

# MINUTES

## Audit, Risk and Governance Committee Meeting

9 September 2019

Committee Members

Here within are the Minutes of the Audit, Risk and Governance Committee Meeting held Monday 9 September 2019 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 1995 the meeting was not open to the public.*



GEOFF GLASS  
CHIEF EXECUTIVE OFFICER

13 September 2019

# Contents

1.	DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS	3
2.	ATTENDANCE	3
2.1	APOLOGIES	3
2.2	APPROVED LEAVE OF ABSENCE	3
3.	DECLARATIONS OF INTEREST	4
4.	CONFIRMATION OF MINUTES	4
4.1	AUDIT, RISK AND GOVERNANCE COMMITTEE MEETING HELD: 17 JUNE 2019	4
5.	PRESENTATIONS	4
6.	BUSINESS ARISING FROM PREVIOUS MEETING	4
7.1	CITY OF SOUTH PERTH PUBLIC PLACES AND LOCAL GOVERNMENT PROPERTY LOCAL LAW REVIEW	5
7.2	POLICY REVIEW	8
7.3	APPOINTMENT OF AUTHORISED PERSONS - BUILDING REGULATION INFRINGEMENT NOTICES	14
7.4	DELEGATION - BUILDING REGULATIONS 2012	16
7.5	1SYSTEM IMPLEMENTATION	18
7.6	2018/2019 ANNUAL FINANCIAL STATEMENTS (EXTERNAL) AUDIT - INTERIM REPORT	19
7.7	AUDIT REGISTER - PROGRESS REPORT	22
7.8	2018/2019 CORPORATE BUSINESS PLAN FOURTH QUARTER UPDATE	25
7.	REPORTS	5
8.	OTHER RELATED BUSINESS	31
9.	CLOSURE	31
	RECORD OF VOTING	32

# Audit, Risk and Governance Committee Meeting - Minutes

## 1. DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

The Chair declared the meeting open at 5.30pm and welcomed everyone in attendance.

The Chair welcomed the City's new Manager Finance, Abrie Lacock and farewelled Manager Organisational Planning, Vanessa Loncar.

The Chair announced that Mr Rob Marando from Momentum Legal, and Mr Patrick Arulsingham and Mr Kevin Ng from the Office of the Auditor General were in attendance and would be each giving a presentation to the Committee.

## 2. ATTENDANCE

### Elected Members

Mayor (Chair)  
Mill Point Ward (Deputy Chair)  
Manning Ward  
Moresby Ward

Sue Doherty  
Councillor Ken Manolas  
Councillor Blake D'Souza  
Councillor Greg Milner

### External Members

Ms Shona Zulsdorf  
Mr Steve Vanstan

### Officers

Chief Executive Officer  
Director Corporate Services  
Director Development and Community Services  
Director Infrastructure Services  
Manager Finance  
Manager Governance  
Manager Organisational Planning  
Governance Coordinator  
Governance Officer

Mr Geoff Glass  
Mr Colin Cameron  
Ms Vicki Lummer  
Mr Mark Taylor  
Mr Abrie Lacock  
Ms Bernadine Tucker  
Ms Vanessa Loncar  
Ms Toni Fry  
Ms Mieke Wevers

### Guests

Rob Marando  
Patrick Arulsingham  
Kevin Ng

Momentum Legal  
Office of the Auditor General  
Office of the Auditor General

### 2.1 APOLOGIES

Nil

### 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: 17 June 2019

##### Officer Recommendation AND COMMITTEE DECISION

**Moved:** Mayor Sue Doherty

**Seconded:** Ms Shona Zulsdorf

That the Minutes of the Audit, Risk and Governance Committee Meeting held 17 June 2019 be taken as read and confirmed as a true and correct record.

**CARRIED (6/0)**

### 5. PRESENTATIONS

- Mr Rob Marando from Momentum Legal in relation to a current legal matter.
- Mr Patrick Arulsingham and Mr Kevin Ng from the Office of the Auditor General in relation to the 2018/2019 Annual Financial Statements (External) Audit - Interim Report.

### 6. BUSINESS ARISING FROM PREVIOUS MEETING

Nil.

