

MINUTES

Audit, Risk and Governance Committee Meeting

14 December 2020

Committee Members

Here within are the Minutes of the Audit, Risk and Governance Committee Meeting held Monday 14 December 2020 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

16 December 2020

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Audit, Risk and Governance Committee Meeting - Minutes

1. DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

The Chair declared the meeting open at 6.01pm and welcomed everyone in attendance.

2. ATTENDANCE

Elected Members

Mayor	Greg Milner
Manning Ward (Presiding Member)	Councillor Blake D'Souza
Mill Point Ward (Deputy Presiding Member)	Councillor Ken Manolas
Como Ward	Councillor Glenn Cridland
Como Ward	Councillor Carl Celedin

External Members

Mr Phillip Draber
Ms Shona Zulsdorf

Officers

Chief Executive Officer	Mr Geoff Glass
Director Corporate Services	Mr Colin Cameron
Director Infrastructure Services	Mr Mark Taylor
Manager Finance	Mr Abrie Lacock
Manager Governance	Ms Bernadine Tucker
Business Improvement Coordinator	Ms Leah Horton
Governance Coordinator	Ms Toni Fry
Governance Officer	Ms Mieke Wevers

Guests

Office of the Auditor General	Mr Patrick Arulsingham
Office of the Auditor General	Mr Suraj Karki
Paxon	Mr Cameron Palassis

2.1 APOLOGIES

Nil

2.2 APPROVED LEAVE OF ABSENCE

Councillor Mary Choy (13 December 2020 to 10 January 2021 inclusive)

3. DECLARATIONS OF INTEREST

Nil.

4. CONFIRMATION OF MINUTES

4.1 AUDIT, RISK AND GOVERNANCE COMMITTEE MEETING HELD: 8 September 2020

Officer Recommendation AND COMMITTEE DECISION

Moved: Councillor Ken Manolas

Seconded: Mayor Greg Milner

That the Minutes of the Audit, Risk and Governance Committee Meeting held 8 September 2020 be taken as read and confirmed as a true and correct record.

CARRIED (7/0)

For: Mayor Greg Milner; Councillors Carl Celedin, Glenn Cridland, Blake D'Souza, Ken Manolas; Mr Phillip Draber and Ms Shona Zulsdorf.

Against: Nil.

5. PRESENTATIONS

Nil.

6. BUSINESS ARISING FROM PREVIOUS MEETING

Nil.

7. REPORTS

7.1 CITY OF SOUTH PERTH ANNUAL FINANCIAL REPORT 2019/20

Location:	Not Applicable
Ward:	Not Applicable
Applicant:	Not Applicable
File Ref:	D-20-94133
Meeting Date:	14 December 2020
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 receive the presentation provided by the Office of the Auditor General and note the Annual Financial Report for the year ended 30 June 2020.

COMMITTEE DECISION

Moved: Mr Philip Draber
Seconded: Mayor Greg Milner

That the Audit, Risk and Governance Committee receive the presentation and information provided by staff from the Office of the Auditor General and note :

- the Annual Financial Report for the year ended 30 June 2020 shown at **Attachment (a)**; and
- the Annual Financial Audit Exit Brief as shown in **Confidential Attachment (b)**.

CARRIED (7/0)

For: Mayor Greg Milner; Councillors Carl Celedin, Glenn Cridland, Blake D'Souza, Ken Manolas; Mr Phillip Draber and Ms Shona Zulsdorf.

Against: Nil.

Background

The City's usual practice is to provide the Annual Financial Report, Independent Auditor's Report and the Audit Exit Brief to the Audit, Risk and Governance Committee (Committee) to accept prior to Councils consideration. Although not a legislative requirement, this practice accords with the Department of Local Government, Sport and Cultural Industries (DLGSCI) Operational Guidelines Number 9 – Audit in Local Government, which recommends the CEO submit the external Audit and Financial Report to an Audit Committee for review. However, recently there was a delay in gazetting amendments to the Local Government (Financial Management) Regulations 1996 (Regulations) which meant the Office of the Auditor General could not provide their audit reports any earlier.

