

MINUTES

Audit, Risk and Governance Committee Meeting

14 September 2021

Committee Members

Here within are the Minutes of the Audit, Risk and Governance Committee Meeting held Tuesday 14 September 2021 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.



MIKE BRADFORD
CHIEF EXECUTIVE OFFICER

16 September 2021

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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
Como Ward	Councillor Carl Celedin
Manning Ward (Chair)	Councillor Blake D'Souza
Mill Point Ward (Deputy Chair)	Councillor Ken Manolas
Manning Ward	Councillor André Brender-A-Brandis
Mill Point Ward	Councillor Mary Choy (from 6.05pm)

External Members

Mr Phillip Draber
Ms Shona Zulsdorf

Officers

Chief Executive Officer	Mr Mike Bradford
Director Development and Community Services	Ms Vicki Lummer (from 6.05pm)
Director Infrastructure Services	Mr Mark Taylor
Acting Director Corporate Services	Ms Pele McDonald
Manager Finance	Mr Abrie Lacock
Manager Governance	Ms Bernadine Tucker
Governance Coordinator	Ms Toni Fry
Senior Governance Officer	Ms Christine Lovett
Governance Officer	Mr Morgan Hindle

Guests

Paxon Mr Cameron Palassis

2.1 APOLOGIES

- Councillor Glenn Cridland

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: 8 June 2021

Officer Recommendation AND COMMITTEE RECOMMENDATION

Moved: Mayor Greg Milner

Seconded: Councillor Ken Manolas

That the Minutes of the Audit, Risk and Governance Committee Meeting held 8 June 2021 be taken as read and confirmed as a true and correct record.

CARRIED (7/0)

For: Mayor Greg Milner and Councillors André Brender-A-Brandis, 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.

Items 7.6 and 7.7 were considered first as Cameron Palassis from Paxon was in attendance to answer questions relating to these items.

7. REPORTS

7.1 1SYSTEM PROJECT UPDATE

Location: Not Applicable
Ward: Not Applicable
Applicant: Not Applicable
File Ref: D-21-54784
Meeting Date: 14 September 2021
Author(s): Jeff Jones, Manager Information Systems
Reporting Officer(s): Pele McDonald, Acting Director Corporate Services
Strategic Direction: Leadership: A visionary and influential local government
Council Strategy: 4.3 Good Governance

Summary

This is the 12th 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, to quality and on (under) budget. This report describes delivery of Phase IIIA and planning for Phase IIIB, the largest phase due to it being Citywide. As described at the last ARGC meeting, TechnologyOne Ltd (TechOne) have delayed the release of modules that has impacted the City's ability to deliver the 1System project on time, hence the modified version of Phase III being split into A and B.

Officer Recommendation AND COMMITTEE RECOMMENDATION

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

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

CARRIED (8/0)

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

Against: Nil.

