



City of Perth

**Audit and Risk Committee  
Minutes**

**21 May 2018  
4.30pm**

**Committee Room 1  
Level 9  
Council House**

**APPROVED FOR RELEASE**

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**ROBERT MIANICH  
ACTING CHIEF EXECUTIVE OFFICER**



City of Perth

**Audit and Risk Committee  
Minutes**

**21 May 2018  
4.30pm**

**Committee Room 1  
Level 9  
Council House**

Minutes to be confirmed at the next **Audit and Risk Committee** meeting.

**THESE MINUTES ARE HEREBY CERTIFIED AS  
CONFIRMED**

**PRESIDING MEMBER'S SIGNATURE**

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**DATE:-----**

Minutes of the **Audit and Risk Committee** meeting of the City of Perth in Committee Room 1, Ninth Floor, Council House, 27 St Georges Terrace, Perth on Monday, 21 May 2018.

**Members in Attendance:**

Mr Maurich	Presiding Member and Independent Member
Commissioner Lumsden	
Commissioner Hammond	
Commissioner McMath	

**Officers:**

Mr Mianich	Acting Chief Executive Officer
Ms Moore	Director Community and Commercial Services
Ms Brandon	Acting Director Economic Development and Activation
Mr Ridgwell	Manager Governance
Mr Richards	Manager Finance
Mr Gale	Manager Strategy and Partnership
Mr Linares	Manager Properties
Ms Smith	Manager Development Approvals
Ms Scott	Manager Construction
Mr Tan	Manager Asset Management
Mr Ngara	Risk Management Coordinator
Mr White	Chief Accountant
Mr Cheldi	Internal Auditor
Ms Mendoza	Assistant Internal Auditor
Mr Taylor	Senior Safety Officer
Mr Bennett	Principal Building Surveyor (Arrived 5.23pm)
Ms Halley	Risk and Business Continuity Officer
Ms Ripington	Governance Coordinator
Ms Phillips	Acting Governance Officer

1 member of the public

**Guests and Deputations:**

Nil.

**1. Declaration of Opening**

**4.28pm** The Presiding Member declared the meeting open.

**2. Apologies and Members on Leave of Absence**

Nil.

**3. Question Time for the Public**

Nil.

**4. Confirmation of Minutes – 11 December 2017 and 19 March 2018**

*Moved Commissioner McMath, seconded Commissioner Lumsden*

*That the minutes of the meeting of the Audit and Risk Committee held on 11 December 2017 be noted.*

*That the minutes of the meeting of the Audit and Risk Committee held on 19 March 2018 be confirmed as a true and correct record.*

*The motion was put and carried*

The votes were recorded as follows:

**For:** Mr Maurich, Commissioners Lumsden, Hammond and McMath

**Against:** Nil

**5. Correspondence**

Nil.

**6. Disclosures of Members' Interests**

Nil.

**7. Matters for which the Meeting may be Closed**

The Chief Executive Officer also advised that, in accordance with Section 5.23(2) of the *Local Government Act 1995*, should a Committee member wish to discuss the content of the confidential attachments listed below, it is recommended that Committee resolve to close the meeting to the public prior to discussion of the following:

<b>Attachment No.</b>	<b>Item No. and Title</b>	<b>Reason</b>
Confidential Attachment 8.2C	Item 8.2 - Internal Audit 2017/18 – Validation of Critical/Major Risk Mitigation Strategies Review Part 2	s5.23(2)(f)(i)
Confidential Attachment 8.3B	Item 8.3 - Internal Audit 2017/18 – Payroll Data Analytics Review	s5.23(2)(e)(iii)
Confidential Attachment 8.5B and 8.5D	Item 8.5 - Risk Management Quarterly Update – May 2018	s5.23(2)(f)(i)

**Meeting Note:** Commissioner Hammond stated his belief that there is no reason under the *Local Government Act 1995* for Attachment 8.3B 'Payroll Data Analytics Review' to be confidential and the Administration should look to redact confidential information in future.

8. Reports

**Item 8.1 Internal Audit 2017/18 – Contract Management Review**

**OFFICER RECOMMENDATION**

That Council APPROVES the Contract Management Review as part of the Internal Audit Plan 2017/18 as detailed in Attachment 8.1A.

