**Minutes**

**Audit & Risk Committee Meeting**

**21 August 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 or [council@nedlands.wa.gov.au](mailto:council@nedlands.wa.gov.au)

**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 the Audit & Risk Committee 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 Committee meetings 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.

Any plans or documents in agendas and minutes may be subject to copyright. The express permission of the copyright owner must be obtained before copying any copyright material.

**Table of Contents**

[1. Declaration of Opening 4](#_Toc142977357)

[2. Present and Apologies and Leave of Absence (Previously Approved) 4](#_Toc142977358)

[3. Public Question Time 5](#_Toc142977359)

[4. Addresses by Members of the Public 5](#_Toc142977360)

[5. Disclosures of Financial Interest 5](#_Toc142977361)

[6. Disclosures of Interests Affecting Impartiality 5](#_Toc142977362)

[7. Declarations by Members That They Have Not Given Due Consideration to Papers 5](#_Toc142977363)

[8. Confirmation of Minutes 6](#_Toc142977364)

[8.1 Audit & Risk Committee Meeting Minutes – 22 May 2023 6](#_Toc142977365)

[9. Items for Discussion 7](#_Toc142977366)

[9.1 ARC12.08.23 – Appointment of Community Members 7](#_Toc142977367)

[9.2 ARC13.08.23 – Update from Moore Australia 10](#_Toc142977368)

[9.3 ARC14.08.23 - Internal Audit Report - Post Implementation Review of the ERP System 12](#_Toc142977369)

[9.4 ARC15.08.23 – Internal Audit Report - Planning Approvals Process 15](#_Toc142977370)

[9.5 ARC16.08.23 – OneCouncil Project Status Report 18](#_Toc142977371)

[9.6 ARC17.08.23 – Risk Management Policy and Framework 26](#_Toc142977372)

[9.7 ARC18.08.23 – Internal Audit Services FY23-24 & FY24-25 31](#_Toc142977373)

[10. Date of Next Meeting 35](#_Toc142977374)

[11. Declaration of Closure 35](#_Toc142977375)

# Declaration of Opening

The Presiding Member declared the meeting open at 5:37pm and drew attention to the disclaimer on page 2 and advised that the meeting is being livestreamed.

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

**Councillors** Councillor L J McManus Presiding Member Coastal Districts Ward

Mayor F E M Argyle

Councillor R Senathirajah Melvista Ward

Councillor O Combes Hollywood Ward

**Staff** Mr W R Parker Chief Executive Officer

Mr M R Cole Director Corporate Services

Ms L J Kania Coordinator Governance & Risk

Ms N M Ceric Executive Officer

Mr S Billingham Manager Financial Services

Mr T Benson Manager ICT

Ms E Van Der Wiele Project Manager (ERP)

**Invited** Mr G Baw Community Member

**Guests** Mr J Laurence Community Member

Ms M Shafizadeh Director Moore Australia

Mr D Young Internal Auditor Moore Australia

**Public** There were no members of the public present and none online.

**Press** Nil.

**Leave of Absence** Nil.

**(Previously Approved)**

**Apologies** Councillor A W Mangano Dalkeith Ward

# Public Question Time

Public questions submitted to be read at this point.

Nil.

# Addresses by Members of the Public

Addresses by members of the public who have 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 Interests 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 of financial interest.

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

Members who had not read the business papers made declarations at this point.

Nil.

# Confirmation of Minutes

**8.1 Audit & Risk Committee Meeting Minutes – 22 May 2023**

Moved – Councillor Senathirajah

Seconded – Councillor Combes

**The Minutes of the Special Audit & Risk Committee Meeting 22 May be accepted as a true and correct record of that meeting.**

**CARRIED UNANIMOUSLY 4/-**

# Items for Discussion

**9.1 ARC12.08.23 – Appointment of Community Members**

|  |  |
| --- | --- |
| **Meeting & Date** | Audit Risk Committee Meeting – 21 August 2023 |
| **Applicant** | City of Nedlands |
| **Employee Disclosure under section 5.70 Local Government Act 1995** | Nil. |
| **Report Author** | Michael Cole - Director Corporate Services |
| **CEO** | Bill Parker |
| **Attachments** | 1. Confidential - Kim Laurence - Biography  2. Confidential - Graham Baws - Biography |

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

Moved – Mayor Argyle

Seconded – Councillor Senathirajah

**That the Recommendation be adopted.**

(Printed below for ease of reference)

**CARRIED UNANIMOUSLY 4/-**

**Committee Recommendation / Recommendation**

**The Audit and Risk Committee recommend that Council appoint as community members of the Audit and Risk Committee as at November 2023 with term ending October 2025:**

1. **Mr John Kimberley Laurence; and**
2. **Mr Graham Baws.**

**Purpose**

To consider the appointment of Mr John Kimberley Laurence and Mr Graham Baws as community members of the Audit and Risk Committee.

