



CITY OF VINCENT

MINUTES

Audit and Risk Committee

29 February 2024

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**MINUTES OF CITY OF VINCENT
AUDIT AND RISK COMMITTEE
HELD AT THE E-MEETING AND ADMINISTRATION AND CIVIC CENTRE
244 VINCENT STREET, LEEDERVILLE
ON THURSDAY, 29 FEBRUARY 2024 AT 4.15PM**

PRESENT:	Mr Conley Manifis	Independent External Member (A/Chair) (electronically)
	Mr Baptiste Isambert	Independent External Member
	Cr Alex Castle	North Ward
	Cr Jonathan Hallett	South Ward
	Mayor Alison Xamon	Mayor
IN ATTENDANCE:	David MacLennan	Chief Executive Officer
	Rhys Taylor	Chief Financial Officer (from 4.31pm)
	Joslin Colli	Chief Audit Executive
	Emma Simmons	Senior Governance Projects Officer
	Peter Ferguson	Executive Manager Information and Communication Technology (from 4.31pm)

1 INTRODUCTION AND WELCOME

In the absence of the Chair and Deputy Chair, and in accordance with Clause 3 of Schedule 2.3 of the *Local Government Act 1995*, the Chief Executive Officer is to preside at the meeting until the office of Presiding Member is filled. Independent External Member, Conley Manifis was appointed as Acting Chairperson.

The Presiding Member, Conley Manifis, declared the meeting open at 4.20pm 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 Ron Alexander
Mr George Araj

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 CONFIRMATION OF MINUTES

COMMITTEE DECISION

Moved: Cr Castle, Seconded: Cr Hallett

That the minutes of the Audit and Risk Committee held on 7 December 2023 be confirmed.

CARRIED (5-0)

For: Mr Manifis, Mr Isambert, Cr Castle, Cr Hallett and Mayor Xamon

Against: Nil

(Cr Alexander was an apology for the Meeting.)

(Mr Araj was an apology for the Meeting.)

5 Business Arising**5.1 AUDIT COMMITTEE - FORWARD AGENDA 2024****TRIM Ref:** D23/225634**Author:** Emma Simmons, Governance Projects Officer**Authoriser:** David MacLennan, Chief Executive Officer**Attachments:** 1. Audit Committee Forward Agenda 2024 [↓](#) **RECOMMENDATION:**

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

COMMITTEE DECISION ITEM 5.1**Moved:** Cr Hallett, **Seconded:** Mr Isambert

That the recommendation be adopted.

CARRIED UNANIMOUSLY (5-0)

(Cr Alexander was an apology for the Meeting.)

(Mr Araj was an apology for the Meeting.)

Audit Committee Forward Agenda 2024

Standing Items	29 February 2024	March (no meeting scheduled)
<ul style="list-style-type: none">Review and update of Audit Committee Forward Agenda 2024Review status of pending action items from the last meetingReview audit log - internal & external audit recommendationsReview of the internal audit activities, progress against plan, and internal audit reports issued during the periodReview of the City's Corporate Risk RegisterReview the status of any fraud investigation reportsBriefing 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	<ul style="list-style-type: none">Consideration of Audit Committee Forward Agenda 2024Training and professional development session determined by Committee Chair.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.)Regulation 17 review report and recommendations. (Year 2 Internal Audit Plan)Local Government Statutory Compliance Audit Return 2023 – Annual ReviewRefresher by CAE on Local Government Act 1995 and key legislation impacting the City <p>Note: Reports and recommendations to 19 March 2024 OMC</p>	
April (no meeting scheduled)	May (no meeting scheduled)	27 June 2024
		<ul style="list-style-type: none">Meet privately with the external auditor (OAG) without management present to discuss any matters deemed appropriateEntry Meeting – OAGReview and recommend to Council the proposed annual Internal Audit Plan for Year 3.Meet privately (without management present) with the CAE to discuss any matters deemed appropriate.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.)Review and recommend to Council the approval of proposed Integrity Framework <p>Note: Reports and recommendations 23 July 2024</p>
July (no meeting scheduled)	August (no meeting scheduled)	September (no meeting scheduled)
10 October 2024	28 November 2024	December (no meeting scheduled)
<ul style="list-style-type: none">Annual acknowledgement of the City's Code of conduct, evaluation of member independence & committee performance.Review of business risk reports issued by management including corresponding action plansReview adequacy of procedures for the confidential, anonymous submission by employees regarding possible fraud or irregularities <p>Note: Reports and recommendations to 19 November 2024</p>	<ul style="list-style-type: none">Exit Meeting – OAGAnnual financial report for year end 30 June 2024Meet 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.)Review risk management processes and activities (including Risk Mgmt. Policy and Appetite Statements) <p>Note: Reports and recommendations to 10 December 2024</p>	

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

5.2 LOCAL GOVERNMENT STATUTORY COMPLIANCE AUDIT RETURN 2023**TRIM Ref:** D23/225548**Author:** Emma Simmons, Governance Projects Officer**Authoriser:** David MacLennan, Chief Executive Officer**Attachments:** 1. City of Vincent Compliance Audit Return 2023  **RECOMMENDATION:**

That the Audit Committee **RECOMMENDS** that Council adopts the Local Government Statutory Compliance Audit Return for the period 1 January 2023 to 31 December 2023.

COMMITTEE DECISION ITEM 5.2**Moved:** Cr Hallett, **Seconded:** Mr Isambert

That the recommendation be adopted.

CARRIED UNANIMOUSLY (5-0)

(Cr Alexander was an apology for the Meeting.)

(Mr Araj was an apology for the Meeting.)



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Vincent - Compliance Audit Return 2023

Commercial Enterprises by Local Governments					
No	Reference	Question	Response	Comments	Respondent
1	s3.59(2)(a) F&G Regs 7,9,10	Has the local government prepared a business plan for each major trading undertaking that was not exempt in 2023?	N/A		Senior Land and Legal Advisor
2	s3.59(2)(b) F&G Regs 7,8A, 8, 10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2023?	N/A		Senior Land and Legal Advisor
3	s3.59(2)(c) F&G Regs 7,8A, 8,10	Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2023?	Yes	Business plan was published as part of statewide public notice on 26 July 2023	Senior Land and Legal Advisor
4	s3.59(4)	Has the local government complied with public notice and publishing requirements for each proposal to commence a major trading undertaking or enter into a major land transaction or a land transaction that is preparatory to a major land transaction for 2023?	Yes	Statewide public notice of Business Plan occurred from 26 July 2023 to 11 Sept 2023	Senior Land and Legal Advisor
5	s3.59(5)	During 2023, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority?	Yes	Council Meeting on 21 Nov 2023 (item 9.8) approved by absolute majority to proceed with Major Land Transaction and to execute transaction documents. Transaction documents executed on 24 January 2024.	Senior Land and Legal Advisor

Delegation of Power/Duty					
No	Reference	Question	Response	Comments	Respondent
1	s5.16 (1)	Were all delegations to committees resolved by absolute majority?	Yes	Delegation to the Behaviour Complaints Committee was resolved by AMV at the Ordinary Council Meeting 14/12/2021 - Item 9.15 and last reviewed and adopted by AMV 20/06/2023 OMC – Item 12.1.	Senior Governance Project Officer
2	s5.16 (2)	Were all delegations to committees in writing?	Yes	See Register of Delegations, Authorisations & Appointments and Council Minutes available on the City's website	Senior Governance Project Officer
3	s5.17	Were all delegations to committees within the limits specified in section 5.17?	Yes	See Register of Delegations, Authorisations & Appointments and Council Minutes available on the City's website	Senior Governance Project Officer



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Delegation of Power/Duty					
4	s5.18	Were all delegations to committees recorded in a register of delegations?	Yes	See comment above	Senior Governance Project Officer
5	s5.18	Has council reviewed delegations to its committees in the 2022/2023 financial year?	Yes	Annual review undertaken by Council see minutes of OMC 20/06/2023 – Item 12.1	Senior Governance Project Officer
6	s5.42(1) & s5.43 Admin Reg 18G	Did the powers and duties delegated to the CEO exclude those listed in section 5.43 of the Act?	Yes	See Register of Delegations, Authorisations & Appointments .	Senior Governance Project Officer
7	s5.42(1)	Were all delegations to the CEO resolved by an absolute majority?	Yes	see minutes of OMC 20/06/2023 – Item 12.1	Senior Governance Project Officer
8	s5.42(2)	Were all delegations to the CEO in writing?	Yes	Provided in the Register of Delegations, Authorisations and Appointments available as a public document on the City's website.	Senior Governance Project Officer
9	s5.44(2)	Were all delegations by the CEO to any employee in writing?	Yes	Individual Certificates are provided and saved in SC279 Also provided in the Register of Delegations, Authorisations and Appointments available as a public document on the City's website.	Senior Governance Project Officer
10	s5.16(3)(b) & s5.45(1)(b)	Were all decisions by the council to amend or revoke a delegation made by absolute majority?	Yes	All amendments are noted in Revisions at the end of the Register of Delegations, Authorisations and Appointments	Senior Governance Project Officer
11	s5.46(1)	Has the CEO kept a register of all delegations made under Division 4 of the Act to the CEO and to employees?	Yes	See Register of Delegations, Authorisations & Appointments available as a public document on the City's website.	Senior Governance Project Officer
12	s5.46(2)	Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2021/2022 financial year?	Yes	Annual review undertaken by administration 16/03/2023 D23/34733 & at by Council at OMC 20/06/2023 – Item 12.1.	Senior Governance Project Officer
13	s5.46(3) Admin Reg 19	Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record in accordance with Admin Reg 19?	Yes	Saved to the City's central record keeping system (Content Manager).	Senior Governance Project Officer



