MINUTES

Audit, Risk and Governance Committee Meeting

8 September 2020

Committee Members

Here within are the Minutes of the Audit, Risk and Governance Committee Meeting held Tuesday 8 September 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

10 September 2020

City of
South Perth

Contents

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South Perth

Audit, Risk and Governance Committee Meeting - Minutes

1. DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

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

2. ATTENDANCE

<u>Elected Members</u>

Manning Ward (Presiding Member)	Councillor Blake D'Souza
Mill Point Ward (Deputy Presiding Member)	Councillor Ken Manolas
Mayor	Greg Milner
Como Ward	Councillor Carl Celedin
Como Ward	Councillor Glenn Cridland (from 6.02pm)
Manning Ward	Councillor André Brender-A-Brandis (from 6.07pm)
Mill Point Ward	Councillor Mary Choy (from 6.14pm)

<u>External Members</u>

Mr Phillip Draber
Ms Shona Zulsdorf

<u>Officers</u>

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

<u>Guests</u>

Office of the Auditor General	Mr Patrick Arulsingham
Office of the Auditor General	Mr Eddy Chiu

2.1 APOLOGIES

Nil.

2.2 APPROVED LEAVE OF ABSENCE

Nil.

City of **South Perth**

3.   DECLARATIONS OF INTEREST

Nil.

4.   CONFIRMATION OF MINUTES

4.1   AUDIT, RISK AND GOVERNANCE COMMITTEE MEETING HELD: 15 June 2020

COMMITTEE DECISION

Moved: Mayor Greg Milner
Seconded: Councillor Ken Manolas

That the Minutes of the Audit, Risk and Governance Committee Meeting held 15 June 2020 be taken as read and confirmed as a true and correct record.

CARRIED (6/0)

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

Against: Nil.

5.   PRESENTATIONS

Nil.

6.   BUSINESS ARISING FROM PREVIOUS MEETING

Nil.

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7. REPORTS

Councillor Glenn Cridland entered the meeting at 6.02pm during Item 7.1.

Councillor André Brender-A-Brandis entered the meeting at 6.07pm during Item 7.1.

Councillor Mary Choy entered the meeting at 6.14pm during Item 7.1.

7.1 2019/2020 ANNUAL FINANCIAL STATEMENTS (EXTERNAL) AUDIT - INTERIM REPORT

Location:	Not Applicable
Ward:	Not Applicable
Applicant:	Not Applicable
File Ref:	D-20-63699
Meeting Date:	08 September 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 tables the Interim Audit report from the Office of the Auditor General relating to the 2019/20 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, Acting Assistant Auditor General, Office of the Auditor General will be in attendance to discuss the content of the Interim Audit.

Officer Recommendation AND COMMITTEE RECOMMENDATION

Moved: Mayor Greg Milner
Seconded: Mr Philip Draber

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 (9/0)

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

Against: Nil.

City of South Perth

7.1   2019/2020 Annual Financial Statements (External) Audit – Interim Report

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 the last two years, the Office of the Auditor General (OAG) will undertake the City of South Perth 2019/20 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 June 2020 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. Requisitions		✓	
2. Reconciliations		✓	

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

Officers recommend the two findings be included in the Audit Register.

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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 2019/20 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 2020-2030](#):

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

Attachments

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

City of
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7.2   1SYSTEM PROJECT UPDATE

Location: Not Applicable
Ward: Not Applicable
Applicant: Not Applicable
File Ref: D-20-47078
Meeting Date: 08 September 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 ninth report to the Audit, Risk and Governance Committee providing an update on the 1System Project. Phase I was delivered on scope, on budget and on time going live on 1 July 2019. Upgrade to 2019B was completed in November 2019, then Phase II commenced. This report describes delivery of Phase II, once again delivered on scope, on budget and on time. The report also describes the preparation on the upgrade to 2020B as well as Phase III that will commence following the upgrade.

COMMITTEE DECISION

Moved: Mr Philip Draber
Seconded: Mayor Greg Milner

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

                                                      CARRIED (9/0)

For: Mayor Greg Milner; Councillors André Brender-A-Brandis, Carl Celedin, Mary Choy, 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 Audit, Risk and Governance Committee (ARGC) meeting.

This is the 1System Project's ninth progress report. The first ARGC meeting (18 November 2019) following the 2019 Council elections included additional background information that has been excluded from this report.

