

# MINUTES

## Audit, Risk and Governance Committee

11 September 2018

### Committee Members

Here within are the Minutes of the Audit, Risk and Governance Committee Meeting held Tuesday 11 September 2018 in the City of South Perth Council Chamber, Cnr Sandgate Street and South Terrace, South Perth.

*As this Committee does not hold Delegated Powers or Duties in accordance with Section 5.23 of the Local Government Act the meeting was not open to the public.*



GEOFF GLASS  
CHIEF EXECUTIVE OFFICER

14 September 2018

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# Audit, Risk and Governance Committee Meeting - Minutes

## 1. DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

The Chair declared the meeting open at 5.32pm and welcomed everyone in attendance.

## 2. ATTENDANCE

### Elected Members

Mayor (Chair)	Sue Doherty
Manning Ward	Councillor Blake D'Souza (from 5.46pm)
Mill Point Ward (Deputy Chair)	Councillor Ken Manolas
Moresby Ward	Councillor Greg Milner

### External Members

Ms Shona Zulsdorf  
Mr Steve Vanstan

### Officers

Chief Executive Officer	Mr Geoff Glass
Director Financial and Information Services	Mr Colin Cameron
Director Development and Planning Services	Ms Vicki Lummer
Director Infrastructure Services	Mr Mark Taylor
Manager Governance	Ms Bernadine Tucker
Manager Organisational Planning & Performance	Ms Vanessa Loncar
Governance Officer	Ms Christine Lovett

### Guests

Paxon Group	Mr Cameron Palassis (until 5.46pm)
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### 2.1 APOLOGIES

Mill Point Ward	Councillor Cheryle Irons
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### 2.2 APPROVED LEAVE OF ABSENCE

Nil

## 3. DECLARATIONS OF INTEREST

Nil.

## 4. CONFIRMATION OF MINUTES

### 4.1 AUDIT, RISK AND GOVERNANCE COMMITTEE MEETING HELD: 6 June 2018

#### Officer Recommendation AND COMMITTEE RECOMMENDATION

**Moved:** Mayor Sue Doherty

**Seconded:** Mr Steve Vanstan

That the Minutes of the Audit, Risk and Governance Committee Meeting held 6 June 2018 be taken as read and confirmed as a true and correct record.

**CARRIED (5/0)**

## 5. PRESENTATIONS

Mr Cameron Palassis of Paxon Group presented in relation to Item 7.1 Internal Audit – Procurement.

## 6. BUSINESS ARISING FROM PREVIOUS MEETING

Nil.

## 7. REPORTS

### 7.1 INTERNAL AUDIT - PROCUREMENT

Location:	City of South Perth
Ward:	Not Applicable
Applicant:	Council
File Ref:	D-18-49969
Meeting Date:	11 September 2018
Author(s):	Vanessa Loncar, Manager Organisational Planning & Performance
Reporting Officer(s):	Colin Cameron, Director Corporate Services
Strategic Direction:	Leadership: A visionary and influential local government
Council Strategy:	4.3 Good Governance

#### Summary

This report tables the Internal Audit report relating to Procurement. The audit includes strengths, weaknesses, rating, issues, risk ratings, recommendations and management comments. It is recommended that each issue be accepted, added to the City's Audit Register, with commentary on progress of resolution of issues to be reported at each Committee Meeting.

#### Officer Recommendation AND COMMITTEE RECOMMENDATION

**Moved:** Ms Shona Zulsdorf

**Seconded:** Mayor Sue Doherty

That the Audit, Risk and Governance Committee recommends to Council that it:

- 1) Note the Internal Audit Report – Procurement in **Confidential Attachment (a)**, and
- 2) Accept all findings within the Internal Audit Report – Procurement and include these items in the Audit Register.

**CARRIED (6/0)**

#### Background

The City previously did not have an Internal Audit function undertaking compliance and performance Audits. At this time, only work undertaken by the External Auditor during their review of the Annual Financial Statements was relied upon to highlight any deficiencies.

At the August 2017 Committee Meeting, the Committee approved the City's recommendation to undertake an Internal Audit function, in accordance with the Local Government Act and Regulations and to develop a five year Strategic Internal Audit Plan.

The five year Strategic Internal Audit Plan was approved by Council in February 2018 and Internal Audits commenced in March 2018. The first Internal Audit Report – Rates, was presented to the Committee for consideration in June 2018. The Internal Audit Report – Procurement is presented for the Committee’s consideration.

**Comment**

The Internal Audit Report – Procurement, is a confidential report to be used for internal purposes to assist in improving business processes and systems. The report includes the strengths, weaknesses, rating, issues, risk ratings, recommendations and management comments.

The report includes reference to systems issues, particularly the introduction of a new purchase order system introduced in February 2018. The background to this issue commences significantly prior to the Internal Audit’s scope (2017/18 Financial year). In March 2017, a new (different) Purchase Order System was implemented. The bespoke system was separate to Authority (Finance System) and soon after implementation created significant problems, leading to the system having to be abandoned. At the same time, significant staffing changes placed additional pressure on the whole procurement to pay system.