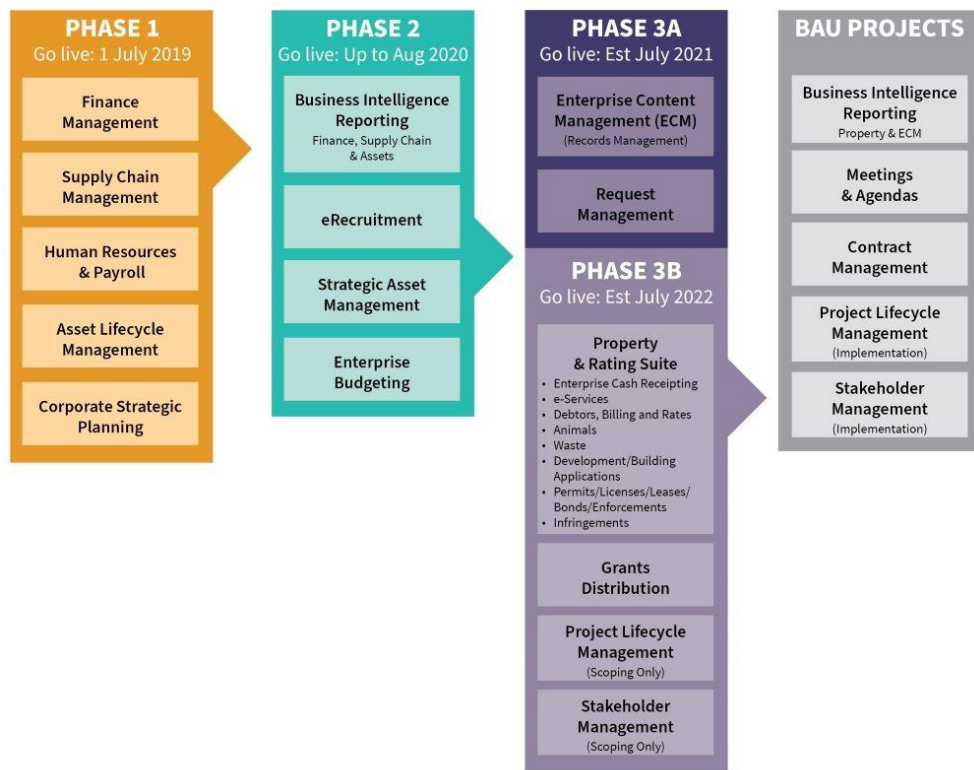
Background

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 over three years, now amended to four years, due to the TechOne release dates for modules within their new platform CiAnywhere. The previous report contained confidential financial information relating to adjustments to the project schedule to ensure the project remains on budget across the 8½ year contract.

Comment

The updated 1System Project Management Plan (PMP) is summarised, as illustrated below.



The Phase III A modules replace the following legacy systems:

- Enterprise Content Management (ECM replaces RM8/TRIM, the document management system)
- Request Management (replaces Lagan, the customer management system)

In terms of the decommissioning of RM8, this will not occur until the end of the 1System project in accordance with the project plan. ECM went live with Request Management and will continue to expand as each Phase IIIB module is implemented, the final component of ECM is the non 1System integration, such as emails, word documents, etc. Once that is complete, RM8 can be decommissioned.

- Property and Rating (replaces Civica Authority, the rates and compliance systems)

Elements of the Property & Rating modules will be implemented during 2021/22, however it is important to note that the 2022/23 rates may be issued from Civica Authority, rather than 1System as originally planned.

Phase IIIA has been delivered on time, on budget, on scope and to quality, with Request Management (Lagan replacement) having gone live on 10 August 2021. Phase IIIB planning is in progress now with some workshops in the area of Planning, Building and Health already taking place. The fully update project plan will be available by the end of September 2021.

Phase IIIA Enterprise Content Management (ECM) also went live alongside the Request Management module. The full rollout of ECM will take place alongside the delivery of Phase IIIB components.

The upgrade of the entire software suite to Release 2021B has been planned to take place between October for non-production systems and December for production and Go Live. The upgrades are an annual event to keep the system current and the release 2021B is a prerequisite for the rollout of Phase IIIB Property and Rating.

Business As Usual (BAU)

The 1System project tagline “Enabling Innovation” was deliberate to help shape the narrative that this business transformation does not end when the project ends. Rather the City needs to embed a culture of continuous improvement as part of BAU. From the very start of this project it was clear that the previous approach of all staff working in the system, with no dedicated resources working on the system, led to the current state, being an IS laggard. Continuing the previous approach would limit the benefits that should derive from the City’s project investment and before long, the City would drift away from being a leader across Local Government in Australia. Working with old processes and systems, despite best endeavours, makes it very difficult for staff to provide the level of customer service the City aspires to.

