

MINUTES

Audit, Risk and Governance Committee Meeting

11 November 2024

Committee Members

Here within are the Minutes of the Audit, Risk and Governance Committee Meeting held Monday 11 November 2024 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

13 November 2024

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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 6.08pm and welcomed everyone in attendance.

The Chair welcomed Ms Carly Meagher (Acting Senior Director Financial Audit) and Mr Spencer Masenda (Audit Manager Financial Audit) from the Office of the Auditor General who presented and answered questions from Committee members relating to the content of Item 7.1 and Item 7.2.

2. ATTENDANCE

Elected Members

Mayor (Chair)
Moresby Ward

Greg Milner
Councillor Jennifer Nevard

External Members

Mr Warwick Gately
Ms Shona Zulsdorf

Officers

Chief Executive Officer
Director Development and Community Services
Director Infrastructure Services
A/Director Corporate Services
Manager Governance
Governance Coordinator
Senior Governance Officer
Governance Officer

Mr Mike Bradford
Ms Donna Shaw
Ms Anita Amprimo
Mr Abrie Lacock
Ms Toni Fry
Mr Morgan Hindle
Ms Christine Lovett
Ms Jane Robinson

Guests

Office of the Auditor General
Office of the Auditor General

Ms Carly Meagher (Retired at 6.23pm)
Mr Spencer Masenda (Retired at 6.23pm)

2.1 APOLOGIES

- Councillor Bronwyn Waugh

2.2 APPROVED LEAVE OF ABSENCE

- Councillor André Brender-A-Brandis for the period 23 October 2024 to 30 November 2024, inclusive.

3. DECLARATIONS OF INTEREST

Nil.

4. CONFIRMATION OF MINUTES

4.1 AUDIT, RISK AND GOVERNANCE COMMITTEE MEETING HELD: 10 September 2024

Officer Recommendation AND COMMITTEE RECOMMENDATION

Moved: Ms Shona Zulsdorf

Seconded: Mr Warwick Gately

That the Minutes of the Audit, Risk and Governance Committee Meeting held 10 September 2024 be taken as read and confirmed as a true and correct record.

CARRIED (4/0)

For: Mayor Greg Milner, Councillor Jennifer Nevard, Mr Warwick Gately and Ms Shona Zulsdorf.

Against: Nil.

5. PRESENTATIONS

Nil.

6. BUSINESS ARISING FROM PREVIOUS MEETING

Nil.

7. REPORTS

7.1 2023/24 ANNUAL FINANCIAL STATEMENTS (EXTERNAL) AUDIT INFORMATION SYSTEMS REPORT

File Ref: D-24-43101
Author(s): Abrie Lacock, Manager Finance
Reporting Officer(s): Garry Adams, Director Corporate Services

Summary

This report tables the 2023/24 Annual Financial Statements Final Audit Information Systems Audit report from the Office of the Auditor General (OAG), referred to as a Management Letter. Like prior years the 2023/24 Annual Financial Statements Audit included an Information Systems Audit. The Information Systems Audit Management letter includes 14 findings, risk ratings, recommendations, and management comments.

It is recommended that all the findings are accepted and added to the City's Audit Register, with commentary on progress of resolution to be reported at each Audit, Risk and Governance Committee Meeting. Carly Meagher, Acting Senior Director Financial Audit and Spencer Masenda, Audit Manager Financial Audit from the Office of the Auditor General will be in attendance to discuss and answer questions on the content of the Management Letter.

Officer Recommendation AND COMMITTEE RECOMMENDATION

Moved: Ms Shona Zulsdorf
Seconded: Mr Warwick Gately

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

1. Notes and accepts the Information Systems Audit Management Letter **Confidential Attachment (a)**; and
2. Includes the findings of the Final Audit Management Letter Information Systems Audit in the Audit Register.

CARRIED (4/0)

For: Mayor Greg Milner, Councillor Jennifer Nevard, Mr Warwick Gately and Ms Shona Zulsdorf.

Against: Nil.

Background

The External Audit, also known as an Audit of the Annual Financial Report is conducted separately from Internal Audit. External Audit focuses on providing an objective independent opinion of the financial statements prepared by the City. In forming that opinion, testing is undertaken of internal controls, systems and procedures that form the basis of the balances that make up the Annual Financial Report.

The *Local Government Amendment (Auditing) Act 2017* made legislative changes to the *Local Government Act 1995* to provide for the auditing of local governments by the Office of the Auditor General (OAG).

The changes also allow for the OAG to undertake various types of audits including Information System Audits. These audits are conducted at a sample of State or Local Government entities. The Information Systems Audit focuses on the computer environments to determine if these effectively support the confidentiality, integrity and availability of information they hold.

Following on from the last six years, the OAG performed the City of South Perth 2023/24 Annual Financial Statements external audit. The external audit occurs in two steps, the first being an Interim Audit which typically tests controls around transactions, with the final stage being the Audit work to attest the balances and notes that comprise the Annual Financial Statements.

