**MINUTES**

**Audit & Risk Committee Meeting**

**Monday, 20 November 2023**

**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](https://www.nedlands.wa.gov.au/public-question-time)

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](https://www.nedlands.wa.gov.au/public-address-registration-form)

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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# Declaration of Opening

The Acting Chief Executive Officer declared the meeting open at 5.30pm and drew attention to the disclaimer on page 2 and advised that the meeting is being livestreamed.

# Appointment of Chair

This being the first meeting of the Audit & Risk Committee following the Local Government Elections a Chair is required to be appointed at this meeting.

Mr Free, Acting Chief Executive Officer called for nominations for the Chair.

Nominations received:

1. Councillor McManus

**There being only one nomination Councillor McManus was elected as the Chair of the Audit & Risk Committee, term ending immediately prior to the next Local Government Election in October 2025.**

**Councillor McManus assumed the Chair.**

# Present and Apologies and Leave of Absence (Previously Approved)

**Councillors** Councillor L J McManus (Presiding Member) Hollywood Ward

Mayor F E M Argyle

Councillor B G Hodsdon (online from 5.52pm until 6.10pm) Hollywood Ward

Councillor R A Coghlan (from 6.01pm) Melvista Ward

Councillor H Amiry (online) Coastal Ward

Councillor K A Smyth Coastal Ward

Councillor F J O Bennett (online) Dalkeith Ward

**Staff** Mr T G Free Acting Chief Executive Officer

Mr M R Cole Director Corporate Services

Mrs N M Ceric Executive Officer

**Invited** Mr G Baw Community Member

**Guests** Mr B Silence Supervisor Moore Australia

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

**Press** Nil.

**Leave of Absence** Nil.

**(Previously Approved)**

**Apologies** Councillor B Brackenridge Melvista Ward

Mr K Laurence Community Member Ms L J Kania Coordinator Governance & Risk

# Public Question Time

Public questions submitted to be read at this point.

Nil.

# 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.

# 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.

# 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.

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

Nil.

Mr agenda to be out earlier

# Confirmation of Minutes

## Audit & Risk Committee Meeting Minutes – 21 August 2023

Moved – Mayor Argyle

Seconded – Councillor McManus

The Minutes of the Audit & Risk Committee Meeting 21 August 2023 be accepted as a true and correct record of that meeting.

**CARRIED UNANIMOUSLY 5/-**

# Items for Discussion

## ARC19.11.23 - Terms of Reference

|  |  |
| --- | --- |
| **Meeting & Date** | Audit and Risk Committee Meeting – 20 November 2023 |
| **Applicant** | City of Nedlands |
| **Employee Disclosure under section 5.70 Local Government Act 1995** | Nil. |
| **Report Author** | Michael Cole - Director Corporate Services |
| **Director** | Michael Cole - Director Corporate Services |
| **Attachments** | Nil. |

**Regulation 11(da) – Not Applicable – Recommendation Adopted**

Moved – Councillor Amiry

Seconded – Mayor Argyle

**That the Recommendation be adopted.**

(Printed below for ease of reference)

**CARRIED UNANIMOUSLY 5/-**

**Committee Resolution / Recommendation**

**That the Audit and Risk Committee endorse the Terms of Reference as adopted by Council at its Special Council Meeting of 31 October 2023.**

**Purpose**

For the Committee to confirm the Terms of Reference.

**Voting Requirement**

Simple Majority.

**Background**

At the Special Council Meeting of 31 October 2023, Council appointed members to the Audit and Risk Committee and adopted the following Terms of Reference of the Audit and Risk Committee.

Audit and Risk Committee

Purpose

This Committee is established by Council in accordance with the Local Government Act 1995, part 7, to assist the Council under Regulation 16 of the Local Government (Audit) Regulations 1995 to discharge its responsibilities with regard to the exercise of due care, diligence and skill in relation to:

* The reporting of financial information, the application of accounting policies, and the management of the financial affairs of the City,
* The assessment of the adequacy of the management of Risk.

