

Item 8.1 – 2019 Compliance Audit Return

File reference	P1013788-5
Report author	Niloha Mendoza, Assistant Internal Auditor
Other contributors	Mario Cheldi, Internal Auditor
Reporting Service Unit and Alliance	CEO Unit, CEO Alliance
Report author disclosure of interest	Nil
Date of report	28 January 2020
Nature of Council's role	Executive
Voting requirement	Absolute Majority
Attachment/s	Attachment 8.1A – 2019 Compliance Audit Return

Purpose

Western Australian local governments are required to complete a Compliance Audit Return (CAR) annually to the Department of Local Government, Sport and Cultural Industries (DLGSCI) in accordance with the requirements of the *Local Government Act 1995 (Act)* and *Local Government (Audit) Regulations 1996*.

The completed 2019 CAR is required to be:

- Presented for review by the Audit and Risk Committee before being presented for adoption by Council;
- Subsequently certified by the Chair Commissioner and the Chief Executive Officer; and
- Returned to the DLGSCI with a copy of the relevant Council minutes by 31 March 2020.

Background

The CAR is a checklist of a local government's compliance with the requirements of the Act and its Regulations [i.e. *Local Government (Administration) Regulations 1996*, *Local Government (Audit) Regulations 1996*, *Local Government (Functions and General) Regulations 1996*, *Local Government (Financial Management) Regulations 1996*, *Local Government (Elections) Regulations 1997* and *Local Government (Rules of Conduct) Regulations 2007*] as approved by the Minister. It focuses on areas considered high risk as determined by the DLGSCI. The 2019 CAR has a total of 104 questions under the following sections:

- Commercial Enterprises by Local Governments (5 questions);
- Delegation of Power / Duty (13 questions);
- Disclosures of Interest (19 questions);
- Disposal of Property (2 questions);

- Elections (2 questions);
- Finance (14 questions);
- Integrated Planning and Reporting (7 questions);
- Local Government Employees (5 questions);
- Official Conduct (6 questions);
- Optional Questions (4 questions); and
- Tenders for providing Goods and Services (27 questions).

This Compliance Audit covers the period 1 January to 31 December 2019.

Details

The Compliance Audit has been undertaken as an internal audit, sourcing evidence of compliance through the City's record keeping system and where required, through additional information held by respective service units. Each legislative requirement listed on the 2019 CAR has been examined either wholly or by sample, dependent on the volume of activity and known risk factors.

This approach has been successful in achieving a more rigorous assessment of the City's compliance whilst facilitating identification of opportunities for improvement. It is important to note that where a sample has been examined the audit results are based only on that sample.

The completed 2019 CAR is provided as Attachment 8.1A.

The following is a summary of sections reviewed as part of the 2019 CAR and includes a description of instances of non-compliances.

Commercial Enterprises by Local Governments

There was one instance of non-compliance identified during the audit period for this section of the 2019 CAR. This instance refers to question 1 below.

Question 1: *Has the local government prepared a business plan for each major trading undertaking in 2019?*
s3.59(2)(a)(b)(c) F&G Reg 7,9

The City had prepared and given Statewide public notice for a business plan for City of Perth Parking (CPP) in 2018. However, this plan was not endorsed by Council in Ordinary Council Meeting (OCM) held on 31 July 2018 item 13.4. As per OCM 30 July 2019 Item 13.18 the reappointed CEO is to "Deliver a business plan for the City of Perth Off Street Parking business (by 31 December 2020)".

Delegation of Power / Duty

There were no non-compliances identified during the audit period for this section of the CAR.

Disclosures of Interest

There were two instances of non-compliance identified during the audit period for this section of the 2019 CAR. These instances refer to questions 7 and 13 below.

Question 7: *Was a primary return lodged by all newly designated employees within three months of their start day?*
s5.75(1) Admin
Reg 22 Form 2

One instance of non-compliance whereby a newly designated employee (from 5 August 2019) did not lodge a primary return within the required three month period (late lodgement).

Since July 2019 the Governance Unit has relied upon a staff movements report to be produced from the HRIS human resources system (implemented on 1 July 2019) to identify employees required to complete a Primary/Annual Return. It was confirmed that the employee in question did not appear on the HRIS staff movements report provided to Governance Unit for July and August 2019 due to these reports not being correctly configured at this time.

This instance has been communicated to the Governance Coordinator and a Primary Return for the abovementioned employee was obtained on 12 December 2019.

Question 13: *Did the CEO keep a register of gifts which contained a record of disclosures made under section 5.71A, in the form prescribed in Administration Regulation 28A?*
s5.89A
Admin Reg 28A

The current City's Register of Gifts was found not to be in the form prescribed in Administration Regulation 28A (amended legislation listed below came into operation on 19 October 2019) due to the following issues:

- Current register contains detailed street addresses of individuals providing gifts. Regulation 28A of the *Local Government (Administration) Regulations 1996* requires that "In the version of the register of gifts published under section 5.89A(5) information about individuals' addresses must be modified as required by section 5.89A(5A)".

Section 5.89A(5A) states "The version of the register published under subsection (5) must not, in the case of a disclosure about a gift made by an individual, include the address disclosed under section 5.87C(3)(b) and must instead include the town or suburb mentioned in the address".

- Current register does not contain a column for recording excluded gift details as per section 5.62(1B) i.e. the date of the approval and the reasons for the approval as required under section 5.89A(2B) of the Act and in the form of Form 4 as per regulation 28A of the *Local Government (Administration) Regulations 1996*. Excluded gifts are required to be approved in accordance with a policy for attendance at events as per section 5.90A of the Act.

According to section 5.90A(2) of the Act “A local government must prepare and adopt a policy that deals with matters relating to the attendance of council members and the CEO at events, including:

- (a) the provision of tickets to events [a concert, conference, function, sporting event, an occasion of a kind prescribed as per legislation]; and
- (b) payments in respect of attendance; and
- (c) approval of attendance by the local government and criteria for approval; and
- (d) any prescribed matter [includes excluded gifts as per Administration Regulation 20B]”.

The above mentioned policy has not been prepared and adopted by Council.

The above issues have been confirmed with relevant Governance Unit staff who have agreed to amend the City’s Register of Gifts accordingly as well as develop the above mentioned policy by June 2020.

Disposal of Property

There were no non-compliances identified during the audit period for this section of the CAR.

Elections

There were no non-compliances identified during the audit period for this section of the CAR.

Finance

There was one instance of non-compliance identified during the audit period for this section of the CAR. This instance refers to question 12 below.

Question 12 *Did the agreement between the local government and its auditor include a plan*
Audit Reg 7 *for the audit?*

In accordance with regulation 7 of the *Local Government (Audit) Regulations 1996*, an agreement between a local government and its auditor is to include the following requirements:

- Objectives of the audit;
- Scope of the audit;
- Plan for the audit;
- Remuneration/expenses to be paid to the auditor; and
- The method to be used by the local government to communicate with, and supply information to, the auditor.

The above requirements except for the plan for the audit were provided within an “Arrangement for the Audit of the Annual Financial Report of the City of Perth” letter by the City’s auditor, Office of the Auditor General (OAG). This letter applies to the audit for the year ended 30 June 2019 as well as subsequent financial years.

A request for an amended Arrangement Letter to include a reference to the plan for the audit was sought from the OAG Director responsible for the City of Perth financial audit by the City's Senior Financial Accountant on 20 December 2019. To date, no response has been received from the OAG Director. This issue is being followed up by the Internal Audit Team.

Despite no mention of the plan for the audit within the above mentioned letter (agreement), Ernst & Young (appointed external audit contractor by the Auditor General) provided an Audit Plan report for the year ended 30 June 2019 to the Finance Unit (not to the Audit and Risk Committee as required by the Terms of Reference for this committee).

Integrated Planning and Reporting

There was one instance of non-compliance identified during the audit period for this section of the CAR. This instance refers to question 2 below.

Question 2 *Has the local government reviewed the Corporate Business Plan in the 2018-2019 Financial Year. If Yes, please provide date of Council meeting the review was adopted at?*
s5.56 Admin Reg *2019 Financial Year. If Yes, please provide date of Council meeting the review was adopted at?*
19DA (4)

Current Corporate Business Plan 2017-2021 was adopted at the Ordinary Council Meeting held on 19 December 2017.

No review of the above mentioned plan in accordance with regulation 19DA (4) of the *Local Government (Administration) Regulations 1996* was undertaken in 2019.

A Corporate Business Plan is currently under development by the Strategic Finance team in close collaboration with the Strategy and Risk team. This plan is scheduled for completion by June 2020.

Local Government Employees

There were no non-compliances identified during the audit period for this section of the CAR.

Official Conduct

There were no non-compliances identified during the audit period for this section of the CAR.

Optional Questions

There were no non-compliances identified during the audit period for this section of the CAR.

Tenders for Providing Goods and Services

There was one instance of non-compliance identified during the audit period for this section of the CAR. This instance relates to question 1 overleaf.

Question 1: *Did the local government invite tenders on all occasions (before entering into s3.57; F&G Reg 11 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 Regulation 11(1) of the Local Government (Functions & General) Regulations (Subject to Functions and General Regulation 11(2))?*

Audit identified three occasions where the procurement values exceeded the tender threshold of \$150,000 during 2019 as identified within supplier expenditure reports provided for analysis by the Procurement Team.

Procurement/Contracts module within the Finance One system is currently being configured and tested by the Procurement Team with implementation planned for February/March 2020. This module will provide improved reporting and monitoring controls in relation to supplier expenditure.

Stakeholder engagement

The following stakeholders were engaged in relation to this report:

- Chief Executive Officer;
- General Manager Corporate Services;
- Alliance Manager Parking Services;
- Alliance Manager Infrastructure and Assets;
- Alliance Manager Customer Experience;
- Manager Governance;
- Governance Coordinators;
- Governance Officers;
- Paralegal;
- City Records Team;
- Senior Business Analyst;
- Senior Financial Accountant;
- Financial and Systems Accountant;
- Directorate/Assistant Financial Accountant;
- Strategic Procurement Lead;
- Contracts Coordinator – Business Development (CPP);
- Category Specialist;
- Payroll Supervisor;
- HR Team;
- Senior Assets & Leasing Officer;
- Asset Management Specialist;
- Asset and Insurance Accountant;
- Administration Officer – Infrastructure & Assets;
- Leasing and Finance Officer;
- Coordinator Library Services;
- Customer Service Officer;
- Senior Sponsorship Officer;
- Obstruction Permits – Officer;

- Governance Advisor, Sector Support and Advice at WALGA; and
- Department of Local Government, Sport and Cultural Industries (LG Hotline).

Strategic alignment

Strategic Community Plan

This item addresses the community's vision for the future and specifically the following Aspiration and Strategic Objective(s) contained in the Strategic Community Plan 2019 – 2029:

Aspiration:	Performance
Strategic Objective:	5.6 - Decision-making that is ethical, informed and inclusive.

This report provides assurance that the City is working to deliver good governance in line with the abovementioned strategic objective.

Legal and statutory implications

Completion of the CAR assesses whether the City is meeting its key legislative requirements as determined by the DLGSCI.

Non-completion of the CAR is a breach of the section 7.13(1)(i) of the *Local Government Act 1995* as well as regulation 14 and 15 of the *Local Government (Audit) Regulations 1996*.

Connection with mandates in the *City of Perth Act 2016*

8(1)(a) - to provide for the good government of persons in the City of Perth, including residents, ratepayers and visitors

Risk implications

Impact of decision	
Organisation	High
Community	Medium

Risk domain	Consequence	Likelihood	Risk rating
Service Delivery/Strategic Objectives	Minor	Likely	Medium
Legal and Regulatory/Ethical	Moderate	Likely	High
Reputation and External Stakeholders	Minor	Possible	Medium

The decision to approve the CAR has a high impact for the organisation. Failure to obtain this approval results in a breach of the Act and *Local Government (Audit) Regulations 1996*. In addition, existing risk ratings for the above mentioned risk domains may be adversely affected.

Approval implications

As mentioned above, if Council does not adopt the completed 2019 CAR and submit to the DLGSCI by 31 March 2020 then the City will not comply with the requirements of the Act and its Audit Regulations.

Financial implications

There are no financial implications related to this report.

Policy references

19.1 - Risk Management

Comments

The following table provides a comparative summary of the City's compliance per sections of the CAR for the 2017, 2018 and 2019 calendar years.

Section of the CAR	Non-compliances (Questions) Reported		
	2017	2018	2019
Commercial Enterprises by Local Governments	0	1	1
Delegation of Power / Duty	1	1	0
Disclosure of Interest	5	3	2
Disposal of Property	1	1	0
Elections	1		0
Finance	1	1	1
Integrated Planning and Reporting		0	1
Local Government Employees	1	1	0
Official Conduct	0	0	0
Optional Questions			0
Tenders for Providing Goods and Services	1	1	1
Totals	11	9	6

Note: The shaded boxes above denote section of the CAR not included for that year.

A comparison between 2017, 2018 and 2019 results show a gradual decrease in a number of non-compliances reported via the CAR.

Each of the non-compliances reported in the 2019 CAR have been discussed and confirmed with relevant staff.

The cooperation and assistance received from various staff to enable the completion of the 2019 CAR is appreciated.

Recommendation
<p>That Council <u>ADOPTS</u> the completed 2019 Compliance Audit Return as detailed in Attachment 8.1A for certification by the Chair Commissioner and the Chief Executive Officer in accordance with Regulation 15(2) of the <i>Local Government (Audit) Regulations 1996</i>.</p>

Item 8.2 – Internal Audit Plan 2019/20 – Validation of Key Risk Mitigation Strategies Review January 2020

File reference	P1026043-2
Report author	Mario Cheldi, Internal Auditor
Other contributors	Nil
Reporting Service Unit and Alliance	CEO Unit, CEO Alliance
Report author disclosure of interest	Nil
Date of report	28 January 2020
Nature of Council's role	Executive
Voting requirement	Simple Majority
Attachment/s	Attachment 8.2A – Analysis of key risks reviewed

Purpose

Approval of the Validation of Key Risk Mitigation Strategies Review January 2020 completed in accordance with the Internal Audit Plan 2019/20.

Background

The idea for this review was first proposed by the former External Member of the Audit and Risk Committee in April 2016 during the seeking of potential audit areas for inclusion within the 2016/17 Internal Audit Plan.

Recognition of the value of this review has resulted in its inclusion within the Internal Audit Plans for 2016/17, 2017/18, 2018/19 and 2019/20 as approved by the Audit and Risk Committee and Council.