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Disclosure of Interest					
No	Reference	Question	Response	Comments	Respondent
1	s5.67	Where a council member disclosed an interest in a matter and did not have participation approval under sections 5.68 or 5.69, did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter?	Yes	https://www.vincent.wa.gov.au/our-city/council-and-committees/council-meetings/about-council-meetings.aspx	Council Liaison Officer
2	s5.68(2) & s5.69(5) Admin Reg 21A	Were all decisions regarding participation approval, including the extent of participation allowed and, where relevant, the information required by Admin Reg 21A, recorded in the minutes of the relevant council or committee meeting?	Yes	https://www.vincent.wa.gov.au/our-city/council-and-committees/council-meetings/about-council-meetings.aspx	Council Liaison Officer
3	s5.73	Were disclosures under section sections 5.65, 5.70 or 5.71A(3) recorded in the minutes of the meeting at which the disclosures were made?	Yes	https://www.vincent.wa.gov.au/our-city/council-and-committees/council-meetings/about-council-meetings.aspx	Council Liaison Officer
4	s5.75 Admin Reg 22, Form 2	Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day?	No	<p>One of the City’s designated employees failed to complete a Primary Return within three months of their powers commencing.</p> <p>The employee was issued a Certificate of Delegation on 20 March 2023 and submitted a Primary Return on 27 June 2023 (being 7 days outside of the submission period)</p> <p>A notification of the breach was submitted to the CCC and DLGSC on 27 July 2023.</p>	Senior Governance Project Office
5	s5.76 Admin Reg 23, Form 3	Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2023?	Yes	Document reference numbers for all returns are available in the Register of Financial Interest - Primary and Annual Returns D20/130156	Senior Governance Project Officer
6	s5.77	On receipt of a primary or annual return, did the CEO, or the mayor/president, give written acknowledgment of having received the return?	Yes	Document reference numbers for all acknowledgements are available in the Register of Financial Interest - Primary and Annual Returns D20/130156	Senior Governance Project Officer
7	s5.88(1) & (2)(a)	Did the CEO keep a register of financial interests which contained the returns lodged under sections 5.75 and 5.76?	Yes	See Register of Financial Interest - Primary and Annual Returns - D20/130156. The City also publishes a list of Council Members and Employees (by position) that lodged a primary return and annual return for each financial year. This is available on the Council registers page on the City’s website	Senior Governance Project Officer



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Disclosure of Interest					
8	s5.88(1) & (2)(b) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A, in the form prescribed in Admin Reg 28?	Yes	https://www.vincent.wa.gov.au/Profiles/vincent/Assets/ClientData/Council_Register/s/Register_of_Interests_disclosed_at_Ordinary_and_Special_Council_Meetings.pdf	Council Liaison Officer
9	s5.88(3)	When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76, did the CEO remove from the register all returns relating to that person?	Yes	See Register of Financial Interest - Primary and Annual Returns - D20/130156.	Senior Governance Project Officer
10	s5.88(4)	Have all returns removed from the register in accordance with section 5.88(3) been kept for a period of at least five years after the person who lodged the return(s) ceased to be a person required to lodge a return?	Yes	These are saved in SC2692	Senior Governance Project Officer
11	s5.89A(1), (2) & (3) Admin Reg 28A	Did the CEO keep a register of gifts which contained a record of disclosures made under sections 5.87A and 5.87B, in the form prescribed in Admin Reg 28A?	Yes	Gift Register	Council Liaison Officer
12	s5.89A(5) & (5A)	Did the CEO publish an up-to-date version of the gift register on the local government's website?	Yes	Gift Register	Council Liaison Officer
13	s5.89A(6)	When a person ceases to be a person who is required to make a disclosure under section 5.87A or 5.87B, did the CEO remove from the register all records relating to that person?	Yes	Gift Register	Council Liaison Officer
14	s5.89A(7)	Have copies of all records removed from the register under section 5.89A(6) been kept for a period of at least five years after the person ceases to be a person required to make a disclosure?	Yes	Ref SC279	Council Liaison Officer
15	s5.70(2) & (3)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to council or a committee, did that person disclose the nature and extent of that interest when giving the advice or report?	Yes	D18/197286	Council Liaison Officer
16	s5.71A & s5.71B(5)	Where council applied to the Minister to allow the CEO to provide advice or a report to which a disclosure under s5.71A(1) relates, did the application include details of the nature of the interest disclosed and any other information required by the Minister for the purposes of the application?	N/A		Council Liaison Officer
17	s5.71B(6) & s5.71B(7)	Was any decision made by the Minister under subsection 5.71B(6) recorded in the minutes of the council meeting at which the decision was considered?	N/A		Council Liaison Officer
18	s5.104(1)	Did the local government prepare and adopt, by absolute majority, a code of conduct to be observed by council members, committee members and candidates that incorporates the model code of conduct.	Yes	At the 23 March 2021 Ordinary Meeting of Council, a new Code of Conduct to be observed by Council Members, Committee Members and Candidates that incorporates the Model Code was adopted.	Senior Governance Project Officer



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Disclosure of Interest					
19	s5.104(3) & (4)	Did the local government adopt additional requirements in addition to the model code of conduct? If yes, does it comply with section 5.104(3) and (4)?	Yes	Administration proposed some minor amendments to the Model Code Division 3 (Behaviours) to incorporate behaviours referred to in the 2017 Code. All amendments comply with section 5.104(3) and (4)	Senior Governance Project Officer
20	s5.104(7)	Has the CEO published an up-to-date version of the adopted code of conduct on the local government's website?	Yes	Located under 'Code of conduct and CEO standards'	Senior Governance Project Officer
21	s5.51A(1) & (3)	Has the CEO prepared and implemented a code of conduct to be observed by employees of the local government in accordance with section 5.51A(1) of the Local Government Act 1995?	Yes	The Code of Conduct for City of Vincent Employees and Contractors has been developed and implemented by the CEO. Available on the City's website	Senior Governance Project Officer

Disposal of Property					
No	Reference	Question	Response	Comments	Respondent
1	s3.58(3)	Where the local government disposed of property other than by public auction or tender, did it dispose of the property in accordance with section 3.58(3) (unless section 3.58(5) applies)?	Yes	Council meeting dated 4 April 2023 (Item 9.5)	Senior Land and Legal Advisor
2	s3.58(4)	Where the local government disposed of property under section 3.58(3), did it provide details, as prescribed by section 3.58(4), in the required local public notice for each disposal of property?	Yes	Council meeting dated 4 April 2023 (Item 9.5)	Senior Land and Legal Advisor

Elections					
No	Reference	Question	Response	Comments	Respondent
1	Elect Regs 30G(1) & (2)	Did the CEO establish and maintain an electoral gift register and ensure that all disclosure of gifts forms completed by candidates and donors and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the forms relating to each candidate?	Yes	D23/160848	Council Liaison Officer
2	Elect Regs 30G(3) & (4)	Did the CEO remove any disclosure of gifts forms relating to an unsuccessful candidate, or a successful candidate that completed their term of office, from the electoral gift register, and retain those forms separately for a period of at least two years?	N/A		Council Liaison Officer
3	Elect Regs 30G(5) & (6)	Did the CEO publish an up-to-date version of the electoral gift register on the local government's official website in accordance with Elect Reg 30G(6)?	Yes	Was available during the election period	Council Liaison Officer



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Finance					
No	Reference	Question	Response	Comments	Respondent
1	s7.1A	Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the Act?	Yes	Appointment of Council Members and Community Representatives by Absolute Majority at Ordinary Council meeting 21 November 2023 – Item 12.2.	Senior Governance Project Officer
2	s7.1B	Where the council delegated to its audit committee any powers or duties under Part 7 of the Act, did it do so by absolute majority?	N/A	No powers have been delegated to Audit Committee.	Senior Governance Project Officer
3	s7.9(1)	Was the auditor's report for the financial year ended 30 June 2023 received by the local government by 31 December 2023?	Yes	Received on 8 December 2023.	Chief Financial Officer
4	s7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under s7.9(1) of the Act required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters?	Yes	All audit matters raised have appropriate action items and are monitored and tracked by the Audit Committee.	Chief Financial Officer
5	s7.12A(4)(a) & (4)(b)	Where matters identified as significant were reported in the auditor's report, did the local government prepare a report that stated what action the local government had taken or intended to take with respect to each of those matters? Was a copy of the report given to the Minister within three months of the audit report being received by the local government?	N/A	A report to the Minister was not required as no significant matters were raised in the auditor's report.	Chief Financial Officer
6	s7.12A(5)	Within 14 days after the local government gave a report to the Minister under s7.12A(4)(b), did the CEO publish a copy of the report on the local government's official website?	N/A	A report to the Minister was not required as no significant matters were raised in the auditor's report.	Chief Financial Officer
7	Audit Reg 10(1)	Was the auditor's report for the financial year ending 30 June received by the local government within 30 days of completion of the audit?	Yes	Received on 8 December 2023.	Chief Financial Officer



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Integrated Planning and Reporting					
No	Reference	Question	Response	Comments	Respondent
1	Admin Reg 19C	Has the local government adopted by absolute majority a strategic community plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	The Strategic Community Plan 2022 - 2032 (SCP) was adopted by AMV at the 9 May 2023 OMC - Item 9.11	Senior Governance Project Officer
2	Admin Reg 19DA(1) & (4)	Has the local government adopted by absolute majority a corporate business plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	The Corporate Business Plan 2023/24 -2026/27 and Four Year Capital Works Program 2023/24 - 2026/27 was adopted by AMV at the 20 June 2023 OMC - Item 12.3	Senior Governance Project Officer
3	Admin Reg 19DA(2) & (3)	Does the corporate business plan comply with the requirements of Admin Reg 19DA(2) & (3)?	Yes	The Corporate Business Plan 2023/24 -2026/27 aligns with the legislative requirements	Senior Governance Project Officer

Local Government Employees					
No	Reference	Question	Response	Comments	Respondent
1	s5.36(4) & s5.37(3) Admin Reg 18A	Were all CEO and/or senior employee vacancies advertised in accordance with Admin Reg 18A?	N/A	There were no CEO and/or senior employee vacancies advertised in 2023.	Senior Governance Project Officer
2	Admin Reg 18E	Was all information provided in applications for the position of CEO true and accurate?	N/A	There were no CEO and/or senior employee vacancies advertised in 2023.	Senior Governance Project Officer
3	Admin Reg 18F	Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position under section 5.36(4) of the <i>Local Government Act 1995</i> ?	N/A	There were no CEO and/or senior employee vacancies advertised in 2023.	Senior Governance Project Officer
4	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss senior employee?	N/A	There were no CEO and/or senior employee vacancies advertised in 2023.	Senior Governance Project Officer
5	s5.37(2)	Where council rejected a CEO's recommendation to employ or dismiss a senior employee, did it inform the CEO of the reasons for doing so?	N/A	There were no CEO and/or senior employee vacancies advertised in 2023.	Senior Governance Project Officer