Scope

Local Government (Audit) Regulations 1995 Regulation 16 - Functions of audit committee

An audit committee has the following functions —

(a) to guide and assist the local government in carrying out —

(i) its functions under Part 6 of the Act; and

(ii) its functions relating to other audits and other matters related to financial management;

(b) to guide and assist the local government in carrying out the local government’s functions in relation to audits conducted under Part 7 of the Act;

(c) to review a report given to it by the CEO under regulation 17(3) (the CEO’s Report) and is to —

(i) report to the council the results of that review; and

(ii) give a copy of the CEO’s report to the council;

(d) to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under —

(i) regulation 17(1); and

(ii) the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);

(e) to support the auditor of the local government to conduct an audit and carry out the auditor’s other duties under the Act in respect of the local government;

(f) to oversee the implementation of any action that the local government —

(i) is required to take by section 7.12A(3); and

(ii) has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a); and

(iii) has accepted should be taken following receipt of a report of a review conducted under regulation 17(1); and

(iv) has accepted should be taken following receipt of a report of a review conducted under the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);

(g) to perform any other function conferred on the audit committee by these regulations or another written law.

The committee shall have as its primary duties and responsibilities the following tasks:

Audit

1. To meet with Council’s external auditors and review the Audit Plan prior to the conduct of the interim audit each year;

2. To ensure that the audit is being conducted in accordance with the brief and the terms of appointment and that matters of concern to the Council and/or the Committee are being addressed;

3. Ensure that the Council’s financial affairs and systems and processes are being managed and reported in accordance with statutory requirements and Australian Accounting Standards;

4. Ensure that relevant financial information is reported to Council in a form that meets the needs and expectations of Council, clearly setting out the key relevant financial data, such that the Council can confidently understand the financial performance of the Council’s affairs;

5. Review the audit report and make appropriate recommendations to Council;

6. Where appropriate and with the approval of Council seek advice and/or assistance in relation to matters pertaining to the audit or financial affairs of the City.

7. Monitor the implementation of the Audit Management Plan.

8. Review at least annually the performance of the Audit and Risk Committee

Risk Management

1. Twice yearly consider a report in relation to the management of risk within the City of Nedlands and satisfy itself that appropriate controls and processes are in operation and are adequate for dealing with the risks that impact on the City.

2. To address any specific requests referred to it from Council in relation to issues of risk and risk management.

3. Monitor the implementation of the Strategic Risk Management Plan.

Membership

1. The membership of the committee shall comprise the Mayor and one Councillor from each ward with the Councillors being determined by nomination and if necessary, a ballot conducted at a Council Meeting and up to two non-Councillor Members, being residents of the City of Nedlands.

2. Council will appoint one Councillor from each ward as deputy members of the committee.

3. If a vacancy on the committee occurs for whatever reason, then Council shall appoint a replacement in accordance with the same arrangements as for the original appointment.

4. The ward deputy will be invited to attend the Committee as a voting member if the primary ward member is absent, an apology, on leave or has resigned.

5. The term of the presiding member and committee members will expire immediately prior to the next ordinary Council election.

6. The presiding member shall be determined by election amongst the members of the committee. The election will take place at the first meeting following the reconstitution of the committee after each ordinary Council election. The Mayor is eligible to vote for a presiding member but is not eligible to sit as the presiding member.

7. Should the elected presiding member not be present during a meeting of the committee then a temporary presiding member shall be elected in accordance with 5 above.

8. Community members shall have appropriate qualifications in Audit and / or Risk Management.

9. If a Committee member is unable to attend a meeting, an apology or an approved leave of absence is required. The Committee may resolve to relinquish membership after three or more unexcused absences.

Staff

The following staff will attend committee meetings to provide technical support and advice:

* Chief Executive Officer

• Director of Corporate & Strategy

• Coordinator Governance and Risk

Other staff may attend committee meetings when requested by the Committee through the Chief Executive Officer.

Invitees/Attendees

The Committee may invite relevant persons to attend and address or advise the committee, within the ambit of its scope and where necessary with the approval of Council (e.g., if authorisation of funding is required), as it sees fit including but not limited to:

• The external auditor or his/her representative

Meetings

1. The Council Committee operates under the Council’s Standing Orders Local Law.

2. The Committee shall formally meet at least quarterly. A schedule of meetings will be developed and agreed to by the members. Additional meetings may be called by the Presiding member. It is the responsibility of the presiding member to call the meetings of the committee.

3. The quorum for a meeting will be 50% of the offices of the Audit & Risk Committee as per section 5.19 of the Local Government Act 1995.