This January 2020 review is the fourth instalment of this review which was previously titled, Validation of Critical/Major Risk Mitigation Strategies Review.

Completion of this review is supported by two Organisational Risk Management Maturity Assessments undertaken in recent years by Local Government Insurance Services (LGIS) Risk Management and Riskwest in 2016 and 2018 respectively. Each of these assessments has recommended the implementation of assurance plans to ensure the effectiveness of risk management processes, controls and treatments.

Undertaking this review meets the requirement for implementation of the above mentioned assurance plans.

Details

Objective

The objective of this review is to obtain evidence to provide assurance that mitigation strategies (treatment actions) for key risks of the City are in progress and being adequately resourced (budget and staff).

Scope

As per the City's Risk Management Framework the highest rating to be assigned to a risk is extreme. The Risk Management Quarterly Update Report presented at the last Audit and Risk Committee meeting held on 19 November 2019 shows five extreme rated risks as follows:

- Risk ID 101 Procurement*;
- Risk ID SR 1 Strategic Direction;
- Risk ID SR 2 Financial Sustainability;
- Risk ID SR 5 Homelessness; and
- Risk ID SR 6 Integrated Financial Systems.

Each of the above risks were examined in this review. Risk ID 101 is an operational risk while the remainder of the above risks are strategic risks.

*In December 2019 Risk ID 101 Procurement was reassessed by the Corporate Strategy and Risk Advisor (assumed the risk management coordination role within the City in November 2019 from the previously employed Risk Management Coordinator). This reassessment has resulted in the risk rating for Risk ID 101 being downgraded from extreme to high and controls effectiveness upgraded from inadequate to adequate.

The focus of this review was on mitigation strategies (treatment actions) in place to address the above key risks of the City.

Approach

The following steps were undertaken in completing this review:

- Details of key risks as described above were obtained from the latest available Risk Management Quarterly Update Report (November 2019) as produced by the Risk Management Team;
- Confirmation of these key risks and the validity of their inclusion within this review was obtained from the Corporate Strategy and Risk Advisor;
- Progress on recorded mitigation strategies (treatment actions) for each of the above key risks was researched and reviewed. This involved discussions with officers responsible for implementing treatment actions for each of the key risks as well as review of relevant documentation;

- Monitoring on the progress of implementation of treatment actions was carried out. This monitoring was undertaken up until late January 2020 to enable this report to be included within the agenda for the 19 February 2020 Audit and Risk Committee meeting;
- Findings in relation to the key risks reviewed were documented within Attachment 8.2A;
- These findings were discussed and agreed with the Corporate Strategy and Risk Advisor;
- This report was then drafted summarising the review undertaken; and
- The final report will be included in the agenda for the Audit and Risk Committee Meeting to be held on 19 February 2020.

Conclusion

Evidence was obtained to provide assurance that mitigation strategies (treatment actions) for key risks of the City are in progress and being adequately resourced (budget and staff).

Analysis

Attachment 8.2A (Analysis of key risks reviewed) shows risk assessment information within tables for each of the City's key risks. This information was accessed from the Risk Management Quarterly Update (November 2019) as produced by the Risk Management Team.

The progress of implementation of treatment actions for each of the key risks examined in this review is summarised within Attachment 8.2A under the heading of "Validation of Treatment Actions".

Treatment actions for the key risks examined are largely major initiatives underway by the organisation. This includes the Procurement Transformation Plan (Risk ID 101 Procurement), Corporate Recovery Implementation Plan (Risk ID SR 1 Strategic Direction and Risk ID SR 2 Financial Sustainability), Finance Transformation Plan (Risk ID SR 2 Financial Sustainability and Risk ID SR 6 Integrated Financial Systems) and Homelessness Response (Risk ID SR 5 Homelessness). As described within Attachment 8.2A under the heading of "Validation of Treatment Actions" these treatment actions are not fully implemented at the time of this review. As a result, no reduction in the risk ratings or improvement in the effectiveness of existing controls (as per the abovementioned risk assessment information) is considered warranted at the time of this review for each of the key risks examined.

Stakeholder engagement

Engagement with the following internal stakeholders was undertaken in relation to this report.

- Corporate Strategy and Risk Advisor;
- Strategic Procurement Lead;
- Project Director Corporate Recovery;
- Project Director Strategic Finance; and
- Alliance Manager Community Services.

Strategic alignment

Strategic Community Plan

This item addresses the community's vision for the future and specifically the following Aspiration and Strategic Objective(s) contained in the Strategic Community Plan 2019 – 2029:

Aspiration:	Performance
Strategic Objective:	5.6 Decision-making that is ethical, informed and inclusive.

This report provides assurance that the City's key risks including its strategic risks are being addressed by appropriate mitigation strategies (risk treatment actions).

Legal and statutory implications

There are no legal or statutory implications associated with this report.

Connection with mandates in the *City of Perth Act 2016*

8(1)(a) - to provide for the good government of persons in the City of Perth, including residents, ratepayers and visitors

Risk implications

Impact of decision	
Organisation	High
Community	Low

There are no direct risk implications related to this report.

The key risks examined as part of this review have been assessed by the Risk Management Team in accordance with the City's Risk Assessment Matrix (refer tables within Attachment 8.2A – Analysis of key risks reviewed).

Approval implications

If Council does not adopt the recommendation of this report there will be no formal acceptance of the Validation of Key Risk Mitigation Strategies Review January 2020 completed in accordance with the 2019/20 Internal Audit Plan.

Financial implications

There are no financial implications related to this report.

Policy references

19.1 – Risk Management

Comments

It should be noted that the City's existing approach to risk management is currently under review. This review is being led by the Project Director Corporate Recovery and includes the process for the identification and assessment of risks, recording of risks and follow up actions as well as the means of reporting on risks.

The cooperation and assistance received from various staff to enable the completion of this review is appreciated.

Recommendation
That Council <u>APPROVES</u> the Validation of Key Risk Mitigation Strategies Review January 2020 completed as part of the 2019/20 Internal Audit Plan.

Item 8.3 – Outstanding Audit Items – January 2020

File reference	P1026043-2
Report author	Mario Cheldi, Internal Auditor
Other contributors	Niloha Mendoza, Assistant Internal Auditor
Reporting Service Unit and Alliance	CEO Unit, CEO Alliance
Report author disclosure of interest	Nil
Date of report	31 January 2020
Nature of Council's role	Information and Executive
Voting requirement	Simple Majority
Attachment/s	Attachment 8.3A – Status of the implementation of internal audit and other report recommendations as at 31 January 2020 Attachment 8.3B – Risk and Audit Response Matrix

Purpose

Provide a summary of the status of outstanding audit items as at 31 January 2020 to the Audit and Risk Committee.

Background

This report is a standard item on the agenda for the Audit and Risk Committee meeting. It provides a status of audit findings/recommendations for prior audits carried out by the Internal Audit Team or by external parties.

Risk and Audit Response Matrix




A Risk and Audit Response Matrix was approved by the Audit and Risk Committee at their meeting held on 20 May 2019. The Matrix (refer Attachment 8.3B) includes guidelines in relation to addressing risk and audit items. Based on the risk rating assigned to these items, the Matrix provides a timeframe for management to implement an action plan to address the items arising from the risk and audit reviews carried out.

The report on the Risk and Audit Response Matrix as presented at the 20 May 2019 Audit and Risk Committee meeting states “Following approval, the Risk Management and Internal Audit Teams will apply the requirements of the Matrix to all risks and internal audits reported to the Committee from August 2019”.

Details

The status of outstanding audit items (as at 31 January 2020) from prior audits carried out is shown within Attachment 8.3A.

A summary of the status of outstanding audit items as at the above date is provided in the table below.

	Behind schedule	5
	On track	16
	Completed	14
Total		35

Extended timeframes for outstanding audit items

Outstanding audit items for the Compliance Audit Return Controls Review July 2018 (one item) as well as Fraud and Corruption Controls Review July 2019 (two items) are behind schedule and staff responsible for implementation of these audit recommendations are seeking acceptance from the Audit and Risk Committee of an extended completion date, refer to Attachment 8.3A for details on these items.

New exceptions to audit response

Two outstanding audit items from the Moore Stephens Financial Management Review September 2019 will not be met by the original completion date of 28 February 2020. These two items are being addressed via the Financial Systems and Process Transformation Plan with specific timeframes of 30 June 2021 (item 4.3) and 30 June 2020 (item 4.15) as documented within this plan. As a result, these two items are considered exceptions under the Risk and Audit Response Matrix which require acceptance from the Audit and Risk Committee. Details of these items can be found in Attachment 8.3A.

Stakeholder engagement

Engagement with internal stakeholders as listed within Attachment 8.3A was undertaken in relation to this report.

Strategic alignment

Strategic Community Plan

This item addresses the community's vision for the future and specifically the following Aspiration and Strategic Objective(s) contained in the Strategic Community Plan 2019 – 2029:

Aspiration:	Performance
Strategic Objective:	5.5 A financial business model underpinned by a culture of cost management, best value and strategic financial analysis that is subject to ongoing oversight, transparency and accountability. 5.6 Decision-making that is ethical, informed and inclusive.

	5.7 Asset management, community services and major projects all guided by strategies that are inclusive, transparent, contemporary and intrinsically linked to the community’s strategic vision.
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This report facilitates the monitoring of implementation of outstanding audit items which may contribute towards the abovementioned strategic objectives.

Legal and statutory implications

The Audit and Risk Committee is to oversee the implementation of any action that Council has accepted should be taken following receipt of an audit report (regulation 16 of the *Local Government (Audit) Regulations 1996*).

Connection with mandates in the *City of Perth Act 2016*

8(1)(a) - to provide for the good government of persons in the City of Perth, including residents, ratepayers and visitors

Risk implications

Impact of decision	
Organisation	High
Community	Low

The outstanding audit items within Attachment 8.3A have been risk rated by the Internal Audit Team in accordance with the City’s Risk Assessment Matrix.

Approval implications

This report is submitted to the Audit and Risk Committee for information as well as seeking the acceptance of extended timeframes and exceptions for outstanding audit items as described above. If the Committee does not adopt the officer recommendation, there will be a lack of formal accountability within the organisation for addressing the actions of outstanding audit items.

Financial implications

There are no financial implications related to this report.

Policy references

19.1 – Risk Management.

Comments

Provision of this report facilitates the monitoring of action to implement the outstanding audit items from prior audits carried out.

The format of Attachment 8.3A (Status of the implementation of internal audit and other report recommendations as at 31 January 2020) has been based on an Australian National Audit Office template used for the follow up of outstanding audit recommendations.

Recommendation

That the Audit and Risk Committee RECEIVES the report Outstanding Audit Items – January 2020 and accepts the extended timeframes and new exception dates for completion of action to address the outstanding audit recommendations.



Department of
**Local Government, Sport
and Cultural Industries**

Perth - Compliance Audit Return 2019

Certified Copy of Return

Please submit a signed copy to the Director General of the Department of Local Government, Sport and Cultural Industries together with a copy of section of relevant minutes.

Commercial Enterprises by Local Governments					
No	Reference	Question	Response	Comments	Respondent
1	s3.59(2)(a)(b)(c) F&G Reg 7,9	Has the local government prepared a business plan for each major trading undertaking in 2019?	No	The City had prepared and given Statewide public notice for a business plan for City of Perth Parking (CPP) in 2018. However, this plan was not endorsed by Council in Ordinary Council Meeting (OCM) 31/07/2018 item 13.4. As per OCM 30/07/2019 Item 13.18 the reappointed CEO is to "Deliver a business plan for the City of Perth Off Street Parking business (by 31 December 2020)".	Niloha Mendoza
2	s3.59(2)(a)(b)(c) F&G Reg 7,10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2019?	N/A	No major land transaction that was not exempt in 2019.	Niloha Mendoza
3	s3.59(2)(a)(b)(c) F&G Reg 7,10	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 2019?	N/A	No preparatory land transaction to entry into a major land transaction in 2019.	Niloha Mendoza
4	s3.59(4)	Has the local government complied with public notice and publishing requirements of each proposal to commence a major trading undertaking or enter into a major land transaction for 2019?	N/A	Refer question 1 above. No business plan for CPP in place in 2019.	Niloha Mendoza
5	s3.59(5)	Did the Council, during 2019, resolve to proceed with each major land transaction or trading undertaking by absolute majority?	N/A	Refer questions 1 and 4 above. No business plan for CPP in place or advertised in 2019.	Niloha Mendoza



Delegation of Power / Duty					
No	Reference	Question	Response	Comments	Respondent
1	s5.16, 5.17, 5.18	Were all delegations to committees resolved by absolute majority?	Yes	Referenced in annual review: Ordinary Council Meeting (OCM) 25/06/2019 Item 13.15.	Niloha Mendoza
2	s5.16, 5.17, 5.18	Were all delegations to committees in writing?	Yes	Referenced in 2019/20 Delegated Authority Register.	Niloha Mendoza
3	s5.16, 5.17, 5.18	Were all delegations to committees within the limits specified in section 5.17?	Yes	Referenced in 2019/20 Delegated Authority Register.	Niloha Mendoza
4	s5.16, 5.17, 5.18	Were all delegations to committees recorded in a register of delegations?	Yes	2019/20 Delegated Authority Register.	Niloha Mendoza
5	s5.18	Has Council reviewed delegations to its committees in the 2018/2019 financial year?	Yes	Referenced in annual review: OCM 25/06/2019 Item 13.15.	Niloha Mendoza
6	s5.42(1),5.43 Admin Reg 18G	Did the powers and duties of the Council delegated to the CEO exclude those as listed in section 5.43 of the Act?	Yes	Referenced in 2019/20 Delegated Authority Register and Policy 10.9 City of Perth Common Seal and Document Signing Authority.	Niloha Mendoza
7	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO resolved by an absolute majority?	Yes	OCM 25/06/2019 Item 13.15.	Niloha Mendoza
8	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO in writing?	Yes	As per 2019/20 Delegated Authority Register.	Niloha Mendoza
9	s5.44(2)	Were all delegations by the CEO to any employee in writing?	Yes	As per 2019/20 Delegated Authority Register.	Niloha Mendoza
10	s5.45(1)(b)	Were all decisions by the Council to amend or revoke a delegation made by absolute majority?	Yes	As per annual review: OCM 25/06/2019 Item 13.15.	Niloha Mendoza
11	s5.46(1)	Has the CEO kept a register of all delegations made under the Act to him and to other employees?	Yes	Referenced in 2019/20 Delegated Authority Register.	Niloha Mendoza
12	s5.46(2)	Were all delegations made under Division 4 of Part 5 of the Act reviewed by the delegator at least once during the 2018/2019 financial year?	Yes	Referenced in CEO Annual Delegated Authority Review, Executive Leadership Group minutes (17/07/2019) as well as Delegation of Authority Register 2019/20.	Niloha Mendoza
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 as required?	Yes	Based on audit sample. However, unable to confirm that a written record was kept on all occasions.	Niloha Mendoza