The Audit and Risk Committee determined to adopt an alternative motion as follows:

*Moved Commissioner McMath, seconded Commissioner Lumsden*

*That Council:*

- 1 **RECEIVES the Contract Management Review as part of the Internal Audit Plan 2017/18 as detailed in Attachment 8.1A.**
- 2 **ENDORSES the following action plan:**
  - a) **Contractor Performance Reviews**

<b>Recommendation</b>	<b>Action</b>	<b>Responsible Officer</b>	<b>Due Date</b>
<b><i>Develop and disseminate a standard template and guidelines to assist Project Officers in carrying out contractor performance reviews.</i></b>	<b><i>There is currently a template in MS Word (Contractor Performance Review Record) available to assist officers record information from a performance review. While it is not part of the current procurement team’s activities the team will develop guidelines to assist officers until a decision is reached on the City’s proposed procurement strategy.</i></b>	<b><i>Manager Finance &amp; Procurement Specialist</i></b>	<b><i>31 July 2018</i></b>

<b><i>Recommendation</i></b>	<b><i>Action</i></b>	<b><i>Responsible Officer</i></b>	<b><i>Due Date</i></b>
<b><i>The requirement for carrying out contractor performance reviews to be included as part of the proposed procurement training for the organization to be undertaken from July 2018.</i></b>	<b><i>The Procurement team are conducting a review of the current purchasing policy (CP9.7) with the aim to have this adopted by 30 June 2018. Post the adoption of the new purchasing policy the procurement team will conduct rounds of training to staff. The team agree to include information on contract management activities including performance reviews.</i></b>	<b><i>Manager Finance &amp; Procurement Specialist</i></b>	<b><i>Undertaken from July 2018 before end of 2018 calendar year</i></b>
<b><i>The Contracts Section to develop a procedure to capture and monitor contractor performance reviews undertaken by Project Officers.</i></b>	<b><i>Given the management of contracts is maintained through a MS Excel spreadsheet there are limitations with the system. With the planned system changes proposed in the 2018/19 budget the team will implement a structure and efficient system for maintain contractor information. In the interim the Procurement team will develop a procedure for the project officers to notify the procurement team when a contract performance review has been conducted. The team will also consider changes to the current spreadsheet to enable enhanced reporting of the obligations</i></b>	<b><i>Manager Finance &amp; Procurement Specialist</i></b>	<b><i>31 July 2018</i></b>

***b) Contract Variations***

<b><i>Recommendation</i></b>	<b><i>Action</i></b>	<b><i>Responsible Officer</i></b>	<b><i>Due Date</i></b>
<b><i>A procedure to report and capture contract variations within the Contracts Register to be developed and communicated within the organisation. This procedure should align within Policy 9.8. Contract variations once captured within the Contract Register to be reviewed and monitored by the Contracts Section.</i></b>	<b><i>The draft Procurement Strategy will be presented to ELG which is currently structured to address this issue. In the interim changes to corporate procedures will be reviewed to provide greater visibility.</i></b>	<b><i>Manager Finance &amp; Procurement Specialist</i></b>	<b><i>31 July 2018</i></b>

***c) Management of Contract Insurances***

<b><i>Recommendation</i></b>	<b><i>Action</i></b>	<b><i>Responsible Officer</i></b>	<b><i>Due Date</i></b>
<b><i>It is recommended that an audit on insurance certificates for current contracts as recorded on the abovementioned Contracts Register is undertaken by the Contracts Section. This audit should seek to ensure that up to date insurances in accordance with contractual requirements are being maintained on Content Manager and correctly recorded on the register. Where missing required insurance certificates are identified these should be followed up and obtained from the contractor.</i></b>	<b><i>System changes will be made following the adoption of the 2018/19 annual budget. A full audit of the insurances will be undertaken and changes made to the Contract Register to assist with further management of insurances.</i></b>	<b><i>Manager Finance &amp; Procurement Specialist</i></b>	<b><i>Audit on insurance certificates for current contracts – 30 June 2018.</i></b>  <b><i>Update to procurement systems – 30 June 2019.</i></b>

***(Cont'd)***

***The motion was put and carried***

The votes were recorded as follows:

**For:** Mr Maurich, Commissioners Lumsden, Hammond and McMath

**Against:** Nil

**Reason:** Commissioner Hammond requested the amendment to provide clarity to the motion.

**Meeting Note:** The administration is to provide further information as it relates to Council Policy 9.7 Purchasing and the procurement contract periods as they relate to IT, Equipment and Software contracts.

