



# 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](#)

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](#)

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.

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## 1. 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.

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

<b>Councillors</b>	Councillor L J McManus Presiding Member	Coastal Districts Ward
	Mayor F E M Argyle	
	Councillor R Senathirajah	Melvista Ward
	Councillor O Combes	Hollywood Ward
<b>Staff</b>	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)
<b>Invited Guests</b>	Mr G Baw	Community Member
	Mr J Laurence	Community Member
	Ms M Shafizadeh	Director Moore Australia
	Mr D Young	Internal Auditor Moore Australia
<b>Public</b>	There were no members of the public present and none online.	
<b>Press</b>	Nil.	
<b>Leave of Absence (Previously Approved)</b>	Nil.	
<b>Apologies</b>	Councillor A W Mangano	Dalkeith Ward

### **3. Public Question Time**

Public questions submitted to be read at this point.

Nil.

### **4. 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.

### **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 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.

### **7. 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.

## **8. 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/-**

## 9. Items for Discussion

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

<b>Meeting &amp; Date</b>	Audit Risk Committee Meeting – 21 August 2023
<b>Applicant</b>	City of Nedlands
<b>Employee Disclosure under section 5.70 Local Government Act 1995</b>	Nil.
<b>Report Author</b>	Michael Cole - Director Corporate Services
<b>CEO</b>	Bill Parker
<b>Attachments</b>	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

<b>Meeting &amp; Date</b>	Audit Risk Committee Meeting – 21 August 2023
<b>Applicant</b>	City of Nedlands
<b>Employee Disclosure under section 5.70 Local Government Act 1995</b>	Nil.
<b>Report Author</b>	Michael Cole - Director Corporate Services
<b>CEO</b>	Bill Parker
<b>Attachments</b>	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/-**

<b>Committee Recommendation / Recommendation</b>
--

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.



AUDIT AND RISK COMMITTEE  
MEETING AGENDA PAPER

**CITY OF NEDLANDS  
INTERNAL AUDIT**

21 AUGUST 2023

ARC13.08.23 - Attachment One



## Internal Audit Report

### 1. Recommendation

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

- note the status of the City’s Annual Internal Audit Plan for the years 30 June 2022 and 30 June 2023 (please refer to [Section 2](#));
- note the Audit Log information, insights, trends, and recommendations to Management included in this report.

### 2. Annual Internal Audit Plan for the years ending 30 June 2022 and 30 June 2023

Moore Australia WA present to you the status of the Annual Internal Audit Plan for the years 30 June 2022 and 30 June 2023, including details of finalised, in progress and not started internal audit engagements.

#### A) Annual Internal Audit Plan – 30 June 2022

**Table 1** below presents the status of the City’s Annual Internal Audit Program for the year ended 30 June 2022, including details of finalised, not started, in progress and deferred internal audit engagements, if any.

No	Audit Topic	Financial Year	Status Update	Status
1	Conflict of Interest	2022	Finalised and tabled at the May 2023 Audit and Risk Committee Meeting.	Completed and reported to the ARC
2	Financial Management Review	2022	Finalised and tabled at the February 2023 Audit and Risk Committee Meeting.	Completed and reported to the ARC
3	Occupational Safety and Health	2022	Finalised and tabled at the May 2022 Audit and Risk Committee Meeting.	Completed and reported to the ARC
4	Procurement and Planning (Implementation of the ERP System)	2022	Finalised and tabled at the February 2022 Audit and Risk Committee Meeting.	Completed and reported to the ARC
5	Regulation 17 Review	2022	Finalised and tabled at the February 2023 Audit and Risk Committee Meeting.	Completed and reported to the ARC
6	Risk Management	2022	Finalised and tabled at the August 2022 Audit and Risk Committee Meeting.	Completed and reported to the ARC

**Table 1: Status of FY2022 Internal Audit Engagements as at 8 August 2023**

## 2. Annual Internal Audit Plan for the years ending 30 June 2022 and 30 June 2023 (continued)

### B) Annual Internal Audit Plan – 30 June 2023

**Table 2** below presents the status of the City's Annual Internal Audit Plan for the year ending 30 June 2023, including details of finalised, not started, in progress and deferred internal audit engagements, if any.