Disclosure of Interest					
No	Reference	Question	Response	Comments	Respondent
1	s5.67	If a member disclosed an interest, did he/she ensure that they did not remain present to participate in any discussion or decision-making procedure relating to the matter in which the interest was disclosed (not including participation approvals granted under s5.68)?	Yes	Referenced in the 2019 Financial and Non-financial Interest Disclosures Register as well as various Council and Committee meetings minutes (only when the interest was disclosed by a member).	Niloha Mendoza
2	s5.68(2)	Were all decisions made under section 5.68(1), and the extent of participation allowed, recorded in the minutes of Council and Committee meetings?	N/A	No decisions made under section 5.68(1).	Niloha Mendoza
3	s5.73	Were disclosures under section 5.65 or 5.70 recorded in the minutes of the meeting at which the disclosure was made?	Yes	Referenced in the 2019 Financial and Non-financial Interest Disclosures Register and various Council and Committee meetings minutes.	Niloha Mendoza
4	s5.73	Where the CEO had an interest relating to a gift under section 5.71A(1), was written notice given to the Council?	N/A	Relevant gifts received by the CEO during 2019 did not exceed the amount prescribed (\$1,000).	Niloha Mendoza
5	s5.73	Where the CEO had an interest relating to a gift in a matter in respect of a report another employee is providing advice on under section 5.71A (3), was the nature of interest disclosed when the advice or report was provided?	N/A	Section 5.71A (3) of the Act became effective from 19 October 2019. From this date, no CEO interest was disclosed relating to a gift in a matter in respect of a report another employee provided advice on under section 5.71A (3).	Niloha Mendoza
6	s5.75(1) Admin Reg 22 Form 2	Was a primary return lodged by all newly elected members within three months of their start day?	Yes	A primary return lodged within three months by a new Commissioner appointed in 2019.	Niloha Mendoza
7	s5.75(1) Admin Reg 22 Form 2	Was a primary return lodged by all newly designated employees within three months of their start day?	No	1 instance of non-compliance as per Primary and Annual Return Register.	Niloha Mendoza
8	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all continuing elected members by 31 August 2019?	Yes	As per Primary and Annual Return Register (Commissioners).	Niloha Mendoza
9	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all designated employees by 31 August 2019?	Yes	As per Primary and Annual Return Register.	Niloha Mendoza
10	s5.77	On receipt of a primary or annual return, did the CEO, (or the Mayor/ President in the case of the CEO's return) on all occasions, give written acknowledgment of having received the return?	Yes	As per Primary and Annual Return Register as well as acknowledgments contained within the City's Records Keeping System.	Niloha Mendoza



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No	Reference	Question	Response	Comments	Respondent
11	s5.88(1)(2) Admin Reg 28	Did the CEO keep a register of financial interests which contained the returns lodged under section 5.75 and 5.76?	Yes	As per Primary and Annual Return Register as well as returns contained within the City's Records Keeping System.	Niloha Mendoza
12	s5.88(1)(2) 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 and 5.71, in the form prescribed in Administration Regulation 28?	Yes	As per 2019 Financial and Non-financial Interest Disclosures Register.	Niloha Mendoza
13	s5.89A Admin Reg 28A	Did the CEO keep a register of gifts which contained a record of disclosures made under section 5.71A, in the form prescribed in Administration Regulation 28A?	No	The current City's Register of Gifts was found not to be in the form prescribed in Administration Regulation 28A (this regulation came into effect on 18 October 2019).	Niloha Mendoza
14	s5.88 (3)	Has the CEO removed all returns from the register when a person ceased to be a person required to lodge a return under section 5.75 or 5.76?	Yes	As per Primary and Annual Return Register.	Niloha Mendoza
15	s5.88(4)	Have all returns lodged under section 5.75 or 5.76 and removed from the register, been kept for a period of at least five years, after the person who lodged the return ceased to be a council member or designated employee?	Yes	As per Primary and Annual Return Register.	Niloha Mendoza
16	s5.103 Admin Reg 34C & Rules of Conduct Reg 11	Where an elected member or an employee disclosed an interest in a matter discussed at a Council or committee meeting where there was a reasonable belief that the impartiality of the person having the interest would be adversely affected, was it recorded in the minutes?	N/A	Impartiality interests disclosed and minuted. No interests adversely affecting impartiality were observed (only when the interest was disclosed at a Council or committee meeting).	Niloha Mendoza
17	s5.70(2)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to the Council or a Committee, did that person disclose the nature of that interest when giving the advice or report?	Yes	Based on audit sample. Referenced in the 2019 Financial and Non-financial Interest Disclosures Register and various Council and Committee meetings minutes (only when the interest was disclosed by an employee providing advice or report to the Council or a Committee).	Niloha Mendoza
18	s5.70(3)	Where an employee disclosed an interest under s5.70(2), did that person also disclose the extent of that interest when required to do so by the Council or a Committee?	Yes	As per 2019 Financial and Non-financial Interest Disclosures Register.	Niloha Mendoza
19	s5.103(3) Admin Reg 34B	Has the CEO kept a register of all notifiable gifts received by Council members and employees?	Yes	Based on audit sample. Referenced in the City's Gift Register (only once the gift has been notified).	Niloha Mendoza



Disposal of Property					
No	Reference	Question	Response	Comments	Respondent
1	s3.58(3)	Was local public notice given prior to disposal for any property not disposed of by public auction or tender (except where excluded by Section 3.58(5))?	Yes	5 instances whereby public notice was given prior to leasing City's property.	Niloha Mendoza
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	Details as prescribed in section 3.58(4) provided in public notices for the 5 instances above.	Niloha Mendoza

Elections					
No	Reference	Question	Response	Comments	Respondent
1	Elect Reg 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 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 candidates?	Yes	No local government elections for the City of Perth were carried out in October 2019.	Niloha Mendoza
2	Elect Reg 30G(3) & (4)	Did the CEO remove any 'disclosure of gifts' forms relating to an unsuccessful candidate or a successful candidate that completed the term of office from the electoral gift register, and retain those forms separately for a period of at least 2 years?	Yes	Referenced in the City's (electoral) Gift Register (only when the gift has been notified).	Niloha Mendoza

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	The Audit Committee was established at the Special Council Meeting (SpCM) on 11/05/2010. The Council renamed it as the Audit and Risk Committee on 4/06/2013. Last established at the SpCM 15/03/2018 where the Council appointed new members (Commissioners) to the Audit & Risk Committee. Council appointed a new Commissioner and re-appointed an Independent Member at OCM 27/08/2019 items 13.13 and 13.14 respectively.	Niloha Mendoza



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No	Reference	Question	Response	Comments	Respondent
2	s7.1B	Where a local government determined to delegate to its audit committee any powers or duties under Part 7 of the Act, did it do so by absolute majority?	N/A	No change to the Audit and Risk Committee delegation 1.1.1 in 2019. OCM 25/06/2019 Item 13.15.	Niloha Mendoza
3	s7.3(1)	Was the person(s) appointed by the local government under s7.3(1) to be its auditor, a registered company auditor?	N/A	Auditor General is the City's Auditor.	Niloha Mendoza
4	s7.3(1), 7.6(3)	Was the person or persons appointed by the local government to be its auditor, appointed by an absolute majority decision of Council?	N/A	Auditor General is the City's Auditor.	Niloha Mendoza
5	Audit Reg 10	Was the Auditor's report(s) for the financial year(s) ended 30 June received by the local government within 30 days of completion of the audit?	Yes	The City of Perth received the Auditor's report through its Audit & Risk Committee on 19/11/19 and by the Council on 17/12/19. The 2018/19 financial year audit was completed mid November 2019.	Niloha Mendoza
6	s7.9(1)	Was the Auditor's report for the financial year ended 30 June 2019 received by the local government by 31 December 2019?	Yes	The Auditor's report was received by the Audit & Risk Committee on 19/11/19 item 8.3 and by the Council on 17/12/19 item 13.14.	Niloha Mendoza
7	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	As per management comments to findings within the Auditor General Management Letter.	Niloha Mendoza
8	S7.12A (4)	Where the auditor identified matters as significant in the auditor's report (prepared under s7.9(1) of the Act), did the local government prepare a report stating what action had been taken or it intended to take with respect to each of the matters and give a copy to the Minister within 3 months after receipt of the audit report?	N/A	No report was required to be sent to the Minister. Issues raised in the auditor's report were not significant.	Niloha Mendoza
9	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?	Yes	The City's Annual Report 2018/19 was sent to the Minister on 18/12/2019. A copy of the report was published on the City's official website within 14 days after 18/12/2019.	Niloha Mendoza



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No	Reference	Question	Response	Comments	Respondent
10	Audit Reg 7	Did the agreement between the local government and its auditor include the objectives of the audit?	Yes	The objectives of the audit were included within the Arrangements (agreement) Letter issued by the Office of the Auditor General in April 2018. These arrangements were acknowledged/signed by the City's Chair Commissioner and CEO.	Niloha Mendoza
11	Audit Reg 7	Did the agreement between the local government and its auditor include the scope of the audit?	Yes	As per the abovementioned Arrangements (agreement) Letter.	Niloha Mendoza
12	Audit Reg 7	Did the agreement between the local government and its auditor include a plan for the audit?	No	The abovementioned Arrangements (agreement) Letter from the OAG did not include a reference to the plan for the audit.	Niloha Mendoza
13	Audit Reg 7	Did the agreement between the local government and its auditor include details of the remuneration and expenses to be paid to the auditor?	Yes	Details of the remuneration and expenses to be paid to the auditor was included within the Indicative Audit Fee 2018 letter provided by the Auditor General as referenced within the Arrangements (agreement) Letter from the OAG.	Niloha Mendoza
14	Audit Reg 7	Did the agreement between the local government and its auditor include the method to be used by the local government to communicate with, and supply information to, the auditor?	Yes	As per the abovementioned Arrangements (agreement) Letter for the 2018 Audit.	Niloha Mendoza



Integrated Planning and Reporting					
No	Reference	Question	Response	Comments	Respondent
1	s5.56 Admin Reg 19DA (6)	Has the local government adopted a Corporate Business Plan. If Yes, please provide adoption date of the most recent Plan in Comments?	Yes	Corporate Business Plan 2017-2021 adopted at OCM 19/12/2017 Item 13.29.	Niloha Mendoza
2	s5.56 Admin Reg 19DA (4)	Has the local government reviewed the Corporate Business Plan in the 2018-2019 Financial Year. If Yes, please provide date of Council meeting the review was adopted at?	No		Niloha Mendoza
3	s5.56 Admin Reg 19C	Has the local government adopted a Strategic Community Plan. If Yes, please provide adoption date of the most recent Plan in Comments?	Yes	Strategic Community Plan 2019-2029 adopted at OCM 26/11/2019 Item 13.11.	Niloha Mendoza
4	s5.56 Admin Reg 19C (4)	Has the local government reviewed the current Strategic Community Plan. If Yes, please provide date of most recent review by Council in Comments. Note: If the current Strategic Community Plan was adopted after 1/1/2016, please respond N/A and provide adoption date in Comments?	N/A	Refer question 3 above.	Niloha Mendoza
5	S5.56 Admin Reg 19DA (3)	Has the local government developed an Asset Management Plan(s) that covers all asset classes. If Yes, please provide the date of the most recent Plan adopted by Council in Comments?	Yes	Asset Management Plan 2017-2027 adopted at OCM 6/6/2017 Item 13.20.	Niloha Mendoza
6	S5.56 Admin Reg 19DA (3)	Has the local government developed a Long Term Financial Plan. If Yes, please provide the adoption date of the most recent Plan in Comments?	Yes	Long Term Financial Plan 2017-2027 adopted at OCM 6/6/2017 Item 13.20.	Niloha Mendoza
7	S5.56 Admin Reg 19DA (3)	Has the local government developed a Workforce Plan. If Yes, please provide adoption date of the most recent Plan in comments?	Yes	Workforce Plan 2016-2020 adopted at OCM 28/6/2016 Item 13.	Niloha Mendoza



Local Government Employees					
No	Reference	Question	Response	Comments	Respondent
1	Admin Reg 18C	Did the local government approve the process to be used for the selection and appointment of the CEO before the position of CEO was advertised?	N/A	CEO reappointed in OCM 30/07/2019 item 13.18 for a term of 12 months commencing on 2 August 2019. A CEO recruitment process was approved in OCM 17/12/2019 item 13.13 for a new CEO to commence in August 2020.	Niloha Mendoza
2	s5.36(4) s5.37(3), Admin Reg 18A	Were all vacancies for the position of CEO and other designated senior employees advertised and did the advertising comply with s.5.36(4), 5.37(3) and Admin Reg 18A?	N/A	CEO was reappointed in OCM 30/07/2019 item 13.18 for a term not exceeding one year, therefore, no need for advertising as per Admin Reg 18A(1)(b). No other designated senior employee positions were advertised (refer question 5 below).	Niloha Mendoza
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 of CEO under section 5.36(4)?	N/A	CEO was reappointed in OCM 30/07/2019 item 13.18 for a term of 12 months.	Niloha Mendoza
4	Admin Regs 18E	Did the local government ensure checks were carried out to confirm that the information in an application for employment was true (applicable to CEO only)?	N/A	CEO was reappointed in OCM 30/07/2019 item 13.18 for a term of 12 months.	Niloha Mendoza
5	s5.37(2)	Did the CEO inform Council of each proposal to employ or dismiss a designated senior employee?	N/A	Council approved a motion to remove the designation of senior employee to all positions so designated in OCM 26/02/2019 item 15. Consequently, Council Policy 12.6 "CP12 Staff - Local Government Employees - Senior Employees" was amended and retitled to reflect the above motion. As a result, no designated senior employees were employed or dismissed in 2019.	Niloha Mendoza



