

MINUTES

Audit, Risk and Governance Committee Meeting

18 November 2019

Committee Members

Here within are the Minutes of the Audit, Risk and Governance Committee Meeting held Monday 18 November 2019 in the City of South Perth Council Chamber, corner 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 1995 the meeting was not open to the public.



GEOFF GLASS
CHIEF EXECUTIVE OFFICER

22 November 2019

Contents

1.	DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS	3
2.	ATTENDANCE	3
2.1	APOLOGIES	4
2.2	APPROVED LEAVE OF ABSENCE	4
3.	DECLARATIONS OF INTEREST	4
4.	CONFIRMATION OF MINUTES	4
4.1	AUDIT, RISK AND GOVERNANCE COMMITTEE MEETING HELD: 9 SEPTEMBER 2019	4
5.	PRESENTATIONS	5
6.	BUSINESS ARISING FROM PREVIOUS MEETING	5
7.	REPORTS	5
7.1	TERMS OF REFERENCE - AUDIT, RISK AND GOVERNANCE COMMITTEE	6
7.2	APPOINTMENT OF AUTHORISED PERSONS - BUILDING ACT 2011	8
7.3	RISK MANAGEMENT	10
7.4	RECOGNITION AWARD NOMINATION	13
7.5	1SYSTEM PROJECT	14
7.6	AUDIT REGISTER - PROGRESS REPORT	20
7.7	2019/2020 CORPORATE BUSINESS PLAN 1ST QUARTER UPDATE	22
7.8	INTERNAL AUDIT - ENVIRONMENTAL HEALTH SERVICES	28
7.9	2018/19 ANNUAL FINANCIAL REPORT	32
7.10	INFORMATION SYSTEMS AUDIT (EXTERNAL) REPORT	35
8.	OTHER RELATED BUSINESS	36
9.	CLOSURE	36

Audit, Risk and Governance Committee Meeting - Minutes

1. DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

With the positions of Presiding Member and Deputy Presiding Member vacant, the Chief Executive Officer declared the meeting open at 5.32pm and welcomed everyone in attendance.

1.1 ELECTION OF PRESIDING MEMBER

In accordance with Section 5.12 of the *Local Government Act 1995*, the Presiding Member for the Audit, Risk and Governance Committee was to be elected.

The Chief Executive Officer called for nominations for the position of Presiding Member.

Councillor Blake D'Souza nominated himself for the position. No other nominations were received. The Chief Executive Officer declared Councillor Blake D'Souza Presiding Member of the Audit, Risk and Governance Committee.

Councillor Blake D'Souza assumed the Chair.

1.2 ELECTION OF DEPUTY PRESIDING MEMBER

In accordance with Section 5.12 of the *Local Government Act 1995*, the Deputy Presiding Member for the Audit, Risk and Governance Committee was to be elected.

The Presiding Member called for nominations for the position of Deputy Presiding Member.

Councillor Ken Manolas nominated himself for the position. No other nominations were received. The Presiding Member declared Councillor Ken Manolas Deputy Presiding Member of the Audit, Risk and Governance Committee.

2. ATTENDANCE

Elected Members

Manning Ward (Presiding Member)

Mill Point Ward (Deputy Presiding Member)

Mayor

Manning Ward

Mill Point Ward

Councillor Blake D'Souza

Councillor Ken Manolas

Greg Milner

Councillor André Brender-A-Brandis

Councillor Mary Choy (from 5.40pm)

External Members

Mr Phillip Draber

Ms Shona Zulsdorf

Officers

Chief Executive Officer	Mr Geoff Glass
Director Corporate Services	Mr Colin Cameron
Director Development and Community Services	Ms Vicki Lummer
Director Infrastructure Services	Mr Mark Taylor
Manager Governance	Ms Bernadine Tucker
Manage Finance	Mr Abrie Lacock
Governance Coordinator	Ms Toni Fry
Governance Officer	Ms Mieke Wevers

Guests

Mr Eddy Chiu	Office of the Auditor General
Mr Patrick Arulsinghan	Office of the Auditor General
Mr Kevin Ng	Office of the Auditor General
Mr Kamran Aslam	Office of the Auditor General
Mr Cameron Palassis	Paxon Group

2.1 APOLOGIES

Nil

2.2 APPROVED LEAVE OF ABSENCE

Councillor Glenn Cridland (10 November 2019 to 23 November 2019)

3. DECLARATIONS OF INTEREST

Nil.

Councillor Mary Choy arrived at the meeting at 5.40pm prior to the consideration of Item 4.1.

4. CONFIRMATION OF MINUTES

4.1 AUDIT, RISK AND GOVERNANCE COMMITTEE MEETING HELD: 9 September 2019

Officer Recommendation AND COMMITTEE DECISION

Moved: Ms Shona Zulsdorf

Seconded: Mayor Greg Milner

That the Minutes of the Audit, Risk and Governance Committee Meeting held 9 September 2019 be taken as read and confirmed as a true and correct record.

CARRIED (7/0)

For: Mayor Greg Milner, Councillors André Brender-A-Brandis, Mary Choy, Blake D'Souza, Ken Manolas and Mr Phillip Draber and Ms Shona Zulsdorf.

Against: Nil.

5. PRESENTATIONS

Nil.

6. BUSINESS ARISING FROM PREVIOUS MEETING

Nil.

7. REPORTS

7.1 TERMS OF REFERENCE - AUDIT, RISK AND GOVERNANCE COMMITTEE

Location:	Not Applicable
Ward:	Not Applicable
Applicant:	Not Applicable
File Ref:	D-19-92437
Meeting Date:	18 November 2019
Author(s):	Toni Fry, Governance Coordinator
Reporting Officer(s):	Bernadine Tucker, Manager Governance
Strategic Direction:	Leadership: A visionary and influential local government
Council Strategy:	4.3 Good Governance

Summary

Terms of Reference for the Audit, Risk and Governance Committee have been developed and are now presented for consideration by the Committee and referral to Council for adoption.

Officer Recommendation AND COMMITTEE RECOMMENDATION

Moved: Mr Phillip Draber
Seconded: Mayor Greg Milner

That the Audit, Risk and Governance Committee recommends to Council that it adopts the Audit, Risk and Governance Committee Terms of Reference as contained in **Attachment (a)**.

CARRIED (7/0)

For: Mayor Greg Milner, Councillors André Brender-A-Brandis, Mary Choy, Blake D'Souza, Ken Manolas and Mr Phillip Draber and Ms Shona Zulsdorf.

Against: Nil.

Background

The Audit, Risk and Governance Committee have not had Terms of Reference to refer to in the past. In line with best practice and good governance the Terms of Reference have been developed as per **Attachment (a)** for consideration and adoption by Council.