Reporting

The Committee shall report quarterly to the Council summarising its activities during the previous financial year.

Delegated Authority

The Audit and Risk Committee will have delegated authority to meet with the auditor in accordance with Section 7.12A(2) of the Local Government Act 1995.

**Discussion**

In their Internal Audit review on the Effectiveness of the Audit and Risk Committee undertaken by Moore Australia in August 2022, one of their reported actions was to review the Terms of Reference to achieve a contemporary version which meets legislative compliance requirements and aligned to better practice principles.

The Terms of Reference have been reviewed against the Department of Local Government Operational Guidelines – Number 9 relating to Audit in Local Government and Office of Auditor General (OAG) WA Public Sector Audit Committees Better Practice Guide. The OAG Better Practice Guide has elements that are relevant to local government.

The Terms of Reference adopted by Council are considered to meet the legislative requirements for local government Audit and Risk Committees and align where appropriate to better practice principles relevant to local government. Accordingly, no changes are recommended.

**Consultation**

Not applicable.

**Strategic Implications**

This item relates to the following elements from the City’s Strategic Community Plan.

**Vision** Our city will be an environmentally-sensitive, beautiful and inclusive place.

**Values** **Great Governance and Civic Leadership**

We value our Council’s quality decision-making, effective and innovative leadership, transparency, accountability, equity, integrity and wise stewardship of the community’s assets and resources. We have an involved community and collaborate with others, valuing respectful debate and deliberation.

**Priority Area**

* Not applicable.

**Budget/Financial Implications**

There are no budget or financial implications arising in this report.

**Legislative and Policy Implications**

Not applicable to this report.

**Decision Implications**

Should the Committee support this recommendation no further action is required. However, should the Committee seek to amend the Terms of Reference a recommendation to that effect to Council would be required.

**Conclusion**

The Terms of Reference as endorsed by Council on 31 October 2023 are presented for the endorsement of the Committee.

**Further Information**

Nil.

## ARC20.11.23 - OneCouncil Project Status Report

|  |  |
| --- | --- |
| **Meeting & Date** | Audit Risk Committee – 20 Nov 2023 |
| **Applicant** | City of Nedlands |
| **Employee Disclosure under section 5.70 Local Government Act 1995** | Nil |
| **Report Author** | Emma Van der Wiele – Project Manager (ERP) |
| **Director** | Michael Cole – Director Corporate Services |
| **Attachments** | Nil |

**Regulation 11(da) – Not Applicable – Recommendation Adopted**

Moved – Councillor McManus

Seconded – Mayor Argyle

**That the Recommendation be adopted.**

(Printed below for ease of reference)

Councillor Hodsdon joined the meeting online 5.52pm

Councillor Amiry left the meeting at 5.53pm.

Mayor Argyle left the room at 5.54pm and returned at 5.56pm.

Councillor Smyth as deputy for Councillor Amiry.

**CARRIED UNANIMOUSLY 5/-**

**Committee Resolution / Recommendation**

**Audit & Risk Committee receives the OneCouncil Project Status Report.**

**Purpose**

The purpose of this report is to provide the Project status and current health of the OneCouncil Enterprise Resource Planning system implementation.

**Voting Requirement**

Simple Majority.

**Background**

At the Ordinary Council Meeting held on the 22nd of June 2021 Council resolved the following:

1. approves the supplier, TechnologyOne, to be awarded the contract for RFT 2020-21.03 – Provision City Finance System (Enterprise Resource Planning System) for the initial term of 5 years, comprising the initial 3 years with two one-year extensions, to be awarded under Local Government (Functions & General) Regulations 1996 11(2).
2. agrees to enter a contract with TechnologyOne to purchase their Enterprise Resource Planning System, called OneCouncil, with final contract subject to independent review to the satisfaction of the Chief Executive Officer, and notes:
3. The adoption of the Integrated Enterprise Resource Planning approach for implementing Information Systems; and
4. The implementation of the TechnologyOne One Council solution using the Cloud model called “Software as a Service”.

The OneCouncil implementation project has been managed as an internal project, resourced to accommodate a staged roll out of fundamental modules across the organisation. The project has been divided into three key phases which align evenly to a three-year commitment of delivery.

The City successfully implemented the modules forecast in the first and second phase, on time and with organisational wide support and engagement.