The City has already implemented a number of BAU improvements for Phase I and II, such as:

Phase I

- Replacement of two-way radio with smart phones for outdoor staff
- Accounts Payable Automation: invoices scanning and matching to Purchase Order
- 2019/20 Annual Financial Statements, complete book produced directly from 1System using the Publisher reporting tool
- Business Intelligence (analytics/dashboards)
- Capital and Operating reporting
- Spatial mapping of assets, added photographs of assets

Phase II

- 2020/21 Annual Budget and 2021/22 Annual Budget, complete book produced directly from 1System using the Publisher reporting tool
- Business Intelligence (analytics/dashboards)

The City is finalising the ‘run way’ process to help manage and prioritise BAU projects, to ensure these are well co-ordinated across the City and aligned to Council adopted strategy of an Integrated System. To date, the City has identified 71 improvements for consideration and prioritisation.

Most improvements will take place after project completion as part of BAU activity while others will be rolled out during the course of the last phase. Priorities will be set through EMT and timelines are dictated by resource availability.

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 Budget for 2020/21 was \$1.2m with the actual to come in under budget at \$0.75m of actual cost. The savings are primarily due to the deferred rollout of some components that weren't delivered in the current software version. Following successful implementation, BigRedSky and Confirm have been decommissioned with an annual saving of approximately \$35,000 p/a. The completion of Phase IIIA will enable the City to decommission Lagan now resulting in an additional saving of \$66,000 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:	4.3 Good governance
Strategy:	4.3.1 Foster effective governance through quality decision-making

Attachments

Nil.

7.2 AUDIT REGISTER - PROGRESS REPORT

Location:	Not Applicable
Ward:	Not Applicable
Applicant:	Not Applicable
File Ref:	D-21-66566
Meeting Date:	14 September 2021
Author(s):	Abrie Lacock, Manager Finance
Reporting Officer(s):	Pele McDonald, Acting 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: Councillor Blake D'Souza

Seconded: Mr Phillip Draber

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

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

CARRIED (8/0)

For: Mayor Greg Milner and Councillors André Brender-A-Brandis, Carl Celedin, Mary Choy, 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)** 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 will the ARGC approve the Finding for closure.

As requested, following the September 2020 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 is to be closed (100% for all agreed actions) is represented by 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.

Following the December 2020 ARGC meeting, the Audit Register has been further formatted to ensure clarity with;

1. The insertion of a “Count” column on the far left to provide the cumulative number (sum) of all current findings within the register. The final count number at the end of the register will therefore represent the total number of current findings (including those recommended for closure).

The ARGC is requested to recommend to Council to note the progress and officer comments. In addition, it is recommended all 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)**.

A review of the Strategic Internal Audit Plan (SIAP) is underway with initial discussions held with the City’s Internal Auditor, Paxon. The intention with this review is to expand the scope to be a Strategic Audit Plan (SAP) so that we can adequately plan for and report against all audits, internal and external.

It is anticipated that this review and the new SAP will be presented at the next Audit, Risk and Governance Committee Meeting to be held 15 November 2021.

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 2021/22 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.

7.2 Audit Register - Progress Report

The External Audit function (WA Auditor General) has a budget of \$65,000 for the audit of the 2020/21 Annual Financial Statements, undertaken and incurred during the 2021/22 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: 4.3 Good governance
Strategy: 4.3.1 Foster effective governance through quality decision-making

Attachments

7.2 (a): Audit Register - September 2021 (*Confidential*)

7.3 2020/21 CORPORATE BUSINESS PLAN 4TH QUARTER UPDATE

Location:	Not Applicable
Ward:	Not Applicable
Applicant:	Not Applicable
File Ref:	D-21-67198
Meeting Date:	14 September 2021
Author(s):	Rose Jordan, Integrated Planning Advisor
Reporting Officer(s):	Pele McDonald, Acting 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 (CBP) 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 4 Report and notes the results for all Measures of Success contained within the CBP Measures of Success Report.