Manual processes were developed in the Authority Purchase Order system and implemented in February 2018. In addition to the system development, the Procurement Co-ordinator position was transferred to the Finance Team. As has previously been advised to the Committee, significant improvements have been undertaken to fix the system and ensure compliance. It should be noted that a number of the recommendations have already been implemented.

The City’s Internal Auditor will attend the Committee meeting to present their Report and be available for questions.

Staff recommend all findings be included in the Audit Register. All items included in the Audit Register will be reported at each subsequent Committee Meeting, including information relating to the progress of implementing the Agreed Management Actions, a percentage complete indicator and Officer Comments. As these issues are implemented, a recommendation will be included to close the item. Closed items will no longer be reported in the Audit Register to the Committee, but will be accessible by the Internal and External Auditors to review compliance.

**Consultation**

No external consultation has been undertaken.

**Policy and Legislative Implications**

Nil.

## 7.1 Internal Audit - Procurement

### Financial Implications

The Internal Audit function has a budget of \$35,000 for the 2018/19 financial year and it anticipated that a Budget of a similar amount is to be adopted each year. Staff effort to undertake the improvements and report on progress has not been estimated.

### Strategic Implications

This matter relates to the following Strategic Direction identified within Council's [Strategic Community Plan 2017-2027](#):

Strategic Direction:	Leadership
Aspiration:	A visionary and influential local government
Outcome:	Good governance
Strategy:	Empower effective and quality decision-making and governance

### Attachments

7.1 (a): Internal Audit Report - Procurement (*Confidential*)

## 7.2 INTERNAL AUDIT - PAYROLL

Location:	City of South Perth
Ward:	Not Applicable
Applicant:	Council
File Ref:	D-18-84783
Meeting Date:	11 September 2018
Author(s):	Vanessa Loncar, Manager Organisational Planning & Performance
Reporting Officer(s):	Colin Cameron, Director Corporate Services
Strategic Direction:	Leadership: A visionary and influential local government
Council Strategy:	4.3 Good Governance

### Summary

This report tables the Internal Audit report relating to Payroll. The audit includes strengths, weaknesses, rating, issues, risk ratings, recommendations and management comments. It is recommended that each issue be accepted, added to the City's Audit Register, with commentary on progress of resolution of issues to be reported at each Committee Meeting.

### Officer Recommendation AND COMMITTEE RECOMMENDATION

**Moved:** Councillor Greg Milner

**Seconded:** Mr Steve Vanstan

That the Audit, Risk and Governance Committee recommends to Council that it:

- 1) Note the Internal Audit Report – Payroll in **Confidential Attachment (a)**, and
- 2) Accept all findings within the Internal Audit Report – Procurement and include these items in the Audit Register.

**CARRIED (6/0)**

### Background

The City previously did not have an Internal Audit function undertaking compliance and performance audits. At this time, only work undertaken by the External Auditor of the Annual Financial Statements was relied upon to highlight any deficiencies.

At the August 2017 Audit Risk and Governance Committee Meeting, the Committee approved the City's recommendation to undertake an Internal Audit function, in accordance with the Local Government Act and Regulations and to develop a five year Strategic Internal Audit Plan.

The five year Strategic Internal Audit Plan was approved by Council in February 2018 and Internal Audits commenced in March 2018. The first Internal Audit Report – Rates, was presented to the Committee for consideration in June 2018. The Internal Audit Report – Payroll is presented for Committee consideration.



### Comment

The Internal Audit Report – Payroll, is a confidential report to be used for internal purposes to assist improve business processes and systems. The report includes the strengths, weaknesses, rating, issues, risk ratings, recommendations and management comments.

The report includes three main findings relating to:

1. Procedures;
2. Notification of new employees; and
3. Access to records.

At the time of the Internal Audit, the Payroll section had multiple manual processes as well as a new staff member. Since that time a number of the recommendations relating to this and the findings above have already been implemented and/or are in progress.

The City's Internal Auditor will attend the Committee meeting to present their Report and be available for questions.

Staff recommend all findings be included in the Audit Register. All items included in the Audit Register will be reported at each subsequent Committee Meeting, including information relating to the progress of implementing the Agreed Management Actions, a Percentage Complete Indicator and Officer Comments. As these issues are implemented, a recommendation will be included to close the item. Closed items will no longer be reported in the Audit Register to the Committee but will be accessible by the Internal and External Auditors to review compliance.

### Consultation

No external consultation has been undertaken.

### Policy and Legislative Implications

Nil.

### Financial Implications

The Internal Audit function has a budget of \$35,000 for the 2018/19 financial year and it is anticipated that a budget of a similar amount is to be adopted each year. Staff effort to undertake the improvements and report on progress has not been estimated.

