



**CITY OF VINCENT**

# **MINUTES**

**Audit Committee**

**9 August 2022**

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**MINUTES OF CITY OF VINCENT  
AUDIT COMMITTEE  
HELD AS E-MEETING AND AT THE  
ADMINISTRATION AND CIVIC CENTRE  
244 VINCENT STREET, LEEDERVILLE  
ON TUESDAY, 9 AUGUST 2022 AT 4.00PM**

|                       |                              |   |
|-----------------------|------------------------------|---|
| <b>PRESENT:</b>       | <b>Mr Conley Manifis</b>     | <b>Independent External Member (Chair)<br/>(electronically)</b>       |
|                       | <b>Cr Ashley Wallace</b>     | <b>South Ward (electronically)</b>                                    |
|                       | <b>Cr Susan Gontaszewski</b> | <b>South Ward (electronically)</b>                                    |
|                       | <b>Cr Ron Alexander</b>      | <b>North Ward</b>   |
|                       | <b>Cr Ross Ioppolo</b>       | <b>South Ward</b>   |
|                       | <b>Mr Olaf Goy</b>           | <b>Independent External Member<br/>(electronically)</b>               |
|                       | <b>Mr George Araj</b>        | <b>Independent External Member<br/>(electronically)</b>               |
| <b>IN ATTENDANCE:</b> | <b>David MacLennan</b>       | <b>Chief Executive Officer</b>  |
|                       | <b>Peter Varris</b>          | <b>Chief Audit Executive</b>  |
|                       | <b>Peter Ferguson</b>        | <b>Executive Manager Information and<br/>Communication Technology</b> |
|                       | <b>Rhys Taylor</b>           | <b>Executive Manager Financial Services</b>                           |
|                       | <b>Wendy Barnard</b>         | <b>Council Liaison Officer</b>  |

## **1 INTRODUCTION AND WELCOME**

The Presiding Member, Conley Manifis, declared the meeting open at 4.21pm and read the following Acknowledgement of Country statement:

“The City of Vincent would like to acknowledge the Traditional Owners of the land, the Whadjuk people of the Noongar nation and pay our respects to Elders past, present and emerging”.

## **2 APOLOGIES / MEMBERS ON APPROVED LEAVE OF ABSENCE**

Nil

## **3 DECLARATIONS OF INTEREST**

Conley Manifis declared an impartiality interest. The extent of his interest is that his company is contracted by the Office of the Auditor General to complete external audits.

Conley Manifis declared an impartiality interest in Item 5.7. The extent of his interest is that he has a relationship with Mr Palassis, Managing Director of the Paxon Group who have been appointed as internal auditor.

**4 CONFIRMATION OF MINUTES**

**COMMITTEE DECISION**

**Moved: Cr Wallace, Seconded: Mr Araj**

**That the minutes of the Audit Committee held on 3 May 2022 be confirmed.**

**CARRIED (7-0)**

**For:** Mr Manifis, Cr Wallace, Cr Gontaszewski, Cr Alexander, Cr Ioppolo, Mr Goy and Mr Araj

**Against:** Nil

NOTE: The scheduled meeting for 29 June 2022 was cancelled (did not meet quorum).

## 5 BUSINESS ARISING

### 5.1 REVIEW OF THE CITY'S CORPORATE RISK REGISTER - FROM 29 JUNE 2022

- Attachments:
1. Corporate Risk Register - June 2022 [↓](#) 
  2. Confidential Corporate Risk Register - June 2022 - Confidential
  3. Risk Appetite and Tolerance Statements [↓](#) 

#### RECOMMENDATION:

That the Audit Committee recommends to Council that it:

1. RECEIVES the City's Corporate Risk Register as at Attachments 1 and 2; and
2. NOTES the status of risk management actions for the high and extreme risks.

#### COMMITTEE DECISION ITEM 5.1

Moved: Cr Gontaszewski, Seconded: Mr Araj

That the recommendation be adopted.

Cr Gontaszewski noted that the Risk Appetite and Tolerance Statement would not have been reviewed by Council since the election of new Council Members, and that this would have been beneficial to have been undertaken before the current review.

ACTION: The Chief Audit Executive concurred and to ensure that this occurs in the future he committed to amend the Risk Management Policy within the next 6 months to reflect that the Risk Appetite and Tolerance Statement is to be subject to review within three months after an ordinary Council election. This can then be incorporated in the policy review schedule.

Given the submission of a General Business Item by Cr Ioppolo that relates to Item 5.1, it was agreed to adjourn discussion on this item until after the consideration of Item 6 General Business.

Moved: Cr Gontaszewski, Seconded: Mr Goy

That the Audit Committee **ADJOURNS** consideration of Item 5.1 *Review of the City's Corporate Risk Register - from 29 June 2022 until after Agenda Item 6 General Business.*