Officer Recommendation AND COMMITTEE RECOMMENDATION

Moved: Ms Shona Zulsdorf
Seconded: Mr Phillip Draber

That the Audit, Risk and Governance Committee:

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

CARRIED (8/0)

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

Against: Nil.

Background

In 2019/20, the City completed a minor (desktop) review of the SCP 2017-2027 to produce the SCP 2020-2030 which was endorsed by Council at its meeting held 26 May 2020 along with approval to start the next major review in early 2020/21.

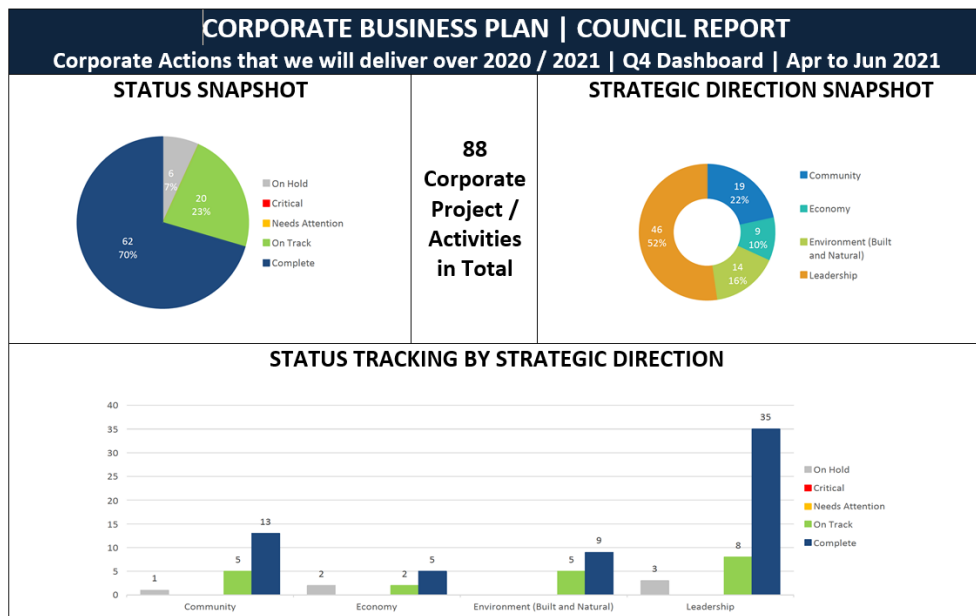
Following the 2020-2030 SCP endorsement, the CBP 2020-2024 was finalised and endorsed by Council at its meeting held 23 June 2020. Some minor updates to the plan were recommended to Council from the 8 September 2020 ARGC meeting and were subsequently endorsed by Council at its meeting held 22 September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

The 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.

Comment

The dashboard (below) 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. Below are the results for Quarter 4.