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

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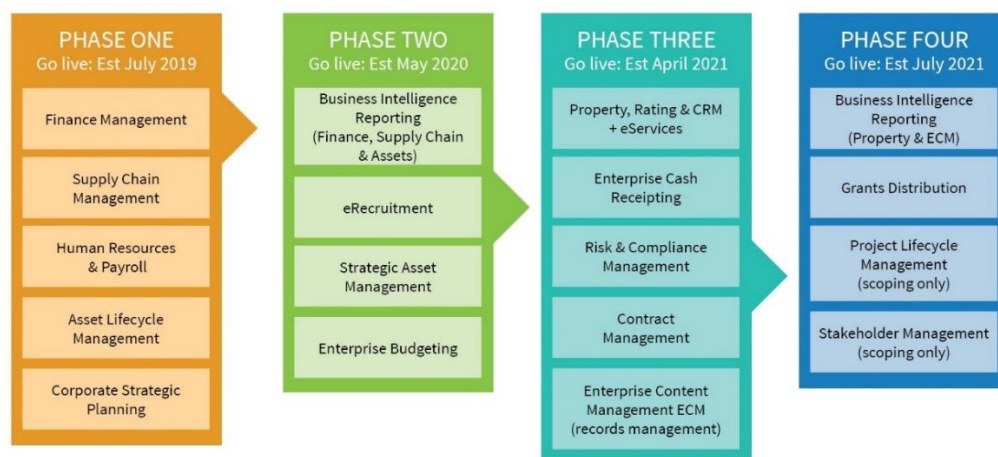
The four Phases were based on the (then) TechOne road map (release dates) for modules within their new platform CiAnywhere.

Phase II is now complete, with a minor change to the original scope, as previously reported. This report has been prepared to describe the successful Phase II implementation, the planning for the upgrade to 2020B and then the commencement of Phase III.

Comment

The City completed the first system upgrade to version 2019B during November 2019. Following the upgrade Phase II commenced with a modified scope, reduced during the 2019/20 budget deliberations, by $250,000. The Business Intelligence Reporting component, originally included in the Project Plan, was deleted and will now be implemented as part of Business As Usual (BAU).

Phase II includes:

- Enterprise Budgeting (new module)

- Strategic Asset Management (to replace Confirm)

- Human Resources e-Recruitment (to replace BigRedSky)

Enterprise Budgeting went live in March 2020 and was used to collate the Annual Budget 2020/21. In previous years the finance team was required to work across multiple spreadsheets with lots of manual intervention, requiring significant cross checking at each Budget version. Enterprise Budgeting eliminated this work with access to real-time data which is reviewed and edited directly in the system. In addition, the City used the business intelligence and reporting tools to automate the publication of the budget book, believed to be the first in Australia. A joint media release with Technology One was issued and reported by www.itnews.com.au .

Strategic Asset Management (SAM) went live on 4 May 2020 with the first Asset Class (Footpaths). The second stage of SAM, being the inclusion of more the complex Asset Class (Roads) is now complete. The 1System SAM implementation, together with Phase I Asset Management System has replaced the Confirm system.

e-Recruitment handles the whole staff recruitment process, from the internal recruitment requisition, right through to job offer and on-boarding. Job applicants apply via an Applicant Portal and the whole process, including assessment and interviews is managed through a workflow. e-Recruitment within 1System went live on 3 August 2020, replacing the standalone system BigRedSky.

Phase II was completed on time, on quality/scope and under budget in line with the Project Plan for Phase II. In terms of SAM, the module and functions are operational, additional asset classes have been modelled and will be finalised as part of BAU, in accordance with the project plan.

The project team are finalising the planning for the upgrade to CiAnywhere 2020B to occur following its release in November 2020. Following the upgrade to version 2020B, the City will commence Phase III. The City is in negotiations with TechnologyOne Ltd regarding the module releases. Further details will be included in a future report to the Committee.

In completing Phase II and then upgrading to CiAnywhere 2020B, the City is a genuine leader in WA in relation to the implementation of a cloud based ERP. Phase III will deliver many of the e-services, thereby improving our service delivery as well as increasing productivity.

Consultation

Officers continue to work closely with the City of Canning (live in May 2018) and in addition to this, the City has assisted the Shire of Serpentine Jarrahdale (live Feb 2020). The City also provides information and assistance to the Cities of Armadale, Mandurah 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 $1.290, however, the actual was $1.136m. Following successful implementation, the BigRedSky and Confirm have been decommissioned with an annual saving of approximately $35,000 p/a.

