

MINUTES

Audit & Risk Committee Meeting

Monday, 19 February 2024

Attention

These Minutes are subject to confirmation.

Prior to acting on any resolution of the Council contained in these minutes, a check should be made of the Ordinary Meeting of Council following this meeting to ensure that there has not been a correction made to any resolution.



Information

Audit & Risk Committee Meetings are run in accordance with the City of Nedlands Standing Orders Local Law. If you have any questions in relation to items on the agenda, procedural matters, public question time, addressing the Committee or attending meetings please contact the Executive Officer on 9273 3500.

Public Question Time

Public question time at an Audit & Risk Committee Meeting is available for members of the public to ask a question about items on the agenda. Questions asked by members of the public are not to be accompanied by any statement reflecting adversely upon any Council Member, Committee Member or Employee.

Questions should be submitted as early as possible via the online form available on the City's website: [Public question time | City of Nedlands](#)

Questions may be taken on notice to allow adequate time to prepare a response and all answers will be published in the minutes of the meeting.

Addresses by Members of the Public

Members of the public wishing to address Council in relation to an item on the agenda must complete the online registration form available on the City's website: [Public Address Registration Form | City of Nedlands](#)

The Presiding Member will determine the order of speakers to address the Council and the number of speakers is to be limited to 2 in support and 2 against any particular item on a Special Council Meeting Agenda. The Public address session will be restricted to 15 minutes unless the Council, by resolution decides otherwise.

Disclaimer

Members of the public who attend Council Meetings Agenda Forum should not act immediately on anything they hear at the meetings, without first seeking clarification of Council's position. For example, by reference to the confirmed Minutes of Council meeting. Members of the public are also advised to wait for written advice from the Council prior to taking action on any matter that they may have before Council.

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1. Declaration of Opening

The Presiding Member declared the meeting open at 5.30pm and drew attention to the disclaimer on page 2 and advised that the meeting was being livestreamed and recorded.

2. Present and Apologies and Leave of Absence (Previously Approved)

Councillors	Councillor L J McManus	(Presiding Member)	Hollywood Ward
	Councillor B G Hodsdon (observer from 5.45pm)		Hollywood Ward
	Councillor R A Coghlan (online then in person from 5.58pm)		Melvista Ward
	Councillor H Amiry (online until 5.48pm)		Coastal Ward
	Councillor K A Smyth (from 6.50pm)		Coastal Ward
	Councillor F J O Bennett		Dalkeith Ward

Staff	Mr T G Free	Acting Chief Executive Officer
	Mr M R Cole	Director Corporate Services
	Mrs N M Ceric	Executive Officer
	Ms L J Kania	Coordinator Governance & Risk

Community Members	Mr G Baw	Community Member
	Mr K Laurence	Community Member

Invited Guests	Mr B Silence	Supervisor, Moore Australia
	Mr M Beevers	Partner RSM
	Mr T Sriskantharaja	RSM
	Ms P Perumal	Director Financial Audit, Office of the Auditor General

Public There were 0 members of the public present and 0 online.

Press Nil.

Leave of Absence (Previously Approved) Nil.

Apologies Mayor F E M Argyle

3. Public Question Time

Public questions submitted to be read at this point.

Nil.



4. Address by Members of the Public

Addresses by members of the public who had completed Public Address Registration Forms to be made at this point.

Nil.

5. Disclosures of Financial Interest

The Presiding Member reminded Council Members and Staff of the requirements of Section 5.65 of the Local Government Act to disclose any interest during the meeting when the matter is discussed.

There were no disclosures of financial interest.

6. Disclosures of Interest Affecting Impartiality

The Presiding Member reminded Council Members and Staff of the requirements of Council's Code of Conduct in accordance with Section 5.103 of the Local Government Act.

There were no disclosures affecting impartiality.

7. Declaration by Members That They Have Not Given Due Consideration to Papers

Given the volume of pages Mr Baws declared he used his best endeavours to be across all the papers in order to make a valuable contribution to the meeting. He requested agendas were sent out with more time prior to the meeting or early inclusion in matters before the Committee.

8. Confirmation of Minutes

8.1. Audit & Risk Committee Meeting Minutes – 20 November 2023

Moved – Councillor Bennett
Seconded – Councillor McManus

The Minutes of the Audit & Risk Committee Meeting 20 November 2023 be accepted as a true and correct record of that meeting.

CARRIED UNANIMOUSLY 4/-



9. Items for Discussion

9.1. ARC01.02.24 Update Office of the Auditor General and RSM Australia Pty Ltd – Audit 2023

Meeting & Date	Audit Risk Committee Meeting – 19 February 2024
Applicant	City of Nedlands
Employee Disclosure under section 5.70 Local Government Act 1995	Nil.
Report Author	RSM Australia Pty Ltd
Director	Michael Cole – Director Corporate Services
Attachments	Nil.

Councillor Hodsdon joined the meeting at 5.50pm

Councillor Amiry left the meeting at 5.48pm due to technical issues.

Councillor Coghlan left the meeting online at 5.48pm due to technical issues and the Presiding Member paused the meeting to allow Councillor Coghlan to attend in person.

Councillor Coghlan joined the meeting in person at 5.58pm.

Regulation 11(da) - The Committee wanted to record their concerns with the disclaimer of opinion.

Moved – Councillor McManus
 Seconded – Councillor Bennett

Committee Recommendation

That the Audit and Risk Committee:

- 1. receives the Audit update from RSM Australia for the audit of the City for the year ending 30 June 2023 and**
- 2. notes with concern the disclaimer of opinion from the Office of the Auditor General.**

CARRIED UNANIMOUSLY 5/-



Recommendation

That the Audit and Risk Committee receives the Audit update from RSM Australia for the audit of the City for the year ending 30 June 2023.

Purpose

This item is for RSM Australia to present their update for the audit of the City of Nedlands for the year ending 30 June 2023.

Voting Requirement

Simple Majority.

Background

RSM Australia submitted an audit plan which outlined the scope of work and the key considerations in relation to the audit of City of Nedlands for the year ending 30 June 2023.

The audit plan set out the key areas of the audit, and how it was to be conducted with engagement from the City.

The audit plan was tailored for City of Nedlands' environment and revised throughout the year to adjust for business developments, additional relevant matters arising, changes in circumstances, findings from activities performed. RSM Australia is now presenting their update on the audit for the year ending 2023.

Consultation

Nil.

Strategic Implications

This item relates to the following elements from the City's Council Plan.

Vision Sustainable and responsible for a bright future

Pillar Performance

Outcome 11. Effective leadership and governance

Pillar Performance

Outcome 12. A happy, well-informed and engaged community



Budget/Financial Implications

There are no financial implications to this report.

There may be budget implications when the report's recommendations are addressed in detail, where operational impacts are estimated and considered by the Administration, and then by Council at the appropriate time. There is no immediate budgetary implication to receiving this report.

Decision Implications

The purpose of this report is to receive the Audit update from RSM.

Conclusion

That Audit and Risk Committee receives the Audit update from RSM Australia for the audit of the City for the year ending 30 June 2023.

Further Information

Nil.

Mr M Beevers, Mr T Sriskantharaja and Ms P Perumal left the meeting at 6.44pm.



9.2. ARC02.02.24 Update from Moore Australia

Meeting & Date	Audit Risk Committee Meeting – 19 February 2024
Applicant	City of Nedlands
Employee Disclosure under section 5.70 Local Government Act 1995	Nil.
Report Author	Michael Cole - Director Corporate Services
Acting CEO	Tony Free
Attachments	1. Moore Australia Agenda Paper - ARC Meeting 19 February 2024

Councillor Coghlan left the room at 6.44pm.

Regulation 11(da) – Not Applicable – Recommendation Adopted

Moved – Councillor Bennett
Seconded – Mr Laurence

That the Recommendation be adopted.
(Printed below for ease of reference)

Councillor Coghlan returned to the room at 6.47pm.

Councillor Smyth joined the meeting at 6.50pm.

CARRIED UNANIMOUSLY 6/-

Committee Recommendation / Recommendation

That the Audit and Risk Committee receive the agenda paper from Moore Australia.

Purpose

This report is for Moore Australia to present its agenda paper to the Audit and Risk Committee.

Voting Requirement

Simple Majority.



Background

Moore Australia has submitted an agenda paper for the discussion at the Committee meeting.

Consultation

Nil.

Strategic Implications

This item relates to the following elements from the City of Nedland's Council Plan.

Vision	Sustainable and responsible for a bright future
Pillar	Performance
Outcome	11. Effective leadership and governance

Budget/Financial Implications

There are no financial implications to this report.

There may be budget implications when the report's recommendations are addressed in detail, where operational impacts are estimated and considered by the Administration, and then by Council at the appropriate time. There is no immediate budgetary implication to receiving this report.

Decision Implications

Should the recommendations be endorsed, administration will implement actions as outlined in report.

Conclusion

That Audit and Risk Committee receives the agenda paper from Moore Australia.

Further Information

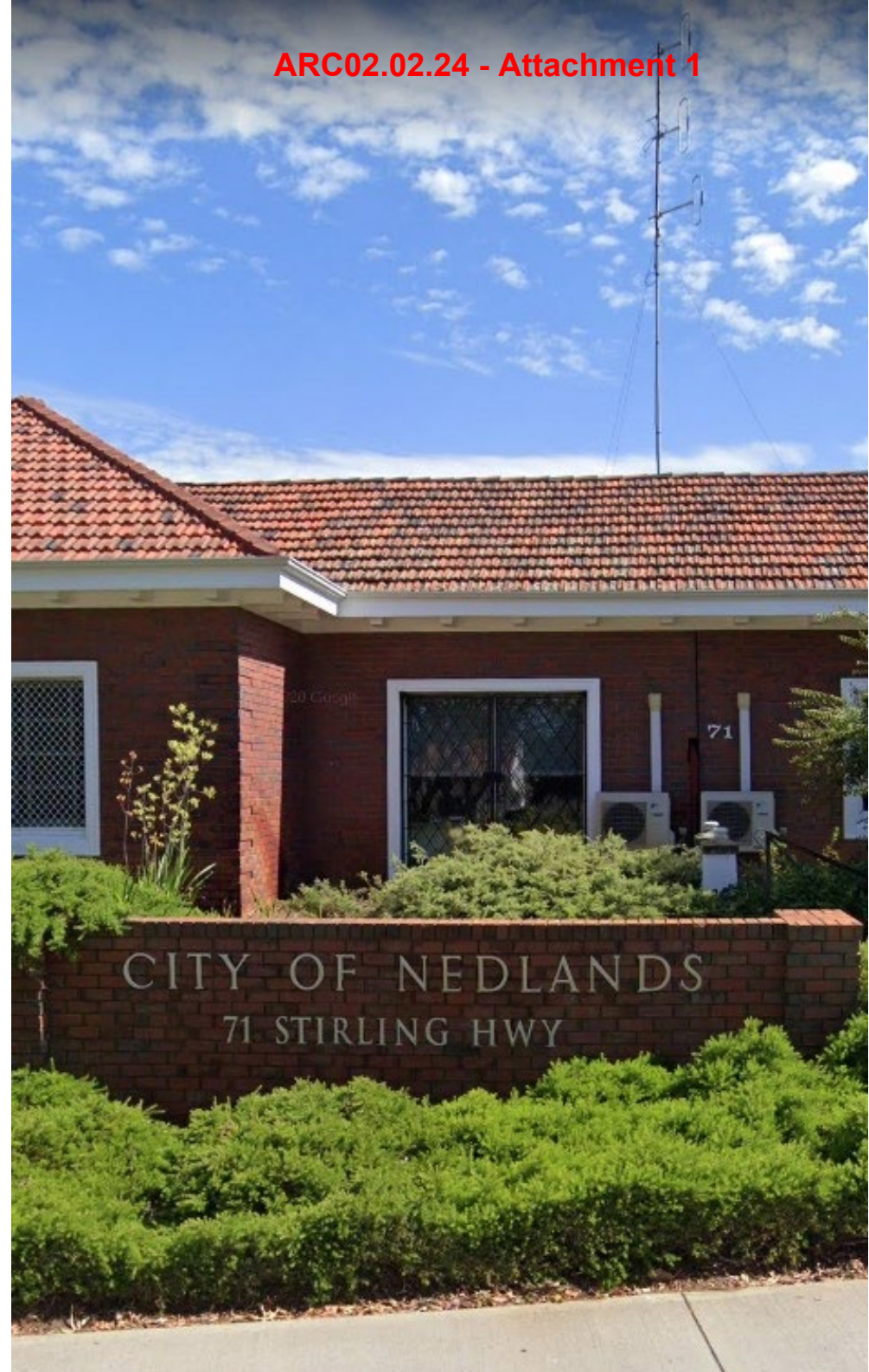
Nil.



AUDIT AND RISK COMMITTEE
MEETING AGENDA PAPER

**CITY OF NEDLANDS
INTERNAL AUDIT**

12 FEBRUARY 2024



Internal Audit Report

1. Recommendation

That the Audit and Risk Committee (“ARC”):

- note the status of the City’s Strategic Internal Audit Plan for FY2024 and FY2025 (Refer to [Section 2](#))
- note the Audit Log information, insights, trends, and recommendations for Management included in this report. (Refer to [Section 3](#))
- note the publications which may be of interest to the Audit and Risk Committee (Refer to [Section 4](#))
- note the Office of the Auditor General (OAG) Tabled Reports since the last Audit and Risk Committee meeting. (Refer to [Section 5](#))

2. Annual Internal Audit Plan for FY2024 and FY2025

Moore Australia WA present to you the status of the Annual Internal Audit Plan for FY2024 and FY2025, including details of finalised, in progress and not started internal audit engagements.

A) Annual Internal Audit Plan – FY2024

Table 1 below presents the status of the City’s Annual Internal Audit Plan for FY2024, including details of finalised, not started, in progress and deferred internal audit engagements, if any.

No	Audit Topic	Financial Year	Status Update	Status
1	Procurement	2024	This Statement of Scope was signed on 22 December 2023. Fieldwork commenced on 12 February 2024, and the final report will be tabled at the next Audit and Risk Committee meeting.	In Progress
2	Cybersecurity	2024	This Statement of Scope was signed on 22 December 2023. The entrance meeting is scheduled for 5 March 2024. Fieldwork has not commenced.	Not Started
3	Delegation of Authority	2024	The draft report was provided to Management on 29 January 2024. Once Management comments have been received, the final report will be tabled at the next Audit and Risk Committee meeting.	Pending Mgmt. Comments
4	Waste Management	2024	The final report was issued to Management on 29 January 2024 and can be found in Appendix 2 .	Complete

Table 1: Status of FY2024 Internal Audit Engagements at 12 February 2024

2. Annual Internal Audit Plan for FY24 and FY25 (continued)

B) Annual Internal Audit Plan – FY2025

Table 2 below presents the status of the City’s Annual Internal Audit Plan for FY2025, including details of finalised, not started, in progress and deferred internal audit engagements, if any.

No	Audit Topic	Financial Year	Status Update	Status
1	Emergency Management	2025	This engagement has not commenced as it is scheduled for the following financial year.	Not Started
2	Fraud and Corruption (including Public Interest Disclosures)	2025	This engagement has not commenced as it is scheduled for the following financial year.	Not Started
3	Complaints Management	2025	This engagement has not commenced as it is scheduled for the following financial year.	Not Started
4	Policy Framework	2025	This engagement has not commenced as it is scheduled for the following financial year.	Not Started
5	Community Engagement and Development	2025	This engagement has not commenced as it is scheduled for the following financial year.	Not Started
6	Infrastructure Management	2025	This engagement has not commenced as it is scheduled for the following financial year.	Not Started

Table 2: Status of FY2025 Internal Audit Engagements at 12 February 2024

3. Audit Log

Moore Australia WA have been validating the implementation of the internal audit recommendations since our appointment. Within this report we have provided the following for your information:

- a) Composition of the Audit Log – Audit Type
- b) Status of the Audit Log - Progress
- c) Recommendations Status – Audit Topic
- d) Recommendations Status – Area
- e) Recommendations Status – Responsible Officer
- f) Open Recommendations – Risk-Rating
- g) Details of Open Recommendations – High Risk Ratings

a) Composition of the Audit Log- Audit Type

At the 12 February 2024, the City’s Audit Log contains two-hundred-forty-three (243) recommendations through audit activities.

Those 243 recommendations are sourced from internal audits (196), OAG performance audits (22), and OAG financial audits (25).

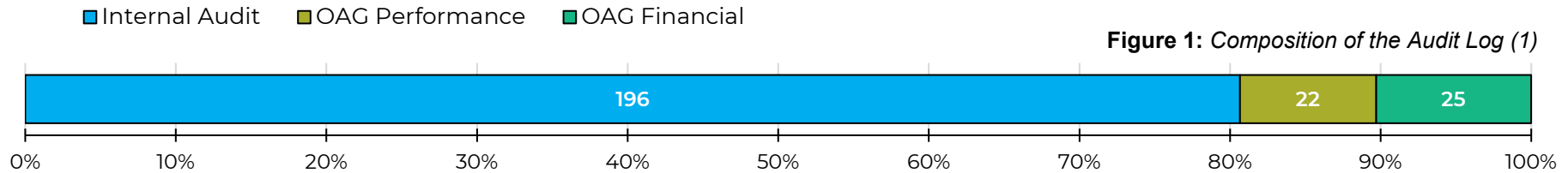


Figure 1: Composition of the Audit Log (1)

Of the total 243 recommendations, 132 (54%) of those have been validated as complete by Moore Australia – with the remaining 111 (46%) recommendations as open.

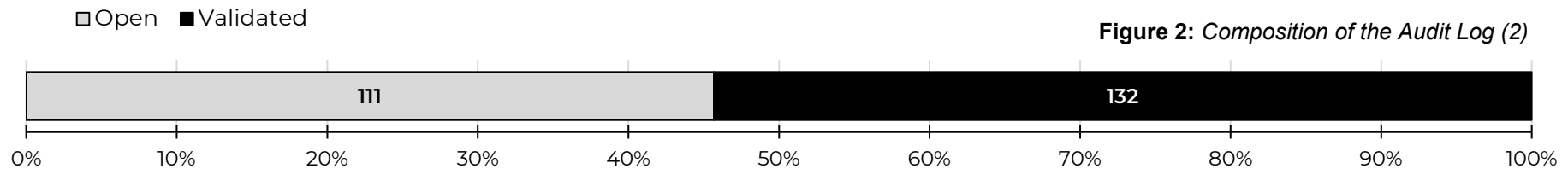


Figure 2: Composition of the Audit Log (2)

3. Audit Log (continued)

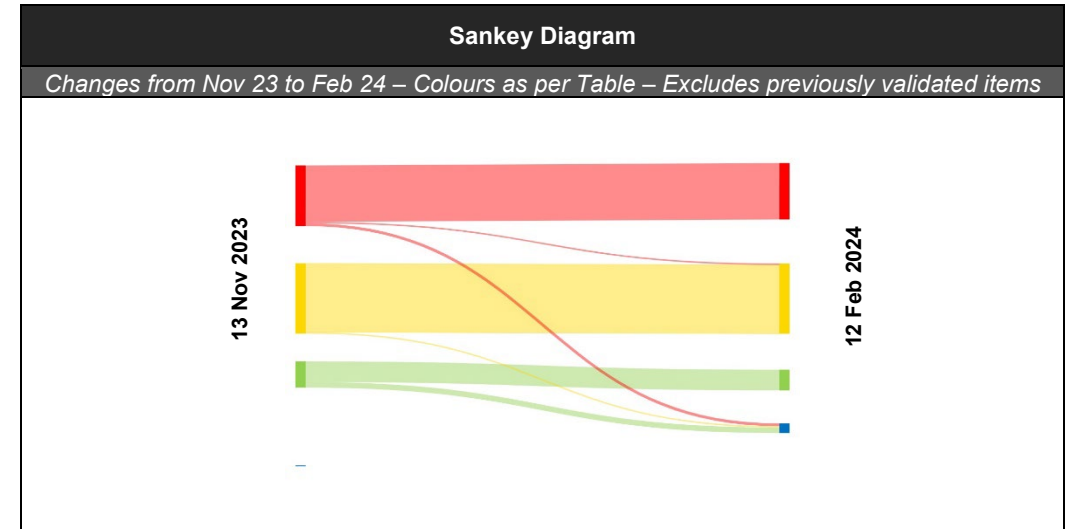
b) Status of the Audit Log

At 12 February 2024, the City had 243 recommendations through audit activities. They are summarised in **Table 3**.

Since the last report presented in November 2023, seven (7) recommendations have been validated by Moore Australia as complete and recommended for closure.

Status	13 November 2023		12 February 2024	
	#	%	#	%
New (Not in Period)	-	-	-	-
Not Started	44	18%	41	17%
In Progress	54	22%	54	22%
Pending Evidence	20	8%	16	7%
Sub-Total (Open)	118	49%	111	46%
Validated / Closed	125	51%	132	54%
<u>Total (*Excluding New)</u>	<u>243</u>	<u>100%</u>	<u>243</u>	<u>100%</u>

Table 3: Status of Audit Log at 12 February 2024



3. Audit Log (continued)

c) Recommendations Status – Audit Topic

Figure 3 provides a breakdown of the status of all two-hundred-forty-three (243) recommendations per audit topic† – including the seven (7) items closed this period.