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Official Conduct					
No	Reference	Question	Response	Comments	Respondent
1	s5.120	Has the local government designated an employee as defined by section 5.37 to be its complaints officer?	Yes	Council appointed the CEO as its complaints officer at the 16 February 2021 OMC - Item 12.4. At the 14 December 2021 OMC Council delegated by AMV to the CEO the authority to appoint an external Complaints Officer to receive complaints and withdrawal of complaints - Item 9.15 Also see Register of Delegations, Authorisations & Appointments 2.2.31.	Senior Governance Project Officer
2	s5.121(1) & (2)	Has the complaints officer for the local government maintained a register of complaints which records all complaints that resulted in a finding under section 5.110(2)(a)? Does the complaints register include all information required by section 5.121(2)?	Yes	No complaints received.	Executive Manager Corporate Strategy and Governance
3	S5.121(2)	Does the complaints register include all information required by section 5.121(2) of the <i>Local Government Act 1995</i> ?	Yes	Template D16/107330 Refer Publicly available Council registers on the City's website	Senior Governance Project Officer
4	s5.121(3)	Has the CEO published an up-to-date version of the register of the complaints on the local government's official website?	Yes	Available on ' Make a Complaint '	Executive Manager Corporate Strategy and Governance



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Optional Questions					
No	Reference	Question	Response	Comments	Respondent
1	Financial Management Reg 5(2)(c)	Did the CEO review the appropriateness and effectiveness of the local government's financial management systems and procedures in accordance with Financial Management Reg 5(2)(c) within the three years prior to 31 December 2023? If yes, please provide the date of council's resolution to accept the report.	Yes	Audit Committee 1/12/2020 Council 15/12/2020	Senior Governance Project Officer
2	Audit Reg 17	Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with Audit Reg 17 within the three financial years prior to 31 December 2023? If yes, please provide date of council's resolution to accept the report.	Yes	Audit Committee 1/12/2020 Council 15/12/2020	Senior Governance Project Officer
3	s5.87C	Where a disclosure was made under sections 5.87A or 5.87B, was the disclosure made within 10 days after receipt of the gift? Did the disclosure include the information required by section 5.87C?	Yes	D19/183319 Gift Register	Council Liaison Officer
4	s5.90A(2) & (5)	Did the local government prepare, adopt by absolute majority and publish an up-to-date version on the local government's website, a policy dealing with the attendance of council members and the CEO at events?	Yes	The Attendance at Events policy was adopted by Council at the 23 March 2021 OMC - Item 12.1	Senior Governance Project Officer
5	s5.96A(1), (2), (3) & (4)	Did the CEO publish information on the local government's website in accordance with sections 5.96A(1), (2), (3), and (4)?	Yes	This information is available on the City's website	Senior Governance Project Officer
6	s5.128(1)	Did the local government prepare and adopt (by absolute majority) a policy in relation to the continuing professional development of council members?	Yes	The Council Members Continuing Professional Development Policy was adopted by Council at the 17 May 2020 OMC - Item 12.6	Senior Governance Project Officer
7	s5.127	Did the local government prepare a report on the training completed by council members in the 2022/2023 financial year and publish it on the local government's official website by 31 July 2023?	Yes	Council Members Professional Development Reporting is included in Publicly available Council registers on the City's website	Senior Governance Project Officer
8	s6.4(3)	By 30 September 2022, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2022?	Yes	The balanced accounts and the annual financial report were submitted to the OAG on 29 September 2023.	Chief Financial Officer



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Optional Questions					
9	s.6.2(3)	When adopting the annual budget, did the local government take into account all its expenditure, revenue and income?	Yes	The City held 5 budget workshops with Elected Members prior to adopting the annual budget on 20 June 2023.	Chief Financial Officer

Tenders for Providing Goods and Services					
No	Reference	Question	Response	Comments	Respondent
1	F&G Reg 11A(1) & (3)	Did the local government comply with its current purchasing policy [adopted under F&G Reg 11A(1) & (3)] in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, \$250,000 or less or worth \$250,000 or less?	Yes	The City complied with its Purchasing Policy for all procurements valued at \$250,000 or less.	Coordinator Procurement and Contracts
2	s3.57 F&G Reg 11	Subject to F&G Reg 11(2), did the local government invite tenders for all contracts for the supply of goods or services where the consideration under the contract was, or was expected to be, worth more than the consideration stated in F&G Reg 11(1)?	Yes	All procurements worth above \$250,000 were publicly invited as per Regulation 11(1).	Coordinator Procurement and Contracts
3	F&G Regs 11(1), 12(2), 13, & 14(1), (3), and (4)	When regulations 11(1), 12(2) or 13 required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with F&G Reg 14(3) and (4)?	Yes	All tenders were advertised in the West Australian newspaper, VendorPanel and on the City of Vincent website.	Coordinator Procurement and Contracts
4	F&G Reg 12	Did the local government comply with F&G Reg 12 when deciding to enter into multiple contracts rather than a single contract?	Yes	The City did not split any contracts into 2 or more contracts to avoid the requirements of regulation 11(1).	Coordinator Procurement and Contracts
5	F&G Reg 14(5)	If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents or each acceptable tenderer notice of the variation?	Yes	Any variation of information was distributed as addenda notice to all Tenderers via VendorPanel or emailed directly to tenderers.	Coordinator Procurement and Contracts
6	F&G Regs 15 & 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of F&G Regs 15 and 16?	Yes	All tenders were advertised for a minimum of 14 days or more as required under Regulation 15. Two City officers were always present when tenders were opened.	Coordinator Procurement and Contracts
7	F&G Reg 17	Did the information recorded in the local government's tender register comply with the requirements of F&G Reg 17 and did the CEO make the tenders register available for public inspection and publish it on the local government's official website?	Yes	All information recorded in the tender register complied with Regulation 17. The City's tender register is published on the City's official website and is publicly available.	Coordinator Procurement and Contracts



Department of
Local Government, Sport
and Cultural Industries

Tenders for Providing Goods and Services					
8	F&G Reg 18(1)	Did the local government reject any tenders that were not submitted at the place, and within the time, specified in the invitation to tender?	Yes	The City used VendorPanel for all tenders. Any tender not submitted through VendorPanel or within the time and date specified in the tender were rejected. The City does not accept hardcopy tenders and VendorPanel does not allow tender responses to be submitted after the closing time and date.	Coordinator Procurement and Contracts
9	F&G Reg 18(4)	Were all tenders that were not rejected assessed by the local government via a written evaluation of the extent to which each tender satisfies the criteria for deciding which tender to accept?	Yes	All compliant tenders were evaluated by an evaluation panel and evaluation reports were generated and approved as per the City's Purchasing Policy.	Coordinator Procurement and Contracts
10	F&G Reg 19	Did the CEO give each tenderer written notice containing particulars of the successful tender or advising that no tender was accepted?	Yes	All tender respondents were notified of the evaluation outcome via a letter sent by email or via the VendorPanel platform.	Coordinator Procurement and Contracts
11	F&G Regs 21 & 22	Did the local government's advertising and expression of interest processes comply with the requirements of F&G Regs 21 and 22?	Yes	All EOI's were advertised above the minimum time allowed under Reg 22 and was advertised in the West Australian newspaper, VendorPanel and on the City of Vincent website.	Coordinator Procurement and Contracts
12	F&G Reg 23(1) & (2)	Did the local government reject any expressions of interest that were not submitted at the place, and within the time, specified in the notice or that failed to comply with any other requirement specified in the notice?	Yes	All EOI responses that did not comply with the EOI requirements were rejected.	Coordinator Procurement and Contracts
13	F&G Reg 23(3) & (4)	Were all expressions of interest that were not rejected under F&G Reg 23(1) & (2) assessed by the local government? Did the CEO list each person as an acceptable tenderer?	Yes	All compliant EOI submissions were evaluated by an approved evaluation panel and shortlisted respondents were advertised and approved as per the City's Purchasing Policy.	Coordinator Procurement and Contracts
14	F&G Reg 24	Did the CEO give each person who submitted an expression of interest a notice in writing of the outcome in accordance with F&G Reg 24?	Yes	All EOI respondents were notified of the evaluation outcome via a letter sent by email or via the VendorPanel platform.	Coordinator Procurement and Contracts
15	F&G Regs 24AD(2) & (4) and 24AE	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice in accordance with F&G Reg 24AD(4) and 24AE?	N/A	The City did not establish any panel of prequalified suppliers.	Coordinator Procurement and Contracts



Department of
Local Government, Sport
and Cultural Industries

Tenders for Providing Goods and Services					
16	F&G Reg 24AD(6)	If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application notice of the variation?	N/A	The City did not establish any panel of prequalified suppliers.	Coordinator Procurement and Contracts
17	F&G Reg 24AF	Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of F&G Reg 16, as if the reference in that regulation to a tender were a reference to a pre-qualified supplier panel application?	N/A	The City did not establish any panel of prequalified suppliers.	Coordinator Procurement and Contracts
18	F&G Reg 24AG	Did the information recorded in the local government's tender register about panels of pre-qualified suppliers comply with the requirements of F&G Reg 24AG?	N/A	The City did not establish any panel of prequalified suppliers.	Coordinator Procurement and Contracts
19	F&G Reg 24AH(1)	Did the local government reject any applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time, specified in the invitation for applications?	N/A	The City did not establish any panel of prequalified suppliers.	Coordinator Procurement and Contracts
20	F&G Reg 24AH(3)	Were all applications that were not rejected assessed by the local government via a written evaluation of the extent to which each application satisfies the criteria for deciding which application to accept?	N/A	The City did not establish any panel of prequalified suppliers.	Coordinator Procurement and Contracts
21	F&G Reg 24AI	Did the CEO send each applicant written notice advising them of the outcome of their application?	N/A	The City did not establish any panel of prequalified suppliers.	Coordinator Procurement and Contracts
22	F&G Regs 24E & 24F	Where the local government gave regional price preference, did the local government comply with the requirements of F&G Regs 24E and 24F?	N/A	No regional price preference was required or used for the assessment of tenders.	Coordinator Procurement and Contracts

At 4.30pm the Executive Manager Information and Communication Technology arrived at the meeting during consideration of Item 5.3.

