

MINUTES

Audit, Risk and Governance Committee Meeting

8 March 2022

Committee Members

Here within are the Minutes of the Audit, Risk and Governance Committee Meeting held Tuesday 8 March 2022 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

11 March 2022

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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 6.00pm and welcomed everyone in attendance.

2. ATTENDANCE

Elected Members

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

Greg Milner
Councillor André Brender-A-Brandis
Councillor Blake D'Souza
Councillor Mary Choy
Councillor Ken Manolas
Councillor Jennifer Nevard
Councillor Stephen Russell

External Members

Mr Aswin Kumar
Ms Shona Zulsdorf

Officers

Chief Executive Officer
Director Corporate Services
Director Development and Community Services
Director Infrastructure Services
Manager Finance
Manager Governance
Senior Governance Officer
Governance Officer

Mr Mike Bradford
Mr Garry Adams
Ms Vicki Lummer
Mr Mark Taylor
Mr Abrie Lacock
Ms Bernadine Tucker
Ms Christine Lovett
Mr Morgan Hindle

Observer

Como Ward

Councillor Carl Celedin

Guests

Paxon
Paxon

Mr Cameron Palassis (retired at 6.16pm)
Mr Ian Ekins (retired at 6.16pm)

2.1 APOLOGIES

Nil.

2.2 APPROVED LEAVE OF ABSENCE

- Councillor Glenn Cridland – 1 March 2022 to 21 March 2022 inclusive.

3. DECLARATIONS OF INTEREST

Nil.

4. CONFIRMATION OF MINUTES

4.1 AUDIT, RISK AND GOVERNANCE COMMITTEE MEETING HELD: 29 November 2021

Officer Recommendation AND COMMITTEE RECOMMENDATION

Moved: Councillor Blake D'Souza

Seconded: Mayor Greg Milner

That the Minutes of the Audit, Risk and Governance Committee Meeting held 29 November 2021 be taken as read and confirmed as a true and correct record.

CARRIED (9/0)

For: Mayor Greg Milner, Councillors André Brender-A-Brandis, Mary Choy, Blake D'Souza, Ken Manolas, Jennifer Nevard and Stephen Russell, Mr Aswin Kumar and Ms Shona Zulsdorf.

Against: Nil.

5. PRESENTATIONS

Nil.

6. BUSINESS ARISING FROM PREVIOUS MEETING

Nil.

Prior to consideration of Item 7, Councillor Blake D'Souza moved that the operation of Standing Orders be suspended.

COMMITTEE RECOMMENDATION

Moved: Councillor Blake D'Souza

Seconded: Mayor Greg Milner

In accordance with Clause 17.1 of the City of South Perth Standing Orders Local Law 2007, the operation of clause 8.9 of the Standing Orders be suspended.

CARRIED (9/0)

For: Mayor Greg Milner, Councillors André Brender-A-Brandis, Mary Choy, Blake D'Souza, Ken Manolas, Jennifer Nevard and Stephen Russell, Mr Aswin Kumar and Ms Shona Zulsdorf.

Against: Nil.

Items 7.1 and 7.9 were considered first as Mr Cameron Palassis and Mr Ian Ekins from Paxon were in attendance to answer questions relating to these items.

Councillor Carl Celedin left the Chamber at 6.12pm during consideration of Item 7.1 and returned at 6.15pm.

7. REPORTS

7.1 COMPLIANCE AUDIT RETURN

File Ref: D-22-8043
Author(s): Bernadine Tucker, Manager Governance
Reporting Officer(s): Garry Adams, Director Corporate Services

Summary

This report provides the City's response to the Department of Local Government, Sport and Cultural Industries 2021 Compliance Audit Return.

Officer Recommendation AND COMMITTEE RECOMMENDATION

Moved: Ms Shona Zulsdorf

Seconded: Mr Aswin Kumar

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

1. Adopts the Department of Local Government, Sport and Cultural Industries Compliance Audit Return for the period 1 January 2021 to 31 December 2021 as contained in **Attachment (a)**; and
2. Authorises the certification to be jointly completed by the Mayor and Chief Executive Officer in accordance with Regulation 15 of the Local Government (Audit) Regulations 1996.

CARRIED (9/0)

For: Mayor Greg Milner, Councillors André Brender-A-Brandis, Mary Choy, Blake D'Souza, Ken Manolas, Jennifer Nevard and Stephen Russell, Mr Aswin Kumar and Ms Shona Zulsdorf.

Against: Nil.

Background

The City is required to carry out an annual audit of statutory compliance in accordance with Regulation 14 of the Local Government (Audit) Regulations 1996. The Department of Local Government, Sport and Cultural Industries distributed a Compliance Audit Return for the period 1 January 2021 to 31 December 2021 which focused on those areas considered high risk in accordance with the *Local Government Act 1995* and associated regulations.

Comment

The 2021 Compliance Audit Return contained the following compliance categories:

- Commercial Enterprises by Local Governments;
- Delegation of Power/Duty;

7.1 Compliance Audit Return

- Disclosure of Interest;
- Disposal of Property;
- Elections;
- Finance;
- Integrated Planning and Reporting;
- Local Government Employees;
- Official Conduct;
- Optional Questions; and
- Tenders for Providing Goods and Services.

Each section of the 2021 Compliance Audit Return was completed by the relevant business unit.

Consultation

The 2021 Compliance Audit Return was circulated to the relevant Business Unit Managers.

The Compliance Audit Return was also audited by the City's auditors who advised that: -

The process that the City has followed in compiling the Return has been appropriate and in line with the requirements set by regulation 13 of the Local Government (Audit) Regulations (1996) and Local Government Act (1995).

Paxon's review noted that the Return that has been completed by the City does not require any adjustments.

The internal audit review of the 2021 Compliance Audit Return can be found at **Confidential Attachment (b)**.

Policy and Legislative Implications

In accordance with Regulation 14 of the Local Government (Audit) Regulations 1996 the completed 2021 Compliance Audit Return is to be reviewed and the results presented to Council. Following Council's adoption, the 2021 Compliance Audit Return must be submitted to the Department of Local Government, Sport and Cultural Industries by 31 March 2022.

Financial Implications

Nil.

Key Risks and Considerations

Risk Event Outcome	Reputational Damage
Risk rating	Low
Mitigation and actions	The City has strong controls in place for the Compliance Audit Return

Strategic Implications

This matter relates to the following Strategic Direction identified within Council's [Strategic Community Plan 2021-2031](#):

Strategic Direction:	Leadership
Aspiration:	A local government that is receptive and proactive in meeting the needs of our community
Outcome:	4.3 Good governance
Strategy:	4.3.1 Foster effective governance with honesty and integrity and quality decision making to deliver community priorities

Attachments

7.1 (a):	City of South Perth Compliance Audit Return 2021
7.1 (b):	Internal Audit Review of the 2021 Compliance Audit Return (<i>Confidential</i>)

Councillor Carl Celedin left the Chamber at 7.24pm during consideration of Item 7.2 and returned at 7.26pm.

7.2 ANNUAL REVIEW OF COUNCIL DELEGATIONS

File Ref: D-22-8073
Author(s): Bernadine Tucker, Manager Governance
Reporting Officer(s): Garry Adams, Director Corporate Services

Summary

The City has a statutory obligation under the *Local Government Act 1995* to review its Delegations each financial year. The Terms of Reference of the Audit Risk and Governance Committee include responsibility for reviewing the City's Delegations.

A review of the Council Delegations has been completed and is now presented to the Audit, Risk and Governance Committee for consideration and referral to Council for adoption.

During debate the Committee recommended that the items be put separately.

Officer Recommendation AND COMMITTEE RECOMMENDATION

Moved: Mayor Greg Milner
Seconded: Ms Shona Zulsdorf

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

1. Notes that in accordance with Section 5. 46(2) of the *Local Government Act 1995*, the following Delegations to the Chief Executive Officer and/or City Officers as shown at **Attachment (a)** have been reviewed with 'no changes' being proposed:

DC102	Community Funding Program
DC115	Granting Fee Waiver – City Reserves and Facilities
DC376	Infringement Notices under the Building Regulations 2012
DC401	Graffiti Vandalism Act – Local Government Functions
DC603	Investment of Surplus Funds
DC607B	Non Acceptance of Tenders
DC609	Leases and Licences
DC616	Write-off Debts
DC642	Appointment of Acting CEO
DC678	Appointment of Authorised Officers
DC679	Administer the City's Local Law
DC684	Sealed Documents
DC685	Inviting Tenders or Expressions of Interest
DC686	Granting Fee Concessions – Development Applications
DC690	Town Planning Scheme 6

CARRIED (9/0)

For: Mayor Greg Milner, Councillors André Brender-A-Brandis, Mary Choy, Blake D'Souza, Ken Manolas, Jennifer Nevard and Stephen Russell, Mr Aswin Kumar and Ms Shona Zulsdorf.

Against: Nil.

2. Notes that in accordance with Section 5. 46(2) of the *Local Government Act 1995*, the following Delegations to the Chief Executive Officer and/or City Officers as shown at **Attachment (b)** have been reviewed with 'minor changes' being proposed:

DC370	Approve or Refuse Granting of a Building Permit
DC371	Approve or Refuse Granting of A Demolition Permit
DC372	Grant, or Refuse to Grant Occupancy Permits or Building Approval Certificates
DC373	Approve or refuse an Extension of the Duration for Occupancy Permits or Building Approval Certificates
DC374	Appoint Authorised Officers for the purposes of the <i>Building Act 2011</i>
DC375	Issue or Revoke Building Orders
DC511	Partial Closure of a Thoroughfare for Repair or Maintenance
DC602	Authority to Make Payments from the Municipal and Trust Funds
DC612	Disposal of Surplus Property
DC664	Dogs – Local Government Functions
DC665	Cats – Local Government Functions
DC677	<i>Bush Fires Act 1954</i> – Local Government Functions

CARRIED (9/0)

For: Mayor Greg Milner, Councillors André Brender-A-Brandis, Mary Choy, Blake D'Souza, Ken Manolas, Jennifer Nevard and Stephen Russell, Mr Aswin Kumar and Ms Shona Zulsdorf.