## 7. REPORTS

### 7.1 CITY OF SOUTH PERTH PUBLIC PLACES AND LOCAL GOVERNMENT PROPERTY LOCAL LAW REVIEW

Location:	Not Applicable
Ward:	All
Applicant:	Not Applicable
File Ref:	D-19-55422
Meeting Date:	9 September 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

In accordance with the *Local Government Act 1995*, local governments are required to review their local laws within a period of eight years. The City of South Perth Public Places and Local Government Property Local Law 2011 was last reviewed in 2012 and now requires a review.

#### Officer Recommendation AND COMMITTEE RECOMMENDATION

**Moved:** Councillor Greg Milner  
**Seconded:** Councillor Blake D'Souza

That the Audit, Risk and Governance Committee recommends that Council gives Statewide and local public notice stating that it proposes to amend the City of South Perth Public Places and Local Government Property Local Law 2011.

**CARRIED (6/0)**

#### Background

The City of South Perth Public Places and Local Government Property Local Law (Local Law) was Gazetted on 18 October 2011. The Local Law deals with the use of property under the City's care, control and management such as reserves, libraries, halls etc.

Not long after Gazettal, the Delegated Legislation Committee wrote to the City advising that clause 4.7 of the Local Law needed to be deleted as it was invalid on the grounds of unreasonableness. A small typographical error was also identified that needed amending.

In December 2011, the City gave the Delegated Legislation Committee a written undertaking to make the amendments as advised. In March 2012 the City resolved to make the changes and an amendment local law was gazetted on 26 March 2012. The renumbering of affected clauses was not considered during this amendment.

In 2016, an amendment was proposed to the Local Law to regulate the operation of drones from City property. However, Council resolved in November 2016 not to progress with the amendment as drones are generally governed by Federal Government legislation and the Civil Aviation Safety Authority.

Apart from the proposed amendment, no reviews of the Local Law have been undertaken. In accordance with section 3.16 of the *Local Government Act 1995* (the Act), local governments are required, within a period of eight years, to review their local laws to determine whether or not it considers the local law should be repealed or amended.

### Comment

In accordance with the Act, a review was recently completed that identified amendments to the local law were necessary. Some definitions contained within the local law require amendment due to the introduction of the *Public Health Act 2016*. Therefore, amendments are necessary to remove reference to the *Health Act 1911* and to replace them with the relevant sections of the Public Health Act.

The proposed changes include:

- Updating the definitions of ‘district’ and ‘eating house’ with the correct reference to the Public Health Act;
- Removing the definition ‘Health Act’;
- Inserting a definition of ‘Public Health Act’;
- Inserting the definition of ‘local government property’ in the correct alphabetical order within the definitions; and
- Renumbering clauses from 4.8 to 4.12 as 4.7 to 4.11 in the body of the Local Law and the contents page.

The proposed changes bring the Local Law into compliance with the *Local Government Act 1995*, and the *Public Health Act 2016*.

The purpose and effect of the proposed local law are as follows:

**Purpose:** to make amendments to the City of South Perth Public Places and Local Government Property Local Law 2011 which regulates the care, control and management of property of and under the care, control and management of the City.

**Effect:** Some City of South Perth property is set aside for particular uses, some activities are allowed only under a permit or under a determination, and others are restricted or prohibited. The local law also establishes offences for inappropriate behaviour in or on City property.

### Consultation

To commence the local law making process, it is necessary for the City to give Statewide and local public notice of its intent to amend the City of South Perth Public Places and Local Government Property Local Law 2011 and invite submissions for a period of no less than six weeks after the notice is given.

### Policy and Legislative Implications

Section 3.12 of the *Local Government Act 1995* prescribes the process for the making of an amendment local law.

**Financial Implications**

The cost associated with amending the local law is already contained within the approved Governance 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**

- 7.1 (a): Public Places and Local Government Property Local Law 2011 with amendments
- 7.1 (b): Amendment Local Law 2019

## 7.2 POLICY REVIEW

Location:	Not Applicable
Ward:	Not Applicable
Applicant:	Not Applicable
File Ref:	D-19-55974
Meeting Date:	9 September 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

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.

A number of Council policies have been reviewed and are now presented for the consideration of the Committee and referral to Council for adoption.