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

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7.3 2019/2020 CORPORATE BUSINESS PLAN 4TH QUARTER UPDATE

Location: Not Applicable
Ward: Not Applicable
Applicant: Not Applicable
File Ref: D-20-49145
Meeting Date: 08 September 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 report.

It is recommended the Audit, Risk and Governance Committee notes the progress recorded against each project/activity contained within the 2019/20 Corporate Business Plan report, notes the results for all Measures of Success contained within the CBP Measures of Success Report, and accepts all recommended changes to the Corporate Business Plan 2020-2024 as detailed in comments.

Officer Recommendation AND COMMITTEE RECOMMENDATION

Moved: Councillor Blake D'Souza
Seconded: Ms Shona Zulsdorf

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

1.   Notes the progress recorded against each project/activity within the Corporate Business Plan as described in the report contained within **Attachment (a)**;

2.   Notes the results recorded against each Measure of Success within the Corporate Business Plan as described in the report contained within **Attachment (b)**; and

3.   Endorses the updated Corporate Business Plan 2020-2024 as contained within **Attachment (c)**.

                                                              CARRIED (9/0)

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

Against: Nil.

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Background

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.

The CBP is an important part of the City's Integrated Planning and Reporting (IPR), and is the document that guides the implementation of the City's SCP. The CBP articulates how the SCP will be delivered through services, capital works, projects and activities.

The City completed a minor (desktop) review of the SCP 2017-2027 and produced the new Strategic Community Plan 2020-2030 that was endorsed at the May 2020 Ordinary Council Meeting (OCM) along with the plan to start the next major review in the 2020/21 financial year.

Following the 2020-2030 SCP endorsement, the Corporate Business Plan 2020-2024 was finalised and endorsed by Council at the June 2020 OCM.

The updates and changes found in both the SCP 2020-2030 and CBP 2020-2024 have informed significant amendments to the CBP quarterly report and are specified in more detail in the following comments section.

The City of South Perth's Corporate Business Plan Report - Quarterly Dashboard
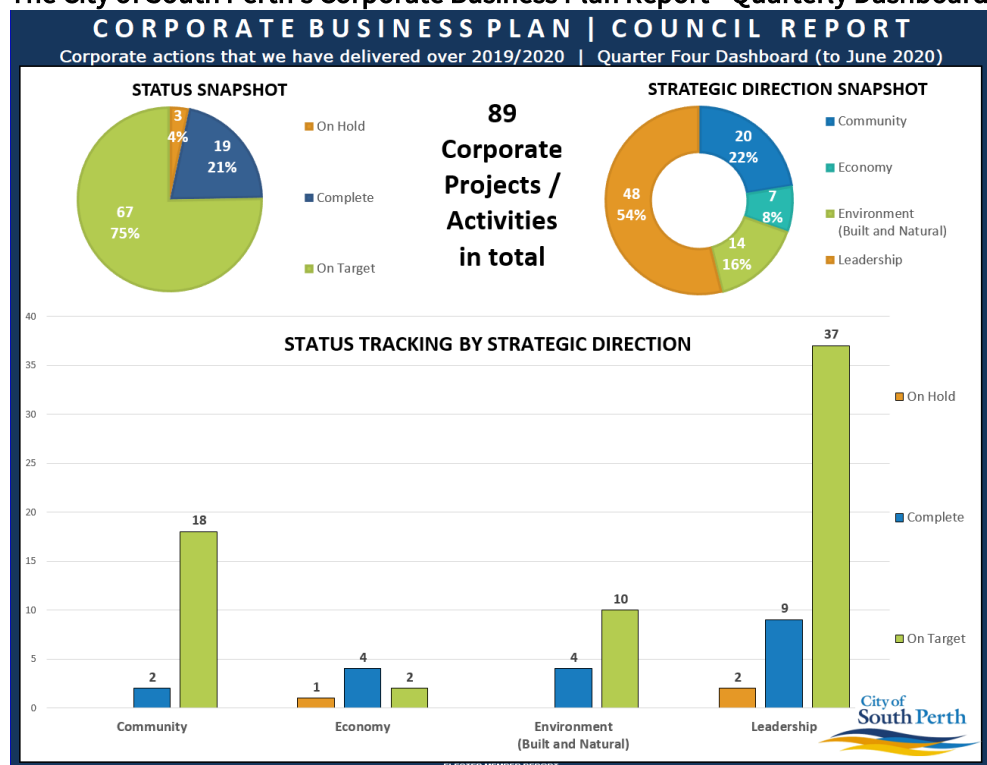
The above dashboard has been designed within Excel. The process was undertaken to assist with the development of the 'My Performance Planning' module within the TechnologyOne CiAnywhere ERP system (1System Project). This module is expected to "go live" into production for Quarter 1, 2020/21 reporting and it is likely that through continuous improvement and system implementation, information shown in the dashboard and represented in the detailed line by line description of projects/actions representation may be further altered to improve readability and ensure a smooth process to system based reporting.