**CARRIED (7-0)**

**For:** Mr Manifis, Cr Wallace, Cr Gontaszewski, Cr Alexander, Cr Ioppolo, Mr Goy and Mr Araj

**Against:** Nil



| Risk Category  | Risk Description   | Comment   | Impact Analysis |             |         | RISK MANAGEMENT |  | Strength (S<M<W)   | Risk Acceptance (Y/N)   | Net Risk (after RMA) | ACCOUNTABILITY                |   |  |           |  |              |
|--|--|---|-----------------|-------------|---------|-----------------|--|--|---|----------------------|-------------------------------|---|--|-----------|--|--------------|
|  |  |   | Likelihood      | Consequence | Remarks | Actual Risk     | Current Risk Management Strategy (what happens now)  |  |   |                      | Risk Management Actions (RMA) | Direction of further RM   | Risk Owner                                     | Timetable | Assurances available   | Last updated |
| <b>Finance, Procurement and Contracts</b>                          |  |   |                 |             |         |                 |  |  |   |                      |                               |   |  |           |  |              |
| <small>Any additional row can only be added below this row</small> |  |   |                 |             |         |                 |  |  |   |                      |                               |   |  |           |  |              |
| Procurement for facilities (Beatty Park Leisure Centre)            | Ineffective procurement processes and management of suppliers resulting in a lack of supplies / parts (i.e. chemicals) which impacts use of pool / pool safety   |   | 1               | 3           |         | L               | Building good relationship with suppliers, review alternative suppliers, ensure invoices are processed in a timely fashion - have a stock of chemicals, have an emergency plan   | 1. Stockpile chemicals - Complete<br>2. build relationships with suppliers - Complete, continue during procurement and new contract setup<br>3. Complete supplier/contract management - complete, but ongoing review required<br>4. Updated Business Continuity Plan - Complete  | Strong - Continue to liaise with suppliers and finalise supplier agreements.          | Y                    | L                             | Review supply contracts during procurement. Review Business Continuity Plan annually. | CEO (report to Executive Management Committee) | Complete  | Review contracts yearly  | 13-Jun-22    |
| Supplier / contract management                                     | There is a risk that inappropriate contract management in respect to initiation and management of contract with suppliers may result in the City's interests not being protected or the contract terms not being filled resulting in financial losses to the City          |   | 3               | 2           |         | M               | Australian standard contracts. Procurement training provided and procurement policy communicated to all staff. Additional Procurement Resource added to the team. Procurement system in place. Procurement and Contract Management Framework implemented. All new contracts are compliant. Contract initiation controls are strong. Contract management controls need more work. | 1. develop contract management framework, train staff in use and communicate - Complete<br>2. develop contract register - consultant currently preparing - Complete<br>3. update the contract template / use WALGA / AS templates - Complete<br>4. monitor compliance with the framework and use of templates - Complete<br>5. Contract management controls to be monitored through audits - Ongoing   | Strong  | Y                    | M                             | Continue with regular procurement and contract management compliance audits.          | Council (report to Audit Committee)            | Complete  | Monitoring of contracts register and procurement processes ongoing | 13-Jun-22    |
| Major project management   | Large number of projects, limited resources and ineffective management of projects resulting in financial losses and potentially poor project outcomes for the City  |   | 2               | 3           |         | M               | New project management framework and project prioritisation in place, but in early stage of adoption.  | 1. Continue implementation of framework - Ongoing<br>2. staff training on implementing framework - Complete<br>3. Ensuring timely reporting and accountability by staff - Ongoing<br>4. Ongoing prioritisation of existing projects. New CBP has identified 26 strategic projects. These will be reported on monthly internally and quarterly to Council<br>5. Continue to monitor and report on projects that are off track and over budget.  | Medium - systems are improving but not fully embedded                                 | Y                    | M                             | Monitor Projects that are off track and over budget, via Project Board and CorpEx     | Council (report to Audit Committee)            | Ongoing   | Regular reporting to Council and Audit                             | 13-Jun-22    |
| Financial stability, sustainability & reporting                    | Poor financial and management reporting regime leads to ineffective financial management and results in insufficient resources to operate the City effectively   |   | 2               | 2           |         | L               | The City has improved its financial and management reporting. Now have a better understanding of funded and unfunded projects, and how this impacts the LTFP and beyond. Strategies for revenue generation are in place or planned.  | 1. Developing an accurate and updated LTFP which will be adopted by Council. Complete<br>2. Will commence comprehensive monthly reporting covering cash flow management as well as relevant financial metrics. Complete<br>3. Will assess financial sustainability as part of the development of the City's strategic priorities and masterplans. Complete   | Strong  | Y                    | L                             | Refresh LTFP in 2022  | Council (report to Audit Committee)            | Ongoing   | Regular reporting to Council and Audit                             | 13-Jun-22    |
| <b>Asset, sustainability and environment management</b>            |  |   |                 |             |         |                 |  |  |   |                      |                               |   |  |           |  |              |
| <small>Any additional row can only be added below this row</small> |  |   |                 |             |         |                 |  |  |   |                      |                               |   |  |           |  |              |
| Inadequate asset management  | Inadequate asset management, including accountabilities, controls, framework, accountability and inadequate systems to record and interrogate data to inform Asset renewal programs will result in poor asset management outcomes - financial loss and reputational damage | Event - asset failure<br>Impact - financial losses, reputational damage | 4               | 4           |         | H               | Council have endorsed the Asset Management and Sustainability Strategy (AMSS)<br><br>Asset Prioritisation (Buildings) Implementation Plan - AMSS is on track for delivery in December 2022.<br><br>Dedicated team established to guide delivery of the AMSS.   | 1. Allocate additional resources to adequately assess and report on key risks.<br>2. Continue investigating an Asset Management System in conjunction with the current review of the City's Corporate IT Systems.<br>3. Table auditor's report on condition of assets at EMC and Audit Committee<br>4. Establish asset specific accountability processes and procedures.<br><br>1. Develop an asset management strategy<br>2. Increase resource to implement the actions contained in the asset management strategy<br>3. Allocate additional financial resource for renewal of assets in the capital works program and operational budget | Weak - as only investigating the system/framework                                     | N                    | H                             | Determine what asset management strategy is appropriate and implement it              | Council (report to Audit Committee)            | Nov-22    |  | 17-Jun-22    |
| Asbestos management  | Inadequate framework to manage the risk in respect to asbestos on City owned or managed land, or land adjoining this, will leave the City vulnerable to staff and community harm resulting in financial loss and reputational damage                                       |   | 3               | 3           |         | M               | LGIS has prepared an asbestos register, and has development an asbestos management framework in accordance with the legal advice received.   | 1. Finalise and implement the asbestos management framework, and communicate to staff.<br>2. Develop actions based on gaps identified in framework.  | Medium - Investment in OSH/Reporting/workflow technology to reduce risk even further. | Y                    | L                             |   | CEO (report to Executive Management Committee) | Ongoing   |  | 17-Jun-22    |
| Aging / unsafe assets (Leederville Oval grandstand)                | Emerging safety risk associated with Leederville Oval grandstand - buildings have electrical and structural issues and will require significant capital work in future to ensure they remain safe.   | This risk has significant financial implications.                       | 3               | 3           |         | M               | Essential maintenance is carried out, budget permitting. \$3,000 is allocated in 20/21 budget for essential electrical works.  | 1. Develop an Asset Management Strategy to inform schedule for maintenance / upgrades required, and prioritise for assets.<br>2. If capital work is not undertaken it may be necessary for buildings to be left vacant, which results in a loss of rental income.  | Medium - relies on budget for the works   | N                    | L                             |   | CEO (report to Executive Management Committee) | Aug-22    |  | 17-Jun-22    |



CITY OF VINCENT CORPORATE RISK REGISTER

| Risk Category  | Risk Description   | Comment   | Impact Analysis |             |   | RISK MANAGEMENT |   |   |  | ACCOUNTABILITY  |                      |  |  |           |                      |              |
|--|--|---|-----------------|-------------|---|-----------------|---|---|--|---|----------------------|--|--|-----------|----------------------|--------------|
|  |  |   | Likelihood      | Consequence | Remarks   | Actual Risk     | Current Risk Management Strategy (what happens now)   | Risk Management Actions (RMA)   | Strength (S<M<W)   | Risk Acceptance (Y/N)   | Net Risk (after RMA) | Direction of further RM  | Risk Owner                                     | Timetable | Assurances available | Last updated |
| Aging / unsafe assets (Beatty Park grandstand)   | Emerging safety risk associated with Beatty Park grandstand, as buildings have electrical and structural issues and will require significant capital work in future to ensure they remain safe.  | This risk has significant financial implications. | 3               | 3           |   | M               | Essential maintenance is carried out, budget permitting. Money allocated in 2020/21 budget for essential works at Beatty Park Grandstand.   | 1. Develop an Asset Management Strategy to inform schedule for maintenance / upgrades required, and prioritise for assets.<br>2. If capital work is not undertaken it may be necessary for buildings to be left vacant, which results in a loss of rental income.<br>3. Beatty Park 2062 Option Project will identify future use and upgrade options and costs. | Medium - relies on budget for the works  | N   | L                    |  | CEO (report to Executive Management Committee) | FY2023    |                      | 17-Jun-22    |
| Aging / unsafe assets (Litis Stadium grandstand and buildings)                         | Emerging safety risk associated with Litis Stadium grandstand and buildings, as buildings have electrical and structural issues and will require significant capital work in future to ensure they remain safe.  | This risk has significant financial implications. | 3               | 3           |   | M               | Essential maintenance is carried out, budget permitting. Grandstand and some buildings proposed for demolition.   | 1. Develop an Asset Management Strategy to inform schedule for maintenance / upgrades required, and prioritise for assets.<br>2. If capital work is not undertaken it may be necessary for buildings to be left vacant, which results in a loss of rental income.   | Medium - relies on budget for the works  | N   | L                    |  | CEO (report to Executive Management Committee) | FY2023    |                      | 17-Jun-22    |
| Management of Vincent Underground Power Project (VUPP)                                 | Failure to adequately manage the community engagement and financial management of payment obligations to Western Power to be recouped from the impacted property owners  | This risk has significant financial implications. | 2               | 4           | Most of the risk of this project is borne by Western Power as the asset owner | M               | Maintain close partnership with Western Power and establish sound project management practices.   | 1) Appoint project manager and establish sound project governance<br>2) undertake financial modelling on repayment options<br>3) work with Western Power on community engagement  | Strong   | Y   | M                    |  | CEO (report to Executive Management Committee) | 2022      |                      | 23-Jun-22    |
| Any additional row can only be added above this row                                    |  |   |                 |             |   |                 |   |   |  |   |                      |  |  |           |                      |              |
| <b>OH&amp;S, employment practices</b>  |  |   |                 |             |   |                 |   |   |  |   |                      |  |  |           |                      |              |
| Any additional row can only be added below this row                                    |  |   |                 |             |   |                 |   |   |  |   |                      |  |  |           |                      |              |
| Succession planning  | Neglect of succession planning may result in a key person leaving the City, making City operationally vulnerable resulting in inefficient and ineffective operations, not meeting stakeholder needs.   |   | 2               | 3           |   | M               | Some work instructions  | Continue developing corporate process management framework and develop a succession planning framework.   | Strength - Once succession planning framework is completed for critical positions, risk will be low.               | Y   | L                    | Succession Planning Framework (SPF) to be developed in 2021 per HR Strategy House. The SPF has been rescheduled for 2022/23  | CEO (report to Executive Management Committee) | 2022/23   |                      | 16-Jun-22    |
| Safety and security practices for staff  | Staff working alone, after hours works, accessing building sites and/or private property, negative interaction with members of the community. Lack of comprehensive risk management in respect to safety practices leads to a lack of understanding of the appropriate training needs and potentially inadequate action against risks. |   | 2               | 4           |   | M               | Staff training, patron education, emergency equipment provision and safety audits. Follow working alone procedures, toolbox weekly for handover, vehicle handover and audit of PPE, GPS monitoring enabled enforcement and communication devices. Regular reporting of incidents to foster safety awareness culture | 1. Review of safety management plan and systems<br>2. Identify high risk positions<br>3. Identify gaps in OH&S procedures<br>4. Refer to OH&S Committee<br>5. Improve safety culture (encourage employees to report hazards and incidents)  | Medium   | Y   | M                    | Note that this risk depends on behaviour of public - which City can not control. So remains medium risk.   | Council (report to Audit Committee)            | Ongoing   |                      | 18-Jun-22    |
| Volunteer and contractor management  | There is a risk that inappropriate contract management in respect to contractor/volunteer induction and adherence to COV policies and procedures is not appropriately applied to leaving the City vulnerable to contractor/volunteer injury and legal action.  |   | 3               | 3           |   | L               | Induction process in place for Contractors, It does rely on the staff who get the contractors in to complete the induction and educate on policies and procedures.  | 1. Implement a centralised induction system to induct all contractors and volunteers. Ensure all contractors and volunteers have completed mandatory training/compliance (one off compliance training or yearly/bi-yearly)<br>2. Monitoring contractors and volunteer compliance  | Strong - Implementation of a orientation and induction program   | Y   | L                    | Budget confirmed for online induction and orientation system and framework currently being developed by April 2020<br>A induction process for all contractors engaged by the City has been implemented and all inductions are accessed by the OSH advisor. A combination of online and face-to-face inductions covers all WHS gaps | CEO (report to Executive Management Committee) | Complete  | Annually             | 18-Jun-22    |
| Any additional row can only be added above this row                                    |  |   |                 |             |   |                 |   |   |  |   |                      |  |  |           |                      |              |
| <b>Business service disruption</b>   |  |   |                 |             |   |                 |   |   |  |   |                      |  |  |           |                      |              |
| Any additional row can only be added below this row                                    |  |   |                 |             |   |                 |   |   |  |   |                      |  |  |           |                      |              |
| Disaster Recovery Plan & Business Continuity Management for Beatty Park Leisure Centre | Building or pool failure leading to an unexpected closure of part or whole of facility may lead to not meeting shareholder expectations and experiencing financial losses.   |   | 3               | 3           |   | H               | Asset audits, maintenance programs in place and reviewed regularly, communication strategies for any shutdowns  | Locate/create BCP for Beatty Park<br>Develop an asset plan and incorporate into short and long term budgets   | Medium - Need to increase Audit of Assets and put plan in place for maintenance including contracts and agreements | Yes - note that Medium risk as plant failure can still occur despite strategies | M                    | No further action  | CEO (report to Executive Management Committee) | 2022/23   |                      | 18-Jun-22    |