As the Annual Financial Report forms part of the City of South Perth Annual Report 2019/20, there is legislated time restrictions imposed on Council in accepting the reports so that the Electors General Meeting can be held. However, as the Council meeting is scheduled for Tuesday 15 December 2020, there is insufficient time between the Committee accepting the Financial Reports and for it to then be referred to the Council for adoption (all Committee reports will be presented to the February 2021 Council meeting). Therefore, this report reflects the Agenda item that is being presented to Council.

Comment

The WA Auditor General has conducted the external audit for the past three financial years, with the City of South Perth being one of the first (of three) councils in WA. **Attachment (a)** is the Annual Financial Report (commonly referred to as the Annual Financial Statements) which this year includes the Independent Auditor's Report (previously a separate attachment) and the Annual Financial Audit Exit Brief as shown in **Confidential Attachment (b)**. The Annual Financial Audit Exit Brief at Part 3 titled "Issues Identified during the Audit" references two items that were reported to the Committee on 8 September 2020 as part of the Interim Audit Report. It also describes that the additional Information Systems Audit is not yet finalised which will be submitted to a future Committee meeting. The WA Auditor General is satisfied that the outcome of the Information Systems Audit does not alter the Annual Financial Report audit opinion.

Part 5 of the Exit Brief describes unadjusted errors and misstatements which are immaterial and do not have an impact on the City's Annual Financial Report. The WA Auditor General has once again issued an unqualified opinion in the Independent Auditor's Report.

As briefly described above, in relation to meeting sequencing, amendments to the Regulations were gazetted on the 6 November 2020, which is unusual in that the changes were retrospective being effective from 1 July 2019. These amendments have affected the valuation of local government owned assets and modified the application of Australian Accounting Standards Board (AASB) 16 Leases, issued in February 2016, becoming effective for reporting periods commencing on or after 1 January 2019.

AASB 16 and the amendments to the Regulations impacts how local governments report on leases and the associated right of use assets (assets controlled but not owned), which includes vested land and infrastructure on the vested land. Examples applicable to the City are the Collier Park and Royal Perth Golf Courses. Where there is inconsistency between the AASB and Regulations, the Regulations take precedence. Therefore, the amendments to figures and notes contained within the Annual Financial Report required modification.

The gazettal of the amendments 17 months after the adoption of the 2019/20 Annual Budget resulted in the City, as well as every other WA Local Government, preparing Annual Financial Statements with significant uncertainty and undue delay. The City prepared the Annual Financial Statements assuming gazettal of the Financial Management Regulations, amending Regulations 16 and 17, however also undertook work to consider how the Financial Report would be altered if the gazettal did not occur. Further, the WA Auditor General was not able to issue an opinion nor attend various WA Council's Audit Committees.

Officers recommend the Committee receive the presentation by staff from the Office of the Auditor General and note the 2019/20 Annual Financial Report and the Annual Financial Audit Exit Brief.

The 2019/20 Annual Financial Report shown at **Attachment (a)** provides the community with an open and accountable insight into how the City has performed against the adopted Annual Budget 2019/20 as the short term plan informed by the vision and strategic objectives outlined in the City's Strategic Community Plan 2020-2030.

Included in the Annual Financial Report on pages 2 and 3 in **Attachment (a)**, is the Independent Auditor's Report on the 30 June 2020 Annual Financial Report. The WA Auditor General has presented their findings in the Annual Financial Audit Exit Brief which is provided at **Confidential Attachment (b)**.

Although the Annual Financial Report including the Independent Auditor's Report is essentially complete, there may be minor layout and textual amendments to the Annual Financial Report prior to it being presented to the Electors' General Meeting, scheduled to be held Monday 8 February 2021 at 6pm.

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 Act 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 2020-2030](#):

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):** Annual Financial Report for the year ended 30 June 2020
7.1 (b): Annual Financial Audit Exit Brief (*Confidential*)

7.2 1SYSTEM PROJECT UPDATE

Location:	Not Applicable
Ward:	Not Applicable
Applicant:	Not Applicable
File Ref:	D-20-81750
Meeting Date:	14 December 2020
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 tenth report to the Audit, Risk and Governance Committee (ARGC) providing an update on the 1System Project. Phase I and II were delivered on time, on scope, on quality and on (under) budget. This report describes delivery of Phase III, the largest phase due to it being Citywide. As described at the last ARGC meeting, TechnologyOne Ltd (TechOne) have delayed the release of modules and impacted the City's ability to deliver the 1System project on time. A modified version of Phase III has commenced, as well as the final stages of testing for the upgrade to version 2020B.