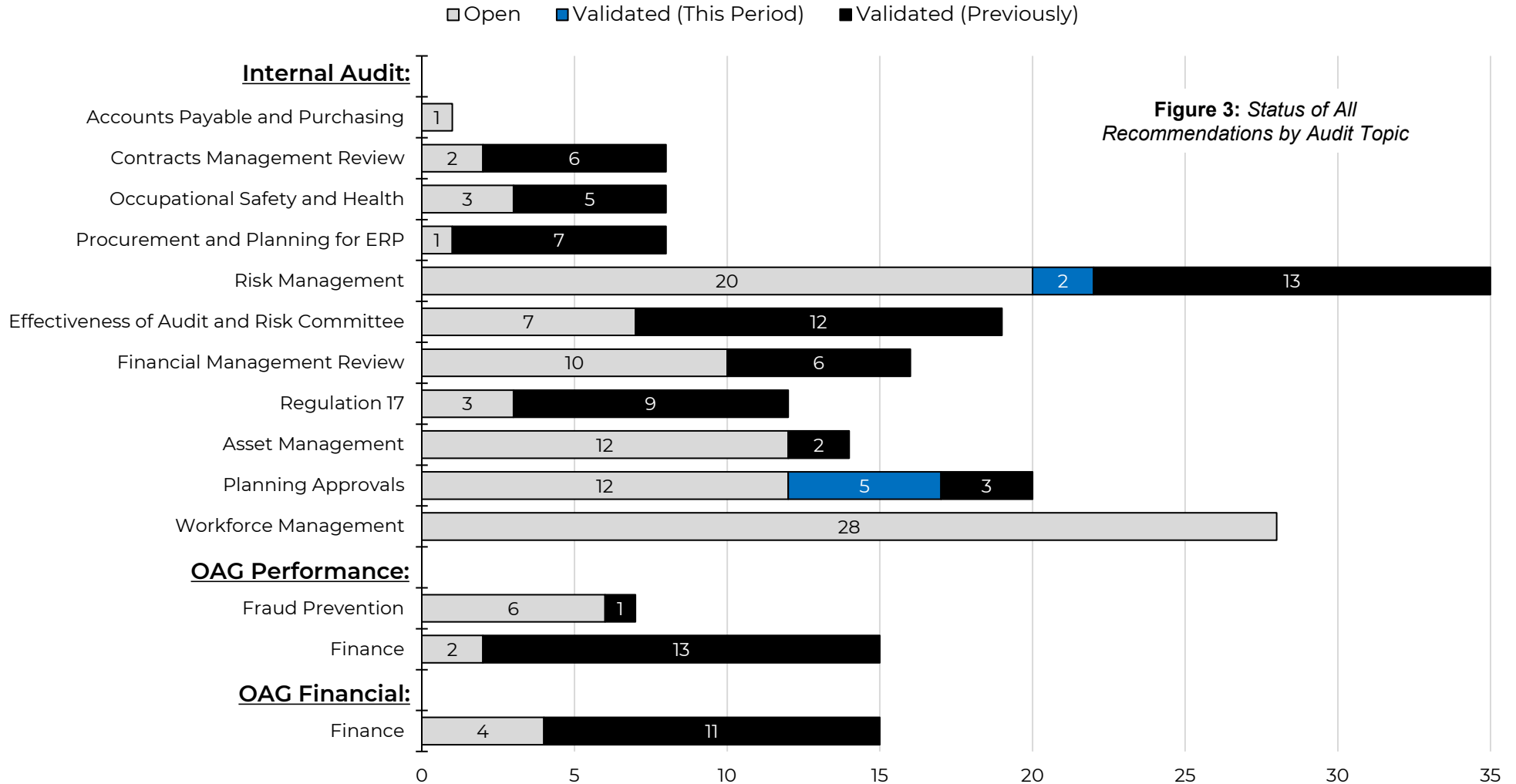


Figure 3: Status of All Recommendations by Audit Topic

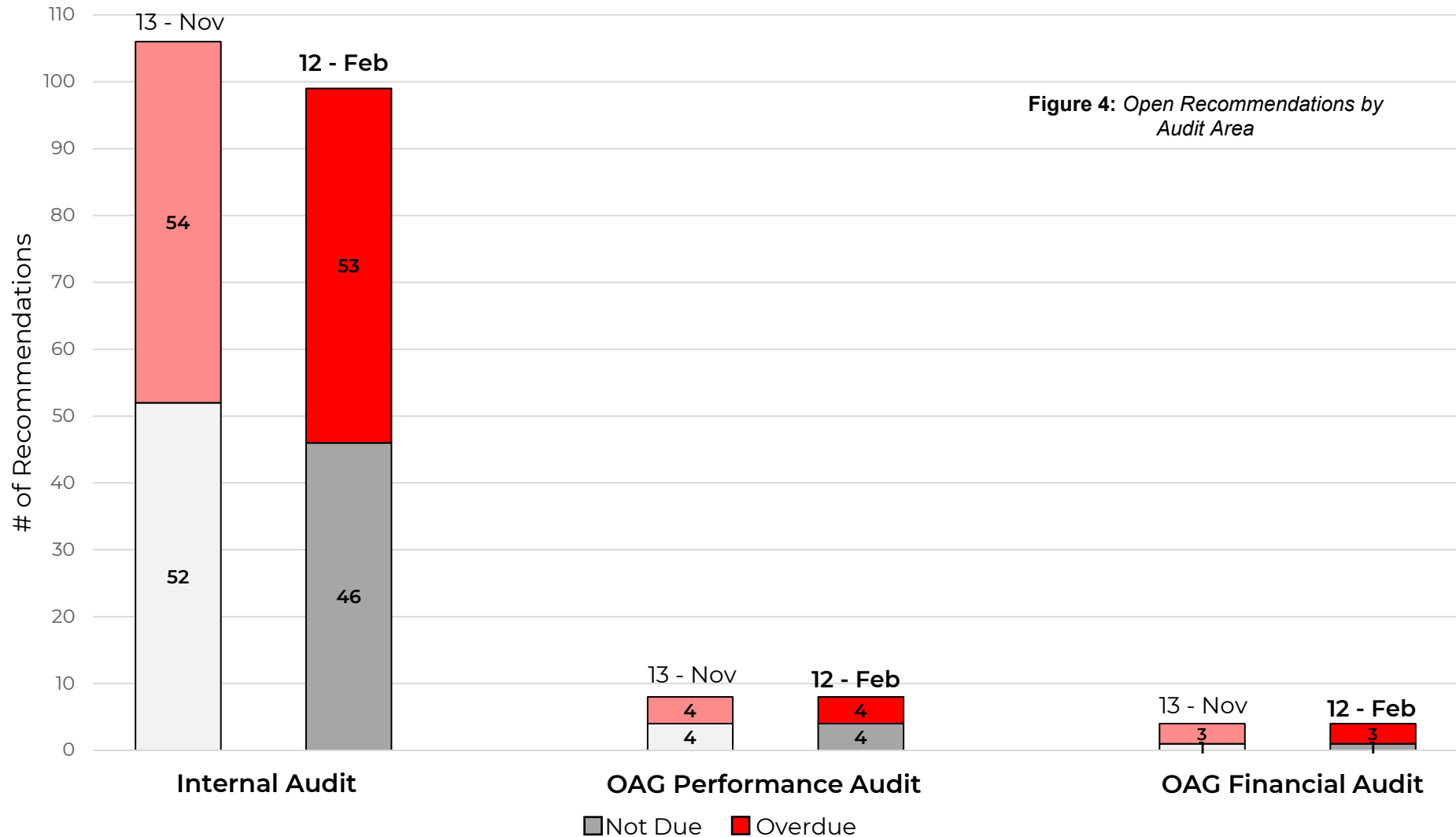
† Excludes previously fully closed audits:

Internal Audits: IT Policy Review (2), Business Continuity Review (7), Records Management (9), Payroll (9). **OAG Financial:** Procurement (6), IT (2), HR (2).

3. Audit Log (continued)

d) Recommendations Status – Area

Figure 4 below provides the status of the one-hundred-eleven (111) open recommendations from each audit area. The composition is Internal Audit (99) OAG Performance Audit (8) and OAG Financial Audit (4) equalling 111.



3. Audit Log (continued)

e) Recommendations Status – Responsible Officer

Figure 5 below provides a breakdown of the status of the one-hundred-eleven (111) open recommendations per Responsible Officer.

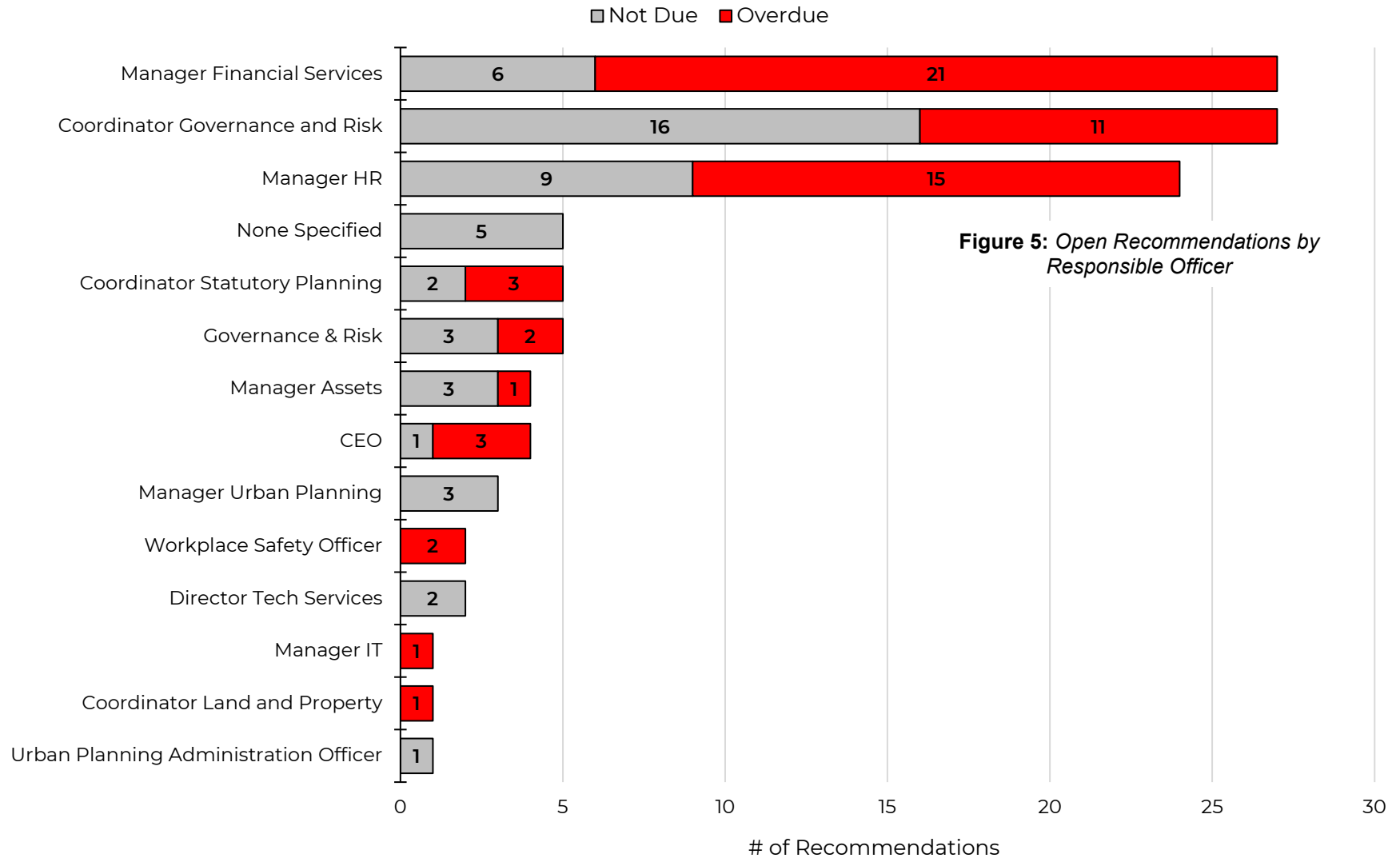


Figure 5: Open Recommendations by Responsible Officer

3. Audit Log (continued)

f) Open Recommendations – Risk Rating

The diagrams below provide a breakdown of open recommendations per **Risk Rating**. Moore Australia use our own Risk Rating Scale which is provided in **Appendix 1** for ease of access.

N.B. – OAG Performance Audit Recommendations are not included as they did not include Risk Ratings.

Specifically for the Internal Audit items: we note the majority of open recommendations, fifty-seven (57) (58%), have a Medium-Risk Rating, followed by thirty-two (32) (32%) as Low, followed by ten (10) (10%) with a High-Risk Rating.

We recommend that significant effort should be given to the High-Risk rated recommendations and to close these out as a matter of priority, followed by the Medium Risk rated and Low Risk rated Items.

Figure 6: Open Internal Audit Recommendations by Risk Rating

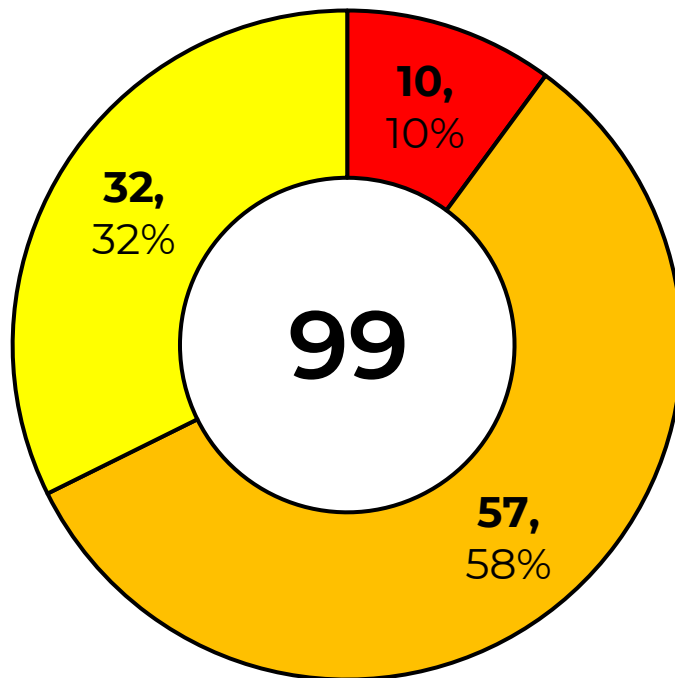
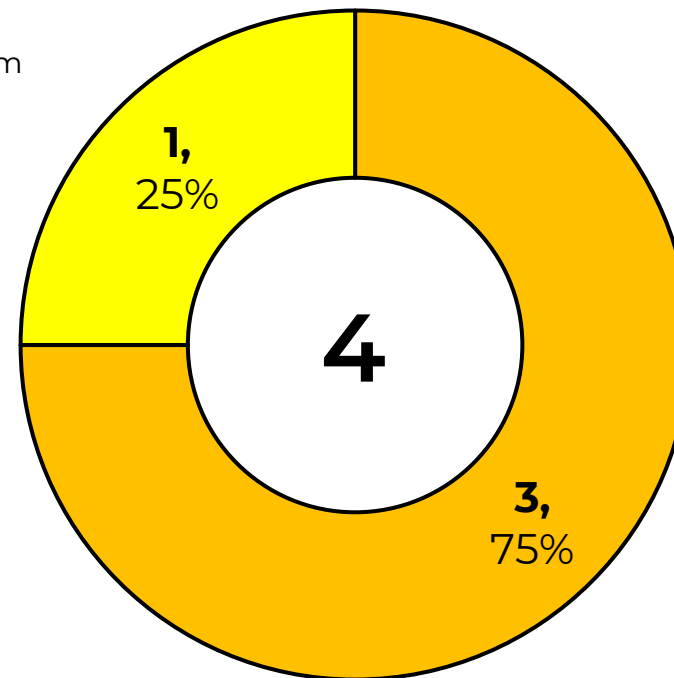


Figure 7: Open OAG Financial Audit Recommendations by Risk Rating

■ High
■ Medium
■ Low



3. Audit Log (continued)

g) Details of Open Recommendations – High Risk Ratings

Below is a list of the ten (10) **High-Risk** open recommendations (previously ten (10)) were reported in November 2023) per audit topic and status of each recommendation:

ID	Audit Topic	Agreed Action	Rec Owner	Due Date	Days Overdue	Status
47	Occupational Safety and Health	The City should: 1) clearly document the key roles including competency and key training requirements; 2) investigate the training status and competency of staff in key OSH related positions; 3) recruit and have acting people in these roles only when they meet these key competencies and training requirements 4) update relevant staff training and certification on MYOSH (i.e. the City's system for OSH) 5) establish a City central register for each site on the OSH related training. For example first aid certifications, fire warden training and other related certifications); and 6) monitor expiry dates and ensure that qualifications are renewed and refresher training on a regular basis or when legislative requirements change.	Manager HR	30-Apr-22	653	In Progress
49	Occupational Safety and Health	The City should: 1) develop KPI's for monitoring OSH outcomes; 2) ensure KPI's are approved by the EMT; 3) determine the frequency and method of monitoring its progress against the stated objectives; and 4) regularly monitor; and report to the EMT and the Audit and Risk Committee the achievement of the OSH outcomes	Workplace Safety Officer	30-Apr-22	653	In Progress
29	Contracts Management Review	Regular Executive Reporting to Executive and the Audit and Risk Committee should take place.	Manager Financial Services	31-Aug-22	530	In Progress
30	Contracts Management Review	A Risk register should be developed	Manager Financial Services	31-Aug-22	530	In Progress
52	Procurement and Planning for implementation of ERP system Audit	The City should ensure that project risks are adequately considered during procurement by: 1) requiring the development of a Project Risk Management Plan, Procurement and Probity Plan early in the procurement process; and 2) project teams consider the need for a probity advisor for high value and complex procurements. Where this is not required reasons should be clearly documented.	Manager Financial Services	31-Aug-22	530	Pending Evidence

ID	Audit Topic	Agreed Action	Rec Owner	Due Date	Days Overdue	Status
106	Effectiveness of Audit and Risk Committee	Review the Terms of Reference to achieve a contemporary version which meets legislative compliance requirements and aligned to better practice principles.	Coordinator Governance and Risk	31-Mar-23	318	In Progress
140	Regulation 17	Develop a Legislative Compliance Framework, Legislative Compliance Policy, Legislative Compliance Procedure and Legislative Compliance Register, Non-Compliance Register for the legislative compliance activities. Also identify Legislative Compliance Owners for specific legislation and retain evidence to support compliance.	Coordinator Governance and Risk	30-Jun-23	227	Pending Evidence
84	Risk Management	Develop, approve, monitor and report on a Risk Appetite, Risk Tolerance within the City and then consider these in relation to the Residual Risk rating and whether the City are within the Risk Appetite and Risk Tolerance.	Coordinator Governance and Risk	31-Mar-24	-	In Progress
85	Risk Management	Develop, maintain, review, monitor and report a Risk Management Framework in accordance with relevant legislation and standards.	Coordinator Governance and Risk	31-Mar-24	-	In Progress
89	Risk Management	Development and approve a comprehensive Fraud and Corruption Control Framework, Fraud and Corruption Control Policy, Fraud and Corruption Control Procedure Fraud Risk Assessment, Fraud Risk Register, Fraud Incident Register which aligns to the Fraud and Corruption Control Standard.	Manager Financial Services	31-Mar-24	-	In Progress

Table 4: List of Open Recommendations – High Risk

4. Publications

Moore Australia has identified the following reports which may be of interest to Management. This is presented in **Table 5** below.

Organisation and Report	Details	Issue Date
Public Sector Commission 2023 WA Public Sector Census – Sector Insights	Report that contains insights into the results obtained from the first WA Public Sector Census.	25 October 2023
WA Government Planning and Development Amendment Act 2023 and Associated Regulations	This Document Collection is a repository of information that aid in informing stakeholders of the impact of the new Planning and Development Amendment Act 2023. This act has implications for Local Government.	12 February 2024
WA Government Extra funding available to boost WA e-waste projects	Media statement describing a new initiative from the WA govt to provide up to \$3.5 Million in grants to entities (incl Local Governments) to support e-waste collection projects.	2 February 2024

Table 5: Publications which may be of interest.

5. Office of the Auditor General

A role of internal audit is to help Management to identify where risks are and to identify the controls and treatment actions in place to mitigate those risks, or to report the lack of these controls and treatment actions. A risk for all State and Local Government entities is the risk the Auditor General will perform a performance audit and report the results to Parliament which depending on the results, may identify significant un-identified risks and affect the credibility with Parliament, the community, and other stakeholders. Moore Australia assist our clients to be “audit ready” to reduce their credibility risk.

5.1 Tabled Reports

Tabled Auditor General reports can provide an opportunity for State and Local Government entities to assess their policy framework and practice and to identify areas where improvements can be made. It can also identify internal audit topics which may be useful to include in the Strategic Internal Audit Plan. Set out below in **Table 6**. are the Auditor General recently tabled reports. This excludes Section 82 Financial Management Act Ministerial Notifications Reports. These reports may be of interest to Management.

Tabled Reports	Date
State Government 2022-23 – Financial Audit Results - Office of the Auditor General	20 December 2023
Implementation of the Essential Eight Cyber Security Controls - Office of the Auditor General	6 December 2023

Table 6: Reports Recently Tabled by the Auditor General.

5. Office of the Auditor General (cont.)

5.2 Performance Audit Program

The OAG's forward performance audit topics can also be used to perform a self-assessment, to identify where there may be gaps within City of Nedlands, and where work needs to be performed to reduce your risks, including credibility risk. Set out below are the commenced audits with the anticipated tabling dates.