The 2023/24 Information Systems Audit was the fifth such audit, with the first being conducted by the OAG for the financial year 2018/19 which included 19 findings.

A second Information Systems Audit was conducted in 2019/20, and it identified 23 findings (14 of which were a replication of previously identified findings).

The 2021/22 Information Systems Audit identified 22 findings of which eight were replicated from previous audits. The 2022/23 Information Systems Audit identified 20 findings of which 18 were replicated from the previous audits.

Good progress has been made and the 2023/24 Information Systems Audit identified 14 findings of which 9 were replicated from the previous audits. No findings have been rated as significant and all findings are confirmed to have no impact on the audit opinion.

With reference to the Information Systems Audit, it is therefore recommended that the existing open replicated findings be closed and replaced with the 2023/24 findings.

All Audit recommendations are recorded in the Audit Register. Progress will be monitored by management, this Committee and Council.

Comment

The Final Audit was conducted in October 2024, with the Information Systems Audit Management Letter **Confidential Attachment (a)** being issued. It includes 14 findings, risk ratings, recommendations, and management comments. This report is presented for the Committee's consideration.

Officers recommend all findings are included in the Audit Register.

The WA Auditor General undertakes Information Systems Audits at selected Local and State Government agencies. Findings are presented to Parliament in the summary report. The results of the City's audit will be incorporated into the summary report presented to Parliament. A copy of this report will be made available when issued.

It should be noted that whilst a number of findings have remained outstanding across audit years, there has been a large amount of work undertaken to address these however, due to supplier issues and internal resourcing issues, some of these remain work in progress. The City will continue to work through all findings in priority order, within its resourcing constraints.

Consultation

Nil.

Policy and Legislative Implications

Local Government Act 1995 and Regulations.

Financial Implications

The fee for finalising the External Audit for the 2023/24 Annual Financial Statements is estimated at around \$104,500 (excl GST). An amount of \$73,000 was included in the budget, however a budget adjustment of \$31,500 will be required at midyear review.

The cost of City Officers’ ongoing effort to undertake the improvements and report on progress has not been estimated.

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	Compliance with the <i>Local Government Act 1995</i> .

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

- 7.1 (a): Final Audit Informations Systems Management Letter
(Confidential)

7.2 2023/24 CITY OF SOUTH PERTH ANNUAL FINANCIAL REPORT

File Ref: D-24-43100
Author(s): Abrie Lacock, Manager Finance
Reporting Officer(s): Garry Adams, Director Corporate Services

Summary

This report tables the 2023/24 Annual Financial Report, the Independent Auditor's Report and the Office of the Auditor General Exit Brief.

Officer Recommendation AND COMMITTEE RECOMMENDATION

Moved: Ms Shona Zulsdorf
Seconded: Mr Warwick Gately

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

1. Adopt the Annual Financial Report shown at **Attachment (a)**;
2. Accepts the Independent Auditor's Report on the 2023/24 Annual Financial Report presented by the WA Auditor General shown at **Attachment (b)**; and
3. Accepts the WA Auditor General Annual Financial Audit Exit Brief shown at **Confidential Attachment (c)**.

CARRIED (4/0)

For: Mayor Greg Milner, Councillor Jennifer Nevard, Mr Warwick Gately and Ms Shona Zulsdorf.

Against: Nil.

Background

The Department of Local Government, Sport and Cultural Industries (DLGSCI) Operational Guidelines Number 9 – Audit in Local Government, describe that the CEO is responsible to ensure the external audit report and Annual Financial Report is provided to the Audit, Risk and Governance Committee (ARGC) for review. This is the sixth year that the City's external audit has been conducted by the WA Auditor General (OAG). The City of South Perth was one of the first Councils where the WA Auditor General conducted the external audit as part of the completed staged transition for all local governments to be audited by the OAG.

The 2023/24 Annual Financial Report shown at **Attachment (a)** provides the community with an open and accountable insight into how the City has performed against the adopted Annual Budget 2023/24 as the short term plan informed by the vision and strategic objectives outlined in the City's Strategic Community Plan 2021-2031.

Included in **Attachment (b)** is the draft Independent Auditor's Report on the 30 June 2024 Annual Financial Report. The WA Auditor General has presented their findings in the Annual Financial Audit Exit Brief which is provided at **Confidential Attachment (c)**.

Comment

The Annual Financial Audit Exit Brief **Confidential Attachment (c)** at Part 3 is titled “Issues Identified during the Audit” and under the heading Reporting and Financial Control Issues there are no findings. It also describes and includes a summary of the Information Systems Control Issues, from the Information Systems audit performed as part of the Annual Financial Audit. Details are reported to the Committee in a separate report forming part of the agenda for this meeting.