At 4.31pm the Chief Financial Officer arrived at the meeting during consideration of Item 5.3.

5.3 REGULATION 17 REVIEW REPORT AND RECOMMENDATIONS

TRIM Ref: D23/227935

Author: Emma Simmons, Governance Projects Officer

Authoriser: David MacLennan, Chief Executive Officer

Attachments: 1. Regulation 17 Audit Report - Confidential

RECOMMENDATION:

That the Audit Committee recommends to Council that it:

1. **RECEIVES** the review pursuant to regulation 17 of the *Local Government (Audit) Regulations 1996* prepared by Paxon, as at Attachment 1;
2. **NOTES** the key findings of the review, as detailed in this report; and
3. **NOTES** that the findings and management actions arising from the review will be added to the City's Audit Log.

COMMITTEE DECISION ITEM 5.3

Moved: Cr Hallett, **Seconded:** Mr Isambert

That the recommendation be adopted.

CARRIED UNANIMOUSLY (5-0)

(Cr Alexander was an apology for the Meeting.)

(Mr Araj was an apology for the Meeting.)

5.4 REVIEW OF THE CITY'S CORPORATE RISK REGISTER**TRIM Ref:** D24/18393**Author:** Emma Simmons, Governance Projects Officer**Authoriser:** David MacLennan, Chief Executive Officer

Attachments:

1. Corporate Risk Register 2023 [!\[\]\(c694a3ff3b077d76910920a6a1593ab4_img.jpg\)](#) 
2. Risk Management Procedure [!\[\]\(ca145749a3d75a63aab95bf2007ac277_img.jpg\)](#) 
3. Risk Appetite and Tolerance Statements [!\[\]\(cebf350717b10b761f7a70f0ef3d3565_img.jpg\)](#) 
4. Risk Rating Alignment to Appetite and Tolerance [!\[\]\(a208dddb31f53867d2aa7a3324b86e19_img.jpg\)](#) 

RECOMMENDATION:

That the Audit Committee recommends to Council that it:

1. **RECEIVES** the City's Corporate Risk Register at Attachment 1; and
2. **APPROVES** the risk management actions for the high and extreme risks; and
3. **NOTES** alignment of Corporate Risks to risk appetite and tolerance ratings

COMMITTEE DECISION ITEM 5.4

Moved: Mr Isambert, **Seconded:** Cr Hallett

That the recommendation be adopted.

CARRIED UNANIMOUSLY (5-0)

(Cr Alexander was an apology for the Meeting.)

(Mr Araj was an apology for the Meeting.)



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 control 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					Assessment of Post RMA Risk												
ID	Risk Category	Risk Description	Comment	Existing Controls	Consequence Rating	Likelihood Rating	Overall Rating	Residual and Tolerances (pre RMA)	Residual and Tolerances (post RMA)	Control Rating	Risk Management Action (RMA)	RMA due date	Risk Owner	Consequence Rating (post RMA)	Likelihood Rating (post RMA)	Overall Rating (post RMA)	Residual and Tolerances (post RMA)	Residual and Tolerances (post RMA)	Risk rating (post RMA)	Assurances available	Last Updated	Action Owner
ID 1	Finance, Procurement & Contracts	<u>Supplier / contract management</u> 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	low appetite	outside of appetite and/or tolerance	A	<u>Develop an audit process to monitor the use and effectiveness of the contract management framework - contract templates</u> Audit controls to ensure compliance with the contract management framework - ongoing	<u>2024/2025</u> <u>Ongoing</u>	Council (report to Audit Committee)	2	1	Low	low appetite	<u>within appetite and/or tolerance</u>	<u>risk level is accepted</u>	Monitoring of contracts register and procurement processes ongoing	<u>28/02/2024</u>	Chief Financial Officer
ID 2 ()	Finance, Procurement & Contracts	<u>Major project management</u> 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. <u>Ongoing staff training on framework, risk and accountabilities</u> <u>Timely reporting and accountability by staff</u> <u>Continuation of existing projects</u> <u>Reported on monthly to Council</u> <u>Monitoring and reporting of projects that are off track and over budget</u> - Ongoing	2	2	Low	low appetite	within appetite and/or tolerance	A	<u>1-Continue implementation of framework - Ongoing</u> <u>2-Staff training on framework on project management - Ongoing</u> <u>3-Ensuring timely reporting and accountability by staff - Ongoing</u> <u>4-Ensuring prioritisation of existing projects - Reported on monthly to Council</u> <u>5-Continue to monitor and report on projects that are off track and over budget - Ongoing</u>	<u>Ongoing</u>	Council (report to Audit Committee)	2	2	Low	low appetite	<u>within appetite and/or tolerance</u>	<u>risk level is accepted</u>	Regular reporting to Council and Audit	<u>28/02/2024</u>	Chief Financial Officer
ID 3	Finance, Procurement & Contracts	<u>Financial sustainability</u> Poor long term financial management may impact the City's financial sustainability and result in insufficient resources to operate effectively		The City has an up-to-date long term financial plan (LTFP) that builds financial reserves and meets key long term operational and capital requirements	2	2	Low	low appetite	within appetite and/or tolerance	A	1. Annual update of LTFP that meets the key long term priorities of the City - Ongoing 2. Annual budget aligned with LTFP - Ongoing 3. LTFP incorporates DLGSC recommended financial ratios - Ongoing 4. Financial sustainability assessed as part of the development of the City's strategic priorities and masterplans - Ongoing	<u>Ongoing</u>	Council (report to Audit Committee)	2	2	Low	low appetite	<u>within appetite and/or tolerance</u>	<u>risk level is accepted</u>	Regular reporting to Council and Audit	<u>28/02/2024</u>	Chief Financial Officer
ID 4 ()	Finance, Procurement & Contracts	<u>Procurement</u> 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 \$25k - \$100k) 5. Procurement support and guidance provided by experienced procurement and contracts team	3	3	Medium	low appetite	outside of appetite and/or tolerance	A	<u>Develop and implement an audit process to monitor compliance with purchasing processes and threshold requirements including meeting the required amount of quotations - using an approved purchase order before engaging a supplier - Ongoing</u> Audit of purchasing policy thresholds and requirements - ongoing	<u>2024/2025</u> <u>Ongoing</u>	Council (report to Audit Committee)	2	2	Low	low appetite	<u>within appetite and/or tolerance</u>	<u>risk level is accepted</u>	Monitoring of purchases through an internal audit program conducted by the Procurement and Contracts Team and reporting to EMC and Audit Committee	<u>28/02/2024</u>	Chief Financial Officer
ID 5	Asset, sustainability and environment management	<u>Inadequate asset management</u> 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	Asset Management and Sustainability Strategy (AMSS) Asset Management Policy Asset Management Plan Asset Management Plan for Buildings, Transport & Recreation Dedicated asset management resources to guide delivery of the AMSS. Asset Management Ratio's	4	3	High	low appetite	outside of appetite and/or tolerance	I	<u>1-Review current Asset Management Policy to ensure it aligns with ISO 55000</u> <u>2-Review Asset Management and Sustainability Strategy (AMSS)</u> <u>3-Review current Asset Management Plans for Buildings, Transport & Parks</u> <u>4-Implement RAIM as the City's Asset Management System to create a single source of truth for all infrastructure asset classes (Buildings, Transport & Recreation) to inform valuations and future financial forecasting</u> <u>5-Develop a cyclic approach for data collection for all infrastructure asset classes to monitor asset conditions and manage risk</u> <u>6-Develop a prioritised 10-Year Capital Works Programs based on asset condition data for all infrastructure asset classes to inform Long-Term Financial Plan</u>	<u>4-Dec 2024</u> <u>2 July 2024</u> <u>3 June 2025</u> <u>3 Ongoing</u> <u>4 Ongoing</u> <u>5 June 2025</u>	Council (report to Audit Committee)	2	2	Low	low appetite	<u>within appetite and/or tolerance</u>	<u>risk level is accepted</u>		<u>07/02/2024</u>	Manager City Buildings & Asset Management
ID 6	Asset, sustainability and environment management	<u>Asbestos management</u> 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		LGill has prepared an asbestos register, and has development an asbestos management framework in accordance with the legal advice received.	3	3	Medium	low appetite	outside of appetite and/or tolerance	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.	<u>Ongoing</u>	CEO (report to EMC)	2	2	Low	low appetite	<u>within appetite and/or tolerance</u>	<u>risk level is accepted</u>	<u>Monitor and manage the asbestos register in accordance with the City's Asbestos Management Framework</u>	<u>27/02/2024</u>	Manager City Buildings & Asset Management

Report to ()	3	2	Medium	low tolerance	outside of appetite and/or tolerance		10/10/2023	Manager City Buildings & Asset Management
Report to ()	3	3	Medium	low tolerance	outside of appetite and/or tolerance		10/10/2023	Manager City Buildings & Asset Management
Report to ()	2	2	Low	low appetite	within appetite and/or tolerance	risk level is accepted	10/10/2023	Manager Built Environment & Wellbeing
Report to ()	2	3	Medium	high appetite	within appetite and/or tolerance	1. Regular reporting to Project Board and EMC 2. Funding Agreement for each project area subject to Council approval	13/02/2024	Project Manager - Underground Power
Report to () (mitted)	2	2	Low	low appetite	within appetite and/or tolerance	risk level is accepted	09/03/2024	Executive Manager Human Resources
Report to ()	2	2	Low	low appetite	within appetite and/or tolerance	risk level is accepted	19/02/2024	Manager Community Facilities
Report to ()	2	2	Low	low tolerance	within appetite and/or tolerance	Audit of arrangements and the number of disabling exercises per year, and ensuring any Staff turnover is accounted for	21/03/2024	Manager Ranger Services / Prosecutions & Strategy Officer