No	Audit Topic	Financial Year	Status Update	Status
1	Effectiveness of the Audit and Risk Committee	2023	Finalised and tabled at the 3 November 2022 Audit and Risk Committee Meeting.	Completed and reported to the ARC
2	Workforce Management	2023	Finalised and tabled at the May 2023 Audit and Risk Committee Meeting.	Completed and reported to the ARC
3	Asset Management	2023	Finalised and tabled at the February 2023 Audit and Risk Committee Meeting.	Completed and reported to the ARC
4	Planning Approvals	2023	The revised final report was issued on 20 June 2023 and tabled at this Audit and Risk Committee meeting. <a href="#">(Appendix 2)</a>	Completed and tabled at this ARC Meeting
5	Post Implementation Review of New Finance System	2023	The revised final report was issued on 20 June 2023 and tabled at this Audit and Risk Committee meeting. <a href="#">(Appendix 3)</a>	Completed and tabled at this ARC Meeting
6	Purchasing Cards	2023	Finalised and tabled at the February 2023 Audit and Risk Committee Meeting. (Consolidated to present findings within the FMR report)	Completed and reported to the ARC

**Table 2: Status of FY2023 Internal Audit Engagements as at 8 August 2023**

### C) Other

Additionally, Moore Australia has completed an Assurance Mapping exercise as requested by the City and has provided a draft copy to Management on the 4<sup>th</sup> of April for their review. Feedback was received from Management on 19 July 2023.

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

#### a) Status of the Audit Log

As at 8 August 2023, the City had 193 recommendations through audit activities. They are summarised in **Table 3** as follows:

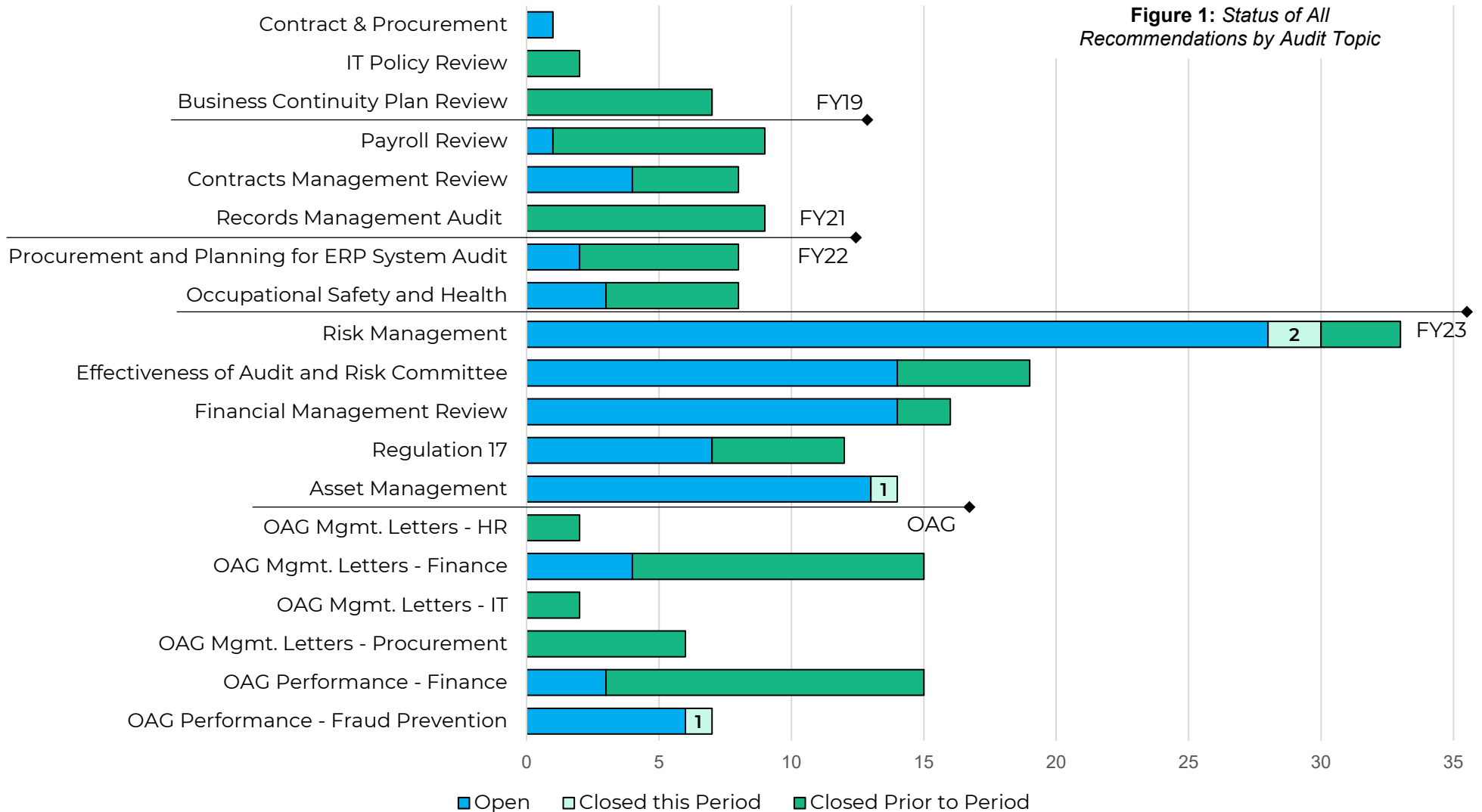
Audit Log Status – 8 August 2023							
Type of Audit	Not Started	In Progress	Considered Closed - Management	Sub-Total – Open	Completed	Total – All	%
Internal Audit	20	56	11	87	59	146	76
OAG Performance Audit	1	6	2	9	13	22	11
OAG Financial Audit	0	3	1	4	21	25	13
<b>Total</b>	21	65	14	100	93	193	100
<b>Percentage</b>	11%	34%	7%	52%	48%	100%	
Audit Log Status – 8 May 2023							
Type of Audit	Not Started	In Progress	Considered Closed - Management	Sub-Total – Open	Completed	Total – All	%
Internal Audit	27	52	11	90	56	146	76
OAG Performance Audit	1	7	2	10	12	22	11
OAG Financial Audit	0	3	1	4	21	25	13
<b>Total</b>	28	62	14	104	89	193	100
<b>Percentage</b>	15%	32%	7%	54%	46%	100%	

