MINUTES

Audit Committee

31 August 2023

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PRESENT:	Mr Conley Manifis	Independent External Member (Chair) (electronically)
	Cr Susan Gontaszewski	South Ward (electronically)
	Cr Ron Alexander	North Ward
	Mr George Araj	Independent External Member
IN ATTENDANCE:	David MacLennan	Chief Executive Officer (joined at 4.38pm)
	Main Bhuiyan	Financial Controller
	Joslin Colli	Chief Audit Executive
	Peter Varris	Executive Director Infrastructure & Environment
	Emma Simmons	Governance and Risk Support Officer
	Wendy Barnard	Council Liaison Officer

1   INTRODUCTION AND WELCOME

The Presiding Member, Conley Manifis, declared the meeting open at 4.07pm 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

Cr Ashley Wallace on approved leave of absence from 28 August 2023 to 17 September 2023.
Cr Ross Ioppolo on approved leave of absence from 26 July 2023 to 30 September 2023.
Mr Olaf Goy is an apology for this meeting.

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.

4   IN CAMERA SESSION

At 4.08pm Governance and Risk Support Officer and Executive Director Infrastructure & Environment left the meeting.

Discussion took place behind closed doors.

At 4.38pm Governance and Risk Support Office and Executive Director Infrastructure & Environment returned to the meeting.

5 CONFIRMATION OF MINUTES

COMMITTEE DECISION

Moved: Cr Gontaszewski, Seconded: Mr Manifis

That the minutes of the Audit Committee held on 29 June 2023 be confirmed.

CARRIED (4-0)

For: Mr Manifis, Cr Gontaszewski, Cr Alexander and Mr Araj

Against: Nil

(Cr Wallace was on approved leave of absence for the Meeting.)

(Cr Ioppolo was on approved leave of absence for the Meeting.)

(Mr Goy was an apology for the Meeting.)

NOTE: The Committee requested to see the projects update that is presented quarterly to Council with a link to be provided.

6 BUSINESS ARISING

6.1 PAXON AUDIT FINDINGS - STRATEGIC PROJECT REPORT

Attachments: **1. Strategic Projects Report - Confidential**

RECOMMENDATION:

That Audit Committee recommends to Council that it RECEIVES the Strategic Projects Report at Attachment 1.

COMMITTEE DECISION ITEM 6.1

Moved: Mr Araj, Seconded: Mr Manifis

That the recommendation be adopted.

CARRIED (4-0)

For: Mr Manifis, Cr Gontaszewski, Cr Alexander and Mr Araj

Against: Nil

(Cr Wallace was on approved leave of absence for the Meeting.)

(Cr Ioppolo was on approved leave of absence for the Meeting.)

(Mr Goy was an apology for the Meeting.)

6.2   **REVIEW OF THE CITY'S CORPORATE RISK REGISTER**

Attachments: **1.**   **Corporate Risk Register 2023**
                                2.   **Risk Management Procedure**
                                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 Attachment 1; and**

2.   **NOTES the status of risk management actions for the high and extreme risks.**

COMMITTEE DECISION ITEM 6.2

Moved: Mr Araj, Seconded: Cr Gontaszewski

That the recommendation be adopted.

                                                                  CARRIED (4-0)

For: Mr Manifis, Cr Gontaszewski, Cr Alexander and Mr Araj

Against: Nil

(Cr Wallace was on approved leave of absence for the Meeting.)

(Cr Ioppolo was on approved leave of absence for the Meeting.)

(Mr Goy was an apology for the Meeting.)

NOTE: The Committee requested administration benchmark documented risks against other local governments to see what they are tracking and whether City's approach is consistent

CITY OF VINCENT

Corporate Risk Register

Controls Rating Table		
FE	Fully Effective	Controls are adequate, appropriate and fully effective. Overall control environment provides reasonable assurance that the risk is being managed. Control objectives are being met and no improvements to controls have been identified
A	Adequate	A few specific control weaknesses noted however the overall control environment is adequate, appropriate and effective. Certain controls may require improvement to ensure that the overall environment will continue to operate effectively
I	Inadequate	Numerous specific controls weaknesses or gaps were noted. Overall control environment is not adequate or effective and fails to provide reasonable assurance that risks are being managed and control objectives are being met. The control environment needs improvement.

Risk Management Policy

Risk Identification					Assessment of Residual Risk					RMA due date	Risk Owner	Assessment of Post RMA Risk						
ID	Risk Category	Risk Description	Comment	Existing Controls	Consequence Rating	Likelihood Rating	Overall Rating	Control Rating	Risk Management Action (RMA)	RMA due date	Risk Owner	Consequence Rating (post RMA)	Likelihood Rating (post RMA)	Overall Rating (post RMA)	Control Rating (post	Assurances available	Last Updated	Action Owner
ID 1	Finance, Procurement & Contracts	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	Contract initiation controls are strong. Contract management controls need more work.	1. Contract management framework 2. Contract register recording all contracts over $100k 3. Updated CoV contract templates reviewed by a legal firm in place, use WALGA contract templates 4. Regular training in contract management provided to all staff 5. Contract management controls to be monitored through audits 6. Contract management support and guidance provided by experienced procurement and contracts team.	3	2	Medium	A	Develop an audit process to monitor the use and effectiveness of the contract management framework, contract templates. Audit contracts to ensure compliance with the contract management framework - ongoing	30/09/2023	Council (report to Audit Committee)	3	2	Medium	A	Monitoring of contracts register and procurement processes ongoing	16/08/2023	Chief Financial Officer
ID 2	Finance, Procurement & Contracts	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		New project management framework and project prioritisation in place, but in early stage of adoption.	2	3	Medium	I	1. Continue implementation of framework - Ongoing 2. Staff training on framework on project management - Ongoing 3. Ensuring timely reporting and accountability by staff - Ongoing 4. Ongoing prioritisation of existing projects. Reported on monthly to Council 5. Continue to monitor and report on projects that are off track and over budget - Ongoing.	Ongoing	Council (report to Audit Committee)	2	3	Medium	A	Regular reporting to Council and Audit	16/08/2023	Chief Financial Officer
ID 3	Finance, Procurement & Contracts	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		The City has improved its financial and management reporting. There is a better understanding of funded and unfunded projects. Strategies for revenue generation are in place or planned.	2	2	Low	A	1. Annual update of LTFP - Ongoing 2. Annual budget - Ongoing 3. Improvement to monthly financial and management reporting and compliance with DLGSC recommended financial ratios - Ongoing 4. Financial sustainability assessed as part of the development of the City's strategic priorities and masterplans.- Ongoing 5. Annual audit and preparation of Annual Financial Statements - Ongoing	Ongoing	Council (report to Audit Committee)	2	2	Low	A	Regular reporting to Council and Audit	16/08/2023	Chief Financial Officer
ID 4	Finance, Procurement & Contracts	Procurement There is a risk that non-compliance with procurement processes could lead to inappropriate use of City funds and an increased risk of the City not attaining value for money.	Procurement guidance documents are in place. Internal monitoring of low value purchases (i.e. any purchase outside of the Procurement and Contracts Team specifically under $100K) needs more work.	1. Procurement Policy 2. Procurement Framework 3. Mandatory training 4. Procurement Form (all purchases within $20k - $100k) 5. Procurement support and guidance provided by experienced procurement and contracts team	3	3	Medium	A	Develop and implement an audit process to monitor compliance with purchasing processes and threshold requirements including seeking the required amount of quotations, raising an approved purchase order before engaging a supplier.	Sep-23	Council (report to Audit Committee)	3	2	Medium	A	Monitoring of purchases through an internal audit program conducted by the Procurement and Contracts Team and reporting to EMC and Audit Committee	16/08/2023	Chief Financial Officer