CITY OF VINCENT CORPORATE RISK REGISTER



| Risk Category  | Risk Description   | Comment   | Impact Analysis |             |   | RISK MANAGEMENT |   |   |                  | ACCOUNTABILITY        |                      |   |  |                     |  |              |
|--|--|---|-----------------|-------------|---|-----------------|---|---|------------------|-----------------------|----------------------|---|--|---------------------|--|--------------|
|  |  |   | Likelihood      | Consequence | Remarks   | Actual Risk     | Current Risk Management Strategy (what happens now)   | Risk Management Actions (RMA)   | Strength (S<M<W) | Risk Acceptance (Y/N) | Net Risk (after RMA) | Direction of further RM   | Risk Owner                                     | Timetable           | Assurances available   | Last updated |
| Emergency Management (interagency)                           | Ineffective collaboration with agencies results in a poor relationship and ineffective cooperation regarding emergency management leading to ineffective disaster management with an Impact of extended service outages, worsened disaster outcomes  |   | 2               | 3           | Regular quarterly meetings are conducted at the WCLEMC ana CoP LEMC which involves interaction with all supporting agencies   | M               | Local emergency management arrangements are in place with City of Perth and Western Central Councils LEMCs.<br><br>Regular monitoring of EM local Recovery Plans and EM strategies are ongoing.   | 1. Provide additional training for relevant staff members and community agencies.<br>2. Working towards implementation of exercises with WC LEMC<br>3. Exercises with WC-LEMC and CoP LEMC are to be conducted during the 2022/23 period. A desktop exercise is planned for 30th June 2022 testing LEMA's Local Emergency Recovery plans.   | Strong           | Y                     | L                    | Conduct 4 desktop exercises per year  | CEO (report to Executive Management Committee) | Ongoing - July 2022 | Audit of arrangements and the number of desktop exercises per year   | 18-Jun-22    |
| Critical incident response - Power outage to ICT server room | A lack of power to the on premise ICT systems though extended power outages will result in a failure after 1-2 hours of reserve power supply. If reserve power fails or cannot continue to be supplied, staff will lose access to all electronic systems, potentially leading to loss of data and service levels |   | 1               | 3           | Risk likelihood based on Admin Centre not being available to staff.   | L               | 1. On-premise Back-up server with some offsite copies<br>2. Restoration of File servers, Email, Authority and Content Manager within 2 days. Up to 1 day data loss.   | ICT Strategy House D19/198015 identifies several cloud-first objectives to mitigate server room dependency.<br>July-2020: Offsite business systems (incl. telephony) on standby that can "go live" for Depot/remote access within 4 hours. Up to 1 day data loss.<br>2021/2022: File, email, records and core business system to move to cloud solutions. Depot/remote access continuous, no data loss. | Strong           | Y                     | L                    | Link to BCP and BIA - need to understand the business service continuity needs  | CEO (report to Executive Management Committee) | 01-Jul-20 2021/22   | Audit of the systems and server  | 18-Jun-22    |
| Primary site Internet outage                                 | Loss of Internet will result in reduced staff access to business systems including web, email and cloud-based systems resulting in reduced or non compliance with service levels.  | Impact - service outages  | 2               | 2           | Communication Links review completed in 2019 to enable redundant architecture decisions.  | L               | 1. Internet-based systems accessible via 4G-enabled tablets.<br>2. 2 x 4G Wi-Fi dongles available to business teams for up to 15 staff each.<br>3. Offsite backup to Library remains operational.   | July-2020: Redundant Internet supply (and supporting security infrastructure including firewalls) implemented. Up to 1 hour outage.   | Strong           | Y                     | L                    |   | CEO (report to Executive Management Committee) | 01-Jun-20           |  | 18-Jun-22    |
| Mapping data   | Inaccurate mapping data may lead to poor or incorrect business decisions and possible safety issues resulting in financial loss to the City and potential harm to the community  |   | 2               | 2           | Risk consequence considered Minor due to current limited use of spatial layers by staff. Public spatial layers have minimal data likely to cause more than Minor consequence.   | L               | GIS contract resource onsite fortnightly to respond to any data issues raised by staff.   | Sep-2021: GIS and Assets officer is being recruited in and this will help mitigate this risk.   | Strong           | Y                     | L                    | Dependant on additional resources.  | CEO (report to Executive Management Committee) | 01-Jul-20           | Process to check GIS updates and verify data   | 18-Jun-22    |
| Cyber Security   | The City suffers a material breach of Information Security through ineffective protocols and processes   | This is trending as an escalating risk in many organisations          | 2               | 2           | Technical Security Review completed against Australian Signals Directorate "Essential 8". For Technical Security Review and current action item status, see D19/128564          | L               | Anti-virus software deployed for computers, web traffic and email filtering, upgraded anti-virus software for computers and email filtering; new anti-virus software for server environment; data loss protection config in Office 365 for external file sharing; data loss protection controls are being deployed as part of Office 365 implementation - to be completed in 2019/2020; multi-factor authentication for Office 365 and remote access. | Staff awareness training being introduced;  | Strong           | Y                     | L                    |   | Council (report to Audit Committee)            | Dec-21              |  | 18-Jun-22    |
| COVID-19 pandemic  | Disruption to City service delivery, local business and community group operations and staff and community well being  | Global pandemic, declared state emergency and public health emergency | 5               | 2           | City has very limited capacity to control risk due to global nature - COVID risk management is now more easy to predict in comparison to the early days of the pandemic in 2020 | H               | COVID-19 Relief and Recovery Committee formed, strategy and action plan developed and being implemented, staff working from home, public health directives are being implemented, community support is being provided, City's operations being reviewed<br><br>Operational BCP planning has been completed and risk measures have been implemented  | Implement COVID-19 Relief and Recovery Strategy - all risk management actions are encompassed within this document<br><br>Implement risk management controls for each service/ project/ program   | Strong           | Y                     | H                    | The Strategy and Implementation Plan are being updated every week<br><br>Continue risk management controls and adapt to changing requirements | Council (report to Audit Committee)            | Ongoing             | is accountable to the COVID-19 Relief and Recovery Committee<br><br>monitoring COVID infections in the workforce and ensuring an appropriate response. | 17-Jun-22    |
| Any additional row can only be added above this row          |  |   |                 |             |   |                 |   |   |                  |                       |                      |   |  |                     |  |              |
| <b>Governance, misconduct and fraud</b>                      |  |   |                 |             |   |                 |   |   |                  |                       |                      |   |  |                     |  |              |
| Any additional row can only be added below this row          |  |   |                 |             |   |                 |   |   |                  |                       |                      |   |  |                     |  |              |