ID 14 (-)	Business service disruption	<u>Cyber Security</u> The City suffers a material breach of information security through ineffective protocols and processes	On-going 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; <u>quarterly internal vulnerability tests</u> ; <u>quarterly external vulnerability tests</u>	3	3	Medium	zero/no appetite	outside of appetite and/or tolerance	A	<u>2023: Data loss protection (DLP) in monitoring mode in 2024 DLP is being configured for blocking/based on sensitivity labelling</u> <u>End of 2024</u>	Council (report to Audit Committee)	3	3	Medium	zero/no appetite	outside of appetite and/or tolerance	annual OAG audit; Cyber security insurance with L&S; annual penetration test; quarterly internal vulnerability tests; weekly external vulnerability tests	13/02/2024	Executive Manager Information and Communication Technology
ID 15	Business service disruption	<u>Business Continuity through Workforce Resilience</u> 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 workloads 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	3	Medium	low appetite	outside of appetite and/or tolerance	I	1. Competitive remuneration, and recruitment strategies to attract and retain qualified staff. 2. Continued resource allocation review. 3. Identify critical service level positions to ensure a Business Continuity is in place. Critical service level positions identified by April 2024 through the Business Continuity Planning process	CEO (report to EMC)	2	2	Low	low appetite	within appetite and/or tolerance	risk level is accepted	06/11/2023	Executive Manager Human Resources
ID 16	Governance, compliance and fraud	<u>Corporate governance / legislative compliance</u> Lack of an effective governance framework and culture, including risk management, leads to complacency in corporate governance, risk management compliance calendar, and ongoing monitoring / compliance checks. Reporting required to implement actions identified by previous reg 17 review (improvement plan) and implement a governance, risk management 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 bi-monthly 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 and responsibility. 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 Initial consideration by City has identified following fraud risk areas: 1. Payroll 2. Theft (property / money) 3. Credit card use 4. Procurement (invoices) 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. Fraud, integrity and AEDM are included in all inductions and have been incorporated into annual online training modules that are required to	3	2	Medium	very low tolerance	outside of appetite and/or tolerance	A	Deliver and implement internal audit plan 3 year contract to deliver the IAP <u>Review, update and implement the City's Corporate Compliance Calendar</u> <u>Implement compliance software to enable compliance obligations to be identified, allocated and tracked through an automated workflow process to ensure all key compliance obligations are met</u> October 2023 June 2024	CEO (report to EMC)	2	2	Low	very low tolerance	within appetite and/or tolerance	1. reg 17 review 2. planned internal audit 3. Compliance calendar creates checklist 4. Audit Log is reported to EMC and Council	11/09/2024	Executive Manager Corporate Strategy & Governance
ID 17	Governance, compliance and fraud	<u>Fraud Risk Management</u> 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	1. Testing for fraud will form part of the internal audit plan, and random checks will be undertaken by procurement. 2. Regular staff assessment surveys to be developed and circulated to ensure learnings from integrity training are embedded. 3. 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. ongoing 3. ongoing	3	3	Medium	no tolerance	outside of appetite and/or tolerance	A		Council (report to Audit Committee)	3	1	Low	no tolerance	within appetite and/or tolerance	Audit Log is reported to EMC and Council; random checks on transactions, inventory and processes (e.g. HR and payroll)	10/10/2023	Executive Manager Corporate Strategy & Governance



RISK MANAGEMENT PROCEDURE

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 <i>Local Government (Audit) Regulations 1996</i> .
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

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

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' (**CECs**) 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. at the time of the risk assessment*), 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 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

- 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:

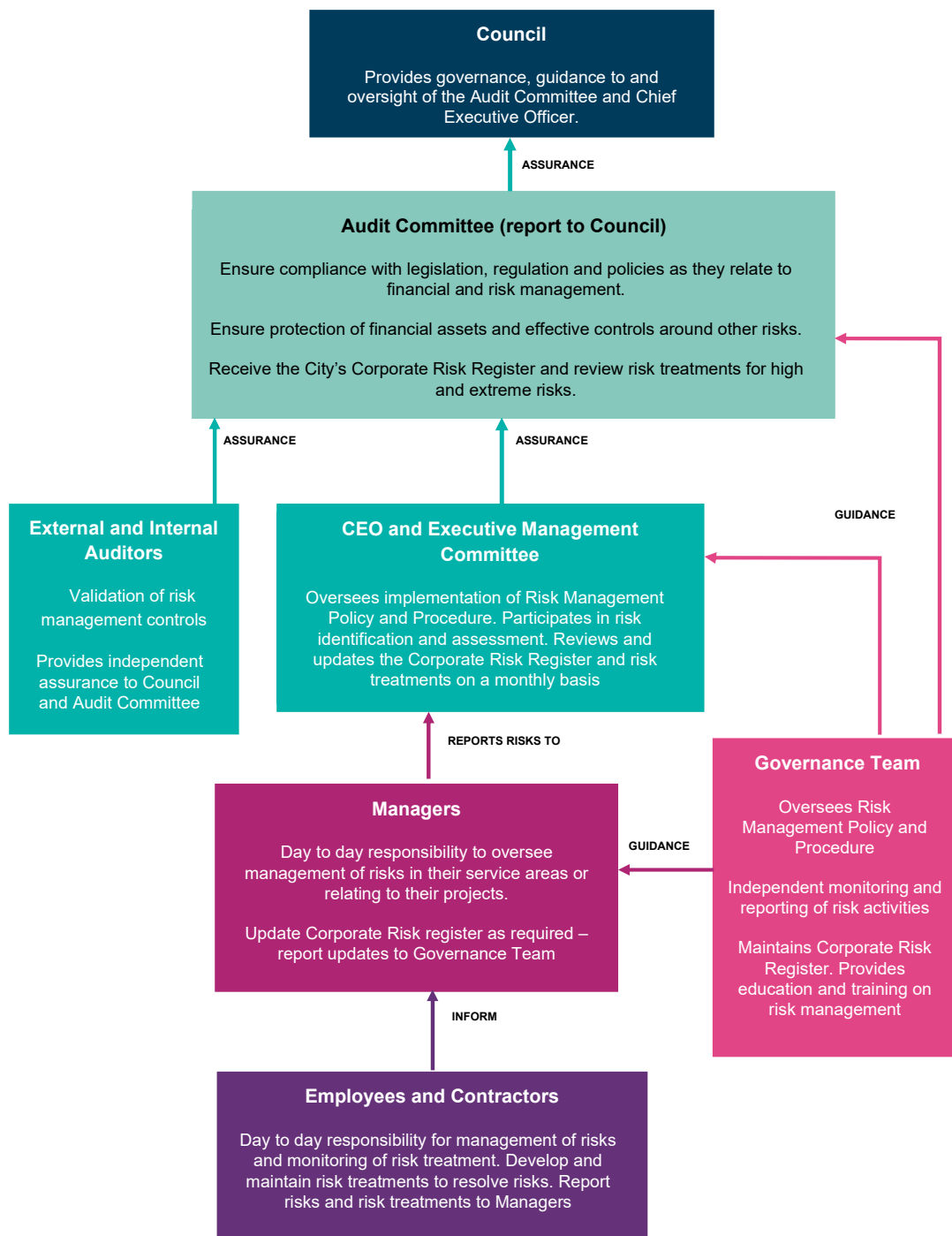
- Ensuring the City's Corporate Risk Register is reviewed monthly and presenting it to the Executive Management Committee.
- Presenting the Corporate Risk Register to the Audit Committee.
- Reviewing the Policy and Procedure annually to ensure they remain relevant and reflect the City's risk management 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

ATTACHMENT 1 – RISK RESPONSIBILITY



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>,



CITY OF VINCENT

RISK APPETITE & TOLERANCE STATEMENTS

Legislation / local law requirements	Regulation 17 of the <i>Local Government (Audit) Regulations 1996</i> .
Relevant delegations	Nil.
Related policies, procedures and supporting documentation	Risk Management Policy – establishes the risk management responsibilities of Council and Administration and determines quantitative and qualitative assessment criteria. Risk Management Procedure – defines the systems and processes of the City's Risk Governance.

INTRODUCTION

Risk appetite refers to the amount and type of risk that the City is willing to accept or retain in order to achieve its objectives. Risk tolerance, on the other hand, is the specific threshold or level of risk that the City considers acceptable.

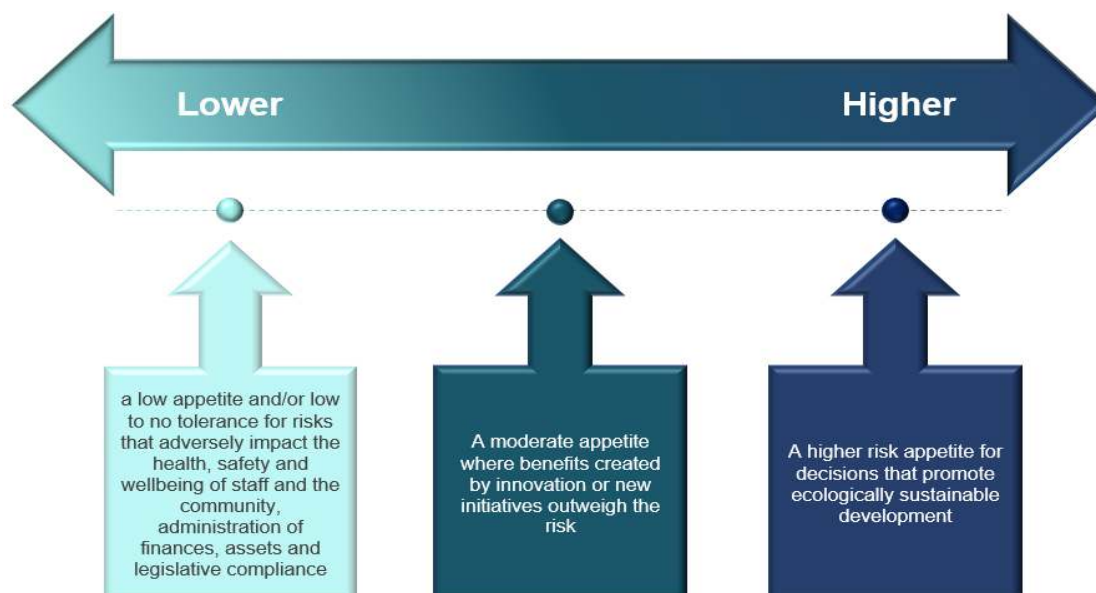
The following statements set boundaries for decision making, ensuring a balance between risk-taking and risk avoidance, and establishes the quantitative and qualitative criteria that determines, classifies, and manages the City's risks.