We provide here the link [Office of the Auditor General website](#) which identifies the audits that have commenced and their expected tabling date. The titles and anticipated tabling dates are detailed in **Table 7** below:

Performance Audit Title	Anticipated Tabling
Funding for Community Sport and Recreation (State)	Q1 2024
Implementation of the Earlier Intervention and Family Support Strategy (State)	Q1 2024
Government Campaign Advertising (State)	Q1 2024
Utilising Emergency Department Data (State)	Q1 2024
Better Practice Principles for Identity and Access Management (State and Local)	Q1 2024
Effectiveness of the Aboriginal Procurement Policy (State)	Q1 2024
Information Systems Audit – General Computer Controls (State)	Q1 2024
Information Systems Audit – General Computer Controls (Local)	Q1 2024
Local government management of purchasing cards (Local)	Q2 2024
Local government ICT disaster recovery planning (Local)	Q2 2024
Local government physical security of server room assets (Local)	Q2 2024
Administration of state agreements (State)	Q2 2024
Release of restricted funds from special purpose accounts (State)	Q2 2024

Table 7: Audit Reports included in the OAG Forward Audit Program.

6. Feedback

Moore Australia are happy to receive any feedback on the performance of the internal audit engagements. We can consider this feedback in the planning, execution, and reporting of future internal audits engagements.

7. Appreciation

We extend our appreciation to the Management and staff for their assistance provided to Moore Australia WA.:

8. Questions

Michelle Shafizadeh is unable to attend the meeting as she has a personal commitment. Brad Sillence will be attending the meeting to present the report and answer any questions the Audit and Risk Committee may have.

Appendix 1: Risk Ratings, Guidance and Action Required

Rating	Definition	Guidance	Action required
High	Issue represents a control weakness, which could cause or is causing major disruption of the process or major adverse effect on the ability of the process to achieve its objectives.	<ul style="list-style-type: none"> Material errors and departures from the organisation's policies and procedures. Financial management / accountability / probity concerns. Non-compliance with governing legislation and regulations may result in fines or other penalties. Collective impact of many moderate or low issues. 	<ul style="list-style-type: none"> Requires significant senior management intervention and may require significant mobilisation of resources, including external assistance. A detailed plan of action to be approved by Management with resolution within 30 days.
Medium	Issue represents a control weakness, which could cause or is causing moderate adverse effect on the ability of the process to meet its objectives.	<ul style="list-style-type: none"> Events, operational, business, and financial risks could expose the organisation to losses could be marginally material to the organisation. Departures from best practice management procedures, processes. 	<ul style="list-style-type: none"> Requires substantial management intervention and may require possible external assistance. Timeframe for action is subject to competing priorities and cost benefit analysis but should not exceed 3 months.
Low	Issue represents a minor control weakness, with minimal but reportable impact on the ability to achieve process objectives.	<ul style="list-style-type: none"> Events, operational and business risks could expose the organisation to losses which are not material due to the low probability of occurrence of the event and insignificant impact on the operating capacity, reputation, and regulatory compliance. Departures from management procedures, processes, however, appropriate monitoring and governance generally mitigates these risks. 	<ul style="list-style-type: none"> Requires management attention and possible use of external resources. Minor treatment is desirable. Action should be completed within 6 months.

Appendix 2: Waste Management Audit Report



INTERNAL AUDIT
WASTE MANAGEMENT

City of Nedlands

29 January 2024



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Engagement Role	Auditor Name
Engagement Director	Michelle Shafizadeh
Supervisor	Brad Sillence
Auditor	Darby Young

1. EXECUTIVE SUMMARY

1.1. Background

The Western Australian Waste Authority's *Waste Avoidance and Resource Recovery Strategy 2030* ("**Waste Strategy**") creates a high-level vision for Western Australia to become a sustainable, low-waste, circular economy in which human health and the environment are protected from the impacts of waste. The Waste Strategy includes key waste objectives of "Avoid", "Recover" and "Protect" with several aspirational targets being set over the strategy's duration. The provision of waste management services has been a longstanding and traditional operational activity for local governments, and each one plays a key role in implementing and achieving the Waste Strategy's objectives and aspirational goals.

Under the Waste Strategy, local governments are recognised as primary waste managers, and are required to develop waste plans intended to bring together the many different aspects of local government waste management, as well as to provide local governments with a mechanism to align their waste services and contracts with the Waste Strategy and overall better practice. The City of Nedlands ("**City**") inaugural *Waste Plan* ("**Waste Plan**"), was adopted by Council at its meeting held on 24 November 2020, the purpose of which is to:

- align local government waste management activities with the Waste Strategy.
- map current performance and establish a benchmark to achieve Waste Strategy targets.
- monitor progress on local government achievement of Waste Strategy targets.
- design programs and activities which will support the implementation of waste plans.

As per the *Waste Avoidance and Resource Recovery Act 2007* ("**WARR Act**") and associated regulations, annual reporting on the plan achievements and outcomes is to be submitted to the Department of Water and Environmental Regulation ("**DWER**") on a regular basis.

Further to the above, the WARR Act also establishes a legislative framework for local governments waste management activities, as well as to ability to create local laws to establish an appropriate enforcement regime to protect local amenity, environmental health considerations, and support overall waste operations.

In view of this, and in accordance with the City's Strategic Internal Audit Plan, Moore Australia (WA) Pty Ltd performed an internal audit to assess the design, implementation, and operating effectiveness of the City's waste management framework.

1.2. Scope Approach

Moore Australia (WA) Pty Ltd has performed the internal audit in accordance with the International Professional Practice Framework and the Moore Australia (WA) Pty Ltd Internal Audit Methodology.

This report presents our observations, findings and recommendations arising from the internal audit engagement. Further information around the scope for this engagement is detailed in [Section 3.1 – Scope and Approach](#).

1.3. Waste Management Framework Review Model

For the purposes of our engagement and overall assessment of the City's waste management framework, we have utilised the following review model (**Figure 1**):

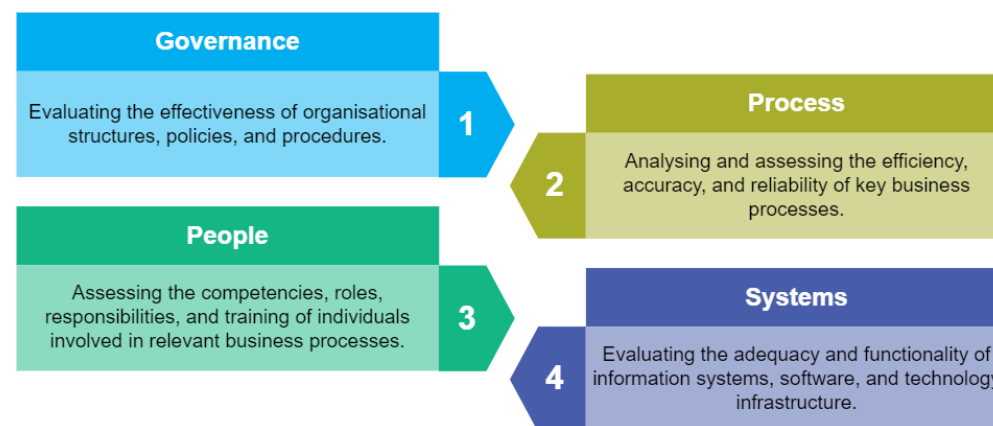


Figure 1: Waste Management Framework Review Model

1.4. Acknowledgement

We would like to thank the City's personnel for the assistance provided during the engagement. Key personnel contacted are outlined in [Appendix 1](#).

1. EXECUTIVE SUMMARY (CONT.)

1.5. Overall Findings

Outside of the positive observations detailed below, we found the City’s overarching waste management policy framework requires review, mainly in part due to the recent introduction of the City’s Food Organic Green Organic (“**FOGO**”) bin service. The City’s *Waste Local Law 2016* has not been updated to include the amendments within the City’s *Waste Amendment Local Law 2017* and a consolidated local law has not been published in accordance with the *Local Government Act 1995*. There is also a lack of formalised and documented work-related procedures that would assist not only to retain corporate knowledge for employees, but also possibly drive operational efficiency and effectiveness through process identification, development and review.

The City has sufficient contracts in place for waste management services, including a Memorandum of Understanding with Western Metropolitan Regional Council (“**WMRC**”) for a community waste treatment service. We suggest should this service extend beyond 2023-24, the City may wish to consider whether a more formalised agreement / contract should be entered into.

We found there was a lack of documented metrics for contract performance, and no analysis of that performance was cited to occur. We qualify this observation and acknowledge regular meetings and engagement is held between the City and its waste contractors, to discuss service delivery and issues. We also suggest, based on the 2020 Audit Report from the Office of the Auditor General, possible contract performance criteria and incentivisation be developed to maximise contractor diversion rates, when the next contract is tendered publicly.

For added transparency for the City’s community, we suggest publishing the City’s Waste Plan and the State’s Waste Strategy on the City’s website, as well as developing a mechanism to regularly communicate waste collection data to the community. We also suggest for its next iteration of the Waste Plan, completed data sets be included (if available), to enable future benchmarking and performance assessment to effectively occur.

More comprehensive details of the observations, and the relevant recommendations associated with those observations can be found in [Section 3.2 – Detailed Observations and Recommendations](#).

1.6. Positive Observations

The City has developed a Waste Plan and undertaken the necessary annual reporting and reviews in accordance with the WAAR Act and associated regulations. The Director General of DWER in their letter dated 9 March 2021 stated the City’s Waste Plan is implementing

initiatives which are consistent with, and contribute to, the delivery of the targets and objectives of the State’s Waste Strategy.

The City has introduced a FOGO waste collection service since late 2022, which is a key Waste Strategy outcome for all local governments to implement FOGO services by 2025. This places the City as one of a few metropolitan local governments to implement this service for its community.

As part of the City’s new *Council Plan 2023-33*, a number of waste management activities are recognised (under the “Planet” category) and the City’s Waste Plan has been referred to as an informing strategy / plan. This recognition places the City’s Waste Plan, and actions and activities within it, as being of strategic importance in planning towards the future for the City’s community.

We note there is a sufficient level of waste collection reporting provided by the City’s contractors (outside of contract performance reporting), which is referred to the City’s Executive Team and Elected Members, thereby providing a level of oversight of the City’s waste service delivery.

1.7. Summary of Results and Conclusion

We reported six (6) findings, and twelve (12) recommendations within this report. These are summarised in the table below:

Summary of Findings				
Name	Total	High	Medium	Low
Governance	5	-	1	4
Process	1	-	1	-
People	-	-	-	-
Systems	-	-	-	-
Total	6	-	2	4
Recommendations	12	-	3	9

Table 1: Summary of Results

We have assigned, and agreed with Management, priority ratings for each observation based on the *Key to Significance of Risk Rating* included in [Appendix 2](#).

2. SUMMARY OF AUDIT RECOMMENDATIONS

Summarised below are the key recommendations identified during the engagement:

Category	Recommendations	Risk Rating
Governance	1. Update Policy - Update the <i>Waste Management Local Planning Policy</i> and the <i>Waste Management Local Planning Policy – Appendix 1 – Waste Management Guidelines</i> to align with the waste management operations of the City, such as service deliverables, collection times and new FOGO bin activities.	Low
	2. Update Policy - Update the <i>Bulk Waste Collection and Waste Receptacles on Nature Strips Policy</i> to include definition of “nature strip”, and revised FOGO waste service provision. The policy should also review the processes and authority for the placement of skip bins / bulk bins on nature strips under the City’s local law framework.	Low
	3. Update Waste Local Law - Update the <i>City of Nedlands Waste Local Law 2016</i> to include the adopted amendments contained within the <i>City of Nedlands Amendment Local Law 2017</i> . The new consolidated local law must be published on the City’s website in accordance with section 5.96A(1)(b) of the <i>Local Government Act 1995</i> .	Medium
	4. Review Strategy and Action Plan - Consider a review the City’s <i>Waste Minimisation Strategy and Action Plan 2017 – 2020</i> possibly with the intent of creating a new strategy and action plan (if required) that will further detail the actions and milestones within the City’s Waste Plan.	Low
	5. Develop Procedures - Develop, approve, and maintain relevant work-related procedures that capture process activities in relation to waste services. At minimum, define roles and responsibilities, and step-by-step work instructions on how to complete required tasks.	Low
	6. Consider Formalised Contract - Consider entering into a formalised contract arrangement or other form of agreement with the WMRC should the City wish to continue for the provision of community waste treatment services by the WMRC, post 2023-24.	Low
	7. Develop Performance Criteria - As part of the City’s next waste management service tender, consider the inclusion of performance criteria and financial incentive for the selected contractor to increase diversion rates from landfill over the contract term.	Low
	8. Update Waste Plan - At its next review, update the City’s Waste Plan to include the necessary data to ensure the plan’s completeness and ability for performance to be assessed and benchmarked.	Low

Table 2: Summary of Audit Recommendations.

2. SUMMARY OF AUDIT RECOMMENDATIONS (CONT.)

Summarised below are the key recommendations identified during the engagement:

Category	Recommendations	Risk Rating
Governance	9. Publish Waste Plan - Publish the City's Waste Plan on the City's website to communicate the City's actions and activities being progressed in line with goals set within the State's Waste Strategy. Consider making the State's Waste Strategy available on the City's website.	Low
	10. Implement Regular Reporting - Implement a program or mechanism of regular reporting of waste collection and minimisation data to the community.	Low
	11. Investigate Incentives - Investigate financial incentives and other incentives for residents and businesses that could positively impact on the City's progress towards the State's waste minimisation and landfill diversion targets.	Low
Process	12. Develop Performance Measurement - Specify and document waste management contract performance measurement criteria as per the City's established contracts and develop contract assessment mechanism to measure contractor performance.	Medium

Table 2: Summary of Audit Recommendations. (cont.)

3. DETAILED REPORT

3.1. Scope and Approach

3.1.1. Objective and Scope

The objective of the internal audit was to assess the design, description, implementation, and operating effectiveness of the City's waste management framework.

The scope of this internal audit included the following:

1. Waste management framework, including policies, procedures, plans, registers, and compliance with legislation and better practice principles.
2. Implementation and operating effectiveness of the waste management framework.
3. Alignment with WA's 'Waste Strategy 2030'.
4. Training, promotion, and awareness of the waste management framework.
5. Monitoring and reporting to the Executive, Audit and Risk Committee, and Council.
6. Assessment of the performance of the waste management function.

The review period was from 1 July 2022 to 30 June 2023.

3.1.2. Approach

The review was conducted primarily by applying discussion, observation and review techniques, concentrating on:

- an entrance meeting with process owner.
- reviewed documents and data supplied by the City and the City's Waste contractors.
- performed site inspections as agreed.
- issued a draft report to Management.
- held an exit meeting with Management to discuss key findings and recommendations.
- receiving and incorporating Management feedback.
- issuing the final report to, and attendance (if required) at the Audit and Risk Committee.

3.1.3. Reporting

During the reporting phase of this engagement we:

- developed a draft report outlining our findings and recommendations.
- validated the audit observations and the details of the draft report with process owners and responsible management.
- held an exit meeting with the responsible Executive leaders and responsible management to discuss the report.
- sought Management comments, action plans, timeline, and commitment to implement the audit recommendations.
- issued the final report to the Audit and Risk Committee.

3. DETAILED REPORT (CONT.)

3.1. Scope and Approach

3.1.4. Limitations of Scope

- The scope of our services and any deliverables were limited to carrying out internal audit assignments in accordance with the approved Strategic Internal Audit Plan as adopted by Council at its meeting held on 26 September 2023.
- The scope of work for this engagement was approved by Management in the Internal Audit Scope Document on 12 October 2023.
- Due to the inherent limitations of any internal control structure, we do not warrant that all weaknesses, fraud, error, or non-compliance in your control structures were detected during the engagement.
- Any projections as to the assessment of the control structures in future periods are subject to the risk that the structures may become inadequate as a result of changes in conditions, or that the degree of compliance with them may deteriorate.
- No sample testing or data analytics was performed for this engagement. We did not conduct any appropriate tests of key controls within our scope. Our findings only relate to the review of documents and observations undertaken during our review.
- We have relied solely on the information and documentation provided to us by the City and have not performed a review on the authenticity of the information and data provided. There is a risk the information may have been altered prior to being provided to Moore Australia and there is a risk this may not be identified by Moore Australia. This may impact on the results reported within this report.
- The internal audit report was prepared on an “exception-basis”, which means we only provided commentaries on areas where we observed improvement opportunities on controls or enhancement to the compliance environment.
- The provision of internal audit services is an advisory engagement which is not subject to assurance or other standards issued by the Australian Auditing and Assurance Standard Board and, consequently no opinions or conclusions are intended to convey assurance, either expressed or implied.
- Our report is for your purposes only and not for publication, quoting or reliance by any other party.

3. DETAILED REPORT (CONT.)

3.2. Detailed Observations and Recommendations

Governance

Findings and Recommendations	Rating of Finding
Finding 1 – Outdated overarching waste management policy framework.	Medium

Good governance of any business activity requires an overarching policy framework and, in some cases, a legislative framework, generally consisting of a set of overarching documents outlining key objectives and directions in terms of the business activity. In a local government context, this often occurs through strategies, local planning policies, other policies, and local laws that may be adopted from time to time. This framework sets the standard for amenity for the overall community, as well as clearly communicates expectations that are desired by the City.

Observations

Through our review of documentation and general observations, we noted the following:

- **Waste Management Local Planning Policy** - The City's local planning policy details waste management considerations for proposed land use development within the City's district and is supported by the *Waste Management Local Planning Policy – Appendix 1 – Waste Management Guidelines*. We found the provisions within the appendix do not align with the current waste management operations provided by the City (such as service deliverables, collection times, FOGO bin activities, and type / style of bins). On a minor note, we also found the policy does not cross reference the Appendix in clause 5.3 of the local planning policy.
- **Bulk Waste Collection and Waste Receptacles on Nature Strips Policy** - The Council adopted policy communicates the City's position on the placement of waste material and waste receptacles on nature strips throughout the City's district. We found the policy does not include a definition for "nature strip" (although it may be commonly known to residents) and does not reference FOGO receptacles which now forms part of the City's waste service provision. We also found certain operational restrictions are not stated in the policy (such as cubic size limitations for bulk waste) and the authority to issue permits for the placement of skip bins / bulk bins on nature strips is not clearly identified (i.e., the *City of Nedlands Thoroughfares Local Law* allows for the placement of a "thing" on a verge (clause 7(1)(b) and no other local law provision applies). On a minor note, we also found the policy's last review date does not specify the year of review, nor for clarity and alignment, does it reference the City's Waste Plan or State's Waste Strategy.
- **City of Nedlands Waste Local Law 2016** - The purpose of the local law is to provide for the regulation, control and management of activities and issues relating to waste collection, recycling, reuse and disposal within the City's district. We noted the local law was intended to be amended by the *City of Nedlands Waste Amendment Local Law 2017* (as published in the *Government Gazette* on 20 April 2018) however the amendments have not been included in the principle local law. The consolidated version of the local law also has not been placed on the City's website in accordance with section 5.96A(1)(b) of the *Local Government Act 1995*.
- **City of Nedlands Waste Minimisation Strategy and Action Plan 2017 – 2020** – Council adopted the City's *Waste Minimisation Strategy and Action Plan 2017 – 2020* at its meeting held on 28 February 2017. At that time the purpose of the document was to provide direction for the City to progress waste services and initiatives to achieve the State Government's 2020 target of 65 percent of all waste being diverted from landfill. The strategy and action plan expanded on the previous strategies, placing importance on all facets of waste management in the City, including objectives of waste reduction, resource recovery, responsible disposal and community education.

Although the plan is passed its span of duration, and superseded in part by the City's Waste Plan, we noted in the City's recent *Waste Plan Report 2022-23*, reference is being made to this document, in regard to providing enhanced community education to increase recovery and ensure waste targets are met. We acknowledge various actions relating to the *Waste Minimisation Strategy and Action Plan 2017 – 2020* have been marked as complete within the *Waste Plan Report 2022-23* (refer to [Finding 5](#)). In view of this, we are of the view the document still has relevance and may need reviewing, with the possibility to develop a new action plan that would support the City's Waste Plan, if it is deemed required.

3. DETAILED REPORT (CONT.)

3.2. Detailed Observations and Recommendations (cont.)

Governance (cont.)