ID	Category	Risk	Event / Impact	Controls	C	L	Rating		Actions	Due	Responsible	C	L	Rating		Date	Manager
ID 5	Asset, sustainability and environment management	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 Impact - financial losses, reputational damage	~~Council have endorsed the Asset Management and Sustainability Strategy (AMSS) Asset Prioritisation (Buildings) implementation Plan - AMSS is on track for delivery in April 2023. Dedicated asset team is being established to guide delivery of the AMSS. Using alternative systems such as spreadsheets, Pay wise Annual review of asset renewal plans regular engagement with internal and external stakeholders~~ Asset Management and Sustainability Strategy (AMSS) Asset Management Policy Asset Prioritisation (Buildings) Plan Dedicated asset management resources to guide delivery of the AMSS. Asset Management Ratio's	4	3	High	I	~~1.Develop an asset management strategy 2.Increase resource to implement the actions contained in the asset management strategy 3.Allocate additional financial resource for renewal of assets in the capital works program and operational budget Determine what asset management strategy is appropriate and implement it~~ ~~early 2023~~ 1. Review current Asset Management Policy to ensure it aligns with ISO 55000. 2. Implement RAMM as the City's dedicated Asset Management System for Transport, Recreation and Building asset classes. 3. Develop a cyclic approach for data collection for all major asset classes. 4. Develop 10-Year Capital Works Programs based on asset condition data to inform Long-Term Financial Plan.	Ongoing	Council (report to Audit Committee)	4	2	Medium	I	16/08/2023	Manager City Buildings & Asset Management
ID 6	Asset, sustainability and environment management	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		LGIS has prepared an asbestos register, and has development an asbestos management framework in accordance with the legal advice received.	3	3	Medium	I	1. Finalise and implement the asbestos management framework, and communicate to staff. 2. Develop actions based on gaps identified in framework. 3. Develop a prioritised asbestos replacement program based on the register.	Ongoing	CEO (report to EMC)	3	3	Medium	A	16/08/2023	Manager City Buildings & Asset Management
ID 7	Asset, sustainability and environment management	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.	Essential maintenance is carried out, budget permitting. Electrical switchboards have been upgraded and regular compliance audits scheduled. ~~Grandstand has been inspected and is noted as structurally sound, minor works are scheduled to reinstate wall brick ties to support grandstand columns. Grandstand roof requires replacement and is waiting engineer certification on design specifications.~~ Grandstand repair works to improve structural integrity - securing wall ties have been completed. Delivery of the roof replacement project in 2023/24.	3	3	Medium	A	1. Develop an Asset Management Strategy to inform schedule for maintenance / upgrades required, and prioritise for assets. 2.Continue to monitor the condition of Leederville Oval assets. 3. Develop a prioritised works program to inform capital and operational budgets. ~~2.~~ 4. If capital work is not undertaken it may be necessary for buildings to be left vacant, which results in a loss of rental income. ~~3. Grandstand repair works to improve structural integrity - securing wall ties. 4. Replacement of grandstand roof works are being scoped and budgeted for in 2022/2023.~~	~~01/08/2022~~ Ongoing	CEO (report to EMC)	3	2	Medium	A	16/08/2023	Manager City Buildings & Asset Management
ID 8	Asset, sustainability and environment management	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.	Essential maintenance is carried out, budget permitting. Money allocated in 2020/21 budget for essential works at Beatty Park Grandstand.	3	3	Medium	A	1. Develop an Asset Management Strategy to inform schedule for maintenance / upgrades required, and prioritise for assets. 2. Develop a prioritised works program to inform capital and operational budgets. ~~2.~~3. If capital work is not undertaken it may be necessary for buildings to be left vacant, which results in a loss of rental income. 4. Continue to monitor the condition the asset at Beatty Park. ~~3.~~ 5. Beatty Park 2062 Option Project will identify future use and upgrade options and costs.	FY2023	CEO (report to EMC)	3	3	Medium	A	16/08/2023	Manager City Buildings & Asset Management

ID	Category	Risk	Comment	Controls	L	C	Rating	A/I	Action	Target	Responsible	L	C	Rating	A/I	Further action	Date	Manager
ID 9	~~Asset, sustainability and environment management~~	~~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.~~	~~Grandstand scheduled for demolition and redevelopment mid 2023~~	~~3~~	~~3~~	~~Medium~~	~~A~~	~~1. Develop an Asset Management Strategy to inform schedule for maintenance / upgrades required, and prioritise for assets.~~ ~~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.~~	~~FY2023~~	~~CEO (report to EMC)~~	~~3~~	~~3~~	~~Medium~~	~~A~~		~~16/08/2023~~	~~Manager City Buildings & Asset Management~~
ID 10	Asset, sustainability and environment management	Service delivery - 'Industry Education and Enforcement' Health Services Failure to provide public health assurances relating to food safety at Vincent's food businesses; and patron safety in public buildings and lodging houses.	The risk may have reputational and public health implications.	Regulated business assessment frequencies tracked and reported. New and amended business applications prioritised and completed within adequate timeframe. Record management effective. Introduction of electronic assessment system, improved outcomes and tracking of trends possible.	3	3	Medium	I	Proposed tender for 3rd party contractor to undertake routine food safety, public building and lodging house site assessments.	Jun-23	CEO (report to EMC)	2	2	Low	A		25/01/2023	Manager Built Environment & Wellbeing
ID 11	Asset, sustainability and environment management	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 As project co-owner, the City shares project risks with Western Power.	1. Underground Power Reserve created. 2. Strong financial processes in place. 3. Competent finance and communications teams working closely with project manager. 4. Strong collaboration with Western Power. 5. Western Power project management is well organised. 6. Project manager appointed and sound project governance established. 7. Adhering to CoV project management methodology.	3	3	Medium		1.Develop and implement Financial Plan to include detailed financial modelling, determination of services charges, cash-flow management, and adequate financial reserves 2.Develop and implement Community Engagement Plan 3.Monitor and manage project delivery	2023	CEO (report to EMC)	2	3	Medium	A	1. Regular reporting to Project Board and EMC 2. Funding Agreement for each project area subject to Council approval	10/01/2023	Project Manager - Underground Power
ID 12	OH&S, employment practices	Safety and security practices for staff Staff working alone, after C43hours 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.	Note that this risk depends on behaviour of public - which City can not control. So remains medium risk. The City ensures lone working is kept to a minimum.	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 including body cams where determined high risk. Regular reporting of incidents to foster safety awareness culture	2	4	Medium	A	1. Review of safety management plan and systems 2. Identify high risk positions 3. Identify gaps in OH&S procedures 4. Refer to OH&S Committee 5. Improve safety culture (encourage employees to report hazards and incidents	ongoing	Council (report to Audit Committee)	2	4	Medium	A		31/01/2023	Executive Manager Human Resources
ID 13	Business service disruption	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.		Asset audits, maintenance programs in place and reviewed regularly, communication strategies for any shutdowns note that Medium risk as plant failure can still occur despite strategies	3	3	Medium	A	1.Locate/create BCP for Beatty Park 2.Develop an asset plan and incorporate into short and long term budgets 3.Complete audit of assets 4.Create and implement a Plan for maintenance including finalising all contracts and agreements and reviewing as per the procurement policy	2022/23	CEO (report to EMC)	3	3	Medium	A		16/12/2022	Manager Beatty Park Leisure Centre

ID	Risk category	Risk	Existing controls	Comments	Likelihood	Consequence	Rating	A	Actions	Timeframe	Report to	Likelihood	Consequence	Rating	A	Monitoring	Date	Owner
ID 14	Business service disruption	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	Ensure adequate coverage and City officers/representatives attend training sessions and run desk top exercises. Ensure contact lists are reviewed and updated.	Local emergency management arrangements are in place with City of Perth and Western Central Councils LEMC's. Regular mentoring of EM local Recovery Plans and EM strategies are ongoing.	2	3	Medium	A	1. Provide additional training for relevant staff members and community agencies. 2. Working towards implementation of exercises with WC LEMC 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. 4.Conduct 4 desktop exercises per year - ongoing	1-3 July 2022 4-ongoing	CEO (report to EMC)	2	3	Medium	A	Audit of arrangements and the number of desktop exercises per year, and ensuring any Staff turnover is accounted for	31/01/2023	Manager Ranger Services / Prosecutions & Strategy Officer
ID 15	Business service disruption	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	Ongoing improvements being made to: system controls; information access processes; staff awareness and training Sensitivity labelling live across all staff in May 2023 Penetration Test completed in May 2023 and to be an annual test Data loss protection in monitor mode The City's ongoing work with Office of Auditor General provides a comprehensive annual review and report of the City's cyber security controls	3	4	High	A	1. The City will review its processes to minimise the collection and storage of personal information 2. Data loss protection controls being reviewed for suitable implementation (check, justify, block) 3. Program of works being completed under WA State Government preparation for PRIS (Privacy and Responsible Information Sharing) legislation at the end of 2024 1. Staff awareness training being introduced; 2. The City will introduce sensitivity labelling, data loss protection and also review its processes to minimise the collection and storage of personal information 3.ongoing review and improvement; internal penetration testing program will commence in 2023	2024 Ongoing	Council (report to Audit Committee)	3	3	Medium	A	annual OAG audit; Cyber security insurance with LGIS	16/08/2023	Executive Manager Information and Communication Technology
ID 16	Business service disruption	COVID-19 pandemic Disruption to City service delivery, local business and community group operations and staff and community well being	COVID risk management is now more easy to predict in comparison to the early days of the pandemic in 2020	Operational BCP planning has been completed and risk measures have been implemented	2	3	Medium	A	1. Implement risk management controls for each service/ project/ program 2. Continue risk management controls and adapt to changing requirements	Ongoing	Council (report to Audit Committee)	2	3	Medium	A	monitoring COVID infections in the workforce and ensuring an appropriate response.	10/01/2023	Manager Built Environment & Wellbeing
ID 17	Business service disruption	Business Continuity through Workforce Retention Disruption to City service delivery resulting in Community and Council expectations not being met; failure to comply with statutory requirements and impacting staff well being .	1. Failure to be competitive in the market to attract and retain suitable and experienced workforce. 2. Skills shortage and budget constraints. 3. Failure to support healthy workloads and to support sustainable life, family and work balance. 4. Failure to address pressures of increase	1. Supportive team values and culture 2. Succession planning. 3. Flexible working arrangements. 4. Investing in developing team members and training. 5. Effective day-to-day supervision. 6. Employee assistance program. 7. Service planning. 8. Maintaining awareness of current issues. 9. Seeking continuous improvement opportunities and operational efficiencies. 10. Monitoring workload trends and salary savings	2	4	Medium	A	1. Competitive remuneration, and recruitment strategies to attract and retain qualified staff. 2. Continued resource allocation review.	TBA	CEO (report to EMC)	2	2	Low	A		11/05/2023	Executive Manager Human Resources