**Discussion**

The City is currently engaged in phase three of the OneCouncil implementation, namely, property and ratings (PNR) which is divided into two streams: revenue and compliance. The project team are excelling in their respective areas and continuously show support by leaning into their strengths and collaborating with one another to achieve goals and deadlines, ensuring alignment and unified understanding. The current phase is on track and continues to progress on time and within budget.

In the recent reporting period, the organisation has accomplished a series of significant milestones and initiatives including the successful management of monthly meetings and updates with the Implementation team, fostering effective collaboration between the Information management (IM) and ICT teams to ensure effective and aligned service delivery to the City of Nedlands. The value in those meetings ensures the city is focused on embedding a culture of knowledge sharing and transitioning completed project tasks to daily operations. Additionally, all required Configuration Design Document (CDD) sessions for revenue and compliance have been completed, ensuring adherence to regulatory standards and optimising processes for the City.

With a focus on skill development; training sessions covering connected content, hard copy management, document management, and record management, facilitated by TechnologyOne, were delivered to the Project team, IM, and ICT teams. The project team also strengthened their knowledge of business process automation (BPA) and Forms within the OneCouncil solution, participating in training in collaboration with TechnologyOne.

The team coordinated a comprehensive review of all revenue and compliance business process automation (BPA) which addressed, volume, solutions, challenges, and future planning based on prior lessons. BPA modifications are currently the focus of the OneCouncil project team due to their ability to cause ongoing challenges where manipulation to the process is evident.

In supporting the ongoing management and continuous improvement of the OneCouncil solution, the team are working extensively to action the immediate implementation of their modules and seek collaborative insight to solution any challenges that may arise as the project evolves. This includes decisive meetings with the finance department clarifying regulatory requirements for transactional data to be integrated into OneCouncil at Go-live, and collaborative meetings with Westpac to address project changes related to revenue implementation.

For a comprehensive overview of the phase 3 tracking, refer to figure 1. *Phase 2 - Project progress tracker for the July 2023 reporting period.*

|  |  |  |  |
| --- | --- | --- | --- |
| **Area** | **Previous Status** | **Current Status** | **Comments** |
| **Scope** |  |  | Scope is being effectively managed |
| **Budget** |  |  | The budget forecast for the year remains within the allocated budget |
| **Schedule** |  |  | The schedule is being effectively managed |

|  |  |  |
| --- | --- | --- |
| **Green** |  | Project is on track to deliver the expected outcomes at the budgeted cost in the currently agreed timeframe |
| **Amber** |  | Currently agreed outcomes, time, cost and/or quality requirements are at risk of being exceeded if specific action is not taken |
| **Red** |  | Currently agreed outcomes, time, cost and/or quality requirements have been or will be exceeded and specific action is required to address |