**Voting Requirement**

Simple Majority.

**Background**

The terms of reference of the Audit and Risk Committee include provision for the appointment of up to two non-Councillor members, being residents of the City of Nedlands.

The City has sought expressions of interest through the local media and the City’s website and to date has not been successful. More recently the City has reached out through our Volunteer database and Mr Laurence and Mr Baws have expressed an interest in being appointed to the Committee.

**Discussion**

Both Mr Laurence and Mr Baws have submitted a summary of their education and background and this has been provided as confidential attachments to this report.

The Presiding Member has met with Mr Laurence and Mr Baws and has asked for their nominations to be presented to the Audit and Risk Committee for consideration.

Mr Laurence and Mr Baws have been invited to attend the meeting and will answer any questions from Committee members. They will be asked to leave the room while their nominations are being considered by the Committee.

**Consultation**

The Presiding member has been informed of the process to recruit a community member for the Audit and Risk Committee and has met with Mr Laurence and Mr Baws.

**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.

**Budget/Financial Implications**

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

**Legislative and Policy Implications**

Risk management policy refers (see attachment two - ARC17.08.23)

**Decision Implications**

Should the Committee support this recommendation, the appointment will be referred to Council. The current term of the Committee will lapse at the upcoming Ordinary Local Government Elections. Following the elections, a report to appoint new committee members will be presented to Council. Should the Committee agree with the recommendation of this report, Mr Laurence and Mr Baws will also be included as community members for the next Audit and Risk Committee for Council’s consideration.

**Conclusion**

Mr Laurence and Mr Baws are residents of the City of Nedlands and have the necessary education and background for appointment as community members of the Audit and Risk Committee.

**Further Information**

Nil.

**9.2 ARC13.08.23 – Update from Moore Australia**

|  |  |
| --- | --- |
| **Meeting & Date** | Audit Risk Committee Meeting – 21 August 2023 |
| **Applicant** | City of Nedlands |
| **Employee Disclosure under section 5.70 Local Government Act 1995** | Nil. |
| **Report Author** | Michael Cole - Director Corporate Services |
| **CEO** | Bill Parker |
| **Attachments** | 1. Moore Australia Agenda Paper - ARC Meeting 21 August 2023 |

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

Moved – Mayor Argyle

Seconded – Councillor Senathirajah

**That the Recommendation be adopted.**

(Printed below for ease of reference)

**CARRIED UNANIMOUSLY 4/-**

**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’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.

**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.

**9.3 ARC14.08.23 - Internal Audit Report - Post Implementation Review of the ERP System**

|  |  |
| --- | --- |
| **Meeting & Date** | Audit Risk Committee Meeting – 21 August 2023 |
| **Applicant** | City of Nedlands |
| **Employee Disclosure under section 5.70 Local Government Act 1995** | Nil. |
| **Report Author** | Michael Cole – Director Corporate Services |
| **CEO** | Bill Parker |
| **Attachments** | 1. Internal Audit – Post Implementation Review of the ERP System - See Appendix 3 of Item ARC13.08.23 - Moore Aust Agenda Paper |

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

Moved – Mayor Argyle

Seconded – Councillor Combes

**That the Recommendation be adopted.**

(Printed below for ease of reference)

**CARRIED UNANIMOUSLY 4/-**

**Committee Recommendation / Recommendation**

**The Audit and Risk Committee receive the Post Implementation of the ERP System report and notes the findings, recommendations of the Audit and the management comments.**

**Purpose**

This report provides the findings and recommendations from the audit of the City’s Post Implementation of the ERP System, 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 Post Implementation of the ERP System. Moore’s audit was conducted with input from City personnel.

**Discussion**

The attached report contains details of the findings, issues raised and management comments.

**Consultation**

Over the period of the audit, City staff members were interviewed and consulted with by the Moore Australia audit team.

**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.

**Budget/Financial Implications**

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

**Legislative and Policy Implications**

Risk management policy refers (see attachment two - ARC17.08.23)

**Decision Implications**

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

**Conclusion**

The Post Implementation of the ERP System findings, with management comments, are presented to the Audit and Risk Committee for their information.