The Dashboard and tables are linked in terms of the colours displayed. Please note the heading as either "Strategic Directon" or "Status". The colours used under Strategic Direction are those used within the SCP and CBP being: blue = Community; dark green = Economy; light green = Environment; and orange = Leadership. In terms of the Status, the colours used are traditional traffic lights, being: green = on target; orange = on hold; red = behind target; and blue = complete. With the implementation of the Corporate Planning module within 1System, the status colours will change due to configuration requirements.

The City of South Perth's CBP Measures of Success Report – KPI Dashboard
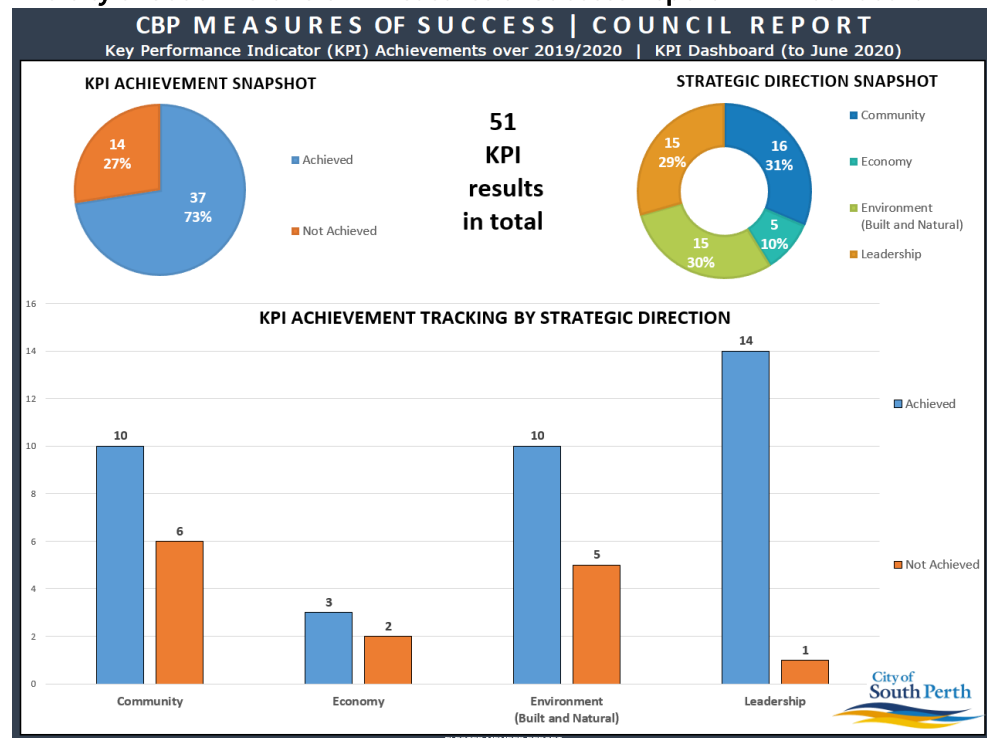
The above dashboard has also been designed with Excel and shows the results of reportable Measures of Success (Key Performance Indicators) from the Corporate Business Plan 2024-2024 for the 2019/20 Financial Year. Again, it is expected that through continuous improvement and system implementation, information shown in the dashboard and represented in the detailed line by line result outcome report may be altered over time to improve its readability.

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

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

There are some changes from the previous report.