Comment

The Terms of Reference will provide:

- Officers with guidance on the type of reports that are eligible to be submitted to this particular Committee; and
- The Committee with its objectives, areas of responsibility and structure.

7.1 Terms of Reference - Audit, Risk and Governance Committee

The Terms of Reference are to be reviewed in line with the appointment of Elected Members to the Committee following the local government elections.

The Audit, Risk and Governance Committee is responsible for advising Council on all matters relating to:

- The City's Annual Financial Statements;
- The Audit Register and implementation of findings;
- The City's Risk Management Framework;
- Internal and external audits; and
- Compliance with legal and statutory requirements.

Matters relating to legal and statutory requirements includes items such as delegations, policies, local laws and other governance requirements.

Consultation

Nil.

Policy and Legislative Implications

Section 7.1A of the *Local Government Act 1995* refers to the establishment of an Audit Committee.

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

7.1 (a): Audit, Risk and Governance Terms of Reference

7.2 APPOINTMENT OF AUTHORISED PERSONS - BUILDING ACT 2011

Location:	Not Applicable
Ward:	Not Applicable
Applicant:	Not Applicable
File Ref:	D-19-79612
Meeting Date:	18 November 2019
Author(s):	Bernadine Tucker, Manager Governance
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 is to appoint authorised persons under the *Building Act 2011* in relation to enforcement proceedings for buildings and incidental structures located, or proposed to be located, in the district of the local government.

Officer Recommendation AND COMMITTEE RECOMMENDATION

Moved: Mayor Greg Milner
Seconded: Councillor André Brender-A-Brandis

That the Audit, Risk and Governance Committee recommends to Council that the following classes of persons be appointed for the purpose of section 96(3) of the *Building Act 2011*:

- Manager Development Services
- Urban Planning Coordinator
- Senior Urban Planner
- Urban Planner
- Compliance Officer
- Senior Building Surveyor

CARRIED (7/0)

For: Mayor Greg Milner, Councillors André Brender-A-Brandis, Mary Choy, Blake D'Souza, Ken Manolas and Mr Phillip Draber and Ms Shona Zulsdorf.

Against: Nil.

Background

The *Building Act 2011* (Act) formally came into effect on 2 April 2012. The Act substantially replaced those provisions in the *Local Government (Miscellaneous Provisions) Act 1960* which were concerned with the regulation of building and associated activities. When the Act came into effect, those provisions in the *Local Government (Miscellaneous Provisions) Act 1960* ceased to have effect.

Delegations and authorisations were subsequently amended to align with the Act and the Building Regulations 2012, however an authorisation for section 96(3) of the Act was never requested. This report seeks to correct this position.

Comment

Section 96(3) of the Act relates to enforcement proceedings for buildings and incidental structures located, or proposed to be located, in the district of the local government. Accordingly, Council must designate the persons (or classes of persons) to be authorised to undertake these enforcement proceedings.

It is recommended that the following classes of persons be appointed under section 96(3) of the Act:

- Manager Development Services
- Urban Planning Coordinator
- Senior Urban Planner
- Urban Planner
- Compliance Officer
- Senior Building Surveyor

Consultation

Nil.

Policy and Legislative Implications

Section 127 of the Act provides Council with the ability to delegate powers and duties to its CEO and section 96(3) of the Act provides Council with the ability to delegate the designation of authorised persons.

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

Nil

7.3 RISK MANAGEMENT

Location:	Not Applicable
Ward:	Not Applicable
Applicant:	Not Applicable
File Ref:	D-19-91863
Meeting Date:	18 November 2019
Author(s):	Bernadine Tucker, Manager Governance
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 provides the City's Strategic and Operational Risk Registers to the Committee for noting.

Officer Recommendation AND COMMITTEE DECISION

Moved: Ms Shona Zulsdorf
Seconded: Mr Phillip Draber

That the Audit, Risk and Governance Committee notes the:

1. City of South Perth Strategic Risk Register as shown in **Confidential Attachment (a)**.
2. City of South Perth Operational Risk Register as shown in **Confidential Attachment (b)**.

LOST (1/6)

For: Councillor Blake D'Souza.
Against: Mayor Greg Milner, Councillors André Brender-A-Brandis, Mary Choy, Ken Manolas and Mr Phillip Draber and Ms Shona Zulsdorf.

Background

The City of South Perth Risk Management Framework includes the management of the Risk Register, Business Continuity Plans, the City of South Perth Risk Strategy and associated policies and management practices.

As part of the Risk Management Framework, an internal Risk Management Committee was formed to co-ordinate the City's risk management activities. The Risk Management Committee updates the City's Risk Registers and has responsibility for identifying and monitoring risks and assisting in developing and recommending treatments for agreed priority risks. The Committee meets quarterly to conduct a review on identified risks and associated risk treatments, includes a membership from across all directorates and reports to the Executive Management Team (EMT).

In August 2019, an updated Operational Risk Register and the existing Strategic Risk Register were endorsed by the EMT.

The City understands the internal and external risks that may impact on the delivery of its organisational goals and have processes in place to identify, mitigate, manage and monitor those risks to ensure the best outcome for Council, staff and the community.

Comment

The Operational Risk Register underwent a major review in 2019 to align with local government practice. The Operational Risk Register was subsequently reviewed by the Office of the Auditor General (OAG) in August and September 2019 with a recommendation that an IT Risk Management Plan or procedure be implemented even though the OAG acknowledged that project related risks are managed in accordance with the City's corporate 'Risk Management Framework and Strategy'.

The OAG recommendation was accepted with an undertaking that the City's Operational Risk Register will be updated to incorporate IT risk management.

The City's Strategic Risk Register was developed in conjunction with the Local Government Insurance Scheme (LGIS) as risk management is one of the services this organisation specialises in. The Strategic Risk Register will be undergoing a review within the next 12 months to ensure consistency with local government standards. The OAG made no findings in relation to the City's Strategic Risk Register.

It is acknowledged that the standard of the City's Operational and Strategic Risk Registers require further improvements. The implementation of an internal Risk Management Committee was a positive step in progressing the City's Risk Management Framework, and other risk prevention strategies will be assessed for inclusion in the future. The implementation of improvements has not occurred at a satisfactory pace due in part to the City not having a dedicated Risk Officer and no dedicated risk management budget. Despite this, the City is still progressing with risk management enhancements.

Consultation

The internal Risk Management Committee meets quarterly and consults with other relevant industry stakeholders as required.