**Activities recently completed (last period):**

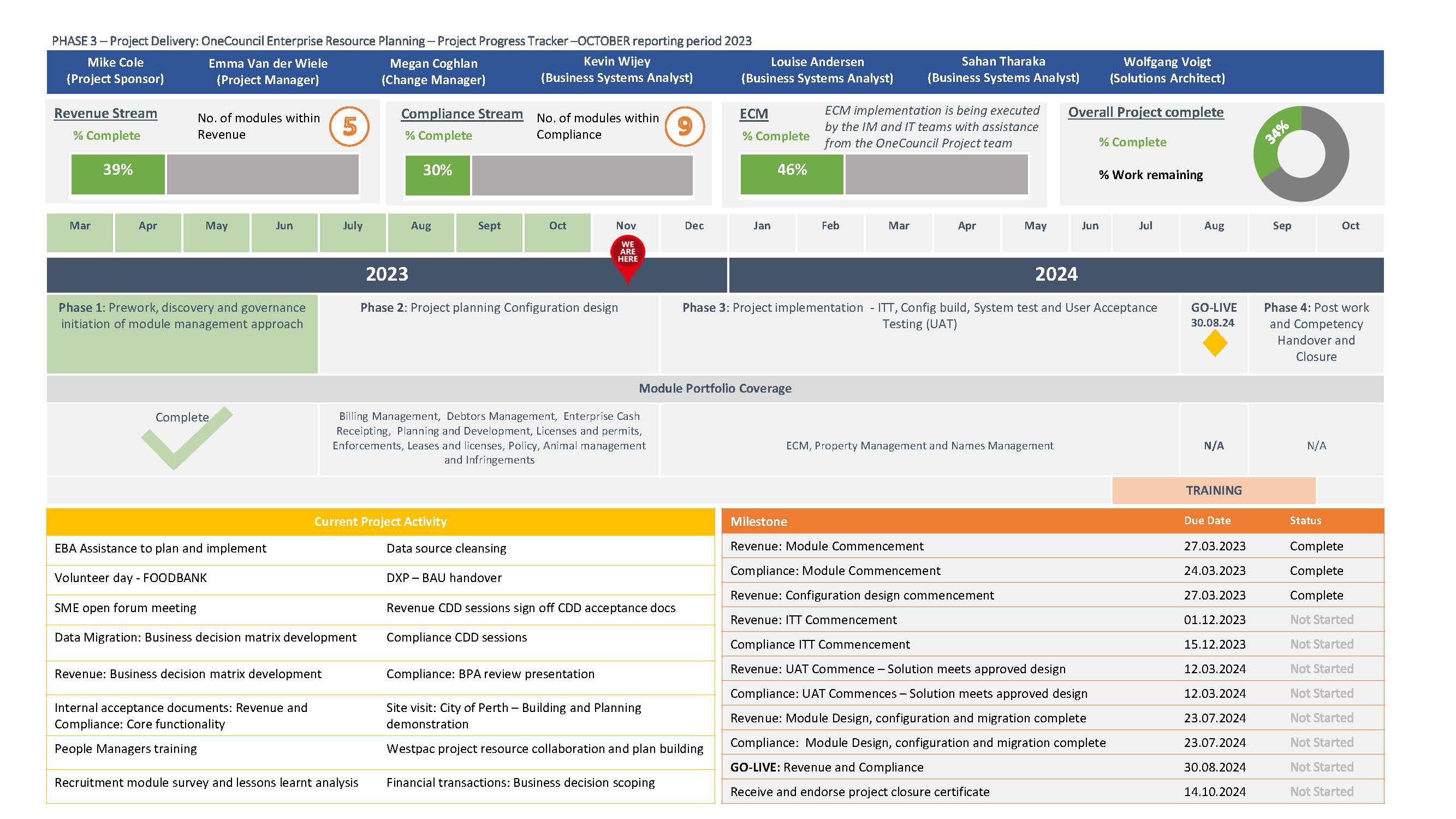
* Managing the Enterprise Content Management (ECM) monthly meetings and updates with Implementation team (IM and ICT teams).
* Completion of all CDD sessions – Revenue and Compliance.
* Connected content training, Hard copy management training, document management training and record management training facilitated by Technology1. Delivered to Project team, IM and ICT teams.
* Completion of annual report – ERP solution input.
* Project team property and ratings BPA review and presentation on volume, solutions, challenges and
* BPA workshop to forward plan and manage challenges from lessons learnt in previous modules requiring manipulation to BPA’s.
* Westpac – initial meeting to establish project changes with Revenue implementation.
* Finance transactions – Decision meetings with finance department to determine regulatory requirements of transactions data to be loaded into OneCouncil at go-live.
* Change Concept Model for Champions: The project team have introduced a change concept model to empower champions and facilitate their understanding of how to guide others empathetically through the change journey.
* Data Migration Collaboration: Collaboration with Tech1 has been ongoing to refine data migration processes.
* BPA and forms training delivered by TechnologyOne.
* Doc one training coordinated by TechnologyOne.
* Goods Receipting Slogan Competition winner (Nathan Blumenthal): The Project team initiated a competition to create a slogan for goods receipting process which continues to be the most troublesome process for a large volume of employees. Slogan has been shared organisation wide.
* Change Reference Poster: A reference poster has been developed for employees to identify different stages of the change process.
* Business decision agreed that payment and customer Reference Portal: Payment through the guest portal will be introduced post go-live, with plans for a staged rollout.
* Compliance meeting with City of Mandurah.
* Resource Pool Management Review: An ongoing review of resource pool management was carried out with building team.
* Revenue Business Decision Matrix: The development of a revenue business decision matrix has been completed resulting from CDD sign-off, indicating impending changes in our business processes.