Against: Nil.

3. Notes that in accordance with Section 5. 46(2) of the *Local Government Act 1995*, the following Delegation to the Chief Executive Officer as shown at **Attachment (c)** has been reviewed with 'major changes' being proposed:

DC607	Acceptance of Tenders/E-Quotes/Common Use Agreements
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LOST (4/5)

For: Mayor Greg Milner, Councillor Stephen Russell, Mr Aswin Kumar and Ms Shona Zulsdorf.

Against: Councillors André Brender-A-Brandis, Mary Choy, Blake D'Souza, Ken Manolas, Jennifer Nevard.

4. Notes that in accordance with Section 5. 46(2) of the *Local Government Act 1995*, the following Delegations to the Chief Executive Officer as shown at **Attachment (d)** have been reviewed and it recommends to Council that they be revoked.

DC601	Preparation of Long Term Financial Plan, Annual Budget and Annual Financial Report
DC608	Acceptance of Contract Variations Relating to Tender Approved by Council

LOST (2/7)

For: Mayor Greg Milner and Ms Shona Zulsdorf.**Against:** Councillors André Brender-A-Brandis, Mary Choy, Blake D'Souza, Ken Manolas, Jennifer Nevard, Stephen Russell and Mr Aswin Kumar.**Absolute Majority required****Background**

Section 5.42 of the *Local Government Act 1995* (the Act) provides that a Council may delegate to the Chief Executive Officer (the CEO) the exercise of any of its powers or the discharge of any of its duties under the Act, other than those referred to in section 5.43.

Section 5.46(2) of the Act requires the local government to review its Delegations at least once every financial year.

The purpose of this review is to consider the operational effectiveness of the current delegations, whether they remain relevant and appropriate and whether legislative amendments or organisational changes necessitate any revisions to the text.

Comment

There are a range of powers and duties delegated to the CEO in accordance with the powers provided by Sections 5.42(1)(a) and (b) of the Act. The Delegations were forwarded to the relevant officers from each business unit who reviewed the appropriateness of the existing Delegations and if there was a need for any additional delegations.

No Changes

As a result of this review, the delegations listed below and at **Attachment (a)** have no changes, therefore no explanatory notes have been provided.

DC102	Community Funding Program
DC115	Granting Fee Waiver – City Reserves and Facilities
DC376	Infringement Notices under the Building Regulations 2012
DC401	Graffiti Vandalism Act – Local Government Functions
DC603	Investment of Surplus Funds
DC607B	Non Acceptance of Tenders
DC609	Leases and Licences
DC616	Write-off Debts
DC642	Appointment of Acting CEO
DC678	Appointment of Authorised Officers
DC679	Administer the City's Local Law
DC684	Sealed Documents
DC685	Inviting Tenders or Expressions of Interest
DC686	Granting Fee Concessions – Development Applications
DC690	Town Planning Scheme 6

Minor Changes

As a result of this review, the delegations listed below and at **Attachment (b)** are considered to have minor changes which are highlighted in red text. As these changes are considered to be minor administrative changes no explanatory notes have been provided.

DC370	Approve or Refuse Granting of a Building Permit
DC371	Approve or Refuse Granting of A Demolition Permit

DC372	Grant, or Refuse to Grant Occupancy Permits or Building Approval Certificates
DC373	Approve or refuse an Extension of the Duration for Occupancy Permits or Building Approval Certificates
DC374	Appoint Authorised Officers for the purposes of the <i>Building Act 2011</i>
DC375	Issue or Revoke Building Orders
DC511	Partial Closure of a Thoroughfare for Repair or Maintenance
DC602	Authority to Make Payments from the Municipal and Trust Funds
DC612	Disposal of Surplus Property
DC664	Dogs – Local Government Functions
DC665	Cats – Local Government Functions
DC677	<i>Bush Fires Act 1954</i> – Local Government Functions

Major Changes

DC607 Acceptance of Tenders/E-Quotes/Common Use Agreements

As a result of this review, Delegation DC607 Acceptance of Tenders/E-Quotes/Common Use Agreements and at **Attachment (c)** is presented with major changes.

The amendment increases the authority of the CEO to accept tenders and also purchases undertaken through the Western Australian Local Government Association (WALGA), State or Commonwealth Governments or any of its agencies that provide preferred supplier contracts or arrangements (CUA).

The rationale for the proposed amendments are:

- Expedites the timeline for the City to undertake a Tender/eQuote process through to contract award, which will bring about shorter timeframes to delivery of projects, with the estimated time saved between 4 to 8 weeks.
- The proposed increase enables the City to be a more nimble and fast-acting entity, improving our presence with the market to acquire goods and services promptly. It may also result in a higher number of tender submissions
- As the City's tender register is published on the website all tenders are visible which provides transparency and accountability, all tenders (\$250k and above) as per legislation are visible.
- Legislation details at what level a tender process need to be undertaken being the \$250k, not the acceptance level.
- CUA/WALGA – both of these entities have already undertaken a robust procurement process to appoint contractors to their various arrangements. As due diligence has already been undertaken, the procurement risk to the City is reduced.
- An analysis of other Local Governments indicated that they have higher delegated values for the acceptance of Tenders. Examples are Cities of Canning (\$750k), Melville (\$550k), Fremantle (\$500k), Perth and Swan (\$1m).

Revoke

As a result of this review the delegations listed below and at **Attachment (d)** are no longer considered to be required and revocation is recommended.

DC601 Preparation of Long Term Financial Plan, Annual Budget and Annual Financial Report

The preparation of an Annual Budget, Annual Financial Report and Plan for the Future (including informing documents such as the Long Term Financial Plan) is mandated by the *Local Government Act 1995* (the Act). This is an administrative function that is the responsibility of the City's administration and Council has the responsibility to adopt these documents. The Annual Budget and the Plan for the Future must be adopted by an '*absolute majority*' of Council.

As section 5.43 of the Act prohibits the delegation of any decisions of Council that require an '*absolute majority*' this delegation is regarded as superfluous, and revocation is recommended.

DC608 Acceptance of Contract Variations Relating to Tenders Approved by Council

On the 22 June 2021 Council passed resolution no. 0621/110 in relation to the Waterbird Refuge Contract Variation which approved additional expenditure in relation to that contract, this was necessary in response to variations submitted by the contractor due to latent conditions.

Part four of this resolution directed that the Chief Executive Officer undertake a review of Delegation DC608. The City, as part of this review sought legal advice; a summary of which is as follows:

The delegation is intended to address situations where:

- (a) a contract has been entered into pursuant to an invitation to tender process as determined by Council
- (b) subsequent to the contract being entered into a variation to the contract becomes necessary (for instance due to latent conditions)

The delegation purports to delegate the following authority to the CEO:

In accordance with Part 4 of the Local Government (Functions and General) Regulations 1996 authority is conferred on the delegate to accept:

- (a) Aggregate total of contract variations relating to tenders approved by Council to a maximum value of 15% of the contract value or \$100,000, whichever is lesser (exclusive of GST).

The delegation is subject to the following conditions:

Acceptance of the contract variation is conditional upon the Chief Executive Officer being satisfied that:

- (a) The contract enables the contract to be varied, and the variation is in accordance with variation provisions of the contract;
- (b) Additional goods or services that were not, or could not have been, foreseen at the time the contract was executed;
- (c) The variation is necessary in order for the goods or services to be supplied and does not change the scope of the contract; and
- (d) Sufficient funds are available in the appropriate capital or operating budget to meet the additional cost.

Variation of a contract for the supply of goods or services, subsequent to entry into the contract, is regulated by regulation 21A of the Local Government (Functions and General) Regulations 1996, which provides:

If a local government has entered into a contract for the supply of goods or services with a successful tenderer, the contract must not be varied unless —

- (a) the variation is necessary in order for the goods or services to be supplied and does not change the scope of the contract; or
- (b) the variation is a renewal or extension of the term of the contract as described in regulation 11(2)(j).

Accordingly, a variation of an existing contract is permitted where “the variation is necessary in order for the goods or services to be supplied and does not change the scope of the contract”.

In circumstances where a variation of contract was required in order to address latent conditions on a site, it is considered that a variation would be permissible under Regulation 21A as the variation would be necessary in order for the goods or services to be supplied and the variation would not change the scope of the contract.

In those circumstances, and the circumstances as described in the conditions of the delegation, it is not considered that a delegation of authority would be required as a variation of this nature would fall within the CEO’s functions under section 5.41 as it would be necessary to:

- (1) cause the relevant council decision (to award the original tender) to be implemented (s. 5.41(c)); and
- (2) manage the day to day operations of the City (in implementing/administering the contract) (s. 5.41(d)).

In effect, then the variation would be effected by the local government acting through the CEO in the exercise of his functions. As the amount of the variation (in terms of consideration) would be determined by the terms of the contract (in relation to latent conditions etc) there would also be in effective terms no discretion to be exercised.

In discussion with City lawyers it was indicated that the delegation inhibits the CEO to effectively perform his functions as per Section 5.41 of the Act, as indicated above, that is to cause the relevant council decision to be implemented and manage the day to day operations of the City. It also creates additional administrative burden on the City and Council.

As the CEO is responsible for the implementation of Council decisions, in effect no discretion is to be exercised (Section 5.41 of the Act) and that limitations imposed by the Local Government (Functions and General) Regulations 1996 Section 21A provides for very specific requirements with respect to variation, other types of variation are simply not allowed under legislation as that would effectively constitute a new contract to be formed and would require the initiation of the procurement process. Any variation will be subject to budget availability and/or budget variation approval by Council.

Consultation

Consultation has occurred with officers of each of the relevant business units.

Policy and Legislative Implications

Section 5.46(2) of the Act requires all delegations to be reviewed at least once each financial year.

Financial Implications

Nil.

Key Risks and Considerations

Risk Event Outcome	Legislative Breach Refers to failure to comply with statutory obligations in the manner in which the City, its officers and Elected Members conduct its business and make its decisions and determinations. This embraces the full gamut of legal, ethical and social obligations and responsibilities across all service areas and decision making bodies within the collective organisation
Risk rating	Low
Mitigation and actions	Yearly reviews in place.