### Strategic Implications

This matter relates to the following Strategic Direction identified within Council's [Strategic Community Plan 2017-2027](#):

Strategic Direction:	Leadership
Aspiration:	A visionary and influential local government
Outcome:	Good governance
Strategy:	Empower effective and quality decision-making and governance

### Attachments

**7.2 (a):** Internal Audit Report - Payroll (*Confidential*)

### 7.3 2017/2018 ANNUAL FINANCIAL STATEMENTS AUDIT - EXTERNAL

Location: City of South Perth  
Ward: Not Applicable  
Applicant: Council  
File Ref: D-18-84922  
Meeting Date: 11 September 2018  
Author(s): Vanessa Loncar, Manager Organisational Planning & Performance  
Reporting Officer(s): Colin Cameron, Director Corporate Services  
Strategic Direction: Leadership: A visionary and influential local government  
Council Strategy: 4.3 Good Governance

#### Summary

This report tables the Interim Audit report from the Office of the Auditor General relating to the 2017/18 Annual Financial Statements. The audit includes findings, risk ratings, recommendations and management comments. It is recommended that the each issue be accepted, added to the City's Audit Register, with commentary on progress of resolution of issues to be reported at each Committee Meeting.

#### Officer Recommendation AND COMMITTEE RECOMMENDATION

**Moved:** Ms Shona Zulsdorf  
**Seconded:** Councillor Ken Manolas

That the Audit, Risk and Governance Committee recommends to Council that it:

- 1) Notes and accepts the Interim Audit Management letter in **Confidential Attachment (a)**; and
- 2) Includes the findings in the Audit Register.

**CARRIED (6/0)**

#### Background

The External Audit, also known as Financial Audits or Audit of the Annual Financial Statements are conducted separately from Internal Audit. Internal Audit focuses on improving systems and processes, from a risk based approach. External Audit focuses on providing an objective independent examination of the financial statements prepared by the City which increases the value and, thus increase user confidence in the financial statement.

The *Local Government Amendment (Auditing) Act 2017* made legislative changes to the *Local Government Act 1995* to provide for the auditing of local governments by the Auditor General. The Act allows the Auditor General to contract out some or all of the financial audits, but all audits will be the responsibility of the Auditor General.

The changes also allow the Auditor General to undertake performance audits that focus on the economy, efficiency and effectiveness of any aspect of local government operations. These performance audits would be akin to the Internal Audit function undertaken by the City's Internal Auditor. The changes therefore make it possible that the Auditor General may undertake both External and Internal Audits.

The Office of the Auditor General (OAG) will perform three External Audits for the 2017/18 Annual Financial Statements, one being the City of South Perth.

External audits usually occurs in two steps, the first being an Interim Audit and then the final stage is the Audit work to attest the balances and notes that comprise the Annual Financial Statements.

At the March 2018 Audit, Risk and Governance Committee (Committee) Meeting, the City introduced OAG officers to the Committee, provided an updated on the work completed so far, discussed the proposed approach and facilitated an open discussion with Committee members.

All Audit recommendations, as well as the progress relating to the implementation of the opportunities for improvement will be incorporated within the City's Business Planning Process (as part of the Integrated Planning Framework) to ensure continuous improvement. Progress will be monitored by management and the Committee.

#### **Comment**

In May 2018 an Interim Audit was conducted and an Interim Audit Report was produced. The Interim Audit Report is confidential and includes findings, risk ratings, recommendations and management comments.

The report includes seven main findings which are included in the **Confidential Attachment (a)**. This report is presented for the Committee's consideration.

Representatives from the OAG were invited but are unable to attend the Committee Meeting.

Staff recommend all findings be included in the Audit Register. All items included in the Audit Register will be reported at each subsequent Committee Meeting, including information relating to the progress of implementing the Agreed Management Actions, a Percentage Complete Indicator and Officer Comments. As these issues are implemented, a recommendation will be included to close the item. Closed items will no longer be reported in the Audit Register to the Committee, but will be accessible by the Internal and External Auditors to review compliance.

#### **Consultation**

Nil

#### **Policy and Legislative Implications**

*Local Government Act 1995* and Regulations.

**Financial Implications**

An estimate of the fee structure of the OAG has not yet been provided. Macri Partners 2016/17 Annual Financial Statements Audit fee was approximately \$35,000 (Ext GST).

**Strategic Implications**

This matter relates to the following Strategic Direction identified within Council's [Strategic Community Plan 2017-2027](#):

Strategic Direction:	Leadership
Aspiration:	A visionary and influential local government
Outcome:	Good governance
Strategy:	Empower effective and quality decision-making and governance

**Attachments**

**7.3 (a):** Interim audit Management Letter (*Confidential*)

## 7.4 AUDIT REGISTER - PROGRESS REPORT

Location:	City of South Perth
Ward:	Not Applicable
Applicant:	Council
File Ref:	D-18-57697
Meeting Date:	11 September 2018
Author(s):	Vanessa Loncar, Manager Organisational Planning & Performance
Reporting Officer(s):	Colin Cameron, Director Corporate Services
Strategic Direction:	Leadership: A visionary and influential local government
Council Strategy:	4.3 Good Governance

### Summary

This report provides an update on the progress of actions included in the Audit Register. The Audit Register includes all (open) audit findings that have previously been accepted by the Committee. At this stage, only one Internal Audit Report has been accepted by the Committee, the Rates Internal Audit Report. It is recommended the Audit Risk and Governance Committee review and accept the Internal Audit Progress Report.