### Officer Recommendation

**Moved:** Mayor Sue Doherty  
**Seconded:** Ms Shona Zulsdorf

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

1. Notes that policy P677 State Administrative Tribunal has been reviewed with 'no changes' being proposed.
2. Adopts amended policy P605 Purchasing Policy as contained in **Attachment (a)**.
3. Adopts the revised and renamed policy P669 Elected Member Continuing Professional Development as shown in **Attachment (b)**.
4. Adopts Policy P611 Pre-Qualified Supplier Panels as shown in **Attachment (c)**.
5. Revokes existing Policy P667 Member Entitlements and replaces it with the new Policy P667 Elected Member Entitlements as shown in **Attachment (d)**.
6. Revokes the following policies:
  - P670 Delegates from Council
  - P671 Governance
  - P606 Continuous Financial Disclosure



**Amended Motion**

**Moved:** Councillor Greg Milner  
**Seconded:** Councillor Blake D'Souza

That recommendation 3 be reworded as follows:

*“3. Defers consideration of the revised and renamed policy P669 Elected Member Continuing Professional Development as shown in **Attachment (b)** to a future Audit, Risk and Governance Committee meeting.”*

**CARRIED (5/1)**

The amended motion was put and declared carried and formed part of the substantive motion.

**Amended Motion AND COMMITTEE RECOMMENDATION**

**Moved:** Mayor Sue Doherty  
**Seconded:** Ms Shona Zulsdorf

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

1. Notes that policy P677 State Administrative Tribunal has been reviewed with 'no changes' being proposed.
2. Adopts amended policy P605 Purchasing Policy as contained in **Attachment (a)**.
3. Defers consideration of the revised and renamed policy P669 Elected Member Continuing Professional Development as shown in **Attachment (b)** to a future Audit, Risk and Governance Committee meeting.
4. Adopts Policy P611 Pre-Qualified Supplier Panels as shown in **Attachment (c)**.
5. Revokes existing Policy P667 Member Entitlements and replaces it with the new Policy P667 Elected Member Entitlements as shown in **Attachment (d)**.
6. Revokes the following policies:
  - P670 Delegates from Council
  - P671 Governance
  - P606 Continuous Financial Disclosure

**CARRIED (6/0)**

**Background**

In line with contemporary organisational models, the policy framework aligns policies and delegations to the City's Strategic Directions.

During the review process, policies are considered by the custodian department having the relevant technical expertise in relation to the policy content and subsequently 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 policy review may identify a need to revise the policy or it may determine that no change is needed. The nature of the change, whether minor or major, is noted in the Comment section below. Minor changes usually consist of minor typographical or grammatical corrections or revisions due to minor legislative amendments. Major change will consist of significant revision to the content of the policy due to changes in the operational environment or because of more substantial legislative change.

### Comment

#### Administrative changes

Policy P677 State Administrative Tribunal is considered to need minor administrative changes only and no changes to content.

#### Major Changes

##### P605 Purchasing Policy

The Purchasing Policy has been amended by removing the section “Local Government Panels of Suppliers (Not WALGA Preferred)” as this is addressed in the proposed new policy P611 Pre-Qualified Supplier Panels. Minor amendments have also been made to Policy P605 by including further references to relevant legislation and policies.

##### P669 Elected Member Continuing Professional Development

In June 2017, the McGowan Government announced a review of the *Local Government Act 1995* (Act). Extensive consultation on the Act has occurred through each phase of the review through workshops, submissions and consultations. As a result of the consultation undertaken as part of phase one of the review, the Local Government Legislation Amendment Bill 2019 (Amendment Bill) passed both Houses of Parliament and obtained Royal Assent on 5 July 2019. The Royal Assent causes some sections to be operational, with the remainder awaiting Proclamation. The legislative changes include the requirement for a ‘Continuing Professional Development’ policy which is still awaiting Proclamation.

Policy P669 Elected Member Development was adopted by Council in December 2013. This policy, although covering many of the requirements of the Amendment Bill, has been reviewed and updated to align with the new proposed Division 10 of the Act. The proposed amendments include renaming the policy from ‘Elected Member Development’ to ‘Elected Member Continuing Professional Development’, and including the requirement for an Elected Member training report to be published on the City’s website. In addition, other minor grammatical changes have been made.

Included in this current policy is the ability for Elected Members to undertake the Australian Institute of Company Directors (AICD) course at the City’s expense. A review of other local governments in the metropolitan area revealed that a majority of Councils enable Elected Members to undertake the AICD course, however the cost is either met from their Councillors allocated training budget or with the local government covering 50% of the cost with the Elected Member funding the shortfall.