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

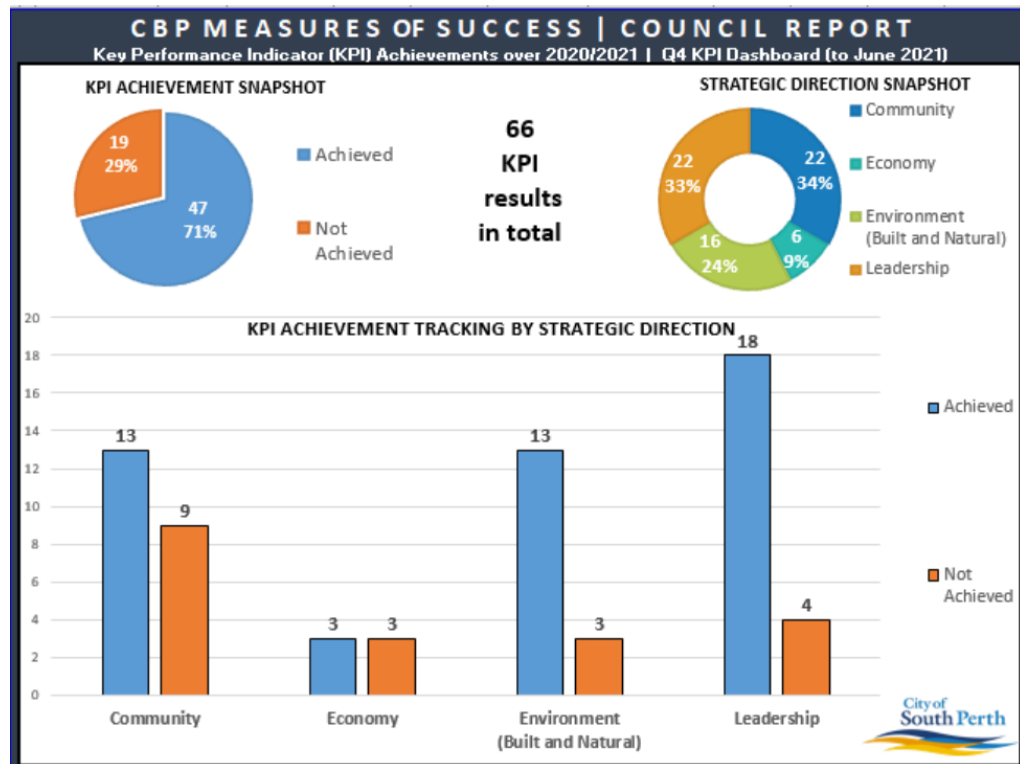


Colour coding is used to improve readability. The colours used under the Strategic Direction header are aligned to that of the SCP and CBP being: **blue** = Community; **teal** = Economy; **green** = Environment; and **orange** = Leadership.

In terms of the Status and % Complete headers, the colours used are traditional traffic lights, being: On Track = **green**, On Hold = **grey**, Critical = **red**, Complete = **blue**, and Needs Attention = **orange**.

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 changed to improve readability and to ensure a focus on continuous improvement.

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 CBP 2020-2024 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.

As these are the Quarter 4 results, they show the entire annual accumulative total. Every measure from the CBP 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 comment providing an indication of why it is immeasurable and when reporting will be possible.

The CBP report and Measures of Success report is reported quarterly to the ARGC, reviewed annually by officers and reported yearly to the Community through the Annual Report.

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

All completed (100%) items in the Q4 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 2020/21 have been considered in the development of the annual review for 2021/22.

Consultation

Nil.

Policy and Legislative Implications

Local Government (Administration) Regulations 1996.

Financial Implications

All projects and activities listed in the Corporate Business Plan 4th 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: 4.3 Good governance
Strategy: 4.3.1 Foster effective governance through quality decision-making

Attachments

7.3 (a): Corporate Business Plan 2020/21 - Progress Report to Q4

7.3 (b): Corporate Business Plan 2020/21 - Measures of Success Report to Q4

7.4 RISK MANAGEMENT POLICY AND FRAMEWORK

Location:	City of South Perth
Ward:	Not Applicable
Applicant:	City of South Perth
File Ref:	D-21-67257
Meeting Date:	14 September 2021
Author(s):	Christine Lovett, Senior Governance Officer
Reporting Officer(s):	Bernadine Tucker, Manager Governance
Strategic Direction:	Leadership: A visionary and influential local government
Council Strategy:	4.3 Good Governance

Summary

This report presents to the Audit, Risk and Governance Committee the City's updated Risk Management Policy P695 and the new Risk Management Framework which will replace the Risk Management Strategy endorsed by Council in September 2018.

Officer Recommendation AND COMMITTEE RECOMMENDATION

Moved: Councillor Carl Celedin
Seconded: Ms Shona Zulsdorf

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

1. Adopts revised Risk Management Policy P695 in **Attachment (a)**.
2. Revokes Risk Management Strategy 2018 in **Attachment (b)**.
3. Adopts Risk Management Framework in **Attachment (c)**.

CARRIED (8/0)

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

Against: Nil.