**Upcoming period’s activities:**

* Volunteer Day – FOODBANK. Team building day scheduled to facilitate bonding of project team members prior to transition into the busier phase of the project delivery.
* SME forum commencement
* Developing and completion of internal acceptance documents to be distributed to Revenue and Compliance affected Directors.
* The project team are developing and testing an automation tool to assist with the remuneration changes and impacts of the negotiated EBA agreement.
* Revenue findings and business decisions sign off and action.
* Compliance CDD’s prepared for final sign off with TechnologyOne.
* Data environment management control and refresh as a standing agenda item for the project team.
* Development of data import loaders and testing for large volume data migration.
* Compliance CDD review and approval with SME’s.
* Quality assurance assessment to validate PPLGS configuration.
* BPA compliance review and configuration session with TechnologyOne consultant.
* Assets assistance to manage data upload from Assetfinda (legacy system)
* Lunch and learn – Project Manager and Change Manager facilitating a change management professional development training for Managers.

**Project Issues for Escalation:**

There are currently no escalation issues open.

*Figure 1.* *Phase 3 - Project progress tracker for the October 2023 reporting period*

**Consultation**

This report summarises detailed consultative information which observes the accuracy of the project status and health. Consultative efforts are managed in accordance with the below Stakeholder Consultation Plans.

| **Stakeholder Consultation Plans** | **Purpose** |
| --- | --- |
| Change Management Plan | To outline the strategy and approach to managing the organisational change associated with implementing the OneCouncil project for employees, customers, and stakeholders. |
| Communication Plan | To provide an overall framework for the ongoing management, coordination, and delivery of communications to all staff across the City of Nedlands impacted by the OneCouncil project activities. |
| Stakeholder Engagement Plan | To outline the City’s approach to managing stakeholder engagement throughout the implementation of the OneCouncil solution to ensure clear direction for the delivery of stakeholder engagement actions. |

**Strategic Implications**

This item relates to the following elements from the City’s Strategic Community Plan.

**Vision** Our city will be an environmentally sensitive, beautiful, and inclusive place.

**Values** **High standard of services**

We have local services delivered to a high standard that take the needs of our diverse community into account.

**Great Governance and Civic Leadership**

We value our Council’s quality decision-making, effective and innovative leadership, transparency, accountability, equity, integrity and wise stewardship of the community’s assets and resources. We have an involved community and collaborate with others, valuing respectful debate and deliberation.

**Priority Area**

* The implementation of OneCouncil is a key result area for the Chief Executive Officer.

**Budget/Financial Implications**

A provision for the continuing implementation of OneCouncil is included in the approved City of Nedlands 2022/23 Annual Budget.

**Legislative and Policy Implications**

Nil.

**Decision Implications**

The City has sufficient information to present the OneCouncil Project status report.

**Conclusion**

The implementation of the OneCouncil project underpins the strategic and operational requirements for the City of Nedlands through a single, integrated solution. The change benefits of the software allow the city to embrace technological strategies to deliver smart community goals.

Recent adoption of changes to the approach and management of the OneCouncil project has seen the module implementation and change acceptance by the organisation reach a level of maturity that ensures the systems future is embedded in the culture at the City of Nedlands.

Active engagement to future proof the City through development of strategic approach documentation, continuous improvement and business as usual ensures reduced impact to the three project health areas namely, scope, budget and schedule.

Efforts to ensure the project continues to mature as the team transitions through Phase 3 to include operating with a collaborative lens, addressing issues raised for escalation and continuous improvement initiatives are managed efficiently and effectively in partnership.

**Further Information**

Nil.

## ARC21.11.23 - Adoption Strategic Risk Register

|  |  |
| --- | --- |
| **Meeting & Date** | Audit and Risk – 20 November 2023 |
| **Applicant** | City of Nedlands |
| **Employee Disclosure under section 5.70 Local Government Act 1995** | Nil. |
| **Report Author** | Libby Kania - Coordinator Governance and Risk |
| **CEO** | Tony Free – Acting Chief Executive Officer |
| **Attachments** | 1. Confidential Attachment Strategic Risk Register 2. Risk Management Framework |

Councillor Coghlan joined the meeting at 6.01 pm.

Closure of Meeting to the Public

Moved – Mayor Argyle

Seconded - Councillor Bennett

**That the meeting be closed to the public in accordance with Section 5.23 (f) of the Local Government Act 1995 to allow confidential discussion on the following Items.**

**CARRIED UNANIMOUSLY 5/-**

The meeting was closed to the public at 6.02pm.