Findings and Recommendations			Rating of Finding
Finding 1 – Outdated overarching waste management policy framework. (cont.)			Low
<p>Implications</p> <p>A lack of an overarching framework and associated suite of strategic documents for a business activity, may increase likelihood of failure to meet objectives in the City's Waste Plan, as well as the State's Waste Strategy. Documents must be kept up to date in line with operational need and strategic intent and must articulate what actions and activities are to be put into place. Not updating local laws and publicising them as required by the <i>Local Government Act 1995</i> may lead to non-compliance of the City's legislative obligations.</p>			
<p>Management Comment</p> <p>Agreed. Documents and framework should be updated to reflect current practises. Our waste management strategy has been superseded by our waste management plan. The development of a strategy to sit along side this may have some merit, however, is unlikely to produce outcomes or targets in excess of what is stipulated within the waste plan.</p>			
Recommendations	Agreed Action	Action Owner	Target Date
1. Update the <i>Waste Management Local Planning Policy</i> and the <i>Waste Management Local Planning Policy – Appendix 1 – Waste Management Guidelines</i> to align with the waste management operations of the City, such as service deliverables, collection times and new FOGO bin activities.	Review the City's Waste Management Local Planning Policy Update the Waste Management Guidelines to align with our current waste management operations.	Coordinator of Stat Planning Support: Coordinator Waste Minimisation	30/9/2024
2. Update the <i>Bulk Waste Collection and Waste Receptacles on Nature Strips Policy</i> to include definition of "nature strip", and revised FOGO waste service provision. The policy should also review the processes and authority for the placement of skip bins / bulk bins on nature strips under the City's local law framework.	Update the <i>Bulk Waste Collection and Waste Receptacles on Nature Strips Policy</i>	Coordinator Waste Minimisation	30/9/2024
3. Update the <i>City of Nedlands Waste Local Law 2016</i> to include the adopted amendments contained within the <i>City of Nedlands Amendment Local Law 2017</i> . The new consolidated local law must be published on the City's website in accordance with section 5.96A(1)(b) of the <i>Local Government Act 1995</i> .	Update the <i>City of Nedlands Waste Local Law 2016</i> to include the adopted amendments contained within the <i>City of Nedlands Amendment Local Law 2017</i> and publish on website	Coordinator Governance	30/9/2024
4. Consider a review the City's <i>Waste Minimisation Strategy and Action Plan 2017 – 2020</i> possibly with the intent of creating a new strategy and action plan (if required) that will further detail for actions and milestones within the City's Waste Plan.	Review Waste Plan for any shortfalls that may be covered by the implementation of a waste strategy.	Coordinator Waste Minimisation	30/9/2024

3. DETAILED REPORT (CONT.)

3.2. Detailed Observations and Recommendations (cont.)

Governance (cont.)

Findings and Recommendations	Rating of Finding		
<p>Finding 2 – Lack of work task procedures.</p>	<p>Low</p>		
<p>Having a highly skilled and competent workforce is desirable for any organisation which can be the difference between a successful functional process, and one that cannot deliver on customer or organisational expectations. The development of work task procedures for any organisational role assists in the retention of corporate knowledge and establishes operational efficiencies and effectiveness, through the minimisation of down time and improved process knowledge. Such documentation also assists with the streamlining of processes, through the identification of unnecessary or duplicated activities that may create additional human resource pressures or time costs.</p> <p>Observations</p> <p>Through our engagement we noted the Waste Minimisation Coordinator is the primary officer established by the City for the management and administration of the City’s waste services. As per the Waste Minimisation Coordinator’s Position Description the objectives of the position include, but not limited to, providing specialist support, knowledge and strategic advice on the waste management field, managing the City’s waste management contracts, and developing and implementing strategic waste minimisation strategies for the delivery of an efficient and effective waste management service for the City. The position reports to the Manager Assets with other positions within the Technical Services Directorate aiding with the service, where required.</p> <p>We were not provided any formalised work task procedures for the Waste Minimisation Coordinator, detailing workflow and work-related processes conducive to the demands and requirements of the role. We also were not provided any work-related procedures around any customer service type activities that are not directly referred to the City’s nominated contractors, and therefore are managed directly by the City’s workforce.</p> <p>As there were no approved documented procedures, Moore Australia WA did not perform any sample testing or data analytics as there was no documented approved method to compare actual activities.</p> <p>Implications</p> <p>Overreliance on an employee’s retained knowledge, in the absence of documented processes, may increase the risk of critical information being lost in the event of employees leaving the organisation. Lack of documented work-related procedures could also substantially lengthen the time required to train new employees to an acceptable level of activity, as well as place increased costs for the City. Work task delays should they eventuate, could result in reputational or operational risk dependent upon the criticality of the role and work-related tasks to be performed.</p>			
<p>Management Comment</p>			
<p>Agreed. This reflects the lack of documented process and procedure City wide. Process and procedure must be documented, particularly within the waste team with knowledge concentrated among a few staff members.</p>			
Recommendations	Agreed Action	Action Owner	Target Date
<p>5. Develop, approve, and maintain relevant work-related procedures that capture process activities in relation to waste services. At minimum, define roles and responsibilities, and step-by-step work instructions on how to complete required tasks.</p>	<p>Develop, approve, and maintain relevant work-related procedures that capture process activities in relation to waste services.</p>	<p>Coordinator Waste Minimisation</p>	<p>31/12/2024</p>

3. DETAILED REPORT (CONT.)

3.2. Detailed Observations and Recommendations (cont.)

Governance (cont.)

Findings and Recommendations	Rating of Finding
<p>Finding 3 – Improvements to Waste Service Contracts and service arrangements.</p>	<p>Low</p>
<p>Clear and legally binding contracts provide a solid foundation to outline the rights, responsibilities, and expectations of contracted parties as well as reducing the risk of misunderstandings or disputes. Additionally, formal contracts help mitigate potential legal issues by specifying dispute resolution mechanisms and establishing a framework for addressing breaches. In the context of local governments, where integrity and transparency are highly valued and expected, formal contracts not only protect the interests of the local government but also contribute to a culture of trust and reliability in business dealings. The <i>Local Government Act 1995</i> and the <i>Local Government (Functions and General) Regulations 1996</i> provide for the arrangements around local government procurement, noting there are tender exemptions that apply in terms of local governments seeking the services of regional local governments.</p> <p>All contracts should include performance criteria to ensure contract performance can be assessed. In the Office of the Auditor General’s Report Waste Management – Service Delivery (Report 3 2020-21: 20 August 2020) a recommendation was made for local governments to consider including performance measures in contracts with service providers to recover more waste without adding significant costs.</p> <p>Observations</p> <p>Through our review of documentation and general observations, we noted the following:</p> <p><u>West Metro Recycling Centre Service</u></p> <p>Through our engagement we noted the City of Nedlands’ Council, at its meeting held on 23 May 2023, agreed to join the Western Metropolitan Regional Council (“WMRC”) as an affiliate member for the provision of community waste treatment services for the 2023-24 financial year. As a result, a memorandum of understanding (“MOU”) was entered into between the City and the WMRC for the provision of services relating to City residents using the West Metro Recycling Centre. The MOU prescribes the community waste management services provided, joint responsibilities of the parties, pricing and invoicing details, and terms around extension and termination. It is understood, through the City’s 2023-24 rates communication, the costs for the City to commence this service was incorporated into the City’s rate charge to residents. The MOU states “<i>The MOU cannot restrict either of the Parties in the performance of their functions or exercise of their legal powers (not fetter); and it has no authority in law</i>”. The MOU also states, “<i>This MOU may be terminated for any reason by either Party within 30 days written notice</i>”.</p> <p>Considering the level of expenditure the City would incur for the provision of the service; the risk associated with a party withdrawing to perform the functions and responsibilities under the MOU (although unlikely); and that the cost of this service has been on-charged to all City of Nedlands residents as part of its rates revenue generation, we consider it may be appropriate for the City to enter into a formalised contractual arrangements with the WMRC as opposed to an MOU, should the service continue past the 2023-24 financial year.</p> <p><u>Performance criteria in Waste Management Service Contract</u></p> <p>We found the City’s main waste contract has performance criterion in the main focussing on waste collection and bin provision services. The City’s current contract does not include any obligations or incentives for the contractor to divert more waste from landfill and increase material recovery. Notwithstanding the observation, the Office of the Auditor General, in their Report has acknowledged while performance measures for waste contractors may help improve waste recovery, it does not negate the need for households to correctly separate and dispose of waste to reduce contamination in the first instance.</p>	

3. DETAILED REPORT (CONT.)

3.2. Detailed Observations and Recommendations (cont.)

Governance (cont.)

Findings and Recommendations		Rating of Finding	
Finding 3 – Improvements to Waste Service Contracts and service arrangements. (cont.)		Medium	
<p>Implications</p> <p>Local governments are required to operate with a level of transparency and accountability, especially in the use and expenditure of public funds. Lack of suitable contractual arrangements, particularly where there is a significant cost involved for the provision of a service, may result in the local government's interests not being protected, or indeed the contractual terms and arrangements not being to the satisfaction of the agreeing parties. Reputational and operational risk may occur where a local governments interests are not protected and issues with the relationship or service provision come to light.</p> <p>Without performance measures for waste recovery and diversion rates, contractors may not be incentivised to divert more waste from landfill.</p>			
Management Comment			
Agreed.			
Recommendations	Agreed Action	Action Owner	Target Date
6. Consider entering into a formalised contract arrangement or other form of agreement with the WMRC should the City wish to continue for the provision of community waste treatment services by the WMRC, post 2023-24.	Enter into a formalised contract arrangement with WMRC if council elects to continue with the service.	Coordinator Waste Minimisation	1/10/2024
7. As part of the City's next waste management service tender, consider the inclusion of performance criteria and financial incentive for the selected contractor to increase diversion rates from landfill over the contract term.	Include performance criteria and financial incentive within the next kerbside waste tender for the selected contractor to increase diversion rates from landfill over the contract term	Coordinator Waste Minimisation	Next waste tender.

3. DETAILED REPORT (CONT.)

3.2. Detailed Observations and Recommendations (cont.)

Governance (cont.)

Findings and Recommendations	Rating of Finding		
Finding 4 – Incomplete data sets within the City’s Waste Plan.	Low		
<p>Accurate and up-to-date data is a foundational element for effective decision-making, strategic planning, resource allocation, risk management, and overall organisational success. Organisations use data to establish the current benchmark environment. Data also enables performance to be measured against key performance indicators and accurate and current data is necessary for assessing the effectiveness of strategies and adjusting as needed. Local government waste plans (as required by the WARR Act and forming part of the State’s Waste Strategy) rely on accurate data being detailed to enable the outcomes of any local government’s waste plan to be assessed, as well as overall State overall waste management reporting to be accurate.</p> <p>Observations</p> <p>We found the City’s Waste Plan, as adopted by Council at its meeting held on 24 November 2020 did not include certain data, such as population, households and total domestic waste generation data for 2018-19 (page 2), illegal dumping data (page 5), or certain waste collection and recovery rate data (page 6). We acknowledge the ability for the City to collect certain data at the time, or even currently, may not be available.</p> <p>Implications</p> <p>Incomplete data within strategic documents does not provide for accurate performance and reporting activities or benchmarking.</p>			
Management Comment			
<p>The Waste Plan will be updated to include necessary data.</p>			
Recommendations	Agreed Action	Action Owner	Target Date
<p>8. At its next review, update the City’s Waste Plan to include the necessary data to ensure the plan’s completeness and ability for performance to be assessed and benchmarked.</p>	<p>At its next review, update the City’s Waste Plan to include the necessary data to ensure the plan’s completeness and ability for performance to be assessed and benchmarked.</p>	<p>Coordinator Waste Minimisation</p>	<p>31/12/2025</p>

3. DETAILED REPORT (CONT.)

3.2. Detailed Observations and Recommendations (cont.)

Governance (cont.)

Findings and Recommendations	Rating of Finding
<p>Finding 5 – Inadequate access to information and improved community accountability.</p>	<p>Low</p>
<p>Waste minimisation is more about behavioural change throughout society, as opposed to just having an effective and efficient waste management service. In this regard positive change in community behaviours is intricately linked to information access and community engagement. When individuals are equipped with knowledge to make informed decisions and actively participate in community initiatives, the likelihood of positive behavioural change significantly increases. This was recognised in the Office of the Auditor General’s Report Waste Management – Service Delivery (Report 3 2020-21: 20 August 2020) which made a series of recommendations for local governments to consider including improving community accessibility and engagement; and consideration of community incentives to minimise waste production.</p> <p>Key strategic documents and plans of local governments should be made publicly available to enable the opportunity for the community to become better informed of the strategic directions and associated actions the local government has set in place. This level of transparency and accountability develops trust amongst the community who can view and review the local governments performance, as well as question actions and activities that may be undertaken by a local government at any given time.</p> <p>Observations</p> <p>We found the City’s Waste Plan, acknowledged as an informing plan as part of the City’s <i>Council Plan 2023-33</i>, is not publicly available and accessible on the City’s website, although it was included within the Council agenda and minutes of its meeting held on 24 November 2020. The State’s Waste Strategy is also not available for viewing on the City’s website, which we consider to be a useful document to inform the community of the overall waste minimisation direction for the State. The State’s Waste Strategy could possibly be placed under “Compliance” sub-page of the City’s “Waste” web page, where other legislative and regulatory frameworks relevant to waste management are listed.</p> <p>Outside of the City’s Annual Report, waste reduction statistics and diversion data are not regularly promoted or communicated to the City’s community. We noted within the City’s <i>Waste Plan Report 2022-23</i>, it is intended the Annual Waste Report is to be submitted to Council in March / April of each year, although the DWER template for the Annual Waste Report does not go into significant and useful detail for the community, other than the City’s progress against actions and milestones within the City’s Waste Plan.</p> <p>We recognise the City undertakes a range of waste educational programs, including programs within primary schools, and has developed educational information such as what can be placed in certain waste receptacles. We are not aware of other education or community engagement activities that are undertaken, or have been undertaken, by the City for overall waste minimisation. Notwithstanding, it is acknowledged the City’s recent <i>Waste Plan Report 2022-23</i> included a notation for the City to “<i>continue to develop and provide community education initiatives as detailed in the City of Nedlands Waste Minimisation Strategy and Action Plan 2017 - 2020 (pages 19 and 32 to 34)</i>”.</p> <p>We note the various waste minimisation incentives already implemented by the City, including the ability for a household to have a second recycling bin free of charge; bulk waste collection services; and discounted or subsidised worm farms, compost bins and Bokashi Buckets for compostable waste materials. The recent MOU entered into by the City for community waste treatment services is also an initiative implemented. Although the Auditor General’s suggestion of a financial incentive is a complex proposition for local governments to navigate, other types of incentives outside of what is already provided by the City, could be investigated further.</p>	



3. DETAILED REPORT (CONT.)

3.2. Detailed Observations and Recommendations (cont.)

Governance (cont.)

Findings and Recommendations			Rating of Finding
Finding 5 – Inadequate access to information and minimal community accountability. (cont.)			Low
Implications			
Not promoting key strategies and data publicly and regularly does not offer a level of accountability and transparency the community expects from local governments. Not continually educating or engaging with the community on waste minimisation activities and their own personal actions to assist, will likely result in the City's waste minimisation targets not being met. A lack of incentives around waste minimisation may not achieve the desired behavioural change that society and governments at all levels wish to see.			
Management Comment			
The City is performing highly in our waste management services and should be communicating this to our community more effectively. The recommendations are mostly simple to implement and will provide value to our residents.			
Recommendations	Agreed Action	Action Owner	Target Date
9. Publish the City's Waste Plan on the City's website to communicate and promote the City's actions and activities in line with the goals set within the State's Waste Strategy. Consider making the State's Waste Strategy available on the City's website.	Publish the City's Waste Plan on the City's website to communicate and promote the City's actions and activities in line with the goals set within the State's Waste Strategy	Coordinator Communications and Engagement	31/03/2024
10. Implement a program or mechanism of regular reporting of waste collection and minimisation data to the community.	Implement a program or mechanism of regular reporting of waste collection and minimisation data to the community.	Coordinator Communications and Engagement	31/03/2024
11. Investigate financial incentives and other incentives for residents and businesses that could positively impact on the City's progress towards the State's waste minimisation and landfill diversion targets.	Additional incentives have been investigated and decided not to be pursued due to financial constraints. No further actions proposed.	Coordinator Waste Minimisation	31/03/2024

3. DETAILED REPORT (CONT.)

3.2. Detailed Observations and Recommendations (cont.)

Process

Findings and Recommendations			Rating of Finding
Finding 6 – Lack of documented contract performance indicator processes and contract assessment.			Medium
<p>Contract performance indicators and assessment tools are crucial for fostering accountability, ensuring compliance, identifying areas for improvement, and ultimately optimising the effectiveness of contractual relationships. They provide a structured framework for managing contracts and contribute to the success of both parties involved.</p> <p>Observations</p> <p>Our assessment found the City has established contracts with suppliers for the provision of various aspects of its waste service delivery and offerings. As part of the Request for Tender (“RFT”) for these contracts (which ultimately form part of the signed contract documents between the City and the contractors) contract performance criterion were included, but the metrics were stated as “<i>within the principal (being the City) specified timeframes</i>”.</p> <p>We were not provided any evidence to suggest, where such a notation was indicated in the RFT, those timeframes and requirements were documented and communicated to the respective contractor. Furthermore, and while we acknowledge the level and breadth or regular reporting undertaken by the contractors to the City (most notably to assist with reporting against the City’s Waste Plan activities), there was no evidence demonstrated that the metrics for contractor performance was being captured or the key contract performance criteria was being assessed by the City.</p> <p>Implications</p> <p>Not having clearly documented metrics against key performance criterion and indicators for contracts, creates a financial and reputational risk for the City when it has no ability to measure contractor performance. Lack of data capture against established criteria, and ongoing assessment of that data, also creates difficulty in managing contractor performance, particularly when disputes occur between the parties.</p> <p>Management Comment</p> <p>Agreed. While our contractor performance has been good, the lack of documentation around many of the stipulated performance criteria in our contracts has the ability to create issues if out contractors fail to meet performance requirements.</p>			
Recommendations	Agreed Action	Action Owner	Target Date
12. Specify and document waste management contract performance measurement criteria as per the City’s established contracts and develop contract assessment mechanism to measure contractor performance.	Specify and document waste management contract performance measurement criteria as per the City’s established contracts and develop contract assessment mechanism to measure contractor performance.	Coordinator Waste Minimisation	31/12/2024

3. DETAILED REPORT (CONT.)

3.3. Disclaimers

Moore Australia (WA) Pty Ltd as agent, an independent member of Moore Global Network Limited, and a Perth based partnership of trusts carries on business separately and independently from other Moore Global Network Limited member firms worldwide.

Services provided under this engagement are provided by Moore Australia (WA) Pty Ltd as agent and not by any other independent Moore Global Network Limited member firms worldwide. No other independent Moore Global Network Limited member has any liability for services provided.

3.4. Basis of Use

This report has been prepared in accordance with the objectives and approach agreed in the engagement document and subject to the following limitations:

- Other than use by you for the purpose, our report cannot be issued, accessed, or relied upon by any third party without our prior written approval. Furthermore, neither the report nor extracts from it will be included in any document to be circulated to other third parties without our prior written approval of the use, form, and context in which it is proposed to be released. We reserve the right to refuse to grant approval to issue the reporting to any other party.
- Our internal audit work was performed in accordance with the International Standards for the Professional Practice of Internal Auditing contained in the International Professional Practices Framework issued by the Institute of Internal Auditors. It did not constitute an audit or review in accordance with standards issued by the Auditing and Assurance Standards Board and accordingly no such assurance under those standards is provided in this report.
- The matters raised in this report are only those which came to our attention while performing our procedures and are not necessarily a comprehensive statement of all the weaknesses that exist or improvements that might be made. We cannot, in practice, examine every activity and procedure, nor can we be a substitute for management's responsibility to maintain adequate controls over all levels of operations and their responsibility to prevent and detect irregularities, including fraud. Accordingly, management should not rely on our report to identify all weaknesses that may exist in the systems and procedures under examination, or potential instances of non-compliance that may exist.

- We believe that the statements made in this report are accurate, but no warranty of completeness, accuracy or reliability is given in relation to statements and representations made by, and the information and documentation provided by, Management and personnel. We have indicated within this report the sources of the information provided. We have not sought to independently verify those sources unless otherwise noted within the report. We are under no obligation in any circumstance to update this report, in either oral or written form, for events occurring after the report has been issued in final form unless specifically agreed with the client. The Internal Audit findings expressed in this report have been formed on the above basis.
- Recommendations for improvement should be assessed by management for their full commercial impact before they are implemented.

3.5. Conflicts of Interest

The firm is not aware of any existing or potential relationship, transaction or holding that would compromise its objectivity in the conduct of the services rendered. Should the possibility of a perceived or actual conflict arise the matter would be raised with the Chief Executive Officer immediately and activities suspended until the issue was resolved to your satisfaction.

3.6. Liability

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APPENDIX 1: KEY PERSONNEL CONTACTED

We would like to thank the following personnel for their assistance in the conduct of this internal audit (in first name alphabetical order).

Name	Role
Chaminda Mendis	Waste Minimisation Coordinator
Finn McLeod	Manager Assets
Michael Cole	Director Corporate Services

APPENDIX 2: KEY TO SIGNIFICANCE OF RISK RATING

Rating	Definition	Guidance	Action required
High	Issue represents a control weakness, which could cause or is causing major disruption of the process or major adverse effect on the ability of the process to achieve its objectives.	<ul style="list-style-type: none"> • Material errors and departures from the organisation's policies and procedures; • Financial management / accountability / probity concerns; • Non-compliance with governing legislation and regulations may result in fines or other penalties; and • Collective impact of many moderate or low issues. 	<ul style="list-style-type: none"> • Requires significant senior management intervention and may require significant mobilisation of resources, including external assistance; and • A detailed plan of action to be approved by Management with resolution within 30 days.
Medium	Issue represents a control weakness, which could cause or is causing moderate adverse effect on the ability of the process to meet its objectives.	<ul style="list-style-type: none"> • Events, operational, business, and financial risks could expose the organisation to losses could be marginally material to the organisation; and • Departures from best practice management procedures, processes. 	<ul style="list-style-type: none"> • Requires substantial management intervention and may require possible external assistance; and • Timeframe for action is subject to competing priorities and cost benefit analysis but should not exceed 3 months.
Low	Issue represents a minor control weakness, with minimal but reportable impact on the ability to achieve process objectives.	<ul style="list-style-type: none"> • Events, operational and business risks could expose the organisation to losses which are not material due to the low probability of occurrence of the event and insignificant impact on the operating capacity, reputation, and regulatory compliance; and • Departures from management procedures, processes, however, appropriate monitoring and governance generally mitigates these risks. 	<ul style="list-style-type: none"> • Requires management attention and possible use of external resources; and • Minor treatment is desirable. Action should be completed within 6 months.