Policy and Legislative Implications

City of South Perth Risk Management Strategy 2018
P695 Risk Management Policy

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

7.3 (a): Strategic Risk Register (*Confidential*)
7.3 (b): Operational Risk Register (*Confidential*)

7.4 RECOGNITION AWARD NOMINATION

*This item is considered **confidential** in accordance with section 5.23(2)(b) of the Local Government Act 1995 as it contains information relating to "the personal affairs of any person"*

Location:	Not Applicable
Ward:	Not Applicable
Applicant:	Not Applicable
File Ref:	D-19-94704
Meeting Date:	18 November 2019
Author(s):	Bernadine Tucker, Manager Governance
Reporting Officer(s):	Geoff Glass, Chief Executive Officer
Strategic Direction:	Leadership: A visionary and influential local government
Council Strategy:	4.2 Advocacy

Summary

The City has received a nomination for a recently retired Elected Member to receive the title of Honorary Freeman of the City. This report outlines the nomination that has been made and the selection criteria required to be met.

Officer Recommendation AND COMMITTEE RECOMMENDATION

Moved: Councillor André Brender-A-Brandis

Seconded: Councillor Ken Manolas

That the Committee recommends to Council that the nominee listed in **Confidential Attachment (a)**, is bestowed the award.

CARRIED BY AN ABSOLUTE MAJORITY (7/0)

For: Mayor Greg Milner, Councillors André Brender-A-Brandis, Mary Choy, Blake D'Souza, Ken Manolas and Mr Phillip Draber and Ms Shona Zulsdorf.

Against: Nil.

7.5 1SYSTEM PROJECT

Location:	Not Applicable
Ward:	Not Applicable
Applicant:	Not Applicable
File Ref:	D-19-91639
Meeting Date:	18 November 2019
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 is the sixth report to the Audit, Risk and Governance Committee providing an update on the 1System Project, with Phase I delivered on scope, on budget and on time.

Officer Recommendation AND COMMITTEE DECISION

Moved: Mayor Greg Milner
Seconded: Ms Shona Zulsdorf

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

CARRIED (7/0)

For: Mayor Greg Milner, Councillors André Brender-A-Brandis, Mary Choy, Blake D'Souza, Ken Manolas and Mr Phillip Draber and Ms Shona Zulsdorf.

Against: Nil.

Background

In March 2018, Council resolved to implement the Information Systems (IS) Strategy, authorising the CEO to finalise the contract with TechnologyOne Ltd (TechOne) and report the progress of the "1System Project" implementation to each Audit, Risk and Governance Committee (ARGC) meeting. This is the 1System Project's sixth progress report prepared for the Committee.

This being the first ARGC meeting since the 2019 Council elections, additional background information has been included in the report. The 1System Project was considered and approved by Council on 26 September 2017 and 27 March 2018. Each of the reports contained within these Council meetings contained very detailed confidential information. Prior to the Council decision in March 2018 to proceed, the ARGC considered all of the information and recommended Council approve the 1System Project implementation.

Before approving the 1System Project, Council considered the Information Systems (IS) Strategy, to either remain with the Best of Breeds (BoB) approach (i.e. multiple systems) or shift one integrated system, commonly referred to as an Enterprise Resource Planning (ERP) system. The Council decision to shift to an ERP was significant in that it will guide all decision making and planning in relation to IS over the long term (10 years).

The IS Strategy enabled the development of a plan to guide the implementation and maintenance of IS. The City requires the right people and assets to provide services to the community. IS are central to all service delivery, particularly in the digital age. The previous IS Strategy had drifted, without a deliberate decision, with disparate systems, requiring significant rework, usually paper based. These IS were costly to maintain and not fit for purpose.

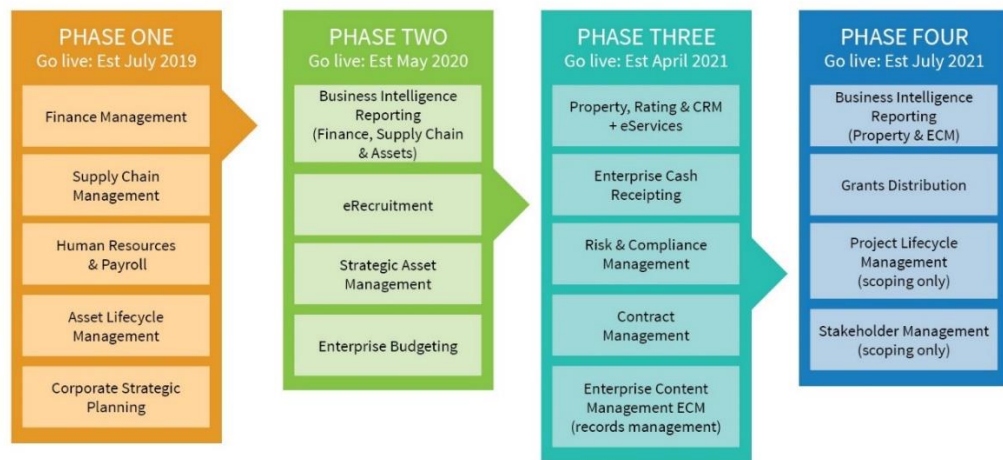
In September 2017, Council adopted a change in IS Strategy to an ERP with the knowledge that at present only one vendor, TechnologyOne Ltd (TechOne), could supply an ERP to a mid-sized Australian local government authority. The decision included the requirement for officers to undertake due diligence and develop a Project Management Plan (PMP), Change Management Plan (CMP) and draft Contract with TechOne and present this information to a future Council meeting.

The due diligence documentation described how the City would implement the change in IS Strategy, with the project named “1System” and with the tag-line “Enabling Innovation”. The tag-line described how implementing the right tools for officers will still require them to innovate/improve the customer experience year on year, particularly through digital service delivery.

This was the first major systems implementation for the City in 20 years, in addition an ERP has significant disruption to business as usual as the project impacts on the whole organisation. Therefore a significant component of the project design focused on the people change, as officers are required to change their work practices.

When completing the due diligence, hardware options were also considered. Essentially there are two options, either the hardware (servers, communications, back-up, etc) are hosted on premise, or in the Cloud (contracted out). The pros and cons of each approach were considered and Council resolved to proceed with the Cloud option due to the lower cost, greater security and the ‘forced’ nature of staying relevant through the requirement to upgrade at least once every year.

A detailed PMP was presented that detailed the Modules and Processes within each phase of the project, which was supported by a Gantt chart containing more than 1,100 actions for Phase I. The original project plan included delivery of the 1System Project in four phases, over three years, illustrated as:



This report has been prepared to describe the successful implementation of Phase I and provide information relating to the Post Implementation Review that will assist in the plans for the remaining phases.

Comment

The City of South Perth (the City) was the third Council, following the cities of Swan and Canning to purchase the TechOne “OneCouncil” solution, a preconfigured ERP for local governments utilising their new platform named CIA (Connected Intelligence Anywhere). TechOne HQ is in Brisbane and have a large office in WA as they have many Federal, State & local government authorities, universities and private sector clients. All of the other sites in WA have the old version CI and few have implemented all the modules.