**Further Information**

Nil.

**9.4 ARC15.08.23 – Internal Audit Report - Planning Approvals Process**

|  |  |
| --- | --- |
| **Meeting & Date** | Audit Risk Committee Meeting – 21 August 2023 |
| **Applicant** | City of Nedlands |
| **Employee Disclosure under section 5.70 Local Government Act 1995** | Nil. |
| **Report Author** | Moore Australia |
| **Director** | Michael Cole –Director Corporate Services |
| **Attachments** | 1. Internal Audit – Planning Approvals Process - See Appendix 2 of Item ARC13.08.23 - Moore Australia Agenda Paper |

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

Moved – Councillor Combes

Seconded – Councillor Senathirajah

**That the Recommendation be adopted.**

(Printed below for ease of reference)

**CARRIED UNANIMOUSLY 4/-**

**Committee Recommendation / Recommendation**

**The Audit and Risk Committee receive the Planning Approval Process report and notes the findings, recommendations of the Audit and the management comments.**

**Purpose**

This report provides the findings and recommendations from the audit of the City’s Planning Approval Process, 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 Planning Approval Process function. Moore’s audit was conducted with input from City personnel.

**Discussion**

The attached report contains details of the findings, issues raised and management comments.

**Consultation**

Over the period of the audit, City staff members were interviewed and consulted with by the Moore Australia audit team.

**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.

**Budget/Financial Implications**

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

**Legislative and Policy Implications**

Risk management policy refers (see attachment two - ARC17.08.23)

**Decision Implications**

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

**Conclusion**

The Planning Approval Process report findings, with management comments, are presented to the Audit and Risk Committee for their information.

**Further Information**

Nil.

**9.5 ARC16.08.23 – OneCouncil Project Status Report**

|  |  |
| --- | --- |
| **Meeting & Date** | Audit Risk Committee Meeting – 21 August 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 Senathirajah

Seconded – Councillor Combes

**That the Recommendation be adopted.**

(Printed below for ease of reference)

**CARRIED UNANIMOUSLY 4/-**

**Committee Recommendation / 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

b. 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 phase, on time and with organisational wide support and engagement.

**Discussion**

The City is currently engaged in a transformational period of phase two project taper and phase 3 commencement of the OneCouncil implementation. The project team are excelling in the transitional period; showing 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 with successful module implementation, on time and within budget.

Recently introduced initiatives include application of a quality management process for module implementation, which has been established to ensure the deliverables and processes for the project are subject to quality review and there is clarity on what functionality has been mapped, configured, and implemented. Best practice quality management review allows the city to understand the maturity of the system as we progress through the project in addition to post project implementation.

Data migration training was undertaken as part of the preparation exercises to understand the revenue and compliance migration efforts for phase 3 (property and ratings). The project team have undertaken a body of work to compliment the training with additional research and testing to document the City’s approach. The City’s revenue data is high volume, however transparent and easily consolidated with firm business processes. Compliance data requires strategic business decisions to ensure the City is creating the most efficient methods for long term business processes and includes date driven dependencies. This will be managed with the project teams recommendations, in line with the planning and development directorate requirements. In addition to a data migration strategy, the project team are developing a user acceptance testing strategy which will form an integral part of establishing clarity on the City’s approach to managing historical and current information.

Ensuring the strategies are created now enables strengthening of governance to support the live environment as the OneCouncil solution matures.

Phase 3 of the OneCouncil project commenced in the June reporting period. The project team established a comprehensive revenue foundation building program to ensure knowledge and process capture was gathered ahead of the consultant lead design days. This level of planning ensured the city achieves the best use of time with maximum efficacy. The approach has remained unchanged for the compliance information gathering program.

The team are currently planning to introduce a new initiative for empowering managers with change skills to bridge the gap in supporting employees with their individual journey. The relationship and proximity that managers have with their employees affected by change mean they are at the forefront of the adoption impact and can strengthen the change.

Recruitment for a replacement Business Systems Analyst to lead the compliance stream is actively in progress. The recruitment is considered a dependency on the project deliverables for Property and Ratings and is being managed as a priority to ensure the project schedule is not negatively impacted.