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9.3. ARC03.02.24 Internal Audit Report – Waste Management

Meeting & Date	Audit Risk Committee Meeting – 19 February 2024
Applicant	City of Nedlands
Employee Disclosure under section 5.70 Local Government Act 1995	Nil.
Report Author	Michael Cole - Director Corporate Services
Acting CEO	Tony Free
Attachments	1. Moore Australia Internal Audit Waste Management – 29 January 2024

Regulation 11(da) – Not Applicable – Recommendation Adopted

Moved – Councillor Coghlan
Seconded – Councillor McManus

That the Recommendation be adopted.
(Printed below for ease of reference)

CARRIED UNANIMOUSLY 6/-

Committee Recommendation / Recommendation

The Audit and Risk committee receive the 29 January 2024 Moore Internal Audit Report on Waste Management and notes the findings and recommendations.

Purpose

The purpose of this report is to provide the finding and recommendations from the audit of the City’s approach to Waste Management conducted by Moore Australia.

Voting Requirement

Simple Majority.

Background

Moore Australia as the City’s appointed Internal Auditors conducted a review of the City’s approach to waste management.



Discussion

The attached report contains details of the findings and recommendations arising from the internal audit engagement.

Consultation

The City's Waste Minimisation Coordinator, Manager of Assets and the Director of Corporate Services assisted the Moore Australia audit team in the conduct of this internal audit.

Strategic Implications

This item relates to the following elements from the City of Nedland's Council Plan.

Vision Sustainable and responsible for a bright future

Pillar Performance

Outcome 11. Effective leadership and governance

Budget/Financial Implications

The annual budget includes provision to address the recommendations arising in this report.

Legislative and Policy Implications

N/A

Decision Implications

Should the recommendations be endorsed, administration will implement actions as outlined in the report.

Conclusion

The Internal Audit Waste Management report findings are presented to the Audit and Risk Committee for their information.



Further Information

Nil.

Mr Silence left the meeting at 7.14pm.



INTERNAL AUDIT
WASTE MANAGEMENT

City of Nedlands

29 January 2024



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Engagement Role	Auditor Name
Engagement Director	Michelle Shafizadeh
Supervisor	Brad Silence
Auditor	Darby Young

1. EXECUTIVE SUMMARY

1.1. Background

The Western Australian Waste Authority’s *Waste Avoidance and Resource Recovery Strategy 2030* (“**Waste Strategy**”) creates a high-level vision for Western Australia to become a sustainable, low-waste, circular economy in which human health and the environment are protected from the impacts of waste. The Waste Strategy includes key waste objectives of “Avoid”, “Recover” and “Protect” with several aspirational targets being set over the strategy’s duration. The provision of waste management services has been a longstanding and traditional operational activity for local governments, and each one plays a key role in implementing and achieving the Waste Strategy’s objectives and aspirational goals.

Under the Waste Strategy, local governments are recognised as primary waste managers, and are required to develop waste plans intended to bring together the many different aspects of local government waste management, as well as to provide local governments with a mechanism to align their waste services and contracts with the Waste Strategy and overall better practice. The City of Nedlands (“**City**”) inaugural *Waste Plan* (“**Waste Plan**”), was adopted by Council at its meeting held on 24 November 2020, the purpose of which is to:

- align local government waste management activities with the Waste Strategy.
- map current performance and establish a benchmark to achieve Waste Strategy targets.
- monitor progress on local government achievement of Waste Strategy targets.
- design programs and activities which will support the implementation of waste plans.

As per the *Waste Avoidance and Resource Recovery Act 2007* (“**WARR Act**”) and associated regulations, annual reporting on the plan achievements and outcomes is to be submitted to the Department of Water and Environmental Regulation (“**DWER**”) on a regular basis.

Further to the above, the WARR Act also establishes a legislative framework for local governments waste management activities, as well as to ability to create local laws to establish an appropriate enforcement regime to protect local amenity, environmental health considerations, and support overall waste operations.

In view of this, and in accordance with the City’s Strategic Internal Audit Plan, Moore Australia (WA) Pty Ltd performed an internal audit to assess the design, implementation, and operating effectiveness of the City’s waste management framework.

1.2. Scope Approach

Moore Australia (WA) Pty Ltd has performed the internal audit in accordance with the International Professional Practice Framework and the Moore Australia (WA) Pty Ltd Internal Audit Methodology.

This report presents our observations, findings and recommendations arising from the internal audit engagement. Further information around the scope for this engagement is detailed in [Section 3.1 – Scope and Approach](#).

1.3. Waste Management Framework Review Model

For the purposes of our engagement and overall assessment of the City’s waste management framework, we have utilised the following review model (**Figure 1**):

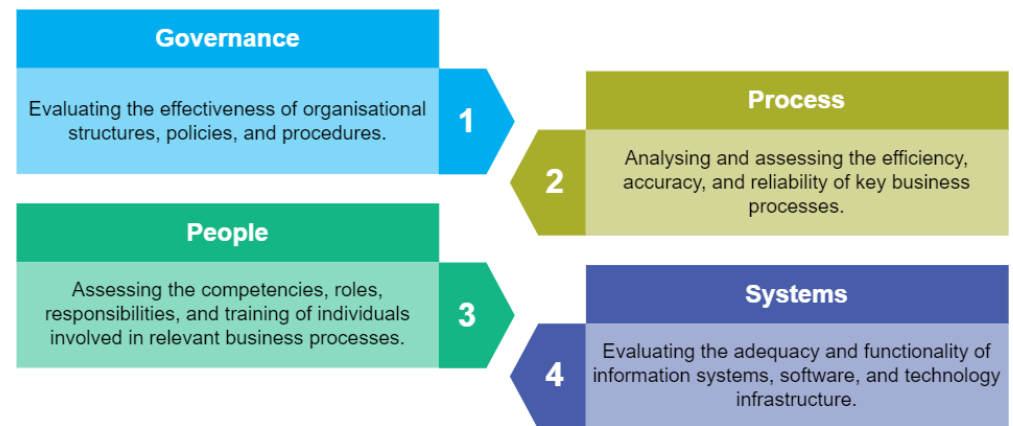


Figure 1: Waste Management Framework Review Model

1.4. Acknowledgement

We would like to thank the City’s personnel for the assistance provided during the engagement. Key personnel contacted are outlined in [Appendix 1](#).

1. EXECUTIVE SUMMARY (CONT.)

1.5. Overall Findings

Outside of the positive observations detailed below, we found the City’s overarching waste management policy framework requires review, mainly in part due to the recent introduction of the City’s Food Organic Green Organic (“FOGO”) bin service. The City’s *Waste Local Law 2016* has not been updated to include the amendments within the City’s *Waste Amendment Local Law 2017* and a consolidated local law has not been published in accordance with the *Local Government Act 1995*. There is also a lack of formalised and documented work-related procedures that would assist not only to retain corporate knowledge for employees, but also possibly drive operational efficiency and effectiveness through process identification, development and review.

The City has sufficient contracts in place for waste management services, including a Memorandum of Understanding with Western Metropolitan Regional Council (“WMRC”) for a community waste treatment service. We suggest should this service extend beyond 2023-24, the City may wish to consider whether a more formalised agreement / contract should be entered into.

We found there was a lack of documented metrics for contract performance, and no analysis of that performance was cited to occur. We qualify this observation and acknowledge regular meetings and engagement is held between the City and its waste contractors, to discuss service delivery and issues. We also suggest, based on the 2020 Audit Report from the Office of the Auditor General, possible contract performance criteria and incentivisation be developed to maximise contractor diversion rates, when the next contract is tendered publicly.

For added transparency for the City’s community, we suggest publishing the City’s Waste Plan and the State’s Waste Strategy on the City’s website, as well as developing a mechanism to regularly communicate waste collection data to the community. We also suggest for its next iteration of the Waste Plan, completed data sets be included (if available), to enable future benchmarking and performance assessment to effectively occur.

More comprehensive details of the observations, and the relevant recommendations associated with those observations can be found in [Section 3.2 – Detailed Observations and Recommendations](#).

1.6. Positive Observations

The City has developed a Waste Plan and undertaken the necessary annual reporting and reviews in accordance with the WAAR Act and associated regulations. The Director General of DWER in their letter dated 9 March 2021 stated the City’s Waste Plan is implementing

initiatives which are consistent with, and contribute to, the delivery of the targets and objectives of the State’s Waste Strategy.

The City has introduced a FOGO waste collection service since late 2022, which is a key Waste Strategy outcome for all local governments to implement FOGO services by 2025. This places the City as one of a few metropolitan local governments to implement this service for its community.

As part of the City’s new *Council Plan 2023-33*, a number of waste management activities are recognised (under the “Planet” category) and the City’s Waste Plan has been referred to as an informing strategy / plan. This recognition places the City’s Waste Plan, and actions and activities within it, as being of strategic importance in planning towards the future for the City’s community.

We note there is a sufficient level of waste collection reporting provided by the City’s contractors (outside of contract performance reporting), which is referred to the City’s Executive Team and Elected Members, thereby providing a level of oversight of the City’s waste service delivery.

1.7. Summary of Results and Conclusion

We reported six (6) findings, and twelve (12) recommendations within this report. These are summarised in the table below:

Summary of Findings				
Name	Total	High	Medium	Low
Governance	5	-	1	4
Process	1	-	1	-
People	-	-	-	-
Systems	-	-	-	-
Total	6	-	2	4
Recommendations	12	-	3	9

Table 1: Summary of Results

We have assigned, and agreed with Management, priority ratings for each observation based on the *Key to Significance of Risk Rating* included in [Appendix 2](#).

2. SUMMARY OF AUDIT RECOMMENDATIONS

Summarised below are the key recommendations identified during the engagement:

Category	Recommendations	Risk Rating
Governance	1. Update Policy - Update the <i>Waste Management Local Planning Policy</i> and the <i>Waste Management Local Planning Policy – Appendix 1 – Waste Management Guidelines</i> to align with the waste management operations of the City, such as service deliverables, collection times and new FOGO bin activities.	Low
	2. Update Policy - Update the <i>Bulk Waste Collection and Waste Receptacles on Nature Strips Policy</i> to include definition of “nature strip”, and revised FOGO waste service provision. The policy should also review the processes and authority for the placement of skip bins / bulk bins on nature strips under the City’s local law framework.	Low
	3. Update Waste Local Law - Update the <i>City of Nedlands Waste Local Law 2016</i> to include the adopted amendments contained within the <i>City of Nedlands Amendment Local Law 2017</i> . The new consolidated local law must be published on the City’s website in accordance with section 5.96A(1)(b) of the <i>Local Government Act 1995</i> .	Medium
	4. Review Strategy and Action Plan - Consider a review the City’s <i>Waste Minimisation Strategy and Action Plan 2017 – 2020</i> possibly with the intent of creating a new strategy and action plan (if required) that will further detail the actions and milestones within the City’s Waste Plan.	Low
	5. Develop Procedures - Develop, approve, and maintain relevant work-related procedures that capture process activities in relation to waste services. At minimum, define roles and responsibilities, and step-by-step work instructions on how to complete required tasks.	Low
	6. Consider Formalised Contract - Consider entering into a formalised contract arrangement or other form of agreement with the WMRC should the City wish to continue for the provision of community waste treatment services by the WMRC, post 2023-24.	Low
	7. Develop Performance Criteria - As part of the City’s next waste management service tender, consider the inclusion of performance criteria and financial incentive for the selected contractor to increase diversion rates from landfill over the contract term.	Low
	8. Update Waste Plan - At its next review, update the City’s Waste Plan to include the necessary data to ensure the plan’s completeness and ability for performance to be assessed and benchmarked.	Low

Table 2: Summary of Audit Recommendations.

2. SUMMARY OF AUDIT RECOMMENDATIONS (CONT.)

Summarised below are the key recommendations identified during the engagement:

Category	Recommendations	Risk Rating
Governance	9. Publish Waste Plan - Publish the City's Waste Plan on the City's website to communicate the City's actions and activities being progressed in line with goals set within the State's Waste Strategy. Consider making the State's Waste Strategy available on the City's website.	Low
	10. Implement Regular Reporting - Implement a program or mechanism of regular reporting of waste collection and minimisation data to the community.	Low
	11. Investigate Incentives - Investigate financial incentives and other incentives for residents and businesses that could positively impact on the City's progress towards the State's waste minimisation and landfill diversion targets.	Low
Process	12. Develop Performance Measurement - Specify and document waste management contract performance measurement criteria as per the City's established contracts and develop contract assessment mechanism to measure contractor performance.	Medium

Table 2: Summary of Audit Recommendations. (cont.)

3. DETAILED REPORT

3.1. Scope and Approach

3.1.1. Objective and Scope

The objective of the internal audit was to assess the design, description, implementation, and operating effectiveness of the City's waste management framework.

The scope of this internal audit included the following:

1. Waste management framework, including policies, procedures, plans, registers, and compliance with legislation and better practice principles.
2. Implementation and operating effectiveness of the waste management framework.
3. Alignment with WA's 'Waste Strategy 2030'.
4. Training, promotion, and awareness of the waste management framework.
5. Monitoring and reporting to the Executive, Audit and Risk Committee, and Council.
6. Assessment of the performance of the waste management function.

The review period was from 1 July 2022 to 30 June 2023.

3.1.2. Approach

The review was conducted primarily by applying discussion, observation and review techniques, concentrating on:

- an entrance meeting with process owner.
- reviewed documents and data supplied by the City and the City's Waste contractors.
- performed site inspections as agreed.
- issued a draft report to Management.
- held an exit meeting with Management to discuss key findings and recommendations.
- receiving and incorporating Management feedback.
- issuing the final report to, and attendance (if required) at the Audit and Risk Committee.

3.1.3. Reporting

During the reporting phase of this engagement we:

- developed a draft report outlining our findings and recommendations.
- validated the audit observations and the details of the draft report with process owners and responsible management.
- held an exit meeting with the responsible Executive leaders and responsible management to discuss the report.
- sought Management comments, action plans, timeline, and commitment to implement the audit recommendations.
- issued the final report to the Audit and Risk Committee.

3. DETAILED REPORT (CONT.)

3.1. Scope and Approach

3.1.4. Limitations of Scope

- The scope of our services and any deliverables were limited to carrying out internal audit assignments in accordance with the approved Strategic Internal Audit Plan as adopted by Council at its meeting held on 26 September 2023.
- The scope of work for this engagement was approved by Management in the Internal Audit Scope Document on 12 October 2023.
- Due to the inherent limitations of any internal control structure, we do not warrant that all weaknesses, fraud, error, or non-compliance in your control structures were detected during the engagement.
- Any projections as to the assessment of the control structures in future periods are subject to the risk that the structures may become inadequate as a result of changes in conditions, or that the degree of compliance with them may deteriorate.
- No sample testing or data analytics was performed for this engagement. We did not conduct any appropriate tests of key controls within our scope. Our findings only relate to the review of documents and observations undertaken during our review.
- We have relied solely on the information and documentation provided to us by the City and have not performed a review on the authenticity of the information and data provided. There is a risk the information may have been altered prior to being provided to Moore Australia and there is a risk this may not be identified by Moore Australia. This may impact on the results reported within this report.
- The internal audit report was prepared on an “exception-basis”, which means we only provided commentaries on areas where we observed improvement opportunities on controls or enhancement to the compliance environment.
- The provision of internal audit services is an advisory engagement which is not subject to assurance or other standards issued by the Australian Auditing and Assurance Standard Board and, consequently no opinions or conclusions are intended to convey assurance, either expressed or implied.
- Our report is for your purposes only and not for publication, quoting or reliance by any other party.

3. DETAILED REPORT (CONT.)

3.2. Detailed Observations and Recommendations

Governance

Findings and Recommendations	Rating of Finding
Finding 1 – Outdated overarching waste management policy framework.	Medium

Good governance of any business activity requires an overarching policy framework and, in some cases, a legislative framework, generally consisting of a set of overarching documents outlining key objectives and directions in terms of the business activity. In a local government context, this often occurs through strategies, local planning policies, other policies, and local laws that may be adopted from time to time. This framework sets the standard for amenity for the overall community, as well as clearly communicates expectations that are desired by the City.

Observations

Through our review of documentation and general observations, we noted the following:

- **Waste Management Local Planning Policy** - The City’s local planning policy details waste management considerations for proposed land use development within the City’s district and is supported by the *Waste Management Local Planning Policy – Appendix 1 – Waste Management Guidelines*. We found the provisions within the appendix do not align with the current waste management operations provided by the City (such as service deliverables, collection times, FOGO bin activities, and type / style of bins). On a minor note, we also found the policy does not cross reference the Appendix in clause 5.3 of the local planning policy.
- **Bulk Waste Collection and Waste Receptacles on Nature Strips Policy** - The Council adopted policy communicates the City’s position on the placement of waste material and waste receptacles on nature strips throughout the City’s district. We found the policy does not include a definition for “nature strip” (although it may be commonly known to residents) and does not reference FOGO receptacles which now forms part of the City’s waste service provision. We also found certain operational restrictions are not stated in the policy (such as cubic size limitations for bulk waste) and the authority to issue permits for the placement of skip bins / bulk bins on nature strips is not clearly identified (i.e., the *City of Nedlands Thoroughfares Local Law* allows for the placement of a “thing” on a verge (clause 7(1)(b) and no other local law provision applies). On a minor note, we also found the policy’s last review date does not specify the year of review, nor for clarity and alignment, does it reference the City’s Waste Plan or State’s Waste Strategy.
- **City of Nedlands Waste Local Law 2016** - The purpose of the local law is to provide for the regulation, control and management of activities and issues relating to waste collection, recycling, reuse and disposal within the City’s district. We noted the local law was intended to be amended by the *City of Nedlands Waste Amendment Local Law 2017* (as published in the *Government Gazette* on 20 April 2018) however the amendments have not been included in the principle local law. The consolidated version of the local law also has not been placed on the City’s website in accordance with section 5.96A(1)(b) of the *Local Government Act 1995*.
- **City of Nedlands Waste Minimisation Strategy and Action Plan 2017 – 2020** – Council adopted the City’s *Waste Minimisation Strategy and Action Plan 2017 – 2020* at its meeting held on 28 February 2017. At that time the purpose of the document was to provide direction for the City to progress waste services and initiatives to achieve the State Government’s 2020 target of 65 percent of all waste being diverted from landfill. The strategy and action plan expanded on the previous strategies, placing importance on all facets of waste management in the City, including objectives of waste reduction, resource recovery, responsible disposal and community education.

Although the plan is passed its span of duration, and superseded in part by the City’s Waste Plan, we noted in the City’s recent *Waste Plan Report 2022-23*, reference is being made to this document, in regard to providing enhanced community education to increase recovery and ensure waste targets are met. We acknowledge various actions relating to the *Waste Minimisation Strategy and Action Plan 2017 – 2020* have been marked as complete within the *Waste Plan Report 2022-23* (refer to [Finding 5](#)). In view of this, we are of the view the document still has relevance and may need reviewing, with the possibility to develop a new action plan that would support the City’s Waste Plan, if it is deemed required.

3. DETAILED REPORT (CONT.)

3.2. Detailed Observations and Recommendations (cont.)

Governance (cont.)			
Findings and Recommendations			Rating of Finding
Finding 1 – Outdated overarching waste management policy framework. (cont.)			Low
Implications			
A lack of an overarching framework and associated suite of strategic documents for a business activity, may increase likelihood of failure to meet objectives in the City's Waste Plan, as well as the State's Waste Strategy. Documents must be kept up to date in line with operational need and strategic intent and must articulate what actions and activities are to be put into place. Not updating local laws and publicising them as required by the <i>Local Government Act 1995</i> may lead to non-compliance of the City's legislative obligations.			
Management Comment			
Agreed. Documents and framework should be updated to reflect current practises. Our waste management strategy has been superseded by our waste management plan. The development of a strategy to sit along side this may have some merit, however, is unlikely to produce outcomes or targets in excess of what is stipulated within the waste plan.			
Recommendations	Agreed Action	Action Owner	Target Date
1. Update the <i>Waste Management Local Planning Policy</i> and the <i>Waste Management Local Planning Policy – Appendix 1 – Waste Management Guidelines</i> to align with the waste management operations of the City, such as service deliverables, collection times and new FOGO bin activities.	Review the City's Waste Management Local Planning Policy Update the Waste Management Guidelines to align with our current waste management operations.	Coordinator of Stat Planning Support: Coordinator Waste Minimisation	30/9/2024
2. Update the <i>Bulk Waste Collection and Waste Receptacles on Nature Strips Policy</i> to include definition of "nature strip", and revised FOGO waste service provision. The policy should also review the processes and authority for the placement of skip bins / bulk bins on nature strips under the City's local law framework.	Update the <i>Bulk Waste Collection and Waste Receptacles on Nature Strips Policy</i>	Coordinator Waste Minimisation	30/9/2024
3. Update the <i>City of Nedlands Waste Local Law 2016</i> to include the adopted amendments contained within the <i>City of Nedlands Amendment Local Law 2017</i> . The new consolidated local law must be published on the City's website in accordance with section 5.96A(1)(b) of the <i>Local Government Act 1995</i> .	Update the <i>City of Nedlands Waste Local Law 2016</i> to include the adopted amendments contained within the <i>City of Nedlands Amendment Local Law 2017</i> and publish on website	Coordinator Governance	30/9/2024
4. Consider a review the City's <i>Waste Minimisation Strategy and Action Plan 2017 – 2020</i> possibly with the intent of creating a new strategy and action plan (if required) that will further detail for actions and milestones within the City's Waste Plan.	Review Waste Plan for any shortfalls that may be covered by the implementation of a waste strategy.	Coordinator Waste Minimisation	30/9/2024

3. DETAILED REPORT (CONT.)

3.2. Detailed Observations and Recommendations (cont.)

Governance (cont.)