| Risk Category  | Risk Description  | Comment   | Impact Analysis |             |  | RISK MANAGEMENT |   |  |   | ACCOUNTABILITY  |                      |                         |  |  |   |  |           |
|--|---|---|-----------------|-------------|--|-----------------|---|--|---|---|----------------------|-------------------------|--|--|---|--|-----------|
|  |   |   | Likelihood      | Consequence | Remarks  | Actual Risk     | Current Risk Management Strategy (what happens now)   | Risk Management Actions (RMA)  | Strength (S<M<W)  | Risk Acceptance (Y/N)   | Net Risk (after RMA) | Direction of further RM | Risk Owner                                     | Timetable  | Assurances available  | Last updated   |           |
| Corporate governance / legislative compliance            | Lack of an effective governance framework and culture, including risk management, leads to complacency in corporate governance, risk management and legislative compliance, potentially resulting in a failure to comply with legislative requirements and poor decision making |   | 3               | 3           |  | M               | 1. Governance team undertakes manual checks to ensure legislative compliance and communicates governance principles and legislative requirements to organisation.<br>2. Audit Log monitors some financial and audit related risks, and improvements required, and is reported to EMC monthly and to Audit Committee.<br>3. Currently no clear documentation of requirements.  | 1- Compliance calendar and Governance Framework is being developed and will be communicated to all staff - August 2020<br>2- Internal audit plan and improvement plan are being reviewed and will be reported to Audit Committee (will be informed by reg 17 review) - November 2020<br>3- Regulation 17 review being undertaken in 2020 (internal controls, legislative compliance and risk management) - September 2020<br><br>Deliver and implement internal audit plan   | Strong RMA once implemented, however, resourcing required to implement actions identified by previous reg 17 review (improvement plan) and implement a compliance calendar, and ongoing monitoring / compliance checks. | N   | M                    |                         | CEO (report to Executive Management Committee) | 1. Complete - adopted 18 August 2020<br>2. -Nov-2020- Internal Audit Plan to be prepared by March 2021<br>3-Sept-20-Complete | 1.reg 17 review<br>2. planned internal audit<br>3. Compliance calendar creates checklist<br>4. Audit Log is reported to EMC and Council | 18-Jun-22  |           |
| Fraud Risk Management                                    | A lack of coordinated approach to identification, mitigation, management and monitoring of fraud, through a fraud risk framework increases the Risk of fraud occurring potentially leading to reputational damage, and financial losses   |   | 3               | 3           | Initial consideration by City has identified following fraud risk areas:<br>1. Payroll<br>2. Theft (property / money)<br>3. Credit card use<br>4. Procurement (invoices)   | M               | 1. A number of fraud risks have been identified as a result of the OAG's Fraud Performance Audit in 2019, which recommended that the City have a coordinated approach to fraud management and a mechanism for reporting fraud.<br>2. These items are being actioned and progress is reported to Audit Committee.<br>3. Procurement risks are managed by two level approval process for purchases.<br>4. Note, No specific current policies & procedures to prevent, detect and respond to fraud other than step 3 above | 1- Develop and communicate a fraud risk management plan, and provide staff training - December 2020 (consultant to be engaged).<br>1. Testing for fraud will form part of the internal audit plan, and random checks will be undertaken by procurement. - December 2020<br>3. Recruitment and selection process review - April 2020<br>2- Procurement review supplier verification - June 2020- Complete<br><br>2. Online training programs for both Fraud Awareness and Accountable and Ethical Decision- making (AEDM) are to be developed and implemented in accordance with the Fraud Management Plan .Training will form part of induction and performance review processes<br><br>3. Regular staff assessment surveys to be developed and circulated to ensure learnings from integrity training are embedded. | Strong RMA, however, fraud risks must first be comprehensively identified and resourcing required to develop plan, train staff and undertake fraud testing / internal audits  | N   | M                    |                         | Council (report to Audit Committee)            | 2022/23  | Audit Log is reported to EMC and Council; random checks on transactions, inventory and processes (e.g. HR and payroll)                  | 18-Jun-22  |           |
| Polices & Procedures                                     | Outdated policies, procedures and controls leads to a failure to properly execute on its mandate and protect its assets leading to errors, omissions and delays in service delivery   |   | 2               | 2           |  | L               | 1. Policies are reviewed and updated on an ad hoc basis.<br>2. New template, Policy Development and Review Policy and Policy Review Plan being prepared.<br>3. Council approval of policies is required, which functions as a form of control.  | 1- Finalise and implement the policy review plan - September 2020<br>2- Develop guidance on policy content - new Policy Development and Review Policy - Council approval required, align with SCP objectives - September 2020<br>3- Communicate to all staff - October 2020<br>4- process improvement - Continue trialling the use of a corporate process management tool (Pro-mapp) - Dec-2020 Complete   | Strong  | Yes, policy review plan and framework will provide clear guidance on policy requirements and drafting. Corporate Process Management is assisting with process documentation |                      | L                       |  | CEO (report to Executive Management Committee)   | Complete  | Internal audit on policies and procedures, and their operational effectiveness | 18-Jun-22 |
| Complex land management / maintenance requirements       | Management and maintenance of City controlled land within the Swan River Foreshore, Aboriginal Heritage Sites and Development Control Areas   |   | 3               | 3           | Urgent remedial path works at Banks Reserve undertaken in Feb 2019, no s 18 consent obtained. Caution issued by DPLH, may result in reputational damage, and if further non-compliances occur that could adversely impact relationship with DPLH | M               | No formalised approach/ checklist for ensuring compliance with legislation relevant to works / management of land within the Swan River Foreshore, Development Control Area or Aboriginal Heritage Site.<br><br>Follow process outlined in the City's "Development/work on land containing an Aboriginal Heritage Site" promapp checklist when relevant to works / management of land within the Swan River Foreshore, Development Control Area or Aboriginal Heritage Site.  | 1. Governance to develop a checklist of approvals required and communicate to relevant staff - December 2020<br>2. DPLH (Director of Heritage) to present to relevant staff on changes to Aboriginal Heritage Act and explain approval process - by December 2020<br><br>Discuss process and requirements with DPLH to ensure compliance ahead of any works.   | Strong  |   | Y                    | L                       |  | CEO (report to Executive Management Committee)   | ongoing   | Annual review of process.  | 18-Jun-22 |
| Non-compliance with drafting requirements for local laws | Additional administrative time and costs associated with redrafting of local laws to meet legislative requirements for local laws   | Drafting of new Local Government Property Local Law, Parking Local Law and Animal Local Law occurring | 4               | 2           | Joint Standing Committee on Delegated Legislation found issues in the Local Govt Property Local Law 2021 and requested undertakings, resulting in the City needing to adopt an amendment local law within a limited time frame.                  | M               | Drafting of local laws in line with Department of Local Government's guidelines and WALGA templates   | 1. Discuss drafting further with Department, to ensure drafting meets Joint Standing Committee's requirements<br><br>2. Seek legal advice ahead of Gazetting local laws when necessary.  | Medium  |   | Y                    | L                       |  | CEO (report to Executive Management Committee)   | ongoing   |  | 18-Jun-22 |