Strategic Implications

This matter relates to the following Strategic Direction identified within Council's [Strategic Community Plan 2021-2031](#):

Strategic Direction:	Leadership
Aspiration:	A local government that is receptive and proactive in meeting the needs of our community
Outcome:	4.3 Good governance
Strategy:	4.3.1 Foster effective governance with honesty and integrity and quality decision making to deliver community priorities

Attachments

7.2 (a):	No change
7.2 (b):	Minor amendments
7.2 (c):	Major amendments
7.2 (d):	Revoke

7.3 ANNUAL POLICY REVIEW

File Ref: D-22-8064
Author(s): Bernadine Tucker, Manager Governance
Reporting Officer(s): Garry Adams, Director Corporate Services

Summary

The Terms of Reference of the Audit, Risk and Governance Committee include responsibility for reviewing the City's policies. The annual review of a number of City policies are now presented for the consideration of the Committee and referral to Council for adoption.

Procedural Motion and COMMITTEE RECOMMENDATION

Moved: Councillor Mary Choy
Seconded: Councillor Ken Manolas

That the item relating to Annual Policy Review be deferred to the next Audit, Risk and Governance Committee meeting.

CARRIED (6/3).

For: Councillors André Brender-A-Brandis, Mary Choy, Blake D'Souza, Ken Manolas, Jennifer Nevard and Mr Aswin Kumar.

Against: Mayor Greg Milner, Councillor Stephen Russell and Ms Shona Zulsdorf.

Officer Recommendation

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

1. Notes that the following policies having been reviewed with 'no changes' except for updating the year of the City of South Perth Community Strategic Plan where required being proposed:

- P101 Public Art and Art collections
- P102 Community Funding Program
- P104 Community Awards
- P105 Cultural Services and Activities
- P106 Use of City Reserves and Facilities
- P107 Access and Inclusion
- P108 Honorary Freeman of the City
- P110 Support of Community and Sporting Groups
- P112 Community Advisory Groups
- P113 Community Gardens
- P116 Installation, use and Management of Closed Circuit Television (CCTV) and other Monitoring Technology
- P117 Library Services Programs
- P118 Library Collection Development
- P119 City of South Perth Local History Collection
- P204 Chemical Use
- P206 Urban Forest
- P208 Ecologically Sustainable Building Design
- P354 Stormwater Drainage Requirements for Proposed Buildings

- P361 Street Addressing
- P402 Alfresco Dining
- P403 Charity Clothing Bins on City Managed Land
- P610 Collier Park Village – Financial Arrangements
- P630 Workplace Health and Safety
- P637 Employee Separation Payments
- P639 CEO Recruitment, Performance and Termination
- P648 Motor Vehicles
- P649 Mayoral Vehicle
- P665 Use of Council Facilities
- P668 Mayoral Portraits
- P669 Elected Member Continuing Professional Development
- P672 Agenda Briefings, Concept Forums and Workshops
- P673 Audio Recording of Council Meetings
- P674 Management of Corporate Records
- P675 Legal Representation
- P677 State Administrative Tribunal
- P687 Development of Council Owned Land
- P689 Application for Planning Approval Applicants Responsibility
- P692 Sustainability
- P693 Retiring Elected Member Gift
- P695 Risk Management
- P696 Related Party Transactions
- P697 Financial Hardship Assistance
- P698 Attendance at Events

2. Adopts the following revised policies with minor amendments in **Attachment (a)**:

- P103 Stakeholder Engagement
- P202 Energy Conservation
- P203 Ground Water Management
- P205 Tree Preservation
- P207 Natural Areas
- P209 Shade Structure
- P211 Water Sensitive Urban Design
- P212 Waste Management
- P213 Phytophthora Management
- P311 Subdivision Approval – Early Release from Conditions
- P353 Crossings/Crossovers
- P356 Electricity Substations
- P357 Right-of-Way (ROW) Maintenance and Development
- P358 House Numbers on Kerbs
- P401 Graffiti Management
- P501 Paths – Provision and Construction
- P502 Cycling Infrastructure
- P510 Traffic Management Warrants
- P511 Road Thoroughfare Infrastructure Management
- P605 Purchasing
- P607 Tenders and Expressions of Interest
- P611 Pre-Qualified Supplier Panels
- P613 Capitalisation & Valuation of Fixed Assets
- P624 Media Communications

	P625	Equal Employment Opportunity
3.	Adopts the following revised policies with major amendments in Attachment (b) :	
	P210	Street Verges
	P603	Investment of Surplus Funds
	P609	Management of City Property
	P667	Elected Member Entitlements
	P680	Electronic Agendas
	P688	Asset Management
	P694	Fraud and Corruption Prevention
4.	Revokes the following policy in Attachment (c) :	
	P661	Complaints
Absolute Majority Required		

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

During the review process, policies are considered by the custodian business unit having the relevant technical expertise in relation to the policy content and subsequently by the Executive Management Team (EMT) representing each of the City's Directorates.

The policy review centres on the continuing relevance of the policy and the need to update it in light of any change in the legislative or operating environment. The policy review may identify a need to revise the policy, or it may determine that no change is needed. The nature of the change, whether minor or major, is noted in the Comment section below. Minor changes usually consist of minor typographical or grammatical corrections or revisions due to minor legislative amendments. Major change will consist of significant revision to the content of the policy due to changes in the operational environment or because of more substantial legislative change.

All Policies that have been listed with 'no changes' will have the year of the City of South Perth Community Strategic Plan 2021-2031 updated as per Council Resolution Number 1221/259 from its meeting held 14 December 2021. These Policies can be found on the City of South Perth [website](#).

The Director Development and Community Services advises that the City's Planning Policies are not considered in this review. As Council has been previously advised, the City's Strategic Planners will review all of the existing local planning policies as part of the preparation of the policy framework for draft Local Planning Scheme 7. This will take place later this year and early 2023. Where appropriate policies will also be reviewed as required in line with amendments to planning legislation and ongoing implementation requirements.

Comment

Minor Changes

The Policies listed below are considered to have only minor administrative changes. These policies are included in **Attachment (a)**.

P103	Stakeholder Engagement
P202	Energy Conservation
P203	Ground Water Management
P205	Tree Preservation
P207	Natural Areas
P209	Shade Structure
P211	Water Sensitive Urban Design
P212	Waste Management
P213	Phytophthora Management
P311	Subdivision Approval – Early Release from Conditions
P353	Crossings/Crossovers
P356	Electricity Substations
P357	Right-of-Way (ROW) Maintenance and Development
P358	House Numbers on Kerbs
P401	Graffiti Management
P501	Paths – Provision and Construction
P502	Cycling Infrastructure
P510	Traffic Management Warrants
P511	Road Thoroughfare Infrastructure Management
P605	Purchasing
P607	Tenders and Expressions of Interest
P611	Pre-Qualified Supplier Panels
P613	Capitalisation & Valuation of Fixed Assets
P624	Media Communications
P625	Equal Employment Opportunity

Major Changes

The policies listed below and at **Attachment (b)** are considered to have major changes to content. The content changes have been highlighted. A small summary explaining the changes has been provided.

P210 Street Verges

The Infrastructure Reinstatement Requirements section of this policy has been removed as it is duplicated in Policy P511 Road Thoroughfare Infrastructure Management.

P603 Investment of Surplus Funds

This policy has a slight amendment to allow a minimum of 70% instead of 80% of the portfolio to be invested in Standard & Poor rating A-1, and a maximum of 30% instead of 20% in Standard & Poor rating A-2 short term. The amendment will allow the City greater flexibility to achieve better investment returns because the smaller A-2 banks typically offer better returns than the larger A-1 banks. A-1 banks are defined as follows “**has strong capacity to meet its financial commitments**. It is rated in the highest category by Standard & Poor's. Within this category, certain obligors are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitments is extremely strong”. A-2 banks are defined as “**has satisfactory capacity to meet its financial commitments**. However, it is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in the highest rating category”.

P609 Management of City Property

This policy has been reviewed and updated to simplify and clarify application as follows:

- Lease Timeframes – most of the lease agreements granted by Council to sporting clubs and community groups in recent years have been for 21 year terms (instead of the traditional 5 year agreement, with a 5 year renewal option), therefore amendments have been made to reflect current practice.
- Amalgamation of Tenant Categories – there is no need for the policy to distinguish between sporting clubs, not-for-profit kindergartens and community groups. These groups are similar in terms of their operation capacities (including the ability to generate income and to pay rent/outgoings etc.).

P667 Elected Member Entitlements

This policy has been updated to reflect legislative updates in terms of reporting.

P680 Electronic Agendas

The Data Usage section in this policy has been updated following a move from Telstra to Optus where the shared data plan is larger. The Treatment of the Device on Cessation of Service has also been amended to align with the Management Practice M643 ICT Asset Management and Disposal.

P688 Asset Management

This policy has been amended to better reflect:

- A commitment by the City and continual improvement in the management of asset management
- A stronger directive to set strategic direction for asset management
- Improved communication throughout the organisation
- Referencing ISO 55001
- A stronger framework of asset management within the objectives listed

P694 Fraud and Corruption Prevention

This policy has been updated to remove references to outdated practices and documents and updated to reference current documents, processes and practices.

Policy to be revoked

The policy listed below and at **Attachment (c)** is recommended to be revoked for the reasons detailed:

P661 Complaints

The City's Councillor Code of Conduct guides decisions, actions and behaviours of council members, elected and unelected committee members and candidates in the local government elections, with all complaints received being managed in accordance with policy P699 Councillor Code of Conduct.

The City values complaints as they provide feedback on our operations which allows us to continuously improve. The City's Employee code of Conduct sets standards of behaviour that employees, volunteers, contractors and agency staff are to observe in relation to their conduct. The code is based on the City's values being Accountable, Respectful, Supportive and Unified.

Administrative complaints received in relation to services provided by the City and or alleged behaviour of employees, volunteers and/or contractors will be processed in accordance with legislative requirements, the City's Customer Service Charter and best practice guidelines provided by Ombudsman WA.