Part 4 of the Exit Brief describes audit outcomes relating to risks identified during audit planning. This section confirms that all risks identified were adequately tested and mitigated, issues identified have been included in Part 3 as detailed above.

The Annual Financial Audit Exit Brief confirms at Part 5, that the City treated the disposal of Collier Park Village correctly in its accounts.

Part 6 refers to an “Information Systems Maturity Model.” As part of the information systems audit a Capability Maturity Assessment is performed. The capability maturity model is a way of assessing how well developed and capable the established IT controls are. The current Assessment shows that the City’s maturity across a number of areas has improved over the past year.

Part 7 of the Exit Brief describes unadjusted errors and misstatements and confirms that there are no unadjusted errors or misstatements. The WA Auditor General has once again issued an unqualified opinion in the draft Independent Auditor’s Report.

Parts 8, 9 and 10 deals with the audit fee, grant acquittals and next year’s audit respectively.

Officers recommend that the ARGC receive the presentation by officers from the Office of the Auditor General and note the 2023/24 Annual Financial Report including the draft audit opinion and the Annual Financial Audit Exit Brief.

The ARGC may make recommendations to Council, with Council required to accept the Annual Report, including the Annual Financial Report, for presentation to the annual Electors’ General Meeting.

The Annual Financial Report and Independent Auditor’s Report are complete. There may be minor layout and textual amendments (presentation amendments) to the Annual Financial Report prior to it being presented to the Electors’ General Meeting in February 2025.

Consultation

Nil.

Policy and Legislative Implications

Section 5.53(1) of the *Local Government Act 1995* requires a local government to prepare an annual report for each financial year. Section 5.53(2) of the *Local Government Act 1995* specifies that the Annual Report is to contain the financial report and auditor’s statement for that financial year.

Financial Implications

Nil.

Key Risks and Considerations

Risk Event Outcome	<p>Legislative Breach</p> <p>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.</p>
Risk rating	Low
Mitigation and actions	Annual Financial Report provided in compliance with the requirements of the <i>Local Government Act 1995</i> .

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

7.2 (a):	2023/24 City of South Perth Draft Annual Financial Report
7.2 (b):	2023/24 Draft Audit Opinion
7.2 (c):	Annual Financial Audit Exit Brief (<i>Confidential</i>)

7.3 QUARTERLY ACTIVITY REPORT

File Ref: D-24-41549
Author(s): Toni Fry, Manager Governance
Reporting Officer(s): Garry Adams, Director Corporate Services

Summary

This report outlines recent activities undertaken by the City of South Perth relating to Risk Management, Business Continuity and Workplace Health and Safety and an overview of the activities planned.

Officer Recommendation AND COMMITTEE RECOMMENDATION

Moved: Ms Shona Zulsdorf

Seconded: Mr Warwick Gately

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

1. Notes the details of the Quarterly Activity Report as contained in the body of the report;
2. Notes the one Corporate Operational Risk being escalated as contained within the report; and
3. Endorses the Strategic Risk Register as contained in **Confidential Attachment (a)**.

CARRIED (4/0)

For: Mayor Greg Milner, Councillor Jennifer Nevard, Mr Warwick Gately 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 the City's compliance with Regulation 17 of the Local Government (Audit) Regulations 1996 (the audit regulations).

The responsibility of the Chief Executive Officer (CEO) in relation to Regulation 17 of the audit regulations includes reviewing the appropriateness and effectiveness of the City's systems and procedures in relation to:

- a) risk management;
- b) internal control; and
- c) legislative compliance.

This activity report will provide an update on the City's Risk Management, Business Continuity and Workplace Health and Safety activities undertaken for the previous quarter and identifies proposed activities for the upcoming quarter.

Information contained in this report will assist the ARGC in fulfilling their responsibilities as they relate to Regulation 17 of the audit regulations.

Comment

1) Strategic Risk Register

The Strategic Risk Register (register) has been developed in consultation with the City's Elected Members and external members of the ARGC. The register was last endorsed by the ARGC at its meeting held 10 September 2024.

The register, as contained in **Confidential Attachment (a)**, has been reviewed by the Executive Management Team with one amendment in terminology related to Risk 7 - Work Health and Safety and the City's proposed Industrial Agreement. This amendment is identified in red text within the register which is presented to the ARGC for endorsement.

2) Operational Risk Register

In accordance with the requirements of the Risk Management Framework 2024 all Corporate Operational risks with a residual risk rating of High or Extreme are presented to the ARGC for review and noting. The Internal Risk Management Committee (IRMC) met on 3 October 2024 at which time the Operational Risk Register was reviewed and subsequently presented to the Executive Management Team on 21 October 2024 for endorsement.

Due to the recent improvement in availability of contractors and the impact on City activities, Operational Risk 5.0 Dependency on Contractors to Deliver Key Projects/Services was reassessed from a high residual risk level to a moderate risk level.