Table 3: Status of Audit Log per Audit Team

### 3. Audit Log (continued)

#### b) Recommendations Status – Audit Topic

Figure 1 below provides a breakdown of the status of all one-hundred-ninety-three (193) recommendations per audit topic – including the four (4) items closed this period.



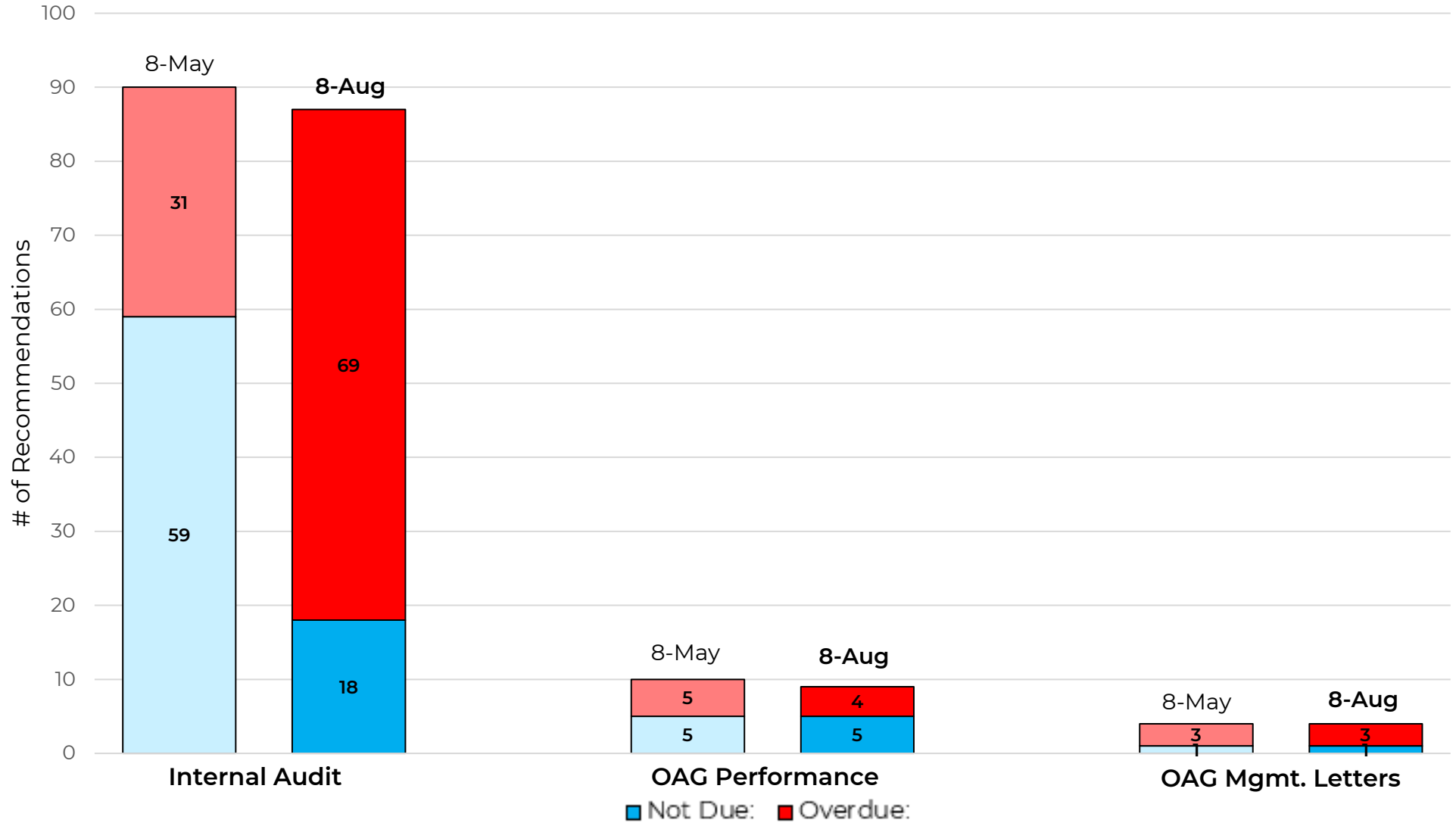


### 3. Audit Log (continued)

#### c) Recommendations Status – Area

Figure 2 below provides the status of the one-hundred (100) open recommendations from each audit area.