### Officer Recommendation AND COMMITTEE RECOMMENDATION

**Moved:** Ms Shona Zulsdorf  
**Seconded:** Councillor Greg Milner

That the Audit, Risk and Governance Committee recommends to Council that it:

- 1) Note the progress recorded against each item within the Audit Register in **Attachment (a)**.
- 2) Approve all items Completed (100%) in the Audit Register, to be registered as Closed and no longer reported.

**CARRIED (6/0)**

### Background

At the June 2018 Audit, Risk and Governance Committee (Committee) meeting, the City's Internal Auditor submitted their first Internal Audit Report for Rates. The Committee endorsed all findings that are included in **Confidential Attachment (a)**.

The attached confidential Audit Register lists Internal Audit findings and describes the progress of implementing the improvement, as well as a percentage of completion. This report has been prepared for the Committee consider/note the progress completed in the past quarter.

### Comment

The Audit Register comprises of items that are either:

- Not yet commenced - 0% (0 items)
- Progressed - 18% to 85% (9 items)
- Completed - 18% (2 items)

The Committee is requested to note the progress and Officer comments. In addition, it is recommended all Completed (100%) items in the Audit Register be registered as Closed. All Closed items will not forming part of the Audit Register report for future Committee meetings. The Closed items are available for the Internal and External Auditors and Committee to review.

#### **Consultation**

No external consultation has occurred.

#### **Policy and Legislative Implications**

The Internal Audit function is considered a business improvement process that will assist in compliance with Regulation 5 of the Local Government (Financial Management) Regulation (CEO's duties as to financial management) and regulation 7 of the Local Government (Audit) Regulations (CEO to review certain systems and procedures).

#### **Financial Implications**

The Internal Audit function has a budget of \$35,000 for the 2018/19 financial year and it is anticipated that a budget of a similar amount is to be adopted each year. Staff effort to undertake the improvements and report on progress has not been estimated.

#### **Strategic Implications**

This matter relates to the following Strategic Direction identified within Council's [Strategic Community Plan 2017-2027](#):

Strategic Direction:	Leadership
Aspiration:	A visionary and influential local government
Outcome:	Good governance
Strategy:	Empower effective and quality decision-making and governance

#### **Attachments**

**7.4 (a):** Audit Register (*Confidential*)

## 7.5 ANNUAL POLICY REVIEW

Location:	City of South Perth
Ward:	Not Applicable
Applicant:	City of South Perth
File Ref:	D-18-86351
Meeting Date:	11 September 2018
Author(s):	Christine Lovett, Governance Officer
Reporting Officer(s):	Bernadine Tucker, Manager Governance
Strategic Direction:	Leadership: A visionary and influential local government
Council Strategy:	4.3 Good Governance

### Summary

The City has a statutory obligation under the *Local Government Act 1995* to review its policies each financial year. The Terms of Reference of the Audit, Risk and Governance Committee include responsibility for reviewing the City's policies.

The annual review of the following Council Policies held within the Community and Leadership strategic directions are now presented for the consideration of the Committee and referral to Council for adoption.

### Officer Recommendation AND COMMITTEE RECOMMENDATION

**Moved:** Ms Shona Zulsdorf

**Seconded:** Mr Steve Vanstan

That the Audit Risk and Governance Committee recommends to Council that it:

1. Notes that the following policies having been reviewed with 'no changes' being proposed:
  - P102 Community Funding Program
  - P110 Support of Community and Sporting Groups
  - P113 Community Gardens
2. Revokes Policy P103 Communications and Consultation Policy and replaces it with Policy P103 Stakeholder Engagement.
3. Adopts the revised policies:
  - P101 Public Art
  - P104 Community Awards
  - P105 Cultural Services and Recreation Initiatives
  - P106 Use of City Reserves and Facilities
  - P107 Access and Inclusion
  - P108 Honorary Freeman of the City
  - P110 Support of Community and Sporting Groups
  - P609 Management of City Property
  - P669 Elected Member Development
  - P696 Related Party Transactions

**CARRIED (6/0)**

### Background

Policies set a guiding direction for the management of the City and establish an equitable and cohesive approach to making decisions. The policies presented are aligned with the Strategic Directions contained within the City's Strategic Community Plan 2017–2027.

During the review process, policies are considered by the custodian department who have the relevant technical expertise in relation to the policy content, and by the Executive Management Team (EMT) representing each of the City's Directorates.

The policy review centres on the continuing relevance of the policy and the need to update it, in light of any change in the legislative or operating environment. The nature of the change, is noted in the Comment section below. Minor changes usually consist of minor typographical or grammatical corrections and major changes consist of significant revision to the content of the policy.

### Comment

#### Minor Changes

The Policies listed below are considered to only require minor typographical amendments. Therefore, no change to content is needed and they are not included as attachments.