Official Conduct					
No	Reference	Question	Response	Comments	Respondent
1	s5.120	Where the CEO is not the complaints officer, has the local government designated a senior employee, as defined under s5.37, to be its complaints officer?	N/A	The CEO is the Complaints Officer.	Niloha Mendoza
2	s5.121(1)	Has the complaints officer for the local government maintained a register of complaints which records all complaints that result in action under s5.110(6)(b) or (c)?	Yes	As per the City of Perth Register of Complaints of Minor Breaches. There were no complaints that resulted in action under s5.110(6)(b) or (c) in 2019.	Niloha Mendoza
3	s5.121(2)(a)	Does the complaints register maintained by the complaints officer include provision for recording of the name of the council member about whom the complaint is made?	Yes	As per the City of Perth Register of Complaints of Minor Breaches.	Niloha Mendoza
4	s5.121(2)(b)	Does the complaints register maintained by the complaints officer include provision for recording the name of the person who makes the complaint?	Yes	As per the City of Perth Register of Complaints of Minor Breaches.	Niloha Mendoza
5	s5.121(2)(c)	Does the complaints register maintained by the complaints officer include provision for recording a description of the minor breach that the standards panel finds has occurred?	Yes	As per the City of Perth Register of Complaints of Minor Breaches.	Niloha Mendoza
6	s5.121(2)(d)	Does the complaints register maintained by the complaints officer include the provision to record details of the action taken under s5.110(6)(b) or (c)?	Yes	As per the City of Perth Register of Complaints of Minor Breaches.	Niloha Mendoza



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 Local Government (Financial Management) Regulation 5 (2)(c) within the 3 years prior to 31 December 2019? If yes, please provide date of Council resolution in comments?	Yes	Audit and Risk Committee meeting 19/11/2019 Item 8.6 OCM 26/11/2019 Item 13.18	Niloha Mendoza
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 Local Government (Audit) Regulation 17 within the 3 years prior to 31 December 2019? If yes, please provide date of Council resolution in comments?	Yes	Audit and Risk Committee meeting 5/11/2018 item 8.2 OCM 27/11/2018 Item 13.20	Niloha Mendoza
3	Financial Management Reg 5A.	Did the local government provide AASB 124 related party information in its annual report(s) tabled at an electors meeting(s) during calendar year 2019?	Yes	AASB 124 related party information was included in the City's 2017/18 annual report tabled at the Annual General Meeting of Electors (AGM) on 15/01/2019. The 2018/19 annual report is to be presented to the electors at the next AGM on 04/02/2020.	Niloha Mendoza
4	S6.4(3)	Did the local government submit to its auditor by 30 September 2019 the balanced accounts and annual financial report for the year ending 30 June 2019?	Yes	Referenced in OCM 17/12/2019 Item 13.14	Niloha Mendoza

Tenders for Providing Goods and Services					
No	Reference	Question	Response	Comments	Respondent
1	s3.57 F&G Reg 11	Did the local government invite tenders on all occasions (before entering into 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 Regulation 11(1) of the Local Government (Functions & General) Regulations (Subject to Functions and General Regulation 11(2))?	No	Audit identified 3 occasions where the procurement values exceeded the tender threshold of \$150,000 during 2019 as identified within supplier expenditure reports provided for analysis by the Procurement Team.	Niloha Mendoza
2	F&G Reg 12	Did the local government comply with F&G Reg 12 when deciding to enter into multiple contracts rather than inviting tenders for a single contract?	Yes	Based on advice from Strategic Procurement Lead.	Niloha Mendoza



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No	Reference	Question	Response	Comments	Respondent
3	F&G Reg 14(1) & (3)	Did the local government invite tenders via Statewide public notice?	Yes	As per Tender Register, the City has advertised tenders in The West Australian newspaper. Tenders have also been displayed on the Council House and City of Perth Library public notice boards.	Niloha Mendoza
4	F&G Reg 14 & 15	Did the local government's advertising and tender documentation comply with F&G Regs 14, 15 & 16?	Yes	As per Tender Register.	Niloha Mendoza
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	Based on sample audit testing (addendum issued to tenderers).	Niloha Mendoza
6	F&G Reg 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of F&G Reg 16?	Yes	As per Tender Register.	Niloha Mendoza
7	F&G Reg 18(1)	Did the local government reject the tenders that were not submitted at the place, and within the time specified in the invitation to tender?	N/A	No late tenders received as per Tender Register.	Niloha Mendoza
8	F&G Reg 18 (4)	In relation to the tenders that were not rejected, did the local government assess which tender to accept and which tender was most advantageous to the local government to accept, by means of written evaluation criteria?	Yes	Evidence sighted in sample tender files.	Niloha Mendoza
9	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?	Yes	As per Tender Register and Tenders/Expressions of Interest page on City of Perth website.	Niloha Mendoza
10	F&G Reg 19	Did the CEO give each tenderer written notice advising particulars of the successful tender or advising that no tender was accepted?	Yes	Evidence sighted in sample tender files.	Niloha Mendoza
11	F&G Reg 21 & 22	Did the local governments advertising and expression of interest documentation comply with the requirements of F&G Regs 21 and 22?	Yes	As per Expressions of Interest advertisements within Tender Register.	Niloha Mendoza
12	F&G Reg 23(1)	Did the local government reject the expressions of interest that were not submitted at the place and within the time specified in the notice?	N/A	All Expressions of Interest submitted at the place and within the time specified in the notice as per Tender Register.	Niloha Mendoza
13	F&G Reg 23(4)	After the local government considered expressions of interest, did the CEO list each person considered capable of satisfactorily supplying goods or services?	Yes	Evidence sighted in Record of Delegated Authority Decision for Expressions of Interests within Tender Register.	Niloha Mendoza



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No	Reference	Question	Response	Comments	Respondent
14	F&G Reg 24	Did the CEO give each person who submitted an expression of interest, a notice in writing in accordance with Functions & General Regulation 24?	Yes	Letter to successful and unsuccessful applicants were sighted for Expressions of Interest.	Niloha Mendoza
15	F&G Reg 24AC (1) & (2)	Has the local government established a policy on procurement of goods and services from pre-qualified suppliers in accordance with the regulations?	Yes	Included within corporate policy 9.7 Purchasing.	Niloha Mendoza
16	F&G Reg 24AD(2)	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice?	Yes	As per Tender Register.	Niloha Mendoza
17	F&G Reg 24AD(4) & 24AE	Did the local government's advertising and panel documentation comply with F&G Regs 24AD(4) & 24AE?	Yes	As per Tender Register.	Niloha Mendoza
18	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 panel application?	Yes	As per Tender Register.	Niloha Mendoza
19	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, given notice of the variation?	Yes	As per addendum issued to applicants for tender panels.	Niloha Mendoza
20	F&G Reg 24AH(1)	Did the local government reject the 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	All submissions received at the place and time specified in the invitation as per Tender Register.	Niloha Mendoza
21	F&G Reg 24AH(3)	In relation to the applications that were not rejected, did the local government assess which application (s) to accept and which application(s) were most advantageous to the local government to accept, by means of written evaluation criteria?	Yes	As per relevant Council Reports or Records of Delegated Authority Decision Reports.	Niloha Mendoza
22	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?	Yes	As per Tender Register.	Niloha Mendoza
23	F&G Reg 24AI	Did the CEO send each person who submitted an application, written notice advising if the person's application was accepted and they are to be part of a panel of pre-qualified suppliers, or, that the application was not accepted?	Yes	As per letters to applicants within Content Manager (records keeping system).	Niloha Mendoza
24	F&G Reg 24E	Where the local government gave a regional price preference, did the local government comply with the requirements of F&G Reg 24E including the preparation of a regional price preference policy?	N/A		Niloha Mendoza



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No	Reference	Question	Response	Comments	Respondent
25	F&G Reg 24F	Did the local government comply with the requirements of F&G Reg 24F in relation to an adopted regional price preference policy?	N/A		Niloha Mendoza
26	F&G Reg 11A	Does the local government have a current purchasing policy that comply with F&G Reg 11A(3) in relation to contracts for other persons to supply goods or services where the consideration under the contract is, or is expected to be, \$150,000 or less?	Yes	Corporate Policy No. 9.7 (Purchasing Policy).	Niloha Mendoza
27	F&G Reg 11A	Did the local government comply with it's current purchasing policy in relation to the supply of goods or services where the consideration under the contract is, or is expected to be \$150,000 or less or worth \$150,000 or less?	Yes	As evidenced via obtaining quotations in accordance with Purchasing Policy 9.7.	Niloha Mendoza

I certify this Compliance Audit return has been adopted by Council at its meeting on _____

 Signed Mayor / President, Perth

 Signed CEO, Perth

Note: The tables below on the City's key risks were obtained from the Risk Management Quarterly Update Report (November 2019) as produced by the Risk Management Team. Validation of treatment actions for these key risks is provided below these tables.

RISK ID: 101	RISK IDENTIFICATION DATE: April 2018	RISK REVIEW DATE: 20 December 2019	RISK RESPONSE DUE DATE: 5 May 2020	Overall Risk Rating	HIGH															
RISK NAME: Procurement				Controls Effectiveness	ADEQUATE															
RISK OWNER: Project Director Strategic Finance				Within Risk Appetite	NO															
KEY SERVICE: Acquisition of goods and services on behalf of the city				<table border="1"> <thead> <tr> <th colspan="5">Domain Risk Ratings</th> </tr> <tr> <th>P</th> <th>F</th> <th>SD/SO</th> <th>L&R/E</th> <th>R&ES</th> </tr> </thead> <tbody> <tr> <td>N/A</td> <td>HIGH 3x4</td> <td>MED 2x4</td> <td>HIGH 4x3</td> <td>HIGH 3x4</td> </tr> </tbody> </table>		Domain Risk Ratings					P	F	SD/SO	L&R/E	R&ES	N/A	HIGH 3x4	MED 2x4	HIGH 4x3	HIGH 3x4
Domain Risk Ratings																				
P	F	SD/SO	L&R/E	R&ES																
N/A	HIGH 3x4	MED 2x4	HIGH 4x3	HIGH 3x4																
<p>RISK DESCRIPTION: Failure of the City's procurement approach, including policies and procedures, caused by lack of controls and oversight, resulting in poor value for money and legislative non-compliance.</p>																				
Potential Causes	Preventative Controls	Potential Impacts																		
Decentralisation / lack of control of all procurement processes in the City by Finance	Procurement processes, procedures and advisory support from Procurement team ADEQUATE	City not achieving best practice for procurement activities including value for money																		
Potential fraud and misconduct	Fraud controls including Public Interest Disclosure, Internal and External audits, Segregation of duties, delegation, system controls and authorisation processes ADEQUATE	Lack of visibility of expenditure across business units																		
Inadequate procurement policies, procedures and systems including auditing and reporting	Procurement policies, procedures and systems including auditing and reporting ADEQUATE	Duplication (tendering of same goods and services from different Alliances)																		
Lack of internal buy-in and support from senior management	Strategic Procurement Lead currently engaging senior leadership of the current and future Procurement processes ADEQUATE	Increases risk of potential non-compliance with relevant legislation and regulations																		
Staff not following procurement policies and procedures	Education and training of relevant staff on procurement process INADEQUATE	Impacts on service delivery																		
		Mitigating controls		<p>Reporting and oversight (contract expenditure report, contract expiry, internal and external audits) ADEQUATE</p> <p>Reporting and oversight (contract expenditure report, contract expiry, internal and external audits) ADEQUATE</p> <p>Education and training of relevant staff on procurement process INADEQUATE</p> <p>Reporting and oversight (contract expenditure report, contract expiry, internal and external audits) ADEQUATE</p> <p>Education and training of relevant staff on procurement process INADEQUATE</p>																

Treatment Action	Responsible Business Unit	Endorsed Completion Date	Adjusted Completion Date	Treatment Status
<p>1. Adoption and implementation of the Procurement Transformation Plan – undertake a procurement transformation process to implement a best practice model.</p>	<p>Strategic Finance</p>	<p>July 2020</p>	<p>N/A</p>	<p>ON TARGET - The Procurement Transformation Plan, was addressing short term solution with a prolonged long-term focus without addressing the sufficient mitigating controls previously identified. The City has replaced the Strategic Procurement Lead and ELT have reviewed the new proposed roadmap to implement the endorsed Procurement Strategy. As part of the ERP transformation the Contract and Procurement modules will also be implemented providing greater visibility and controls and WALGA will be engaged for high risk activities, as the City transforms the Procurement.</p>

VALIDATION OF TREATMENT ACTIONS – RISK ID 101 PROCUREMENT

A replacement Strategic Procurement Lead (SPL) commenced employment at the City on 9 September 2019.

The SPL has produced a Procurement Transformation Plan (Plan) which was accepted by the Executive Leadership Team (ELT) at their meeting on 9 October 2019 (ELT Minutes 9 October 2019). This Plan was reviewed and found to outline the three stages of the procurement transformation process (from 9 September 2019) i.e Discovery (30 days), Implementation (60 days) and Growth (90+ days). Also included within the Plan is a proposed structure of the Procurement Team as well as a Roadmap towards rollout of the procurement transformation which is shown within the Plan as being scheduled for February 2020.

Discovery stage

As a result of discussions held with the SPL it was determined that the SPL has achieved completion of all elements within the Discovery stage of the Plan.

Implementation stage

Three elements of the Implementation stage are shown within the Plan as yet to be completed.

One of these remaining elements relates to the Procurement/Contracts modules of the Finance 1 system to be implemented as part of the Enterprise Resource Planning (ERP) system transformation currently underway (refer Integrated Financial Systems Risk discussion below). Configuration and testing of these modules are currently taking place which are expected to be implemented in February/March 2020 (refer Growth stage below).

“Evaluation of eTendering options if not included in the ERP” is another element within the Implementation stage still to be addressed.

The final remaining element of the Implementation stage is the formalization* of the Procurement Team comprising the SPL, three Category Specialists, Category Support Officer, Procurement Officer and a Purchasing Officer, Plant and Equipment. Under the procurement transformation, the Category Specialists will manage the process for formal quotations and requests for tenders (based on their respective purchasing category). All team members will be existing staff involved in procurement/contracts. *The team was formalised in January 2020 in accordance with the Roadmap.

VALIDATION OF TREATMENT ACTIONS – RISK ID 101 PROCUREMENT (Continued)

Growth stage

Three elements of the Growth stage within the Plan have been completed. These elements are as follows:

- Assess team skills and adjust categories where required.
- Commence tool replacement i.e ineffective systems.
- Summarise education and training requirements.