Figure 2: Open Recommendations by Audit Area

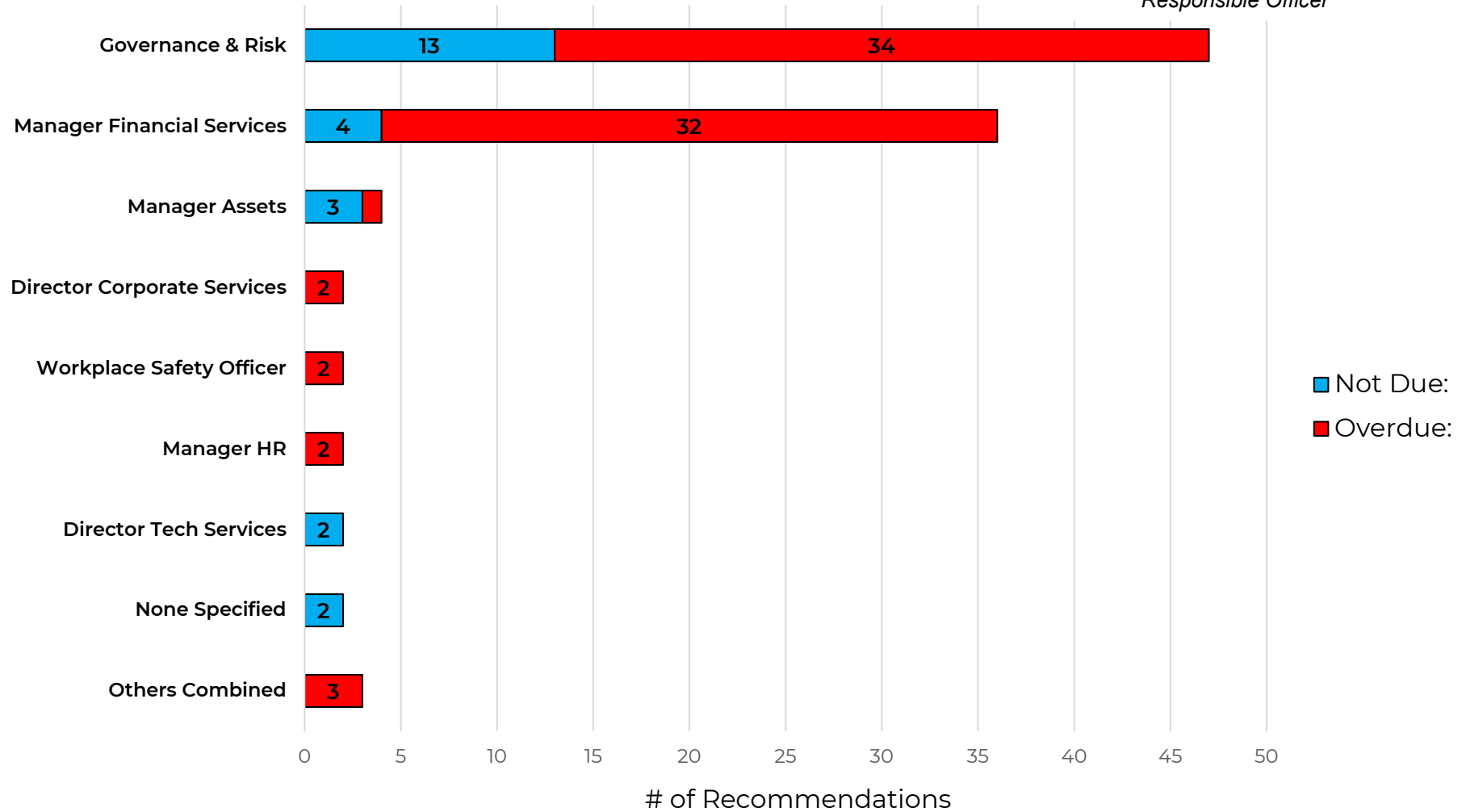


### 3. Audit Log (continued)

#### d) Recommendations Status – Responsible Officer

Figure 3 below provides a breakdown of the status of the one-hundred (100) open recommendations per responsible officer.