CITY OF VINCENT CORPORATE RISK REGISTER

| Risk Category   | Risk Description  | Comment | Impact Analysis |             |  | RISK MANAGEMENT |   |   |                  | ACCOUNTABILITY        |                      |                         |  |           |                          |              |
|---|---|---------|-----------------|-------------|--|-----------------|---|---|------------------|-----------------------|----------------------|-------------------------|--|-----------|--------------------------|--------------|
|   |   |         | Likelihood      | Consequence | Remarks  | Actual Risk     | Current Risk Management Strategy (what happens now)                                   | Risk Management Actions (RMA)   | Strength (S<M<W) | Risk Acceptance (Y/N) | Net Risk (after RMA) | Direction of further RM | Risk Owner                                     | Timetable | Assurances available     | Last updated |
| State-Wide Cladding Audit   | Community safety and reputational impact associated with implementation of regulatory requirements following cladding audit undertaken by DMIRS.  |         | 2               | 4           |  | M               | All directions to building owners are managed by the Executive Director.              | Ensure safety measures are implemented where appropriate to reduce likelihood of fire events. Any further enforcement action considered by Executive Director in accordance with Risk Management Policy.  | Strong           | Y                     | L                    |                         | CEO (report to Executive Management Committee) | Complete  |                          | 20-Jun-22    |
| Any additional row can only be added above this row   |   |         |                 |             |  |                 |   |   |                  |                       |                      |                         |  |           |                          |              |
| <b>Information &amp; Systems Management</b>   |   |         |                 |             |  |                 |   |   |                  |                       |                      |                         |  |           |                          |              |
| Authority database security - Confidential  | See Confidential Log  |         |                 |             |  |                 |   |   |                  |                       | L                    |                         |  |           |                          |              |
| Any additional row can only be added above this row   |   |         |                 |             |  |                 |   |   |                  |                       |                      |                         |  |           |                          |              |
| <b>Community Services</b>   |   |         |                 |             |  |                 |   |   |                  |                       |                      |                         |  |           |                          |              |
| Fraudulent booking/use of City facilities resulting in damage to facilities and public nuisance | There are inadequate processes in place to prevent malicious or fraudulent bookings of a City facility, which could result in misuse of a City facility and potentially damage to the facility or nuisance to the public. |         | 1               | 2           | This Risk relates to a one-off event that is very unlikely to be repeated. Adequate processes are in place to prevent malicious or fraudulent bookings of a City facilities. | L               | Administration reviews each booking; Applies a bond to bookings considered high risk; | 1. Requirement for photo identification for all bookings in community facilities;<br>2. High scrutiny and review placed on weekend bookings;<br>3. Updated to Terms and Conditions to include requirement for bond for bookings on weekends from 6.00pm - midnight;<br>4. Update of Terms and Conditions to include requirement for photo identification<br>5. Reduction in number of bookings approved for use on weekends between 6.00pm and midnight | Medium           | Y                     | L                    |                         | CEO (report to Executive Management Committee) | 01-Dec-20 | Annual review of process | 20-Jun-22    |
| Any additional row can only be added above this row   |   |         |                 |             |  |                 |   |   |                  |                       |                      |                         |  |           |                          |              |
| Any additional row can only be added below this row   |   |         |                 |             |  |                 |   |   |                  |                       |                      |                         |  |           |                          |              |

# RISK APPETITE & TOLERANCE STATEMENTS



## Overall City of Vincent risk appetite statement

The community want us to be a Council and an organisation that is clever, creative and courageous - willing to push the operational boundaries and willing to think and act as an enabler.

We put this into practice in our everyday work and decision making by understanding and managing the risks in being clever and creative but still taking action to meet our strategic goals.

The City seeks to minimise its exposure to key risks relating to people, financial operational and regulatory and compliance responsibilities, while still taking action. We will ensure appropriate measures to mitigate our risks are in place.

## Detailed Statements and Descriptors

| Risk Category                              | Risk Appetite / Tolerance Statement   | Descriptor /clarification   |
|--|---|---|
| <b>Financial Sustainability</b>            |   |   |
| <i>Financially Volatile Decisions</i>      | The City has a <b>low appetite</b> for risk in decision making that impacts financial volatility and sustainability   | These are for those decisions not specifically considered below:<br>Based on risk consequence criteria - Risk of loss in excess of \$100,000 (0.035% - 0.17% of operating budget) |
| <i>Decisions causing Budget Deficiency</i> | The City has a <b>low tolerance</b> for decisions or actions that result in material deficiency in achievement of budgeted:<br><ul style="list-style-type: none"> <li>- Surplus</li> <li>- Balance sheet ratios</li> <li>- Profit and loss ratios</li> <li>- Rate of return on investments</li> </ul> | Based on risk consequence criteria - Risk of loss or missing budget in excess of \$100,000 (0.035% - 0.17% of operating budget)   |
| <b>Financial Investment &amp; Growth</b>   |   |   |
| <i>Sustainable financial investments</i>   | The City has a <b>moderate risk appetite</b> for investments; investments must support strategic initiatives and financial sustainability. Investments must be aligned with the values and principles of the City.  | Investments need to be in line with the City’s Corporate Business Plan and Strategic Community Plan.  |

# RISK APPETITE & TOLERANCE STATEMENTS



| Risk Category   | Risk Appetite / Tolerance Statement   | Descriptor /clarification   |
|---|---|---|
| <i>Forwards, hedges and derivatives</i>   | The City has <b>no tolerance</b> for investments in forwards, hedges and derivatives.   | Organisations often use financial instruments to manage the risk in commodity and foreign currency. These can be very risky if not appropriately utilised; and the City has chosen not to use these instruments.  |
| <i>Debt for growth</i>  | The City has a <b>moderate appetite</b> to take on risk to fund growth.   | This ties into the investment appetite; however specifically considers the use of debt funding. Based on the consequence table, a moderate risk would be in the vicinity \$100,001 to \$250,000 (0.17% - 0.43% of operating budget).  |
| <i>Specific ratios -<br/>No specific rating given as these are set parameters that the City has determined that it must operate within. Ratios (and thresholds) are determined by the State Government.</i> | <ul style="list-style-type: none"> <li>The City’s debt to service ratio must always be above 5.</li> <li>Total Liabilities are <b>never</b> to exceed Total Assets</li> <li>Proposals supporting debt funding <b>must</b> be supported by a cash flow analysis that is financially sustainable</li> </ul> | <p>The debt to service ratio measures the City’s ability to pay its debt. It is calculated by the annual operating surplus (before depreciation and interest), divided by the debt service cost, and is currently 5.092.</p> <p>Financial sustainability for debt funding will need to consider:</p> <ul style="list-style-type: none"> <li>Free cash flow for monthly, capital or balloon payments</li> <li>Interest cover - refer above for the level of financial risk acceptable</li> <li>Cost of not undertaking project - ie repairs and maintenance of the current solution</li> <li>Future cost of new project once implemented - ie for a community centre, insurance, licences etc</li> </ul> |
| <b>Business collaboration</b>   |   |   |
| <i>Commercially viable collaboration</i>  | The City has a <b>moderate risk appetite</b> to being more commercially adept and to explore avenues to identify cost efficiency drivers, collaboration with business partners to deliver on objectives through commercially viable arrangements and partnerships.  | Within the boundaries of the appetite stated above in respect to investments being within the City’s Corporate plans and strategies, the City is willing to consider proposals to use partnerships and contracts to facilitate meeting the City’s objectives, where consistent with legislative requirements ( <i>Local Government Act 1995</i> ). Suggestions would include using outside service providers to deliver current services provided by the City more efficiently, ie Waste Collection; or working   |

# RISK APPETITE & TOLERANCE STATEMENTS



| Risk Category  | Risk Appetite / Tolerance Statement  | Descriptor /clarification  |
|--|--|--|
|  |  | collaboratively with an Arts organisation to set up a festival. Other projects may include working with developers.  |
| <i>3<sup>rd</sup> party Partner (Contractor) failure</i>       | The City has a <b>low risk appetite</b> for third party partner (contractors) failure.   | The City utilises may outside organisations in delivering on its mandate. This low appetite means that even minor or insignificant breaches in contracts or delays in delivery of products and services will be taken seriously. Accordingly third party risk must be considered before entering into any contract, including reputation of third party, financial viability, audit clauses etc. |
| <b>Procurement</b>   |  |  |
| <i>Procurement failure</i>                                     | The City has a <b>low risk appetite</b> for procurement failures that lead to poor value for money or financial loss, poor quality of service; incorrect or substandard products or delayed delivery; wastage of funds or services.  | This ties into the above point; and thereby requires appropriate procedures in the procurement process to ensure the required outcomes for the City and appropriate enquiry and planning prior to purchases. Note, appropriate delegations must exist to support this.   |
|  | The City has <b>zero tolerance</b> for procurement decisions that endanger our staff and community.  | Procurement decision making must consider the risk of injury or harm to the staff & community of Vincent. An example of this would be allowing the Beatty Park pool to use unregulated or unauthorised chemicals.  |
| <b>Asset &amp; Environment management &amp; sustainability</b> |  |  |
| <i>Environmentally dangerous activity</i>                      | The City supports investments, activities and developments that result in a sustainable future for our community while meeting the current needs of our residents.<br><br>It recognises that this may at times involve accepting some degree of risk and is comfortable with this, subject to always ensuring that potential benefits and risks are fully understood before planning is approved and that appropriate measures to mitigate risk are established. | There is often a payoff. Proposals need to consider the risks and rewards based on the promises made to the community. This has been envisaged with the City’s Project Management Framework implementation and future actions.   |