The Australian Institute of Company Directors course is approximately \$11,000 making the considerable cost unmanageable should a number of Elected Members wish to undertake the course at the same time. It is suggested that as there would be insufficient funds in Councillors allocated training budget to undertake the course, that the policy be amended to reflect that the City will pay for 50% of the costs.

It is considered that this approach will be judged by the community to be more prudent and cost effective for the City whilst still enabling training opportunities for all Elected Members. In addition to this training, the Department of Local Government, Sport and Cultural Industries (Department) has identified a universal training policy position whereby Councillors will be afforded three significant training components. These are universal candidate inductions, universal Elected Member training and continuing professional development to build Elected Member capacity and strengthen local governance. The aim of the Department is to build Elected Member capability and restore public confidence in local government by providing Elected Members with the skills and knowledge they need to do their job well.

### **New Policies**

#### **P611 Pre-Qualified Supplier Panels**

This policy has been developed as the detail in Policy P605 relating to the use of pre-qualified supplier panels was lacking the elements required under Part 4, Division 3 of the Local Government (Functions and General) Regulations 1996. To satisfy the Regulations, the new policy provides clarity and further details on the use of panels for procurement.

#### **P667 Elected Member Entitlements**

The policy for Elected Member Entitlements has been revised to ensure compliance and reference to legislation. The format of this policy has been reworked, therefore it is suggested that policy P667 be replaced with the revised version. There is no changes to the content other than reference to Elected Members equipment, where Elected Members are entitled to retain the laptop at the end of every 4 years.

### **Policies to be revoked**

#### **P670 Delegates from Council**

The objective of Policy P670 is to provide guidelines to assist Council in determining which organisations should receive a Council delegate. However, there are no guidelines provided in the policy. Instead, the policy recognises that Council delegates can be appointed to a number of organisations.

The City receives a number of requests for Council delegates to be appointed to external organisations such as the Rivers Regional Council, Joint Development Assessment Panel and WALGA South East Metropolitan Zone. When these requests are received, a report is presented to Council requesting a Council delegate be appointed. These Council reports contain all the information required for Council to make an informed decision on appointing the appropriate delegate. As Policy P670 – Delegates from Council provides no information to assist Council, and as specific Council reports on delegates are comprehensive, it is recommended this policy be revoked.

### P671 Governance

This policy statement for P671 Governance provides that staff commit themselves to performing their responsibilities professionally and recognises the reporting relationships with staff, the CEO and the Council. The policy makes it clear that in addition to legislative requirements, staff will comply with the Code of Conduct, Standing Orders Local Law, policies, management practices and delegations.

The responsibilities of the staff and Council, and the associated reporting relationships are contained with the *Local Government Act 1995*. Compliance with the Standing Orders Local Law and delegations is a legislative responsibility and the policy cannot give any flexibility in this regard. Compliance with the Code of Conduct, policies and management practices is an administrative function governed by industrial relations instruments such as the City of South Perth Workforce Enterprise Agreement and the Local Government Industry Award.

The contents of Policy P671 Governance is already governed by existing legislation. As the policy does not provide any additional information to assist Council or officers in decision making, it is recommended this policy be revoked.

### P606 Continuous Financial Disclosure

Similar to the above, this policy provides a policy statement only that elected members or designated employees will disclose a change in circumstances in relation to a financial interest. The *Local Government Act 1995* (the Act) places specific obligations on elected members of council, local government employees and other persons involved in making decisions or giving advice on Council matters to act honestly and responsibly in carrying out their functions. Those obligations include the lodgement of disclosure of interest returns, the lodgement of written declarations and the verbal disclosure of financial interests at council and council committee meetings.

Under the Act and the Local Government (Administration) Regulations 1996, there are specific reporting and recording obligations with financial disclosures with breaches reportable to the Corruption and Crime Commission.

In addition, there are mandatory reporting obligations with a Primary and Annual return under the Act. Annual returns are submitted by 31 August each year and the Compliance Audit Return submitted every March to the Department of Local Government, Sport and Cultural Industries provides information on breaches of disclosure.