Figure 3: Open Recommendations by Responsible Officer



### 3. Audit Log (continued)

#### e) Open Recommendations – Risk Rating

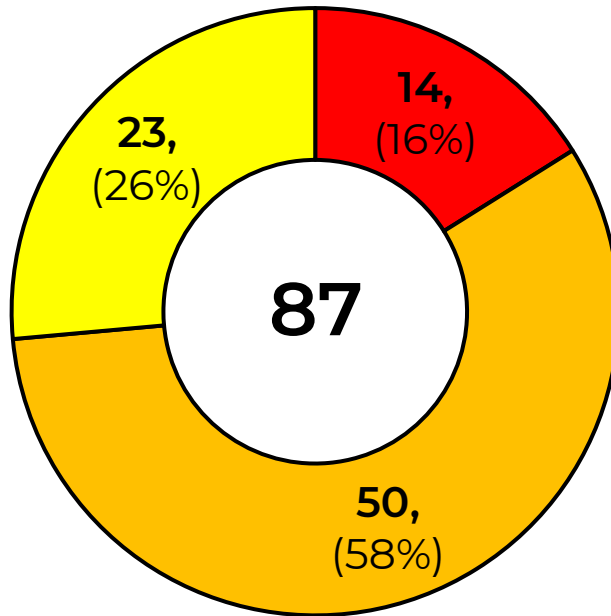
The diagrams below provide a breakdown of open recommendations per **Risk Rating**. Moore Australia use our own Risk Rating Scale which is provided in **Appendix 1** for ease of access.

**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 (50) (58%), have a Medium-Risk Rating, followed by twenty-three (23) (26%) as Low, followed by fourteen (14) (16%) with a High-Risk Rating.

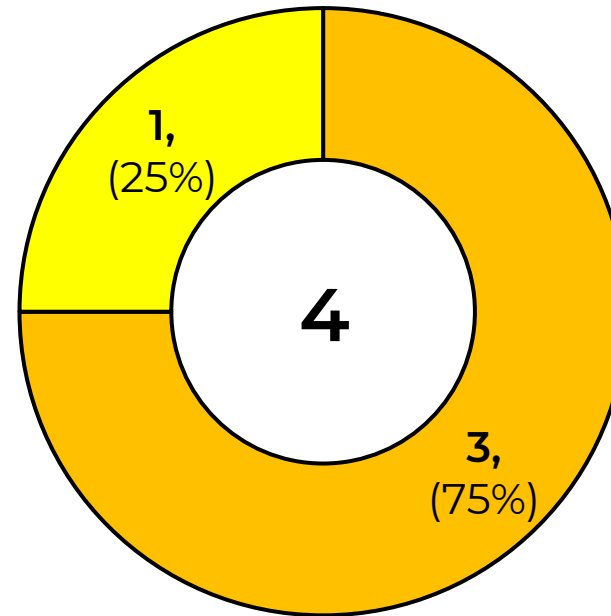
We recommend that significant effort should be given to the High-Risk rated recommendations and to close these out as a matter of priority, followed by the Medium Risk rated and Low Risk rated Items.

**Figure 4: Open Internal Audit Recommendations by Risk Rating**



■ High ■ Medium ■ Low

**Figure 5: Open OAG Mgmt. Letter Recommendations by Risk Rating**



■ Medium ■ Low

### 3. Audit Log (continued)

#### f) Details of Open Recommendations – High Risk Ratings

Below is a list of the fourteen (14) **High-Risk** open recommendations (previously fifteen (15)) per audit topic and status of each recommendation:

No	Audit Topic	Agreed Action	Rec Owner	Due Date	Days Overdue	Status
1	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	30/04/2022	465	In Progress
2	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	30/04/2022	465	In Progress
3	Contracts Management Review	The City should develop a delegation matrix, which details who is responsible for the contract management at the City, who can approve contract variations, extensions and renewals. The matrix should document both value and risk of contracts.	Manager Financial Services	31/08/2022	342	In Progress
4	Contracts Management Review	Contract management policies and procedures to be developed and implemented.	Manager Financial Services	31/08/2022	342	In Progress
5	Contracts Management Review	Regular Executive Reporting to Executive and the Audit and Risk Committee should take place.	Manager Financial Services	31/08/2022	342	In Progress
6	Contracts Management Review	A Risk register should be developed.	Manager Financial Services	31/08/2022	342	In Progress