Background

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

In accordance with the principle of facilitating continual improvement of the City's Risk Management Program, practices evolved with the strategy being reviewed in 2009 and 2018.

Following the adoption of the Risk Management Strategy 2018 (Strategy) a significant review was commenced in 2020 to align the Strategy to AS/NZS ISO 31000:2018 Risk Management guidelines.

This review was presented to the Audit Risk and Governance Committee in March 2021 with the recommendation that the updated Strategy be recommended to Council for adoption. However, the Audit Risk and Governance Committee recommended the item relating to Risk Management Strategy 2021 be deferred to a future workshop.

The Committee Recommendation was subsequently endorsed by Council at its meeting held 23 March 2021.

Comment

Following feedback received from members of the Audit, Risk and Governance Committee, the hierarchy of Risk Management documentation was amended, and a Risk Management Framework developed.

A workshop was held with the City's elected members and the external members of the Audit, Risk and Governance Committee on 2 August 2021 at which point an updated version of Risk Management Policy P695 and the new Risk Management Framework were presented.

Following feedback from this workshop the below two documents are presented to the Audit Risk and Governance Committee, for adoption:

Risk Management Policy P695

Risk Management Policy P695 is the highest-level document which sits above the Risk Management Framework and all subsequent risk management documentation.

The risk management policy is intended to express the Council's strategic intent in the management of risk at the City of South Perth.

Risk Management Framework

The Risk Management Framework (framework) provides a practical framework for the implementation of Risk Management across all operations of the City. The framework details:

- Who is responsible for risk management and to what degree they are responsible;
- How we incorporate risk management across all levels of the City's operations;
- How we manage and subsequently report on risks;
- How we integrate the 'Three Lines Governance Model' into the management of risks and creating value from opportunities across the City.

Consultation

The Risk Management Framework has been presented to both the City's elected members and external members of the Audit, Risk and Governance Committee and the internal Risk Management Committee, which includes representation of managers and officers from across the City's operations.

Policy and Legislative Implications

Reg 17(1)(a) Local Government (Audit) regulations 1996

17. CEO to review certain systems and procedures

(1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to –

(a) risk management

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: 4.3 Good governance

Strategy: 4.3.1 Foster effective governance through quality decision-making

Attachments

7.4 (a): Policy P695 Risk Management

7.4 (b): Risk Management Strategy 2018

7.4 (c): Risk Management Framework

7.5 2020/2021 ANNUAL FINANCIAL STATEMENTS (EXTERNAL) AUDIT - INTERIM REPORT

Location:	Not Applicable
Ward:	Not Applicable
Applicant:	Not Applicable
File Ref:	D-21-67682
Meeting Date:	14 September 2021
Author(s):	Abrie Lacock, Manager Finance
Reporting Officer(s):	Pele McDonald, Acting 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 2020/21 Annual Financial Statements. Usually the report includes findings, risk ratings, recommendations and management comments. The report confirms that the Interim Audit had no findings to report and the outcome of the interim audit is regarded as satisfactory.

Officer Recommendation AND COMMITTEE RECOMMENDATION

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

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

1. Notes and accepts the Interim Audit Management letter in **Attachment (a)**

CARRIED (8/0)

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

Against: Nil.

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 three years, the Office of the Auditor General (OAG) will undertake the City of South Perth 2020/21 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 are to be incorporated within the City's Business Planning Process, as part of the Integrated Planning Framework to ensure continuous improvement. Progress is monitored by management, this Committee and Council.

Comment

In May 2021 the Interim Audit was conducted, with the Interim Audit Report **Attachment (a)** being produced. The report confirms that the Interim Audit had no findings to report and the outcome of the audit is regarded as satisfactory.