It is therefore recommended that the complaints management policy be revoked.

Consultation

The policies are considered by the custodian business unit having the relevant technical expertise in relation to the policy content and subsequently by the Executive Management Team (EMT) representing each of the City's Directorates.

Policy and Legislative Implications

The reviewed and new policies are consistent with the *Local Government Act 1995*, relevant legislation and guidelines and other City documents.

Financial Implications

Nil.

Key Risks and Considerations

Risk Event Outcome	Legislative Breach Refers to failure to comply with statutory obligations in the manner in which the City, its officers and Elected Members conduct its business and make its decisions and determinations. This embraces the full gamut of legal, ethical and social obligations and responsibilities across all service areas and decision making bodies within the collective organisation
Risk rating	Low
Mitigation and actions	Yearly review of all policies.

Strategic Implications

This matter relates to the following Strategic Direction identified within Council's [Strategic Community Plan 2021-2031](#):

Strategic Direction:	Leadership
Aspiration:	A local government that is receptive and proactive in meeting the needs of our community
Outcome:	4.3 Good governance
Strategy:	4.3.1 Foster effective governance with honesty and integrity and quality decision making to deliver community priorities

Attachments

7.3 (a):	Revised policies with minor amendments
7.3 (b):	Revised policies with major amendments
7.3 (c):	Revoked policy

Councillor Jennifer Nevard left the Chamber at 8.10pm during consideration of Item 7.4 and returned at 8.13pm.

Councillor André Brender-A-Brandis left the Chamber at 8.13pm during consideration of Item 7.4 and returned at 8.14pm.

7.4 STRATEGIC RISK REGISTER

File Ref: D-22-9016
Author(s): Bernadine Tucker, Manager Governance
Reporting Officer(s): Garry Adams, Director Corporate Services

Summary

This report presents the Strategic Risk Register to the Audit Risk and Governance Committee for Council's adoption.

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 endorses the Strategic Risk Register as contained in **Confidential Attachment (a)**.

CARRIED (9/0)

For: Mayor Greg Milner, Councillors André Brender-A-Brandis, Mary Choy, Blake D'Souza, Ken Manolas, Jennifer Nevard and Stephen Russell, Mr Aswin Kumar and Ms Shona Zulsdorf.

Against: Nil.

Background

The Council is responsible for the strategic direction of the City. The City's Audit, Risk and Governance Committee (ARGC) is a Committee of Council in accordance with the *Local Government Act 1995* (the Act) and is responsible for providing guidance, assistance and oversight to the Council, in relation to matters which include risk management.

The responsibility of the ARGC in relation to the risk management program includes overseeing the strategic risk management process and ensuring that the administration has a robust and structured process for identifying and managing strategic risks.

In addition, the City has an internal Risk Management Committee to coordinate the City's risk management activities. The internal Risk Management Committee updates the City's Risk Registers and has responsibility for identifying and monitoring risks and assists in developing and recommending treatments for agreed priority risks. The Committee meets quarterly to conduct a review on identified risks and associated risk treatments, includes membership from across all directorates and reports to the Executive Management Team (EMT). In August 2019, an updated Operational Risk Register and the existing Strategic Risk Register were endorsed by the EMT.

On 18 November 2019, City officers presented the Strategic Risk Register to the ARGC for noting. At that meeting, the Officer Recommendation was lost.

On 11 February 2020, the City held a Risk Management Workshop with Councillors and external Committee Members on the City's Risk Management Framework and discussed the City's risk ratings, risk registers and proposed Risk Management Policy. The workshop was facilitated by a consultant from LGIS, the City's insurer.

The consultant advised those in attendance that the City had a robust framework and appropriate Registers. All risks continued to be monitored to ensure adequate strategies were in place, so residual risks were effectively managed.

The Strategic Risk Register was updated by the City's internal Risk Management Committee, predominantly in response to COVID, and presented to the June 2020 Audit, Risk and Governance Committee for adoption. However, the Committee decided to defer consideration of the item pending a further workshop which was subsequently endorsed by Council on 23 June 2020.

Following this, the City organised for RSM Australia to review the City's Strategic Risk register and to conduct two workshops with Elected Members and the external members of the Audit, Risk and Governance Committee. The first workshop occurred on 10 August 2020 and the second workshop did not occur until 31 August 2021 due to the presenter being unavailable.

Following these workshops, RSM Australia provided the City with the notes from the workshop on 24 November 2021.

Comment

The strategic Risk Register, as contained in **Confidential Attachment (a)**, has been updated to reflect the risks raised by the Elected Members and external members at these two workshops and is presented for adoption.

Consultation

Elected Members and the external members of the Audit, Risk and Governance Committee were consulted on the Strategic Risk Register.

Policy and Legislative Implications

Policy P695 Risk Management

Local Government (Audit) Regulations 1996 – 17(1)(a)

Financial Implications

Nil.

Key Risks and Considerations

Risk Event Outcome	Legislative Breach
	Refers to failure to comply with statutory obligations in the manner in which the City, its officers and Elected Members conduct its business and make its decisions and determinations. This embraces the full gamut of legal, ethical and social obligations and responsibilities across all service areas and decision making bodies within the collective organisation

Risk rating	Medium
Mitigation and actions	Processes and controls generally operating as intended.

Strategic Implications

This matter relates to the following Strategic Direction identified within Council's [Strategic Community Plan 2021-2031](#):

Strategic Direction:	Leadership
Aspiration:	A local government that is receptive and proactive in meeting the needs of our community
Outcome:	4.3 Good governance
Strategy:	4.3.4 Maintain a culture of continuous improvement

Attachments

7.4 (a):	Strategic Risk Register (<i>Confidential</i>)
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Director Development and Community Services Vicki Lummer left the Chamber at 8.16pm during consideration of Item 7.5 and returned at 8.18pm.

7.5 OPERATIONAL RISK MANAGEMENT

File Ref: D-22-9595
Author(s): Bernadine Tucker, Manager Governance
Reporting Officer(s): Garry Adams, Director Corporate Services

Summary

This report provides an update to the Audit, Risk and Governance Committee of the current Operational Risk Management status across the City.

Officer Recommendation AND COMMITTEE RECOMMENDATION

Moved: Ms Shona Zulsdorf
Seconded: Mayor Greg Milner

That the Audit, Risk and Governance Committee notes there are no high or extreme operational risks which have been identified.

CARRIED (9/0)

For: Mayor Greg Milner, Councillors André Brender-A-Brandis, Mary Choy, Blake D'Souza, Ken Manolas, Jennifer Nevard and Stephen Russell, Mr Aswin Kumar and Ms Shona Zulsdorf.

Against: Nil.

Background

The Council is responsible for the strategic direction of the City. The City's Audit, Risk and Governance Committee (ARGC) is a Committee of Council in accordance with the *Local Government Act 1995* (the Act) and is responsible for providing guidance, assistance and oversight to the Council, in relation to matters which include risk management.

In September 2021 Council endorsed the Risk Management Framework 2021 which details the roles and responsibilities of managing risk at the City in line with the 'Three Lines' Governance Model. Council and the ARGC are considered to be the 'Third Line' of the model and who's responsibilities are as follows:

Council

The Council is responsible for:

- Setting risk appetite and defining and setting risk culture by way of approving the risk management policy, the framework and risk tolerance levels;
- Identifying and reviewing strategic risks on an annual basis;
- Reviewing Extreme operational risks on an annual basis;
- Considering risk management issues in reports to Council;
- Considering recommendations from the Audit, Risk and Governance Committee in relation to the adequacy of the City's systems and processes for managing risk; and
- Monitoring High and Extreme strategic risks on a quarterly basis.

Audit Risk and Governance Committee

The Audit, Risk and Governance committee is responsible for:

- Reviewing the risk policy, the framework and risk tolerance levels and making appropriate recommendations to Council;
- Ensuring the administration has a robust, structured process for identifying and managing organisational risks;
- Monitoring the risk exposure of the City by reviewing risk management processes and management information systems;
- Overseeing the strategic risk management process including the review of strategic risk ratings and treatment plans quarterly with biannual recommendations to Council;
- Reviewing High and Extreme operational risks and consider emerging strategic risks on a quarterly basis; and
- Critically analysing and following up on any internal or external audit report that raises significant issues relating to risk management and reviews the actions taken as a result of the issues raised.

Comment

Following the internal Risk Management Committee meeting held on 1 February 2022 and review of the City's Operational Risk Management register, no high or extreme risks have been identified.

Consultation

Relevant City officers were consulted in order to identify any high or extreme risks across all City 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.

Key Risks and Considerations

Risk Event Outcome	Legislative Breach Refers to failure to comply with statutory obligations in the manner in which the City, its officers and Elected Members conduct its business and make its decisions and determinations. This embraces the full gamut of legal, ethical and social obligations and responsibilities across all service areas and decision making bodies within the collective organisation
Risk rating	Low
Mitigation and actions	Implementation of the 2021 Risk Management Framework across the City's operations.

Strategic Implications

This matter relates to the following Strategic Direction identified within Council's [Strategic Community Plan 2021-2031](#):

Strategic Direction:	Leadership
Aspiration:	A local government that is receptive and proactive in meeting the needs of our community
Outcome:	4.3 Good governance
Strategy:	4.3.1 Foster effective governance with honesty and integrity and quality decision making to deliver community priorities

Attachments

Nil.

7.6 AUDIT REGISTER PROGRESS REPORT

File Ref: D-22-465
Author(s): Rose Jordan, Integrated Planning Advisor
Reporting Officer(s): Garry Adams, Director Corporate Services

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.

Officer Recommendation AND COMMITTEE RECOMMENDATION

Moved: Councillor Blake D'Souza

Seconded: Mayor Greg Milner

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

1. Notes the progress recorded against each item within the Audit Register in **Confidential Attachment (a)**; 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 (9/0)

For: Mayor Greg Milner, Councillors André Brender-A-Brandis, Mary Choy, Blake D'Souza, Ken Manolas, Jennifer Nevard and Stephen Russell, Mr Aswin Kumar 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 contained in **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 Audit, Risk and Governance Committee (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.

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.