The Procurement/Contracts modules of the Finance 1 system to be implemented as part of the Enterprise Resource Planning (ERP) system transformation is included as an element “in progress” under the Growth stage of the Plan. As per an Intranet announcement of 5 December 2019, delivery of these modules is now expected in February/March 2020.

Implementation of new Policies and procedures is an element within the Growth stage of the Plan which is shown as being “under development”. The SPL has advised that a discussion paper on a new Purchasing Policy is currently being developed.

Finally, training of staff on new policies, procedures and structure is an element within the Growth stage of the Plan shown as being scheduled to commence in January 2020. As highlighted within the Plan the SPL has negotiated training workshops to be carried out by the Western Australian Local Government Association (WALGA) at a cost of \$1,350 per half day session. This training, as shown within the Plan, comprises the following:

Customised workshops:

- Fundamentals workshop which incorporates City of Perth policies and thresholds (full day). An invitation for staff to attend this workshop on 6 February 2020 was made via an Intranet announcement on 16 December 2019.
- Your Role on an Evaluation Panel (half day).
- Ethics and Fraud in Procurement (half day).

Specialist courses:

- Planning and specification development (full day).
- Supplier sourcing and selection (full day).
- Contract management (full day).

The ELT has supported this training as evidenced within the minutes of the ELT meeting held on 9 October 2019.

Other

It should be noted that an arrangement is already in place to use WALGA procurement specialists to manage high risk/time consumption requests for tenders. As highlighted within the Plan this arrangement is in place at a cost of \$8,554 for each tender. The use of these WALGA specialists is an interim measure whilst procurement capacity is being developed in-house.

RISK ID: SR 1	RISK IDENTIFICATION DATE: October 2018	RISK REVIEW DATE: 5 August 2019	RISK RESPONSE DUE DATE: 5 May 2020	Overall Risk Rating	EXTREME
Risk Name: STRATEGIC DIRECTION EXECUTION					
Risk Description: UNSUCCESSFUL DELIVERY OF THE CITY'S STRATEGIC OBJECTIVES.					
STRATEGIC COMMUNITY PLAN OUTCOMES:					
L1 - Capital city leadership					
L2 - Open, transparent governance					
L3 - Excellence in resource management					
L4 - Leadership and service excellence					
Within Risk Appetite					
NO					
Domain Risk Ratings					
P	F	SD/SO	L&R/E	R&ES	E
N/A	MED 4x2	EXTREME 4x4	MED 4x2	HIGH 4x3	N/A
Potential Causes	Preventative Controls	Potential Impacts	Mitigating controls		
Lack of internal capability and capacity	Establish a high performing Executive Leadership Team including ongoing engagement and training INADEQUATE	Impacts on service delivery and major projects eg. Operational inefficiencies, project budget, time and scope failures	Engagement and ongoing communication with all stakeholders involved to inform corrective actions as part of Integrated Planning Strategic Framework. INADEQUATE		
Non-integrated City business practices, systems, technology and plans	Core systems review with consolidation into a single source (TechOne) and Integrated Planning Strategic Framework INADEQUATE	Dissatisfied stakeholders including community and internal stakeholders	Engagement and ongoing communication with all stakeholders involved to inform corrective actions as part of Integrated Planning Strategic Framework. INADEQUATE		
Misalignment between the expectations of Commissioners and the City's operations	Engagement plan between the City staff and Commissioners through open communication ADEQUATE	Compliance and legislation breaches including investigations and an inquiry	Determine and implement immediate corrective actions ADEQUATE		
Lack of clarity on the strategic vision and direction	Corporate recovery program, including core integration with City's Strategic Community plan INADEQUATE	Impacts on the City's reputation and relationships	Engagement and ongoing communication with all stakeholders involved to inform corrective actions as part of Integrated Planning Strategic Framework. INADEQUATE		
Lack of organisational resilience	Corporate recovery program, business continuity planning including core integration with City's Strategic Community plan INADEQUATE	Impacts on the City's financial sustainability and long-term planning and resource allocation	Reallocation and reprioritisation of resource allocation as part of Integrated Planning Strategic Framework. INADEQUATE		

Treatment Action	Responsible Business Unit	Endorsed Completion Date	Adjusted Completion Date
1. Establish a high performing Executive Leadership Team (ELT)	CEO	Oct 2019	N/A
2. Develop and embed a sustainable Integrated Planning Strategic Framework (IPSF)	CEO (DCR)	Jul 2020	N/A
3. Integrate services to establish a holistic approach to service delivery	CEO (DCR)	Jul 2020	N/A
4. Develop, communicate and implement corporate recovery and reform	DCC (CCU)	Jul 2022	N/A
5. Develop and implement targeted program for cultural change	CEO (DCR)	Nov 2019	N/A
6. Enhance the abilities and skills of our people	DCS (HR)	Jul 2020	N/A
7. Develop and implement an integrated Information and Communications Technologies (ICT) Approach	CEO (DSF)	July 2020	N/A
8. Develop and implement a strategy toolkit	CEO (DCR)	August 2019	N/A

VALIDATION OF TREATMENT ACTIONS – RISK ID SR 1 STRATEGIC DIRECTION EXECUTION

Above treatment actions 1, 2, 3, 4, 5, 6 and 8 are actions within the Corporate Recovery Implementation Plan (CRIP). Validation of these treatment actions was obtained by reviewing the latest available monitoring schedules for CRIP actions (as at 15 December 2019) (next schedule update due in February 2020) as well as discussions with the Project Director Corporate Recovery. The Project Director Corporate Recovery and her team monitor the progress of completion of the CRIP actions. As per the abovementioned monitoring schedules, responsibility for completion of the CRIP actions listed below have been assigned to various officers. Hence, resources for completion of the below CRIP actions are existing budgeted positions.

1. Establish a high performing Executive Leadership Team (ELT)

This treatment action has a total of six sub actions within the CRIP monitoring schedules. The sub action, “Appoint the General Managers within the Service Alliance”, is 100% complete with the other sub actions at various stages of completion. It was confirmed that overall percentage completion for this treatment action, as at 15 December 2019, is 62%. Completion date for this treatment action is March 2020.

2. Develop and embed a sustainable Integrated Planning Strategic Framework

Seven sub actions are listed under this treatment action within the CRIP monitoring schedules. These sub actions are at various stages of completion. Confirmation was obtained that overall percentage completion for this treatment action, as at 15 December 2019, is 55%. It was also confirmed that this treatment action is scheduled to be completed by the end of July 2020.

VALIDATION OF TREATMENT ACTIONS – RISK ID SR 1 STRATEGIC DIRECTION EXECUTION (Continued)

3. Integrate services to establish a holistic approach to service delivery

Five sub actions form part of this treatment action within the CRIP monitoring schedules. Two sub actions, “Review, implement and communicate alignment of services” and “Review, integrate and implement information and technology and data and information services aligned to new structure” are 100% complete. The other sub actions are at various stages of completion. Overall percentage completion for this treatment action, as at 15 December 2019, is 78%. This treatment action is scheduled for completion in August 2020.

4. Develop, communicate and implement corporate recovery and reform

Total CRIP implementation progress as per monitoring schedules for CRIP actions is at 31% (as at 15 December 2019).

This treatment action is also represented by the following CRIP action, “Communicate clear and consistent updates on leadership direction and corporate recovery (including delivering regular staff briefing sessions)”. Confirmation was obtained that this treatment action is 70% completed as at 15 December 2019. It was also confirmed that completion for this action is scheduled for April 2022.

5. Develop and implement targeted program for cultural change

It was confirmed that this treatment action as per the CRIP monitoring schedules is 5% complete as at 15 December 2019. A completion due date of June 2020 was also confirmed for this treatment action.

6. Enhance the abilities and skills of our people

Confirmation was obtained that this treatment action within the CRIP monitoring schedules is 30% complete as at 15 December 2019. A completion date of July 2020 was also confirmed.

7. Develop and implement an integrated information and communications technologies (ICT) Approach

Discussions on this risk treatment plan were held with the Project Director Strategic Finance (PDSF) on 19 December 2019. The PDSF is listed within the above table as having responsibility for this treatment action.

This approach involves the development of an ICT strategy and supporting Information Technology Governance Framework to guide and integrate the ICT component of future business direction. It will include business rules for the future IT system landscape at the City as well as IT technical governance to cover aspects such as access controls, user permissions and privileges. The abovementioned business rules are currently being created by a team comprised of ICT Unit staff.

According to the PDSF this approach is aimed to be in place by 30 June 2020.

8. Develop and implement a strategy toolkit

This treatment action is 100% complete as at 15 December 2019. It was confirmed that a strategy toolkit is in place within the City’s intranet and comprises information on strategy development (process and templates), Integrated Strategic Planning Framework, City’s strategic priorities, service unit planning as well as the Performance Measurement Dashboard.

RISK ID: SR 2	RISK IDENTIFICATION DATE: October 2018	RISK REVIEW DATE: 5 August 2019	RISK RESPONSE DUE DATE: 5 Nov 2019	Overall Risk Rating	EXTREME
Risk Name: FINANCIAL SUSTAINABILITY					
Risk Description: EROSION OF THE CITY'S FINANCIAL SUSTAINABILITY					
STRATEGIC COMMUNITY PLAN OUTCOMES:					
L3 - Excellence in resource management L4 - Leadership and service excellence E1 - Strategic economic growth					
S1 - Thriving neighbourhoods					
B1 - Sustainable growth and development					
Domain Risk Ratings					
P	F	SD/SO	L&R/E	R&ES	E
N/A	EXTREME 4x4	EXTREME 5x3	MED 3x2	HIGH 4x3	N/A
Within Risk Appetite					
NO					
Controls Effectiveness					
INADEQUATE					
Potential Causes					
Potential Impacts					
Mitigating controls					
Lack of understanding and accountability of the City's true financial position	Financial Management Task Force oversight and regular financial reporting, business accountants INADEQUATE	Impacts on service delivery and major projects eg. Operational inefficiencies, project budget, time and scope failures	Stakeholder engagement, Annual budget processes, identification of major projects and Long term financial planning INADEQUATE	Determine and implement immediate corrective actions ADEQUATE	
Inability to secure external funding	Ad hoc, unplanned external funding applications INADEQUATE	Compliance and legislation breaches including investigations and an inquiry	Dissatisfied stakeholders including community and internal stakeholders	Engagement and ongoing communication with all stakeholders involved to inform corrective actions as part of Integrated Planning Strategic Framework INADEQUATE	
State government policy decisions including Cost shifting – eg. transferring of assets from MRA and other State gov. agencies to CoP	Executive engagement between the City and State government stakeholders INADEQUATE	Impacts on the City's reputation and relationships	Engagement and ongoing communication with all stakeholders involved to inform corrective actions as part of Integrated Planning Strategic Framework INADEQUATE	Annual budget processes, identification of major projects and Long term financial planning INADEQUATE	
Over-reliance on parking revenue	Review of commercial parking INADEQUATE	Direct and indirect financial impacts (Current assets, amenity, new infrastructure)	Engagement and ongoing communication with all stakeholders involved to inform corrective actions as part of Integrated Planning Strategic Framework INADEQUATE		
Social and economic downturn in the CBD	Fragmented program of engagements, activities and events INADEQUATE				
Shift in key strategic priorities (e.g Free Parking, homelessness) affecting the balance of income and expenses	Organisational initiative to reduce discretionary operating costs INADEQUATE				

Treatment Action	Responsible Business Unit	Endorsed Completion Date	Adjusted Completion Date
1. Implementation of the Finance Transformation Plan	CEO (DSF)	July 2020	N/A
2. Implementation of a service based resource allocation model	CEO (DSF)	July 2020	N/A
3. Implementation of a rigorous 10-year Financial Long-Term Plan that is socialised across the organisation and guides resource planning	CEO (DSF)	June 2020	N/A
4. Implement a contemporary enterprise-wide integrated financial system	CEO (DSF)	July 2021	N/A
5. Develop a suite of fit for purpose financial reports that meet business needs	CEO (DSF)	Phase 1 June 2020 Phase 2 June 2021	N/A
6. Develop and embed a sustainable Integrated Planning Strategic Framework (IPSF)	CEO (DCR)	Jul 2020	N/A
7. Review and improve Decision-Making processes (including Briefing Sessions, Council decisions, delegated authorities, authorisations, policies and procedures/processes)	DCS (GOV)	Jun 2020	N/A
8. Integrate contemporary Project Management into all aspects of service delivery	CEO (DCR)	Oct 2019	N/A
9. Develop and implement an approach to identify and leverage external funding sources	EDA/DCS (BSS/FIN)	June 2020	N/A
10. Develop and implement a Community and Stakeholder Engagement approach	DCC (CSC)	Dec 2019	N/A
11. Organisational wide initiative to reduce discretionary operating costs	CEO (DSF)	TBC	N/A

VALIDATION OF TREATMENT ACTIONS – RISK ID SR 2 FINANCIAL SUSTAINABILITY

1. Implementation of the Finance Transformation Plan

A Financial Systems & Process Transformation Plan (Plan) has been developed by the Project Director Strategic Finance (PDSF) to guide the City towards excellence in financial management. Identified within the Plan are significant challenges with the City's current financial management approach. These challenges as documented within the Plan are summarised below.

- Finance system challenges (under utilised systems, manual integration of 'best of breed' systems, user disengagement)
- Lack of visibility and shared understanding of core financial processes
- Financial planning approach uses operational rather than strategic time horizons

VALIDATION OF TREATMENT ACTIONS – RISK ID SR 2 FINANCIAL SUSTAINABILITY (Continued)

- Management reports are not suited to service delivery units needs
- Allocation of resources is aligned to business units not to services
- Finance team is not currently perceived as a trusted advisor to the business
- Finance team is not perceived to be agile or innovative when responding to emerging issues

The Plan was approved by the Commissioners in August 2019 and is underway via a core project team including former Directorate Accountants (now Project Accountants) and being led by the PDSF. Staff from units including Finance and Information, Communication and Technology (ICT) are enlisted within the Plan to work on the Finance Transformation Project as required. Financial management outcomes of this Plan comprise the following:

- Enterprise Wide Finance System (financial functions consolidated in a single technology platform wherever possible)
- Enhanced Financial Management Approaches (service-based resource allocation model, rigorous forward financial modelling approach, solid internal charging regime and efficient, streamlined processes)
- Effective Financial Management Enablers (clear and well understood Finance business rules, contemporary chart of accounts and an appropriately resourced and skilled financial team)
- Quality Financial Outputs (fit for purpose financial plans, management reports and external facing financial reports)

To support the achievement of the above outcomes, the Plan includes the following twelve initiatives to be delivered over a two to three-year timeframe.