In response to a strategic review for the mapping of actions over four years for the City's Corporate Business Plan 2020-2024 (adopted at the 23 June 2020 Ordinary Council Meeting), multiple changes have been incorporated in the Q4 report, being:

- Updated "Action 2019/20" for all projects / activities to match the endorsed Corporate Business Plan "Year 1 2019/20" Planned Actions wording

- Updated project / activity name for the majority of projects to match the endorsed Corporate Business Plan project/initiative wording

- Updated Timeframe to be consistent with the endorsed Corporate Business Plan

- Included new projects in the Q4 report that were not reported in previous quarters, but were in the endorsed Corporate Business Plan, being; Volunteer Programs (No. 11 & 12), and Buy Local, Shop Local Program (No. 23).

In response to the adoption of the Strategic Community Plan 2020-2030 at the 26 May 2020 Ordinary Council Meeting, multiple strategies changed in regards to wording, alignment and number reference. Those changes have been incorporated in the Q4 report and are summarised in the table below:

Project / Activity	SCP 2017-2027 Strategy (former)	SCP 2020-2030 Strategy (current)	Reasoning
Emergency Management	1.3.1	1.3.2	Addition of strategy
Economic Development Plan	2.1.2	2.1.1	Numbering realignment
RAC Autonomous Vehicle Trial (Intellibus)	2.1.3	2.1.2	Numbering realignment
Connect South Project	2.2.2	2.2.3	Numbering realignment
Pathways and Bike Plan	3.1.2	3.1.1	Removal of strategy
Sustainable and Accessible Buildings	3.2.2	3.2.1	Removal of strategy
Financial Hardship Policy	4.3.1	4.3.2	Numbering realignment
Desktop Replacement Project	4.3.2	4.3.1	Numbering realignment

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The CBP quarterly report previously allowed projects/activities to align to more than one strategy from the SCP. This was changed during the creation of the 2020-2024 CBP and projects/activities alignment was changed to only one strategy, of which they more closely align to for delivery, those changes are summarised in the table below:

Project / Activity	SCP 2017-2027 Strategy (former)	SCP 2020-2030 Strategy (current)	Reasoning
Australia Day Community Event (formerly "Australia Day / Celebration Zone")	1.1.2 & 2.1.1	2.2.1	Aligned more closely to 2.1.1 (renumbered to 2.2.1)
Environmental and Public Health Planning (formerly "Environmental Health - Public Health Act 2016 Relevant policies and procedures to be updated as required.")	1.1.3 & 1.3.1	1.1.3	Aligned more closely to 1.1.3
Community Recreation Facilities Plan	1.2.1 & 2.2.1	1.2.1	Aligned more closely to 1.2.1
Canning Bridge - Activity Centre Plan (CBACP) (formerly "Review of Canning Bridge - Activity Centre Plan (CBACP)")	2.2.1 & 3.2.1	2.2.2	Aligned more closely to 2.2.1 (renumbered to 2.2.2)
South Perth - Activity Centre Plan	2.2.1 & 3.2.1	2.2.2	Aligned more closely to 2.2.1 (renumbered to 2.2.2)
Integrated Drainage Catchment Management Plan	3.1.1 & 3.4.2	3.4.2	Aligned more closely to 3.4.2
Integrated Transport, Access and Parking Plan	3.1.1 & 3.1.3	3.1.2	Aligned more closely to 3.1.3 (renumbered to 3.1.2)
Stakeholder Engagement Projects	4.1.1 & 4.3.2	4.3.2	Aligned more closely to 4.3.2

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The attached report also contains presented information relating to Measures of Success (Key Performance Indicators) that were included as part of the CBP 2020-2024. As the CBP was endorsed during Q4 2019/20, not all KPI's are reportable for the 2019/20 financial year as they have not yet begun measurement, they are not due to start until the following (2020/21) financial year, or they are pending 2019/20 financial audit completion. Where a KPI has a result that is able to be measured, be it achieved or not achieved it has been included.

For the aforementioned reasons, the following are excluded from the 2019/20 KPI report and measurement will commence during the 2020/21 financial year:

Strategy	Operational Key Performance Indicator	Performance Measure
1.1.1	Library Programs and events satisfaction rate	Maintain satisfaction rate above 80%
1.1.2	Club Development Program Satisfaction	Maintain satisfaction rate above 80%
1.2.2	Asset sustainability ratio	Maintain benchmark standard of ratio between 90% and 110%
1.2.2	Asset renewal funding ratio	Maintain benchmark standard of ratio between 75% and 90%
1.3.2	Local Emergency Management Arrangements	100% completion of a Local Emergency Management Arrangements Plan
1.3.2	Local Emergency Management Arrangements	Maintain ratio of 80% annual planned implementation action items
2.1.2	RAC Autonomous Vehicle Trial (Intellibus) Satisfaction	Maintain satisfaction rate above 80%
2.2.2	Strategic Planning Engagement participation	Achieve participant attendance of 70% of estimated numbers
3.4.2	Reduction in greenhouse gas (GHG) emissions	Introduce 4 solar power projects to reduce GHG emissions
4.1.1	Partnership Agreement actions	Maintain ratio of 80% annual planned action items
4.1.1	Reconciliation Action Plan implementation Ratio	Maintain ratio of 80% annual planned implementation action items
4.1.2	Partnership Satisfaction	Maintain partnership satisfaction rate above 80%
4.3.2	Customer call centre service satisfaction rate	Maintain customer satisfaction rate above 80%
4.3.2	Financial health indicator annual result	Maintain a Financial Health Indicator (FHI) result of 70 or above per annum
4.3.2	Current ratio	Maintain benchmark standard of ratio greater than 1.0
4.3.3	Revenue other than Rates	Maintain annual revenue other than rates greater than 25% of total annual revenue

All completed (100%) items in the Q4 CBP report recorded against each project/activity is registered as closed for the 2019/20 financial year. All outstanding projects/activities for 2019/20 have been considered in the development of the annual review for 2020/21.

Recommended changes to the Corporate Business Plan 2020-2024

Following the adoption of the Corporate Business Plan (CBP) 2020-2024 at the 22 June Ordinary Council Meeting some changes have been identified for various reasons and are detailed below:

1. Planned Actions for the Delivery of Services

Project / Activity	Strategy	Change	Reasoning
Millers Pool Café Development	2.1.3	To be included as an annual action for the following years, being:	Identified as a corporate project post endorsement of the CBP 2020-2024.
		Y2 [2020/21]: Deliver café at Millers Pool South Perth.	
		Y3 [2021/22]: Deliver café at Millers Pool South Perth.	
		Y4 [2022/23]: Construct and open café at Millers Pool South Perth.	
Cloud/ Internet Based Telephone Software	4.3.2	To be included as an annual action for all four years, being:	Omitted in error from the CBP 2020-2024, currently exists in the CBP quarterly report since Q3 2019/20.
		Y1 [2019/20]: Research and plan for procurement for online telephone management software.	
		Y2 [2020/21]: Research and procurement for permanent online telephone management software. Roll-out of procured software.	
		Y3 [2021/22]: Ongoing contract and system maintenance, upgrades and training.	
		Y4 [2022/23]: Review of software and contractual obligations to ensure procured system meets organisational requirements.	
Hardware Infrastructure	4.3.1	To be removed from the Year 2. 2020/21 Planned Actions	Project budget removed after CBP endorsed, due to continue in Year 3. 2021/22.

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3. Measures of Success

Operational KPI	Strategy	Performance Measure	Amended Performance Measure	Reasoning
Property Maintenance	1.2.2	Complete 100% of assessments and/or actions within 5 days (urgent) or within 10 days (remainder)	Complete 90% of assessments and/or actions within 5 days (urgent) or within 10 days (remainder)	Error in original target. 100% was unrealistic in the context of the number of enquiries received and resources available to respond.
Australia Day Event	2.2.1	Obtain the targeted number of annual attendees for Australia Day/Celebration Zone of 180,000	Obtain the targeted number of annual attendees for Australia Day/Celebration Zone of 100,000 (Note: Attendance target to not be measured during Year 2 [2020/21] in accordance with COVID-19 restrictions)	Change in the preferred way that data is recorded for attendance, transitioning to data recording devices for increased accuracy.
Footpath & Cycle Path community satisfaction	3.1.1	Maintain complaints below 50 per annum	Maintain requests for service below 100 per annum	Change of target amount and type in order to align to more meaningful data available from system reports. Some "complaints" categorised in the count are often just enquiries or requests.
Public open space community satisfaction	3.3.3	Maintain complaints below 100 per annum	Maintain requests for service below 200 per annum	

Consultation

Nil.

Policy and Legislative Implications

Local Government (Administration) Regulations 1996.

City of South Perth

Financial Implications

All projects and activities listed in the Corporate Business Plan 4th Quarter Update are fully funded within the 2019/2020 Annual Budget.