COMMITTEE DECISION

Moved: Mayor Greg Milner
Seconded: Mr Philip Draber

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

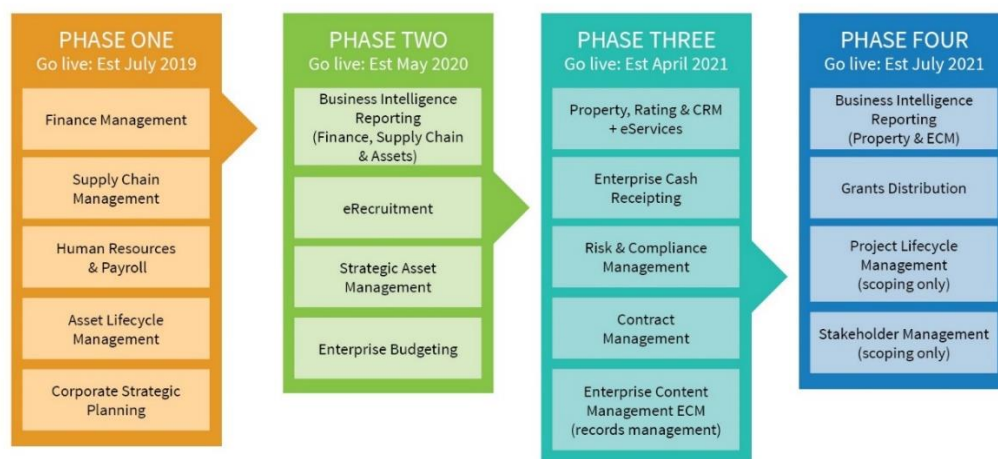
CARRIED (7/0)

For: Mayor Greg Milner; Councillors Carl Celedin, Glenn Cridland, Blake D'Souza, Ken Manolas; 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 ARGC meeting.

The original project plan included delivery of the 1System Project in four phases, over three years, illustrated as:



The four Phases were based on the (then) TechOne road map (release dates) for modules within their new platform CiAnywhere.

This report describes delivery of Phase III, the largest phase due to it being Citywide. As described at the last ARGC, TechnologyOne Ltd (TechOne) have delayed the release of modules and impacted the City's ability to deliver the 1System project on time.

Comment

The City completed the first version (2019B) during November 2019 and is in the final stages of completing the second upgrade to version 2020B. When deciding to implement CiAnywhere from TechnologyOne Ltd, the City considered the merits of the Cloud (Software as a Service) or hosting on premise. One compelling feature was the requirement to upgrade at least once a year, taking advantage of new enhancements, thereby remaining a leader in systems in local government across Australia and New Zealand.

The original 1System Project Management Plan (PMP), developed on the (then) release dates have now been amended, to align to TechOne WA Local Government module release dates. The Phase III components that can be implemented during the 2020/21 financial year are:

- CRM & e-services (replacing the Lagan customer system)
- Enterprise cash receipting (component of Civica Authority)
- Risk and compliance management (some elements)
- Contract management (new module)
- Enterprise content management (replace RM8/TRIM).

Elements of the Property & Rating modules will be implemented during 2020/21, however it is important to note that the 2021/22 Rates will still be issued from Civica Authority, rather than 1System as originally planned. As described under the background, the majority of the Property & Rating module(s) will be implemented during 2021/22. The altered (increased) timeframe reduces implementation risk, given this is the largest component of the overall project, affecting every business unit in the City. Whilst Phase I was complex, not all business units were involved in the project.

The City has undertaken a range of measures to manage the cost for of the project extension across the lifecycle of the 8.5 year contract. Some of these elements are still to be finalised that will form part of a confidential report to the ARGC once finalised.

Consultation

Officers continue to work closely with the City of Canning (live in May 2018), as well as assisting the Shire of Serpentine Jarrahdale (live February 2020) and the Cities of Mandurah (September 2020), Armadale and Kwinana.

Policy and Legislative Implications

The 1System Project is 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 II) Budget for 2019/20 was \$1.29m with the actual \$1.136m. Following successful implementation, the BigRedSky and Confirm have been decommissioned with an annual saving of approximately \$35,000 p/a. The City has budgeted \$1.2m for 2020/21.