ID	Category	Risk	Cause	Controls	L	C	Rating	A	Treatment	Timeline	Responsible	L	C	Rating	A	Monitoring	Date	Owner
ID 18	Governance, compliance and fraud	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	Resourcing required to implement actions identified by previous reg 17 review (improvement plan) and implement a compliance calendar, and ongoing monitoring / compliance checks.	1. Governance team undertakes manual checks to ensure legislative compliance and communicated governance principles and legislative requirements are communicated to organisation. 2. Findings and management actions arising from Reg 5 and 17 reviews are tracked and monitored in the City's Audit Log. The Audit Log is reported to Council bimonthly through the Audit Committee. 3.The City's Governance framework defines systems, policies, processes and methodology for ensuring accountability, probity and openness in the conduct of City business. The framework describes the principles and key roles that guide Council in its decision-making and demonstrates to the community the processes which the City uses to achieve its strategic priorities and undertake its service delivery. 4. The City has developed a comprehensive Risk Management Framework providing guidance to the organisations on risk identification, analysis, risk management procedure	3	2	Medium	A	Deliver and implement internal audit plan Review, update and implement the City's Corporate Compliance Calendar	3 year contact to deliver the IAP ~~June 2023~~ October 2023	CEO (report to EMC)	2	2	Low	A	1.reg 17 review 2. planned internal audit 3. Compliance calendar creates checklist 4. Audit Log is reported to EMC and Council	16/08/2023	Executive Manager Corporate Strategy & Governance
ID 19	Governance, compliance and fraud	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	Initial consideration by City has identified following fraud risk areas: 1. Payroll 2. Theft (property / money) 3. Credit card use 4. Procurement (invoices)	A coordinated approach to identification, mitigation, management and monitoring of fraud is now in place and implemented through the Fraud Management Policy and Plan. The Plan is reviewed annually and reported to the Council through the Audit Committee Online training programs for Fraud Awareness and Accountable and Ethical Decision- making (AEDM) have been developed and implemented in accordance with the Fraud Management Plan. ~~Training should also form part of induction and performance review processes~~ Fraud, integrity and AEDM are included in all inductions and have been incorporate into annual online training modules that are required to be completed by all staff.	3	3	Medium	A	1. Testing for fraud will form part of the internal audit plan, and random checks will be undertaken by procurement. ~~2.Online training programs for Fraud Awareness and Accountable and Ethical Decision- making (AEDM) to form part of induction and performance review processes~~ 3. Regular staff assessment surveys to be developed and circulated to ensure learnings from integrity training are embedded.- 4. Requirement to assess the City's existing internal controls against examples of public sector fraud is underway. An annual pressure testing program is proposed for development. Examples of pressure tests include desktop review of case studies, process walk-throughs and data analysis.	1.subject to IAP schedule ~~2. June 2023~~ 3. ongoing 4. ongoing	Council (report to Audit Committee)	3	2	Medium	A	Audit Log is reported to EMC and Council; random checks on transactions, inventory and processes (e.g. HR and payroll)	16/08/2023	Executive Manager Corporate Strategy & Governance
ID 20	Governance, compliance and fraud	Complex land management / maintenance requirements Management and maintenance of City controlled land within the Swan River Foreshore, Aboriginal Heritage Sites and Development Control Areas	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	Process outlined in Promapp: - 'Development/work on land containing an Aboriginal Heritage Site'; and - Development/work on City owned or managed land -when relevant to works / management of land within the Swan River Foreshore, Development Control Area or Aboriginal Heritage Site.	3	1	Low	A	Discuss process and requirements with DPLH, DBCA and other relevant government agencies to ensure compliance ahead of any works.	ongoing	CEO (report to EMC)	3	1	Low	A	Annual review of process.	16/08/2023	Executive Manager Corporate Strategy & Governance

ID 21	Governance, compliance and fraud	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 (Local Government Property Local Law, Parking Local Law and Animal Local Law occurring	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.	Department of Local Government's guidelines and WALGA templates A comprehensive local law reiew procedure has been developed by Administration to guide staff through the documented process outlined in section 3.12 of the *Local Government Act 1995*. Procedures include seeking legal advice ahead of gazetting local laws when necessary.	2	2	Low	A	1. Discuss drafting further with Department, to ensure drafting meets Joint Standing Committee's requirements 2. Seek legal advice ahead of Gazetting local laws when necessary.	ongoing	CEO (report to EMC)	2	2	Low	A	16/08/2023	Executive Manager Corporate Strategy & Governance

RISK MANAGEMENT PROCEDURE

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Responsible directorate	Office of the CEO.
Responsible team	Corporate Strategy and Governance.
Responsible officer	Executive Manager, Corporate Strategy and Governance.
Affected teams	All Staff.
Legislation / local law requirements	Regulation 17 *Local Government (Audit) Regulations 1996.*
Relevant delegations	Nil.
Related policy procedures and documents	This document supports the Risk Management Policy by further defining the systems and processes in place to facilitate good practice risk management.

PURPOSE

To set out the framework within which the City of Vincent (**City**) will manage its strategic, operational and project risks.

BACKGROUND

The City has a Risk Management Policy (**Policy**) approved by Council (16 June 2020 Council Meeting). The Policy sets the tone for the City's risk management approach and establishes the risk management responsibilities of Council, the Audit Committee, City employees and contractors and other relevant parties as required.

This Procedure supports the Policy by defining the systems and processes in place to facilitate good practice risk management and the roles and responsibilities of City employees.

PROCEDURE

1.   RISK MANAGEMENT APPROACH

The City's approach to risk management determines how the City will go about managing its risks.

The City's risk management approach aligns with the *AS31000:2018 Risk Management – Guidelines*.

RISK MANAGEMENT PROCEDURE

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2. OTHER RISK DOCUMENTS

Corporate Risk Register

The Corporate Risk Register (**Register**) lists the City's 'whole of organisation' strategic, operational and project risks. The risks are assessed without controls (*i.e. inherently*), with controls (*i.e. residually*) and following the proposed risk management actions (*i.e. post-treatment*).

The Register is divided into a list of residually-rated medium, high and extreme risks (which require reporting to the Executive Management Committee, Audit Committee and Council) and residually-rated low and medium risks for each service area. Timeframes and ownership for the implementation of the risk management actions are included.

Risk Appetite and Tolerance Statements

'Risk Appetite' sets out the risk type and levels that the City is looking to pursue to meet and optimise opportunities. 'Risk Tolerance' reflects how much risk the City is able to accept in the pursuit of its strategic, operational and project objectives.

Strategy House Service Area Risk Matrix

Each of the City's service areas has a risk matrix which sets out its strategic (where relevant), operational and project risks which are specifically considered, where appropriate, within the context of the specific Strategy House.