P102 Community Funding Program  
 P110 Support of Community and Sporting Groups  
 P113 Community Gardens

#### Major Changes

The Policies identified below and at **Attachment (a)**, are considered to have major changes to the content. The content changes have been highlighted in red.

A small summary explaining the changes has been provided below under each policy name.

#### *P101 Public Art*

The Public Art policy has been amended to incorporate the City's definition of 'public art' and 'professional artist', as it relates to policy P101 Public Art.

#### *P103 Stakeholder Engagement*

The City of South Perth's P103 Communications and Communications policy has been reviewed and extensive amendments have been proposed. Therefore, it is recommended that Perth's P103 Communications and Communications policy be revoked and replaced with a new policy P103 Stakeholder Engagement.

The new policy P103 Stakeholder Engagement details the principles, approach and practice to stakeholder engagement as it applies at the City of South Perth. This policy will also inform the City's draft Stakeholder Engagement Plan and resources.

The changed title of Policy P103 Stakeholder Engagement Policy reflects the language used around engagement at the City, as well as being current in the industry. The communication element has also been removed from the title, as this is seen as a separate area of practice in the context of this local government.

#### *P104 Community Awards*



The Citizenship awards section of this policy has amended to align with the eligibility criteria as determined by the Australia Day Council of Western Australia. These awards comprise of four categories; namely individuals (youth, seniors and adults) and community groups.

*P105 Community, Cultural and Recreation Initiatives*

The scope of this policy has been expanded to include the City's Cultural, Recreation and Community event programs, services and projects. In line with the expanded policy scope, the name of this policy has been amended from Cultural Services and Activities to Community, Cultural and Recreation Initiatives.

*P106 Use of City Reserves and Facilities*

This policy has been amended to incorporate guidelines for the City's approval of flood-lights on City of South Perth sporting ovals.

*P107 Access and Inclusion*

Minor amendments have been made to the scope of this policy to accommodate optimising access and inclusion for all members of the community. The name of this policy has been amended from Disability Access to Access and Inclusion, in order to reflect the amended scope.

*P108 Honorary Freeman of the City*

Policy P108 Honorary Freeman of the City has been amended to reflect the importance of this prestigious honour within the City which is awarded to individuals who have served the City of South Perth community in an exceptional and meritorious manner and whose activities have substantially improved the quality of life of the City's residents.

An application form has now been incorporated into the Policy.

*P609 Management of City Property*

Amendments have been made to correct an administration error in which the rental amount for Not for Profit Sporting Organisations and Community Associates/Government bodies, Committees and Associations had been stated as 0.01% of the insured value of the facility or a minimum of \$1,000 per annum.

This has been amended to 0.1% of the insured value of the facility or a minimum of \$1,000 per annum, thereby reflecting the true intent of this policy.

*P669 Elected Member Development*

This policy has been amended to align the allocation of funds to a financial year.

A request was also received from one Councillor for Policy 669 to be amended to allow Councillors to also use the annual budgeted allocation for Councillor training and education for the purpose of membership of professional organisations in order to enable access to discounts for approved training opportunities. This was on the basis that doing so would reduce the costs of a conference, seminar, training development program or course that an Elected Member wished to undertake.

The City's Policy allows Elected Members access to seminars, conferences, training and development opportunities to assist in their role as a Councillor. Unlike corporate memberships, personal memberships of professional associations is considered to be a personal benefit. As Councillors are not employees, concern is

expressed as to public perceptions and the appropriateness of payments of personal memberships to professional organisations. For these reasons, it is not recommended Policy P669 be amended to allow Elected Members use of their annual allocation for professional memberships.

*P696 Related Party Transactions*

In order to meet audit requirements the provision for an electronic signature has been removed from the Related Party Disclosures Declaration.

**Consultation**

Consultation has occurred with officers of each of the relevant City Departments.

**Policy and Legislative Implications**

The reviewed policies are consistent with the *Local Government Act 1995* and other City documents.

**Financial Implications**

Nil.

**Strategic Implications**

This matter relates to the following Strategic Direction identified within Council's [Strategic Community Plan 2017-2027](#):

Strategic Direction:	Leadership
Aspiration:	A visionary and influential local government
Outcome:	Good governance
Strategy:	Empower effective and quality decision-making and governance

**Attachments**

**7.5 (a):** Major Changes

## 7.6 RISK MANAGEMENT STRATEGY

Location:	City of South Perth
Ward:	Not Applicable
Applicant:	City of South Perth
File Ref:	D-18-87015
Meeting Date:	11 September 2018
Author(s):	Christine Lovett, Governance Officer
Reporting Officer(s):	Bernadine Tucker, Manager Governance
Strategic Direction:	Leadership: A visionary and influential local government
Council Strategy:	4.3 Good Governance

### Summary

This report presents to the Audit, Risk and Governance Committee the City's updated Risk Management Strategy, which has been reviewed and enhanced in order to appropriately guide the ongoing implementation of Policy P695 Risk Management.