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

A review of the Strategic Internal Audit Plan (SIAP) by management and the City’s Internal Auditor, Paxon has been undertaken.

The new SIAP will be presented at the Audit, Risk and Governance Committee Meeting to be held 8 March 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 17 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.

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.

Key Risks and Considerations

Risk Event Outcome	Legislative Breach Refers to failure to comply with statutory obligations in the manner in which the City, its officers and Elected Members conduct its business and make its decisions and determinations. This embraces the full gamut of legal, ethical and social obligations and responsibilities across all service areas and decision-making bodies within the collective organisation.
Risk rating	Medium
Mitigation and actions	Quarterly reporting of progress on the Audit Register to the ARGC and Council. In the report, Officer comments on action taken and progressive completion of Actions are noted. Actions which are 100% complete are closed out and reported back to the ARGC.

Strategic Implications

This matter relates to the following Strategic Direction identified within Council's [Strategic Community Plan 2021-2031](#):

Strategic Direction:	Leadership
Aspiration:	A visionary and influential local government
Outcome:	4.3 Good governance
Strategy:	4.3.1 Foster effective governance with honesty and integrity and quality decision making to deliver community priorities

Attachments

7.6 (a):	Audit Register Progress Report - 2nd Quarter Report FY22 (Confidential)
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Councillor Stephen Russell left the Chamber at 8.34pm during consideration of Item 7.7 and returned at 8.36pm.

7.7 2021/22 CORPORATE BUSINESS PLAN 2ND QUARTER UPDATE

File Ref: D-22-1201
Author(s): Rose Jordan, Integrated Planning Advisor
Reporting Officer(s): Garry Adams, Director Corporate Services

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 2021/22 Corporate Business Plan Quarter 1 Report and notes the results for all Measures of Success contained within the Corporate Business Plan Measures of Success Report.

Officer Recommendation AND COMMITTEE RECOMMENDATION

Moved: Ms Shona Zulsdorf
Seconded: Mayor Greg Milner

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 Key Performance Indicator report contained within **Attachment (b)**.

CARRIED (9/0)

For: Mayor Greg Milner, Councillors André Brender-A-Brandis, Mary Choy, Blake D'Souza, Ken Manolas, Jennifer Nevard and Stephen Russell, Mr Aswin Kumar and Ms Shona Zulsdorf.

Against: Nil.

Background

In 2019/20, the City completed a minor (desktop) review of the Strategic Community Plan (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 Corporate Business Plan (CBP) 2020-2024 was finalised and endorsed by Council at its meeting held 23 June 2020.

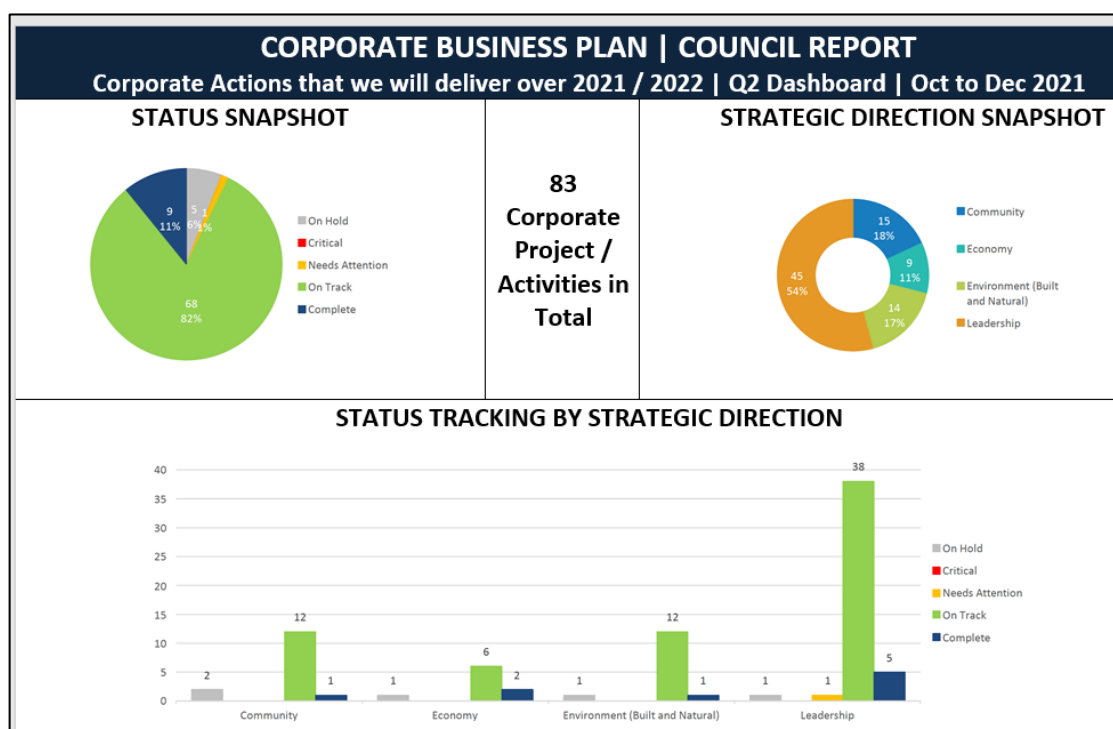
Some minor updates to the plan were recommended to Council from the 8 September 2020 Audit, Risk and Governance Committee (ARGC) meeting and were subsequently endorsed by Council at its meeting held 22 September 2020.

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" System 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 CBP 2020-2024. Below are the results for Quarter 2 for the 2021/22 financial year.

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**,

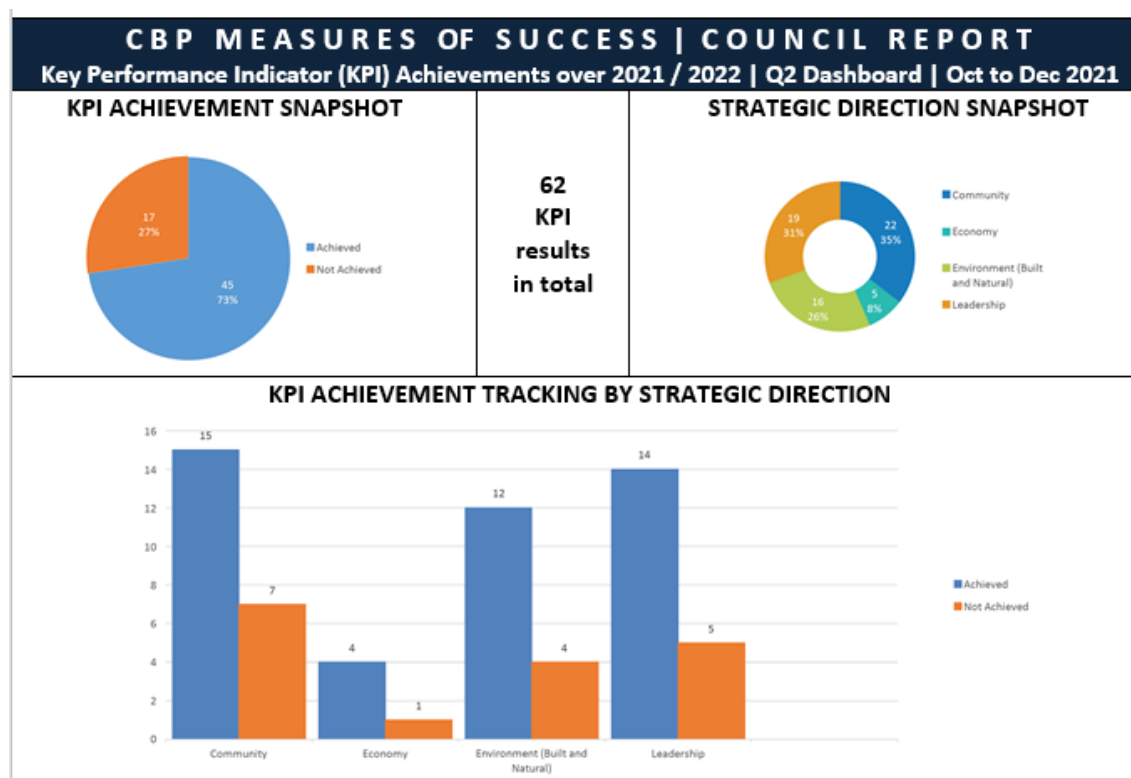
Critical = **red**,

Complete = **blue**, and

Needs Attention = **orange**.

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



During Quarter 2, there was a soft launch of the KPI (Key Performance Indicator) enhancement to the My Performance Planning module. Reporting of KPIs transitioned from using Excel spreadsheets to using the City's 1System Performance Planning module to report on the CBP Measures of Success. This aligns with continuous improvement of the Performance Planning module implementation.

As these are the Quarter 2 results, some KPIs would not yet be measured e.g. annual, 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 (KPI) 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 reports 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 CBP 2nd Quarter Update are fully funded within the 2021/22 Annual Budget.

Key Risks and Considerations

Risk Event Outcome	Reputational Damage Deals with adverse impact upon the professional reputation and integrity of the City and its representatives whether those persons be appointed or elected to represent the City. The outcome can range from a letter of complaint through to a sustained and co-ordinated representation against the City and or sustained adverse comment in the media.
Risk rating	Medium
Mitigation and actions	Performance management by: <ol style="list-style-type: none"> 1. Annual business planning with business units to identify new actions for the financial year. (Failing to plan is planning to fail); 2. Monitor progress of the Strategic Community Plan (SCP) through <ol style="list-style-type: none"> a. Quarterly reporting of the Corporate Business Plan (CBP) Actions; b. Quarterly KPI reporting of CBP measures of success; and 3. Implementation of Audit findings for business improvement in accordance with the Audit Register Progress Report.

Strategic Implications

This matter relates to the following Strategic Direction identified within Council's [Strategic Community Plan 2021-2031](#):

Strategic Direction:	Leadership
Aspiration:	A visionary and influential local government
Outcome:	4.3 Good governance
Strategy:	4.3.1 Foster effective governance with honesty and integrity and quality decision making to deliver community priorities

Attachments

7.7 (a):	2021/22 CBP Progress Report - 2nd Quarter Update
7.7 (b):	CBP Measures of Success - Quarter 2 Results

Director Infrastructure Services Mark Taylor left the Chamber at 8.42pm during consideration of Item 7.8 and returned at 8.45pm.