Subsequently one risk remains on the operational risk register with a residual risk rating at high or above as detailed below:

Corp Risk 1.2 Physical security of City Officers and Assets

Outcome: Health/Injury

Due to hostile incidents which have occurred at City facilities, the residual likelihood of this risk event occurring remains as possible, with the risk rating remaining as high.

Controls

Established corporate policies, management practices, procedures and strategies including:

- Communications on 'increased alert level' provided via email.
- External provider engaged for building security.
- Audio communication on CCTV at Waste Kiosk (completed) and thermographic camera to be installed at Recycling Centre 'battery storage area.'
- Additional security cameras installed at Animal Care Facility, George Burnett Leisure Centre and Civic Centre Customer Service.

- Swipe card access to staff administration areas.
- Training and awareness sessions provided.
- Additional exit door installed in Development Services meeting room.
- Operations and Recycling Centre – main entry gates closed to the public outside business hours.
- Personal duress alarm for Animal Care Facility Officers working alone.
- Cashless operations at the Civic Centre.
- Security gate and fencing installed at the Civic Centre staff carpark.
- Security screens on all windows at Animal Care Facility and Rangers Office.

Further actions/comments

- Develop and review policies and management practices to address security access.
- Further rollout/renew/upgrade of CCTV at all City buildings.
- Physical review of security at the Animal Care Facility, Rangers Office and Operations Centre reception area currently in progress.
- Civic and Administration reception desk – glass barrier to be installed.
- Review of National Terrorism Threat Level.

3) Business Continuity

A Business Continuity Management Framework (BCMF) has been developed and was presented and noted at the 12 September 2023 ARGC Meeting. City Officers have been working towards developing a process implementation plan, which is expected to be rolled out across the City's business units in early 2025. A report on this progress will be provided at the March 2025 ARGC meeting.

4) ISO 45001 Work Health and Safety

- The Executive Management Team, Work Health and Safety - Safety Management System meeting was held in July 2024 at which time the WHS Annual Target and Objectives for 2023/24 were reviewed and finalised with the Annual Target and Objectives adopted for 2024/25.

An internal WHS ISO45001 audit was conducted in August 2024 to cover Civic Centre and GBLC activities.

- Training was held in July for the Leadership Team on menopause-friendly work practices, as part of the City becoming accredited towards being a Menopause Friendly Workplace.
- First Aid training was held in July 2024 for 24 employees.
- Incident investigation training for HR representatives, Coordinators, Supervisors, and Team Leaders was held in August 2024.

- R U OK? Day presenter from the Happiness Co was engaged to present at the 'All of Staff' meeting held on the national R U OK? Day, to talk about how to identify individual behaviours' of those who may be struggling as well as how to engage and ask the right questions to support them.

5) Planned Activities

The following activities are planned (subject to the availability of organisational officers) for the remainder of the 2024/25 financial year:

System/Procedure	Activity	Expected Outcome
Risk Management	Operational risks to be reviewed on a quarterly basis.	The City's Corporate Operational Risk register to be as current as reasonably practicable.
Risk Management	Development of further fraud and corruption training.	Increased knowledge within the City's business units in order to further protect resources and information and safeguard the integrity and reputation of the City.
Business Continuity	Rollout of updated business continuity plans in accordance with the requirements of the Business Continuity Management Framework.	The City's Business Continuity Plans to be as current as reasonably practicable.
Risk Management	Management Practice M695 Risk Management.	Sound risk management practices and procedures to be further integrated into the City's strategic and operational planning process and day to day business practices.
Risk Management	Provide training program for identified officers.	Provide support and guidance to officers ensuring they have familiarity with the City's risk management practices.
Workplace Health and Safety	Continue to implement the annual Targets & Objectives.	Targets are on track to be achieved for 2024/25.

Consultation

Nil.

Policy and Legislative Implications

- Reg 17 (1) (a) (b) and (c) of the 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;
 - (b) internal control; and
 - (c) Legislative compliance.
- *Work Health and Safety Act 2020*

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	Continuous review and improvement in relation to all Risk Management, Business Continuity and Workplace Health and Safety activities.

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

- 7.3 (a): Strategic Risk Register (*Confidential*)

7.4 2024/25 CORPORATE BUSINESS PLAN - 1ST QUARTER UPDATE

File Ref: D-24-42938
Author(s): Pele McDonald, Manager People and Performance
Reporting Officer(s): Garry Adams, Director Corporate Services

Summary

This report provides an update on the progress of the Corporate Projects and Measures of Success identified in the Corporate Business Plan 2024/25-2027/28.

It is recommended that the Audit, Risk and Governance Committee notes the progress recorded against each Corporate Project/Activity contained within the 2024/25 Corporate Business Plan Quarter 1 Report and notes the results for all Measures of Success (key performance indicators) contained within the Corporate Business Plan Measures of Success Report.