# RISK APPETITE & TOLERANCE STATEMENTS



| Risk Category  | Risk Appetite / Tolerance Statement   | Descriptor /clarification   |
|--|---|---|
| <i>Ecologically sustainable decisions</i><br><i>Resource wastage</i>               | The City has a high risk appetite for ecologically sustainable decisions<br><br>The City is committed to protecting and preserving the environment, and has a <b>low risk appetite</b> for activities that would significantly degrade the environment and a <b>high risk appetite</b> for decisions that promote ecologically sustainable development. The City has a <b>low risk appetite</b> for irresponsible use of its resources. | Activities that favour environmentally conscious actions will more likely be approved than those that don't. Furthermore the City will act swiftly against actions that are detrimental to the environment.   |
| <i>Activities against ratepayer values &amp; ethics</i>                            | The City has a <b>very low risk appetite</b> for investments and activities that do not align with the City's values.   | The City has set its vision, purpose and guiding values based on the interpretation of those of the community it serves. When entering into new projects, investments and proposals, these values must be considered as one of the key consideration sets.  |
| <i>Activities, structures, projects that present health risk for the community</i> | The City has a <b>low risk appetite</b> for activities, structures and projects that threaten the health of its community.  | The City is committed to ensuring the health and wellbeing of its residents, this must be considered within the activities, projects and new builds it approves or invests in. Activities that do not align with this will only be approved in exceptional circumstances. An example might be the approval of a Neo-Nazi festival to occur within the City's park space. A multi residential building with no nearby open space may be another example. |
| <b>Values and Behaviours</b>   |   |   |
| <i>Behaviour or conduct against City values</i>                                    | The City is an equal opportunity employer that employs skilled and experienced employees in positions with clearly defined roles and responsibilities; it has a <b>low risk appetite</b> for actions and behaviours that threaten the people and organisational capacity.   | This sets the City's view on the criticality of its employees and the City culture; accordingly staff must be selected based on appropriate due diligence and fit for purpose considerations including against the City values. Behaviours and actions of current staff must be measured against their job performance criteria and against the values.   |
| <i>Low individual and team performance</i>   | The City places high importance on its values and a culture of integrity in conduct, performance excellence, innovation, equality and diversity, dignity and respect, collegiality and cultural   | Refer above.  |

# RISK APPETITE & TOLERANCE STATEMENTS



| Risk Category  | Risk Appetite / Tolerance Statement   | Descriptor /clarification  |
|--|---|--|
|  | sensitivity. It has a <b>low risk appetite</b> for behaviour or conduct which does not meet these standards.  |  |
| <b>Human Resource</b>  | The City has a <b>low risk appetite</b> for human resource risk.  |  |
| <i>Lack of Staff feedback &amp; development</i>                                  | The City has a <b>low risk appetite</b> for risk in practices or behaviours that lead to staff not receiving feedback and development; resulting in low staff performance, moral and staff retention.   | KPI's need to be developed that ensure that staff performance management is undertaken within certain timeframes and parameters - timely responses and feedback provided, and that retention rations are considered and acted on where outside norms. Regular surveys will support understanding moral & engagement and to understand what can be done to improve areas. |
| <i>Behaviour reducing cultural diversity &amp; awareness</i>                     | The City has a <b>low risk appetite</b> for practices and behaviours that result in a workforce that is not diverse and culturally aware, be this through recruitment or day to day workplace activities.   | Activities and actions to involve and include staff from diverse backgrounds considering culture, age, gender, experience sets etc.  |
| <i>Harm of staff, clients, partners or visitors</i>                              | The City has a <b>very low risk appetite</b> for risk in practices or behaviours that lead to the harm of staff, clients, partners or visitors in its premises or when undertaking work related activities (within its control and responsibility). | The City's continued focus on OH&S matters, staff and contractor induction support this appetite. All new activities and projects should further consider the impact on the City's community.  |
| <i>Breach of code of conduct, ethics and Law</i>                                 | The City has <b>no appetite</b> for conduct that is unlawful, unethical, or otherwise breaches the Code of Conduct or reflects misconduct / serious misconduct.   |  |
| <b>Health and Safety</b>   |   |  |
| <i>Inadequate &amp; untimely reporting of breach &amp; near-miss incidents</i>   | The City has a <b>low appetite</b> for health and safety risk, and in particular a <b>very low tolerance</b> for inadequate or untimely remedy and reporting of breach incidents, or near misses.   | The City's continued focus on OH&S matters, staff and contractor induction support this risk.  |
| <i>Negligent &amp; deliberate violations of health &amp; safety requirements</i> | The City has <b>no tolerance</b> for negligent, deliberate or purposeful violations of health and safety requirements.  |  |

# RISK APPETITE & TOLERANCE STATEMENTS



| Risk Category   | Risk Appetite / Tolerance Statement   | Descriptor /clarification   |
|---|---|---|
| <b>Business Service</b>   | The City acknowledges that in order to be innovative and nimble that some degree of risk taking is inevitable, however these risks must be considered in light of maintaining continuity of services to our stakeholders.   | See below   |
| <i>Disruption to the operation of the business</i>  | The City has a very <b>low tolerance</b> for risks that may result in disruption to the operation of the business. Including loss of statutory services, operational continuity, loss or lack of documentation of corporate knowledge. These risks will be mitigated and controlled to where the cost of control is equal to the marginal cost of the risk. | Interruption to services has been included in the Consequence criteria. A very low tolerance would be considered where “ <i>Failure of assets / disruption which results in inconvenience but no material service interruption (resolved within one day).</i> ” So where there is a disruption, for example the phone lines are down, then a solution needs to found within one day. The cost of this control must also be considered in the action sought. |
| <i>Loss or lack of documentation of corporate knowledge</i>                                       | The City has a very <b>low risk tolerance</b> for loss or lack of documentation of corporate knowledge.   | In order for the City to continue to provide services to its stakeholders to the degree required, the City must continue to maintain adequate systems and processes that support maintenance of all corporate knowledge.  |
| <b>Governance</b>   | The City is committed to best practice governance and practices and behaviours that support ethical, consistent and informed decision making, compliance with legislation, regulation and internal and external reporting requirements.   |   |
| <i>Breaches in regulations, professional standards and ethics</i>                                 | The City has a <b>very low risk appetite</b> for any breaches in regulations, professional standards and ethics.  | There is a low, but not zero appetite for breaches. An example would be the submission of a BAS late due to resource constraints within the City. See specific examples below   |
| <i>Bribery or Fraud</i>   | The City has <b>no tolerance</b> for bribery or fraud.  | The City will investigate all allegations and take action to the full extent of its capacity.   |
| <i>Less than better practice for Governance, Due diligence, Accountability and Sustainability</i> | The City has a <b>low risk tolerance</b> for less than better practice decision making for governance, due diligence, accountability and sustainability, as measured by accepted industry standards and practices.  |   |



# RISK APPETITE & TOLERANCE STATEMENTS



| Risk Category   | Risk Appetite / Tolerance Statement   | Descriptor /clarification   |
|---|---|---|
| <i>A breach in Delegated Authority</i>                                | The City has a <b>very low risk tolerance</b> for breach in delegated authority.  |   |
| <i>Poor Project or Change Management</i>                              | The City has <b>low risk tolerance</b> for incidents or impacts which are generated by poor project management or change management practices.  | The risk consequence level will need to be considered.  |
| <b>Information &amp; Systems management</b>                           |   |   |
| <i>Compromising information, its management, security and storage</i> | The City has a <b>very low appetite</b> for the compromise of processes governing the integrity of, and access to, information; the use of information, its management, security and storage. | The City wishes to keep the information it has custody of, safe, secure and uncompromised. Accordingly it requires appropriate governance, a framework and processes in place for managing this risk.   |
| <i>Information management and Security risk</i>                       | The City of Vincent has <b>very low appetite</b> for information management and security risk.  |   |
| <i>Internal or External threats to private information</i>            | The City has <b>no appetite</b> for threats to private information arising from internal breaches or external malicious attacks.  |   |
| <i>Deliberate misuse of information</i>                               | The City has <b>no appetite</b> for the deliberate misuse of information.   |   |
| <i>Breaches of the Code of Conduct</i>                                | The City has <b>no appetite</b> for repeat breaches of the Code of Conduct.   |   |
| <i>Safe &amp; approved Systems Development</i>                        | The City has a <b>moderate risk appetite</b> for systems development and changes where it is within the approved strategy, budget and plans; and appropriate safeguards are installed.        | Systems development always comes with an inherent risk factor, accordingly there must be an acknowledgement that for changes to occur some risk must be taken, however appropriate project plans and procedures should be in place to manage this risk. |
| <b>Community Services</b>   | The City seeks to create a connected community where the City's residents can interact with the built environment and nature to   |   |