### Officer Recommendation AND COMMITTEE RECOMMENDATION

**Moved:** Ms Shona Zulsdorf

**Seconded:** Mayor Sue Doherty

That the Audit, Risk and Governance Committee recommends to Council that it endorses the City of South Perth Risk Management Strategy.

**CARRIED (6/0)**

### Background

The City implemented its first organisational Risk Management Strategy in 2003 after recognising the need to '*develop a responsible Risk Management Strategy to identify, monitor and proactively control business, financial and physical risks to the City's operation.*'

The objective of this Strategy was to develop a structured organisational approach to identifying risks or potential risks with a view to implementing suitable treatments to responsibly control risks or exposure of risks.

In developing the original Risk Management Strategy, an internal Risk Management Committee was established bringing together a broad organisational representation to encourage a collective ownership of risk management. Each member of the committee brought with them specific specialist technical skills relating to different areas of the City's operations.

The role of this committee was to objectively identify, analyse and evaluate risks in accordance with the International Risk Management Standards putting the City in a position to appropriately treat and manage identified risks across the organisation.

In accordance with the principle of facilitating continual improvement of the City's Risk Management Program, practices evolved with the strategy being reviewed in 2009. An overview of the program was presented to the Audit, Risk and Governance Committee in 2015, Policy P695 Risk Management was endorsed by Council on 28 March 2017 with updates to the strategic risk register continuing.

### Comment

The International Risk Management Standard AS/NZS ISO 31000 Risk Management – Principles and guidelines, defines risk as the “effect of uncertainty on objectives”. This effect can have either a positive or negative effect on the City achieving our objectives and ultimately the objectives of our Strategic Community Plan 2017-2027.

Risk Management is a core component of corporate governance and an integral part of contemporary management practices. The 2018 Risk Management Strategy (**Attachment (a)**) has been developed in order to guide the continued implementation of Policy P695 Risk Management and continued growth of the City's integrated Risk Management Program.

### Consultation

Nil.

### Policy and Legislative Implications

Nil.

### Financial Implications

Nil.

### Strategic Implications

This matter relates to the following Strategic Direction identified within Council's [Strategic Community Plan 2017-2027](#):

Strategic Direction:	Leadership
Aspiration:	A visionary and influential local government
Outcome:	Good governance
Strategy:	Empower effective and quality decision-making and governance

### Attachments

**7.6 (a):** Risk Management Strategy

## 7.7 1SYSTEM IMPLEMENTATION

Location:	City of South Perth
Ward:	Not Applicable
Applicant:	Council
File Ref:	D-18-90332
Meeting Date:	11 September 2018
Author(s):	Jeff Jones, Manager Information Systems
Reporting Officer(s):	Colin Cameron, Director Corporate Services
Strategic Direction:	Leadership: A visionary and influential local government
Council Strategy:	4.3 Good Governance

### Summary

This second report has been prepared to update the Committee on the 1System project. In the first report a number of milestones were completed relating to establishing the project and recruiting the team. Since that report, the project was officially launched and work completed by TechnologyOne consultants and staff to establish the environment (in the Cloud). A majority of the project delivery is in accordance with the project plan.

### Officer Recommendation AND COMMITTEE RECOMMENDATION

**Moved:** Councillor Greg Milner

**Seconded:** Councillor Ken Manolas

That the Audit, Risk and Governance Committee note the progress report of the 1System Project.

**CARRIED (6/0)**

### Background

In March 2018, Council resolved to implement the Information Systems Strategy, authorise the CEO to finalise the contract with TechnologyOne Ltd and report the progress of the “1System” implementation to each Audit Risk and Governance Committee meeting.

This is the second report prepared to provide the Committee with an update of the 1System Project progress.

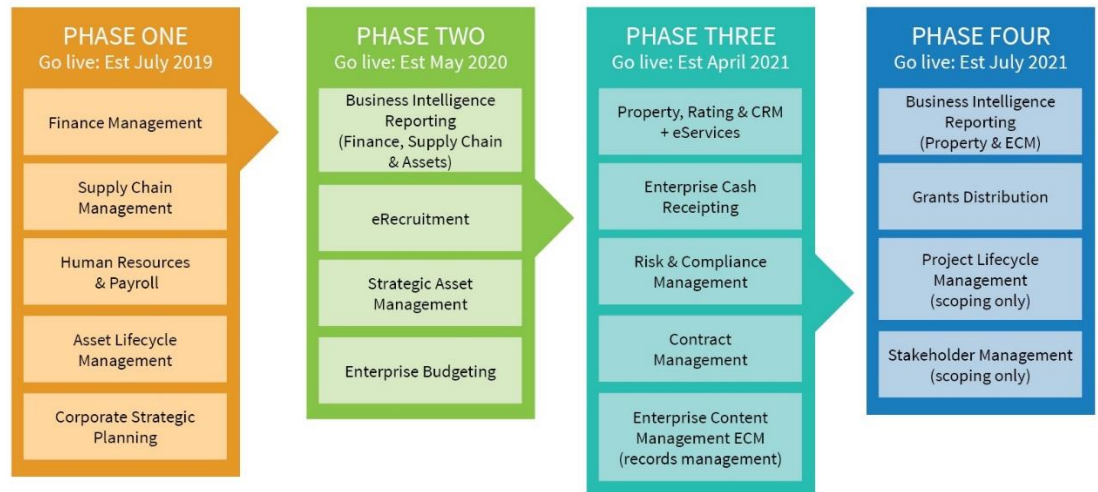
### Comment

The first report described a number of milestones relating to establishing the project such as executing the contract, finalising the (base line) Project Management Plan, Change Management Plan and Project Schedule. Establishing a Memorandum of Understanding (MOU) with the City of Canning and training for Promapp (process mapping tool).