Officer Recommendation AND COMMITTEE RECOMMENDATION

Moved: Ms Shona Zulsdorf
Seconded: Mr Warwick Gately

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 (4/0)

For: Mayor Greg Milner, Councillor Jennifer Nevard, Mr Warwick Gately and Ms Shona Zulsdorf.

Against: Nil.

Background

The Strategic Community Plan (SCP) 2021-2031 was endorsed by Council at its meeting held 14 December 2021. A minor review of the SCP was completed and endorsed by Council at its meeting held 23 April 2024.

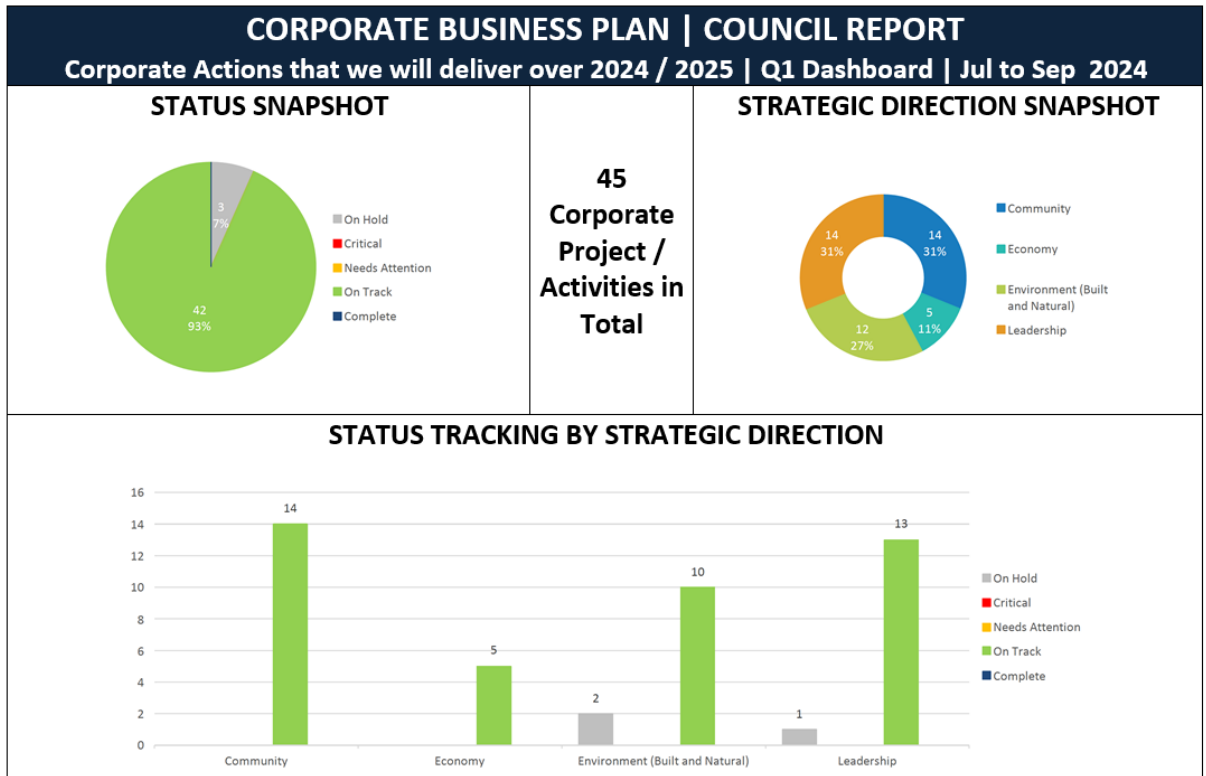
The Corporate Business Plan (CBP) translates the aspirations and strategies of the SCP into operational priorities and indicates how they will be resourced over a four-year period. The CBP outlines in detail the services and projects required to ensure delivery of the SCP and includes measures of success as an indication of performance.

The CBP for the period 2024/25 to 2027/28 was endorsed by Council at its meeting held 25 June 2024.