# RISK APPETITE & TOLERANCE STATEMENTS



| Risk Category   | Risk Appetite / Tolerance Statement   | Descriptor /clarification   |
|---|---|---|
|   | create a vibrant and inclusive place to live, work and play. The City recognises that its purpose is tied to the needs and expectations of its community and in particular the rate payers. In order to meet these needs a certain level of collaboration and co-operation with these stakeholders is beneficial and necessary. |   |
| <i>Community Engagement and Increased Participation</i>   | The City has a <b>high appetite</b> for risks that will drive strong community engagement and increased participation.  | The City wishes to match its community desire for high levels of engagement, and this is acknowledged to come with more risk. An example is the BMX track, which was highly desired by the community, but has associated risks. |
| <i>Constructive Community Consultation</i>  | The City has a <b>high risk appetite</b> to engage in community consultation to deliver on our strategic objectives. This collaboration cannot be to the detriment of ensuring an efficient and effective decision-making process in the spirit of sustainability and achievement of objectives. (See sustainability above)     | This point was important in driving the high engagement and participation in delivery of the City’s objectives. But this should not be used as a lever to hinder progress or unnecessarily delay decision making.               |
| <i>Activity risking long-term values or reputation of Council</i>   | The City has <b>zero risk appetite</b> in any activity that will put its long-term values or reputation at risk.  |   |
| <i>Failure to meet customer commitments and/or provide appropriate advice and address regulatory concerns</i> | The City has a <b>very low risk appetite</b> for operational risks arising from failure to meet customer commitments and/or appropriateness of advice.  | The City must provide appropriate advice to stakeholders and meet its commitments.<br><br>The City will promptly take action to address ratepayer/customer complaints and regulatory concerns.                                  |
| <i>Negotiate with Regulators, State &amp; Federal Government Agencies</i>                                     | The City has a <b>high risk appetite</b> to consult and negotiate with regulators, State & Federal Government Agencies to achieve the City’s objectives.  |   |
| <i>Leasing of Community Facilities</i>  | The City has a <b>moderate risk appetite</b> for financial loss in respect to the use of the City’s community facilities provided the use is: <ul style="list-style-type: none"> <li>• in the community interest</li> <li>• satisfies a recognised community purpose</li> </ul>   | This is to ensure we are considering the needs of our community together with the financial impacts of decision making.   |

# RISK APPETITE & TOLERANCE STATEMENTS



CITY OF VINCENT

| Strategic Risks & Categories   |
|--|
| <p><b>Finance, procurement &amp; contracts</b></p> <p>Risks relating to ensuring reliability and timeliness of financial and other information; as well as ensuring the financial sustainability and viability of the City.<br/>Risk of failures in the City’s procurement and contract engagement and management processes resulting in business loss or disruption.</p>  |
| <p><b>Asset Management &amp; sustainability, environment management</b></p> <p>Risks associated with investing in, developing and maintaining the City’s infrastructure to ensure reliability and to meet its Vision and strategy.<br/>Risk of the City’s current activities compromising the ability for the future residents meeting their needs. This refers to social and environmental needs. Consideration of both physical and investment actions.</p>  |
| <p><b>OH&amp;S, employment practices</b></p> <p>Risks relating to strategies and systems to maintain a workforce and partnerships that are productive, safe and diverse as well as an effective and accountable organisational environment. Risks include workforce capability and capaCity, including staff, volunteers, contractors and subcontractors.</p>  |
| <p><b>Business service disruption:</b></p> <p>Risks or events that could cause disruption to services or operations; and/or impair or enhance the delivery of the program or project on time and within budget, or the quality of its outcomes; events that could lead to damage to your reputation, assets or compromise the security of sensitive information.</p>   |
| <p><b>Governance, misconduct &amp; fraud:</b></p> <p>Risks resulting in failure to meet regulatory, compliance and accountability requirements; inadequate or unclear definition of roles and responsibilities; lack of effective and transparent decision-making processes; inadequate control and procedural frameworks; the robustness of any third-party systems and processes.</p>  |
| <p><b>Information &amp; systems management:</b></p> <p>Risks that jeopardise information being authentic, appropriately classified, properly secured and managed in accordance with legislative and operating requirements. Technology solutions must support strong internal control processes and the development of robust system and process solutions for the management and protection of information assets; and align technology, systems, processes and culture with business strategy and goals.</p> |
| <p><b>Community services:</b></p> <p>Risks or events that hinder the City’s ability to meet the current and changing expectations of the ratepayers and community; including ratepayers’/customers’ expectations of providing efficient, considerate and cost-effective services; building positive and collaborative relationships and outcomes for the City.</p>   |

**5.2 OAG PERFORMANCE AUDIT AND OTHER AUDIT / BEST PRACTICE RECOMMENDATIONS - FROM 29 JUNE 2022****Attachments:** Nil**RECOMMENDATION:**

That the Audit Committee recommends to Council that it NOTES the following reports from the Officer of the Auditor General:

- **Audit Results Report - Annual 2020-21 Financial Audits of State Government Entities Part 2: COVID-19 Impacts 9 May 2022;**
- **Staff Rostering in Corrective Services 18 May 2022;**
- **COVID-19 Contact Tracing System – Application Audit 18 May 2022;**
- **2022 Transparency Report: Major Projects 17 June 2022; and**
- **Water Corporation: Management of Water Pipes – Follow up 17 November 2021.**

**COMMITTEE DECISION ITEM 5.2****Moved: Cr Wallace, Seconded: Cr Gontaszewski****That the recommendation be adopted.****CARRIED (7-0)****For:** Mr Manifis, Cr Wallace, Cr Gontaszewski, Cr Alexander, Cr Ioppolo, Mr Goy and Mr Araj**Against:** Nil

**5.3 OAG ENTRANCE MEETING 2021/22 AUDIT - FROM 29 JUNE 2022****Attachments:** Nil**RECOMMENDATION:**

That the Audit Committee recommends to Council that it NOTES the audit planning summary for the 2021/22 financial year.

**COMMITTEE DECISION ITEM 5.3****Moved:** Cr Gontaszewski, **Seconded:** Mr Goy

That the recommendation be adopted.

**CARRIED (7-0)****For:** Mr Manifis, Cr Wallace, Cr Gontaszewski, Cr Alexander, Cr Ioppolo, Mr Goy and Mr Araj**Against:** Nil

**ACTION:** The Chief Audit Executive committed to send the Audit Planning Summary to all Committee Members.

**5.4 PRIVACY MANAGEMENT POLICY - PROPOSED REVIEW ROAD MAP - FROM 29 JUNE 2022 MEETING****Attachments: Nil****RECOMMENDATION:**

**That the Audit Committee recommends to Council that it NOTES Administration's proposed approach to the review of the City's Privacy Management Policy and practices.**

**COMMITTEE DECISION ITEM 5.4****Moved: Cr Gontaszewski, Seconded: Cr Wallace****That the recommendation be adopted.****CARRIED (7-0)****For:** Mr Manifis, Cr Wallace, Cr Gontaszewski, Cr Alexander, Cr Ioppolo, Mr Goy and Mr Araj**Against:** Nil

Cr Gontaszewski enquired when it is anticipated that the City will have finalised the review and incorporated the new practices.

**ACTION:** The Chief Audit Executive advised that it is scheduled to be completed before 30 June 2023.

**5.5 OFFICE OF THE AUDITOR GENERAL - INFORMATION SYSTEMS AUDIT REPORT - 2022  
LOCAL GOVERNMENT ENTITIES**

**Attachments: Nil**

**RECOMMENDATION:**

**That the Audit Committee recommend to Council that it NOTES findings from Office of the Auditor General's Information Systems Audit Report 2022 – Local Government Entities audit (June 2022).**

**COMMITTEE DECISION ITEM 5.5**

**Moved: Mr Goy, Seconded: Cr Wallace**

**That the recommendation be adopted.**

**CARRIED (7-0)**

**For:** Mr Manifis, Cr Wallace, Cr Gontaszewski, Cr Alexander, Cr Ioppolo, Mr Goy and Mr Araj

**Against:** Nil

**5.6 OAG REPORT - STAFF EXIT CONTROLS****Attachments:** Nil**RECOMMENDATION:**

That the Audit Committee recommends to Council that it NOTES findings from Office of the Auditor General's 'Staff Exit Controls' audit (August 2021).

**COMMITTEE DECISION ITEM 5.6****Moved: Mr Araj, Seconded: Cr Wallace****That the recommendation be adopted.****CARRIED (7-0)****For:** Mr Manifis, Cr Wallace, Cr Gontaszewski, Cr Alexander, Cr Ioppolo, Mr Goy and Mr Araj**Against:** Nil



**5.7 APPOINTMENT OF INTERNAL AUDIT CONTRACT****Attachments:** Nil**RECOMMENDATION:**

That the Audit Committee recommends to Council that it **NOTES** the appointment of Paxon Business and Financial Services Pty Ltd for the provision of auditing services for the City of Vincent's three-year Internal Audit Program.

**COMMITTEE DECISION ITEM 5.7****Moved:** Cr Gontaszewski, **Seconded:** Cr Wallace

That the recommendation be adopted.