The City has an existing close relationship with the City of Canning (Canning) and through rigorous discussions it was apparent that we were on the same page in relation to implementing an ERP. The City established a specific MOU and has worked and continues together very closely. The MOU facilitated the approach for Phase I, essentially to adopt the Canning configuration, as the City really aren't that different and as Canning commenced live operations in May 2018, we knew it worked. This approach was successful for Phase I, will be adjusted for Phase II and beyond as the City has effectively caught up with Canning.

Phase II and beyond is likely to be a combination of the City and Canning working together on the some modules, and/or different implementation timeframes for some modules. Both the City and Canning are committed to sharing resources and knowledge to leverage off each other, improve productivity and reduce costs.

In terms of monitoring the progress of Phase I, the detailed PMP, with over 1200 lines of activities was summarised into the following milestones:



The 1System Project performed in accordance with the PMP in terms of time, budget and quality. The User Acceptance Testing was finalised, with the final component (cut over) successfully completed that facilitated the 1 July 'go live' date as appropriate. The first payroll was actually 1 July 2019, so essentially the 'live' environment was commissioned from 18 June 2019.

All training was completed in June and from 1 July the 'hyper-care' (City wide systems support) was able to be tapered back much sooner than the expected six week period.

The Project Team and the Subject Matter Experts (from each of the Business Units) worked very well, under challenging circumstances to prepare for a successful implementation, on time, under budget and to the expected quality. Risks were appropriately identified and managed, setting a very good example for other local government projects to follow. The City understands that this was the first WA local government ERP implementation to be delivered on time, on budget and on scope/quality.

A Phase I Post Implementation Review has been completed, this work included surveys, workshops and face to face interviews conducted by a Change Management Consultant from AIM, the 1System Project Quality Assurance Consultant and the 1System Project Change Co-ordinator.

The overwhelming feedback was that this major change was well planned and implemented. Many people, both internal and external, have stated this was the best project they had been involved in and are very proud of the outcome.

The main focus of the Post Implementation Review was to understand how the City can improve for the next project phases. In terms of opportunities for improvement, some feedback related to issues that were outside the scope of the project, however this insight indicated that more comprehensive communication is required to ensure a greater level of understanding.

A summary of the 1System Project (Phase I) Lessons learned is contained in **Attachment (a)**. Although the formal post implementation review was completed, many of the issues identified were already known, including “Take time to embed Phase I”. In response to this consideration, during the 2019/20 Budget deliberations, the 1System Project scope and subsequent Budget was reduced by \$250,000. This issue is more of a timing issue, rather than a change to the overall project estimate. The Phase II detailed project plan is being finalised and the first upgrade from version 2018B to 2019B is scheduled to be completed by November 2019.

Going forward, an important point to make is that the original 1System Project phasing was finalised in June 2018, taking into account the known (then) TechOne road map for module release in their new platform CiAnywhere in the Cloud. As the release dates changed, officers adjusted the program. As we have effectively caught Canning, we are now in more of a mutual partnership. With this comes benefits and risks that will need to be managed to be able to deliver on time, on budget and on scope/quality.

Consultation

Officers work closely with the Canning, who went live with the first phase of their TechnologyOne system implementation in May 2018. In addition to this MOU, the City has an MOU with the Shire of Serpentine Jarrahdale to assist in their implementation.

Officers have provided information and assistance to the Cities of Armadale, Mandurah and Kwinana; whom have commenced on a similar same path. The project sponsors (South Perth & Canning) made a joint presentation to the Local Government Professionals WA State Conference, offering to help those contemplating a similar change, to assist the whole sector. In recognition of the status of the 1System Project, TechnologyOne Ltd have invited the project sponsor to be one of 14 members across Australia and New Zealand to participate in the inaugural Local Government Executive Group, to guide TechnologyOne Ltd future development.

Policy and Legislative Implications

The 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 Phase I was managed in accordance with the Project Plan Budget (adopted 2018/19 Budget) and had sufficient contingency available to meet contract variations.

The adopted 2018/19 Budget included a Capital allocation of \$2.0M. From April 2019, the 1System Project has been expensed rather than Capitalised. The Interim Financial Reports for June 2019, reported to Council on 23 July 2019, described the 1System Actual YTD of \$2,509,960.

This Actual YTD includes expensed Work In Progress, as described in Note 15 on the Annual Financial Statements 30 June 2018 of \$555,430, being for payments budgeted and incurred in the 2017/18 financial year. Therefore the Actual YTD relating to the expenses incurred in Phase I of the 2018/19 Budget (\$2.0m) was \$1,954,530, hence the reference to 1System Project being “on Budget”.

In relation to the Financial Health Indicator (FHI) score, expensing a Capital project has a significant immediate effect on the Operating Surplus Ratio, thereby reducing the FHI. Whereas a Capital cost would be Depreciated/Amortised over a long period. The 2019/20 Operating Budget adopted by Council on 25 June 2019 and as described in the Comment section, this was reduced by \$0.25m to \$1.29m during the budget deliberations.

The business case included savings that occur when software is retired (approximately \$450k p/a), at present the Civica Authority software is still being utilized (as planned) for Rates and other regulatory purposes. Phase II and III will commence the decommissioning of various systems, where the software operating Budget will reduce.

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): 1System Project - Lessons Learned

7.6 AUDIT REGISTER - PROGRESS REPORT

Location:	Not Applicable
Ward:	Not Applicable
Applicant:	Not Applicable
File Ref:	D-19-91633
Meeting Date:	18 November 2019
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. It is recommended the Committee review and accept the Audit Register Progress Report.

Officer Recommendation AND COMMITTEE RECOMMENDATION

Moved: Ms Shona Zulsdorf

Seconded: Mr Phillip Draber

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

1. Notes the progress recorded against each item within the Audit Register in **Confidential Attachment (a)**;
2. Approves the seven items marked as Completed (100%) in the Audit Register, to be registered as closed and no longer reported to the Committee.

CARRIED (7/0)

For: Mayor Greg Milner, Councillors André Brender-A-Brandis, Mary Choy, Blake D'Souza, Ken Manolas and Mr Phillip Draber and Ms Shona Zulsdorf.

Against: Nil.

Background

The confidential Audit Register lists Internal and External audit findings, describes progress of implementing improvements and percentage completion. This report is prepared for noting the progress and completion of findings since the last meeting.

Comment

A summary of the Audit Register, included below, illustrates the trend of actions that have been added, progressed and completed. The row (blue) represents items added by this Committee. New Audit findings presented to the current meeting are included at the following meeting.