Comment

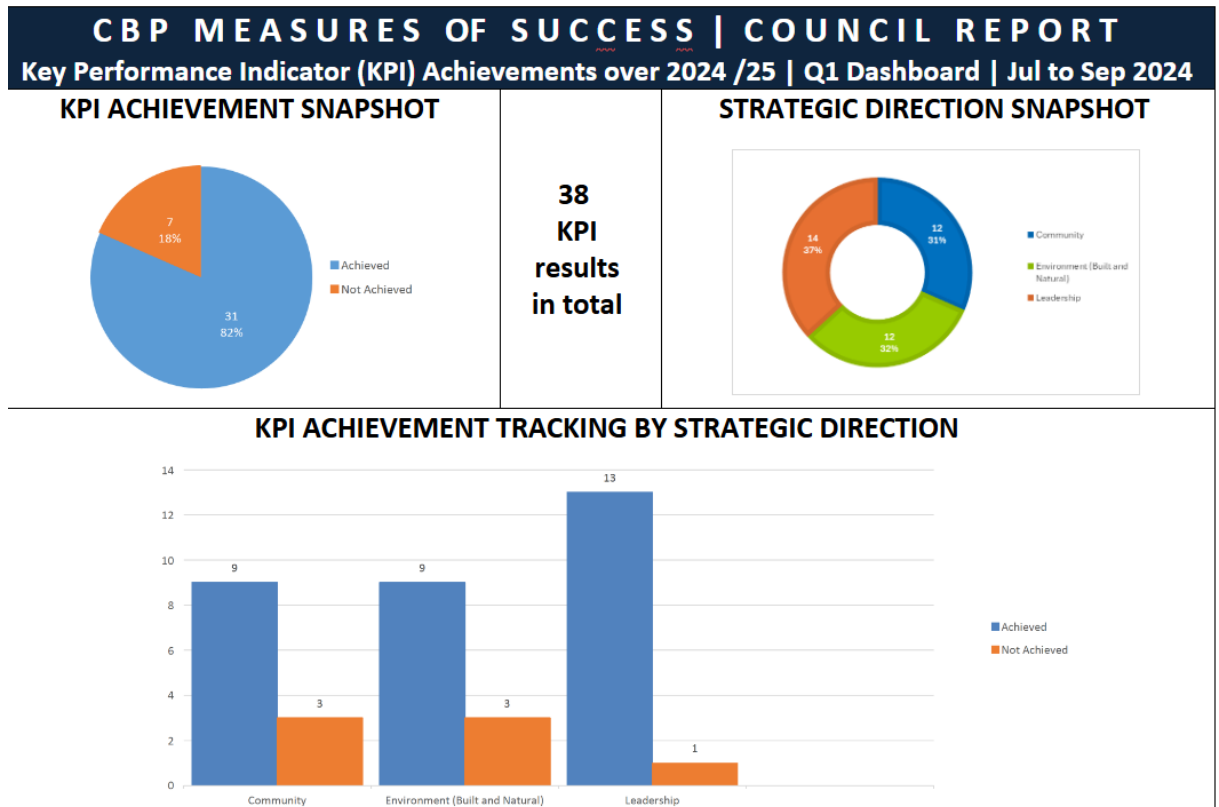
This is the progress report for quarter 1 of the 2024/25 planning year. The dashboard (shown in the screenshot below) has been designed within the “My Performance Planning” 1System module. This module is used by the City to record and report on all annual planned actions and measures of success within the CBP.

The City of South Perth’s Corporate Business Plan Report - Quarter 1 Dashboard



The attached CBP report is presented for information, with a comment by the officer in the Quarterly Updates column. At the end of quarter 1 for the 2024/25 financial year, 42 (93%) of the 45 Corporate Actions are on track and three projects are on hold.

The City of South Perth's CBP Measures of Success Report – Quarter 1 KPI Dashboard



At the end of quarter 1 for the 2024/25 financial year 31 (82%) of the 38 KPIs were achieved, and 7 (18%) not achieved.

Nine KPIs have an annual reporting status instead of a quarterly reporting basis. The data for these KPIs does not change each quarter and/or is not calculated until the end of the financial year and hence quarterly reporting is unnecessary. These include:

1. Current Ratio
2. Financial Health Indicator
3. Asset Sustainability Ratio
4. Asset Renewal Funding Ratio
5. Compliance Audit Return Responses
6. Sustainable Living Program Satisfaction Rate
7. Natural Area Rehabilitation
8. Safety Management System
9. Reduction in Greenhouse Gas (GHG) Emissions

The attached KPI report is presented for information, with a description by the officer in the Result Comment column when a KPI is not achieved.

Consultation

Nil.

Policy and Legislative Implications

Local Government (Administration) Regulations 1996.

Financial Implications

All projects and activities listed in the CBP Quarter 1 Update are fully funded within the 2024/25 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) Corporate Actions; b. Quarterly Key Performance Indicator reporting of CBP measures of success; and 3. Implementation of Audit findings 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 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):	Quarter 1 2024/25 CBP Project Status Updates
7.4 (b):	Quarter 1 2024/25 CBP KPI Progress Updates

7.5 AUDIT REGISTER PROGRESS REPORT - 1ST QUARTER UPDATE

File Ref: D-24-41378
Author(s): Toni Fry, Manager Governance
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 and Council.

Officer Recommendation AND COMMITTEE RECOMMENDATION

Moved: Ms Shona Zulsdorf

Seconded: Mr Warwick Gately

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 (4/0)

For: Mayor Greg Milner, Councillor Jennifer Nevard, Mr Warwick Gately and Ms Shona Zulsdorf.

Against: Nil.

Background

The confidential Audit Register as contained in **Confidential Attachment (a)** lists internal and external audit findings and describes the progress of implementing improvements and the percentage completion. This report is prepared for noting the progress and completion of findings since the last meeting.