7.8 COLLIER PARK VILLAGE- RESIDENTS LOAN OFFSET RESERVE UNFUNDED SHORTFALL AND LEASEHOLD LIABILITY

File Ref: D-22-1477
Author(s): Garry Adams, Director Corporate Services
Reporting Officer(s): Garry Adams, Director Corporate Services

Summary

This report presents the information as requested by Council via a resolution made at the 14 December 2021 Ordinary Council Meeting, as outlined below.

Officer Recommendation AND COMMITTEE RECOMMENDATION

Moved: Councillor Blake D'Souza

Seconded: Mayor Greg Milner

That the Audit, Risk and Governance Committee receives the report on the Collier Park Retirement Village.

CARRIED (8/1).

For: Mayor Greg Milner, Councillors Mary Choy, Blake D'Souza, Ken Manolas, Jennifer Nevard and Stephen Russell, Mr Aswin Kumar and Ms Shona Zulsdorf.

Against: Councillor André Brender-A-Brandis.

Background

On 14 December 2021, Council made the following resolution:

That the Collier Park Village (CPV) Resident's Loan Offset Reserve (Reserve) with a shortfall of \$6.1 million (as at 30 June 2021) compared to the CPV Residents' Leasehold Liability (Liability), be reviewed by the Administration with the following being undertaken:

- 1. The CPV Reserve unfunded shortfall for the CPV Residents' Leasehold Liability be added to the City's Risk Register and be referred to the Audit Risk and Governance Committee, and*
- 2. The Administration report back and present to the Audit Risk and Governance Committee at the first Committee Meeting to be held in 2022 on the following:*
 - a. A risk assessment on the CPV Reserve shortfall,*
 - b. A repayment program, drafted for Council's approval, to eliminate the current \$6.1 million CPV Reserve funding shortfall,*
 - c. Confirm the legal authority the City has to use Reserve funds for purposes other than to be held as quarantined reserve funds for aged residents,*
 - d. Advise why funds used from the CPV Reserve to support the City's short-term liquidity requirements weren't returned as soon as possible, to the Reserve,*

- e. *Provide details as to the purpose the CPV Reserve funds were applied and used for and*

Issues an erratum, to correct the error contained in the 30 June 2009 Financial Statements, for the comparative year (30 June 2008) for the Reserves Note for the Collier Park Village Loan Offset Reserve, which has incorrectly disclosed Transfers to Retained Surplus and the Closing Balance (30 June 2008) of \$809,614, which should be \$8,096,147.

The reasons for the resolution are outlined in OCM report as at **Attachment (a)**.

Comment

Operations of the Village

By way of background, the City commenced Stage One of the Village in 1986 and has operated the Village consisting of 169 independent living units since the final stage (Stage 17) was completed in 1995. In between these times, the Hostel (no longer operational) was opened in 1990 and the Village Community Centre was completed in 1993. The only Capital works to have been undertaken since this time are the basic refurbishment of some of the existing units and the replacement of communal boiler houses (all funded from the Collier Park Village Reserve not the Collier Park Village Residents Offset Reserve). The Village is operated under the *Retirement Villages Act 1992* (the Act) and under that Act a Reserve Fund “*means a fund that is or is proposed to be, established for the purpose of accumulating funds to meet the cost of repairs, replacements, maintenance and renovations within a retirement village, regardless or whether or not the money in the fund is held in a separate account.*”

The City operates the Collier Park Village Reserve (not to be confused with the Residents Loan Offset Reserve) for this purpose. There is no legislative requirement to operate a separate reserve to hold funds that are to be returned to the residents upon exit from the Village.

Each resident has a Residence Agreement with the City, which complies in all respects with the legislation. Given the varying length of time that residents have been in the village, there are several different versions of the Agreement that are still in place. These Agreements are considered a “lease for life” arrangement but have a nominal timeframe of 40 years.

Given the condition of the village and the known need for significant Capital upgrades, some 65 units are currently leased on a short-term basis with the residents paying a monthly rent based on market valuation of between \$1,200 and \$1,240 per month.

Under the most recent (lease for life) Agreement, residents are required to pay the market value on entry to the Village (Ingoing Payment currently between \$330,000 and \$360,000). Upon termination of the lease, the resident is entitled to receive the Outgoing Payment which is the Ingoing Payment less the Exit Fee. The Exit Fee is calculated as:

Part A: \$32,500

Part B: 5% of the Ingoing Payment

Part C: For any period over 5 years 1% of the balance of the Ingoing Payment (max 5%)

As an example, if the sale price of the unit (Ingoing Payment) was \$350,000, and the resident stayed for 10 years, the outgoing payment would be:

\$350,000 less Part A (\$32,500), less Part B 5% of \$350,000 (\$17,500), less Part C 5% of \$300,000 (\$15,000) = \$285,000.

This amount would become payable to the outgoing resident either 7 days after the next resident takes up occupation or 45 days after ceasing to be a resident (whichever is sooner).

The amount that would be held in the Reserve at the time of the resident exiting the village would be \$285,000.

Residents also pay an ongoing maintenance fee as determined via a prescribed process under the *Retirement Villages Act 1992*. The current amount being paid by residents is \$455 per month, which funds the maintenance and operating costs of the Village. For every vacant unit, the City is obliged by legislation, to contribute the maintenance fees applicable to that unit.

In 2002 Council adopted Policy P610 Collier Park Village – Financial Arrangements specifies that “*The Refundable Portion of the Capital Contribution is to be quarantined in the cash-backed CPV Residents Loan Offset Reserve until such time as the funds repaid to the departing resident. Monies held in this reserve are to be used exclusively for the purpose of meeting payments to departing residents.*”

Since this Policy has been in place, the City has followed this direction and hence the Reserve has increased from \$1,070,359 to its balance of \$19,744,048 at 30 June 2021. Industry operators would normally have the majority of these funds invested in the bricks and mortar of the Village, ensuring the buildings are up to date and attractive. This would ensure that the Village could provide a contemporary offering that meets the current expectations of the market, and in particular residents of the area who wish to downsize and stay within the area. In line with industry operating models, this would enable units to be continually sold (re-leased) in the open market, with incoming payments used to fund payments to outgoing residents. In this scenario, only a small proportion of the total liability would be required to be kept on hand (somewhere around 2 years worth of liability) to fund any cash flow lag in selling (re-leasing) vacant units.

Financial Impacts of an Underperforming Village

Currently Collier Park Village Operates at an overall loss of \$330k inclusive of depreciation per annum. This has a direct impact on the City’s bottom line and contributes to the net deficit operating position.

The CPV Residents Offset Reserve

The Collier Park Village (CPV) Residents Offset Reserve (the Reserve) was established in accordance with Section 6.11 of the *Local Government Act 1995*. As such Council is required to determine the purpose or proposed use of the money in the Reserve either at budget adoption or by Council resolution during the year. Funds can only be used by a decision of Council refer to (c) below.

The purpose of the Collier Park Village Residents Offset Reserve as adopted by Council in the 2021/22 budget papers is to partially cash back the loan liability as stated below:

*“This reserve was established to **partially** cash back the loan liability due to residents on departing the village complex. The reserve is funded by the premium on the difference between the sale price of the units in the village to the ingoing resident and the amount of the refund to the departing resident. Funds in the reserve are maintained at an appropriate level to ensure that the draw of funds by departing residents in any given year is fully cash backed and available on demand. Funds in the reserve can be used to fund the City’s short term liquidity requirements should the operational need arise, funds utilised in this manner must be returned as soon as possible”.*

The most recent audited financial statements for the City (2020/2021) show that the Reserve had an opening balance of \$20,330,325 with transfers into the Reserve being \$1,301,575 and transfers out of the Reserve being (\$1,887,852) and a closing balance of \$19,744,048. The transfers into the Reserve include the premiums paid by incoming residents, interest earned and rent from units which are leased on a short term basis. Transfers from the Reserve are only the amounts paid to outgoing residents in accordance with their lease agreements.

The City's 2020/21 financial statements recognise a current liability of \$25,883,503 in relation to the CPV leaseholder liability, hence approximately 76% of the liability is met by the Reserve.

It should be noted that up until the 2015/16 financial year, none of the amount expected to be paid out to exiting residents in the next 12 months was reported as a Current Liability. The entire liability was reported as a Non-Current Liability. A change in accounting practice (required to be compliant with the Australian Accounting Standards) now means the whole liability is reported as current even though there is no real likelihood of the whole liability becoming due in the next 12 months. This is because the City does not have the right to defer the refund to an individual lease holder beyond one year and there is no certainty as to which individual leaseholders may terminate. However, for budgeting purposes the City uses an average of the number of vacated units and applies that to the overall obligation to estimate the amount payable in the next 12 months.

There is no statutory or contractual requirement for the City to operate the Collier Park Village Loan Offset Reserve as the retirement village operating model works on cash flow being generated by the sale of units (new leases) at the termination of existing lease. Each residence agreement details the obligations of the City regarding the return of funds (after exit fees are applied) to outgoing residents within a prescribed period or after settlement of the new lease to the ingoing resident.

As the village operator, (under the *Retirement Villages Act 1992*) the City operates the Collier Park Village Reserve, which accumulates the lease premium and refurbishment levy paid by ingoing residents of the Village. Capital purchases and refurbishments are funded from this Reserve. As at the 30 June 2021 this Reserve had a balance of \$918k.

Responses to Specific Parts of Council Resolution

- a. The City's internal risk management committee reviewed the CPV Lease Liability and the CPV Loan Offset Reserve at its meeting held on Tuesday 1 February 2022. The City's risk rating matrix was used to assess two identified risks being:
 - I. The City is unable to meet its financial obligation to CPV residents due to liability not fully cash backed by reserve (Financial Loss).
 - II. By not fully cash backing the CPV reserve Council is seen as not acting in the best interest of the residents (Reputational).