Strategic Implications

This matter relates to the following Strategic Direction identified within Council's [Strategic Community Plan 2020-2030](#):

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

Attachments

Nil

7.3 2020/21 CORPORATE BUSINESS PLAN 1ST QUARTER UPDATE

Location:	Not Applicable
Ward:	Not Applicable
Applicant:	Not Applicable
File Ref:	D-20-66732
Meeting Date:	14 December 2020
Author(s):	Leah Horton, Business Improvement 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 provides an update on the progress of the Corporate Business Plan and Integrated Planning and Reporting Framework since the adoption of the Strategic Community Plan 2020-2030 and Corporate Business Plan 2020-2024, as well as the progress of the projects and activities described in the reports.

It is recommended the Audit, Risk and Governance Committee notes the progress recorded against each project/activity contained within the 2020/21 Corporate Business Plan Quarter 1 Report and notes the results for all Measures of Success contained within the CBP Measures of Success Report.

Officer Recommendation AND COMMITTEE RECOMMENDATION

Moved: Councillor Blake D'Souza

Seconded: Ms Shona Zulsdorf

That the Audit, Risk and Governance Committee notes the:

1. Progress recorded against each project/activity within the Corporate Business Plan as described in the report contained within **Attachment (a)**; and,
2. Results recorded against each Measure of Success within the Corporate Business Plan as described in the report contained within **Attachment (b)**.

CARRIED (7/0)

For: Mayor Greg Milner; Councillors Carl Celedin, Glenn Cridland, Blake D'Souza, Ken Manolas; Mr Phillip Draber and Ms Shona Zulsdorf.

Against: Nil.

Background

In late 2017, Council adopted a revised Strategic Community Plan 2017-2027 (SCP), however the City continued to report progress on the existing Corporate Business Plan 2015-2019 (CBP) which was aligned to the previous SCP.

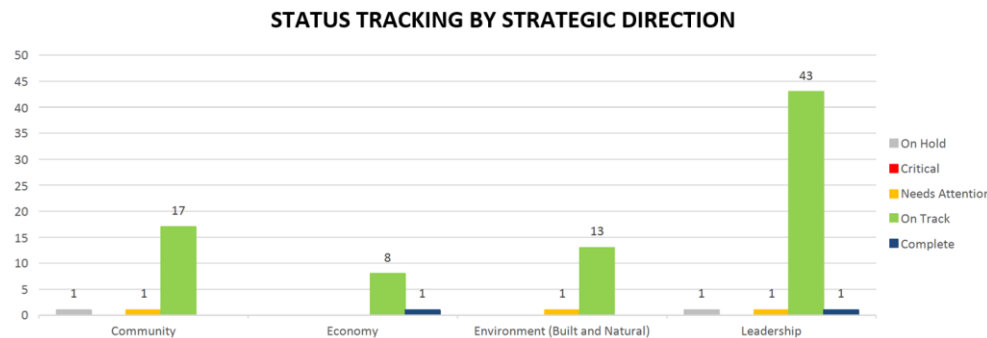
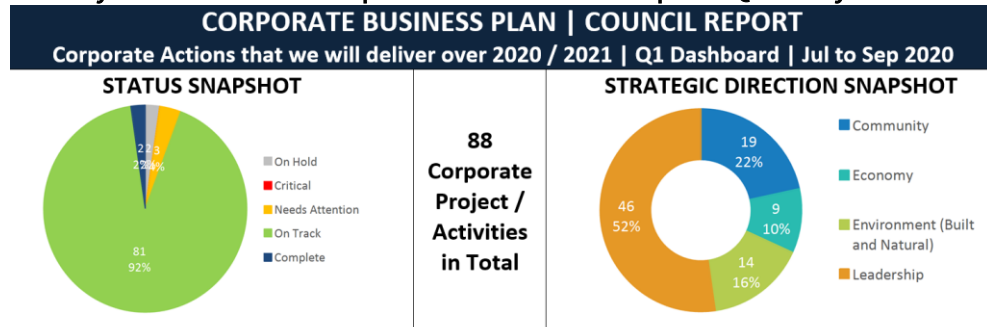
The CBP is an important part of the City's Integrated Planning and Reporting (IPR) Framework, and is the document that guides the implementation of the City's SCP. The CBP translates the aspirations and strategies of the SCP into operational priorities and indicates how they will be resourced over a four-year period,

outlining in detail the projects, services, actions, operations and performance measures required to ensure delivery of the SCP.