As the disclosure of financial interests are regulated by the Act and associated regulations and overseen by an external Audit and the Corruption and Crime Commission, Policy P606 offers no value to staff or Council. Therefore, it is recommended that this policy be revoked.

### **Consultation**

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

**Policy and Legislative Implications**

The reviewed and new 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**

7.2 (a): P605 Purchasing  
7.2 (b): P669 Elected Member Continuing Professional Development  
7.2 (c): P611 Pre-Qualified Supplier Panels  
7.2 (d): P667 Elected Member Entitlements

### 7.3 APPOINTMENT OF AUTHORISED PERSONS - BUILDING REGULATION INFRINGEMENT NOTICES

Location:	Not Applicable
Ward:	Not Applicable
Applicant:	Not Applicable
File Ref:	D-19-58716
Meeting Date:	9 September 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 for authorised persons to be appointed to issue infringement notices under the Building Regulations 2012.

#### Officer Recommendation AND COMMITTEE RECOMMENDATION

**Moved:** Ms Shona Zulsdorf  
**Seconded:** Mayor Sue Doherty

That the Audit, Risk and Governance Committee recommends to Council that the following classes of persons be appointed for the purpose of section 70(2) of the Building Regulations 2012:

- Statutory Planning Coordinator
- Compliance Officer

**CARRIED (6/0)**

#### Background

Recent amendments to the Building Regulations 2012 (Gazetted on 26 April 2019) created new offences for which Local Government Permit Authorities may issue infringement notices.

Building regulation 70 was also amended, correcting its reference to and alignment with sections 9.19 and 9.20 of the *Local Government Act 1995* (which were amended in 2016 and created the misalignment with the previous Building Regulation 70).

WALGA have recently written to all local governments recommending Council authorisations and delegations be updated to reflect the changes in the Building Regulations 2012.

**Comment**

Building regulation 70(2) now provides for a local government to be able to authorise persons under section 9.10(1) of the *Local Government Act 1995*, for the purposes of issuing Building Act Infringement Notices, in accordance with section 6(b) of the *Criminal Procedure Act 2004* and Building regulation 70(2).

A person appointed as an 'Authorised Officer' to issue infringement notices cannot also be delegated authority to withdraw or extend the time to pay for an infringement.

The recommended authorisation to the Statutory Planning Coordinator and the Compliance Officer is in accordance with the legislation.

**Consultation**

WALGA have issued a governance update to all local governments on the authorisation for Building Regulation Infringement Notices.

**Policy and Legislative Implications**

Section 9.10 of the *Local Government Act 1995*;  
Section 6(b) of the *Criminal Procedure Act 2004*;  
Regulation 70(2) of the Building Regulations 2012.

**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

## 7.4 DELEGATION - BUILDING REGULATIONS 2012

Location:	Not Applicable
Ward:	Not Applicable
Applicant:	Not Applicable
File Ref:	D-19-58730
Meeting Date:	9 September 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 for a delegation to approved persons for the purpose of extending the time to pay or withdrawing infringement notices under the Building Regulations 2012.

### Officer Recommendation AND COMMITTEE RECOMMENDATION

**Moved:** Mayor Sue Doherty

**Seconded:** Mr Steve Vanstan

That the Audit, Risk and Governance Committee recommends to Council that the following classes of persons be delegated authority to extend the time to pay or withdraw infringement notices in accordance with section 70(1) of the Building Regulations 2012:

- Director Development & Community Services
- Manager Development Services

**CARRIED (6/0)**

### Background

Recent amendments to the Building Regulations 2012 (Gazetted on 26 April 2019) created new offences for which Local Government Permit Authorities may extend the time to pay or withdraw infringement notices.

Building Regulation 70 was also amended, correcting its reference to and alignment with sections 9.19 and 9.20 of the *Local Government Act 1995* (which were amended in 2016 and created the misalignment with the previous Building Regulation 70).

WALGA have recently written to all local governments recommending Council authorisations and delegations be updated to reflect the changes in the Building Regulations 2012.

### Comment

Building Regulations now provides for a local government to be able to delegate to persons under section 9.19 and 9.20 of the *Local Government Act 1995*, authority to extend the time to pay or withdraw infringement notices, in accordance with regulation 70(1) of the Building Regulations 2012.



**Delegation - Building Regulations 2012**

The Building Regulations 2012 make it clear that only an approved officer with delegated authority can undertake these tasks.