No	Audit Topic	Agreed Action	Rec Owner	Due Date	Days Overdue	Status
7	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; 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	31/08/2022	342	In Progress
8	Risk Management	Develop, maintain, review, monitor and report a Risk Management Framework in accordance with relevant legislation and standards.	Governance & Risk	31/08/2022	342	In Progress
9	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	31/08/2022	342	In Progress
10	Risk Management	"Review the current Strategic Risk Register and consider: • Regularly consider the identification of risks during the year. • where Business Unit Risk Registers can be used as an effective risk management tool. • more regular reviews of risks, more than annually • regular assessment of the shared risks and the impact on the City. • the controls which are implemented effectively to arrive at the controls rating. • Consider Risk Appetite and Tolerable Risk	Governance & Risk	31/12/2022	220	In Progress
11	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.	Governance & Risk	31/12/2022	220	In Progress
12	Effectiveness of Audit and Risk Committee	Review terms of reference – input from Moore will be sought to ensure ToR meet better practice and good governance principles.	Governance & Risk	31/03/2023	130	Not started
13	Risk Management	Develop, approve and review on a timely basis a Risk Management Policy which reflects better practice principles and ensure the policy is implemented.	Governance & Risk	30/06/2023	39	In Progress
14	Regulation 17	A Legislative Compliance Framework will be developed.	Governance & Risk	30/06/2023	39	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
<b>Local Government Reform Bill</b> <a href="#">Local government reform bill passes through Parliament</a>	The Local Government Amendment Bill 2023 has passed through Parliament delivering tranche one of the most significant changes to the local government sector across Western Australia in more than 25 years.	12 May 2023
<b>Department of Finance (WA)</b> <a href="#">Risk Management in the Procurement Context Guideline</a>	The Risk Management in the Procurement Context Guideline provides an introduction to risk management concepts and terminology relevant to managing risk in the procurement context.	30 March 2023

**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
<a href="#">Financial Audit Results – State Government 2021-22 – Part 3: Final Results - Office of the Auditor General</a>	30 June 2023
<a href="#">Financial Audit Results – Universities and TAFEs 2022 - Office of the Auditor General</a>	30 June 2023
<a href="#">Audit Readiness – Better Practice Guide - Office of the Auditor General</a>	30 June 2023
<a href="#">Traffic Management System - Office of the Auditor General</a>	14 June 2023
<a href="#">Security Basics for Protecting Critical Infrastructure from Cyber Threats - Office of the Auditor General</a>	14 June 2023
<a href="#">Contractor Procurement - Data Led Learnings - Office of the Auditor General</a>	14 June 2023
<a href="#">Effectiveness of Public School Reviews - Office of the Auditor General</a>	24 May 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. The OAG is currently finalising its forward audit plan.

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
Government Campaign Advertising (State)	Q3 2023
Utilising Emergency Department Data (State)	Q3 2023
Managing Road Safety Funding and Strategy Delivery (State)	Q3 2023
Major Projects Transparency Review	Q3 2023
Better Practice Principles for Identity and Access Management (State and Local)	Q4 2023
Information Systems Audit – General Computer Controls (State)	Q1 2024
Information Systems Audit – General Computer Controls (Local)	Q1 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



## Appendix 1: Risk Ratings, Guidance and Action Required

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

## Appendix 2: Planning Approvals Audit Report

# INTERNAL AUDIT PLANNING APPROVAL PROCESS

**City of Nedlands**

20 June 2023





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# 1. EXECUTIVE SUMMARY

## 1.1 Context

The Planning Approvals process is critical in ensuring that each development application meets the criteria and the specifications set by the local or applicable regulations prior to approval. It is also important that adequate internal controls are in place to mitigate or minimize the impact of inherent risks associated with unauthorized approvals and unjustified approvals caused by bias or conflict of interest.

The timeliness of processing the applications also plays a pivotal role in ensuring that applications are started and completed within the allowed legislative timeframe. Therefore, the efficiency of the process, without compromising the legislative requirements, is key to successful delivery of services to the local community. The key risks associated with the planning approval process primarily involve two elements that should be adequately controlled. Firstly, the risk of conflict of interest applicable to officers or council committee who approve or deny the application. Secondly, the risk of noncompliance specific to the legislative requirements which include the time to decide on the application within a mandatory timeframe of 60 to 90 days.

Adequate staffing of the planning division is another key factor in ensuring delivery of efficient services. Any prolonged vacancies or high attrition rates could negatively affect the number of completed applications, and the timelines of the approval process.

Moore Australia (WA) Pty Ltd ("Moore Australia") performed the internal audit in line with the International Standards for the Professional Practice of Internal Auditing and the Moore Australia Internal Audit Methodology. This report presents our observations and recommendations arising from the internal audit performed. These observations and recommendations are presented, together with management's comments, in [Section 3 Observations and Recommendations](#), and summarised below.

## 1.2 Overall Findings

We found weaknesses in internal controls specific to the process of identification, monitoring and reporting of conflict-of-interest declarations. A formal process should be developed and implemented at the earliest to mitigate the inherent risks associated with conflicts of interest. We also found that the Planning Team has overdependence in SharePoint as a document tool to manage the application workflow and documents. The lack of sophisticated system to manage workflows resulted in the lack of visibility and tracking of key performance indicators that would measure and monitor efficiency of the planning approval process. A summary of the planning approvals within the City is set out in Figure 1.