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 2020/21 Annual Financial Statements is \$65,000 (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:	4.3 Good governance
Strategy:	4.3.1 Foster effective governance through quality decision-making

Attachments

7.5 (a): Interim Audit - Office of the Auditor General

Councillor Mary Choy and Director Development and Community Services Vicki Lummer arrived at 6.05pm during consideration of Item 7.6

7.6 INTERNAL AUDIT REPORT - AUDIT REGISTER REVIEW

Location: Not Applicable
Ward: Not Applicable
Applicant: Not Applicable
File Ref: D-21-67683
Meeting Date: 14 September 2021
Author(s): Abrie Lacock, Manager Finance
Reporting Officer(s): Pele McDonald, Acting 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 – Audit Register Review, in accordance with the City’s Strategic Internal Audit Plan. The Audit Register is maintained by the Organisational Performance Business Unit within the Corporate Services directorate. Various Business Units are responsible for providing the quarterly updates of findings included in the Audit Register relating to their activities. These updates are reported to the Audit Risk and Governance Committee. This is the first Internal Audit Review of the Register. The report contains Paxon’s detailed finding, with notations relating to possible efficiencies and other observations.

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

Officer Recommendation AND COMMITTEE RECOMMENDATION

Moved: Mr Phillip Draber
Seconded: Ms Shona Zulsdorf

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

1. Notes the Internal Audit Report – Audit Register Review contained in **Confidential Attachment (a)**; and
2. Accepts and adds the recommendation contained in Section 5 of the Internal Audit Report – Audit Register Review to the Audit Register.

CARRIED (8/0)

For: Mayor Greg Milner and Councillors André Brender-A-Brandis, Carl Celedin, Mary Choy, 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 – Audit Register Review is a confidential report to be used for internal purposes to assist in improving business processes and systems. The report includes the strengths, weaknesses, 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, Audit Register Review within the City. The report contains Paxon's detailed finding, with 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. Various Business Units are responsible for providing quarterly updates of findings included in the Audit Register relating to their activities. 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 2021/22 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:	4.3 Good governance
Strategy:	4.3.1 Foster effective governance through quality decision-making

Attachments

7.6 (a): Internal Audit Report - Audit Register Review (*Confidential*)

7.7 INTERNAL AUDIT REPORT - REGULATION 17 REVIEW

Location:	Not Applicable
Ward:	Not Applicable
Applicant:	Not Applicable
File Ref:	D-21-67684
Meeting Date:	14 September 2021
Author(s):	Abrie Lacock, Manager Finance
Reporting Officer(s):	Pele McDonald, Acting 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 – Regulation 17 Review. In accordance with the Local Government (Audit) Regulations 1996 Regulation 17, the CEO is to review the appropriateness and effectiveness of the local government’s systems and procedures in relation to risk management, internal control and legislative compliance. This review is also in accordance with the City’s Strategic Internal Audit Plan, which deals with these areas separately (separate headings). The report contains Paxon’s four detailed audit findings, with a number of notations relating to business improvements, possible efficiencies and other observations.

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

Officer Recommendation AND COMMITTEE RECOMMENDATION

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

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

1. Notes the Internal Audit Report – Regulation 17 Review contained in **Confidential Attachment (a)**; and
2. Accepts and add the four recommendations contained in Sections 5, 6 and 7 of the Internal Audit Report – Regulation 17 Review to the Audit Register.

CARRIED (8/0)

For: Mayor Greg Milner and Councillors André Brender-A-Brandis, Carl Celedin, Mary Choy, 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 – Regulation 17 Review is a confidential report to be used for internal purposes to assist in improving business processes and systems. The report includes the strengths, weaknesses, issues, risk ratings, recommendations and management comments.

Internal Audit is an essential component of the City's continuous improvement process, findings and business improvement recommendations are welcome. The Regulation 17 Review report contains Paxon's four detailed findings with 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 17 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 2021/22 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:	4.3 Good governance
Strategy:	4.3.1 Foster effective governance through quality decision-making

Attachments

7.7 (a): Internal Audit Report - Regulation 17 Review (*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.