The recommended Delegation to the Director Development & Community Services and the Manager Development Services is in accordance with the legislation.

**Consultation**

WALGA have issued a governance update to all local governments on the Delegations required for Building Regulations.

**Policy and Legislative Implications**

Section 9.19 and 9.20 of the *Local Government Act 1995*  
Regulation 70(1) of the Building Regulations 2012

**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

## 7.5 1SYSTEM IMPLEMENTATION

Location:	Not Applicable
Ward:	Not Applicable
Applicant:	Not Applicable
File Ref:	D-19-64115
Meeting Date:	9 September 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 fifth report to the Audit, Risk and Governance Committee providing an update on the 1System project and describes Phase I being delivered on scope, on budget and on time. Live operations commenced on 18 June 2019 for Payroll entry, with all other modules live on 1 July 2019, representing the first WA Local Government to implement TechnologyOne Ltd CiAnywhere as a Software as a Service (SaaS, or Cloud based).

### Officer Recommendation AND COMMITTEE DECISION

**Moved:** Ms Shona Zulsdorf

**Seconded:** Mayor Sue Doherty

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

**CARRIED (6/0)**

*This item is considered **confidential** in accordance with section 5.23(2)(c) of the Local Government Act 1995 as it contains information relating to "a contract entered into, or which may be entered into, by the local government and which relates to a matter to be discussed at the meeting"*

## 7.6 2018/2019 ANNUAL FINANCIAL STATEMENTS (EXTERNAL) AUDIT - INTERIM REPORT

Location:	Not Applicable
Ward:	Not Applicable
Applicant:	Not Applicable
File Ref:	D-19-68456
Meeting Date:	9 September 2019
Author(s):	Elizabeth Smith, Financial Coordinator
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 2018/19 Annual Financial Statements. The audit includes findings, 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. Mr Patrick Arulsingham, Senior Director Financial Audit, Office of the Auditor General will be in attendance to discuss the content of the Interim Audit.

### Officer Recommendation AND COMMITTEE RECOMMENDATION

**Moved:** Mayor Sue Doherty  
**Seconded:** Ms Shona Zulsdorf

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, increasing the value and user confidence in the financial statements.

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 for 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 are akin to the Internal Audit function undertaken by the City's Internal Auditor (Paxon). Therefore the WA Auditor General may undertake both External and Internal Audits.

Following on from last year, the Office of the Auditor General (OAG) will undertake the City of South Perth 2018/19 Annual Financial Statements (External Audit). The External Audits occur in two steps, the first being an Interim Audit, with the final stage being the Audit work to attest the balances and notes that comprise the Annual Financial Statements.

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, this Committee and Council.

### Comment

In May/June 2019 the Interim Audit was conducted, with the Interim Audit Report **Confidential Attachment (a)** being produced. The Interim Audit Report is confidential and includes findings, risk ratings, recommendations and management comments.

As represented in the table below, the report includes five findings, with the detail included in **Confidential Attachment (a)**. This report is presented for the Committee's consideration.

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
1. Invoice approvals	✓		
2. Journals review		✓	
3. Debt management procedures			✓
4. Collier Park Village rental fee			✓
<b>Issues from Prior Year Audits</b>			
5. Corporate credit cards			✓

Whilst there has been excellent progress to improve systems and processes through the implementing both Internal (Paxon) and External Audit findings (OAG), the OAG has identified the above issues, with the majority having already been attended to and completed.

Officers 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 (100% or completed), 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**

The Office of the Auditor General has estimated the fee for finalising the External Audit for the 2018/19 Annual Financial Statements is \$56,000 (exc 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**

**7.6 (a):** Interim Audit - Office of the Auditor General (*Confidential*)

## 7.7 AUDIT REGISTER - PROGRESS REPORT

Location:	Not Applicable
Ward:	Not Applicable
Applicant:	Not Applicable
File Ref:	D-19-69040
Meeting Date:	9 September 2019
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. It is recommended the Audit, Risk and Governance Committee review and accept the Audit Register 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. Notes the progress recorded against each item within the Audit Register in **Confidential Attachment (a)**;
2. Approves all items marked as Completed (100%) in the Audit Register, to be registered as closed and no longer reported to the Committee; and
3. Notes the Audit Register was generated using the Technology 1 system audit module.