Since that report, the 1System project team have now been relocated to the refurbished Information Systems area, with 16 hot desks and new meeting rooms. The “1System” project was formally launched on the 26<sup>th</sup> July 2018 by the CEO and following on from that, more detailed presentations were given to Finance, HR & Infrastructure stakeholders (Phase 1 stakeholders).

## 1System Implementation

The project will be delivered via four phases over the next three years.



Project activities included establishing the development system (in the Cloud) which is available, and configuration has commenced to prepare the system for preview sessions in October to the key user teams. The recent activities have focussed on establishing Master Data for the Finance, Asset and HR/Payroll modules in preparation for the initial review cycle with key users.

TechnologyOne (Tech1) Consultants are actively working with the IS project team and business representatives on setting up/verifying the Finance, Assets and HR/Payroll functionality for Phase One.

The project is slightly behind schedule in one aspect, establishing the Chart of Accounts. The impact is currently being assessed which may lead to a variation being considered by the Project Board, but this is unlikely to impact on the estimated go live date. It is still very early on in the first phase with the main deliverables being on target according to the project schedule.

### Consultation

The City has been working closely with the City of Canning who went live with the first phase of their TechnologyOne system implementation in April 2018.

### Policy and Legislative Implications

1System Project will be managed in accordance with the *Local Government Act 1995* and Regulations, *State Records Act 2000*, as well as various policies and management practices relating to financial and project management.

### Financial Implications

The 1System Project is in accordance with the Project Plan Budget (adopted 2018/19 Budget) with sufficient contingency available should variations need to be considered.

### Strategic Implications

This report is aligned to the Council's [Strategic Community Plan 2017-2027](#). 4.3 Good governance (A) Empower effective and quality decision-making and governance.

### Attachments

Nil

## 7.8 CITY OF SOUTH PERTH PENALTY UNITS AMENDMENT LOCAL LAW 2018

Location:	City of South Perth
Ward:	All
Applicant:	Council
File Ref:	D-18-91595
Meeting Date:	11 September 2018
Author(s):	Sharron Kent, Governance Officer
Reporting Officer(s):	Geoff Glass, Chief Executive Officer
Strategic Direction:	Leadership: A visionary and influential local government
Council Strategy:	4.3 Good Governance

### Summary

This report recommends that Council makes a *Penalty Units Amendment Local Law 2018*.

### Officer Recommendation AND COMMITTEE RECOMMENDATION

**Moved:** Councillor Greg Milner

**Seconded:** Ms Shona Zulsdorf

That the Audit, Risk and Governance Committee recommends that Council:

- Adopts the *City of South Penalty Units Amendment Local Law 2018*, subject to amendments shown 'marked up' (**Attachment (a)**) to the report to Council, in accordance with section 3.12(4) of the *Local Government Act 1995*;
- Resolves that the local law be published in the Government Gazette and a copy sent to the Minister for Local Government, in accordance with s3.12(5) of the *Local Government Act 1995*;
- Resolves that local public notice be given following Gazettal, in accordance with s3.12(6) of the *Local Government Act 1995*:
  - Stating the title of the local law;
  - Summarising the purpose and effect of the local law and the day on which it comes into operation; and
  - Advising that copies of the local law may be inspected or obtained from the City's offices.
- Resolves that a copy of the local law and a duly completed explanatory memorandum signed by the Mayor and Chief Executive Officer be sent to the Western Australian Parliamentary Joint Standing Committee on Delegated Legislation, following Gazettal in accordance with the Local Laws Explanatory Memoranda Directions as issued by the Minister on 12 November 2010.

*ABSOLUTE MAJORITY VOTE REQUIRED*

**CARRIED (6/0)**



### Background

At its meeting held on 26 June 2018, Council resolved to make a number of changes to its Penalty Units Local Law to make a correct reference to the City of South Perth Parking Local Law 2017.

### Comment

Section 3.12 of the *Local Government Act 1995* sets out the process to make a local law. In particular s3.12(8) provides that the process to amend a local law is the same as making a new one. Once an 'amendment' local law has gone through the process, the 'principle' local law is changed.

The Amendment Local Law has been advertised for comment and can now be made. The amendment to the City of South Perth Penalty Units Local Law 2017 (which in itself sets out the monetary value of an infringement notice or modified penalty under other City local laws) is to make a correct reference to the City's Parking Local Law, which was adopted in 2017.