- Initiative Fin 01 – Annual Budget 2019/20 Preparation
- Initiative Fin 02 – Revised ABC Corporate Allocations Model
- Initiative Fin 03 – Contemporary Chart of Accounts
- Initiative Fin 04 – Service Based Resource Allocation and Financial Information
- Initiative Fin 05 – Ci Anywhere Enterprise Wide Finance System
- Initiative Fin 06 – Finance Processes Review
- Initiative Fin 07 – Budget & Long-Term Financial Plan Development Process
- Initiative Fin 08 – Annual Budget 2020/21 – Service Based Model
- Initiative Fin 09 – Long Term Financial Plan 2020/21 – 2030/31
- Initiative Fin 10 - Revised Finance Team Structure
- Initiative Fin 11 - Revised Council & Management Reports
- Initiative Fin 12 - Finance Business Rules

Pertinent to addressing Risk ID SR 2 Financial Sustainability are above Plan Initiatives Fin 04, Fin 05 and Fin 09. Progress in relation to completion of these initiatives is described below under treatment actions 2 to 5 for this risk. Updates on this progress were obtained from discussions with the PDSF as well as the from review of the Financial Systems & Process Transformation Plan Update (as at 31 December 2019) provided by the PDSF on 22 January 2020 (further updates are to be produced at six monthly intervals).

2. Implementation of a service-based resource allocation model

One of the significant challenges with the City's current financial management approach, as identified within the Financial Systems & Process Transformation Plan (Plan), is as follows:

VALIDATION OF TREATMENT ACTIONS – RISK ID SR 2 FINANCIAL SUSTAINABILITY (Continued)

- Allocation of resources is aligned to business units not to services

A service-based resource allocation model is part of the Enhanced Financial Management Approaches desired outcome of the Plan (refer treatment action 1 above).

Initiative Fin 04 – Service-Based Resource Allocation and Financial Information of the Plan involves the development and implementation of “a contemporary model for presenting financial and Full Time Equivalent (FTE) headcount information in a service-based format that clearly and separately identifies service delivery cost, operating projects and capital projects”.

The abovementioned Financial Systems & Process Transformation Plan Update (as at 31 December 2019) (Plan Update) shows service-based financial reports as a result of Initiative Fin 04 to be delivered by 30 June 2020. This delivery date was confirmed by the PDSF. As shown within the Plan Update this initiative is 45% complete as at 31 December 2019. Milestones achieved as at 31 December 2019 according to the Plan Update are as follows:

- Approval gained for Service and Sub Service based structure that facilitates service based assignment of resources.
- Completed design and upload of Chart of Accounts and Selection Codes that facilitate required base reporting hierarchies to Ci Anywhere.
- Engaged with key stakeholders to understand user requirements and reporting needs to enable them to manage their business.

The Financial Systems & Process Transformation Plan provides an estimate of staff resources required for each initiative. Total estimated staff hours required for Initiative Fin 04 is shown within the Plan at 4,150 hours. The staff resources that have been allocated for this initiative are an Executive Sponsor, Project Accountants as well as relevant members of the Finance Team. These staff resources are existing budgeted positions.

3. Implementation of a rigorous 10-year Financial Long-Term Plan that is socialised across the organisation and guides resource planning

A significant challenge of the City’s current financial management approach, as identified within the Financial Systems & Process Transformation Plan (Plan), is as follows:

- Financial planning approach uses operational rather than strategic time horizons.

Enhanced Financial Management Approaches including rigorous forward financial modelling approach and Quality Financial Outputs including fit for purpose financial plans are desired outcomes of the Plan (refer treatment action 1 above).

Initiative Fin 09 – Long Term Financial Plan 2020/21 – 2030/31 is described within the Plan as the development and maintenance of “a robust yet agile financial model to deliver considered, responsible and sustainable financial projections over a 10-year horizon that will reliably inform future resource allocation decisions”.

Fin 09 – Long Term Financial Plan 2020/21 – 2030/31 is scheduled within the Financial Systems & Process Transformation Plan Update (as at 31 December 2019) (Plan Update) to be completed by 30 June 2020. This timeframe was confirmed by the Project Director Strategic Finance. As shown within the Plan Update this initiative is 40% complete as at 31 December 2019. Milestones achieved as at 31 December 2019 according to the Plan Update are as follows:

- Gained understanding of Commissioners strategic priorities, long term vision for the City, appetite towards use of debt and reserves and for prioritising asset renewal.
- Staff priorities for 10 year capital program catalogued and cross referenced to Commissioner’s identified capital priorities.
- First draft of a Strategic Financial Plan prepared and presented to Commissioners for feedback.

VALIDATION OF TREATMENT ACTIONS – RISK ID SR 2 FINANCIAL SUSTAINABILITY (Continued)

The Financial Systems & Process Transformation Plan provides an estimate of staff resources required for each initiative. Total estimated staff hours required for Initiative Fin 09 is shown within the Plan at 3,150 hours. The staff resources that have been allocated for this initiative are an Executive Sponsor, Project Accountants, relevant members of the Finance Team as well as an Asset Management Specialist and Human Resources staff member. These staff resources are existing budgeted positions.

4. Implement a contemporary enterprise-wide integrated financial system

As previously mentioned in treatment action 1. above, finance system challenges are identified within the Financial Systems & Process Transformation Plan (Plan) and includes under-utilised systems, manual integration of 'best of breed' systems and system user disengagement.

An Enterprise Wide Finance System (financial functions consolidated in a single technology platform wherever possible) is a desired outcome of the Plan (refer treatment action 1. above).

Achievement of this outcome is to be attained via Initiative Fin 05 – Ci Anywhere Enterprise Wide Finance System of the Plan. This initiative involves the implementation of a "new Ci Anywhere (Technology 1) ERP solution that integrates as many financial and non-financial modules as possible into an ERP environment with the subsequent removal of satellite systems and manual integration points. This solution should consolidate existing systems, reduce licensing costs and facilitate ease of access/reporting".

As shown within the Financial Systems & Process Transformation Plan Update (as at 31 December 2019) (Plan Update), Initiative Fin 05 runs for three years and has three distinct stages:

- Stage 1 – Foundation (July 2019 – June 2020)
- Stage 2 – Consolidation (July 2020 – June 2021)
- Stage 3 – Migration and Enhancement (July 2021 – June 2022)

The Plan Update records that Stage 1 is 45% complete as at 31 December 2019. Milestones achieved as at 31 December 2019 according to the Plan Update are as follows:

- Vendor relationship established and software licenses acquired.
- Project team established, project stream leads appointed, project governance structure put in place and program of works for Year 1 agreed.
- Technology infrastructure capacity and configuration assessed and new Ci Anywhere environments stood up.
- Chart of Accounts and Enterprise Budgeting Worksheets created in Ci Anywhere.
- Schedule for uplift of existing Tech One modules to Ci Anywhere created.
- Development of test plans and scheduling of testing resources commenced.

The Plan provides an estimated investment of up to \$6.12 million over 3 years in relation to Initiative Fin 05. This estimate is based on awareness of Ci Anywhere implementations by other local governments and is comprised of components of additional software licenses, software maintenance and support over 3 years, vendor technical resources, internal staff resources, and an amount for contingency. Funding in relation to Initiative Fin 05 is stated within the Plan to be available in the 2019/20 Budget – Technology Enhancement Reserve (\$4 million) with additional funds able to be sourced from the Enterprise & Initiative Reserve.

The Plan provides an estimate of staff resources required for each initiative. Total estimated staff hours required for this initiative is shown within the plan at 37,325 hours. The staff resources that have been allocated for this initiative are an Executive Sponsor, Project Accountants, members of the Finance and ICT Teams as well staff from other areas of the organisation. These staff resources are existing budgeted positions.

VALIDATION OF TREATMENT ACTIONS – RISK ID SR 2 FINANCIAL SUSTAINABILITY (Continued)

5. Develop a suite of fit for purpose financial reports that meet business needs

A significant challenge with the City's current financial management approach, as identified within the Financial Systems & Process Transformation Plan (Plan), is as follows:

- Management reports are not suited to service delivery units needs.

Quality Financial Outputs including fit for purpose management reports is a desired outcome of the Financial Systems & Process Transformation Plan (refer treatment action 1 above).

The abovementioned outcome is to be met via Plan Initiative Fin 04 – Service-Based Resource Allocation and Financial Information. As mentioned under treatment action 2 above this initiative involves the development and implementation of “a contemporary model for presenting financial and Full Time Equivalent (FTE) headcount information in a service-based format that clearly and separately identifies service delivery cost, operating projects and capital projects”.

The abovementioned Financial Systems & Process Transformation Plan Update (as at 31 December 2019) (Plan Update) shows service-based financial reports as a result of Initiative Fin 04 to be delivered by 30 June 2020. This delivery date was confirmed by the PDSF. As shown within the Plan Update this initiative is 45% complete as at 31 December 2019. Milestones achieved as at 31 December 2019 according to the Plan Update are as follows:

- Approval gained for Service and Sub Service based structure that facilitates service based assignment of resources.
- Completed design and upload of Chart of Accounts and Selection Codes that facilitate required base reporting hierarchies to Ci Anywhere.
- Engaged with key stakeholders to understand user requirements and reporting needs to enable them to manage their business.

The Financial Systems & Process Transformation Plan provides an estimate of staff resources required for each initiative. Total estimated staff hours required for Initiative Fin 04 is shown within the Plan at 4,150 hours. The staff resources that have been allocated for this initiative are an Executive Sponsor, Project Accountants as well as relevant members of the Finance Team. These staff resources are existing budgeted positions.

Risk treatment actions 6, 7, 8, 9 and 10 in the above table are actions within the Corporate Recovery Implementation Plan (CRIP). Validation of these treatment actions was obtained by reviewing the latest available monitoring schedules for CRIP actions (as at 15 December 2019) (next schedule update due in February 2020) as well as discussions with the Project Director Corporate Recovery. The Project Director Corporate Recovery and her team monitor the progress of completion of the CRIP actions. As per the abovementioned monitoring schedules, responsibility for completion of the CRIP actions listed below have been assigned to various officers. Hence, resources for completion of the below CRIP actions are existing budgeted positions.

6. Develop and embed a sustainable Integrated Planning Strategic Framework (IPSE)

Seven sub actions are listed under this treatment action within the CRIP monitoring schedules. These sub actions are at various stages of completion. Confirmation was obtained that overall percentage completion for this treatment action, as at 15 December 2019, is 55%. It was also confirmed that this treatment action is scheduled to be completed by the end of July 2020.

7. Review and improve Decision-Making processes (including Briefing Sessions, Council decisions, delegated authorities, authorisations, policies and procedures/processes)

The Project Director Corporate Recovery has advised that the review of the abovementioned processes has been completed. However, improvement of these processes is 25% complete and scheduled for completion by June 2020.

VALIDATION OF TREATMENT ACTIONS – RISK ID SR 2 FINANCIAL SUSTAINABILITY (Continued)

8. Integrate contemporary Project management into all aspects of service delivery to ensure project completion on time within scope and within budget

This treatment action has a total of four sub actions within the CRIP monitoring schedules. These sub actions are at various stages of completion. It was confirmed that overall percentage completion for this treatment action, as at 15 December 2019, is 55% with completion date June 2020.

9. Develop and implement an approach to identify and leverage external funding sources

Two sub actions are listed under this treatment action within the abovementioned CRIP monitoring schedules. These sub actions are at various stages of completion. Confirmation was obtained that overall percentage completion for this treatment action, as at 15 December 2019, is 18% with completion date June 2020.

10. Develop and implement a Community and Stakeholder Engagement approach

Two sub actions are listed under this treatment action within the abovementioned CRIP monitoring schedules. These sub actions are at different stages of completion. Confirmation was obtained that overall percentage completion for this treatment action, as at 15 December 2019, is 35% with completion date scheduled for March 2020.

11. Organisational wide initiative to reduce discretionary operating costs.

This risk treatment action refers to the Targeted Cost Savings Initiative led by the Project Director Strategic Finance and involving a critical review of the 2019/20 budget to identify savings. The executive and management teams were engaged in this review.

Operational cost savings of \$5.98 million and \$2.42 million of capital projects that will not be delivered in 2019/20 were identified from the abovementioned review. These total savings of \$8.4 million have been made available to support new Council initiatives such as One Hour Free Parking Trial, Homelessness Response and Christmas/New Year Activation Campaign.

A report on the Targeted Cost Savings Initiative detailing the abovementioned operational cost savings and deferral of capital projects was endorsed at the 26 November 2019 Council meeting.

RISK ID: SR 5	RISK IDENTIFICATION DATE: July 2019	RISK REVIEW DATE: 5 August 2019	RISK RESPONSE DUE DATE: 5 Nov 2019	Overall Risk Rating	EXTREME																															
Risk Name: HOMELESSNESS (ROUGH SLEEPING)																																				
Risk Description: FAILURE TO PROVIDE ADEQUATE COMMUNITY SUPPORT THROUGH PROGRAMS AND ADVOCACY EFFORTS ADDRESSING CURRENT HOMELESSNESS, SPECIFICALLY ROUGH SLEEPING.																																				
STRATEGIC COMMUNITY PLAN OUTCOMES:																																				
L1 - Capital city leadership																																				
L4 - Leadership and service excellence E1 - Strategic economic growth																																				
E2 - Global destination city																																				
S3 - Healthy and safe communities																																				
<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th colspan="5" data-bbox="677 69 737 226">Domain Risk Ratings</th> </tr> <tr> <th data-bbox="677 226 737 352">P</th> <th data-bbox="677 352 737 478">F</th> <th data-bbox="677 478 737 604">SD/SO</th> <th data-bbox="677 604 737 730">L&R/E</th> <th data-bbox="677 730 737 856">R&ES</th> </tr> </thead> <tbody> <tr> <td data-bbox="677 856 737 982">EXTREME 4x4</td> <td data-bbox="677 982 737 1108">N/A</td> <td data-bbox="677 1108 737 1234">EXTREME 4x4</td> <td data-bbox="677 1234 737 1360">N/A</td> <td data-bbox="677 1360 737 1486">EXTREME 4x4</td> </tr> <tr> <td colspan="5" data-bbox="677 1486 737 1614" style="text-align: right;">E</td> </tr> <tr> <td colspan="5" data-bbox="677 1614 737 1740" style="text-align: right;">N / A</td> </tr> </tbody> </table>						Domain Risk Ratings					P	F	SD/SO	L&R/E	R&ES	EXTREME 4x4	N/A	EXTREME 4x4	N/A	EXTREME 4x4	E					N / A										
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Page 46																																				

Treatment Action	Responsible Business Unit	Endorsed Completion Date	Adjusted Completion Date
1. City of Perth Homelessness Action plan (Endorsement)	CMS	30 July 2019	N/A
2. Provision of adequate funding and resources aligned to the City's Strategic priority	CMS	Sept 2019	N/A
3. Community Needs Study	CMS	March 2020	N/A

VALIDATION OF TREATMENT ACTIONS – RISK ID SR 5 HOMELESSNESS (ROUGH SLEEPING)

1. City of Perth Homelessness Action Plan (Endorsement)

This treatment action refers to the Interim Homelessness Plan 2019/20 (Plan) which was endorsed at the Council meeting held on 30 July 2019 (confirmed as per minutes of this meeting).