Comment

The Audit Register contained in **Confidential Attachment (a)** presents audit outcomes by 'Finding' numbers. Any given Finding may have more than one 'Recommendation' and associated 'Agreed Management Action.'

Only when all Agreed Management Actions related to a Finding are marked as 100% complete, will the report be presented to the Audit, Risk and Governance Committee (ARGC), with a recommendation that the Finding be closed.

7.5 Audit Register Progress Report - 1st Quarter Update

The Audit Register has been formatted to ensure clarity as detailed below:

1. Where a Finding has more than one Agreed Management Action, it is represented with double lines around that entire Finding.
2. Updates in relation to each Finding are displayed in chronological order i.e. latest update appears at the bottom of each Finding.
3. Each Finding that is to be closed (i.e. 100% complete for all Agreed Management Actions) is represented by a purple 'Closed Tally' column on the right and numbered.
4. All Findings that are being recommended for closure by the ARGC are filtered to the end of the register.

The ARGC is requested to recommend that Council 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)**.

Internal Auditor

The City recently invited expressions of interest from qualified and experienced auditors to undertake all aspects of the preparation and execution of a revised Strategic Internal Audit Plan for the period 2024-2027.

The Request for Quotation was released via WALGA Vendorpanel on Friday 23 August 2024 to the following organisations:

1. Australian Audit Pty Ltd
2. KPMG
3. Moore Australia (WA) Pty Ltd
4. Paxon Business and Financial Services Pty Ltd
5. RSM Australia
6. Stantons International Audit and Consulting Pty Ltd
7. William Buck Consulting (WA) Pty Ltd

At the close of submissions on Wednesday 11 September 2024 the following organisations had responded:

1. Australian Audit Pty Ltd
2. Moore Australia (WA) Pty Ltd
3. Paxon Business and Financial Services Pty Ltd
4. Stantons International Audit and Consulting Pty Ltd
5. William Buck Consulting (WA) Pty Ltd

The evaluation panel made up of the Director Corporate Services, Manager Finance Services and Manager Governance assessed each submission. Given the stringent evaluation process, it was evident that William Buck Consulting (WA) Pty Ltd stood out as the highest rated across the criteria. Additionally, their submission also presented competitive pricing whilst ensuring compliance with the requirements outlined.

It was therefore recommended Willam Buck Consulting (WA) Pty Ltd be selected as the preferred supplier to supply the Provision of Internal Audit Services for the City of South Perth for three years from the date of acceptance.

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 has a budget of \$40,000 for the 2024/25 financial year, and it is anticipated that a budget of a similar amount is to be adopted for future years. Officers' effort to undertake the improvements and report on progress has not been estimated.

Key Risks and Considerations

Risk Event Outcome	<p>Legislative Breach</p> <p>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.</p>
Risk rating	Medium
Mitigation and actions	<p>Quarterly reporting of progress on the Audit Register to the ARGC and Council. In the report, Officer comments on actions taken and progressive completion of Actions are noted. Actions which are 100% complete are closed out and reported to the ARGC. There is no future reported on closed out actions.</p>

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

7.5 (a):	Audit Register Report (<i>Confidential</i>)
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7.6 POLICY REVIEW - INFRASTRUCTURE SERVICES

File Ref: D-24-40424
Author(s): Anita Amprimo, Director Infrastructure Services
Reporting Officer(s): Anita Amprimo, Director Infrastructure Services

Summary

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

Officer Recommendation AND COMMITTEE RECOMMENDATION

Moved: Ms Shona Zulsdorf
Seconded: Mr Warwick Gately

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

1. Adopts the following revised policies with amendments as shown in **Attachment (a)**:

P202	Energy Conservation
P203	Ground Water Management
P204	Chemical Use
P210	Street Verges
P211	Water Sensitive Urban Design
P212	Waste Management
P357	Right of Way (ROW) Maintenance and Development
P510	Traffic Management
P648	Motor Vehicle
P688	Asset Management

CARRIED (4/0)

For: Mayor Greg Milner, Councillor Jennifer Nevard, Mr Warwick Gately and Ms Shona Zulsdorf.

Against: Nil.

Background

In line with contemporary organisational models, the policy framework aligns policies to the City's Strategic Directions as contained in the Community Strategic Plan 2021-2031.

City Officers have been reviewing policies on a progressive basis during the 2024 calendar year. Each policy has been 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 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 review may identify a need to revise the policy, revoke the policy or that no change is needed.

This review was conducted on the policies that are vested with the Infrastructure Services Directorate. During this review, there were no new policies drafted for consideration and none were recommended to be revoked.

Amended Policies

The policies listed below and at **Attachment (a)** are recommended with amendments as shown by track changes in each document.