Councillor Amiry rejoined the meeting at 6.06pm and Cr Smyth returned as an observer.

**Regulation 11(da) – Not Applicable – Recommendation Adopted**

Moved – Mayor Argyle

Seconded – Councillor Amiry

**That the Recommendation be adopted.**

(Printed below for ease of reference)

Councillor Hodsdon retired from the meeting at 6.10pm.

Mayor Argyle left the room at 6.11pm and returned at 6.19pm.

**CARRIED 5/1**

**(Against: Cr. Amiry)**

Moved - Councillor Coghlan

Seconded – Mayor Argyle

**That the meeting be reopened to members of the public and the press.**

**CARRIED UNANIMOUSLY 6/-**

The meeting was reopened to members of the public and the press at 6.25 pm.

**Committee Recommendation / Recommendation**

**That the Audit and Risk Committee recommends that Council:**

1. adopts the Strategic Risk Register as contained in Confidential Attachment 1 to this report; and
2. adopts the updated Risk Management Framework as contained in Attachment 2 to this report.

**Purpose**

The purpose of this report is for the Audit and Risk Committee to consider and if satisfied, recommend to Council adoption of the proposed Strategic Risk Register, and to adopt the updated Risk Management Framework.

**Voting Requirement**

Simple Majority.

**Background**

In July 2022, the City’s internal auditors, Moore, identified in its report on the City’s compliance with regulation 17 of the *Local Government (Audit) Regulations 1996*, that the City’s risk management systems required development and improvement. Indeed, paragraph 2.4 of the Key Observations of the 5 July 2022 Internal Audit Risk Management Report states –

2.4 Risk Register - The Risk Register is out of date and does not adequately identify strategic risks but rather is a task list of matters which need to be actioned within the City. It does not include Risk Identification, Business Unit Risk Registers, Regular Risk Review, Evidence of controls effectiveness rating, Risk Assessment using an effective weighting of elements, Management of Shared Risks, Risk Categories, complete risks and controls rating of implemented controls. There is no comparison to Risk Appetite and Risk Tolerance. These observations limit the effectiveness of risk management.

The report found that –

2.6 Risk Management Framework – The Risk Management Framework is out of date and has not been approved and has been in progress for many years. It has not been aligned to the relevant legislation and standards and does not fully outline the documentation which underpins the Risk Management Framework.

At the Audit and Risk Committee meeting held on 21 August 2023, the Committee considered and recommended approval of the Risk Management Policy to Council. This formally recognised the role of Council and the Audit and Risk Committee in the risk management process. The policy recognised the importance of risk management to the function of the City’s operations and committed the City to the principles outlined in the AS/NZS ISO 31000 2018 standard.

Following on from the Policy is the consideration of the Risk Management Framework, that includes the adopted policy, and the Strategic Risk Register. These have been updated and form part of the review of the risk management system.

**Discussion**

The City is currently looking at the appropriateness and effectiveness of its systems and procedures in relation to risk management to fulfil its obligations under Regulation 17 of the *Local Government (Audit) Regulations 1996*. Risk management is important to achieving the City’s objectives through continuous review of its processes and systems. To that end, the City is required to ensure that it establishes a risk management framework and has a formal process for managing risks.

**1. Risk Management Framework**

All Local Governments are required to develop and adopt a Risk Management Framework. This forms part of the statutory planning requirements under the IPR legislation. With the Strategic Community Plan, the Corporate Business Plan, Long-term financial plan, Workforce Plan, and the Asset Management Plan, the Risk Management Framework creates value for the City and the community, contributing to the demonstrated achievement of the City’s strategic objectives. The risk management framework establishes the boundaries within which risks are managed and provides the scope of the risk management assessment. The risk management context for the organisation needs to be aligned with the structure, capacity, strategic direction and business planning objectives of the City.

A review was undertaken of the Risk Management Framework and associated procedures to ensure compliance with AS/NZS ISO 31000 2018 and amendments made to the organisational structure at the City. The updated framework, that includes the policy, has been provided for the Committee’s consideration.

2. Strategic (Organisational) Risk Register

The Strategic Risk Register has been included to this report as a confidential attachment under s. 5.23(2)(f)(ii) of the *Local Government Act 1995* on the basis that the register contains information that if made public would endanger the security of the City’s property.