STATEMENT

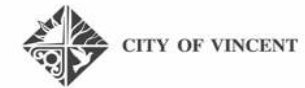
The community want us to be a Council and an organisation that is clever, creative, and courageous willing to push the operational boundaries and willing to think and act as an enabler.

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.



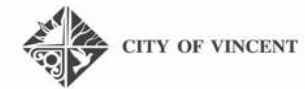
City of Vincent Risk Appetite and Tolerance Statements - D23/205561



RISK APPETITE & TOLERANCE STATEMENTS

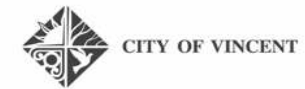
Detailed Statements and Descriptors

Risk Category	Risk Appetite / Tolerance Statement	Descriptor /clarification
Financial Sustainability		
<i>Financially Volatile Decisions</i>	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 more than \$100,000 (0.035% - 0.17% of operating budget)
<i>Decisions causing Budget Deficiency</i>	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 more than \$100,000 (0.035% - 0.17% of operating budget)
Financial Investment & Growth		
<i>Sustainable financial investments</i>	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.
<i>Forwards, hedges, and derivatives</i>	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.
<i>Debt for growth</i>	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



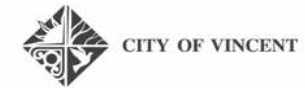
RISK APPETITE & TOLERANCE STATEMENTS

Risk Category	Risk Appetite / Tolerance Statement	Descriptor /clarification
		the vicinity \$100,001 to \$250,000 (0.17% - 0.43% of operating budget).
<p><i>Specific ratios –</i></p> <p><i>No specific rating given as these are set parameters that the City has determined that it must operate within.</i></p> <p><i>Ratios (and thresholds) are determined by the State Government.</i></p>	<p>The City's debt to service ratio must always be above 5.</p> <p>Total Liabilities are never to exceed Total Assets</p> <p>Proposals supporting debt funding must be supported by a cash flow analysis that is financially sustainable</p>	<p>The debt to service ratio measures the City's ability to pay its debt. It is calculated by the annual operating surplus (before depreciation and interest), divided by the debt service cost, and is currently 5.092.</p> <p>Financial sustainability for debt funding will need to consider:</p> <p>Free cash flow for monthly, capital or balloon payments</p> <p>Interest cover – refer above for the level of financial risk acceptable</p> <p>Cost of not undertaking project – i.e., repairs and maintenance of the current solution</p> <p>Future cost of new project once implemented – i.e., for a community centre, insurance, licences etc</p>
Business collaboration		
<i>Commercially viable collaboration</i>	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 (<i>Local Government Act 1995</i>). Suggestions would include using outside service providers to deliver current services provided by the City more efficiently, i.e., Waste Collection; or working collaboratively with an Arts organisation to set up a



RISK APPETITE & TOLERANCE STATEMENTS

Risk Category	Risk Appetite / Tolerance Statement	Descriptor /clarification
		festival. Other projects may include working with developers.
<i>3rd party Partner (Contractor) failure</i>	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		
<i>Procurement failure</i>	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		
<i>Sustainable future for our community</i>	The City supports investments, activities and developments that result in a sustainable future for our community while meeting the current needs of our residents.	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



RISK APPETITE & TOLERANCE STATEMENTS

Risk Category	Risk Appetite / Tolerance Statement	Descriptor /clarification
	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.	Project Management Framework implementation and future actions.
<i>Ecologically sustainable decisions</i>	The City has a high risk appetite for ecologically sustainable decisions and a high risk appetite for decisions that promote ecologically sustainable development.	Activities that favour environmentally conscious actions will more likely be approved than those that don't.
<i>Protecting and preserving the environment</i>	The City is committed to protecting and preserving the environment and has a low risk appetite for activities that would significantly degrade the environment	The City will act swiftly against actions that are detrimental to the environment.
<i>Resource wastage</i>	The City has a low risk appetite for irresponsible use of its resources.	
<i>Activities against ratepayer values & ethics</i>	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.
<i>Activities, structures, projects that present health risk for the community</i>	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



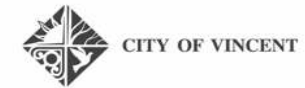
RISK APPETITE & TOLERANCE STATEMENTS

Risk Category	Risk Appetite / Tolerance Statement	Descriptor /clarification
		occur within the City's park space. A multi residential building with no nearby open space may be another example.
Values and Behaviours		
<i>Behaviour or conduct against City values</i>	The City is an equal opportunity employer that employs skilled and experienced employees in positions with clearly defined roles and responsibilities; it has a 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.
<i>Low individual and team performance</i>	The City places high importance on its values and a culture of integrity in conduct, performance excellence, innovation, equality and diversity, dignity and respect, collegiality, and cultural sensitivity. It has a low risk appetite for behaviour or conduct which does not meet these standards.	Refer above.
Human Resource		
<i>Behaviour reducing cultural diversity & awareness</i>	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.
<i>Harm of staff, clients, partners, or visitors</i>	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.



RISK APPETITE & TOLERANCE STATEMENTS

Risk Category	Risk Appetite / Tolerance Statement	Descriptor /clarification
<i>Breach of code of conduct, ethics, and Law</i>	The City has no appetite for conduct that is unlawful, unethical, or otherwise breaches the Code of Conduct or reflects misconduct / serious misconduct.	The City's continued program to educate employees on Code of Conduct, accountability and ethical decision making, performance management and misconduct support this appetite.
Health and Safety		
<i>Inadequate & untimely reporting of breach & near-miss incidents</i>	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 level of appetite and tolerance.
<i>Negligent & deliberate violations of health & safety requirements</i>	The City has no tolerance for negligent, deliberate, or purposeful violations of health and safety requirements.	
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.		



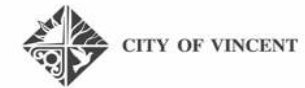
RISK APPETITE & TOLERANCE STATEMENTS

Risk Category	Risk Appetite / Tolerance Statement	Descriptor /clarification
<i>Disruption to the operation of the business</i>	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 " <i>Failure of assets / disruption which results in inconvenience but no material service interruption (resolved within one day).</i> " So, where there is a disruption, for example the phone lines are down, then a solution needs to be found within one day. The cost of this control must also be considered in the action sought.
<i>Loss or lack of documentation of corporate knowledge</i>	The City has a very 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.		
<i>Breaches in regulations, professional standards, and ethics</i>	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
<i>Bribery or Fraud</i>	The City has no tolerance for bribery or fraud.	The City's Code of Conduct, Fraud and Corruption Prevention Plan, and Accountable and Ethical Decision Making Program, detail behaviour standards and handling of unethical fraudulent, dishonest, illegal, or corrupt behaviour. The City will investigate all allegations and take action to the full extent of its capacity.



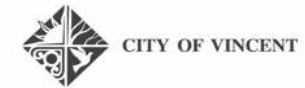
RISK APPETITE & TOLERANCE STATEMENTS

Risk Category	Risk Appetite / Tolerance Statement	Descriptor /clarification
<i>Less than better practice for Governance, Due diligence, Accountability and Sustainability</i>	The City has a low risk tolerance for less than better practice decision making for governance, due diligence, accountability, and sustainability, as measured by accepted industry standards and practices.	The City's Governance Framework (Framework) supports this tolerance level by defining the systems, policies, processes, and a methodology for ensuring accountability 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.
<i>A breach in Delegated Authority</i>	The City has a very low risk tolerance for breach in delegated authority.	
<i>Poor Project or Change Management</i>	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		
<i>Information security preservation</i>	The City has a very low appetite for information security risk.	Information security is the preservation of the confidentiality, integrity, and availability of information: Confidentiality – information is disclosed only to authorised entities. Integrity – information has been created, amended, or deleted only by authorised individuals. Availability – systems and information are accessible and useable by authorised entities when required.
<i>Threats to personal information</i>	The City has no appetite for threats to breaches of personal information.	The City will: <ul style="list-style-type: none"> Only use personal information provided by an individual for the purposes for which it was collected and for any other authorised use.



RISK APPETITE & TOLERANCE STATEMENTS

Risk Category	Risk Appetite / Tolerance Statement	Descriptor /clarification
		<ul style="list-style-type: none"> Only disclose personal information to third parties (including other authorities) where authorised. Take all necessary measures to prevent unauthorised access or disclosure of personal information.
<i>Deliberate misuse of information</i>	The City has no appetite for the deliberate misuse of information.	The City's Code of Conduct and IT Acceptable Use Procedure detail behaviour standards and breach handling.
<i>Systems change and development</i>	The City has a moderate risk appetite for systems change and development where it is within approved strategy, budget, and security procedures.	Systems improvement through change and development comes with an inherent risk factor, accordingly there must be an acknowledgement that for changes to occur some risk must be taken, however appropriate controls 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 create a vibrant and inclusive place to live, work and play. The City recognises that its purpose is tied to the needs and expectations of its community and in particular the rate payers. In order to meet these needs a certain level of collaboration and co-operation with these stakeholders is beneficial and necessary.		
<i>Community Engagement and Increased Participation</i>	The City has a 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.
<i>Constructive Community Consultation</i>	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	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



RISK APPETITE & TOLERANCE STATEMENTS

Risk Category	Risk Appetite / Tolerance Statement	Descriptor /clarification
	of sustainability and achievement of objectives. (See sustainability above)	hinder progress or unnecessarily delay decision making.
<i>Activity risking long-term values or reputation of Council</i>	The City has zero risk appetite in any activity that will put its long-term values or reputation at risk.	
<i>Failure to meet customer commitments and/or provide appropriate advice and address regulatory concerns</i>	The City has a 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.
<i>Negotiate with Regulators, State & Federal Government Agencies</i>	The City has a high risk appetite to consult and negotiate with regulators, State & Federal Government Agencies to achieve the City's objectives.	
<i>Leasing of Community Facilities</i>	The City has a moderate risk appetite for financial loss in respect to the use of the City's community facilities provided the use is: <ul style="list-style-type: none"> • in the community interest; and • 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.