Findings and Recommendations		Rating of Finding	
Finding 2 – Lack of work task procedures.		Low	
<p>Having a highly skilled and competent workforce is desirable for any organisation which can be the difference between a successful functional process, and one that cannot deliver on customer or organisational expectations. The development of work task procedures for any organisational role assists in the retention of corporate knowledge and establishes operational efficiencies and effectiveness, through the minimisation of down time and improved process knowledge. Such documentation also assists with the streamlining of processes, through the identification of unnecessary or duplicated activities that may create additional human resource pressures or time costs.</p> <p>Observations</p> <p>Through our engagement we noted the Waste Minimisation Coordinator is the primary officer established by the City for the management and administration of the City’s waste services. As per the Waste Minimisation Coordinator’s Position Description the objectives of the position include, but not limited to, providing specialist support, knowledge and strategic advice on the waste management field, managing the City’s waste management contracts, and developing and implementing strategic waste minimisation strategies for the delivery of an efficient and effective waste management service for the City. The position reports to the Manager Assets with other positions within the Technical Services Directorate aiding with the service, where required.</p> <p>We were not provided any formalised work task procedures for the Waste Minimisation Coordinator, detailing workflow and work-related processes conducive to the demands and requirements of the role. We also were not provided any work-related procedures around any customer service type activities that are not directly referred to the City’s nominated contractors, and therefore are managed directly by the City’s workforce.</p> <p>As there were no approved documented procedures, Moore Australia WA did not perform any sample testing or data analytics as there was no documented approved method to compare actual activities.</p> <p>Implications</p> <p>Overreliance on an employee’s retained knowledge, in the absence of documented processes, may increase the risk of critical information being lost in the event of employees leaving the organisation. Lack of documented work-related procedures could also substantially lengthen the time required to train new employees to an acceptable level of activity, as well as place increased costs for the City. Work task delays should they eventuate, could result in reputational or operational risk dependent upon the criticality of the role and work-related tasks to be performed.</p>			
Management Comment			
<p>Agreed. This reflects the lack of documented process and procedure City wide. Process and procedure must be documented, particularly within the waste team with knowledge concentrated among a few staff members.</p>			
Recommendations	Agreed Action	Action Owner	Target Date
<p>5. Develop, approve, and maintain relevant work-related procedures that capture process activities in relation to waste services. At minimum, define roles and responsibilities, and step-by-step work instructions on how to complete required tasks.</p>	<p>Develop, approve, and maintain relevant work-related procedures that capture process activities in relation to waste services.</p>	<p>Coordinator Waste Minimisation</p>	<p>31/12/2024</p>

3. DETAILED REPORT (CONT.)

3.2. Detailed Observations and Recommendations (cont.)

Governance (cont.)

Findings and Recommendations	Rating of Finding
<p>Finding 3 – Improvements to Waste Service Contracts and service arrangements.</p>	<p>Low</p>
<p>Clear and legally binding contracts provide a solid foundation to outline the rights, responsibilities, and expectations of contracted parties as well as reducing the risk of misunderstandings or disputes. Additionally, formal contracts help mitigate potential legal issues by specifying dispute resolution mechanisms and establishing a framework for addressing breaches. In the context of local governments, where integrity and transparency are highly valued and expected, formal contracts not only protect the interests of the local government but also contribute to a culture of trust and reliability in business dealings. The <i>Local Government Act 1995</i> and the <i>Local Government (Functions and General) Regulations 1996</i> provide for the arrangements around local government procurement, noting there are tender exemptions that apply in terms of local governments seeking the services of regional local governments.</p> <p>All contracts should include performance criteria to ensure contract performance can be assessed. In the Office of the Auditor General’s Report Waste Management – Service Delivery (Report 3 2020-21: 20 August 2020) a recommendation was made for local governments to consider including performance measures in contracts with service providers to recover more waste without adding significant costs.</p> <p>Observations</p> <p>Through our review of documentation and general observations, we noted the following:</p> <p><u>West Metro Recycling Centre Service</u></p> <p>Through our engagement we noted the City of Nedlands’ Council, at its meeting held on 23 May 2023, agreed to join the Western Metropolitan Regional Council (“WMRC”) as an affiliate member for the provision of community waste treatment services for the 2023-24 financial year. As a result, a memorandum of understanding (“MOU”) was entered into between the City and the WMRC for the provision of services relating to City residents using the West Metro Recycling Centre. The MOU prescribes the community waste management services provided, joint responsibilities of the parties, pricing and invoicing details, and terms around extension and termination. It is understood, through the City’s 2023-24 rates communication, the costs for the City to commence this service was incorporated into the City’s rate charge to residents. The MOU states “<i>The MOU cannot restrict either of the Parties in the performance of their functions or exercise of their legal powers (not fetter); and it has no authority in law</i>”. The MOU also states, “<i>This MOU may be terminated for any reason by either Party within 30 days written notice</i>”.</p> <p>Considering the level of expenditure the City would incur for the provision of the service; the risk associated with a party withdrawing to perform the functions and responsibilities under the MOU (although unlikely); and that the cost of this service has been on-charged to all City of Nedlands residents as part of its rates revenue generation, we consider it may be appropriate for the City to enter into a formalised contractual arrangements with the WMRC as opposed to an MOU, should the service continue past the 2023-24 financial year.</p> <p><u>Performance criteria in Waste Management Service Contract</u></p> <p>We found the City’s main waste contract has performance criterion in the main focussing on waste collection and bin provision services. The City’s current contract does not include any obligations or incentives for the contractor to divert more waste from landfill and increase material recovery. Notwithstanding the observation, the Office of the Auditor General, in their Report has acknowledged while performance measures for waste contractors may help improve waste recovery, it does not negate the need for households to correctly separate and dispose of waste to reduce contamination in the first instance.</p>	

3. DETAILED REPORT (CONT.)

3.2. Detailed Observations and Recommendations (cont.)

Governance (cont.)

Findings and Recommendations		Rating of Finding	
Finding 3 – Improvements to Waste Service Contracts and service arrangements. (cont.)		Medium	
<p>Implications</p> <p>Local governments are required to operate with a level of transparency and accountability, especially in the use and expenditure of public funds. Lack of suitable contractual arrangements, particularly where there is a significant cost involved for the provision of a service, may result in the local government's interests not being protected, or indeed the contractual terms and arrangements not being to the satisfaction of the agreeing parties. Reputational and operational risk may occur where a local governments interests are not protected and issues with the relationship or service provision come to light.</p> <p>Without performance measures for waste recovery and diversion rates, contractors may not be incentivised to divert more waste from landfill.</p>			
Management Comment			
Agreed.			
Recommendations	Agreed Action	Action Owner	Target Date
6. Consider entering into a formalised contract arrangement or other form of agreement with the WMRC should the City wish to continue for the provision of community waste treatment services by the WMRC, post 2023-24.	Enter into a formalised contract arrangement with WMRC if council elects to continue with the service.	Coordinator Waste Minimisation	1/10/2024
7. As part of the City's next waste management service tender, consider the inclusion of performance criteria and financial incentive for the selected contractor to increase diversion rates from landfill over the contract term.	Include performance criteria and financial incentive within the next kerbside waste tender for the selected contractor to increase diversion rates from landfill over the contract term	Coordinator Waste Minimisation	Next waste tender.

3. DETAILED REPORT (CONT.)

3.2. Detailed Observations and Recommendations (cont.)

Governance (cont.)

Findings and Recommendations		Rating of Finding	
Finding 4 – Incomplete data sets within the City’s Waste Plan.		Low	
<p>Accurate and up-to-date data is a foundational element for effective decision-making, strategic planning, resource allocation, risk management, and overall organisational success. Organisations use data to establish the current benchmark environment. Data also enables performance to be measured against key performance indicators and accurate and current data is necessary for assessing the effectiveness of strategies and adjusting as needed. Local government waste plans (as required by the WARR Act and forming part of the State’s Waste Strategy) rely on accurate data being detailed to enable the outcomes of any local government’s waste plan to be assessed, as well as overall State overall waste management reporting to be accurate.</p> <p>Observations</p> <p>We found the City’s Waste Plan, as adopted by Council at its meeting held on 24 November 2020 did not include certain data, such as population, households and total domestic waste generation data for 2018-19 (page 2), illegal dumping data (page 5), or certain waste collection and recovery rate data (page 6). We acknowledge the ability for the City to collect certain data at the time, or even currently, may not be available.</p> <p>Implications</p> <p>Incomplete data within strategic documents does not provide for accurate performance and reporting activities or benchmarking.</p>			
Management Comment			
The Waste Plan will be updated to include necessary data.			
Recommendations	Agreed Action	Action Owner	Target Date
8. At its next review, update the City’s Waste Plan to include the necessary data to ensure the plan’s completeness and ability for performance to be assessed and benchmarked.	At its next review, update the City’s Waste Plan to include the necessary data to ensure the plan’s completeness and ability for performance to be assessed and benchmarked.	Coordinator Waste Minimisation	31/12/2025

3. DETAILED REPORT (CONT.)

3.2. Detailed Observations and Recommendations (cont.)

Governance (cont.)

Findings and Recommendations	Rating of Finding
Finding 5 – Inadequate access to information and improved community accountability.	Low
<p>Waste minimisation is more about behavioural change throughout society, as opposed to just having an effective and efficient waste management service. In this regard positive change in community behaviours is intricately linked to information access and community engagement. When individuals are equipped with knowledge to make informed decisions and actively participate in community initiatives, the likelihood of positive behavioural change significantly increases. This was recognised in the Office of the Auditor General’s Report Waste Management – Service Delivery (Report 3 2020-21: 20 August 2020) which made a series of recommendations for local governments to consider including improving community accessibility and engagement; and consideration of community incentives to minimise waste production.</p> <p>Key strategic documents and plans of local governments should be made publicly available to enable the opportunity for the community to become better informed of the strategic directions and associated actions the local government has set in place. This level of transparency and accountability develops trust amongst the community who can view and review the local governments performance, as well as question actions and activities that may be undertaken by a local government at any given time.</p> <p>Observations</p> <p>We found the City’s Waste Plan, acknowledged as an informing plan as part of the City’s <i>Council Plan 2023-33</i>, is not publicly available and accessible on the City’s website, although it was included within the Council agenda and minutes of its meeting held on 24 November 2020. The State’s Waste Strategy is also not available for viewing on the City’s website, which we consider to be a useful document to inform the community of the overall waste minimisation direction for the State. The State’s Waste Strategy could possibly be placed under “Compliance” sub-page of the City’s “Waste” web page, where other legislative and regulatory frameworks relevant to waste management are listed.</p> <p>Outside of the City’s Annual Report, waste reduction statistics and diversion data are not regularly promoted or communicated to the City’s community. We noted within the City’s <i>Waste Plan Report 2022-23</i>, it is intended the Annual Waste Report is to be submitted to Council in March / April of each year, although the DWER template for the Annual Waste Report does not go into significant and useful detail for the community, other than the City’s progress against actions and milestones within the City’s Waste Plan.</p> <p>We recognise the City undertakes a range of waste educational programs, including programs within primary schools, and has developed educational information such as what can be placed in certain waste receptacles. We are not aware of other education or community engagement activities that are undertaken, or have been undertaken, by the City for overall waste minimisation. Notwithstanding, it is acknowledged the City’s recent <i>Waste Plan Report 2022-23</i> included a notation for the City to “<i>continue to develop and provide community education initiatives as detailed in the City of Nedlands Waste Minimisation Strategy and Action Plan 2017 - 2020 (pages 19 and 32 to 34)</i>”.</p> <p>We note the various waste minimisation incentives already implemented by the City, including the ability for a household to have a second recycling bin free of charge; bulk waste collection services; and discounted or subsidised worm farms, compost bins and Bokashi Buckets for compostable waste materials. The recent MOU entered into by the City for community waste treatment services is also an initiative implemented. Although the Auditor General’s suggestion of a financial incentive is a complex proposition for local governments to navigate, other types of incentives outside of what is already provided by the City, could be investigated further.</p>	

3. DETAILED REPORT (CONT.)

3.2. Detailed Observations and Recommendations (cont.)

Governance (cont.)

Findings and Recommendations			Rating of Finding
Finding 5 – Inadequate access to information and minimal community accountability. (cont.)			Low
Implications			
<p>Not promoting key strategies and data publicly and regularly does not offer a level of accountability and transparency the community expects from local governments. Not continually educating or engaging with the community on waste minimisation activities and their own personal actions to assist, will likely result in the City’s waste minimisation targets not being met. A lack of incentives around waste minimisation may not achieve the desired behavioural change that society and governments at all levels wish to see.</p>			
Management Comment			
<p>The City is performing highly in our waste management services and should be communicating this to our community more effectively. The recommendations are mostly simple to implement and will provide value to our residents.</p>			
Recommendations	Agreed Action	Action Owner	Target Date
9. Publish the City’s Waste Plan on the City’s website to communicate and promote the City’s actions and activities in line with the goals set within the State’s Waste Strategy. Consider making the State’s Waste Strategy available on the City’s website.	Publish the City’s Waste Plan on the City’s website to communicate and promote the City’s actions and activities in line with the goals set within the State’s Waste Strategy	Coordinator Communications and Engagement	31/03/2024
10. Implement a program or mechanism of regular reporting of waste collection and minimisation data to the community.	Implement a program or mechanism of regular reporting of waste collection and minimisation data to the community.	Coordinator Communications and Engagement	31/03/2024
11. Investigate financial incentives and other incentives for residents and businesses that could positively impact on the City’s progress towards the State’s waste minimisation and landfill diversion targets.	Additional incentives have been investigated and decided not to be pursued due to financial constraints. No further actions proposed.	Coordinator Waste Minimisation	31/03/2024

3. DETAILED REPORT (CONT.)

3.2. Detailed Observations and Recommendations (cont.)

Process

Findings and Recommendations			Rating of Finding
Finding 6 – Lack of documented contract performance indicator processes and contract assessment.			Medium
<p>Contract performance indicators and assessment tools are crucial for fostering accountability, ensuring compliance, identifying areas for improvement, and ultimately optimising the effectiveness of contractual relationships. They provide a structured framework for managing contracts and contribute to the success of both parties involved.</p> <p>Observations</p> <p>Our assessment found the City has established contracts with suppliers for the provision of various aspects of its waste service delivery and offerings. As part of the Request for Tender (“RFT”) for these contracts (which ultimately form part of the signed contract documents between the City and the contractors) contract performance criterion were included, but the metrics were stated as “<i>within the principal (being the City) specified timeframes</i>”.</p> <p>We were not provided any evidence to suggest, where such a notation was indicated in the RFT, those timeframes and requirements were documented and communicated to the respective contractor. Furthermore, and while we acknowledge the level and breadth or regular reporting undertaken by the contractors to the City (most notably to assist with reporting against the City’s Waste Plan activities), there was no evidence demonstrated that the metrics for contractor performance was being captured or the key contract performance criteria was being assessed by the City.</p> <p>Implications</p> <p>Not having clearly documented metrics against key performance criterion and indicators for contracts, creates a financial and reputational risk for the City when it has no ability to measure contractor performance. Lack of data capture against established criteria, and ongoing assessment of that data, also creates difficulty in managing contractor performance, particularly when disputes occur between the parties.</p>			
Management Comment			
<p>Agreed. While our contractor performance has been good, the lack of documentation around many of the stipulated performance criteria in our contracts has the ability to create issues if our contractors fail to meet performance requirements.</p>			
Recommendations	Agreed Action	Action Owner	Target Date
12. Specify and document waste management contract performance measurement criteria as per the City’s established contracts and develop contract assessment mechanism to measure contractor performance.	Specify and document waste management contract performance measurement criteria as per the City’s established contracts and develop contract assessment mechanism to measure contractor performance.	Coordinator Waste Minimisation	31/12/2024

3. DETAILED REPORT (CONT.)

3.3. Disclaimers

Moore Australia (WA) Pty Ltd as agent, an independent member of Moore Global Network Limited, and a Perth based partnership of trusts carries on business separately and independently from other Moore Global Network Limited member firms worldwide.

Services provided under this engagement are provided by Moore Australia (WA) Pty Ltd as agent and not by any other independent Moore Global Network Limited member firms worldwide. No other independent Moore Global Network Limited member has any liability for services provided.

3.4. Basis of Use

This report has been prepared in accordance with the objectives and approach agreed in the engagement document and subject to the following limitations:

- Other than use by you for the purpose, our report cannot be issued, accessed, or relied upon by any third party without our prior written approval. Furthermore, neither the report nor extracts from it will be included in any document to be circulated to other third parties without our prior written approval of the use, form, and context in which it is proposed to be released. We reserve the right to refuse to grant approval to issue the reporting to any other party.
- Our internal audit work was performed in accordance with the International Standards for the Professional Practice of Internal Auditing contained in the International Professional Practices Framework issued by the Institute of Internal Auditors. It did not constitute an audit or review in accordance with standards issued by the Auditing and Assurance Standards Board and accordingly no such assurance under those standards is provided in this report.
- The matters raised in this report are only those which came to our attention while performing our procedures and are not necessarily a comprehensive statement of all the weaknesses that exist or improvements that might be made. We cannot, in practice, examine every activity and procedure, nor can we be a substitute for management's responsibility to maintain adequate controls over all levels of operations and their responsibility to prevent and detect irregularities, including fraud. Accordingly, management should not rely on our report to identify all weaknesses that may exist in the systems and procedures under examination, or potential instances of non-compliance that may exist.

- We believe that the statements made in this report are accurate, but no warranty of completeness, accuracy or reliability is given in relation to statements and representations made by, and the information and documentation provided by, Management and personnel. We have indicated within this report the sources of the information provided. We have not sought to independently verify those sources unless otherwise noted within the report. We are under no obligation in any circumstance to update this report, in either oral or written form, for events occurring after the report has been issued in final form unless specifically agreed with the client. The Internal Audit findings expressed in this report have been formed on the above basis.
- Recommendations for improvement should be assessed by management for their full commercial impact before they are implemented.

3.5. Conflicts of Interest

The firm is not aware of any existing or potential relationship, transaction or holding that would compromise its objectivity in the conduct of the services rendered. Should the possibility of a perceived or actual conflict arise the matter would be raised with the Chief Executive Officer immediately and activities suspended until the issue was resolved to your satisfaction.

3.6. Liability

Moore Australia (WA) Pty Ltd trading as agent – ABN 99 433 544 961, an independent member of Moore Global Network Limited - members in principal cities throughout the world.

Liability limited by a scheme approved under Professional Standards Legislation.

APPENDIX 1: KEY PERSONNEL CONTACTED

We would like to thank the following personnel for their assistance in the conduct of this internal audit (in first name alphabetical order).

Name	Role
Chaminda Mendis	Waste Minimisation Coordinator
Finn McLeod	Manager Assets
Michael Cole	Director Corporate Services

APPENDIX 2: KEY TO SIGNIFICANCE OF RISK RATING

Rating	Definition	Guidance	Action required
High	Issue represents a control weakness, which could cause or is causing major disruption of the process or major adverse effect on the ability of the process to achieve its objectives.	<ul style="list-style-type: none"> • Material errors and departures from the organisation's policies and procedures; • Financial management / accountability / probity concerns; • Non-compliance with governing legislation and regulations may result in fines or other penalties; and • Collective impact of many moderate or low issues. 	<ul style="list-style-type: none"> • Requires significant senior management intervention and may require significant mobilisation of resources, including external assistance; and • A detailed plan of action to be approved by Management with resolution within 30 days.
Medium	Issue represents a control weakness, which could cause or is causing moderate adverse effect on the ability of the process to meet its objectives.	<ul style="list-style-type: none"> • Events, operational, business, and financial risks could expose the organisation to losses could be marginally material to the organisation; and • Departures from best practice management procedures, processes. 	<ul style="list-style-type: none"> • Requires substantial management intervention and may require possible external assistance; and • Timeframe for action is subject to competing priorities and cost benefit analysis but should not exceed 3 months.
Low	Issue represents a minor control weakness, with minimal but reportable impact on the ability to achieve process objectives.	<ul style="list-style-type: none"> • Events, operational and business risks could expose the organisation to losses which are not material due to the low probability of occurrence of the event and insignificant impact on the operating capacity, reputation, and regulatory compliance; and • Departures from management procedures, processes, however, appropriate monitoring and governance generally mitigates these risks. 	<ul style="list-style-type: none"> • Requires management attention and possible use of external resources; and • Minor treatment is desirable. Action should be completed within 6 months.

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HELPING YOU THRIVE IN A CHANGING WORLD



9.4. ARC04.02.24 Review of Public Interest Disclosure Policy

Meeting & Date	Council Meeting – 28 March 2024 ARC Meeting – 20 February 2024
Applicant	City of Nedlands
Employee Disclosure under section 5.70 Local Government Act 1995	Nil.
Report Author	Libby Kania Coordinator Governance and Risk
Acting CEO	Tony Free – Acting Chief Executive Officer
Attachments	1. Public Interest Disclosure policy 2. Public Interest Disclosure Procedure (for noting)

Regulation 11(da) – Not Applicable – Recommendation Adopted

Moved – Councillor Bennett
Seconded – Councillor Smyth

That the Recommendation be adopted.
(Printed below for ease of reference)

CARRIED UNANIMOUSLY 6/-

Committee Recommendation / Recommendation

That the Audit and Risk Committee recommends that Council notes the review of the Public Interest Disclosure Policy and affirms the policy with one minor amendment as contained in Attachment 1 to this report.