In supporting the ongoing management and continuous improvement of the OneCouncil solution there have been several key initiatives exercised which demonstrate the commitment the city has to the success of the project. The initiatives include a comprehensive training program which has been developed to implement a continued learning calendar for all OneCouncil modules. This process ensures the City is managing system knowledge proactively and is committed to the OneCouncil productivity and effectiveness, long term. Additionally, the growing need for stronger collaboration between the internal ICT and OneCouncil project teams has been actualised and proved successful in communicating clarity in understanding the relationship between the system implementation process and managing contingency (future proofing) for the City of Nedlands through knowledge transfer. The collaboration was a recommendation put forward in the April project health report as part of mitigating the escalation point related to business-as-usual complexities.

For a comprehensive overview of the phase 2 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):**

* Development of Module business area map and project schedule adjustments to accommodate the SME dependencies.
* Promapp’s knowledge sharing/transfer – Sessions with all Compliance subject matter experts
* Revenue foundations building – Understanding how the City interacts with all revenue elements. Ensuring the project team are equipped with a holistic overview to compliment the integrated nature of the OneCouncil system.
* PPLGS configuration build to the requirements specified in the design workshops.
* Introduction of People change management initiative: Empowering all levels of the organisation with change tools and strategies to observe, manage and influence change impacts.
* Completion of Contracts module portfolio work-pack to complete the project delivery with the current constraints on the business area.
* Development of a Terms of Reference for Phase 3 allocated business area resources – Meeting platform is required for resource collaboration to communicate their experiences, issues, concerns, wins and losses to the project team throughout each stage of the project journey. This is an important part of the transformation, as siloed operations will halt the success and maturity of the project.
* ECM – Health check/review and implementation planning
* Authority risk reviewed and impact reduced due to changes in software support contract.
* Training for DXP meetings and minutes to the organisation
* Ongoing management of refresher training as part of business-as-usual activities.
* Commencement of ICT and OneCouncil meetings to build better collaboration; Coordinated to increase understanding of the relationship between the current system implementation process in addition to managing contingency through knowledge transfer.
* Revised risk register and monitoring schedule has been established as a direct outcome of the risk workshops.

**Upcoming period’s activities:**

* Assets: Closure of module implementation certificate
* Development of data migration strategy
* Development of user acceptance testing strategy
* Internal quality management review for eRecruitment and Assets modules
* DXP parallel environment workshops and testing scenario sessions
* PPLGS configuration design sign off, including internal requirement acceptance documentation.
* Revenue (billing and debtors) product design sessions
* Review and acceptance of Revenue (property and name) design session documentation
* Process mapping workshops within the compliance stream of the organisation

**Project Issues for Escalation:**

There are currently no escalation issues open.

**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.

A screenshot of a computer

Description automatically generated

| **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 2 to Phase 3 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.

**9.6 ARC17.08.23 – Risk Management Policy and Framework**

|  |  |
| --- | --- |
| **Meeting & Date** | Audit Risk Committee Meeting – 21 August 2023 |
| **Applicant** | City of Nedlands |
| **Employee Disclosure under section 5.70 Local Government Act 1995** | Nil. |
| **Report Author** | Libby Kania – Coordinator Governance and Risk |
| **Director** | Michael Cole – Director Corporate Services |
| **Attachments** | 1. Draft Risk Management Policy (Council)  2. Current Risk Management Policy (City) |

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

Moved – Councillor Combes

Seconded – Mayor Argyle

**That the Recommendation be adopted.**

(Printed below for ease of reference)

**CARRIED UNANIMOUSLY 4/-**

**Committee Recommendation / Recommendation**

**Recommends to Council the adoption of the draft Risk Management Policy as contained in Attachment One.**

**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 Risk Management Policy.

**Voting Requirement**

Simple Majority.

**Background**

In July 2022, the City’ 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 2.1 of the Key Observations of the 5 July 2022 Internal Audit Risk Management Report states –

2.1 Risk Management Policy – There is a Risk Management Policy however it does not adequately set out the overall hierarchy and approach to Risk Management. There are responsibilities included within the Risk Management Policy which are not being performed such as Risk Assessments, Risk Profiles, the overall person responsible for risk within the City is not identified.

The Risk Management Policy that was referred to in the Auditor’s Report was an Administration policy. A copy of this 2019 policy is attached to this report (Attachment 2).

**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. The draft Risk Management Policy (Attachment 1) that the Committee is requested to consider, seeks to embed risk management within the City’s operational activities and to formally recognise Council’s role in the Risk Management Framework.