The Plan comprises action items arising from the Homeless Sector Review undertaken by the Community Services Unit (endorsed by Council in February 2018) as well as action items resulting from the City Homeless Framework Committee Action Plan (The City Homelessness Framework Committee was established in February 2018 by the City of Perth and John Carey MLA to address key emerging issues and trends regarding rough sleeping and broader homelessness in the inner city of Perth. The City Homeless Framework Committee consists of key stakeholders including not for profits, government and non-government organisations).

Progress of implementation by the City of action items within the Plan are recorded within the spreadsheet document, City of Perth Interim Homelessness Plan High Level Project Update, as sighted on Content Manager (City's record keeping system). Latest spreadsheet records show two action items completed, eighteen action items on target for completion, three action items behind schedule and thirteen action items not yet commenced.

It should be noted that the Plan was developed pending the completion of the Department of Communities Homelessness Strategy. Western Australia's 10-Year Strategy on Homelessness 2020-2030 (Strategy) was released by this state government department on 4 December 2019. This Strategy is a whole-of-community plan which sets the direction for all levels of government, business and the community in responding to and preventing homelessness in WA. It will be implemented through two Action Plans which will "guide implementation and provide detail on how priority actions will progress including who is responsible for delivering what and by when. The Action Plans will support collaboration across government and the community services sector and help align activities across a number of strategies to maximize outcomes and effort" (page 11 of Strategy). Action Plan 1 (2020-2025) is currently under development with key agencies and community sector organisations and is anticipated to be finalised in the first quarter of 2020. These Action Plans may result in changes to the City's current role (as per the Plan) in undertaking actions to address homelessness issues.

2. Provision of adequate funding and resources aligned to the City's Strategic priority

The following is included within the minutes of the Council meeting of 30 July 2019 in relation to agenda item 13.12 (Interim Homelessness Plan 2019/20):

That Council:

5. ENDORSE that the 2019/2020 Budget and relevant Service Plans and the Corporate Business Plan accommodate the necessary resources to honor the City's commitment to the Action Plan.

VALIDATION OF TREATMENT ACTIONS – RISK ID SR 5 HOMELESSNESS (ROUGH SLEEPING) (Continued)

The Targeted Cost Savings Initiative (refer Financial Sustainability Risk above) had identified savings from the 2019/20 budget to be used as funding sources for key initiatives including establishment of a homelessness response. As a result of discussions with the Manager Community Services it was identified that \$750,000 has been made available in the 2019/20 financial year budget for projects relating to homelessness. Individual projects and budget for these projects are detailed within the spreadsheet, Homeless Sector Project Detail and Budget, as sighted on Content Manager.

The abovementioned funding includes three full time positions within the Community Services Unit to support the delivery of projects relating to homelessness. These positions comprise Community Projects Officer (x2) and a Community Projects Support Officer. A recruitment process is currently in place for these positions.

3. Community Needs Study

Discussions held with the Manager Community Services has identified that a Community Needs Study is underway. As per the Project Brief document, some aspects of the Community Needs Study project are being delivered by an appointed consultancy, Fred Consulting Pty Ltd, while other aspects are being delivered by the City of Perth. The Project Lead is the Community Development Officer based within the Community Services Unit. As per the Project Brief, budget allocated for this project for 2019/20 is \$183,930.

The Community Needs Study project is scheduled for completion in February/March 2020.

It was advised by the Manager Community Services that the Community Needs Study will be used to inform (a) a Homelessness Strategy and (b) an Anti-Social Behavior Strategy for the City. Both of these strategies are scheduled for completion in June 2020.

RISK ID: SR 6	RISK IDENTIFICATION DATE: July 2019	RISK REVIEW DATE: 5 August 2019	RISK RESPONSE DUE DATE: 5 May 2020	Overall Risk Rating	EXTREME																		
Risk Name: INTEGRATED FINANCIAL SYSTEMS				Controls Effectiveness	INADEQUATE																		
Risk Description: THE CITY'S FINANCE SYSTEMS FAIL TO ADEQUATELY SUPPORT BUSINESS OPERATIONS AND INFORM DECISION MAKING				Within Risk Appetite	NO																		
STRATEGIC COMMUNITY PLAN OUTCOMES: L3 - Excellence in resource management L4 - Leadership and service excellence E1 - Strategic economic growth S1 - Thriving neighbourhoods B1 - Sustainable growth and development				<table border="1"> <thead> <tr> <th colspan="6">Domain Risk Ratings</th> </tr> <tr> <th>P</th> <th>F</th> <th>SD/SO</th> <th>L&R/E</th> <th>R&E</th> <th>E</th> </tr> </thead> <tbody> <tr> <td>N/A</td> <td>EXTREME 4x4</td> <td>EXTREME 4x4</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> </tr> </tbody> </table>		Domain Risk Ratings						P	F	SD/SO	L&R/E	R&E	E	N/A	EXTREME 4x4	EXTREME 4x4	N/A	N/A	N/A
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Potential Causes	Preventative Controls	Potential Impacts	Mitigating controls																				
Lack of Information Governance for financial systems	ELT oversight and approval INADEQUATE	Underutilisation of existing systems	No mitigating controls are in effect INADEQUATE																				
Unsuitable and not fit for purpose financial processes	Manual workaroud by process owners INADEQUATE	Manual intervention and input of crucial financial information and data	Audits of data transfers and Reconciliations of financial data ADEQUATE																				
Lack of understanding of system capability	Ad hoc support from process experts INADEQUATE	Reliance on K-Drive for integration presents significant single point of failure	Audits of data transfers and Reconciliations of financial data INADEQUATE																				
Lack of training on how best to use the City's financial systems	Support from directorate accountants and business analysts INADEQUATE	Operational inefficiency	Analytics and review of the City's financial performance and planning INADEQUATE																				
Inconsistently configured financial systems	Program patching and updating is performed on the existing systems INADEQUATE	Impacts on decision making	Decisions are being made on the best currently available information INADEQUATE																				
Lack of partnering and relationships with vendors	No mitigating controls are in effect INADEQUATE																						
Lack of adequate maintenance of systems hardware	Hardware monitoring and maintenance ADEQUATE																						

Treatment Action	Responsible Business Unit	Endorsed Completion Date	Adjusted Completion Date
1. Implementation of the Finance Transformation plan	CEO (DSF)	July 2020	N/A
2. Implement a contemporary enterprise-wide integrated financial system	CEO (DSF)	July 2021	N/A

VALIDATION OF TREATMENT ACTIONS – RISK ID SR 6 INTEGRATED FINANCIAL SYSTEMS

1. Implementation of the Finance Transformation Plan

A Financial Systems & Process Transformation Plan (Plan) has been developed by the Project Director Strategic Finance (PDSF) to guide the City towards excellence in financial management. Identified within the Plan are significant challenges with the City's current financial management approach. These challenges as documented within the Plan are summarised below.

- Finance system challenges (underutilised systems, manual integration of 'best of breed' systems, user disengagement)
- Lack of visibility and shared understanding of core financial processes
- Financial planning approach uses operational rather than strategic time horizons
- Management reports are not suited to service delivery units needs
- Allocation of resources is aligned to business units not to services
- Finance team is not currently perceived as a trusted advisor to the business
- Finance team is not perceived to be agile or innovative when responding to emerging issues

The Plan was approved by the Commissioners in August 2019 and is underway via a core project team including former Directorate Accountants (now Project Accountants) and being led by the PDSF. Staff from units including Finance and Information, Communication and Technology (ICT) are enlisted within the Plan to work on the Finance Transformation Project as required. Financial management outcomes of this Plan comprise the following:

- Enterprise Wide Finance System (financial functions consolidated in a single technology platform wherever possible)
- Enhanced Financial Management Approaches (service-based resource allocation model, rigorous forward financial modelling approach, solid internal charging regime and efficient, streamlined processes)
- Effective Financial Management Enablers (clear and well understood Finance business rules, contemporary chart of accounts and an appropriately resourced and skilled financial team)
- Quality Financial Outputs (fit for purpose financial plans, management reports and external facing financial reports)

VALIDATION OF TREATMENT ACTIONS – RISK ID SR 6 INTEGRATED FINANCIAL SYSTEMS (Continued)

To support the achievement of the above outcomes, the Plan includes the following twelve initiatives to be delivered over a two to three-year timeframe.

- Initiative Fin 01 – Annual Budget 2019/20 Preparation
- Initiative Fin 02 – Revised ABC Corporate Allocations Model
- Initiative Fin 03 – Contemporary Chart of Accounts
- Initiative Fin 04 – Service Based Resource Allocation and Financial Information
- Initiative Fin 05 – Ci Anywhere Enterprise Wide Finance System
- Initiative Fin 06 – Finance Processes Review
- Initiative Fin 07 – Budget & Long-Term Financial Plan Development Process
- Initiative Fin 08 – Annual Budget 2020/21 – Service Based Model
- Initiative Fin 09 – Long Term Financial Plan 2020/21 – 2030/31
- Initiative Fin 10 - Revised Finance Team Structure
- Initiative Fin 11 - Revised Council & Management Reports
- Initiative Fin 12 - Finance Business Rules

Pertinent to addressing Risk ID SR 6 Integrated Financial Systems is Plan Initiative Fin 05 – Ci Anywhere Enterprise Wide Finance System. Progress in relation to completion of this initiative is described below under the treatment action for this risk, “Implement a contemporary enterprise-wide integrated financial system”. Updates on this progress were obtained from discussions with the PDSF as well as from review of the Financial Systems & Process Transformation Plan Update (as at 31 December 2019) provided by the PDSF on 22 January 2020 (further updates are to be produced at six monthly intervals).

2. Implement a contemporary enterprise-wide integrated financial system

As previously mentioned in treatment action 1. above, finance system challenges are identified within the Financial Systems & Process Transformation Plan (Plan) and includes under-utilised systems, manual integration of ‘best of breed’ systems and system user disengagement.

An Enterprise Wide Finance System (financial functions consolidated in a single technology platform wherever possible) is a desired outcome of the Plan (refer treatment action 1. above).

Achievement of this outcome is to be attained via Initiative Fin 05 – Ci Anywhere Enterprise Wide Finance System of the Plan. This initiative involves the implementation of a “new Ci Anywhere (Technology 1) ERP solution that integrates as many financial and non-financial modules as possible into an ERP environment with the subsequent removal of satellite systems and manual integration points. This solution should consolidate existing systems, reduce licensing costs and facilitate ease of access/reporting”.

As shown within the Financial Systems & Process Transformation Plan Update (as at 31 December 2019) (Plan Update), Initiative Fin 05 runs for three years and has three distinct stages:

- Stage 1 – Foundation (July 2019 – June 2020)
- Stage 2 – Consolidation (July 2020 – June 2021)
- Stage 3 – Migration and Enhancement (July 2021 – June 2022)

VALIDATION OF TREATMENT ACTIONS – RISK ID SR 6 INTEGRATED FINANCIAL SYSTEMS (Continued)

The Plan Update records that Stage 1 is 45% complete as at 31 December 2019. Milestones achieved as at 31 December 2019 according to the Plan Update are as follows:




- Vendor relationship established and software licenses acquired.
- Project team established, project stream leads appointed, project governance structure put in place and program of works for Year 1 agreed.
- Technology infrastructure capacity and configuration assessed and new Ci Anywhere environments stood up.
- Chart of Accounts and EB Worksheets created in Ci Anywhere.
- Schedule for uplift of existing Tech One modules to Ci Anywhere created.
- Development of test plans and scheduling of testing resources commenced.




The Plan provides an estimated investment of up to \$6.12 million over 3 years in relation to Initiative Fin 05. This estimate is based on awareness of Ci Anywhere implementations by other local governments and is comprised of components of additional software licenses, software maintenance and support over 3 years, vendor technical resources, internal staff resources, and an amount for contingency. Funding in relation to Initiative Fin 05 is stated within the Plan to be available in the 2019/20 Budget – Technology Enhancement Reserve (\$4 million) with additional funds able to be sourced from the Enterprise & Initiative Reserve.

The Plan provides an estimate of staff resources required for each initiative. Total estimated staff hours required for this initiative is shown within the plan at 37,325 hours. The staff resources that have been allocated for this initiative are an Executive Sponsor, Project Accountants, members of the Finance and ICT Teams as well staff from other areas of the organisation. These staff resources are existing budgeted positions.