Status of actions	ARGC - Meeting Date							Total
	6/6/18	11/9/18	12/11/18	11/3/19	17/6/19	9/9/19	18/11/19	
New actions added by ARGC	10	24	0	24	0	0	0	58
Not yet commenced = >10%	10	0	0	4	1	0	0	
Progressed = 10% to 95%	0	32	13	18	9	10	3	
Completed = 100%	0	2	19	15	12	0	7	
Total (0% to 100%)	10	34	32	37	22	10	10	
Closed by ARGC	0	2	19	15	12	0	0	48
Total cum. closed by ARGC	0	2	21	36	48	48	48	
Open Actions	10	32	13	22	10	10	10	

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

It is requested to note that the Audit Register in **Confidential Attachment (a)**.

Consultation

Nil.

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 1996 (CEO's duties as to financial management) and Regulation 7 of the Local Government (Audit) Regulations 1996 (CEO to review certain systems and procedures).

Financial Implications

The Internal Audit function (Paxon) has a budget of \$40,000 for the 2019/20 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.

The External Audit function (WA Auditor General) has a budget of \$55,000 for the audit of the 2018/19 Financial Statements.

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): Audit Register November 2019 (*Confidential*)

7.7 2019/2020 CORPORATE BUSINESS PLAN 1ST QUARTER UPDATE

Location:	Not Applicable
Ward:	Not Applicable
Applicant:	Not Applicable
File Ref:	D-19-91782
Meeting Date:	18 November 2019
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 development of the Corporate Business Plan and Integrated Planning Framework since the adoption of the Strategic Community Plan 2017-2027, as well as the progress of the projects and activities described in the report. It is recommended the Audit, Risk and Governance Committee notes the progress recorded against each project/activity contained within the 2019/20 Corporate Business Plan report.

Officer Recommendation AND COMMITTEE DECISION

Moved: Councillor Blake D'Souza

Seconded: Mayor Greg Milner

That the Audit, Risk and Governance Committee notes the progress recorded against each project/activity within the Corporate Business Plan as described in the report contained within **Attachment (a)**.

CARRIED (7/0)

For: Mayor Greg Milner, Councillors André Brender-A-Brandis, Mary Choy, Blake D'Souza, Ken Manolas and Mr Phillip Draber and Ms Shona Zulsdorf.

Against: Nil.

Background

Introduced in 2010, the Integrated Planning and Reporting Framework (IPR) and guidelines were developed in response to the State Government's Local Government Reform Program. They reflect a nationally consistent approach to integrated planning. These Guidelines outline each component of the IPR – its purpose, the process, the role of the community, Council and administration – and how the components fit together.

The Framework and Guidelines establish mechanisms to review and report on all elements of the Integrated Planning and Reporting process. Core Components of the Integrated Planning and Reporting Framework are:

1. Strategic Community Plan;
2. Corporate Business Plan; and
3. Informing Strategies or plans such as the Long Term Financial Plan, Asset Management Plans and Workforce Plan.

In late 2017, Council adopted a revised Strategic Community Plan 2017-2027 (SCP), however to complete the reporting for that financial year, the City continued to report progress on the existing Corporate Business Plan (CBP), aligned to the previous SCP.

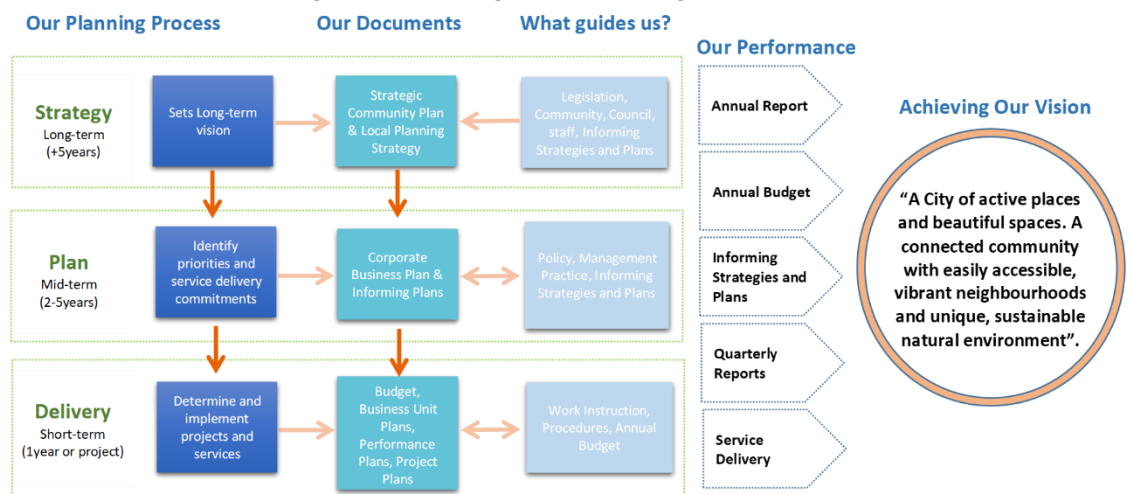
Once this cycle was completed and as a result of staff changes, reporting of quarterly performance reporting was transferred to the Organisational Planning section of Corporate Services.

To align a new CBP to the new SCP, a complete review of all documentation was undertaken to determine what strategies, plans, projects and actions needed to be included. In conducting this review, it was evident additional analysis was required to develop a framework that describes the form of each document, to provide clarity for the decision maker and the user. This involved a review of legislation, as these may prescribe the requirement for Council to adopt a Policy, Strategy or Plan.

In addition to this review, the City of South Perth (City) had numerous information systems that were not linked and duplicated information. The 1System Project was commenced to implement an Integrated (City wide) Information System, commonly referred to as an ERP. The Integrated Information System was purchased from TechnologyOne Ltd, with their latest software, CiAnywhere including a module for Corporate Performance, facilitating better reporting of progress against plans.

This review led to the redevelopment of the City’s Integrated Planning Framework (IPR) to provide a better understanding and alignment between the City’s processes, documents and guidelines. This was in order to assist Councillors and officers during the preparation of documentation for decision making (Council or Administration) and progress reporting. Three separate levels have been described as a; Strategy, Plan or Delivery, as represented below:

The City of South Perth’s Integrated Planning and Reporting Framework



The three City IPR levels are:

Level 1: Strategy (Long-term +5 years)

A long-term, overarching Strategy that outlines the community's aspirations and priorities for the future, and sets out the key strategies required to achieve these. A Strategy is reviewed as a result of a strategic change and/or in line with legislative requirements.

Council are responsible for all Strategy documents, with the administration assisting through the provision of research and facilitation of community input.

The City's main Strategy documents are the Strategic Community Plan and the Local Planning Strategy.

Level 2: Plan (Mid-term 2-5 years)

A high level plan that describes the priorities, services, projects and actions that the City will undertake to achieve Council Strategy (Level 1). A Plan should be reviewed annually, with reporting on progress quarterly and/or annually where appropriate.