A number of documents and guidelines are also relevant to the City's risk management. These include:

- *Business continuity plan (BCP)* – This document describes how the City will respond to and function in the event of a business interruption event. It is a 'mitigative' control as it seeks to reduce the consequences of risks eventuating.

- *ICT disaster recovery plans* – these plans assist the City to recover from Information and Communication Technology (**ICT**) interruption events, from a routine, operational incident through to a large-scale ICT event. The plans will ultimately align with the City's BCP and, again, are 'mitigative' controls in seeking to reduce the consequence of a risk eventuating.

- *Event risk management plans* – These are formal plans to mitigate any foreseeable risks that may arise from place activation, and planning and delivering events.

- *Procurement risk assessments* – A systematic, documented assessment of risks associated with all significant purchases, as set out in the Procurement Plan. Procurement risk assessments are required for procurement of greater than $50,000, and the level of detail required for the risk assessment will vary depending on the significance of the purchase. Note that although the $50,000 mandatory threshold has been set by the City, the contract value of a procurement does not define its

RISK MANAGEMENT PROCEDURE

CITY OF VINCENT

risk to the City so there is discretion – which should be exercised – in contract values below this figure.

3. RISK CATEGORIES

Strategic Risks

Strategic risks relate to the uncertainty of the City achieving its long-term, strategic objectives. They are usually owned and managed by Council and/or the Executive Management Committee. Strategic level risks may include risks associated with achieving the objectives of the Strategic Community Plan, Corporate Business Plan and the Long-Term Financial Plan.

Operational Risks

Operational risks relate to the uncertainty associated with developing or delivering the City's services, functions and other activities. These risks typically have day to day impacts on the organisation or more widely. These risks are owned and managed by the person who has responsibility for the activity, service or function to the level of their delegated authority or capability.

Project Risks

Project risks typically sit underneath operational risks and will be managed in accordance with the City's Project Management Framework and depending on their progress.

4. RISK MANAGEMENT PROCESS

Step 1 - Establishing the scope, context and criteria

Prior to commencing risk management, the context for the activity is clearly specified. This includes defining:

- the purpose of the risk exercise and the expected outcomes;
- the scope, boundaries, assumptions and interrelationships;
- the environment, objective, strategy, activity, process, function, project, product, service or asset under consideration; and
- the risk assessment methodologies or approach.

Once this is determined, the essential personnel who need to be involved in the assessment are identified.

Step 2 - Risk Assessment

A. Risk Identification

The context defined in the previous step is used as the starting point for identifying risks. A practical and effective approach to risk identification is to consider what is critical to the successful achievement of the

RISK MANAGEMENT PROCEDURE

objectives related to that particular context, and what are the potential opportunities or 'roadblocks' arising from areas of uncertainty (*e.g. assumptions, limitations, external factors, etc*). Included in this consideration are any internal or external events or situations which may give rise to a risk, and also any risks identified through internal or third-party audits, assessments and reviews. Typically, risks are worded either with the use of '*critical success factors*' (**CSFs**) or through '*cause-event-consequence*' (**CEC**) statements:

1) **CSFs -** When considering an activity, consider what is critical that you get right about the activity (*e.g. with City reporting, it may be timeliness and accuracy*), and word the risk based on this critical activity (*e.g. failure to ensure timely and accurate City reporting*);

2) **CECs -** Consider the event that you are most concerned about (*e.g. timely reporting*), the principal potential cause (*e.g. Inadequate reporting systems*) and the principal potential consequence (*e.g. sub-optimal decision making*). These can then be constructed into a statement (*e.g. Inadequate systems cause untimely reporting leading to suboptimal decision making*).

Both ways of phrasing risks are acceptable to the City. Each risk requires a risk owner who is responsible for managing the risk and is accountable for determining if the risk level can be accepted, reviewing the risk, monitoring the controls and risk treatments. High and extreme risks require the risk management action to be approved by Council, via the Audit Committee.

B. Risk analysis and evaluation

For each risk, possible causes of the risk eventuating are identified. Each risk may have one or more causal factors which can either directly or indirectly contribute to it occurring. Identifying the range of causes assists in understanding the risk, identifying the most appropriate controls, evaluating the adequacy of existing controls and designing effective risk treatments. This step also considers the potential consequences of the risk, including knock-on or cascading effects.

Comparing the level of risk with the contents of the risk assessment criteria determines the acceptability of the risk. Risk analysis is undertaken with varying degrees of detail, depending on the risk, the purpose of the analysis, and the information, data and resources available. Analysis is qualitative, semi-quantitative or quantitative, or a combination of these, depending on the circumstances. Such techniques are comprehensively considered in 'ISO 31010: Risk Assessment Techniques', a companion to AS ISO 31000:2018. Risk analysis and evaluation involves identifying and evaluating any existing controls and analysing the risk in terms of consequences and likelihood, taking into account the effectiveness of the controls (*i.e. 'Residual Risk'*). Understanding the following terms is key:

RISK MANAGEMENT PROCEDURE

- Controls **-** Controls are the measures that are currently in place (*i.e. <u>at the time of the risk assessment</u>*), that materially reduce the consequences and/or likelihood of the risk. Controls are tangible, auditable and documented. A 'Hierarchy of Control' is applied which ensures the most effective controls are considered first (*e.g. eliminate entirely, substitute it, isolate it and engineer it out prior to relying on administrative controls*). At the City, controls are considered to be either 'preventative' (i.e. affecting likelihood), 'mitigative' (i.e. affecting consequence) or both.

- Consequence **-** A risk that eventuates may impact the City to a greater or lesser extent across multiple areas. Consequences of the risk can be assessed across the relevant consequence categories, which are defined in the risk assessment criteria tables.

- Likelihood **-** This describes how likely it is that a risk will eventuate with the defined consequences. Likelihood can be assessed in terms of terms of probability or frequency, depending on what is most appropriate for the risk under consideration. When you are rating the likelihood of residual risk, ask "*How likely is it for this risk to occur, given the existing controls, to the level of consequence identified?*"

- Level of Risk **-** The Level of Risk (LoR), or Risk Rating, is calculated by multiplying the consequence and likelihood ratings. For any risk, there may be a number of different consequence/ likelihood scenarios. Within each category there may be multiple scenarios ranging from 'minor but likely' to 'catastrophic but rare'. The City expects the most realistic worst-case scenario to be rated. In some instances, it may be appropriate to rate the same consequence category more than once. Where there are multiple ratings for a risk, the highest combination of consequence/likelihood is taken as the LoR. The LoR is then compared to the defined risk criteria to assist the risk owner in determining whether a risk requires further treatment. The City captures three different 'Levels of Risk' – Inherent risk (*i.e. before controls are applied*), Residual risk (*i.e. after controls are applied*) and 'Post-treatment' (*i.e. a prospective level of risk considering further treatments*).

Step 3 - Risk Treatment

Once a risk has been analysed and evaluated, the risk owner makes an informed decision to do one of the following:

- Accept the risk – the opportunity outweighs the risk, the existing controls meet the criteria specified in the Risk Assessment Criteria and the risk is within the defined tolerance and appetite of the City;

- Avoid the risk – do not carry on with the activity that is associated with the risk;

- Treat the risk – reduce the consequence, likelihood or both and/or improve the controls rating by strengthening existing controls or developing new controls so that the risk can be accepted. The treatment selection and implementation will typically be based on financial, technical and operational

RISK MANAGEMENT PROCEDURE

CITY OF VINCENT

- viability and alignment to the City's values and objectives. Note: It is expected that any risks associated with health and safety are managed to a level which the City considers to be "as low as reasonably practicable" (ALARP).

Risk-based decisions are made in line with the criteria outlined in the risk assessment criteria tables.

Communication and consultation with external and internal stakeholders/interested parties is an essential and valuable part of the risk management process at the City. A collaborative approach is preferred as it provides the opportunity for different perspectives and expertise. The City has an expectation this will occur throughout the steps 1 to 3 documented. Communication and consultation should include, amongst others, staff of the City, Councillors, contractors, rate payers and residents. Some of this consultation and communication will be formalised through workshops and training and some – for example with ratepayers and residents – may be less formal. Risk management training will be provided to staff, commencing at induction. In addition, regular risk management awareness information will be communicated via the Vintranet.

Monitoring and Review and Recording & Reporting are considered integral parts of the planning, management and oversight activities of the City to ensure contemporary, relevant and evidential risk management. The Corporate Risk Register is updated as risks are identified and is reported to the Executive Management Committee monthly, and to the Audit Committee quarterly or more frequently as required.