**CARRIED (6/0)**

### Background

The attached confidential Audit Register lists Internal and External audit findings and describes the progress of implementing improvements, as well as a percentage of completion. This report has been prepared for consideration/noting the progress of completion since the last meeting.

### Comment

A summary of the Audit Register is included below and it illustrates the trend of audit actions that have been added, progressed and completed. The row, highlighted in blue, illustrates the actions that have been added as a result of an audit being completed and presented to the Committee. The Total (0% to 100%) represents the action items that have progressed since the last meeting occurred.

It 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 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.

Status of actions	ARGC - Meeting Date						Total
	06/06/18	11/09/18	12/11/18	11/03/19	17/06/19	09/09/19	
<b>New actions added by ARGC</b>	10	24	0	24	0	0	58
Not yet commenced = Less than 10%	10	0	0	4	1	0	
Progressed = 10% to 95%	0	32	13	18	11	12	
Completed = 100%	0	2	19	15	10	0	
<b>Total (0% to 100%)</b>	10	34	32	37	22	12	
<b>Closed by ARGC</b>	0	2	19	15	10	0	46
<b>Total Cumulative Closed by ARGC</b>	0	2	21	36	46	46	
<b>Open Actions</b>	10	32	13	22	12	12	

In terms of the progress of implementing actions for this quarter, this time of the year is particularly busy, with the end and start of a new financial year. In addition, the 1System implementation added an additional focus of staff time on completing existing business processes, rather than implementing the improvements contained within Audit actions.

It is requested to note that the Audit Register in **Confidential Attachment (a)** has been generated using the Technology 1 system, where previously an excel spreadsheet was used to capture and report on progress.

### 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 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 \$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.

The External Audit function has a budget of \$50,000 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**

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



## 7.8 2018/2019 CORPORATE BUSINESS PLAN FOURTH QUARTER UPDATE

Location:	Not Applicable
Ward:	Not Applicable
Applicant:	Not Applicable
File Ref:	D-19-69218
Meeting Date:	9 September 2019
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 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 2018/19 Corporate Business Plan report.

### Officer Recommendation AND COMMITTEE DECISION

**Moved:** Ms Shona Zulsdorf  
**Seconded:** Mr Steve Vanstan

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 **Confidential Attachment (a)**.

**CARRIED (6/0)**

### 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.

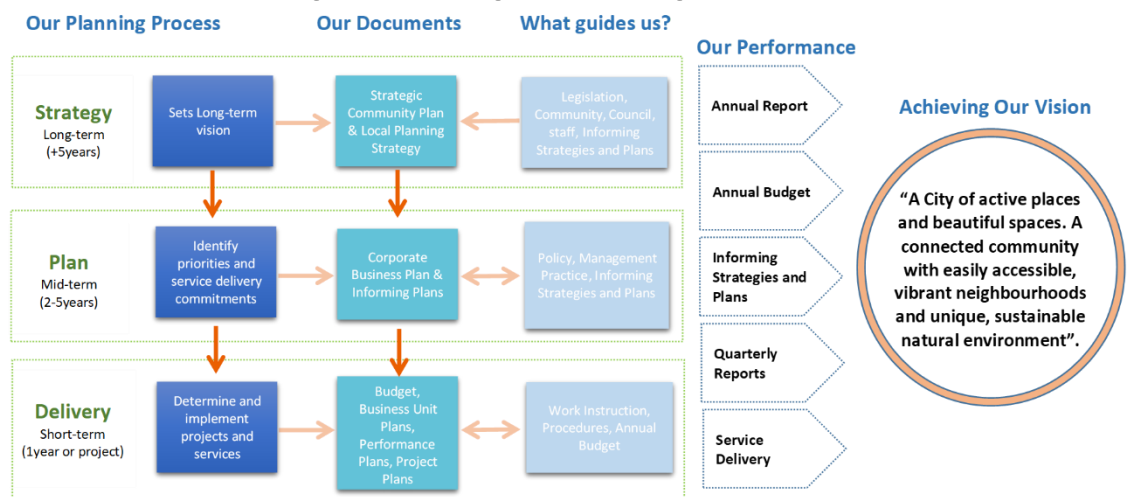
Once this cycle was completed and as a result of staff changes, reporting of quarterly performance reporting was transferred to the Organisational Planning section of Corporate Services.