The Administration is responsible for all Plan documents, Council is responsible for monitoring the progress achieved against the Plan. Council may approve Plan documents if it is a legislative requirement or if the Plan assists in the adoption of a Strategy (Level 1).

The City's main Plan documents are the Corporate Business Plan, Long-Term Financial Plan, Asset Management Plan, Workforce Plan and other informing plans.

Level 3: Delivery (Short-term 1 year or project life)

A detailed and short-term plan describes the activities to be undertaken to achieve a Plan (Level 2). It is reviewed and reported on regularly and it does not require approval from Council, unless a legislative requirement.

Administration are responsible for all delivery documents, including for monitoring the progress achieved. In certain circumstances, Council are responsible for monitoring progress of the Delivery (i.e. Annual Budget).

The City's delivery documents are the Annual Budget, Business Unit Plans and Project Plans.

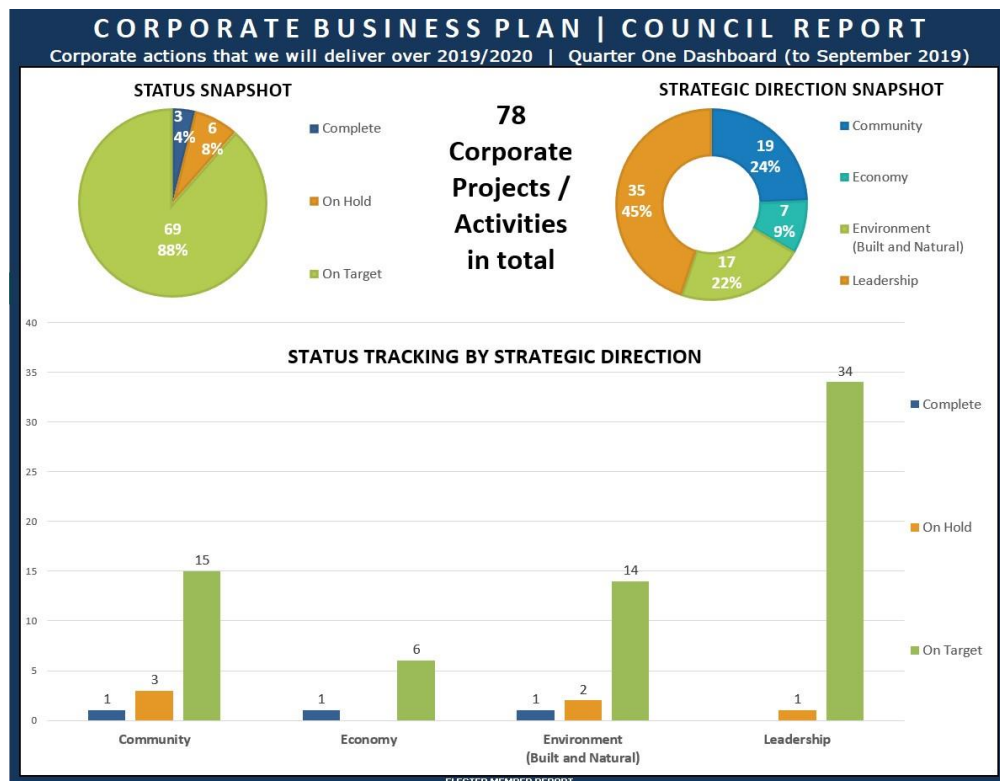
The CBP is an important part of the City's IPR, and is the document that guides the implementation of the City's Strategic Community Plan. The CBP articulates how the SCP will be delivered through services, capital works, projects and activities.

Previously, quarterly reports for the CBP were not aligned to the budget and collated/created using Microsoft Word. These documents were large in size (over 50 pages), cumbersome to administer and review. Officers reviewed and redesigned its reporting methodology to ensure it is reported succinctly, accurately and aligned to the City SCP and Budget process.

The following outlines the major changes to the Corporate Business Plan Report:

- Developed in Microsoft Excel during the testing of 1System Corporate Performance Reporting.
- Derived from Business Unit Plans, input from Executive, Managers and Senior Officers.
- Projects/activities aligned to the Strategic Community Plan.
- Projects/activities with a budget are described.
- Assists in the development of the Annual Report and CEO KPIs.
- Contains a one page **Quarterly dashboard** (example included below) with summarised information showing status of completion and link to Strategic Direction.
- Contains a 15 page **Quarterly update** (example included below) showing project/activity links to strategic direction, timeframe, status, yearly action and quarterly updates.

The City of South Perth's Corporate Business Plan Report - Quarterly Dashboard



The above dashboard has been designed within Excel, the process was undertaken to assist with the development of the Corporate Performance module within the TechnologyOne CiAnywhere ERP system (1System Project). Therefore it is likely that through continuous improvement and system implementation the summary information will be adjusted to assist decision making and in the review of performance against the plan.

Excel was also used to capture the data to facilitate a smooth transition to CiAnywhere, so that the history of data entered now, can be easily uploaded. Likewise with the dashboard representation, the detailed line by line description of projects/actions representation may be altered over time to improve its readability.

The City of South Perth's Corporate Business Plan Report – Quarterly update

CORPORATE BUSINESS PLAN 2019/2020 QUARTER ONE REPORT									
Corporate actions that we will deliver over the financial year									
No.	Strategic Direction	Outcome	Strategy	Project/Activity	Timeframe	Status	Action 19/20		
							QUARTERLY UPDATES Qtr 1 July to Sept 2019		
							CEO KPI		
1	Community	1.1 Culture and community	1.1.1 Develop and facilitate services and programs to respond to the changing community needs and priorities	Public Toilet Plan	2020-2021	On Target	25%	Appoint consultant to develop strategy and deliver actions.	Completed the development of project plan for the Public Toilet Plan.
2	Community	1.1 Culture and community	1.1.2 Facilitate and create opportunities for social, cultural and physical activity in the City	Australia Day / Celebration Zone (repeat in 2.1.1)	26 January 2020	On Target	25%	Oversee the Australia Day event through project managing the contractor. Plan the Australia Day event for the community. Facilitate the Australia Day event (including in partnership with other stakeholders). Evaluate the Australia Day event.	Commenced planning for the Australia Day Celebration Zone, including: securing \$275,000 Lotterywest funding; reviewing risk management plan; booking event equipment and activities; planning hostile vehicle mitigation strategies; and undertaking regular liaison with the City of Perth.
3	Community	1.1 Culture and community	1.1.2 Facilitate and create opportunities for social, cultural and physical activity in the City	Cultural Plan	2019-2023	On Target	25%	Implement, monitor and evaluate the Cultural Plan.	Continued implementation of Cultural Plan through the following actions: delivery of community events and cultural activities; promotion of Community Funding Program; cultural partnerships with local community groups; promotion of heritage programs and facilities; and public art projects. Planning commenced to facilitate a range of community events to activate the new Connect South/Mends Street Piazza, including an event partnership with Fringe World Festival.
4	Community	1.1 Culture and community	1.1.2 Facilitate and create opportunities for social, cultural and physical activity in the City	Disability Access Inclusion Plan	2017-2021	On Target	25%	Implement, monitor and evaluate the Disability Access and Inclusion Plan.	The City continued to implement its Disability Access and Inclusion Plan (17 strategies implemented this quarter).
5	Community	1.1 Culture and community	1.1.2 Facilitate and create opportunities for social, cultural and physical activity in the City	George Burnett Leisure Centre (GBLC) Precinct Master Plan	June 2019	On Hold	75%	Review processes around: 1) Bookings, 2) staff management, 3) programs, 4) maintenance, and 5) customer service.	Project paused subject to Recreation and Aquatic Facility (RAF).