Both risks were added to the risk register and assessed by the Committee as having a residual risk (after risk treatments are considered) rating of Low, an extract of this outcome from the minutes is provided below.

Risk	Assessment			
The City is unable to meet its financial obligation to CPV residents due to liability not fully cash backed by reserve. Outcome Financial Loss	Inherent Risk Rating		Controls	Residual Risk Rating
	Consequence	Major	<ul style="list-style-type: none">Legislative control - The city is unable to close CPV without Supreme Court order.Facility is fully insured.Regular building maintenance in place to reduce risk.New residents pay ingoing fees which are kept in reserve.	Major
	Likelihood	Unlikely		Rare
	Risk Level	Moderate		Low
	Comments The City will only be liable to pay the full amount of the current liability if all residents were required to leave at the same time.			
By not fully cash backing the CPV reserve Council is seen as not acting in the best interest of the residents. Outcome Reputational	Inherent Risk Rating		Controls	Residual Risk Rating
	Consequence	Insignificant	<ul style="list-style-type: none">The City manages CPV in accordance with the Retirement Villages Act. All residents have lease agreements with the City and the City honours its obligations under those agreements.There is no legislative requirement to maintain a reserve of this nature.Residents are involved in budgeting for maintenance and capital improvements at the CPV.	Insignificant
	Likelihood	Rare		Rare
	Risk Level	Low		Low

- b. The City does not recommend any repayment program to eliminate the perceived \$6.1 million shortfall between the current liability and the reserve. It is not correct to view the difference between the liability and the asset as a shortfall because this view:
- ignores the value of the CPV asset (written down value approximating \$24 million);

- ii) the amounts shown as a liability only become contractually due to the resident upon termination of the lease and either a new resident moving in or the elapsing of 45 days;
 - iii) does not take into account the operating model of the village; and
 - iv) does not take into account that fact that the only scenario where the whole amount becomes due and payable at the same time is if everyone leaves at the same time.
- c. Section 6.11 of the *Local Government Act 1995* prescribes how a local government is to establish and use Reserve accounts. Council is required to determine the purpose or proposed use of the money in each reserve either at budget adoption or by Council resolution during the year. Funds can only be used in a manner as approved by decision of Council. As part of the 2021/22 budget adoption process Council adopted the following purpose for this reserve:
- “This reserve was established to **partially** cash back the loan liability due to residents on departing the village complex. The reserve is funded by the premium on the difference between the sale price of the units in the village to the incoming resident and the amount of the refund to the departing resident. Funds in the reserve are maintained at an appropriate level to ensure that the draw of funds by departing residents in any given year is fully cash backed and available on demand. Funds in the reserve can be used to fund the City's short term liquidity requirements should the operational need arise, funds utilised in this manner must be returned as soon as possible”.*
- d. During the 2020/21 budget adoption process, the City realised that the uncertain impacts of the COVID-19 Pandemic could potentially create short term liquidity problems for the City. Council added the following statement to **each** of its cash backed reserves:
- “Funds in the reserve can be used to fund the short-term liquidity requirements should the operational need arise, funds utilised in this manner must be returned as soon as possible.”
- Given the uncertainty of the Pandemic into the current financial year, this statement remains in stated purpose of each reserve as adopted in the 2021/22 budget. It is intended that Council will be asked to remove this from the purpose of all reserves once the uncertainty of the Pandemic has passed. The City confirms that the funds in the reserve, have to date, not been required or utilised to fund the City's short term liquidity requirements.
- e. As far as can be determined, the funds of the Collier Park Village Resident's Loan Offset Reserve have only been managed and used in accordance with Policy P610 Collier Park Village – Financial Arrangements since the adoption of that Policy in 2002.
- f. The City's website now displays a message alerting users to the error in the 2008 comparative figure for this reserve in the 2008/09 financial statements.

Consultation

No consultation was undertaken with regard to this report.

Policy and Legislative Implications

Retirement Villages Act 1992

Local Government Act 1995 section 6.11

Financial Implications

If Council adopts a repayment program to eliminate the perceived current \$6.1 million CPV Reserve funding shortfall, \$6.1 million of City funds would need to be diverted from other uses to fully cash back the Collier Park Residents Offset Reserve. To quarantine a further \$6.1 million of Municipal Funds will not mitigate any significant risk as illustrated in (a) above, the residual risk ratings assigned is Low. Any funds transferred to the CPV Reserve is removed from the City's net current asset pool available to utilise for community purposes effectively creating "dead" money not being used for community purposes or reinvested in the CPV upgrades (as is retirement village industry best practice).

Key Risks and Considerations

Risk Event Outcome	Reputational Damage Deals with adverse impact upon the professional reputation and integrity of the City and its representatives whether those persons be appointed or elected to represent the City. The outcome can range from a letter of complaint through to a sustained and co-ordinated representation against the City and or sustained adverse comment in the media.
Risk rating	Low
Mitigation and actions	The risk associated with the CPV Residents Offset Reserve is low for the reasons given in this report.

Strategic Implications

This matter relates to the following Strategic Direction identified within Council's [Strategic Community Plan 2021-2031](#)

Strategic Direction:	Leadership
Aspiration:	A visionary and influential local government
Outcome:	4.3 Good governance
Strategy:	4.3.1 Foster effective governance with honesty and integrity and quality decision making to deliver community priorities

Attachments

7.8 (a): Extract from 14 December 2021 Ordinary Council Meeting

7.9 ENDORSEMENT OF INTERNAL AUDIT PLAN

File Ref: D-22-6758
Author(s): Garry Adams, Director Corporate Services
Reporting Officer(s): Mike Bradford, Chief Executive Officer

Summary

This report has been prepared for the Committee to consider the Strategic Internal Audit Plan 2021/22 to 2025/26. The revised Strategic Internal Audit Plan will assist in establishing the annual work plans and annual budget. It is intended that the plan will be updated each year.

Officer Recommendation AND COMMITTEE RECOMMENDATION

Moved: Mayor Greg Milner

Seconded: Ms Shona Zulsdorf

That the Audit, Risk and Governance Committee endorses the Strategic Internal Audit Plan 2021/22 to 2025/26 as contained in **Confidential Attachment (a)**.

CARRIED (9/0)

For: Mayor Greg Milner, Councillors André Brender-A-Brandis, Mary Choy, Blake D'Souza, Ken Manolas, Jennifer Nevard and Stephen Russell, Mr Aswin Kumar and Ms Shona Zulsdorf.

Against: Nil.

Background

Internal audit is an independent assurance and consulting activity designed to add value and improve organisational operations. It is a management tool that should help reduce risk (where appropriate), improve the business, and provide assurance that appropriate governance, risk management and control arrangements are in place and working effectively.

Internal Audit, undertaken by Paxon is different to the External (Financial Statements) Audit undertaken by the Office of the Auditor General (OAG). The External Audit attests the values contained in the Annual Financial Statements and Notes, to a materiality level, for an external audience (the general public). However, given good systems and processes are required to produce Financial Statements, the OAG will consider the findings, improvements and reporting by the Internal Auditor (Paxon) as part of their analysis when undertaking their External (Financial Statements) Audit.

The new Strategic Internal Audit Plan **Confidential Attachment (a)** has been developed to maximise the efficiency and effectiveness of the City's internal audit function. The plan allocates resources to business areas subject to events and assessment of risk that may adversely affect the achievement of City objectives. It is intended that the plan is reviewed on an annual basis to ensure it maintains its relevance to current operations and aligns with the risks being faced by the City.

Comment

In developing the plan, City Management and Paxon Group have considered the City's financial constraints, various project timeframes (i.e. 1System project), organisational capacity to support the Internal Audit work, as well as developing and implementing the Audit findings/recommendations.

Detailed within the plan are the objectives of the indicative reviews to be carried out in the first year of the plan together with the risks that the review is aiming to address. As the plan progresses, further scoping of the reviews due to be undertaken in the next year will be carried out.

In reviewing the SIAP each year, the Committee may wish to have a greater emphasis placed on certain areas or wish to alter the year in which an area will have an Internal Audit. In addition, the SIAP may be amended to allow for changes in circumstances or priorities. As described above, alterations to a plan should be mindful of financial constraints, various project timeframes and the organisational capacity to support the undertaking of Internal Audits and then develop/implement the Audit recommendations.

Consultation

No external consultation has occurred.

Policy and Legislative Implications

The Internal Audit function is considered a business improvement process that will assist in compliance with the Local Government (Financial Management) Regulations 5 (CEO's duties as to financial management) and the Local Government (Audit) Regulations 17 (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. In addition to the payments to Paxon Group, there is a significant cost (officer time) in assisting the Auditors during the Audit, then designing/implementing recommendations and regular reporting of the progress against the plan.

Key Risks and Considerations

Risk Event Outcome	Legislative Breach Refers to failure to comply with statutory obligations in the manner in which the City, its officers and Elected Members conduct its business and make its decisions and determinations. This embraces the full gamut of legal, ethical and social obligations and responsibilities across all service areas and decision making bodies within the collective organisation
Risk rating	Low
Mitigation and actions	Strategic Internal Audit Plan developed with consideration as to risks, statutory requirements and contemporary internal audit practices.

	<p>Scoping of audits and audit services are provided by firm with appropriate expertise.</p> <p>Plan includes the use of expertise relevant to each audit.</p>
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Strategic Implications

This matter relates to the following Strategic Direction identified within Council's [Strategic Community Plan 2021-2031](#):

Strategic Direction:	Leadership
Aspiration:	A local government that is receptive and proactive in meeting the needs of our community
Outcome:	4.3 Good governance
Strategy:	4.3.1 Foster effective governance with honesty and integrity and quality decision making to deliver community priorities

Attachments

7.9 (a):	Strategic Internal Audit Plan 2021/22 - 2025/26 (<i>Confidential</i>)
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7.10 1SYSTEM PROJECT

File Ref: D-22-8104
Author(s): Garry Adams, Director Corporate Services
Reporting Officer(s): Mike Bradford, Chief Executive Officer

Summary

This is the 14th report to the Audit, Risk and Governance Committee providing an update on the 1System Project. Phases 1, 2 & 3A were delivered on time, on scope, on quality and on (under) budget.