In 2019/20, the City completed a minor (desktop) review of the SCP 2017-2027 to produce the SCP 2020-2030, endorsed at the May 2020 Ordinary Council Meeting (OCM) along with approval to start the next major review in early 2020/21.

Following the 2020-2030 SCP endorsement, the Corporate Business Plan 2020-2024 was finalised and endorsed by Council at its meeting held 23 June 2020. Some minor updates to the plan were recommended to Council from the 8 September 2020 ARGC meeting and were subsequently endorsed by Council at its meeting held 22 September 2020.

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



The above dashboard has been designed within the “My Performance Planning” 1System module, which went live into production during Quarter 1 2020/21. This module is now used by the City to record and report on all annual planned actions within the Corporate Business Plan 2020-2024.

It is likely that through further 1System module implementation, the information shown in the dashboard and represented in the detailed line by line report may be altered to improve readability and to ensure a focus on continuous improvement.

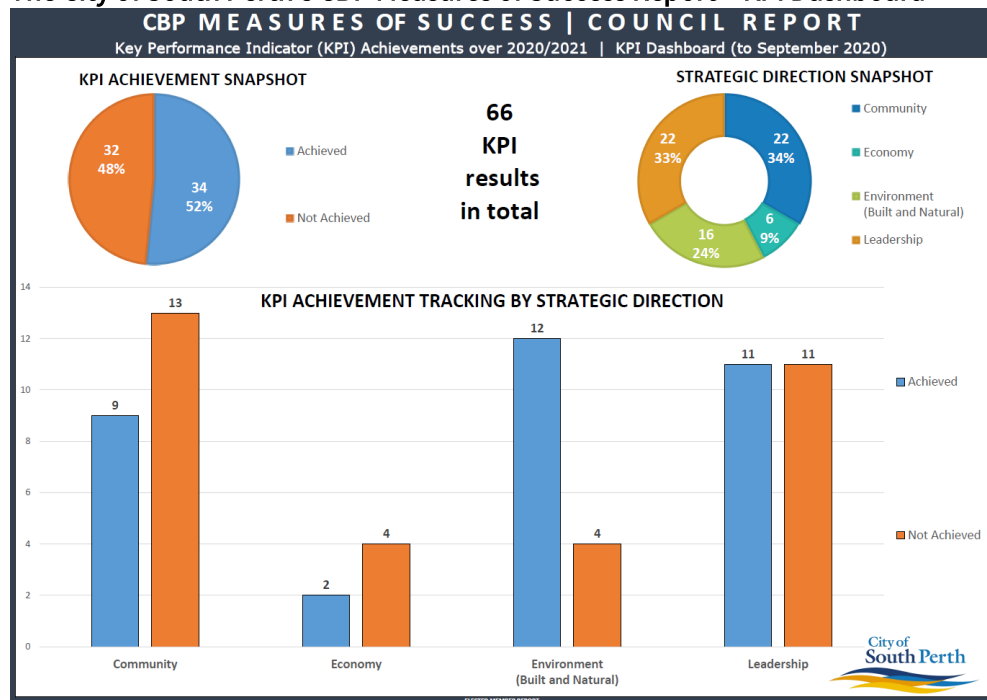
The Dashboard and tables are linked in terms of the colours displayed. However, some changes to the previous report format have occurred to status colours and names due to configuration requirements of the “My Performance Planning” module.

Please note the heading as either “Strategic Direction” or “Status”. The colours used under Strategic Direction are aligned to that of the SCP and CBP being: **blue** = Community; **teal** = Economy; **green** = Environment; and **orange** = Leadership. In terms of the Status, the colours used are traditional traffic lights, being:

Previous Status Name	Previous Status Colour
On Target	Green
On Hold	Orange
Behind	Red
Complete	Blue

Current Status Name	Current Status Colour
On Track	Green
On Hold	Grey
Critical	Red
Complete	Blue
Needs Attention	Orange

The City of South Perth’s CBP Measures of Success Report – KPI Dashboard



The above dashboard has been designed with Excel and shows the results of reportable Measures of Success (Key Performance Indicators) from the Corporate Business Plan 2024-2024 for the 2020/21 Financial Year. It is expected that through continuous improvement and further “My Performance Planning” 1System module implementation, recording and reporting of KPI’s will be possible and therefore the information shown in the dashboard and represented in the detailed line by line result outcome report may be altered over time to improve its readability.