Ad-hoc review of risks may also occur where:

- There is a change to the risk environment, for example, changes to legislation or to the SCP or the CBP;

- An internal audit or other review highlights a new or changed risk;

- A material risk treatment is implemented or a key control is considered no longer effective or adequate;

- Major changes are made to the organisation including change of key personnel; or

- The complaints or learnings in relation to processes indicate a new or changed risk to the City.

5.   RISK MANAGEMENT CULTURE

A risk aware culture is essential to good risk management. The Policy and this Procedure will be communicated across the organisation and embedded into practices and processes rather than be viewed or practiced as a separate activity.

RISK MANAGEMENT PROCEDURE

It's important that all staff support and encourage a positive risk management culture by:

- playing an active part, and not simply mandating production of reports;

- empowering employees to manage risks effectively;

- acknowledging, rewarding and publicising good risk management;

- having processes that promote learning from errors, rather than punishing;

- encouraging discussion and analysis of unexpected outcomes, both positive and negative; and

- not over-responding to problems by introducing restrictive, complicated or one-size-fits-all controls.

Council and the EMC have a key role in promoting risk by setting the tone from the top and in allocating sufficient resources for risk management activities.

6.   RISK MANAGEMENT RESPONSIBILITIES

The City's Audit Committee is responsible for:

- Facilitating effective management of the City's risks through regular review and challenge of the City's Corporate Risk Register, and reporting the high and extreme risks to Council for approval of the proposed risk treatment.

- Considering the CEO's performance indicators in relation to the effectiveness of risk management and providing advice to Council on performance in this area.

- On an annual basis, providing a report to Council on the effectiveness of the City's risk management.

The Executive Management Committee is responsible for:

- On a monthly basis, reviewing and updating the Corporate Risk Register and confirming that risks are appropriately captured, rated and managed (or identifying exceptions where they exist).

- Presenting the Corporate Risk Register, including the proposed risk treatments for high and extreme risks, to the Audit Committee on a quarterly basis, or more frequently if required.

- Ensuring all staff are aware of their risk management responsibilities.

Each Executive Director is responsible for:

- Reviewing risks for their directorate to ensure risks are appropriately managed and included in the Corporate Risk Register as appropriate (medium, high and extreme risks to be included in Corporate Risk register).

- Approving the risk treatments for medium level risks.

RISK MANAGEMENT PROCEDURE

Each Manager is responsible for:

- Approving the risk treatment for low level risks.

- Providing updates on new and emerging risks (medium, high and extreme) and control effectiveness to the Governance team so they can be included in the Corporate Risk Register.

- Ensuring their Strategy House Risk Register is contemporary and comprehensive.

- Alerting the relevant Executive Director of changes to the risk environment including changes to control adequacy and effectiveness or increases or decreases to ratings of likelihood and consequence.

The Corporate Strategy and Governance team is responsible for:

- Ensuring the City's Corporate Risk Register is reviewed monthly and presenting it to the Executive Management Committee.

- Presenting the Corporate Risk Register to the Audit Committee.

- Reviewing the Policy and Procedure annually to ensure they remain relevant and reflect the City's risk management approach.

- Organising annual training for all staff on risk management and communicating the Policy and Procedure to relevant staff.

A flow chart detailing responsibilities for risk management is attached at **Attachment 1**.

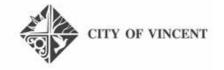# RISK MANAGEMENT PROCEDURE

CITY OF VINCENT

ATTACHMENT 1 – RISK RESPONSIBILITY

Council

Provides governance, guidance to and oversight of the Audit Committee and Chief Executive Officer.

↑ **ASSURANCE**

Audit Committee (report to Council)

Ensure compliance with legislation, regulation and policies as they relate to financial and risk management.

Ensure protection of financial assets and effective controls around other risks.

Receive the City's Corporate Risk Register and review risk treatments for high and extreme risks.

← **GUIDANCE**

↑ **ASSURANCE**   ↑ **ASSURANCE**

External and Internal Auditors

Validation of risk management controls

Provides independent assurance to Council and Audit Committee

CEO and Executive Management Committee

Oversees implementation of Risk Management Policy and Procedure. Participates in risk identification and assessment. Reviews and updates the Corporate Risk Register and risk treatments on a monthly basis

← **GUIDANCE**

↑ **REPORTS RISKS TO**

Managers

Day to day responsibility to oversee management of risks in their service areas or relating to their projects.

Update Corporate Risk register as required – report updates to Governance Team

GUIDANCE →

Governance Team

Oversees Risk Management Policy and Procedure

Independent monitoring and reporting of risk activities

Maintains Corporate Risk Register. Provides education and training on risk management

↑ **INFORM**

Employees and Contractors

Day to day responsibility for management of risks and monitoring of risk treatment. Develop and maintain risk treatments to resolve risks. Report risks and risk treatments to Managers

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OFFICE USE ONLY	
Approved by CEO and Noted by Audit Committee	**DATE: 06/07/2021, REF# D21/116958**
Reviewed / Amended	**DATE: <APPROVAL DATE>, REF#: <TRIM REF>**
Next Review Date	**DATE: <REVIEW DATE>,**

10

Risk Management Framework – SC2723 – D20/240006

RISK APPETITE & TOLERANCE STATEMENTS

CITY OF VINCENT

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

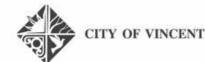| Risk Category	Risk Appetite / Tolerance Statement	Descriptor /clarification
Financial Sustainability		
Financially Volatile Decisions	The City has a ***low appetite*** for risk in decision making that impacts financial volatility and sustainability	These are for those decisions not specifically considered below: Based on risk consequence criteria - Risk of loss in excess of $100,000 (0.035% - 0.17% of operating budget)
Decisions causing Budget Deficiency	The City has a ***low tolerance*** for decisions or actions that result in material deficiency in achievement of budgeted: – Surplus – Balance sheet ratios – Profit and loss ratios – Rate of return on investments	Based on risk consequence criteria - Risk of loss or missing budget in excess of $100,000 (0.035% - 0.17% of operating budget)
Financial Investment & Growth		
Sustainable financial investments	The City has a ***moderate risk appetite*** 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.

City of Vincent Risk Appetite and Tolerance Statements – D20/26234

RISK APPETITE & TOLERANCE STATEMENTS

CITY OF VINCENT

Risk Category	Risk Appetite / Tolerance Statement	Descriptor /clarification
Forwards, hedges, and derivatives	The City has *no tolerance* 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.
Debt for growth	The City has a *moderate appetite* 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).
Specific ratios – *No specific rating given as these are set parameters that the City has determined that it must operate within. Rations (and thresholds) are determined by the State Government.*	• The City's debt to service ratio must always be above 5. • Total Liabilities **are never** to exceed Total Assets • Proposals supporting debt funding **must** be supported by a cash flow analysis that is financially sustainable	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. Financial sustainability for debt funding will need to consider: • Free cash flow for monthly, capital or balloon payments • Interest cover – refer above for the level of financial risk acceptable • Cost of not undertaking project – i.e., repairs and maintenance of the current solution • Future cost of new project once implemented – i.e., for a community centre, insurance, licences etc
Business collaboration		
Commercially viable collaboration	The City has a *moderate risk appetite* 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 (*Local Government Act 1995*). Suggestions would include using outside service providers to deliver current services provided by the City more efficiently, i.e., Waste Collection; or working

City of Vincent Risk Appetite and Tolerance Statements – D20/26234

RISK APPETITE & TOLERANCE STATEMENTS

CITY OF VINCENT

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.
3rd party Partner (Contractor) failure	The City has a **low risk appetite** for third party partner (contractors) failure.	The City utilises many 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.
Procurement		
Procurement failure	The City has a **low risk appetite** 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 **zero tolerance** 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.
Asset & Environment management & sustainability		
Environmentally dangerous activity	The City supports investments, activities and developments that result in a sustainable future for our community while meeting the current needs of our residents. 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.