RISK APPETITE & TOLERANCE STATEMENTS

Strategic Risk 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.

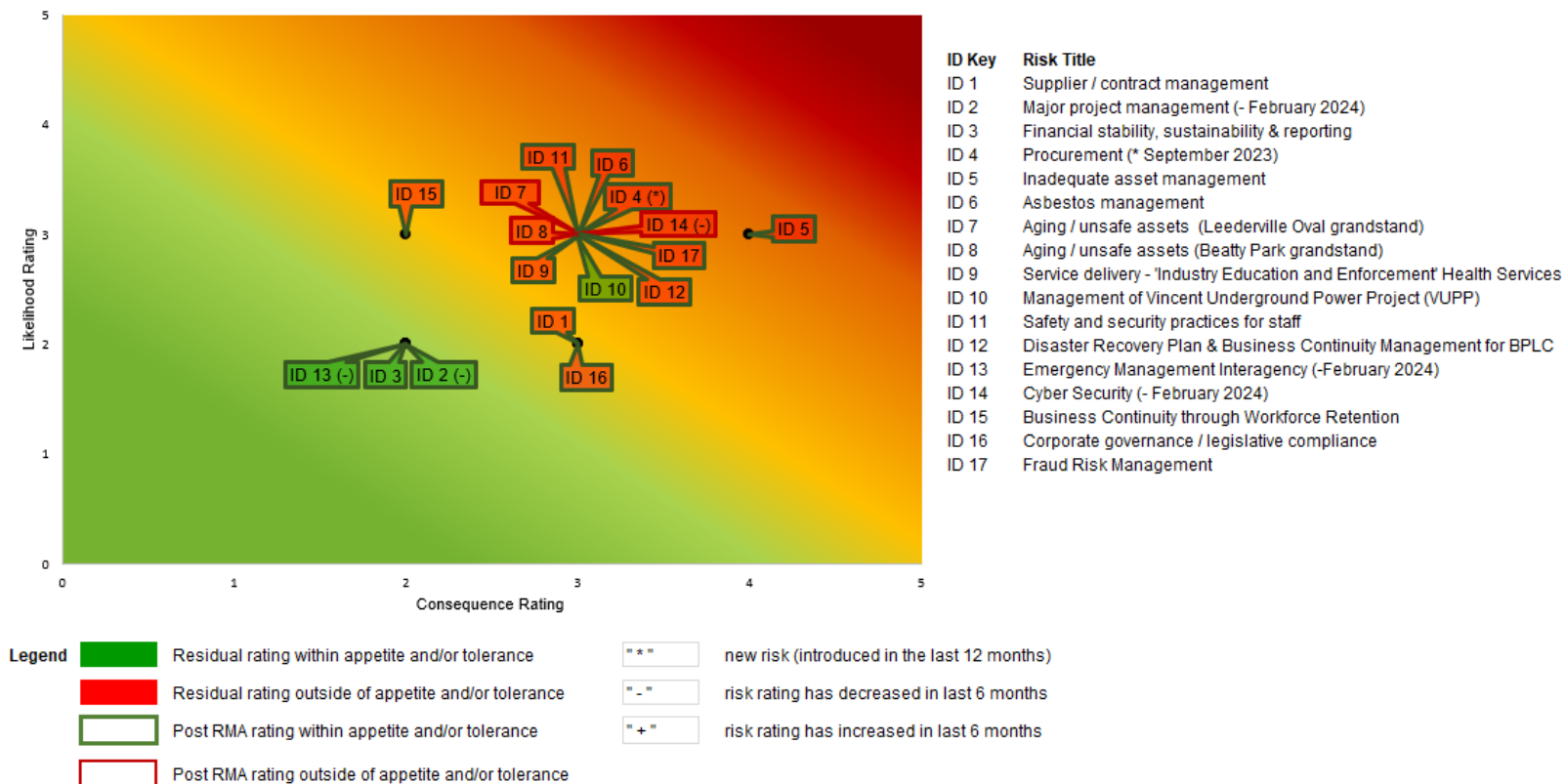
RISK APPETITE & TOLERANCE STATEMENTS



OFFICE USE ONLY	
Responsible Officer	Executive Manager Corporate Strategy and Governance
Initial Council Adoption	17/03/2020
Previous Title	N/A
Reviewed / Amended	12/12/2023 OMC Item 12.4
Next Review Date	12/2025 In accordance with clause 4 of the Risk Management Policy, Statements are to be review within three months of each ordinary local government election.

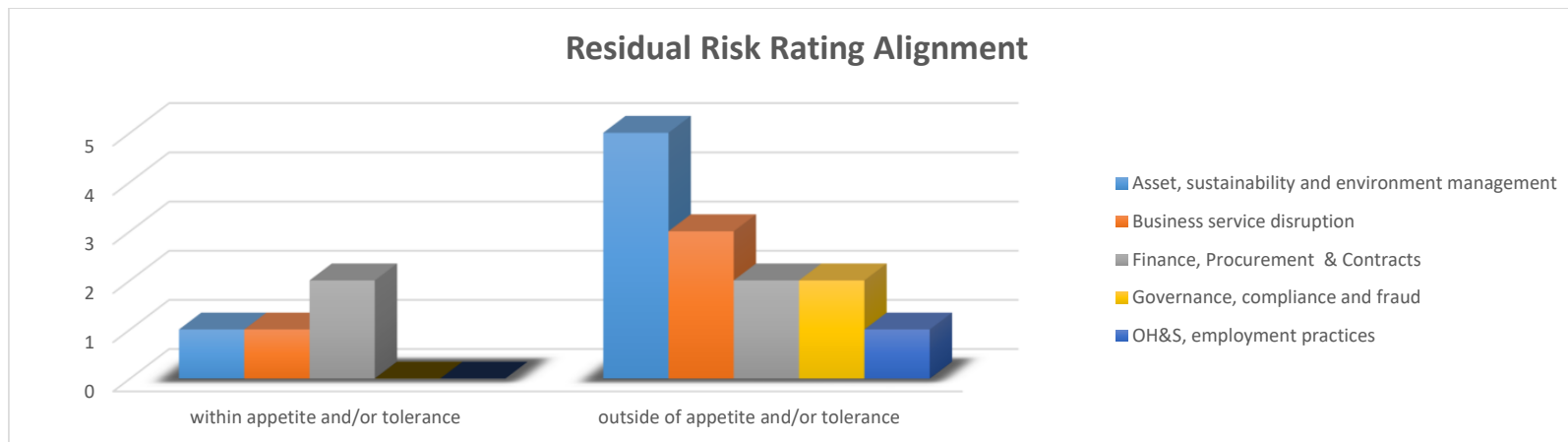
Corporate Risk Rating Alignment to Appetite and Tolerance

Corporate Risks Register - Heat Map - Residual Ratings



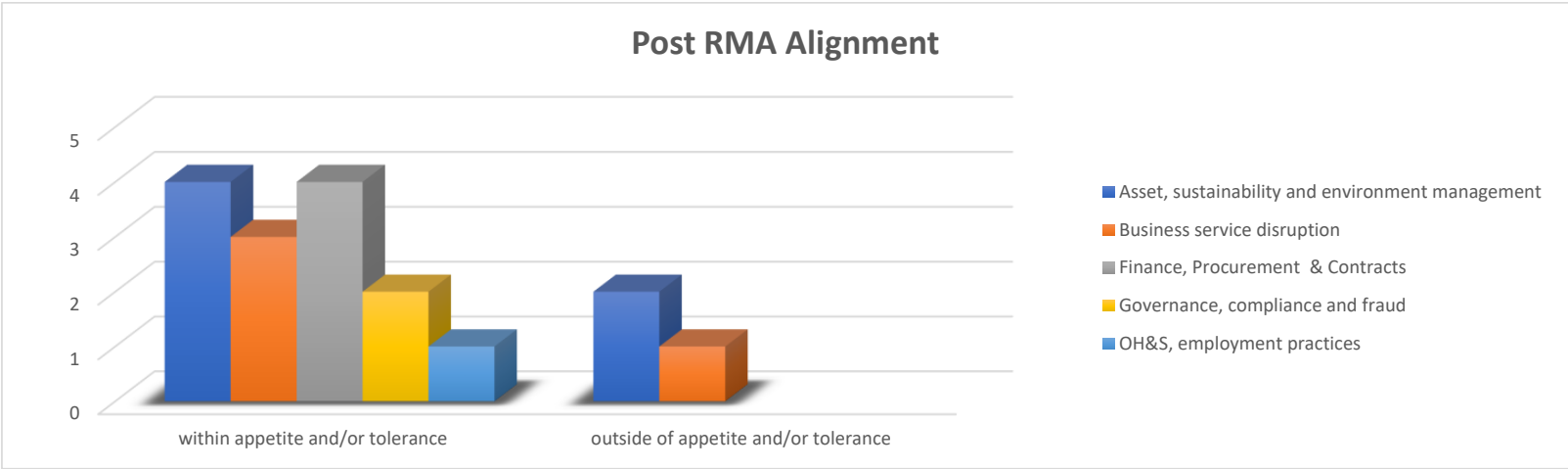
Residual rating alignment is detailed below:

Residual Rating Alignment	Asset, sustainability, and environment management	Business service disruption	Finance, Procurement & Contracts	Governance, compliance, and fraud	OH&S, employment practices	Grand Total
within appetite and/or tolerance	1	1	2	0	0	4
outside of appetite and/or tolerance	5	3	2	2	1	13



Post RMA alignment is detailed below:

Post RMA Alignment	Asset, sustainability, and environment management	Business service disruption	Finance, Procurement & Contracts	Governance, compliance, and fraud	OH&S, employment practices	Grand Total
within appetite and/or tolerance	4	3	4	2	1	14
outside of appetite and/or tolerance	2	1	0	0	0	3



5.5 REVIEW OF THE CITY'S AUDIT LOG**TRIM Ref:** D23/225018**Author:** Emma Simmons, Governance Projects Officer**Authoriser:** David MacLennan, Chief Executive Officer**Attachments:** 1. Audit Log - Confidential**RECOMMENDATION:**

That the Audit Committee recommends to Council that it:

1. NOTES the status of the City's Audit Log at Attachment 1;
2. APPROVES closure of action items noted within this report and at Attachment 1.