**CARRIED (7-0)****For:** Mr Manifis, Cr Wallace, Cr Gontaszewski, Cr Alexander, Cr Ioppolo, Mr Goy and Mr Araj**Against:** Nil

Cr Gontaszewski recalled that there is a Council resolution (NOTE: OCM 14/12/2021) to add the Beatty Park Leisure Centre Infrastructure Renewals project to the City's internal audit plan for review of governance, expenditure and project management processes and requested that the Chief Audit Executive incorporate this in the Internal Audit Plan.

**ACTION:** The Chief Audit Executive committed to working with the Internal Auditor to incorporate this work as an Ad-Hoc Audit within the Audit Plan.

The Audit Committee discussed the need to regularly review the audit plan to ensure that it covers the current and emerging risk areas of the City's operations.

**ACTION:** Potential Standing Item on Audit Committee Agenda.

**5.8 REVIEW OF THE CITY'S AUDIT LOG - 9 AUGUST 2022**

Attachments: 1. Audit Log as at 29 July 2022 [↓](#) 

**RECOMMENDATION:**

That the Audit Committee recommends to Council that it:

1. NOTES the status of the City's Audit Log at Attachment 1; and
2. APPROVES proposed completion dates as specified at Attachment 1.

**COMMITTEE DECISION ITEM 5.8**

**Moved: Mr Araj, Seconded: Cr Wallace**

That the recommendation be adopted.

**CARRIED (7-0)**

**For:** Mr Manifis, Cr Wallace, Cr Gontaszewski, Cr Alexander, Cr Ioppolo, Mr Goy and Mr Araj

**Against:** Nil

# AUDIT LOG



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**Summary of open Confidential items (D21/61059)**  
Nil



# AUDIT LOG

| Audit Details  | Action  | Approved Completion Date | Status   | Proposed Completion Date   |
|--|---|--------------------------|--|--|
| <p><b>Stanton Reg 5 &amp; 17 Review</b></p> <p><b>EA:2020/12 (8) Manual Timesheet Stanton Reg 5 &amp; 17 Review – Manual Timesheet</b></p> <p><b>Finding</b><br/>The City uses manual timesheets, predominately for those employees who work in the depot and recreational leisure centre.</p> <p><b>Recommendation</b><br/>The use of manual timesheets should be eliminated, it is worth noting that the City has already noted this as a finding within their own audit log.</p> <p><b>Recommendation</b></p> <p><b>Risk Rating (prior to controls)</b><br/>Moderate</p> <p><b>Risk Rating (with current controls)</b><br/>Minor</p> <p><b>Management Response</b><br/><b>Responsible Officer:</b><br/>Executive Manager Human Resources and Executive Manager Information and Communication Technology</p> | <p>The City requires a robust online time-sheeting system which is fit for purpose of a casual workforce (i.e. Beatty Park) that is flexible, easy to use and aligned to the relevant cost centres and employment.</p> <p>Administration has determined that Civica’s online time-sheeting module will be suitable for the City. The module however can only be implemented once work orders are activated as part of the Chart of Accounts project scheduled for completion in July 2021. Online time-sheeting will have a mobile option as well. The scoping of this project will be requested to commence in March next year with implementation in December 2021.</p> | <p>December 2021</p>     | <p>Partially completed: Beatty Park are now partially using mobile application for rostering and time-sheeting. Further rollout subject to Beatty Park change management resourcing.</p> <p>In progress: for Depot staff with mobile application AND job costing requirements for time-sheeting, two solutions are being reviewed:</p> <ol style="list-style-type: none"> <li>1. The City will help Civica test their new mobile time-sheeting (currently in development) in early 2022.</li> <li>2. A CRM-based approach where jobs are electronically work-flowed to staff who can then update and complete the job using a mobile application.</li> </ol> | <p><del>March 2022</del></p> <p><b>March 2022</b><br/>No further progress. Resources have not been available to progress the Beatty Park roll-out; Civica have not completed their new mobile time-sheet. CRM project in early phases.</p> <p><b>May 2022</b><br/>No update.</p> <p><b>July 2022</b><br/>Ongoing HR team challenges have impacted attempts to resource this initiative. The HR/IT plan is now to:</p> <ol style="list-style-type: none"> <li>1. Prepare a change management plan in November &amp; December</li> <li>2. Implement in January &amp; February 2023</li> </ol> <p><del>Estimated August 2022</del></p> <p>February 2023</p> |



# AUDIT LOG

| <i>Audit Details</i>  | <i>Action</i>  | <i>Approved Completion Date</i>                   | <i>Status</i>   | <i>Proposed Completion Date</i>                   |
|---|--|---|---|---|
| <b>Office of the Auditor General Audit for 2020/21</b>  |  |   |   |   |
| <p><b>EA: 2021/12 (1) Asset Renewal Funding Ratio not presented</b><br/>Office of the Auditor General Audit for 2020/21</p> <p><b>Finding</b><br/>Regulation 10(3)(e) of the Local Government (Audit) Regulations 1996 requires the auditor to provide an opinion whether the asset renewal funding ratio is supported by verifiable information and reasonable assumptions.</p> <p>The City has not reported the Asset Renewal Funding Ratio for 2021 in the annual financial report as required by regulation 50(1)(c) of the Local Government (Financial Management) Regulations 1996, as the long-term financial plan is currently under review.</p> <p><b>Rating: Significant</b></p> <p><b>Implication</b><br/>The annual financial report does not comply with regulation 50(1)(c) of the Local Government (Financial Management) Regulations 1996.</p> <p><b>Recommendation</b><br/>The City should ensure that their long-term financial plan is kept updated, to allow the asset renewal funding ratio to be calculated based on verifiable information and reasonable assumptions for inclusion in the annual financial report.</p> <p><b>Responsible person</b><br/>Chief Executive Officer</p> | <p>In October 2021, Council approved the City of Vincent Asset Management Sustainability Strategy (AMSS). The AMSS will guide the management, spending and efficiency of the City's assets over the next decade, ensuring the best use of resources for current and future generations.</p> <p>The AMSS will assist the City to calculate an asset renewal funding ratio that is supported by verifiable information and reasonable assumptions and informed by the Vincent community.</p> <p>The AMSS involved extensive community consultation to ensure our asset management strategy met community expectations. We have also explained to the community the financial challenges we face in maintaining our ageing assets and sought feedback on different funding models. Community consultation commenced in March 2021 and concluded in September 2021. [Refer: <a href="#">Asset Management &amp; Sustainability Strategy   The City of Vincent</a>]</p> <p>Management will now develop a Rating Strategy and Long-Term Financial Plan (LTFP) to reflect the outcomes of the AMSS. The LTFP will be considered by the community and Council during the budget setting process for FY23 and will be approved by Council approximately <del>June</del> August 2022.</p> | <p><del>30 June 2022</del><br/>31 August 2022</p> | <p>Management is currently working on an updated LTFP which will be used to calculate the ratios for 2021-22.</p> | <p><del>30 June 2022</del><br/>31 August 2022</p> |



## 6 GENERAL BUSINESS

### 6.1 Contract Risks and Capacity – Capital Works Program

Cr Ioppolo submitted an item for General Business consideration related to contract risks and capacity in respect to delivery of the City of Vincent's 2022/2023 Capital Works Program.

Given the current economic environment and existing risks in respect to Supplier Management, Major Project Management and Inadequate Project Management, Cr Ioppolo noted that the Audit Committee may wish to consider whether there is an enhanced financial risk that the volume of capital works to be delivered through the existing project management framework may result in:

1. Compromised works in terms of price (over-budget);
2. Compromised works in terms of scope that affect quality;
3. Delays in completing works beyond agreed timeframes which may have consequential effects on City of Vincent commitments to third parties; and
4. Tenderers becoming insolvent that risk delivery works entirely and the risk of losing money already expended with those tenderers.

The Chief Executive Officer offered to meet with Cr Ioppolo to discuss his concerns, and that the City will review the way the risk ratings have been assessed.

Due to time constraints, the Audit Committee was unable to complete discussion on this matter and return to adjourned Item 5.1.

**ACTION:** The Chief Audit Executive noted that the meeting could be adjourned *sine die* and that he would seek a mutually agreeable time for the members to resume the meeting to finalise discussion on items 6.1 and 5.1. That discussion should include what visibility is required around the works and specific project risks.

The Chief Audit Executive noted that the rescheduled Internal Audit Plan might be also available for the resumed meeting.

## 7 NEXT MEETING

1 November 2022

## 8 CLOSURE

The meeting was adjourned *sine die* at 5.32pm.

These Minutes were confirmed at the 1 November 2022 meeting of the Audit Committee as a true record and accurate of the Audit Committee meeting held on 9 August 2022

Signed: Mr Conley Manifis

Dated