The Strategic Risk Register was reviewed to ensure that strategic risks are –

* Identified
* Assessed
* The effectiveness of existing controls are evaluated
* Residual risk is assessed
* Risk treatment options are considered

The register has been completed from data sourced through –

* Consultation with executive, representatives of the internal audit team,
* audit reports, consideration of previous risk registers at the City of Nedlands,
* validating against known categories/types of strategic risks,
* researching risks identified by other local government authorities

Council is in the process of finalising the Council Plan. The identified strategic risk areas are linked to the Council Plan priorities of –

* People
* Planet
* Place
* Prosperity/financial sustainability
* Performance/service delivery

In September 2023, the Executive Management Team was tasked with completing the risk assessment of the risks identified in the Strategic Risk Register. In completing the task, it was identified that the area of asset maintenance was of specific concern. This will be the subject of an upcoming Council forum, but at present there are a number of Council assets that require significant attention and officers have completed substantial work in this area to provide detailed analysis of the City’s current position.

The Strategic Risk Register has been provided to the Committee for its consideration.

**Consultation**

The proposed Strategic Risk Register and Risk Management Framework were presented to EMT for their consideration and feedback in September 2023. The feedback received was noted and amendments were made.

**Strategic Implications**

**Vision**  Our city will be an environmentally-sensitive, beautiful and inclusive place.

**Values**  **Great Governance and Civic Leadership**

We value our Council’s quality decision-making, effective and innovative leadership, transparency, accountability, equity, integrity and wise stewardship of the community’s assets and resources. We have an involved community and collaborate with others, valuing respectful debate and deliberation.

**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 subregulation (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.

**Decision Implications**

Failure to adopt a comprehensive Risk Management system places the City at risk of non-compliance with its legislative responsibilities, and with its ability to adequately prepare for and address risks within the organisation and for the local government district. Adoption of the proposed framework will assist efforts to improve the governance arrangement at the City and meet statutory obligations.

**Conclusion**

The Stratgegic Risk Register and the Risk Management Framework have been updated to meet the requirements of the legislation and the findings of the internal audit. They have been provided to the Audit and Risk Committee for consideration. Should the Committee be satisfied then these may be recommended to Council for adoption.

**Further Information**

Nil.

## ARC22.11.23 – Update from Moore Australia

|  |  |
| --- | --- |
| **Meeting & Date** | Audit and Risk Committee Meeting – 20 November 2023 |
| **Applicant** | City of Nedlands |
| **Employee Disclosure under section 5.70 Local Government Act 1995** | Nil. |
| **Report Author** | Michael Cole - Director Corporate Services |
| **Director** | Michael Cole - Director Corporate Services |
| **Attachments** | 1. Moore Australia Agenda paper for ARC Meeting 20 November 2023 |

**Regulation 11(da) – Not Applicable – Recommendation Adopted**

Moved – Councillor McManus

Seconded – Mayor Argyle

**That the Recommendation be adopted.**

(Printed below for ease of reference)

**CARRIED UNANIMOUSLY 6/-**

**Committee Resolution / Recommendation**

**That the Audit and Risk Committee accepts 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.

**Discussion**

Moore Australia present an update to every meeting of the Audit and Risk Committee. A representative from Moore Australia will present an overview of the report and answer any questions the Committee may have.

**Consultation**

Nil.

**Strategic Implications**

This item relates to the following elements from the City’s Strategic Community Plan.

**Vision**  Our city will be an environmentally-sensitive, beautiful and inclusive place.

**Values** **Great Governance and Civic Leadership**

We value our Council’s quality decision-making, effective and innovative leadership, transparency, accountability, equity, integrity and wise stewardship of the community’s assets and resources. We have an involved community and collaborate with others, valuing respectful debate and deliberation.

**Priority Area**

* Not applicable

**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.

**Legislative and Policy Implications**

Not applicable.

**Decision Implications**

The report is to receive an update from Moore Australia. There are no decision implications.

**Conclusion**

The update from Moore Australia to submitted to the Audit and Risk Committee for noting.

**Further Information**

Nil.

# Date of Next Meeting

The date of the next meeting of the Audit & Risk Committee Meeting will be advised.

# Declaration of Closure

There being no further business, the Presiding Member declared the meeting closed at 6.40pm.