City of Vincent Risk Appetite and Tolerance Statements – D20/26234

RISK APPETITE & TOLERANCE STATEMENTS

CITY OF VINCENT

Risk Category	Risk Appetite / Tolerance Statement	Descriptor /clarification
Ecologically sustainable decisions *Resource wastage*	The City has a high risk appetite for ecologically sustainable decisions The City is committed to protecting and preserving the environment and has a *low risk appetite* for activities that would significantly degrade the environment and a *high risk appetite* for decisions that promote ecologically sustainable development. The City has a *low risk appetite* 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.
Activities against ratepayer values & ethics	The City has a *very* **low risk appetite** 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.
Activities, structures, projects that present health risk for the community	The City has a *low risk appetite* 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.
Values and Behaviours		
Behaviour or conduct against City values	The City is an equal opportunity employer that employs skilled and experienced employees in positions with clearly defined roles and responsibilities; it has a *low risk appetite* 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.
Low individual and team performance	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.

City of Vincent Risk Appetite and Tolerance Statements – D20/26234

RISK APPETITE & TOLERANCE STATEMENTS

CITY OF VINCENT

Risk Category	Risk Appetite / Tolerance Statement	Descriptor /clarification
	sensitivity. It has a *low risk appetite* for behaviour or conduct which does not meet these standards.	
Human Resource	The City has a *low risk appetite* for human resource risk.	
Lack of Staff feedback & development	The City has a *low risk appetite* 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 were outside norms. Regular surveys will support understanding moral & engagement and to understand what can be done to improve areas.
Behaviour reducing cultural diversity & awareness	The City has a *low risk appetite* 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.
Harm of staff, clients, partners, or visitors	The City has a *very low risk appetite* 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.
Breach of code of conduct, ethics, and Law	The City has *no appetite* for conduct that is unlawful, unethical, or otherwise breaches the Code of Conduct or reflects misconduct / serious misconduct.	
Health and Safety		
Inadequate & untimely reporting of breach & near-miss incidents	The City has a *low appetite* for health and safety risk, and in particular a *very low tolerance* 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.
Negligent & deliberate violations of health & safety requirements	The City has *no tolerance* for negligent, deliberate, or purposeful violations of health and safety requirements.	

City of Vincent Risk Appetite and Tolerance Statements – D20/26234

RISK APPETITE & TOLERANCE STATEMENTS

CITY OF VINCENT

Risk Category	Risk Appetite / Tolerance Statement	Descriptor /clarification
Business Service	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
Disruption to the operation of the business	The City has a very *low tolerance* 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 *"Failure of assets / disruption which results in inconvenience but no material service interruption (resolved within one day)."* So, where there is a disruption, for example the phone lines are down, then a solution needs to be found within one day. The cost of this control must also be considered in the action sought.
Loss or lack of documentation of corporate knowledge	The City has a very *low risk tolerance* 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.
Governance	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.	
Breaches in regulations, professional standards, and ethics	The City has a ***very low risk appetite*** 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
Bribery or Fraud	The City has *no tolerance* for bribery or fraud.	The City will investigate all allegations and take action to the full extent of its capacity.
Less than better practice for Governance, Due diligence, Accountability and Sustainability	The City has a *low risk tolerance* for less that better practice decision making for governance, due diligence, accountability, and sustainability, as measured by accepted industry standards and practices.	

City of Vincent Risk Appetite and Tolerance Statements – D20/26234

RISK APPETITE & TOLERANCE STATEMENTS

CITY OF VINCENT

Risk Category	Risk Appetite / Tolerance Statement	Descriptor /clarification
A breach in Delegated Authority	The City has *very low risk tolerance* for breach in delegated authority.	
Poor Project or Change Management	The City has *low risk tolerance* for incidents or impacts which are generated by poor project management or change management practices.	The risk consequence level will need to be considered.
Information & Systems management		
Compromising information, its management, security, and storage	The City has a *very low appetite* 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.
Information management and Security risk	The City of Vincent has *very low appetite* for information management and security risk.	
Internal or External threats to private information	The City has *no appetite* for threats to private information arising from internal breaches or external malicious attacks.	
Deliberate misuse of information	The City has *no appetite* for the deliberate misuse of information.	
Breaches of the Code of Conduct	The City has *no appetite* for repeat breaches of the Code of Conduct.	
Safe & approved Systems Development	The City has a *moderate risk appetite* 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.
Community Services	The City seeks to create a connected community where the City's residents can interact with the built environment and nature to	

City of Vincent Risk Appetite and Tolerance Statements – D20/26234

RISK APPETITE & TOLERANCE STATEMENTS

CITY OF VINCENT

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.	
Community Engagement and Increased Participation	The City has a **high appetite** 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.
Constructive Community Consultation	The City has a **high risk appetite** 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.
Activity risking long-term values or reputation of Council	The City has **zero risk appetite** in any activity that will put its long-term values or reputation at risk.	
Failure to meet customer commitments and/or provide appropriate advice and address regulatory concerns	The City has a **very low risk appetite** 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.

The City will promptly take action to address ratepayer/customer complaints and regulatory concerns. |
| *Negotiate with Regulators, State & Federal Government Agencies* | The City has a **high risk appetite** to consult and negotiate with regulators, State & Federal Government Agencies to achieve the City's objectives. | |
| *Leasing of Community Facilities* | The City has a **moderate risk appetite** for financial loss in respect to the use of the City's community facilities provided the use is:

• in the community interest

• satisfies a recognised community purpose | This is to ensure we are considering the needs of our community together with the financial impacts of decision making. |

City of Vincent Risk Appetite and Tolerance Statements – D20/26234

RISK APPETITE & TOLERANCE STATEMENTS

CITY OF VINCENT

Strategic Risks & Categories
Finance, procurement & contracts Risks relating to ensuring reliability and timeliness of financial and other information; as well as ensuring the financial sustainability and viability of the City. Risk of failures in the City's procurement and contract engagement and management processes resulting in business loss or disruption.
Asset Management & sustainability, environment management Risks associated with investing in, developing and maintaining the City's infrastructure to ensure reliability and to meet its Vision and strategy. 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.
OH&S, employment practices 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.
Business service disruption: 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.
Governance, misconduct & fraud: 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.
Information & systems management: 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.
Community services: 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.

City of Vincent Risk Appetite and Tolerance Statements – D20/26234

6.3   REVIEW OF THE CITY'S AUDIT LOG

Attachments: **1.   Audit Log as at 17 August 2023**
                                  2.   Internal Audit Log as at 17 August 2023 - Confidential

RECOMMENDATION:

That the Audit Committee recommends to Council that it:

1.   NOTES the status of the City's Audit Logs at Attachments 1 and 2; and

2.   APPROVES proposed completion dates as specified at Attachments 1 and 2.

COMMITTEE DECISION ITEM 6.3

Moved: Mr Araj, Seconded: Cr Gontaszewski

That the recommendation be adopted.

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CARRIED (4-0)

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For: Mr Manifis, Cr Gontaszewski, Cr Alexander and Mr Araj

Against: Nil

(Cr Wallace was on approved leave of absence for the Meeting.)

(Cr Ioppolo was on approved leave of absence for the Meeting.)

(Mr Goy was an apology for the Meeting.)

NOTE: Finance to present a report on the fundamental controls in place to control invoices for procurement, by the next Audit Committee.

NOTE: Add to the internal audit a review of the process to close off audit log items. What process or document has changed, and point to it in the closure on the log.

AUDIT LOG

CITY OF VINCENT

Contents

Summary of open Confidential items (D21/61059)
Nil

AUDIT LOG

CITY OF VINCENT

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
Stanton Reg 5 & 17 Review A:2020/12 (8) Manual Timesheet **Stanton Reg 5 & 17 Review – Manual Timesheet** **Finding** The City uses manual timesheets, predominately for those employees who work in the depot and recreational leisure centre. **Recommendation** 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. **Recommendation** **Risk Rating (prior to controls)** Moderate **Risk Rating (with current controls)** Minor **Responsible Officer:** Executive Manager Human Resources and Executive Manager Information and Communication Technology	**Management Comment** 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. 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.	December 2021	Partially completed: Beatty Park are now partially using mobile application for rostering and time-sheeting. Further rollout subject to Beatty Park change management resourcing. In progress: for Depot staff with mobile application AND job costing requirements for time-sheeting, two solutions are being reviewed: 1. The City will help Civica test their new mobile time-sheeting (currently in development) in early 2022. 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. **March 2022** 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. **May 2022** No update. **July 2022** Ongoing HR team challenges have impacted attempts to resource this initiative. The HR/IT plan is now to: 1. Prepare a change management plan in November & December 2. Implement in January & February 2023	~~March 2022~~ ~~Estimated August 2022~~ ~~February 2023~~

AUDIT LOG

                 CITY OF VINCENT

November 2022
In line with WA Government announcement (1st November 2022) that all WA Local Governments will transition to the State IR Legislation effective 1st January 2023, the City is now procuring a timesheet solution to meet legislative requirements. An electronic system will initially be rolled out to administrative staff, followed by transition of other teams using manual timesheets (Rangers, Depot field staff, Beatty Park). The City is aiming for go-live in January 2023.