COMMITTEE DECISION ITEM 5.5**Moved:** Cr Hallett, **Seconded:** Cr Castle

That the recommendation be adopted.

CARRIED UNANIMOUSLY (5-0)

(Cr Alexander was an apology for the Meeting.)

(Mr Araj was an apology for the Meeting.)

5.6 ANNUAL SELF ASSESSMENT PROCESS**TRIM Ref:** D24/17381**Authors:** Joslin Colli, Executive Manager Corporate Strategy & Governance
Emma Simmons, Governance Projects Officer**Authoriser:** David MacLennan, Chief Executive Officer**Attachments:** 1. Self Assessment process - draft [↓](#) **RECOMMENDATION:**

That the Audit Committee recommends to Council that it **ENDORSES** the Self Assessment process at Attachment 1.

COMMITTEE DECISION ITEM 5.6**Moved:** Mr Isambert, **Seconded:** Cr Hallett

That the recommendation be adopted.

CARRIED UNANIMOUSLY (5-0)

(Cr Alexander was an apology for the Meeting.)

(Mr Araj was an apology for the Meeting.)



CITY OF VINCENT

Audit and Risk Committee Performance Evaluation Process

Date of Approval by ARC:	XXX
Version:	XX
Policy Ref:	XXX

Version Control

Version No.	Date	Author/Reviewer	Details/Reason

Contents

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1. Purpose

The City of Vincent's (the City) Audit and Risk Committee (ARC) is required by its Council-approved Terms of Reference (ToR) to conduct an annual self-assessment of its performance. The focus of the self-assessment will be to:

- Ensure that the ARC complies with its ToR; and
- Identify opportunities to improve the ARC's performance.

This document, *Audit and Risk Committee Performance Evaluation Process*, describes the steps that the ARC will follow when evaluating its performance.

This document supports and should be read in conjunction with the ARC ToR.

2. Process

An ARC Performance Evaluation (Evaluation) is typically carried out using a self-assessment approach with results being reported to the City Council. At the discretion of the Council, an independent third party may be appointed to conduct an External Assessment of the ARC (every 3 – 5 years as recommended by the WA OAG).

2.1 Applicable Criteria

The Evaluation will incorporate the following criteria relating to the Terms of Reference of the ARC

General criteria:

- Powers
- Membership
- Chairperson
- Meetings
- Reporting

Specific duties and responsibilities for the BAC:

- Financial Reporting & External Audit (OAG)
- Internal Audit Activities
- Risk Management and Internal Control
- Ethics and Compliance

In addition, the Evaluation will also include:

- Obtaining input from the City's management team members (CEO and direct reports) who attend ARC meetings.
- Open ended feedback to be collected from the members of the Committees.

2.2 Evaluation Process

The Evaluation will follow a 7-step approach as follows.

Steps	Responsibility
Step 1 – Notify the ARC of the Evaluation at least 30 days before commencement.	Council Support Officer
Step 2 – Circulation of the self-assessment questionnaire to members of the ARC, while considering the timelines set out in section 2.4 of this document.	Council Support Officer
Step 3 – Obtain feedback from the City's management on areas of strength and areas of improvement relating to the ARC.	Executive Manager Corporate Strategy and Governance
Step 4 – Consolidate and anonymise results from the members of the ARC and management.	Senior Governance Project Officer
Step 5 – Submit consolidated and anonymised results from the members of the ARC and management to ARC Chair.	Senior Governance Project Officer
Step 6 – Hold meeting to discuss Evaluation results and agree on any action plans that may be required.	ARC Chair
Step 7 – Prepare a report summarising the results of the Evaluation to the Council, along with any agreed action plans.	Executive Manager Corporate Strategy and Governance

2.3 Self-Assessment Questionnaire

The Self-Assessment Questionnaire will comprise of a series of statements consistent with the Applicable Criteria in section 2.1 of this Guidance. Members of the Committees will be asked to rate their agreement with each statement using the following scale:

Score	1	2	3	4	N/A
Rating	Strongly Disagree	Disagree	Agree	Strongly Agree	Unable to answer

The Self-Assessment Questionnaire for the ARC can be found in Attachment 1 of this document.

2.4 Evaluation Timing

Evaluations should be completed at **within two months of the start of the upcoming calendar year**. Members of the ARC should be provided with **10 working days** to complete the self-assessment questionnaire. An illustrative timeline is as follows:

- December: Council Support Officer notifies ARC of upcoming Evaluation.

- January of the following year: Evaluations are provided to ARC members and are completed.
- February of the following year: Discussion of the Evaluation outcome and required actions.

2.5 Confidentiality and Anonymity

The Executive Manager Corporate Strategy and Governance and Senior Governance Project are required, at all times, to maintain the confidentiality and anonymity of the Evaluation results. The individual results from members of the ARC and individual feedback from management should not be shared with anyone without Council approval.

2.6 Reporting Results & Monitoring Action Plans

Results of the Evaluation will be reported to the ARC and Council in a way which shows the Applicable Criteria in section 2.1 of this Guidance, the resulting average score for the criteria and the range of scores assigned (highest and lowest), and a summary of any comments from ARC Members. This is illustrated as follows:

Illustrative scoring for an Applicable Criteria:

Criteria	Average Score by ARC Member 1	Average Score by ARC Member 2	Average Score by ARC Member 3
Meetings	3.8	4.7	4.5

Illustrative consolidation of scores for an Applicable Criteria:

Criteria	Average Score (All ARC Members)	Lowest Score Assigned	Highest Score Assigned	Comments from ARC Members
Meetings	4.3	3.8	4.7	-

The report will also include a summary of management's feedback and any agreed action plans (action, action owner, and due date).

Action plans resulting from the Evaluation will be tracked as relevant agenda items for the ARC.

3 Document Information

3.1 References

Document	Date / Version
Audit and Risk Committee Terms of Reference	Dec 2023
Audit Committees: A Guide To Good Practice (AICD, AASB, IIA)	Third Edition, 2017
OAG Western Australian Public Sector Audit Committees – Better Practice Guide	June 2020

3.2 Review

This document will be reviewed by the Executive Manager Corporate Strategy and Governance for ongoing suitability at least every two years and, where required, recommend changes to the ARC Chair.

Attachment 1 – ARC Self-Assessment Questionnaire

The Self-Assessment Questionnaire to be used for the Evaluation is as follows:

PART 1 – GENERAL CRITERIA

#	Statement	Score (1 – 4 or N/A)	Comments/Actions
Powers			
1	The ARC has adequate understanding of its responsibilities as laid out in the Terms of Reference.		
2	The ARC has the relevant information to perform their responsibilities as outlined in the Terms of Reference.		
Composition			
3	The ARC has an appropriate mix of skills and experience to fulfil its duties. <i>Note: This means that the ARC collectively, possesses sufficient knowledge of governance, assurance, audit, risk management, financial management & sustainability, legislation, compliance and internal controls.</i>		
4	The ARC has considered its future skill requirements, including those resulting from changes to City's strategic plan, risk profile, technology or regulation.		
5	The ARC members have received appropriate training and professional development during the past year.		
6	ARC members comply with the City's Code of Conduct and have no conflicts of interest.		
Chairperson			
7	The Committee Chair plays an active role in effectively running the meetings.		
Meetings			

#	Statement	Score (1 – 4 or N/A)	Comments/Actions
8	ARC meetings are well run and productive.		
9	The frequency of meetings is appropriate to discharge the ARC's Duties and Responsibilities.		
10	The ARC maintains a productive working relationship with the CEO and management.		
11	Discussions on papers tabled are carried out by the ARC in a constructive manner.		
12	The ARC agenda and supporting papers are of sufficient clarity and quality to make informed decisions.		
13	The agenda and papers are distributed to ARC members with sufficient time for review in advance of meetings.		
14	ARC minutes of meeting are appropriately maintained and are of good quality.		
Reporting			
15	The ARC promptly reports to the Council any matters which require the attention of the Council.		

PART 2 – SPECIFIC DUTIES AND RESPONSIBILITIES

#	Statement	Score (1 – 4 or N/A)	Comments/Actions
General			
16	During the past twelve months, the ARC adequately addressed all of its responsibilities as detailed in its Terms of Reference and Work Plan.		
Please rate the effectiveness of the ARC's oversight of the following areas*:			
17	Financial Reporting & External Audit (OAG)		
18	Internal Audit Activities		
19	Risk Management and Internal Control		
20	Ethics and Compliance		

**Detailed responsibilities of the ARC are listed in Annexure 1 of the ARC ToR.*

PART 3 – OPEN ENDED QUESTIONS

- Provide further comments on the overall effectiveness of the ARC.
- List any areas that require attention or improvement in the coming year.
- List any areas that the ARC does particularly well.
- Is there a need currently for an External Assessment of the ARC and its members?

6 GENERAL BUSINESS

6.1 PROJECT MANAGEMENT AUDIT

The Acting Chair queried whether the Project Management Framework should be re assessed as part of the City's internal audit program. The Chief Executive Officer provided clarification regarding the development and determination of the internal audit program which is developed in consultation with the Audit & Risk Committee and determined accord to risk classification.

7 NEXT MEETING

27 June 2024

8 CLOSURE

There being no further business the meeting closed at 4.53pm

These Minutes were confirmed at the [date] meeting of the Audit Committee as a true and accurate record of the Audit Committee meeting held on 27 June 2024.

Signed: Mr Conley Manifis

Dated