It is important to note that the majority of the measures of success represent annual key performance indicators and therefore the reports from quarter 1, 2 and 3 will likely provide unfavourable results. Every measure has been included in the report, however when a KPI cannot yet be measured, the result is shown as 0 and “not achieved” with the note providing an indication of when reporting is possible.

The Corporate Business Plan report and Measures of Success report will be reported quarterly to the ARGCC, reviewed annually by officers and reported yearly to the Community through the Annual Report.

Comment

The attached reports are presented for information, with a description of the progress as well as officer comments.

All completed (100%) items in the Q1 CBP report recorded against each project/activity is registered as closed for the 2020/21 financial year and will not be reported on in future periods. All outstanding projects/activities for 2019/20 have been considered in the development of the annual review for 2020/21.

Consultation

Nil.

Policy and Legislative Implications

Local Government (Administration) Regulations 1996.

Financial Implications

All projects and activities listed in the Corporate Business Plan 1st Quarter Update are fully funded within the 2020/21 Annual Budget.

Strategic Implications

This matter relates to the following Strategic Direction identified within Council's [Strategic Community Plan 2020-2030](#):

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

Attachments

7.3 (a):	Corporate Business Plan 2020/21 - Progress Report to Q1
7.3 (b):	Corporate Business Plan 2020/21 - Measures of Success Report to Q1

7.4 INTERNAL AUDIT REPORT - LEISURE SERVICES

Location:	Not Applicable
Ward:	Not Applicable
Applicant:	Not Applicable
File Ref:	D-20-78418
Meeting Date:	14 December 2020
Author(s):	Leah Horton, Business Improvement 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 Internal Audit Report – Leisure Services, in accordance with the City’s Strategic Internal Audit Plan. Leisure Services forms part of the Community, Culture and Recreation Business Unit within the Development and Community Services directorate. This is the first Internal Audit of Leisure Services within the City, the report contains Paxon’s no detailed findings, with a number of notations relating to possible efficiencies and other observations.

The audit includes strengths, weaknesses, rating, issues, risk ratings, recommendations and management comments. As there are no detailed findings to add to the Audit Register, it is recommended that the Audit, Risk and Governance Committee note the report by Paxon.

COMMITTEE DECISION

Moved: Councillor Blake D'Souza

Seconded: Mayor Greg Milner

That the Audit, Risk and Governance Committee notes the Leisure Services report contained in **Confidential Attachment (a)**.

CARRIED (7/0)

For: Mayor Greg Milner; Councillors Carl Celedin, Glenn Cridland, Blake D'Souza, Ken Manolas; Mr Phillip Draber and Ms Shona Zulsdorf.

Against: Nil.

Background

For each Internal Audit completed, the reports are presented to the Audit, Risk and Governance Committee (ARGC) and then Council for acceptance of the recommendations if there detailed findings. 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 listed in the Audit Register.

Comment

The Internal Audit Report – Leisure 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.

Internal Audit is an essential component of the City’s 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. The Leisure Services report resulted in no findings to be included in the Audit Register.

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) Regulations 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 2020/21 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 2020-2030](#):

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

Attachments

7.4 (a): Internal Audit Report - Leisure Services (*Confidential*)

7.5 INTERNAL AUDIT REPORT - LIBRARY SERVICES

Location:	Not Applicable
Ward:	Not Applicable
Applicant:	Not Applicable
File Ref:	D-20-78436
Meeting Date:	14 December 2020
Author(s):	Leah Horton, Business Improvement 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 Internal Audit Report – Library Services, in accordance with the City’s Strategic Internal Audit Plan. Library Services forms part of the Development and Community Services directorate. This is the first Internal Audit of Library Services within the City, the report contains Paxon’s no detailed findings, with a number of notations relating to possible efficiencies and other observations.

The audit includes strengths, weaknesses, rating, issues, risk ratings, recommendations and management comments. As there are no detailed findings, to add to the Audit Register, it is recommended the Audit, Risk and Governance Committee note the report by Paxon.