~~January 2023~~

February 2023
Go-live delayed while extensive testing continues to ensure
smooth rollout to staff and future application to field-based staff.
Final technical changes being made for late February 2023
release.

April 2023
Timesheet functionality considered too basic for effective go live. Additional Functionality requires Payroll integration Works to ensure workflow approvals, Flexi leave management and job costing Details for field staff. HR progressing This work.

~~February 2023~~

June 2023 – Payroll & Timesheet Project key dates established

~~August 2023~~

• 9th October testing (2 pay cycles end-to-end)
• 1st November "go / no go" meeting based on testing results
• 6th November go live
• 21st November – first pay-run
• Timing risks: OAG finance/payroll audit; key payroll staff availability (eg: unexpected health issue)

November 2023

August 2023
On track

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AUDIT LOG

CITY OF VINCENT

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
Office of the Auditor Financial Audit for 2021/22				
EA: 2022/12 (1) Fair value of Infrastructure Assets – Frequency of Valuations **Office of the Auditor Financial Audit for 2021/22** **Finding** The City has performed an assessment to determine whether its infrastructure assets represent fair value. Management performed a high-level desktop assessment of its infrastructure assets as a whole and not across each sub-category of the infrastructure asset class. This assessment relied on the City's internal assessment by management of the current market conditions. This review indicated there were no significant movement or impact on its infrastructure assets relevant to 30 June 2022. **Risk Rating** **Rating: Significant** **Implication** Without a robust assessment of fair value of the City's Infrastructure Assets there is a risk that the fair value of infrastructure assets may not have been assessed adequately and in compliance with *AASB 13 Fair Value Measurement,* as well as Regulation 17A(4)(b) of the Local Government (Financial Management) Regulations 1996 (the Regulations). **Recommendation** The City should consider implementing as part of the preparation of financial statements a formal robust process to determine whether indicators exist annually, that would trigger a requirement to perform a formal revaluation of Infrastructure Assets. Where indicators exist a robust fair value assessment should be performed capturing the requirements of AASB 13 Fair Value Movements. This process is to ensure that the LG Entity's infrastructure assets are recorded at fair value in compliance with *AASB 13 Fair Value Measurement* and the Regulations. This may entail obtaining relevant input from an independent valuer as to whether or not they consider there are any prevailing market factors which may indicate that the fair value of relevant assets are likely to have been impacted to any significant / material extent from the prior year. Where a fair value assessment has been performed internally the LG entity may consider having this assessment peer reviewed by an independent valuer to obtain assurance over the valuation methodology applied, inputs and the reasonableness of the valuation model applied.	**Management Comment** *Management performed a high-level review of the infrastructure asset carrying values as at 30 June 2022 to assess if these values were materially correct.* *The City did not conduct an external valuation of these assets during 2021-22 as in line with Regulation 17A(4)(b) of the Local Government (Financial Management) Regulations 1996, the 5-year detailed external valuation of infrastructure assets has been budgeted and due to be conducted in 2022-23. After the detail valuation has been performed in 2022-23, the City will be able to conduct more robust internal assessments moving forward.* *Management notes the OAG's recommendation but does not agree with the rating of this finding as if no internal assessment of carrying values were performed, the rating would still be the same.*	June 2023	 The City is still waiting for the valuation to be finalised by the appointed valuer. This will be completed and reconciled prior to the submission of the Annual Financial Statements to the OAG by 30 September.	~~June 2023~~ ~~July 2023~~ **September 2023**

AUDIT LOG

CITY OF VINCENT

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date

EA: 2022/12 (15) Finance And Payroll System Event Monitoring **Office of the Auditor General Information Systems Audit for 2021/22**
 	
Update 2022
This finding remains open as there is no process in place to manage the logging and monitoring of application.
 	
Finding 2020
We found that there are no formalised requirements for pro-active or regular review of event logs generated by key business application to identify unauthorised access or malicious activity.
 	
Risk Rating
Moderate (2021: Moderate)
 	
Implication
Without effective pro-active monitoring of high-risk events, such as administration actions, there is an increased risk that any potential problems, trends, or ongoing attempts to compromise systems or data will not be detected.
 	
Recommendation
The City should continue to work towards an appropriate application event logging and monitoring process and capacity to report on inactivity and account creation dates.
	Management Comment:
	The City accepts this finding.
	• *New logging and monitoring processes will target:*
	   ○ *Requestor/Approver separation for financial changes*
	   ○ *Change of bank details*
	   ○ *Unusual hours of activity*
	   ○ *Unusual locations*
	   ○ *Failed logins*
	   ○ *Priv access activities – non-IT (CFO, HR) person to review*
		February 2023	Behind schedule. Vendor consultant still being scheduled for support.
			
			April 2023
			• Still delayed by vendor consulting services. Expected to be completed May 2023.
			
			June 2023
			• Vendor's response 13/6/23: "We are unable to assist on custom reports as all our resources are fully scheduled. This request has been taken to the management team to decide on how best to resolve custom reports going forward."
			• The City has commenced some work on basic database queries to provide alerts to changes in staff and suppliers profiles that include bank details. Other desired reports are being investigated but may not be possible due to lack of data or lack of understanding of the software database.
			
			August 2023
			• **Closed.** Reports now operational for:
			   ○ Changes to staff bank details
			   ○ Changes to supplier bank details
			   ○ Changes to staff role access
				~~April 2023~~
				~~May 2023~~
				
				July 2023 for bank detail alerts
				
				Completed

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AUDIT LOG

CITY OF VINCENT

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
EA: 2022/12 (20) Data Centre Management **Office of the Auditor General Information Systems Audit for 2021/22** **Update 2022** The finding remains open as the City still does not have an adequate process to manage data centre access. Our testing identified: • Third party/ Contractor access is not set to expire in line with their contract. • User access is not periodically reviewed to verify if their access is still appropriate • There was no humidity sensor in place to provide an early warning/detection if the room's humidity exceeds maximum/minimum levels. We acknowledge that the City has enforced swipe card access and has recently implemented humidity controls as part of a broader data centre security upgrade that is in progress. **Finding 2021** The finding remains open as the City does not have adequate policies or documented procedures defining responsibility for managing the primary data centre and access management processes. We found that the swipe card reader for primary data centre is not functional and there is no logbook to record access to the data centre. Additionally, we also found non-IT related hardware located in the data centre. **Risk Rating** *Minor (2021: Minor)* **Implication** Without adequate protection against various physical and environmental threats there is an increased risk of unauthorised access, damage, and theft to the City's IT systems. This may impact the confidentiality, integrity, and availability of the City's information. **Recommendation** The City should: • develop appropriate data centre access management policies and procedures • perform regular access reviews and remove inappropriate users in a timely manner. Records of the reviews should be retained. • Appropriate environmental controls and alerts are in place.	**Management Comment:** *The City accepts this finding.* • *The City's current building security access system does not provide the functionality necessary to meet all recommendations. A new solution has been procured and is currently being implemented as a cross-team project with Rangers.*	March 2023	In progress, however contractor-led project not expected to complete until May 2023 **April 2023** • Back on track. • Security model reviewed and approved with contractors. Cutover estimated late May or early June 2023. **June 2023** • City waiting on supplier to complete implementation (RFQ awarded in April 2022). **August 2023** • On track • Incremental cutover scheduled to begin 28/8/23 (meaning that card readers begin migrating to the new system floor by floor, building by building).	~~May 2023~~ **Estimated: August 2023**

AUDIT LOG

CITY OF VINCENT

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
Office of the Auditor General Financial Audit for 2022/23				
EA: 2022/01 Rates Receivable Reconciliations **Office of the Auditor General Financial Audit for 2022/23** **Finding** From the review of the rates receivables reconciliations for February and March 2023, we found the reconciliations have not been adequately prepared and reviewed, as there was an unexplained variance of $121,294,53 between the rates module and general ledger for both months. **Risk Rating** Rating: *Moderate* **Implication** The absence of a robust process over reconciliations on period end balances can result in errors or omissions remaining undetected, leading to misstatements in the financial statements. **Recommendation** Management should review the design of their rates receivable reconciliation process to ensure balances are appropriately reconciled.	**Management Comment:** Management completed the reconciliation in a timely manner with adequate supporting documentation. The variance identified above is a known issue that was raised with CIVICA in January 2023. The City is still waiting for a fix and hopes to have this issue resolved by July 2023. Management is comfortable with the design of the reconciliation as this item is identified as part of the process.			**Completed July 2023**