Technology One's inability to deliver a functional Rates and Revenue module meeting WA Legislative requirement on time will result in the Project Team not being able to include Rates and Revenue as a deliverable of Phase 3B, leaving Compliance (Planning, Building and Health), Animals, Infringement, Customer Portals, and an upgrade to version 2022A as the deliverables of Phase 3B by July 2022.

The City is currently in negotiation with Technology One regarding timeframes for the commencement and completion of the implementation of the Rates and Revenue module.

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.

CARRIED (9/0)

For: Mayor Greg Milner, Councillors André Brender-A-Brandis, Mary Choy, Blake D'Souza, Ken Manolas, Jennifer Nevard and Stephen Russell, Mr Aswin Kumar and Ms Shona Zulsdorf.

Against: Nil.

Background

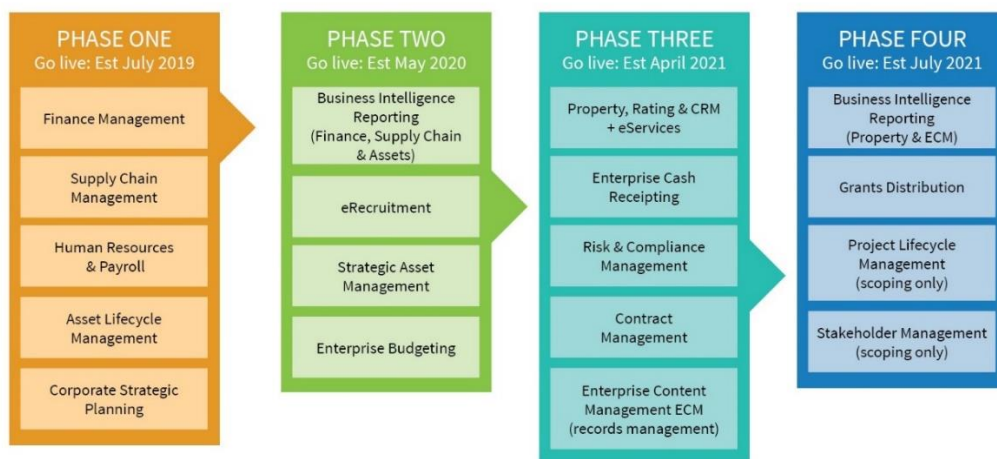
In March 2018, Council resolved to implement the Information Systems (IS) Strategy, authorising the CEO to finalise the contract with Technology One Ltd (TechOne) and report the progress of the "1System Project" implementation to each Audit, Risk and Governance Committee (ARGC) meeting. This is the 1System Project's 14th progress report prepared for the Committee.

The 1System Project was considered and approved by Council on 26 September 2017 and 27 March 2018. Prior to the Council decision in March 2018 to proceed, the ARGC considered all of the information and recommended Council approve the 1System Project implementation.

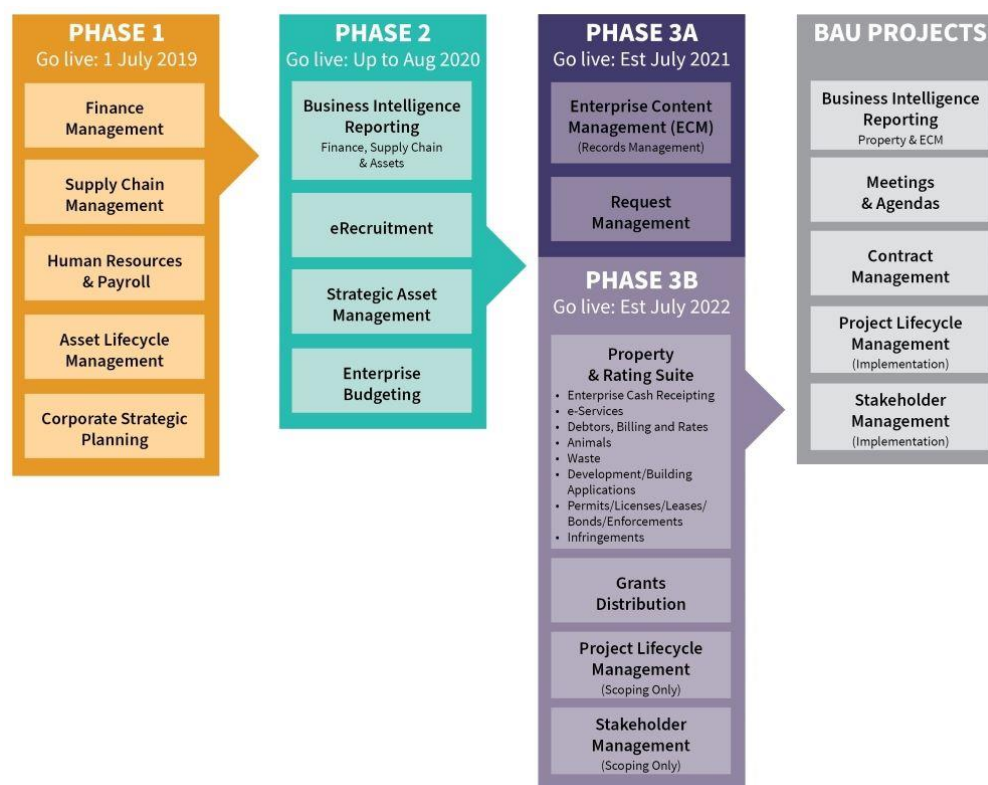
Before approving the 1System Project, Council considered the Information Systems (IS) Strategy, to either remain with the Best of Breeds (BoB) approach (i.e. multiple systems) or shift to one integrated system, commonly referred to as an Enterprise Resource Planning (ERP) system. The Council decision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

This is the first major systems implementation for the City in over 20 years, creating significant disruption to business as usual, as the project impacts on the whole organisation. Therefore, a significant component of the project design has focused change impact on people, as employees are required to significantly change their work practices. Essentially the approach was for a business transformation, rather than a systems implementation.

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



The detailed PMP was developed in consultation with Tech One, noting their then likely release of the various modules. Unfortunately, Tech One was not able to build the Property & Rating suite of modules (P&R) for specific WA legislation in time to commence the full implementation of P&R, so Phase 3 needed to be split into two phases, phase 3A and phase 3B (see the chart below). This has increased the length of the project by another year and increased the costs of the project for which the City has been compensated for (by Tech One) as reported to the ARGC on 9 March 2021.



Comment

In January 2022, the project team completed the annual upgrade of 1System to the latest version 2021B. There was a one-month delay in the delivery of this upgrade into the production environment due to a number of fixes being required to the newly implemented Customer Request module identified during user acceptance testing (UAT).

Phase 3B is progressing on schedule for the Compliance (Planning, Building and Health) module, Infringements and Animals module and enabling the debtor's component of the Property and Rating module. We are currently in the configuration stage for these deliverables.

Technology One has informed the City that all issues in regard to the Property and Rating module and its compliance with WA Legislation identified by Mandurah and Canning during their implementations have been fixed in the (2022A) version due for release on the 28th of February.

We will commence development of the implementation plan for the Rates and Revenue modules as soon as we get notification from Mandurah and Canning that 2022A release fixes all identified issues and does not adversely impact other modules. This means that the project team will now have to plan to upgrade to 2022A in the very near future.

Due to the delays in Technology One fixing the issues in Property and Rating it now results in Canning, Mandurah, and South Perth all going live with Property and Rating within a six-month period, adding greater risk to each of our projects as the three councils will now be competing for the same Technology One resources.

During the months of December and January, three of the six project staff resigned including our Project Manager. Two of these positions have been filled and recruitment for the Project Manager is now under way. The current Project Manager does not leave the organisation until the end of April so, at this stage, the risk of further delays in the deliverables of Phase 3B are not seen as high.

Consultation

Officers continue to work closely with the City of Canning who we signed an MOU with in 2018. Overall, Canning is approximately one year ahead of the City in the 1System implementation, which enables South Perth to take heed of any lessons learned and be made aware of any issues with implementation early.

The City has an MOU with the Shire of Serpentine Jarrahdale and also signed MOU's with the City's of Nedlands and Armadale to collaborate with them on their implementations. We have also been in close contact with Mandurah who have been conducting testing on the Property and Rating module and providing information to the City regarding the outcomes.

Policy and Legislative Implications

The 1System Project will be managed in accordance with the *Local Government Act 1995* and Regulations, *State Records Act 2000*, as well as various policies and management practices relating to financial and project management.

Financial Implications

The 1System Project Phase 3A was managed in accordance with the Project Plan Budget (adopted 2018/19 Budget) and had sufficient contingency available to meet contract variations.

A project budget of \$1.5m was adopted for 2021/22 with current actuals sitting at \$.741m

Following successful implementation, Lagan has been decommissioned with an annual saving of approximately \$66,000pa from September 2021 onwards. The City has also negotiated with Civica to reduce the annual fees for the Authority system. A 25% discount was applied 2020/21 for a saving of \$55,000 and a 50% discount has been applied for 2021/22 onwards for a saving of \$110,000pa until Authority is fully decommissioned.

Any financial implications of further delays in the implementation of the System due to Technology One delivery delays will be brought to Council's attention if and when they become apparent.

Key Risks and Considerations

Risk Event Outcome	Nil
Risk rating	Nil
Mitigation and actions	Nil

Strategic Implications

This matter relates to the following Strategic Direction identified within Council's [Strategic Community Plan 2021-2031](#):

Strategic Direction:	Leadership
Aspiration:	A local government that is receptive and proactive in meeting the needs of our community
Outcome:	4.3 Good governance
Strategy:	4.3.1 Foster effective governance with honesty and integrity and quality decision making to deliver community priorities

Attachments

Nil.

8. OTHER RELATED BUSINESS

Audit Risk and Governance Committee Terms of Reference

Director Corporate Services Garry Adams answered questions raised by external member Ms Shona Zulsdorf relating to the Terms of Reference.

9. CLOSURE

The Presiding Member declared the meeting closed at 8.57pm.

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.