COMMITTEE DECISION

Moved: Mr Philip Draber
Seconded: Councillor Carl Celedin

That the Audit, Risk and Governance Committee notes the Library Services report contained in **Confidential Attachment (a)**.

CARRIED (7/0)

For: Mayor Greg Milner; Councillors Carl Celedin, Glenn Cridland, Blake D’Souza, Ken Manolas; Mr Phillip Draber and Ms Shona Zulsdorf.

Against: Nil.

Background

For each Internal Audit completed, the reports are presented to the Audit, Risk and Governance Committee (ARGC) and then Council for acceptance of the recommendations if there are detailed findings. 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 listed in the Audit Register.

Comment

The Internal Audit Report – Library 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.

Internal Audit is an essential component of the City’s 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. The Library Services report resulted in no findings to be included in the Audit Register.

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) Regulations 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 2020/21 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 2020-2030](#):

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

Attachments

7.5 (a): Internal Audit Report - Library Services (*Confidential*)

7.6 INTERNAL AUDIT REPORT - CUSTOMER SERVICE

Location:	Not Applicable
Ward:	Not Applicable
Applicant:	Not Applicable
File Ref:	D-20-78440
Meeting Date:	14 December 2020
Author(s):	Leah Horton, Business Improvement 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 Internal Audit Report – Customer Service, in accordance with the City’s Strategic Internal Audit Plan. Customer Services forms part of the Stakeholder & Customer Relations Business Unit within the Corporate Services directorate. This is the first Internal Audit of Customer Services within the City, the report contains Paxon’s one (low) detailed finding, with a number of notations relating to possible efficiencies and other observations.

The audit includes strengths, weaknesses, rating, issues, risk ratings, recommendations and management comments.

Officer Recommendation AND COMMITTEE RECOMMENDATION

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

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

1. Notes the Internal Audit Report - Customer Service contained in **Confidential Attachment (a)**; and
2. Accepts the one recommendation contained in Section 5 of the Internal Audit Report – Customer Service be added to the Audit Register.

CARRIED (7/0)

For: Mayor Greg Milner; Councillors Carl Celedin, Glenn Cridland, Blake D'Souza, Ken Manolas; Mr Phillip Draber and Ms Shona Zulsdorf.

Against: Nil.

Background

For each Internal Audit completed, the reports are presented to the Audit, Risk and Governance Committee (ARGC) and then Council for acceptance of the 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 listed in the Audit Register.

Comment

The Internal Audit Report – Customer Service 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.

Internal Audit is an essential component of the City’s continuous improvement process and findings are welcome. This is the first Internal Audit of Customer Service within the City, the report contains Paxon’s one (low) detailed finding, with a number of notations relating to possible efficiencies and other observations

All items included in the Audit Register are 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 ARGC, 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) Regulations 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 2020/21 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 2020-2030](#):

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

Attachments

7.6 (a): Internal Audit Report - Customer Services (*Confidential*)

7.7 INTERNAL AUDIT REPORT - TRUST FUND AND RESERVES

Location:	Not Applicable
Ward:	Not Applicable
Applicant:	Not Applicable
File Ref:	D-20-78447
Meeting Date:	14 December 2020
Author(s):	Leah Horton, Business Improvement 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 Internal Audit Report – Trust Fund and Reserves, in accordance with the City’s Strategic Internal Audit Plan. The Trust Fund and Reserves are managed by the Finance Business Unit within the Corporate Services directorate. This report contains Paxon’s four detailed findings (1 x low, 1 x medium, 2 x high), with a number of notations relating to possible efficiencies and other observations.

The audit includes strengths, weaknesses, rating, issues, risk ratings, recommendations and management comments.

Officer Recommendation AND COMMITTEE RECOMMENDATION

Moved: Mr Philip Draber
Seconded: Mayor Greg Milner

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

1. Notes the Internal Audit Report – Trust Fund and Reserves contained in **Confidential Attachment (a)**.
2. Accepts and adds the four recommendations contained in Section 5 of the Internal Audit Report– Trust Funds and Reserves report to the Audit Register.