Purpose

The purpose of this report is for the Audit and Risk Committee to consider the review of the Public Interest Disclosure Policy and if satisfied, recommend to Council confirmation of the reviewed policy without amendment.

Voting Requirement

Simple Majority.



Background

The City is currently working through the findings of the internal audit reports from the City's auditors, the legislative requirements of the Act and Regulations, and the findings of the OAG audit. One of the findings has been the review and updating of the City's suite of Public Interest Disclosure documents. These have not been updated since 2017 and are long overdue for review.

In September 2023, the Executive Management Team (EMT) considered and adopted the amendments to the suite of Public Interest Disclosure documents. One of these documents was the overarching Public Interest Disclosure Policy. It was recommended to EMT that the policy be affirmed without amendment to the content of the policy. The policy is now required to be reviewed by Council. Prior to this, it is considered appropriate that the Audit and Risk Committee review the policy in order to close out another internal audit finding.

Discussion

The City is currently looking at the appropriateness and effectiveness of its governance systems to fulfil its obligations under reg. 17 of the *Local Government (Audit) Regulations 1996*.

Under the *Public Interest Disclosure Act 2003*, all local governments are required to develop and adopt internal procedures relating to their obligations under the Act, ensure that they comply with the Act, and designate a specified position within the local government as the person responsible for receiving disclosures of public interest information.

To facilitate the obligation on local governments under s. 23 of the Act, the governing authority dealing with public interest disclosures, the Public Sector Commission, produced a suite of template documents. The City's current policy and internal procedures are taken from these template documents.

Review by EMT of the current Council Policy determined that the policy was relevant and corresponded with the current PSC template. As a consequence, it was considered appropriate to reaffirm the policy without amendment so that it did not deviate from the template and ensured consistency and certainty across the sector. Since EMT affirmed the policy, Council adopted the Council Plan 2023 - 2033. As a consequence, the KRA mentioned in the Policy has been deleted and the document control box added to the policy that refers to the Council Plan 2023 - 2033.

The amendments proposed to the internal procedures, and which have been included in this report for the Committee's noting, are simply to align the procedures with the current PSC template. This is to ensure consistency with the PSC. The internal procedures have been approved by EMT.



Consultation

The suite of PID documents were presented to EMT in September for that body's noting and adoption.

Strategic Implications

This item is strategically aligned to the City of Nedlands Council Plan 2023-33 vision and desired outcomes as follows:

Vision Sustainable and responsible for a bright future

Pillar Performance

Outcome 11. Effective leadership and governance.

Budget/Financial Implications

Nil.

Legislative and Policy Implications

[Local Government Act 1995](#) section 2.7 – Role of Council.

[Local Government \(Audit\) Regulations 1996](#)

Regulation 17 CEO to review certain systems and procedures

- (1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —
 - (a) risk management; and
 - (b) internal control; and
 - (c) legislative compliance.
- (2) The review may relate to any or all of the matters referred to in sub regulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.
- (3) The CEO is to report to the audit committee the results of that review.

[Public Interest Disclosure Act 2003](#) – section 23.



Decision Implications

Failure to review Council policies leaves the City at risk of a framework that is ineffective and possibly outdated or inconsistent with the current legislative framework. Regular review of policies ensures that they are updated and align with the requirements of the Act and regulations.

Conclusion

The Committee is required to consider the Policy review and if satisfied, recommend to Council, affirmation of the policy.

Further Information

Nil.

Public Interest Disclosure

~~KFA~~ Governance and Civic Leadership

Status Council

Responsible Division Office of the Chief Executive Officer

Objective The *Public Interest Disclosure Act 2003* encourages people to come forward with information about wrong-doing without fear of reprisal. This policy aims to ensure that elected members and staff are supported under the *Public Interest Disclosure Act 2003*.

Context

The *Public Interest Disclosure Act 2003* (the Act) enables people to make disclosures about wrong-doing within the State public sector, local government and public universities without fear of reprisal.

The Act aims to ensure openness and accountability in government by encouraging people to make disclosures and protecting them when they do.

Making a disclosure or 'whistleblowing' is a serious matter and in many cases it will take courage and trust for people holding information to come forward.

Section 23 of the *Public Interest Disclosure Act 2003* requires the Chief Executive Officer to:

- Designate the occupant of a specified position with the City as the person responsible for receiving disclosures of public interest information.
- Ensure that the City complies with the Act.
- Prepare and publish internal procedures relating to the City's obligations under the Act.

Statement

The *Public Interest Disclosure Act 2003* facilitates the disclosure of public interest information and provides protection for those who make disclosures or are the subject of disclosures.

To ensure that elected members and staff are supported under the *Public Interest Disclosure Act 2003*, the City of Nedlands:

- Does not tolerate corrupt or other improper conduct, including mismanagement of community resources, in the exercise of the public functions of the City of Nedlands and its elected members, officers, employees and contractors.
- Is committed to the aims and objectives of the *Public Interest Disclosure Act 2003*, recognising the value and importance of contributions by elected members and staff to enhance administrative and management practices.
- Strongly supports disclosures being made by staff regarding corrupt or other improper conduct.
- Will take all reasonable steps to provide protection to elected members and staff from any detrimental action in reprisal from making a public interest disclosure.
- Does not tolerate any of its elected members, officers, employees or contractors engaging in acts of victimisation or reprisal against those who make public interest disclosures.

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Document Responsibilities:			
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Delegation:	Nil.		
Council Plan 2023 - 2033	Pillar – Performance Outcome – Effective leadership and governance		

Public Interest Disclosure

Responsible Division Office of the Chief Executive Officer

Procedure Intention

To recognise the value and importance of contributions made by employees to enhance administrative and management practices and strongly support disclosures being made by employees as to corrupt or other improper conduct.

Procedure

The City of Nedlands (the City) does not tolerate corrupt or other improper conduct.

The City of Nedlands is committed to the aims and objectives of the *Public Interest Disclosure Act 2003* (PID Act). The PID Act recognises the value and importance of reporting as a means to identify and address wrongdoing.

The City strongly supports disclosures being made by employees about corrupt or other improper conduct. The City also strongly support contractors and members of the community making disclosures about corrupt or improper conduct.

The City does not tolerate any of its employees, contractors or subcontractors taking reprisal action against anyone who makes or proposes to make a public interest disclosure.

The City will take all reasonable steps to protect employees from any detrimental action in reprisal for the making of a public interest disclosure.

The commitment to effectively manage public interest disclosures extends to a proper authority of the City. The persons responsible for receiving disclosures of public interest information designated under s. 23(1)(a) of the PID Act will abide by the PID Code of conduct and integrity in performing their duties.

The City is also committed to responding to the disclosure thoroughly and impartially. We will treat all people in the disclosure process fairly, including those who may be the subject of a disclosure.

The City will provide as much information as possible to people considering making a public interest disclosure. These internal procedures are accessible to all employees and contractors. Copies are available from the designated person appointed as the proper authority (PID Officer) and will be kept on the intranet.

General information about public interest disclosures and how the City of Nedlands will manage a disclosure is available for external clients and members of the community on the City's website - [Home » City of Nedlands](#).

While these procedures focus on public interest disclosures, we are committed to dealing with all reports of suspected wrongdoing. We encourage people to report, if they witness any such behaviour. The City will consider each matter under the appropriate reporting pathway and make every attempt to protect staff members making reports from any reprisals.



Purpose of the internal procedure

These procedures outline how the City will meet their obligations under the PID Act. They cover the roles and responsibilities of the designated proper authority in accordance with s. 23(1)(a) and s. 5(3)(h) referred to in this document as the PID Officer, the discloser and the subject of the disclosure.

The procedures are to be read in conjunction with the PID Act and *Public Interest Disclosure Regulations 2003*.

Scope and application of internal procedure

These procedures apply to all people involved in the public interest disclosure process, including the Chief Executive Officer, PID Officer(s), employees of the City and/or any person making a public interest disclosure and any subject(s) of a disclosure.

These procedures should be read in conjunction with:

- *Public Interest Disclosure Act 2003*
- *Public Interest Disclosure Regulations 2003*
- City of Nedlands Employee Code of Conduct;
- City of Nedlands Code of Conduct for Council Members, Committee Members and Candidates; and
- City of Nedlands Public Interest Disclosure Policy.

The behaviour of all employees involved in the public interest disclosure process must accord with the City's Employee Code of Conduct at all times. A breach of the Employee Code of Conduct may result in disciplinary action.

Overview of roles and responsibilities of parties involved in the disclosure process at City of Nedlands

Person / Role	Responsibilities
Principal executive officer (s. 23) (in City of Nedlands, the Chief Executive Officer)	<ul style="list-style-type: none"> • Designates the occupant of a specified position (a PID Officer) to receive public interest disclosures related to City of Nedlands (s. 23(1)(a)). • Provides protection from detrimental action or the threat of detrimental action for any employee of City of Nedlands who makes a public interest disclosure (s. 23(1)(b)). • Ensures City of Nedlands complies with the PID Act, and the code of conduct and integrity established by the Public Sector Commissioner (ss. 23(1)(c) and (d)). • Prepares and publishes internal procedures, consistent with those prepared by the Public Sector Commission, detailing how City of Nedlands will meet its obligations under the PID Act (s. 23(1)(e)). • Provides information (s. 23(1)(f)) to the Public Sector Commissioner on the: <ul style="list-style-type: none"> o number of disclosures received by City of Nedlands

	<ul style="list-style-type: none"> o results of any investigations conducted as a result of the disclosures. o action, if any taken, as a result of each disclosure – any matters as prescribed. • May have a role in enabling an investigation to be undertaken or taking disciplinary action against individuals under functions and powers separately from the PID Act.
The Proper Authority (s. 5(3), s. 7 and s. 18) or PID Officer (s. 23(1)(a))	<ul style="list-style-type: none"> • As is designated by ss. 5(3)(a-g) or by the Chief Executive Officer of City of Nedlands, under s. 23(1)(a) the PID Officer is to receive disclosures related to City of Nedlands. • Provides information to potential disclosers about their rights and responsibilities consistent with the Code of conduct and integrity established under s. 20(1). • Receives and manages public interest disclosures in accordance with the PID Act (s. 5(3)). • Notifies the discloser within three months of the disclosure being made about what action is planned in dealing with the disclosure (s. 10(1)). • Where appropriate, investigates, or causes an investigation of, the matters in the disclosures (s. 8(1)). • Where appropriate, provides information to subjects of a disclosure about their rights, responsibilities, duties and potential offences (s. 9(2), s. 14, s. 15, s. 16 and s. 24). • Where appropriate, takes such action as is necessary and reasonable, within their functions and powers in accordance with s. 9. • Maintains confidentiality of the identity of the discloser and subject(s) of disclosures, in accordance with the requirements of the PID Act (s. 11 and s. 16). • Provides progress reports where requested and a final report to the discloser in accordance with s. 10. • Creates and maintains proper and secure records in relation to the disclosures in accordance with the Code of conduct and integrity established under s. 20(1) and the <i>State Records Act 2000</i>. • Completes a PID Register for each disclosure lodged (s. 23(1)(f)). • Acts in accordance with the rules of natural justice (s. 9(2) and s. 16(1)(b)). • Acts in accordance with the code of conduct and integrity established by the Public Sector Commissioner (s. 20(1)) and any authority-specific code of conduct established separately from the PID Act.
The discloser	<ul style="list-style-type: none"> • Makes a public interest disclosure to a proper authority or our PID Officer if the matter relates to the City of Nedlands (s. 5(1)). • Believes on reasonable grounds the information in their disclosure is, or may be, true (s. 5(2)) • Does not disclose information subject to legal professional privilege (s. 5(6)).

	<ul style="list-style-type: none"> • Does not knowingly and recklessly make a false or misleading disclosure (s. 24(1)). • Maintains confidentiality of the information disclosed and the identity of the person(s) to whom the information relates, in accordance with the requirements of the PID Act (s. 16 and s. 17(1)(b)). • Assists any person investigating the matter to which the disclosure relates by supplying the person with any information requested (s. 17(1)(a)).
The subject of the disclosure (person about whom disclosure is made)	<ul style="list-style-type: none"> • Is afforded the opportunity to make a submission, either orally or in writing, in relation to the matter before preventative or disciplinary action is taken (s. 9(2)). • Maintains confidentiality of the identity of the discloser, in accordance with the requirements of the PID Act (s. 16(1)). • Is to be treated in accordance with the rules of natural justice (s. 16(1)(b)). • Does not take or threaten to take detrimental action (defined in s. 3) against a person because they have made or intend to make a disclosure (s. 14(1)). • Does not incite another person to take detrimental action against another because they have made or intend to make a disclosure (s. 14(2)). • Does not commit an act of victimisation by taking or threatening to take detrimental action against the person making or intending to make a disclosure (s. 15(1)).
An investigating officer	<ul style="list-style-type: none"> • May investigate matters of public interest information on behalf of a proper authority of the City of Nedlands, in accordance with the terms of reference given to them. • Maintains confidentiality of the identity of the disclosure and any persons subject to the disclosure, in accordance with s. 16. • Makes, and keeps secure, comprehensive records of any investigation undertaken.

Managing public interest disclosures

The following procedures describe how the City will manage the public interest disclosure process.

Overarching requirements of the *Public Interest Disclosure Act 2003*

The PID Act has some overarching requirements for handling disclosures. These requirements separate the public interest disclosure process from other reporting or complaint handling processes. The PID Act does not, however, displace the notification or reporting requirements of the *Corruption, Crime and Misconduct Act 2003*, which are paramount. The following section outlines how we will meet these requirements, as well as expectations of you, as a discloser, and any subject(s) of your disclosure.

What is 'public interest information'?



The PID Act only applies to disclosures of public interest information (defined in s. 3). Public interest information means information that:

- relates to the performance of a public function by a public authority, public officer or public sector contractor (either before or after the commencement of the PID Act); and
- shows or tends to show that a public authority, a public officer, or a public sector contractor is, has been or proposes to be involved in
 - o improper conduct or
 - o an act or omission that constitutes an offence under a written (State) law or
 - o substantial unauthorised or irregular use of, or substantial mismanagement of, public resources or
 - o an act done or omission that involves a substantial and specific risk of
 - injury to public health or
 - prejudice to public safety or
 - harm to the environment or
 - o a matter of administration that can be investigated under section 14 of the *Parliamentary Commissioner Act 1971* by the Parliamentary Commissioner (Ombudsman Western Australia).

Confidentiality

Maintaining confidentiality is an important part of managing a disclosure. The confidentiality requirements of the PID Act (s. 16) not only protects the discloser, but also any other people affected by the disclosure.

The confidentiality requirements do not apply to all information in a disclosure, although, we are committed to maintaining confidentiality around:

- any information that may identify the discloser or any person who may be the subject of a disclosure, including the fact a disclosure has been made; and
- information relating to a disclosure that, if known, may cause detriment.

Throughout the disclosure process and after its completion, the PID Act provides for the discloser's identity and the identity of any persons, that is, any subject of the disclosure to be kept confidential, except in certain circumstances. Disclosing information which might identify, or tend to identify the disclosers s. 16(1)) or any person, that is, the subject(s) (s. 16(3)) of your disclosure, except in accordance with the PID Act, is an offence punishable with a penalty of a \$24 000 fine or imprisonment for two years

Confidentiality regarding the discloser

Maintaining confidentiality is an important part of protecting the discloser, from any detrimental action in reprisal for making or intending to make a disclosure.

If the discloser consents to having their identity revealed to assist us in dealing with the disclosure, our PID Officer will record this using the [Consent to disclosure of identifying information form](#).

Sometimes the City may need to identify the discloser, without the discloser's consent s. 16(1)(b)-(f) but only where:

- it is necessary to do so having regard to the rules of natural justice; or



- it is necessary to do so to enable the matter to be investigated effectively; or
- as ordered by a court or any other person or body having authority to hear, receive or examine evidence; or
- as required by ss.152 or 153 of the *Corruption, Crime and Misconduct Act 2003*.

Before the City identifies the discloser for any of the reasons above, the PID Officer will take all reasonable steps to inform the discloser that this will happen and the reasons why. The PID Officer will use the Notification of disclosure of identifying information form to do this. If the City needs to provide information about the identity of the discloser to another person for the reasons above, the PID Officer will inform the other person that further disclosure to a third person may put them at risk of committing an offence.

The PID Officer will also consider whether it is necessary to inform any external investigator about the identity of the discloser. Where it is necessary to provide this identifying information, the PID Officer will notify as described above.

Confidentiality plan

Although a formalised confidentiality plan is not required under the PID Act, the development of such a plan is considered good practice. Open and effective communication with the discloser will build rapport and trust and, once established, will enable collaboration particularly when difficult decision points are encountered.

If your confidentiality cannot be maintained, we will develop a plan to support and protect you from any potential risks of detrimental action. You will be involved in developing this plan.

Confidentiality regarding the person, that is, the subject of the disclosure

The subject of a disclosure may consent to having their identity revealed to assist with the disclosure process s. 16(3)(a). The PID Officer will use the Consent to disclosure of identifying information form to record this.

Additionally, the City may need to reveal identifying information about the subject(s) of a disclosure without their consent, ss. 16(3)(b)-(g) where:

- it is necessary to do so to enable the matter to be investigated effectively;
- it is necessary to do so in the course of taking action under s. 9;
- there are reasonable grounds to believe that it is necessary to prevent or minimise the risk of injury to any person or damage to any property;
- ordered by a court or any other person or body having authority to hear, receive or examine evidence; or
- required by ss. 152 or 153 of the *Corruption, Crime and Misconduct Act 2003*.

There is no obligation to advise the subject of a disclosure that identifying information will be released.

Protections



The PID Act provides a range of protections for disclosers (Part 3). It also requires that the Chief Executive Officer provides protection for any employees who make disclosures (s. 23(1(b))).

The City is committed to ensuring that no detrimental action, including workplace reprisals by managers or other employees, occurs as a result of a person making a disclosure. If any of the above does occur, the discloser can request that the City take action to protect them. Tell the PID Officer who is handling the disclosure immediately.

The PID Act also provides that the discloser may lose the protections provided in s. 13 in some circumstances, including where they on-disclose information or fail, without reasonable excuse, to assist any person investigating the matters of the disclosure.

Notification requirements

The PID Officer will ensure that the City completes all reporting in accordance with the legislative and administrative requirements of the PID Act.

Provided it is not an anonymous disclosure, the PID Officer will provide the following reports:

- within three months of making a disclosure, the action taken, or propose to take, in relation to the disclosure (s. 10(1)); and
- when the disclosure process has concluded, the outcome of the investigation and the reasons for taking any action following the investigation (s. 10(4)).

The PID Officer may also provide a progress report during any investigation, either on their initiative or upon your request (ss. 10(2) and (3)).

The PID Officer has some limits on what they can include in their reports. Section 11 prevents provision of information that would be likely to adversely affect:

- any person's safety s(1)(a); or
- the investigation of an offence or possible offences s(1)(b); or
- confidentiality as to the existence or identity of any other person who made a public interest disclosure s(1)(c).

The PID Officer is also prevented from giving any information they must not disclose under ss. 151, 152 or 153 of the *Corruption, Crime and Misconduct Act 2003*.

Record keeping

During the investigation our PID Officer may make comprehensive and contemporaneous records of any discussions and interviews. These records along with any other documentation or files relating to the disclosure, whether paper or electronic, will be stored securely and only accessed by authorised persons.

PID Register



To assist with annual reporting to the Public Sector Commissioner we will maintain a public interest disclosure register. We will assign a unique register number to each disclosure and record key information about your disclosure, any investigation and the outcome in the public interest disclosure register. This register (paper and/or electronic) is kept strictly confidential and maintained in a secure location.

How to make a public interest disclosure

1. Before you make a disclosure

The City strongly encourages anyone thinking about making a public interest disclosure to seek advice from the PID Officer ('proper authority') before they do. A disclosure must be made to a proper authority for it to be covered by the PID Act.

A number of other requirements apply to the discloser, so it is important to understand the rights and responsibilities in the process. This information is outlined generally in 'Don't be afraid to speak up', available from the Public Sector Commission website at www.publicsector.wa.gov.au.

At the City the occupant(s) of the following designated position(s) are specified with the authority as the person(s) responsible for receiving disclosures of public interest information in accordance with s. 23(1)(a). For the purposes of this procedure a PID Officer(s) is the proper authority designated under s. 5(3)(h) for dealing with information that falls within the sphere of responsibility for the City.

Their names and contact details are:

Position	Name of PID Officer	Contact details
Director Corporate Services	Michael Cole	(08) 9273 3500 Mcole@nedlands.wa.gov.au PO BOX 9 NEDLANDS WA 6909
Manager Health and Compliance	Andrew Melville JP	(08) 9273 3500 Amelville@nedlands.wa.gov.au PO BOX 9 NEDLANDS WA 6909
Manager Human Resources	Shelley Mettam	(08) 9273 3500 Smettam@nedlands.wa.gov.au PO BOX 9 NEDLANDS WA 6909

Initial discussions between the discloser and the PID Officer should be general in nature and should not discuss the specific details of the disclosure until the discloser understands their rights and responsibilities under the PID Act. The PID Officer will also let the discloser know that they need to make the disclosure voluntarily and consciously – the City will never force a person to make a disclosure. This is because they cannot withdraw the disclosure once it is made. Once the City receives your disclosure, the PID Officer is obliged to take action and the City may continue to look into the matters within the disclosure irrespective of the continued approval.