Strategic Implications

This matter relates to the following Strategic Direction identified within Council's [Strategic Community Plan 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 - Quarter 4 Progress Report

7.3 (b):   CBP Measures of Success - Quarter 4 Results Report

7.3 (c):   Amended Corporate Business Plan 2020-2024

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7.4 AUDIT REGISTER - PROGRESS REPORT

Location: Not Applicable
Ward: Not Applicable
Applicant: Not Applicable
File Ref: D-20-47080
Meeting Date: 08 September 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 Committee. It is recommended the Committee review and accept the Audit Register Progress Report.

Officer Recommendation AND COMMITTEE RECOMMENDATION

Moved: Ms Shona Zulsdorf
Seconded: Mr Philip Draber

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

1. Notes the progress recorded against each item within the Audit Register in Confidential Attachment (a);

2. Approves the 25 findings marked as Complete (100%) in the Audit Register, to be registered as closed and no longer reported to the Committee; and

3. Endorse Paxon to be retained as the Internal Auditor for the City of South Perth for an additional two years, ending 30 September 2022.

CARRIED (9/0)

For: Mayor Greg Milner; Councillors André Brender-A-Brandis, Carl Celedin, Mary Choy, 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.

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Comment

A summary of the Audit Register is usually included to illustrate the trend of actions that have been added, progressed and completed. However, the summary table was not included in the previous Audit Risk and Government Committee (ARGC) report (15 June 2020) as it was in the process of being redeveloped. The report has now been condensed for inclusion to the ARGC meetings and includes the most meaningful headings (columns) so as to best inform decision making.

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.

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

Status of Actions	ARGC - Meeting Date										Total
	6/6/18	11/9/18	12/11/18	11/3/19	17/6/19	9/9/19	18/11/19	16/3/20	15/6/20	8/9/20	
New actions added by ARGC	10	24	0	24	0	0	0	27	7	24	**116**
Not Commenced ≤10%	10	0	0	4	1	0	0	4	2	2	
Progressed >10% to 95%	0	32	13	18	9	10	3	19	22	21	
Completed =100%	0	2	19	15	12	0	7	7	6	25	
Total (0% to 100%)	**10**	**34**	**32**	**37**	**22**	**10**	**10**	**30**	**30**	**48**	
Closed by ARGC	0	2	19	15	12	0	7	7	6	TBD*	**93**
Total cumulative Closed by ARGC	0	2	21	36	48	48	55	62	68	68	
Open Actions	**10**	**32**	**13**	**22**	**10**	**10**	**3**	**23**	**24**	**23**	

The Committee is requested to recommend to Council to note the progress and officer comments. In addition, it is recommended all 25 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.

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

In August 2017, following an e-Quote (WALGA) process, the ARGC recommended Paxon be awarded a three year contract to commence and provide an Internal Audit service to the City. A number of Internal Audits are in the final stages of completion, with the three year contract due to end in September 2020. The original e-Quote process did not include an extension. The ARGC may recommend Paxon be extended, or request the City undertake a competitive process and report back to a future ARGC.

Although there are a range of reasons the ARGC may wish to consider a competitive process, the main two usually relate to engaging a different Audit firm (different set of eyes and approach) or wishing to test the value for money. In relation to the latter, officers consider Paxon provide good value for money and it is unlikely that a new e-Quote process would deliver reduced fees or improved value for money. Further a change in Audit firm would result in an initial loss in productivity/value for money as a result of the handover.

In terms of a different set of eyes, or approach, Paxon have been engaged for three years and as there are still many aspects of the City still to be audited, in accordance with the five year Internal Audit Plan, officers consider an extension for two years would be beneficial, given the productivity gained due to Paxon's knowledge of the City. Another factor influencing officers recommendation is that the WA Auditor General has undertaken audits akin to an Internal Audit, such as the Information Systems Audit, as well as the Interim Audit process, the first component of auditing the Annual Financial Statements (External Audit).

Further, the ARGC have undertaken workshops in relation to considering strategic risks. Once the final Internal Audits are completed by Paxon, it would be worthwhile the ARGC undertake a review of the Strategic Internal Audit Plan and establish a new five year plan.

For the reasons described above, Officers recommend that the ARGC recommend to Council that Paxon be retained as the Internal Auditor for City of South Perth for an additional two years, ending 30 September 2022.

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).

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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

7.4 (a):   Audit Register September 2020 Report *(Confidential)*

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8. OTHER RELATED BUSINESS

Nil.

9. CLOSURE

The Presiding Member declared the meeting closed at 7.23pm.

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.

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