**Item 8.2 Internal Audit 2017/18 – Validation of Critical/Major Risk Mitigation Strategies Review Part 2**

***Moved Commissioner Lumsden, seconded Commissioner McMath***

***That Council APPROVES the Validation of Critical/Major Risk Mitigation Strategies Review Part 2 as part of the Internal Audit Plan 2017/18 as detailed in Attachment 8.2A, 8.2B and Confidential Attachment 8.2C.***

***The motion was put and carried***

The votes were recorded as follows:

**For:** Mr Maurich, Commissioners Lumsden, Hammond and McMath

**Against:** Nil

**Item 8.3 Internal Audit 2017/18 – Payroll Data Analytics Review**

***Moved Commissioner Lumsden, seconded Commissioner McMath***

***That Council APPROVES the Payroll Data Analytics Review as part of the Internal Audit Plan 2017/18 as detailed in Attachment 8.3A and Confidential Attachment 8.3B.***

***The motion was put and carried***

**For:** Mr Maurich, Commissioners Lumsden, Hammond and McMath

**Against:** Nil



5.23pm Principal Building Surveyor entered the meeting.

**Item 8.4 City of Perth Internal Audit Plan 2018/19**

*Moved Commissioner McMath, seconded Commissioner Hammond*

*That Council APPROVES the City of Perth Internal Audit Plan 2018/19 as per Attachment 8.4A.*

*The motion was put and carried*

The votes were recorded as follows:

**For:** Mr Maurich, Commissioners Lumsden, Hammond and McMath

**Against:** Nil

**Meeting Note:** Commissioner McMath requested that the past three years audit plans be provided to Commissioners as well as a report to the next Audit and Risk Committee meeting and allowing for discussion on the proposed scope of audit for the next three years.

**Item 8.5 Risk Management Quarterly Update – May 2018**

*Moved Commissioner McMath, seconded Commissioner Hammond*

*That Council RECEIVES the Risk Management Quarterly Update for May 2018.*

*The motion was put and carried*

The votes were recorded as follows:

**For:** Mr Maurich, Commissioners Lumsden, Hammond and McMath

**Against:** Nil

5.43pm Manager Development Approvals, Manager Properties and Principal Building Surveyor left the meeting.

## Item 8.6 Organisational Capability & Compliance Assessment – Status Report

*Moved Commissioner Hammond, seconded Commissioner McMath*

*That the Audit and Risk Committee RECEIVES the Implementation Status Report on addressing the findings from the Deloitte Organisational Capability & Compliance Assessment.*

*The motion was put and carried*

**For:** Mr Maurich, Commissioners Lumsden, Hammond and McMath

**Against:** Nil

### 9. Motions of which previous notice has been given

Nil.

### 10. General Business

#### 10.1 Responses to General Business from a Previous Meeting

Nil.

#### 10.2 New General Business

##### Internal Audit Recommendations

Commissioner Hammond requested that a report be presented to the next Committee Meeting listing all the Internal Audit recommendations for the last 3 years with their actions and completion dates.

##### Non Compliant Investments

The Presiding Member raised that he had queried with the Administration two of the City's investments that he believes do not comply with Clause 19C of the *Local Government (Financial Management) Regulations 1996*. The Acting Chief Executive Officer provided a brief history on the investments noting that neither investment mentioned has a maturity date and that a report on the matter will be provided to Council. Commissioner Hammond requested a report on the status of the investments be presented to the June Council meeting.

**11. Items for consideration at a future meeting**

Outstanding Items:

Nil.

**12. Closure**

**6.03pm** There being no further business, the Presiding Member declared the meeting closed.