These initial discussions with the PID Officer may help in deciding whether to make a public interest disclosure and also enable the PID Officer to ascertain if the information would be



covered by the PID Act. If the information appears not to be the type covered by the PID Act, the PID Officer will discuss other mechanisms through which issues may be made, for example, the general complaints or grievance resolution process.

The PID Officer will be able to provide more detailed information about the City's disclosure process and what people can expect from it.

General information about the disclosure process is also available by contacting the Public Sector Commission Advisory Line on (08) 6552 8888 (or 1800 676 607 for country callers).

What is 'sphere of responsibility'?

Under s. 5(3)(h) the PID Officer for an authority can receive information relating to a matter which falls within the 'sphere of responsibility' for their public authority. 'Sphere of responsibility' is not defined in the PID Act but may include:

- matters that relate to the City; or
- a public officer or public sector contractor of the City; or
- a matter or person that the City has a function or power to investigate.

The proper authority to which the disclosure needs to be made depends on the type of disclosure information. Where the information is outside of the PID Officer's sphere of responsibility, it may need to be made to another proper authority for it to be considered as a public interest disclosure and for the discloser to receive the protections of the PID Act. A list of proper authorities and the information they can receive is covered in *'Don't be afraid to speak up'*.

Proper authority

To be covered under the PID Act and for the protections of the PID Act to apply, a public interest disclosure must be made to a proper authority. The proper authority for a disclosure will depend on the information or 'matter' in the disclosure. In some cases, a public interest disclosure may be made to an external 'named' proper authority, as outlined in s. 5(3).

In these named authorities, a broader range of officers may require training to receive public interest disclosures.

Named authority

If the authority is an authority named in the PID Act, the PEO also needs to appoint a PID Officer to deal with information relating to the authority (as per s. 5(3)).

2. Making the disclosure

A discloser needs to clearly identify that they are making a public interest disclosure. For the purposes of accountability and certainty, persons wishing to make a disclosure of public interest information under the PID Act are encouraged to do so in writing.

The City must accept anonymous disclosures, but if a discloser decides to make an anonymous disclosure, they should understand that it may be more difficult for the PID Officer to investigate or take action about the disclosure. This is because they cannot come back to



seek any further information. The City is also not required to provide any reports about the progress or final outcome of the disclosure, if the discloser chooses to remain anonymous.

An anonymous disclosure may not prevent the discloser from being identified during an investigation. Additionally, if the PID Officer does not know who made the disclosure, it will be difficult for them to ensure the discloser is protected and to prevent any reprisal or detrimental action.

3. Determining whether your matter is an appropriate disclosure

Once the PID Officer has received the disclosure they will assess whether it meets the requirements under the PID Act. It may be that the PID Officer undertakes initial inquiries and decides not to take the matter any further, as it does not constitute an appropriate public interest disclosure.

If the disclosure is not one to which the PID Act applies, the PID Officer will let the discloser know the reasons for their decision (unless an anonymous disclosure is made) and make proper and adequate records about it. Some matters raised within the disclosure may not be matters to which the PID Act applies and the PID Officer may discuss with the discloser other pathways to report these matters.

If the disclosure is one to which the PID Act applies, the PID Officer will ensure proper and adequate records are made and will communicate with the discloser further, unless it is an anonymous disclosure.

The PID Officer will notify the discloser within three months about what the City plans to do in dealing with the disclosure, unless it is an anonymous disclosure.

4. Determining whether your public interest disclosure will be investigated

After assessing the disclosure as one to which the PID Act applies, the PID Officer will consider whether it will be investigated, guided by the requirements in s. 8. The reasons a PID Officer may not investigate the disclosure include:

- the matter is trivial;
- the disclosure is vexatious or frivolous;
- there is no reasonable prospect of obtaining sufficient evidence due to the time that has elapsed since the matter(s) occurred; or
- the matter is being or has been adequately or properly investigated by another proper authority, s. 5(3).

The PID Officer will make proper and adequate records of their decision and reasons about whether to investigate or not.

5. Referring public interest matters

Where the PID Officer assesses the disclosure as one to which the PID Act applies, but they do not have the functions or power to investigate one or more matters within the disclosure, they will refer the information to the appropriate authority for investigation as provided for under the PID Act. Alternatively, a discloser may also be able to make a disclosure directly to this new authority, if they wish to receive reports from them about the disclosure. For example,



the PID Officer may need to refer an allegation of an offence supported by evidence to the Western Australia Police for investigation.

6. Investigating the disclosure

The PID Officer will investigate, or cause to be investigated, any matters in the disclosure within the sphere of responsibility. The PID Officer may cause the disclosure to be investigated by engaging a suitably skilled staff member within the City or an externally contracted investigator.

If causing the disclosure to be investigated, the PID Officer will ensure that the person undertaking the investigation understands the requirements of the PID Act, in particular the confidentiality requirements and protections for disclosers. The PID Officer will only provide the name of the discloser and that of the subject of the disclosure to the investigator in accordance with s. 16 of the PID Act.

When investigating the disclosure, the PID Officer or investigator is limited by the functions and powers derived from our operating legislation. The PID Act does not provide for any additional investigative powers.

Employees are expected to cooperate with any investigation into the disclosure to maintain the protections under the PID Act. A discloser is also expected to act in accordance with our Code of conduct at all times.

Employees who are the subject of the disclosure can clarify the process and what to expect with the PID Officer.

The PID Officer may also decide to discontinue an investigation, in accordance with s. 8(2). If this happens, they will give the discloser reasons for their decision in accordance with s. 8(3), unless they made an anonymous disclosure. The PID Officer may also notify any subject(s) of the disclosure, if they discontinue the investigation.

To ensure the disclosure is adequately and properly investigated the PID Officer, or other investigator, will be guided by the procedures below.

Typical procedures for an investigation

In conducting an investigation, typical steps may include:

- developing the terms of reference for the investigation, clarifying the key issues in the disclosure;
- ensuring the objectives of the investigation include
 - collecting and collating information related to the disclosure,
 - considering the information collected, and
 - drawing conclusions objectively and impartially;
- specifying a date by which the investigation should be completed and a report provided to the discloser about the final outcome, bearing in mind that the discloser may be able to disclose to a journalist if
 - the PID Officer does not notify the discloser within three months of them making their disclosure about how they plan to deal with the disclosure,



- the PID Officer discontinues an investigation,
- the PID Officer does not complete the investigation within six months; or
- the PID Officer does not provide a final report to the discloser about the outcome and any action taken, including the reasons for that action;
- informing the subject of the disclosure about their rights and obligations under the PID Act, the PID Officer's code of conduct and integrity, any agency code of conduct and the law;
- maintaining procedural fairness for the person who is the subject of the disclosure;
- the investigator making contemporaneous notes of discussions and interviews and, where practicable and appropriate, recording discussions and interviews on audio or videotape (ensuring people are made aware they are being recorded);
- ensuring strict security to maintain the confidentiality requirements of the PID Act.

What are the responsibilities for those that are the subject of a disclosure?

A subject of a disclosure is a person of interest about whom an allegation of a public interest disclosure has been made.

The City will treat the person fairly and impartially throughout the process, and inform them of their rights and obligations. The City will generally keep the parties involved informed during any investigation, although the City cannot release any information to the person that may prejudice the investigation. As an employee it is expected that they will act in accordance with the Code of conduct at all times.

The PID Act provides the person with some rights and obligations as a person subject to a disclosure. Firstly, the subject has a right to have their identity kept confidential under s. 16(3), unless one of the following conditions apply:

- consent is given to identity being disclosed;
- it is necessary to enable the matter to be investigated effectively;
- it is necessary to do so in taking action within s. 9;
- there are reasonable grounds to believe that it is necessary to prevent or minimise the risk of injury to any person or damage to any property;
- is made in accordance with a court order or other body having authority to hear evidence; or
- it is made in accordance with ss. 152 or 153 of the *Corruption, Crime and Misconduct Act 2003*.

The City will also provide appropriate natural justice. This means that, before any disciplinary or other action against the person under s. 9 is taken, the City will give the opportunity to:

- be informed of the substance of the allegations; and
- make a submission either verbally or in writing in relation to the matter.

The subject of a disclosure, must not identify or tend to identify the identity of the discloser or a person who they think might be the discloser, as they also have rights to confidentiality under the PID Act. It is an offence under s. 16 to identify or tend to identify any person who has made a disclosure under the PID Act.

Also, there must not be engagement in reprisal action, threatening anyone with reprisal action or having someone else conduct this action on their behalf because someone has made, or intends to make, a disclosure. It is still an offence to conduct this action against any person



believed to have made the disclosure even if they were not the individual who actually made the disclosure. This is an offence under s. 14(1) of the PID Act.

7. Taking the action

The PID Officer will take action where they form the opinion that a person may be, may have been or may in the future be involved in conduct which may be the subject of a public interest disclosure. Usually, the PID Officer will form this opinion at the conclusion of an investigation, although there may be instances where they need to take immediate action and the PID Act enables them to do this.

Action the PID Officer may take under s. 9 includes, but is not limited to:

- preventing the matter disclosed from continuing or occurring;
- referring the matter to the Western Australia Police or other appropriate body; or
- taking disciplinary action against a person responsible for the matter.

The options above are not mutually exclusive. The PID Officer may take more than one action depending on the circumstances. For example, the PID Officer may seek to terminate the employment of an employee caught stealing and refer the matter to the Western Australia Police.

In taking action the PID Officer and/or the City is limited by the powers and functions derived from their operating legislation. The PID Act does not provide for any additional powers to take action. The City is also guided by what is necessary and reasonable in the circumstances.

Before taking any action the City will give the person against whom the action is to be taken (the subject of the disclosure) an opportunity to respond, either verbally or in writing, to ensure procedural fairness.

Confidentiality and record keeping when taking action

The City will maintain confidentiality in accordance with the PID Act when taking action.

The PID Officer will keep appropriate records about any action taken, as well as recording a summary of this action in the public interest disclosure register.

8. After the public interest disclosure process has been finalised

The PID Act places no further obligations on the City or its PID Officers after the disclosure process is complete. The confidentiality requirements of the PID Act, however, continue to apply to all people involved with the disclosure.

The PID Act does not provide for the appeal of the outcome of the disclosure process, however another disclosure may be able to be made to another proper authority, if the information relates to their functions or sphere of responsibility (s. 5). See *Don't be afraid to speak up* (PSC Publication) for the correct proper authority for disclosures.

However, this 'new' proper authority may be able to decline to investigate the disclosure under s. 8, if they consider the matter(s) has already been properly or adequately investigated (as a public interest disclosure).



9. Making a disclosure to a journalist

The PID Act provides for certain circumstances where a discloser may be able to make a protected disclosure to a journalist s. 7A(d). These circumstances apply where the discloser has first made a disclosure to the PID Officer or another proper authority named in the PID Act (outlined in s. 5 or Don't be afraid to speak up).

Importantly, the PID Act states that to attract the privileges and protections of the PID Act when disclosing to a journalist, the discloser must disclose information that is substantially the same as what was disclosed in the original disclosure and the PID Officer that received the original disclosure:

- did not notify the discloser within three months of making the disclosure about actions they propose to take or have already taken; or
- refused to investigate, or discontinued the investigation of, a matter raised in the disclosure; or
- did not complete an investigation within six months of the discloser making the disclosure; or
- completed an investigation but did not recommend that action be taken; or
- did not provide the discloser with a report stating the outcome of any investigation or any action proposed or taken and the reasons for those actions.

The City is committed to ensuring the provision of the notifications required under the PID Act and that the discloser understands the reasons for decisions and actions. If a discloser is considering making a disclosure to a journalist because they believe their circumstances meet one or more of the requirements outlined above, the City would encourage the discloser to discuss this with the PID Officer prior to disclosure to a journalist.

It is also recommended that the discloser seek their own legal advice before taking any action in relation to matters that have been disclosed under the PID Act.

If a discloser makes an anonymous disclosure they may not be able to demonstrate they meet the above requirements and the City are not obliged to provide the discloser with any notifications about what happens to the disclosure.

10. Contact details and further information

For further information, contact:

Position	Name of PID Officer	Contact details
Director Corporate Services	Michael Cole	(08) 9273 3500 Mcole@nedlands.wa.gov.au PO BOX 9 NEDLANDS WA 6909
Manager Health and Compliance	Andrew Melville JP	(08) 9273 3500 Amelville@nedlands.wa.gov.au PO BOX 9 NEDLANDS WA 6909
Manager Human Resources	Shelley Mettam	(08) 9273 3500 Smettam@nedlands.wa.gov.au PO BOX 9 NEDLANDS WA 6909



Or visit the Public Sector Commission's website: www.publicsector.wa.gov.au

*All references to sections (that is, 's' and 'ss.') in these procedures relate to the
PID Act, unless stated otherwise.*

Related documentation

Public Interest Disclosure Policy

Related Local Law / Legislation

Public Interest Disclosure Act 2003

Related delegation

Nil

Review History

Amendments to Procedure Approved by EMT September 2023
Approved by Executive 3 August 2011



9.5. ARC05.02.24 Annual Compliance Audit Return 2023

Meeting & Date	ARC Meeting – 19 February 2024
Applicant	City of Nedlands
Employee Disclosure under section 5.70 Local Government Act 1995	Nil.
Report Author	Libby Kania Coordinator Governance and Risk
Acting CEO	Tony Free – Acting Chief Executive Officer
Attachments	1. Confidential Attachment - Compliance Audit Return 2023 – Audit and Risk Committee (Unformatted).

Regulation 11(da) – Not Applicable – Recommendation Adopted

Moved – Councillor Bennett
 Seconded – Councillor Coghlan

That the Recommendation be adopted.
 (Printed below for ease of reference)

CARRIED UNANIMOUSLY 6/-

Committee Recommendation / Recommendation

That the Audit and Risk Committee recommends to Council adoption of the 2023 Compliance Audit Return for the City of Nedlands for the period 1 January 2023 to 31 December 2023 as contained in Attachment 1 to this report.

Purpose

The purpose of this report is for the Audit and Risk Committee to review, report and recommend to Council adoption of the City of Nedlands 2023 Annual Compliance Return. The return is required to be submitted to the to the Department of Local Government, Sport and Cultural Industries by 31 March 2024.

Voting Requirement

Simple Majority.



Background

All Local Governments are required to submit an annual Compliance Audit Return (CAR) to the Department of Local Government, Sport and Cultural Industries by 31 March each year for the previous calendar year. The CAR is used to measure the level of compliance with the *Local Government Act 1995* and associated Regulations.

Discussion

The City's 2023 Compliance Audit Return was completed in February by Management following a review and assessment of:

- Council meeting agendas and minutes;
- Performance plans, media advertisements, procedures and policies, registers, delegation records, local laws; and
- Discussion with responsible officers.

Each Local Government Authority is required to complete a CAR for the period 1 January 2023 to 31 December 2023. The CAR must be submitted to the Departmental CEO by 31 March 2024. The return is one of the tools that allows Council to monitor how the organisation is functioning. It places emphasis on the need to bring to Council's attention issues of noncompliance, or issues where full compliance was not achieved. In addition to explaining or qualifying cases of noncompliance, the return also requires Council to endorse any remedial action taken or proposed to be taken in regard to instances of non-compliance. The document contains over 90 questions in order to assess a local government's compliance with the legislative framework. Under regulation 14 of the *Local Government (Audit) Regulations 1996*, sub regulation (3A) the audit committee is to review the CAR and report to council the results of that review. The CAR is then to be presented to the Council and adopted by Council and the resolution recorded in the minutes. The compliance areas include:

TOPIC	NUMBER OF QUESTIONS
Commercial Enterprises by Local Governments	5
Delegation of Power / Duty	13
Disclosure of Interest	21
Disposal of Property	2
Elections	3
Finance	7
Integrated Planning & Reporting	3
Local Government Employees	5
Official Conduct	4
Optional Questions	9
Tenders for Providing Goods and Services	22

In the reporting period the City identified 4 areas of non-compliance.



These refer to the following:

1. Disclosure of Interest – Questions 4

4. Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day?

There was one instance where a relevant person did not submit their primary return on time. The matter was reported to the relevant authority. No further action was taken by the authority.

2. Finance - Question 3

3. Was the auditor's report for the financial year ended 30 June 2023 received by the local government by 31 December 2023?

The auditor's report was not received prior to 31 December 2023. This has impacted the City's ability to answer Finance Question 4, 5, 6 and 7 of the CAR. Those questions could not be answered as they required the auditor's report.

3. Optional Questions – Question 4

4. Did the local government prepare, adopt by absolute majority and publish an up-to-date version on the local government's website, a policy dealing with the attendance of council members and the CEO at events?

The City adopted a policy on attendance at events on 26 September 2023. While the policy was adopted in accordance with the Act, a copy of the policy was not uploaded to the City's website until 2024. While the City is partly compliant, it should be acknowledged that the policy was not on the website during the reporting period.

4. Delegation of Power/Duty – Question 5

5. Has Council reviewed delegations to its committees in the 2021/2022 financial year?

An audit was conducted of the City's Delegations Register to ascertain any delegation that had been provided to a committee of Council pursuant to s. 5.16 of the Act. The following committees include in their terms of reference a delegation from Council:

- Audit and Risk Committee under Part 7
- Public Arts Committee
- The CEO Performance Review Committee acting under delegated authority



Council considered its Delegations Register on 27 September 2022 (2022/2023 financial year). The Register did not include the delegations to the Committees and as a consequence did not form part of the review.

Notwithstanding, the delegation to the Audit and Risk Committee was considered by Council when it reviewed the Terms of Reference of the Committee on 13 December 2022. On 27 September 2022 the delegation to the CEO Performance Review Committee was reviewed when Council considered the terms of reference of that Committee.

The delegation to the Public Arts Committee was not reviewed in the 2022/2023 financial year. It was reviewed on 23 November 2021 and then again on 12 December 2023 to coincide with the Ordinary Elections. It has subsequently been included in the Delegations Register.

The City has taken the following steps to deal with the non-compliance:

1. Attendance at events policy has been uploaded to the City’s website.
2. Report to the relevant authority on the non-compliance with the primary return disclosure.
3. All delegations to Committees were included in the updated Delegations Register in Attain in the 2023 – 2024 financial year.

Consultation

Relevant staff were requested to complete those questions of the CAR that related to their service areas. All responses were then collated and incorporated into the CAR by the designated officer. The CAR was then tabled at the 7 February 2023 Executive Management Team meeting for consideration and approval.

Strategic Implications

This item is strategically aligned to the City of Nedlands Council Plan 2023-33 vision and desired outcomes as follows:

Vision	Sustainable and responsible for a bright future
Pillar	Performance
Outcome	11. Effective leadership and governance.

Budget/Financial Implications

The 2023 Compliance Audit Return has been conducted using internal resources and there are no other financial impacts.



Legislative and Policy Implications

[Local Government \(Audit\) Regulations 1996](#)

Regulation 14

- (1) A local government is to carry out a compliance audit for the period 1 January to 31 December in each year.
 - (2) After carrying out a compliance audit the local government is to prepare a compliance audit return in a form approved by the Minister.
 - (3A) The local government's audit committee is to review the compliance audit return and is to report to the council the results of that review.
 - (3) After the audit committee has reported to the council under subregulation (3A), the compliance audit return is to be -
 - (a) presented to the council at a meeting of the council; and
 - (b) adopted by the council; and
 - (c) recorded in the minutes of the meeting at which it is adopted.
15. Certified copy of compliance audit return and other documents to be given to Departmental CEO
- (1) After the compliance audit return has been presented to the council in accordance with regulation 14(3) a certified copy of the return together with —
 - (a) a copy of the relevant section of the minutes referred to in regulation 14(3)(c); and
 - (b) any additional information explaining or qualifying the compliance audit, is to be submitted to the Departmental CEO by 31 March next following the period to which the return relates.
 - (2) In this regulation — certified in relation to a compliance audit return means signed by -
 - (a) the mayor or president; and
 - (b) the CEO.

In accordance with [Regulation 14 and 15 of the Local Government \(Audit\) Regulations 1996](#) the 2023 Annual Compliance Audit Return must be:

1. Presented to the Audit and Risk Committee for review and then presented to Council;
2. Adopted by Council;
3. Recorded in the minutes of the meeting at which it was adopted; and
4. A certified copy of the return, along with a copy of the minutes recording its adoption, to be submitted to the Department by 31 March 2024.

Decision Implications

Should Council choose to adopt the 2023 Compliance Audit Return for submission to the Department of Local Government Sport and Cultural Industries the City would fulfil its prescribed statutory requirements in [regulation 13 of the Local Government \(Audit\) Regulations 1996](#).



Should Council choose not to adopt the 2023 Compliance Audit Return for submission to the Department of Local Government Sport and Cultural Industries Council would be in breach the prescribed statutory requirements in [regulation 13 of the Local Government \(Audit\) Regulations 1996](#).

Conclusion

That the Audit and Risk Committee recommends Council adopt the Compliance Audit Return 2023 as contained in Attachment 1.

Further Information

Nil.



10. Date of Next Meeting

The date of the next meeting of the Audit & Risk Committee Meeting will be on Monday, 20 May 2024 at 5.30pm.

11. Declaration of Closure

There being no further business, the Presiding Member declared the meeting closed at 7.22pm.