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.

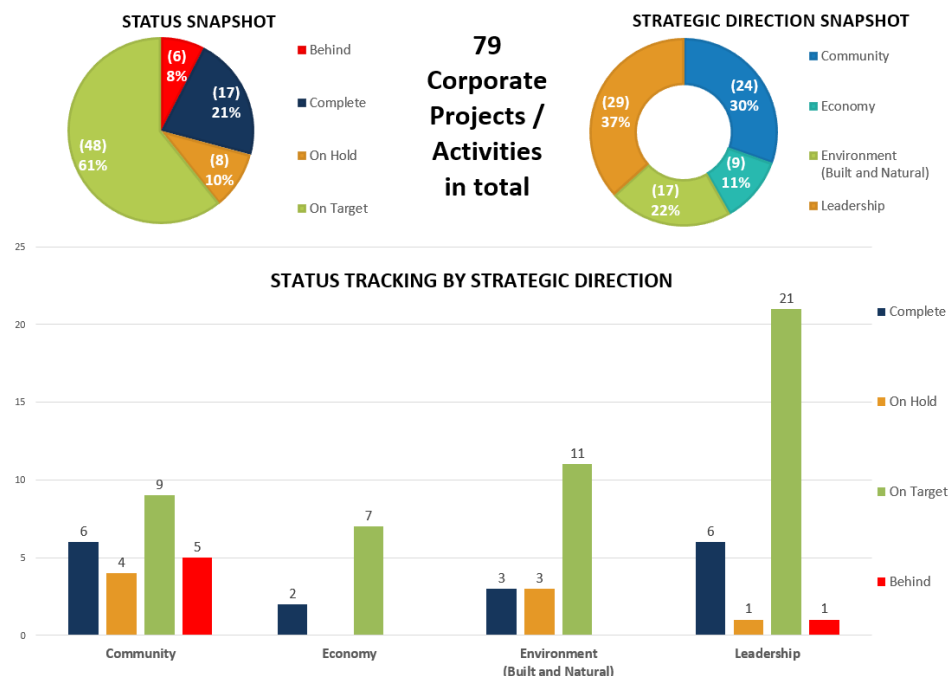
The CBP is an important part of the City's IPR, and is the document that guides the implementation of the City's Strategic Community Plan. The CBP articulates how the SCP will be delivered through services, capital works, projects and activities.

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 with 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 an eleven 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.

## 7.8 2018/2019 Corporate Business Plan Fourth Quarter Update

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 2018/2019 period. Any outstanding project/activity for the 2018/2019 period will be considered in the development of the annual review for 2019/2020.

### **Consultation**

The Fourth Quarter Update is prepared in consultation with the City's Executive and Management teams as well as senior officers.

### **Policy and Legislative Implications**

Local Government (Administration) Regulations 1996.

### **Financial Implications**

All projects and activities listed in the Corporate Business Plan Fourth Quarter Update are fully funded within the 2018/2019 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**

7.8 (a): Corporate Business Plan Fourth Quarter Report (*Confidential*)

## **8. OTHER RELATED BUSINESS**

Nil.

## **9. CLOSURE**

The Chair thanked everyone for their attendance and declared the meeting closed at 6.55pm.

## RECORD OF VOTING

### **4.1 Audit, Risk and Governance Committee Meeting Held: 17 June 2019**

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

### **7.1 City of South Perth Public Places and Local Government Property Local Law Review**

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

### **7.2 Policy Review**

#### Amended Motion

For: Councillor Blake D'Souza; Councillor Ken Manolas; Councillor Greg Milner; Ms Shona Zulsdorf; Mr Steve Vanstan.

Against: Mayor Sue Doherty.

### **7.3 Appointment of Authorised Persons - Building Regulation Infringement Notices**

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

### **7.4 Delegation - Building Regulations 2012**

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

### **7.5 System Implementation**

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

### **7.6 2018/2019 Annual Financial Statements (External) Audit - Interim Report**

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

### **7.7 Audit Register - Progress Report**

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

### **7.8 2018/2019 Corporate Business Plan Fourth Quarter Update**

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



These Minutes were confirmed at the Audit, Risk and Governance  
Committee Meeting held 18 November 2019.

Signed: \_\_\_\_\_

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