The redesigned Corporate Business Plan report will be reported quarterly to the Audit, Risk and Governance Committee, reviewed annually by officers and reported yearly to the Community through the Annual Report.

Comment

It is requested to note the progress and officer comments. In addition, it is recommended all completed (100%) items in the report recorded against each project/activity be registered as closed for the 2019/2020 period. Any outstanding project/activity for the 2019/2020 period will be considered in the development of the annual review for 2020/2021.

Consultation

The first quarter update is prepared in consultation with the Executive, Managers and senior officers.

Policy and Legislative Implications

Local Government (Administration) Regulations 1996.

Financial Implications

All projects and activities listed in the Corporate Business Plan First Quarter Update are fully funded within the 2019/2020 Annual Budget.

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

7.7 (a): 1st Quarter Report

7.8 INTERNAL AUDIT - ENVIRONMENTAL HEALTH SERVICES

Location:	Not Applicable
Ward:	Not Applicable
Applicant:	Not Applicable
File Ref:	D-19-95452
Meeting Date:	18 November 2019
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 the Environmental Health Services, in accordance with the Strategic Internal Audit Plan.

This was the first review undertaken of Environmental Services and the report contains Paxon's detailed findings in Section 5, commencing on page 11, listing three recommendations and associated management comments.

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

Officer Recommendation AND COMMITTEE RECOMMENDATION

Moved: Mayor Greg Milner

Seconded: Ms Shona Zulsdorf

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

1. Notes the Environmental Health Services report contained in **Confidential Attachment (a)**, and
2. Accepts all three recommendations contained in Section 5 of the Internal Audit – Environmental Health Services be added to the Audit Register.

CARRIED (7/0)

For: Mayor Greg Milner, Councillors André Brender-A-Brandis, Mary Choy, Blake D'Souza, Ken Manolas and Mr Phillip Draber and Ms Shona Zulsdorf.

Against: Nil.

Background

An expanded background has been included to describe the recent history to assist the new Audit, Risk and Governance Committee (ARGC) members.

The City identified a need to have an Internal Audit function to undertake compliance and performance Audits. Previously, the City relied on the work undertaken by the then External Auditor (Marci Partners) when undertaking their review of the Annual financial Statements. This provided some level of assurance, however officers recommended an Internal Audit function be created and form part of the City's continuous improvement process.

A Request for Quotation (RFQ) for the "Provision of Internal Audit services" was undertaken in July 2017, with a report to the ARGC in August 2017, recommending Paxon Group be appointed as the City's internal auditors. In October 2017, prior to the formal adoption of a Strategic Internal Audit Plan (SIAP), Paxon and the Executive Management Team undertook a desktop exercise and identified the following priority areas of Procurement, Rates and Payroll.

The Internal Audits completed by Paxon to date are:

- Rates (ARGC meeting 6 June 2018)
- Procurement (ARGC meeting 11 September 2018)
- Payroll (ARGC meeting 11 September 2018)
- Review of Purchasing Transactions (ARGC meeting 11 March 2019)

Following the recommendation of the ARGC on 6 June 2018 a five year SIAP was adopted by Council. The SIAP was reviewed and subsequently updated following the ARGC meeting on 11 March 2019, as shown in **Confidential Attachment (b)**. This report has been prepared for the Committee to consider the next Internal Audit completed (Environmental Health Services), with a Facilities Management Internal Audit currently being completed.

For each Internal Audit completed, the reports are presented to the ARGC and then Council for acceptance of recommendations. Paxon attend the relevant ARGC meeting to respond to questions relating to the report. Management respond to Paxon's recommendations, in relation to their findings, and these are each listed on the Audit Register. The Audit Register is presented to each ARGC meeting, illustrating the progress of implementing these improvements, with recommendations that completed items are closed by the ARGC. A Closed item is no longer reported to the ARGC, however is available for both Internal and External Audit review.

In addition to the Internal Audit function (Paxon), the City also completes Annual External Audits, these being the Audit of the Annual Financial Statements. The 2017/18 Annual Financial Statements review completed by the WA Auditor General, being one of first (of three) Councils in WA. These External Audits comprise an Interim Audit, conducted in May/June each year and the final Audit of the Annual Financial Statements, concluding in November each year. Similarly to the Internal Audits, these findings are reported to the ARGC and added to the Audit Register, following the same process described above. The External Audits completed to date are:

- Interim Audit – 2017/18 Financial Statements (ARGC meeting 11 September 2018)
- Final Audit – 2017/18 Financial Statements (ARGC meeting 11 March 2019)

- Interim Audit – 2018/19 Financial Statements (ARGC meeting 9 September 2019)
- Final Audit – 2018/19 Financial Statements (to be presented)

The WA Auditor General also has a mandate to undertake what they describe as performance audits or focus area audits, an audit that the City would consider similar to an Internal Audit. The City will only be involved in some of these performance audits, however the City seeks to benefit from this work by including these within an upcoming Internal Audit, or where the Internal Audit is not scheduled, forwarding to the relevant Business Unit Manager to consider in relation to their existing processes. An example being the WA Auditor General Report – Local Government Procurement (11 October 2018) formed part of the Paxon Review of Purchasing Transactions (ARGC meeting 11 March 2019). The City was involved in the Information Systems Audit, one of ten Councils, with the results to be reported to a future ARGC meeting once complete.

Other opportunities for improvement include the Annual Compliance Audit Return, presented to the ARGC in March each year, in accordance with Regulation 14 of the Local Government (Audit) Regulations 1996. The 1System project, over four phases, is transforming the business and is reported to the ARGC at each meeting for the duration of the project.

This report has been prepared for the Committee's consideration and recommendation to Council.

Comment

The Internal Audit Report – Environmental Health Services 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.