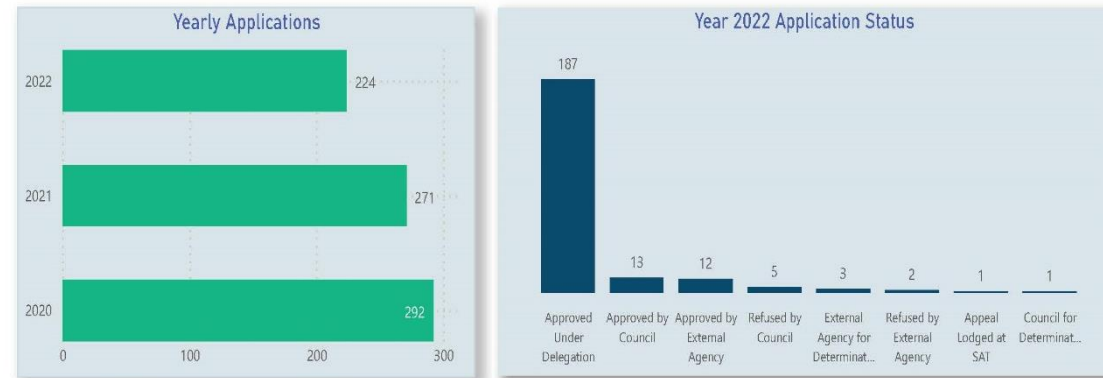
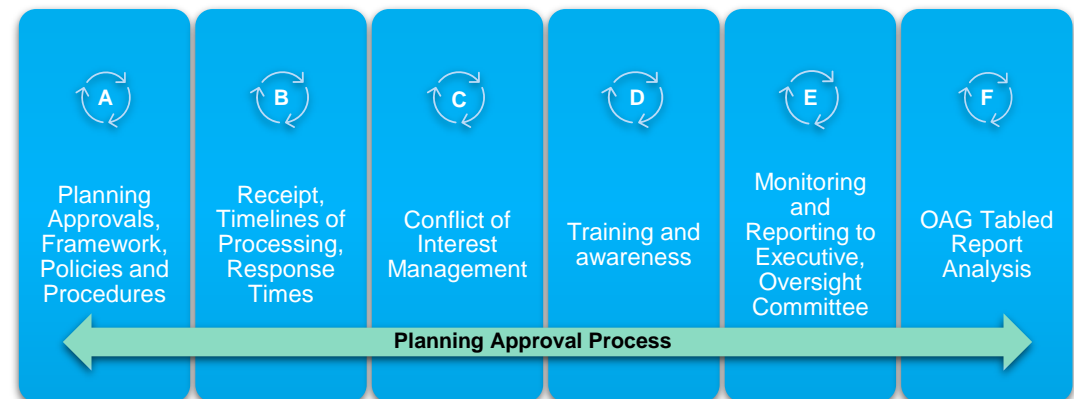


Figure 1: Planning and Approvals Data \*Based on the planning register provided on 18 Oct 202.

## 1.3 Summary of Work Performed

Moore Australia has used the following model to assess the effectiveness of the Planning Approval Process. The findings and recommendations are presented in this format.





# 1. EXECUTIVE SUMMARY (CONT.)

## 1.4 Summary of Results

There are six areas where we assessed the 'Planning Approvals' Process. These areas are as follow: (1) Planning Approval, Framework, including policies, procedures, manuals (2) Receipt, Timeliness of Processing, Response Times (3) Conflict of Interest Management (4) Training and Awareness (5) Monitoring and Reporting to Executive, Oversight Committee and (6) OAG Tabled Reports.

A summary of the enhancement opportunities against our view of the priority they may be given are identified in the below table. The results of our fieldwork are summarised in the table below and detailed in Section 3 – Observations and Recommendations of this report.

Risk Rating	Summary of Findings				Recommendations
	Total	High	Medium	Low	Total
Planning Approvals Framework, including policies, procedures, manuals	5	-	2	3	1-8
Receipt, timeliness of processing, response times	5	-	4	1	9-14
Conflict of interest management	1	1	-	-	15-17
Training and Awareness	1	-	1	-	18-19
Monitoring and Reporting to Executive, Oversight Committee	1	-	1	-	20
OAG Tabled Reports Compliance	1	-	1	-	21
<b>Total</b>	<b>14</b>	<b>1</b>	<b>9</b>	<b>4</b>	

We have assigned, and agreed with Management, priority ratings for each observation based on the *Key to Significance of Risk Rating* included in [Appendix 1](#).

## 1.5 Related Internal Audits

We are not aware of any previous internal or external reviews of Planning Approvals.

## 1.6 Acknowledgement

We would like to thank Management and Staff for the assistance that has been extended during the engagement. Key personnel contracted are outlined in [Appendix 2](#).