The policy recognises the importance of risk management to the function of the City’s operations and commits the City to the principles outlined in the AS/NZS ISO 31000 2018 standard. It outlines the responsibilities, including Council and the Audit and Risk Committee, formally acknowledging the role the Committee has in its terms of reference toward risk management.

**Current Risk Management System**

The current risk management system is comprised of an Administration policy and procedures. There are also a set of risk assessments and risk profiles that have been undertaken in the past by business units. There is also a strategic risk register that has not been updated for a number of years, and an operational risk register. Evidence of risk assessment being undertaken by business units is available, but this is not embedded and no formal training is conducted on risk management for officers. It is evident that there is a lack of a comprehensive approach to risk management.

The findings above correlate with the key observations made in the Internal Auditor’s Report.

To address the shortcomings, Administration has commenced work on the following documents:

* Risk Management Policy (Draft is before the Audit and Risk Committee)
* Risk Management Framework (Draft subject to amendment. This will be tabled at the November Audit and Risk Committee.)
* Risk Management Procedures (Draft)
* Strategic (Organisational) Risk Register (Draft presented to Executive Management Team for consideration. Amendment required.)
* Operational Risk Register (Officers yet to review as subject to adoption of strategic risk register, training and roll out of risk management to the organisation.)
* Review and Update of Risk Profiles to inform the operational risk register and setting of the risk appetite.
* Review and update of risk tables (Draft as included in the Risk Management Framework.)
* Budget amount in the 2023/2024 Annual Budget for risk management consultancy.

Work has also been undertaken on:

* Business Continuity. A review of the Business Continuity Plan was undertaken in 2023 and completed in July (Key observation 2.9).
* Fraud and Corruption Policies and Framework. A Fraud and Corruption Framework has been drafted and a Fraud Awareness Training module has been created (Key observation 2.10).
* Integrity Framework. The City has drafted an Integrity Framework in accordance with the Public Sector Commission’s guidelines.

The City is currently undertaking a review of its Strategic Community Plan (SCP) and its Corporate Business Plan (CBP) as part of its legislative obligations under the Integrated Planning and Reporting Framework. Much of that work will impact on the development of a Strategic Risk Register and inform the identification of operational risks. The diagram below, shows the alignment of the City’s strategic planning and risk management.

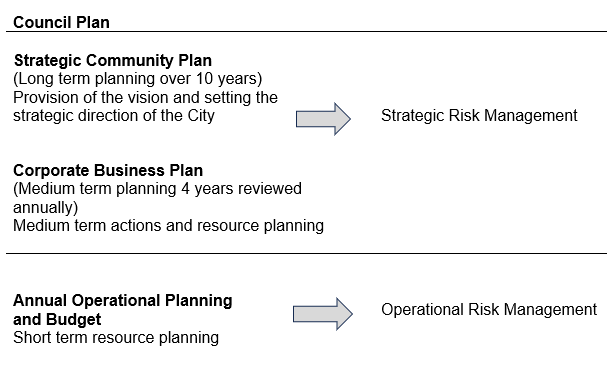


Diagram 1 – Alignment of Strategic Planning and Risk Management

Work on the Risk Management Framework has commenced and a draft was presented to EMT in June 2023. It is expected that due to the impact of the work being conducted on the Council Plan, that the Risk Management Framework will be presented to the November Audit and Risk Committee to allow for integration between the two projects.

**Consultation**

The proposed policy was presented at the Executive Management Team for their consideration and feedback in June 2023.

**Strategic Implications**

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

**Values** **Healthy and Safe**

Our City has clean, safe neighbourhoods where public health is protected and promoted.

**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](https://www.legislation.wa.gov.au/legislation/prod/filestore.nsf/FileURL/mrdoc_43663.pdf/$FILE/Local%20Government%20Act%201995%20-%20%5B07-v0-01%5D.pdf?OpenElement).

[*Local Government (Audit) Regulations 1996*](https://www.legislation.wa.gov.au/legislation/prod/filestore.nsf/FileURL/mrdoc_45249.pdf/$FILE/Local%20Government%20(Audit)%20Regulations%201996%20-%20%5B02-k0-00%5D.pdf?OpenElement)

**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 an adequate Risk Management Policy 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 policy and framework will assist efforts to improve the governance arrangement at the City and meet statutory obligations.

**Conclusion**

The adoption of the Risk Management Policy acknowledges the Council’s role in the Risk Management framework for the City and the oversight role of the Audit and Risk Committee.

**Further Information**

Nil.