CARRIED (7/0)

For: Mayor Greg Milner; Councillors Carl Celedin, Glenn Cridland, Blake D’Souza, Ken Manolas; Mr Phillip Draber and Ms Shona Zulsdorf.

Against: Nil.

Background

For each Internal Audit completed, the reports are presented to the Audit, Risk and Governance Committee (ARGC) and then Council for acceptance of the recommendations if there are detailed findings. 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 listed in the Audit Register.

Comment

The Internal Audit Report – Trust Fund and Reserves 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.

Internal Audit is an essential component of the City's continuous improvement process and findings are welcome. The Audit of Trust Fund and Reserves is just one of the many Internal and External (Annual Financial Statements) audits undertaken in Finance each year. The report contains Paxon's four detailed findings (1 x low, 1 x medium, 2 x high), with a number of notations relating to possible efficiencies and other observations

All items included in the Audit Register are 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 ARGC, 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) Regulations 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 2020/21 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 2020-2030](#):

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

Attachments

7.7 (a): Internal Audit Report - Trust Funds and Reserves (*Confidential*)

7.8 AUDIT REGISTER - PROGRESS REPORT

Location:	Not Applicable
Ward:	Not Applicable
Applicant:	Not Applicable
File Ref:	D-20-90153
Meeting Date:	14 December 2020
Author(s):	Leah Horton, Business Improvement 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 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 Audit, Risk and Governance Committee (ARGC).

Officer Recommendation AND COMMITTEE RECOMMENDATION

Moved: Mr Philip Draber
Seconded: Councillor Blake D'Souza

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)**; and
2. Approves the four findings marked as Complete (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 Carl Celedin, Glenn Cridland, Blake D'Souza, Ken Manolas; Mr Phillip Draber and Ms Shona Zulsdorf.

Against: Nil.

Background

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

Comment

It is important to note that the Audit Register **Confidential Attachment (a)** now counts actions and totals by "Finding #". Each finding may have more than one "Recommendation" and associated "Agreed Management Action", previously counted as **one** action. This can mean that some Recommendations within an Action will be completed (100%) and some will not. Only when all assigned Recommendations/Agreed Management Actions are marked as 100% complete and approved to be closed by the ARGC.

As requested, following the September ARGC meeting, the Audit Register has been formatted to ensure clarity with;

1. Each finding that has more than one agreed management action is represented with double lines around that entire finding,
2. Each finding that has been closed (100% for all agreed actions) is represented through a purple "Closed Tally" column on the right and numbered, and
3. All findings that are being recommended to close by the ARGC (100%) are filtered to the end of the register.

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

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	16/3/20	15/6/20	8/9/20	14/12/20	
New actions added by ARGC	10	24	0	24	0	0	0	27	7	24	0	116
Not Commenced ≤10%	10	0	0	4	1	0	0	4	2	3	1	
Progressed >10% to 95%	0	32	13	18	9	10	3	19	22	21	19	
Completed =100%	0	2	19	15	12	0	7	7	6	24	4	
Total (0% to 100%)	10	34	32	37	22	10	10	30	30	48	24	
Closed by ARGC	0	2	19	15	12	0	7	7	6	24*	TBC	93
Total cumulative Closed by ARGC	0	2	21	36	48	48	55	62	68	92	92	
Open Actions	10	32	13	22	10	10	3	23	24	24	21	

The ARGC is requested to recommend to Council to note the progress and officer comments. In addition, it is recommended all four findings marked as complete (100%) 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.

*Please note there was an error in the previous report, 24 findings should have been marked as complete and not 25.

It is requested to note 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 2020/21 financial year, and it is anticipated that a budget of a similar amount is to be adopted each year. Officers' effort to undertake the improvements and report on progress has not been estimated.

The External Audit function (WA Auditor General) has a budget of \$65,000 for the audit of the 2019/20 Annual Financial Statements, undertaken and incurred during the 2020/21 financial year.

Strategic Implications

This matter relates to the following Strategic Direction identified within Council's [Strategic Community Plan 2020-2030](#):

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

Attachments

7.8 (a): Audit Register December 2020 Report (*Confidential*)

8. OTHER RELATED BUSINESS

Nil.

9. CLOSURE

The Presiding Member closed the meeting at 7.07pm and thanked everyone for their attendance.

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

Signed: _____
Presiding Member at the meeting at which the Minutes were confirmed.