A small summary explaining the amendments has been provided in the table below:

P202 Energy Conservation

At both a local and state level, there has been an increase in demand to develop new initiatives for the conservation of energy. These initiatives include the installation of charging stations for electronic vehicles and a bike enclosure with charging stations for e-bikes and e-scooters at the Civic Centre. This policy has been updated to encourage and promote sustainable transportation and the implementation of clean energy infrastructure upgrades in addition to the preexisting directives.

The business unit vested with responsibility for ensuring the compliance of this policy has been reassigned to Waste, Fleet and Facilities, as they have the ability to provide a holistic approach to implementing the directives outlined in the policy statement.

P203 Ground Water Management

Following the successful sale of Collier Park Retirement Village to Amana Living on 27 June 2024, references to the City's responsibility for ground water maintenance of the property has been removed from the policy.

The policy has also been updated to identify the need for a Dewatering Management Plan when considering development applications that incorporate basement construction. This is in line with legislative requirements.

P204 Chemical Use

The original version of this policy did include a provision that required both employees and external parties acting on behalf of the City to consider the safety implications for the community and environment. This has now been updated to include a comprehensive list of requirements.

This includes:

- Following manufacturers labels.
- State regulated guidelines.
- Available signage.
- Personal protective equipment.
- Storage directions.

The inclusion of these provisions ensures that all requirements are accounted for when City employees and external parties acting on behalf of the City encounter chemicals as part of their operational responsibilities.

P210 Street Verges- Vegetation

The title of this policy has been updated to reflect the City's commitment to the development and retention of green and leafy streetscapes within the City. Whilst the preference is for verge treatments to consist of sustainable gardens and/or lawn, the policy has expanded its consideration of other treatments to include concrete paving upon application to the City. Synthetic turf is now explicitly excluded as a verge treatment.

Unapproved treatments will be liable to compliance which may result in the request for removal.

P211 Water Sensitive Urban Design

The objectives of Water Sensitive Urban Design have been included within the policy to clearly identify the purpose of the policy.

This includes:

- Meeting the water needs of Perth's population and economic growth.
- Utilisation of contemporary and adaptive water management.
- Exceeding national standards in water efficiency.

In addition to the inclusion of the purpose of the policy, legislative and document references have been updated.

P212 Waste Management

The content has been amended to reflect the Draft Waste Policy terminology and to align this policy with the content within the Waste Local Planning Policy.

Multiple and grouped dwelling developments consisting of five dwellings or more will be assessed by the City for the number of bins to be supplied to the property. The provision of reduced bin services at a multi-unit complex resulting in a reduced service charge has been removed.

P357 Right of Way (ROW) Maintenance and Development

In instances where there is a request to improve a privately owned ROW is received, the City will only fund the upgrade if the public has unrestricted access and the appropriate Minister has dedicated the portion of land as road. This is to ensure that the funding allocated to the improvement of the City's infrastructure is benefiting the wider community, rather than individual owners.

The title of the Minister has been noted as the 'appropriate Minister' to facilitate instances where portfolios change and facilitate continued compliance with the policy.

P510 Traffic Management

In an effort to ensure that this policy captures the relevant considerations, the inclusion of State and Federal criteria in identifying traffic calming/management methods has been included.

P648 Motor Vehicles

As part of the City's objective to implement energy conservation processes, this policy has been amended to reflect the processes introduced as part of that initiative.

References to the Green Vehicle Guide have been removed from the policy as this document is no longer available.

As the provisions of the Mayoral vehicle are already outlined under the provisions of Category 1 vehicles, it is proposed that the reference to the assigned vehicle for the Mayor be removed. This information is duplicated within the policy.

In an effort to facilitate flexibility in the allocation of vehicles, the policy has been amended to allow any position the ability to elect to have a vehicle from a lower category.

The City aims to ensure that the light fleet vehicles procured for the City cause the least environmental damage possible. In some instances, procuring an internal combustible engine power vehicle will be necessary due to the requirements of the vehicle. It is for this reason that the requirement to consider a four-cylinder vehicle in the first instance has been included.

P688 Asset Management

The responsibility of both the Council and the Chief Executive Officer has been outlined in this policy to clearly define the individual responsibilities in the asset management process.

Before the City can undertake any major works, renewals, improvements or create an asset, the City must first consider the need for the asset based on the following principles:

- 'Whole of life' cost of the asset.
- Options to renew the asset.
- Whether it forms part of a financial strategy.
- Origin and sustainability of funding sources.
- Non-asset owning solutions to meet objectives.

The inclusion of the principle of considering non-asset ownership to meet service delivery objectives ensures that the City adopts a sustainable and financially responsible approach to providing and maintaining assets for the ongoing benefit of the community.

Consultation

Nil.

Policy and Legislative Implications

The reviewed 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	Review of all City policies on a regular basis.

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

7.6 (a): Amended Policies

8. OTHER RELATED BUSINESS

External Member Shona Zulsdorf asked further questions in relation to the Internal Auditor at Item 7.5.

9. CLOSURE

The Presiding Member declared the meeting closed at 6.43pm.

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.