**9.7 ARC18.08.23 – Internal Audit Services FY23-24 & FY24-25**

|  |  |
| --- | --- |
| **Meeting & Date** | Audit Risk Committee Meeting – 21 August 2023 |
| **Applicant** | City of Nedlands |
| **Employee Disclosure under section 5.70 Local Government Act 1995** | Nil. |
| **Report Author** | Michael Cole – Director Corporate Services |
| **CEO** | Bill Parker |
| **Attachments** | 1. Confidential - Moore Australia proposal for Internal Audit Services |

**Regulation 11(da) - \*The Committee added the additional clause 3 to confirm recommendation to appoint Moore Australia as Internal Auditors for the term ending 30 June 2025.**

Moved – Mayor Argyle

Seconded – Councillor Combes

**That the Recommendation be adopted with the additional clause 3 added as follows:**

**3. appoints Moore Australia until June 2025 as proposed by Moore Australia in attachment 1.**

**CARRIED UNANIMOUSLY 4/-**

**Committee Recommendation / Recommendation**

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

**1. receives the Moore Australia paper proposing the internal audit activities by Moore Australia for the two years ending 30 June 2025;**

**2. confirms the proposed Internal Audit topics year ended 30 June 2024 and 2025; and**

**3. appoints Moore Australia until June 2025 as proposed by Moore Australia in attachment 1.**

Recommendation

That the Audit and Risk Committee recommends that Council:

1. receives the Moore Australia paper proposing the internal audit activities by Moore Australia for the two years ending 30 June 2025; and

2. confirms the proposed Internal Audit topics year ended 30 June 2024 and 2025.

**Purpose**

The purpose of this report is to consider the proposal from Moore Australia for Internal Audit Services for two years ending June 2024.

**Voting Requirement**

Simple Majority.

**Background**

In August 2021, the Audit and Risk Committee received a paper from Moore Australia that provided an update on the internal audit activities performed by Moore Australia for the year ended 30 June 2021. At the same meeting the Audit and Risk Committee confirmed the Strategic Internal Audit Plan for the year ended 30 June 2022 and 2023.

The final update report for this period is presented as a separate item on this agenda.

Moore Australia have presented a proposal for the next two financial years to June 2025.

The proposal is presented for the Committee’s consideration.

**Discussion**

Moore Australia has provided a final update of the internal audit activities for the two years ended 30 June 2023. See agenda item ARC15.08.23.

The attached proposal from Moore Australia sets out the proposed Internal Audit topics for the next two financial years.

These are:

|  |  |
| --- | --- |
| **2023-24** | **2024-25** |
| Delegation of Authority | Fraud and Corruption |
| Procurement | Complaints |
| Cybersecurity | Policy Framework |
| Environment | Public Interest Disclosure |
| Waste | Security |
| Emergency Management | Community Engagement and  Development |
|  | Infrastructure |

The proposal from Moore Australia outlines their approach and indicative hours proposed to be allocated to each topic.

In addition to the above topics, Moore Australia would continue oversight of outstanding actions from previous audits.

Given the satisfaction with the existing Internal Auditor and to maintain oversight of these outstanding actions and to ensure consistency in the provision of Internal Audit Services, formal testing of the market has not been undertaken.

Should the Committee wish to test the market, a formal Expression of Interest process will be undertaken and brought back to the next meeting of the Audit and Risk Committee.

**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**

**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**

Nil.

**Budget/Financial Implications**

There are funds included in the 2023-24 Annual Budget for Internal Audit Services.

The total cost of Internal Audit Services is subject to the proposed Internal Audit topics being endorsed by the Audit and Risk Committee and Council. Any variation that may require a budget adjustment would be listed for consideration in the next quarterly Budget review.

**Legislative and Policy Implications**

Risk management policy refers (see attachment two - ARC17.08.23)

**Decision Implications**

Should the recommendations be endorsed, the proposal for Internal Audit Services will be presented to Council. Should the recommendations not be endorsed, the City will be without Internal Audit Services until a suitable Internal Audit firm is appointed.

**Conclusion**

Moore Australia are the current Internal Auditors of the City. There are a number of outstanding actions from previous Internal Audits that are required to be closed. To maintain oversight of these outstanding actions and to ensure consistency in the provision of Internal Audit Services, it is recommended that Committee and Council receive the proposal and confirm the proposed Internal Audit topics for the next two years.

**Further Information**

Nil.

# Date of Next Meeting

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

# Declaration of Closure

There being no further business, the Presiding Member declared the meeting closed at 7.12pm.