Status of the implementation of internal audit and other report recommendations as at 31 January 2020

Progress status legend





-  Red: behind schedule
-  Orange: on track
-  Green: completed

Report title and date considered by Audit and Risk Committee	Issue/ Recommendation	Progress status	Finding Risk Rating	Staff responsible for implementation	Original completion date	Revised completion date	Comment
Contract Management Review May 2018	<u>Contractor Performance Reviews.</u> a) Develop and disseminate a standard template and guidelines to assist Project Officers in carrying out contractor performance reviews. b) The Contracts Section to develop a procedure to capture and monitor contractor performance reviews undertaken by Project Officers.		High	Strategic Procurement Lead	31 July 2018	30 April 2020 ¹	These issues being addressed by the Procurement Transformation Process.
	<u>Contract Variations.</u> a) A procedure to report and capture contract variations within the Contracts Register to be developed and communicated within the organisation. This procedure should align with Policy 9.8 Contract Variations - Authority to Incur a Liability. b) Contract variations once captured within the Contract Register to be reviewed and monitored by the Contracts Section.		High				
Compliance Audit Return Controls Review July 2018	<u>Disposal of Property - Local Public Notice</u> a) Amend relevant policy guidelines to achieve alignment with section 3.58 (Disposal of property) of the Act.		High	Alliance Manager Infrastructure & Assets	31 August 2018	30 November 2019 30 April 2020 ²	Guidelines to achieve alignment with section 3.58 (Disposal of property) of the Act to be included as part of the Infrastructure and Assets Unit

Status of the implementation of internal audit and other report recommendations as at 31 January 2020

Report title and date considered by Audit and Risk Committee	Issue/ Recommendation	Progress status	Finding Risk Rating	Staff responsible for implementation	Original completion date	Revised completion date	Comment
				General Manager Corporate Services			Service Plan due in March/April 2020. Discussion paper on proposed Property Management and Investment Policy to be presented to Commissioners in March 2020.
Tender Process Review May 2019 (continued below)	<u>Tender Public Notice (advertisement)</u> a) Relevant procedures (PR0286 – Procedure for Tender/Expressions of Interest Advertisement) should be updated to require the capture within Content Manager of all advertisements relating to a tender.		Medium	Strategic Procurement Lead	30 April 2020 ¹		This issue being addressed by the Procurement Transformation Process.
	b) All advertisements relating to a tender to be captured within Content Manager to evidence compliance with legislation.		High	Strategic Procurement Lead	30 April 2020 ¹		This issue being addressed by the Procurement Transformation Process.
	<u>Conflict of Interests</u> <i>Panel member disclosures of interest.</i> b) The Evaluation Workbook to be amended to require all panel members (and technical/specialist advisors to the evaluation panel if applicable) to complete a General Disclosure of Interest Form regardless of whether a conflict of interest exists or not.		High	Strategic Procurement Lead	30 April 2020 ¹		This issue being addressed by the Procurement Transformation Process.
	<i>Tenderer disclosures of interest.</i> c) Update the Tender Evaluation Workbook and relevant procedures to cover how a disclosure of interest within a		High	Strategic Procurement Lead	30 April 2020 ¹		This issue being addressed by the Procurement Transformation Process.

Status of the implementation of internal audit and other report recommendations as at 31 January 2020

Report title and date considered by Audit and Risk Committee	Issue/ Recommendation	Progress status	Finding Risk Rating	Staff responsible for implementation	Original completion date	Revised completion date	Comment
	tender submission is to be dealt with. Disclosures of interest from tenderers should be assessed by Governance.			Governance Coordinator			
	<u>Declaration of Confidentiality.</u> The Tender Evaluation Workbook to be amended to require Technical and Specialist Advisors to the Evaluation Panel to complete a Declaration of Confidentiality Form.		High	Strategic Procurement Lead	30 April 2020 ¹		This issue being addressed by the Procurement Transformation Process.
	<u>Tender Evaluation Panel</u> The Evaluation Tender Workbook and relevant tender procedures to be updated to include a process for authorising the changing of tender evaluation panel members. Authority to change tender panel members to be confirmed with Governance Coordinator to ensure that regulatory requirements are being met and aligned to Delegation of Authority 1.2.9 Expressions of Interest and Tenders.		High	Strategic Procurement Lead	30 April 2020 ¹		This issue being addressed by the Procurement Transformation Process.
	<u>Seeking clarifications from tenderers</u> Tender Evaluation Workbook and relevant tender procedures should be updated to require that the seeking of clarifications from tenderers by the City in relation to information contained in their tender submissions be undertaken by relevant authority only as per Delegated Authority 1.2.9.			Strategic Procurement Lead	30 April 2020 ¹		This issue being addressed by the Procurement Transformation Process.
	<u>Tender documentation</u> A checklist of all relevant tender documentation to be developed and included within the Tender Evaluation		High	Strategic Procurement Lead	30 April 2020 ¹		This issue being addressed by the Procurement Transformation Process.

Status of the implementation of internal audit and other report recommendations as at 31 January 2020

Report title and date considered by Audit and Risk Committee	Issue/ Recommendation	Progress status	Finding Risk Rating	Staff responsible for implementation	Original completion date	Revised completion date	Comment
	Workbook for relevant Project Officer to complete for each tender.						
Fraud and Corruption Controls Review – July 2019	<u>Fraud and Corruption Control Plan</u> A fraud and corruption control plan to be developed and implemented within the organisation.	●	Medium	Manager Governance	6 January 2020	31 March 2020 ²	A fraud and corruption control plan not yet developed due to competing priorities. Manager Governance has proposed a new timeframe of 31 March 2020.
	<u>Employment screening</u> A procedure and checklist for meeting pre-employment screening requirements be developed.	●	High	Alliance Manager Human Resources	19 October 2019	To be advised ²	Checklist for meeting pre-employment screening requirements is now in place. Employment screening procedure is included as part of the review of the recruitment process currently being undertaken by the Alliance Manager Human Resources who commenced in early January 2020.
Moore Stephens Financial Management Review – September 2019	<u>4.3 Receipts and Receivables</u> More frequent banking for Citiplace should be considered.	●	Low	Senior Management Accountant	28 February 2020		Banking arrangements for Citiplace Community Centre still being considered by Senior Management Accountant and Alliance Manager Community Services.
	To help ensure debtor's reconciliations are accurate, as well as prepared regularly and promptly, review of the reconciliations should be evidenced accordingly.	●	Medium	Senior Management Accountant	28 February 2020		Completed.
	To help improve the management of debtors: <ul style="list-style-type: none"> The debtors' system ledger should be upgraded to summarise all balances owed for the same debtor; and A credit limit should be set for each debtor. 	●	Low	Project Director Strategic Finance	28 February 2020	30 June 2021 ³	This issue is being addressed via the Financial Systems & Process Transformation Plan.
	<u>4.4 Rates</u> To help ensure interim rate notices can be correctly raised in a timely manner, the senior rates officer should sign the manual	●	Medium	Senior Rates Coordinator	28 February 2020		Completed.





Status of the implementation of internal audit and other report recommendations as at 31 January 2020

Report title and date considered by Audit and Risk Committee	Issue/ Recommendation	Progress status	Finding Risk Rating	Staff responsible for implementation	Original completion date	Revised completion date	Comment
	rates reconciliation and pathways systems reports as evidence of review.						
	To help ensure rate debtor's reconciliations are accurate, as well as prepared regularly and promptly, the review of the reconciliations (by a senior staff member independent of preparation) should be evidenced accordingly.	●	Medium	Financial Accountant	28 February 2020		Completed.
	<u>4.5 Fees and charges</u> To help ensure lease invoices are correctly raised, they should be checked to the relevant lease agreement before they are issued.	●	Low	Leasing and Finance Officer	28 February 2020		Completed.
	<u>4.6 Purchases, Payments and Payables (Including Purchase Orders)</u> One instance where the number of written quotes required by the City's purchasing policy were not obtained. To help ensure Purchasing officers adhere to Council's purchasing policy, the required number of written quotes should be attached to purchase orders.	●	Medium	Procurement Officer	28 February 2020		Completed.
	To assist in streamlining the review of purchase requisitions, consideration should be given to activating the use of authorisation limits in the purchasing software.	●	Low	Manager Finance	28 February 2020		Completed.
	Access to creditors master files not adequately restricted.	●	High	Manager Finance	28 February 2020		Completed.
	To help ensure the creditor's reconciliation are accurate, as well as prepared regularly and promptly, the review of the reconciliations should be evidenced accordingly.	●	Medium	Financial Accountant	28 February 2020		Completed.
	<u>4.8 Credit Card Procedures</u>	●	High	Accounts Payable Officer	28 February 2020		Completed.


Status of the implementation of internal audit and other report recommendations as at 31 January 2020

Report title and date considered by Audit and Risk Committee	Issue/ Recommendation	Progress status	Finding Risk Rating	Staff responsible for implementation	Original completion date	Revised completion date	Comment
	To help ensure all credit card purchases are accurate and complete, a monthly reconciliation between the credit card software, credit card statements and the general ledger should be performed.						
	To help ensure all credit card expenditure is in accordance with the Credit Card Usage Policy, invoices supporting all credit card expenditures should be scanned in the credit card software.	●	High	Accounts Payable Officer	28 February 2020		Completed.
	To help ensure compliance with statutory provisions, all credit card payments should be reported in the list of payments presented to Council.	●	Non-compliant	Accounts Payable Officer	Not covered in matrix		Completed.
	<u>4.9 Fixed Assets</u> To help ensure fixed asset registers are up to date, completed capital projects should be transferred from WIP to other fixed assets in a timely manner.	●	Medium	Alliance Manager Infrastructure & Assets	28 February 2020		A new staff resource within the Infrastructure and Assets Unit is in the process of being recruited who will assist in addressing this issue.
	<u>4.10 Cost and Administration Allocations</u> To help ensure budgetary processes and business decisions are made using reasonable costings for all activities/ programs, the city should review whether the rates used are reflective of current market conditions and consumption patterns. In addition, regular reviews of allocation rates should be considered.	●	Medium	Project Director Strategic Finance	28 February 2020		This issue is being addressed via the Financial Systems & Process Transformation Plan.
	<u>4.15 Long Term Financial Plan</u> To help ensure the Plan for the Future is a reliable source of reference for informing the annual budget and other integrated planning documents it should be scheduled for review on a regular basis.	●	Medium	Project Director Strategic Finance	28 February 2020	30 June 2020 ³	This issue is being addressed via the Financial Systems & Process Transformation Plan.
	<u>4.21 Variable Outgoings Audits</u>	●	Medium	Leasing Team	28 February 2020		Completed.

Status of the implementation of internal audit and other report recommendations as at 31 January 2020

Report title and date considered by Audit and Risk Committee	Issue/ Recommendation	Progress status	Finding Risk Rating	Staff responsible for implementation	Original completion date	Revised completion date	Comment
	To help ensure tenants receive audited statements of variable outgoings in a timely manner, resources should be allocated to reviewing allocation of expenses and having all variable outgoings statements audited.						
Investments Audit – October 2019	<u>Investment Reconciliations</u> Monthly investments reconciliations to be reviewed by an officer independent from the processing of investments. This officer should sign and date the review.		Medium	Funds Management Officer Budget and Capital Accountant	Immediately		Completed.
	<u>Council Policy 9.3 Management of Investments</u> Council Policy 9.3 to be reviewed and updated in line with current legislation and requirements for management of investments.		Medium	General Manager Corporate Services Manager Finance Funds Management Officer	24 April 2020		Discussion paper on new policy 9.3 for Commissioner Briefing early in March 2020.
	<u>Investment Procedures</u> Investment Procedures PR0894 to be reviewed and updated to address the issues as described above.		Medium	Manager Finance Senior Management Accountant Funds Management Officer	24 April 2020		Currently under review.
	<u>Investments and Investment Returns Report</u>		Medium	Acting Manager Finance	Immediately		Completed.

Status of the implementation of internal audit and other report recommendations as at 31 January 2020

Report title and date considered by Audit and Risk Committee	Issue/ Recommendation	Progress status	Finding Risk Rating	Staff responsible for implementation	Original completion date	Revised completion date	Comment
	Monthly Investments and Investment Return Reports to be uploaded on the Council Hub on a timely basis.						
Cyber Security Review – October 2019	<u>Recommendations to improve technical information security controls</u> These recommendations have arisen from the Office 365 Security Optimisation and Exchange Online Workload Optimisation Assessments carried out by Microsoft in 2019.		Not risk rated by Microsoft	Coordinator ICT (Technology Infrastructure)	30 June 2021		The ICT Infrastructure Team is currently addressing the key findings from these Microsoft assessments. These findings are roughly 45% addressed as at 31 January 2020 with the majority of the remaining key findings to be addressed by 30 June 2020. All findings from these assessments to be addressed by 30 June 2021 or earlier.

Notes

¹Exceptions to the audit response under the Risk and Audit Response Matrix (see Attachment B). This exception was accepted by the Audit and Risk Committee on 20 May 2019.

² Revised dates to be accepted by the Audit and Risk Committee.

³ New exceptions to audit response under the Risk and Audit Matrix for which acceptance by the Audit and Risk Committee is now being sought.

RISK & AUDIT RESPONSE

Risk rating	Risk response *	Audit response **
Extreme	Management MUST implement plans immediately to address the risk, with resultant actions implemented, executed and revised risk being accepted within 3 months from the point of control breakdown, risk environment changes or the risk is identified and reported.	Management MUST implement plans immediately to address the risk, with resultant actions implemented, executed and revised risk being accepted within 1 month from the point of control breakdown. Priority 1 action plan agreed with management to immediately address control weakness and implement improved control effectiveness within 1 month .
High	Management MUST implement plans within 1 month to address the risk, with resultant actions implemented, executed and revised risk being accepted within 9 months from the point of control breakdown, risk environment changes or the risk is identified and reported.	Management MUST implement plans within 1 month to address the risk, with resultant actions implemented, executed and revised risk being accepted within 3 months from the point of control breakdown Priority 2 action plan agreed with management within 1 month to address control weakness and implement improved control effectiveness within 3 months .
Medium	Management is required to DEMONSTRATE ASSURANCE that the controls in place to keep the level of risk at the medium level are functioning adequately.	Priority 3 action plan agreed with management within 1 month to address control weakness and implement improved control effectiveness within 6 months .
Low	Management is required only to DEMONSTRATE ASSURANCE that the controls in place to keep the level of risk at the low level are functioning adequately.	Priority 4 action plan agreed with management within 2 months for management to implement improved control effectiveness within 6 months to keep the level of risk at the medium/low or low level.
Exceptions	Exceptions to the risk response and acceptance can only be determined by the Audit and Risk Committee, through <i>recommendation from the Corporate OSH and Risk Management Committee</i> .	Exceptions to the control breakdown response protocol as well as subsequent risk acceptance above can only be determined by the Audit and Risk Committee, through <i>recommendation from the Corporate OSH and Risk Management Committee</i> .

*Risk Response actions explain residual risk treatment actions along with applicable timeframes for resolution.

** The Audit Response actions explain how to address a risk rated audit finding based on a control weakness that has been identified along with applicable timeframes to address the control weakness and bring the risk back into appetite.

The risk response timeframes provided above have been determined with consideration of operational budget planning processes.

The audit response timeframes in line with the City's risk acceptance criteria.

Note: The above Matrix was approved by the Audit and Risk Committee at their meeting held on 20 May 2019. This Matrix is to apply to all risk and audit items reported to this Committee from August 2019.