ of 9.3120 has been set to ensure that the proportion of total rate revenue derived from commercial property remains consistent with previous years and is higher than commercial improved property in an effort to promote development of this category of property thereby stimulating growth and development in the community.

Industrial Improved - the cents in the $ of 6.2850 has been set to ensure that the proportion of total rate revenue derived from industrial property remains consistent with previous years and recognises the higher demand on City infrastructure and services from the activity on industrial property.

Industrial Vacant – the cents in the $ of 9.6800 has been set to ensure that the proportion of total rate revenue derived from industrial property remains consistent with previous years and is higher than industrial improved property in an effort to promote development of this category of property thereby stimulating growth and development in the community.

UNIMPROVED VALUES:

OBJECT

The cents in the dollar ($) are calculated to provide the shortfall in income required to enable the City to provide necessary works and services in the 2026-27 Financial Year after taking into account all non-rate sources of funding.

REASON

Residential – the cents in the $ of 1.1399 has been set to ensure that the proportion of total rate revenue derived from residential property remains consistent with previous years.

Rural – the cents in the $ of 1.0753 has been set to ensure that the proportion of total rate revenue derived from rural property remains consistent with previous years.

MINIMUM PAYMENT:

A minimum payment of $955 is applied to Gross Rental Valued residential improved categories in recognition that every property receives some minimum level of benefit from works and services provided.

A minimum payment of $1,085 is applied to Gross Rental Valued commercial and industrial improved rate categories and Gross Rental Valued residential, commercial and industrial vacant rate categories in recognition that every property receives some minimum level of benefit from works and services provided.

A minimum payment of $1,005 is applied to Unimproved Valued residential and rural rate categories in recognition that every property receives some minimum level of benefit from works and services provided.