As has been previously described, Internal Audit is an essential component of our continuous improvement process and findings are welcome. As many areas have never been audited before, it is likely that each Internal Audit may contain many findings. This is the first Internal Audit of the Environmental Health Services business unit which resulted in three findings, each rated as low. It is recommended that the ARGC accept each of these findings and that these are included in the Audit Register.

All items included in the Audit Register will be reported at each subsequent ARGC 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

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 1996 (CEO's duties as to financial management) and regulation 7 of the Local Government (Audit) Regulations 1996 (CEO to review certain systems and procedures).

Financial Implications

The Internal Audit function has a budget of \$40,000 for the 2019/20 financial year and it is anticipated that a budget of a similar amount is to be adopted each year.

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

- 7.8 (a):** Internal Audit Report - Environmental Health Services
(Confidential)
- 7.8 (b):** Strategic Internal Audit Plan *(Confidential)*

7.9 2018/19 ANNUAL FINANCIAL REPORT

Location:	Not Applicable
Ward:	Not Applicable
Applicant:	Not Applicable
File Ref:	D-19-94318
Meeting Date:	18 November 2019
Author(s):	Abrie Lacock, Manager Finance
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 recommends that the Audit, Risk and Governance Committee recommend that Council adopt the 2018/19 Annual Financial Report, accept the Independent Auditor's Report and the Office of the Auditor General Exit Brief.

Officer Recommendation AND COMMITTEE RECOMMENDATION

Moved: Councillor Blake D'Souza
Seconded: Councillor André Brender-A-Brandis

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

1. Adopt the Annual Financial Report shown at **Attachment (a)**;
2. Accepts the Independent Auditor's Report on the 2018/2019 Annual Financial Report presented by the WA Auditor General **Attachment (b)**; and
3. Accepts the WA Auditor General Annual Financial Audit Exit Brief **Confidential Attachment (c)**.

CARRIED (7/0)

For: Mayor Greg Milner, Councillors André Brender-A-Brandis, Mary Choy, Blake D'Souza, Ken Manolas and Mr Phillip Draber and Ms Shona Zulsdorf.

Against: Nil.

Background

The Department of Local Government Operational Guidelines Number 9 describe that the CEO is responsible to ensure the external audit (financial) report is provided to the Audit Committee and recommending the Audit Committee review the Annual Financial Report. This the second year that the external audit has been conducted by the WA Auditor General. The City of South Perth was one of the first (of three) Councils where the WA Auditor General conducted the external audit. The number of Councils has been increased to over twenty for 2019/20.

As in previous years, the Annual Financial Report, commonly referred to as the Annual Financial Statements, the draft Independent Auditor's Report and the Annual Financial Audit Exit Brief (Confidential) are attached for the Audit, Risk and Governance Committee (ARGC) to review. The Annual Financial Audit Exit Brief makes reference to "Information System Control Issues" identified at Part 3 titled "Issues Identified During the Audit" and the "Information systems Maturity model" at Part 6. The manner in which Annual Financial Audit Exit Brief Part 3 and 6 are described provides challenges as they are provided out of context, with no Management Response, as usual is the case. Therefore the detailed findings identified during their Information Systems Audit have been included in confidential Attachment to a separate report to the ARGC. The other issues referenced at Part 3 were all reported to the ARGC at its meeting on the 9 September 2019 when the Interim Audit Report were tabled.

The ARGC may make recommendations to Council, with Council required to accept the Annual Report, including the Annual Financial Report, for presentation to the Annual Electors General Meeting.

Comment

The 2018/19 Annual Financial Report shown at **Attachment (a)** provides our community with an open and accountable insight into how we have performed against the adopted 2018/19 Budget as the short term plan informed by our vision and strategic objectives outlined in our Strategic Community Plan 2017-2027.

Attachment (b) is the Independent Auditor's Report on the 30 June 2019 Annual Financial Report presented by the City's external auditors, the WA Auditor General.

The WA Auditor General has presented their findings in the Annual Financial Audit Exit Brief which is provided at **Confidential Attachment (c)**.

Although the Annual Financial Report and Independent Auditor's Report are essentially complete, there may be minor layout and textual amendments to the Annual Financial Report prior to it being presented to the Elector's General Meeting, scheduled for 7.00pm Monday 9 December 2019.

Consultation

Nil.

Policy and Legislative Implications

Section 5.53(1) of the *Local Government Act 1995* requires a local government to prepare an annual report for each financial year. Section 5.53(2) of the *Local Government Act 1995* specifies that the Annual Report is to contain the financial report and auditor's statement for that financial year.

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

7.9 (a):	Annual Financial Report Year Ended 30 June 2019
7.9 (b):	Draft Independent Auditor's Report
7.9 (c):	Annual Financial Audit Exit Brief (<i>Confidential</i>)

7.10 INFORMATION SYSTEMS AUDIT (EXTERNAL) REPORT

*This item is considered **confidential** in accordance with section 5.23(2)(f)(ii) of the Local Government Act 1995 as it contains information relating to "a matter that if disclosed, could be reasonably expected to endanger the security of the local governments property"*

Location:	Not Applicable
Ward:	Not Applicable
Applicant:	Not Applicable
File Ref:	D-19-97852
Meeting Date:	18 November 2019
Author(s):	Abrie Lacock, Manager Finance
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 Information Systems Audit management letter from the Office of the Auditor General (OAG) this letter (audit period 1 July 2018 to 30 June 2019) forms part of the audit of 2018/19 Annual Financial Report. The Management Letter includes findings, risk ratings, recommendations and management comments. It is recommended that the findings are accepted and added to the City's Audit Register. Going forward progress on the resolution of the findings will be reported on at each Audit Committee Meeting. The Office of the Auditor General will be in attendance to address questions on the content of the Information Systems Audit Management Letter.

Officer Recommendation AND COMMITTEE RECOMMENDATION

Moved: Ms Shona Zulsdorf
Seconded: Councillor André Brender-A-Brandis

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

1. Notes the WA Auditor General Annual Financial Audit Exit Brief in **Confidential Attachment (a)**;
2. Accepts the WA Auditor General Information Systems Audit management letter and include all findings in the Audit Register in **Confidential Attachment (b)**.

CARRIED (7/0)

For: Mayor Greg Milner, Councillors André Brender-A-Brandis, Mary Choy, Blake D'Souza, Ken Manolas and Mr Phillip Draber and Ms Shona Zulsdorf.

Against: Nil.

8. OTHER RELATED BUSINESS

9. CLOSURE

The Presiding Member declared the meeting closed at 7.09pm.

These Minutes were confirmed at the next Audit, Risk and Governance
Committee Meeting held 16 March 2020.

Signed: _____

Presiding Member at the meeting at which the Minutes were confirmed.