### Consultation

The process to make a local law is set out in s3.12 of the *Local Government Act 1995*.

In this respect, section 3.12(3) of the *Local Government Act 1995* requires a local government to give State-wide and local public notice stating that it proposes to make a local law, the purpose and effect of which is summarised in the notice for a period of 6 weeks after it first appears.

A copy of the proposed local law must also be given to the Minister(s) administering the Act under which the local law is made; in this instance the Minister for Local Government; Heritage; Culture and The Arts. Feedback from this consultation must be considered by Council before it resolves to make the local law.

The proposed local law was duly advertised and a copy sent to the Minister. There were no comments received from the public, but the Department of Local Government, Sport and Cultural Industries made a number of minor suggestions in relation to the format of the Amendment Local Law, which are shown 'marked' at **Attachment (a)**.

The suggested changes are considered minor and the local law does not need readvertising.

### Policy and Legislative Implications

The City has now complied with the requirements of the *Local Government Act 1995* and the Amendment local law may now be made in accordance with s3.12(4). Following adoption the Amendment local law will be published in the Government Gazette and come into effect 14 days after Gazettal. The City must also give notice of its coming into effect.



The City is also required to submit the Amendment local law to the WA Parliamentary Joint Standing Committee on Delegated Legislation (JSCDL) for scrutiny. The JSCDL oversees the making of local laws and regulations on behalf of Parliament and can recommend disallowance if an instrument offends its terms of reference or if the procedure to properly make a local law has not been correctly followed.

These requirements are reflected in the recommendation above.

#### **Financial Implications**

There are some administrative expenses involved in making the proposed Amendment Local Law.

#### **Strategic Implications**

This matter relates to the following Strategic Direction identified within Council's [Strategic Community Plan 2017-2027](#):

Strategic Direction:	Leadership
Aspiration:	A visionary and influential local government
Outcome:	Good governance
Strategy:	Empower effective and quality decision-making and governance

#### **Attachments**

<b>7.8 (a):</b>	Penalty Units Amendment Local Law 2018 marked up with the Department's suggested amendments
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## **8. OTHER RELATED BUSINESS**

Ms Shona Zulsdorf thanked the Director Corporate Services, Mr Colin Cameron; the Manager Finance, Mr Andre Brandis; and the Manager Corporate Planning & Performance, Ms Vanessa Loncar for Briefing the external Committee members on the 2018/2019 Budget at a meeting held 25 July 2018.

## **9. CLOSURE**

The Chair thanked everyone for their attendance and declared the meeting closed at 6.36pm.

## RECORD OF VOTING

### 4.1 Confirmation of Minutes: Audit, Risk and Governance Committee Meeting Held: 6 June 2018

For: Mayor Sue Doherty, Councillor Ken Manolas, Councillor Greg Milner, Ms Shona Zulsdorf, Mr Steve Vanstan

Absent: Councillor Blake D'Souza

### 7.1 Internal Audit - Procurement

For: Mayor Sue Doherty, Councillor Ken Manolas, Councillor Blake D'Souza, Councillor Greg Milner, Ms Shona Zulsdorf, Mr Steve Vanstan

### 7.2 Internal Audit - Payroll

For: Mayor Sue Doherty, Councillor Ken Manolas, Councillor Blake D'Souza, Councillor Greg Milner, Ms Shona Zulsdorf, Mr Steve Vanstan

### 7.3 2017/2018 Annual Financial Statements Audit - External

For: Mayor Sue Doherty, Councillor Ken Manolas, Councillor Blake D'Souza, Councillor Greg Milner, Ms Shona Zulsdorf, Mr Steve Vanstan

### 7.4 Audit Register - Progress Report

For: Mayor Sue Doherty, Councillor Ken Manolas, Councillor Blake D'Souza, Councillor Greg Milner, Ms Shona Zulsdorf, Mr Steve Vanstan

### 7.5 Annual Policy Review

For: Mayor Sue Doherty, Councillor Ken Manolas, Councillor Blake D'Souza, Councillor Greg Milner, Ms Shona Zulsdorf, Mr Steve Vanstan

### 7.6 Risk Management Strategy

For: Mayor Sue Doherty, Councillor Ken Manolas, Councillor Blake D'Souza, Councillor Greg Milner, Ms Shona Zulsdorf, Mr Steve Vanstan

### 7.7 System Implementation

For: Mayor Sue Doherty, Councillor Ken Manolas, Councillor Blake D'Souza, Councillor Greg Milner, Ms Shona Zulsdorf, Mr Steve Vanstan

### 7.8 City of South Perth Penalty Units Amendment Local Law 2018

For: Mayor Sue Doherty, Councillor Ken Manolas, Councillor Blake D'Souza, Councillor Greg Milner, Ms Shona Zulsdorf, Mr Steve Vanstan

These Minutes will be confirmed at the next Audit, Risk and Governance Committee Meeting yet to be determined.

Signed: \_\_\_\_\_  
Presiding Member at the meeting at which the Minutes were confirmed