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AUDIT LOG

CITY OF VINCENT

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
EA: 2022/02 Bank Reconciliations **Office of the Auditor General Financial Audit for 2022/23** **OUTSTANDING FROM PREVIOUS YEARS** **Finding** From our review of bank account reconciliations for February and March 2023: we found the reconciliations were not adequately prepared and reviewed as they included receipts and payments that were incurred in the bank and recognised in the general ledger in the subsequent month, and therefore were inappropriate to be recognised as reconciling items. in addition, the general ledger balance at February was overstated by $7,658.79 due to an incorrect journal that was identified by audit. From our review of investment account reconciliations for February and March 2023: we found the March 2023 reconciliation was not adequately prepared and reviewed. It contained a reconciling item of $70,704.63 that was applicable to the February reconciliation and therefore was inappropriate to be a reconciling item in March. Findings relating to bank reconciliations have been raised since 2020-21. **Risk Rating** **Moderate (2021-22 – Moderate)** **Implication** Inappropriately prepared bank and investment reconciliations increases the risk of errors, omissions or fraud remaining undetected. **Recommendation** Management should review the design of their bank and investment reconciliation process to ensure balances are appropriately reconciled and properly completed and reviewed.	**Management Comment:** Management has implemented a new balance sheet reconciliations process that was rolled out in February 2023. As part of the bank reconciliation process additional steps were taken to explain items included on the system generated report that related to the next reporting period. This additional information will be removed for future bank reconciliations. Management will continue to improve the process and ensure all reconciling items are identified and reviewed in a timely manner.			**Completed July 2023**

6.4   AUDIT COMMITTEE - FORWARD AGENDA 2023

Attachments: 1.   Audit Committee Forward Agenda 2023

RECOMMENDATION:

That the Audit Committee recommends to Council that it NOTES the Audit Committee Forward Agenda at Attachment 1.

COMMITTEE DECISION ITEM 6.4

Moved: Mr Manifis, Seconded: Mr Araj

That the recommendation be adopted.

<div align="right">

CARRIED (4-0)

</div>

For: Mr Manifis, Cr Gontaszewski, Cr Alexander and Mr Araj

Against: Nil

(Cr Wallace was on approved leave of absence for the Meeting.)

(Cr Ioppolo was on approved leave of absence for the Meeting.)

(Mr Goy was an apology for the Meeting.)

Audit Committee Forward Agenda 2023

Standing Items	February (no meeting scheduled)	2 March 2023
• Review and update of Audit Committee Forward Agenda 2023 • Review status of pending action items from the last meeting • Review audit log - internal & external audit recommendations • Review of the internal audit activities, progress against plan, and internal audit reports issued during the period • Review of the City's Corporate Risk Register • Review the status of any fraud investigation reports • Briefing by CAE on performance audits or OAG reports carried out for the state government or other LGAs along with any action plans put in place by the City		• Consideration of Audit Committee Forward Agenda 2023 • Fraud and Corruption Plan – Annual Review • Local Government Statutory Compliance Audit Return 2022 – Annual Review • Refresher by CAE on Local Government Act 1995 and key legislation impacting the City. • Briefing by CEO on the City's Strategy, progress of key initiatives, and external events impacting the City (e.g., new regulation, macro-economic factors, etc.) Note: Reports and recommendations to **14 March 2023 OMC**

April (no meeting scheduled)	4 May 2023	29 June 2023
	• Training and professional development session determined by Committee Chair • Review the Audit Committee Terms of Reference • Review and recommend to the Council any changes to the proposed annual Internal Audit Plan (6 months prior to the initial review). Note: Reports and recommendations to **20 June 2023 OMC**	• Meet privately with the external auditor (OAG) without management present to discuss any matters deemed appropriate • Entry Meeting - OAG • Meet privately (without management present) with the CAE to discuss any matters deemed appropriate. • Meet privately with the internal audit service provider every six months. Note: Reports and recommendations to **25 July 2023 OMC**

July (no meeting scheduled)	10 August 2023	September (no meeting scheduled)
	• Recommend to the Council the proposed annual Internal Audit Plan along with aspects of coordination with the external auditor's plan and those of other assurance providers. • Evaluate the performance of the internal audit service provider and CAE • Review and recommend changes (if any) to the internal audit charter. • Review of business risk reports issued by management including corresponding action plans • Briefing by CEO on the City's Strategy, progress of key initiatives, and external events impacting the City (e.g., new regulation, macro-economic factors, etc.) Note: Reports and recommendations to **19 September 2023 OMC**	

5 October 2023	30 November 2023	December (no meeting scheduled)
• Annual financial report for year end 30 June 2023 – draft annual financials • Briefing by CFO of significant accounting policies and significant judgements made in preparing the financial statements. • Review the OAG's audit plan including view of significant accounts and fraud risk. • Annual acknowledgement of the City's Code of conduct, evaluation of member independence & committee performance. • Commence EOI for external Committee Members. • Review risk management processes and activities (including Risk Mgmt. Policy and Appetite Statements) • Review the City's response to the Public Sector Commission Integrity Survey • Review adequacy of procedures for the confidential, anonymous submission by employees regarding possible fraud or irregularities Note: Reports and recommendations to **21 November 2023**	• Exit Meeting - OAG • Meet privately (without management present) with the CAE to discuss any matters deemed appropriate. Meet privately with the internal audit service provider every six months. • Briefing by CEO on the City's Strategy, progress of key initiatives, and external events impacting the City (e.g., new regulation, macro-economic factors, etc.) Note: Reports and recommendations to **12 December 2023**	

CATEGORIES:

1. **Committee Operations**
2. **Financial Reporting & External Audit (OAG)**
3. **Internal Audit Activities**
4. **Risk Management & Internal Control**
5. **Ethics and Compliance**
6. **Other Matters**

7   GENERAL BUSINESS

7.1   Purchase Order raised after Invoice:

Administration were asked to investigate the value of purchase orders (PO) raised after invoice for the 2021/22 financial year.

The amount quoted in the Paxon report of $6,492,937 represented the total value of the POs, not the invoice value which was $1,614,832 in total. Further details of how the City will address this audit finding are included in the audit log.

Cr Gontaszewski queried if it is correct that 1 in 4 dollars expended by the City was expended against an invoice that was raised before the purchase order? The Committee requested that a response be included in the minutes, and that information on the number of non-compliant purchase orders raised after invoice for the 2022/23 financial year?

Administration provided the following additional information:

Administration were asked to investigate the value of purchase orders (PO) raised after invoice for the 2021/22 financial year.

- Paxon audited the period 1 July 2021 to 9 November 2022 (16 months).
- Total expenditure for the City for this period was $54,125,173 with 8,138 POs being raised.
- The Paxon audit report identified 849 POs with a value of $7,083,474 ($6,492,937 + $590,537) which referenced the total PO value not the value of the invoices that were issued before the PO was raised.
- The value of POs raised after invoice for the period 1 July 2021 to 9 November 2022 (16 months) was $2,030,378 which included $361,427 for weekend work and emergency call out services where staff were unable to raise a PO before the invoice.

Administration were asked to investigate the value of purchase orders (PO) raised after invoice for the 2022/23 financial year.

- For 12 month period, a total of 6201 POs were raised for $37,287,264.
- 449 POs raised after the invoices totalling $1,552,761. This does not include any invoices for weekend work, emergency services or on-call services.

In response to this finding administration advises the following action, contained within the Audit Log:

A purchase order after invoice date report has been created in Authority. A process has been developed to provide this report to executives, managers and EMC each month for follow up. This process was reviewed and approved by EMC at the August EMC meeting. The report and process is scheduled to begin in September. Executives and managers will be required to raise repeated issues with staff. Further training will be required or purchasing access removed for repeat offenders.

8   NEXT MEETING

5 October 2023

9   CLOSURE

There being no further business, the meeting closed at 5.43pm.

These Minutes were confirmed at the 5 October 2023 meeting of the Audit Committee as a true record and accurate of the Audit Committee meeting held on 31 August 2023.

Signed: Mr Conley Manifis

Dated