## 1.7 Limitation of Scope

Our work is limited by the following:

- The scope of work for this engagement as approved by Management in our Statement of Scope signed on 5 September 2022
- 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 entirely detected during the Engagement
- Any testing under the Engagement is performed on a sample basis selected from a population data obtained and is not conducted continuously. Any documents requested as samples but not provided would be classified as a limitation of the audit scope in this report as no validation can be performed without the supporting evidence.
- 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
- We conducted appropriate tests of key controls within our scope. Our findings only relate to the period of testing undertaken during our review and cannot be relied upon to be representative of the operation of control procedures prior to or after this period.
- 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;

# 1. EXECUTIVE SUMMARY (CONT.)

## 1.7 Limitation of Scope (cont.)

- 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 review constitutes 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; and
- Our extent of sample testing and observed exceptions are limited by the documentation provided by the City and acknowledge that observed instances of missing documentation may exist in other forms in locations different to that which we were provided.



# 1. EXECUTIVE SUMMARY (CONT.)

## 1.8 Summary of Audit Findings

Category	Finding Rating	Risk
A. Planning Approvals Framework, including policies, procedures, manuals	<b>1. Completeness of the Planning Process Manual.</b> The current version of the 'Statutory Planning Process Manual' requires update. There are incomplete sections in the manual that needs to be added that include approval details, blank sections, forms and templates and complete track change details.	Low
	<b>2. Frequency of review of local planning policies.</b> There are many 'Local Planning Policy' documents that have not been reviewed for more than two years. More than half of the 28 existing policies needs to be revisited as this may increase risk of not incorporating current legislative requirements.	Medium
	<b>3. Access controls for SharePoint.</b> We found weak access controls on accessibility, retrieval, storage, and restrictions pertaining to files stored in SharePoint. Restrictions on access rights that include document creation, modification, visibility, retrieval, deletion are not set up.	Medium
	<b>4. Planning Process Workflow Automation Opportunities.</b> Lack of workflow automation specific to the planning application due to inherent limitations of the current system currently used. The existing workflow process is primarily a manual-based process that prevents key performance indicators such as time tracking and monitoring, approval delegations, to be embedded into the system.	Low
	<b>5. Manpower Plan and Hiring Strategies.</b> There are few vacancies in the planning department, and we found no formal plan prepared to address hiring timelines to fill vacancies including the necessary strategies related to the high number of fixed-term roles that are about to expire in less than one year i.e., June 2023.	Low





# 1. EXECUTIVE SUMMARY (CONT.)

## 1.8 Summary of Audit Findings (cont.)

Category	Finding Rating	Risk
B. Receipt, timeliness of processing, response times	<b>6. Key Performance Indicators and Targets.</b> We found a lack of monitoring and reporting process on key performance metrics where actual processing timelines are measured against the targets.	Medium
	<b>7. Completeness and Availability of Application Documents.</b> We were not provided with complete documents that include applicant lodgement details, emails and communications with officers, approvals and rejections info, and all relevant files that substantiate the entire process of application.	Medium
	<b>8. Cancelled applications.</b> We found no justifications for cancelled applications as the relevant documents are not available and not provided for review. Cancelling applications without proper basis may increase risk of irregularity.	Medium
	<b>9. Pending Applications.</b> There are applications that are pending for an extended period, but we found no evidence of actions taken to ensure that pending items are received timely from the Applicant.	Medium
	<b>10. Incomplete Applications.</b> There were no follow up emails sent to the Applicants to ensure that they are aware of the pending information required to complete the processing of the applications. As per internal process, Applicants are to be advised within 7 days to comply with the additional requirements, but we found no evidence of correspondence between the planning officers and the Applicant.	Low
C. Conflict of interest management	<b>11. Formal process of COI management including maintenance of register.</b> There is lack of formal process pertaining to identification, mitigation, monitoring and reporting of COI and the relevant internal controls are not clearly designed. Complete COI register is also not maintained by the Planning Team therefore full tracking of all COI declarations and mitigation actions that were either taken or not taken could not be validated	High



# 1. EXECUTIVE SUMMARY (CONT.)

## 1.8 Summary of Audit Findings (cont.)

Category	Finding Rating	Risk
D. Training and Awareness	<b>12. Training plans and register.</b> There is a lack of formal training plan and register. There is no comprehensive training program that encapsulates both mandatory and optional requirements that would include legislative requirements or the relevant professional body in the form of CPDs. Also, there is no practice of maintaining complete training register of actual training attended along with the compilation of training reference materials.	Medium
E. Monitoring and Reporting to Executive, Oversight Committee	<b>13. Executive, Audit and Risk Committee and Council Reporting.</b> Lack of reporting to the Audit and Risk Committee and incomplete documentation of current year and historical year's report.	Medium
F. OAG Tabled Reports Compliance	<b>14. Compliance with OAG reports.</b> There is a lack of formal process to monitor extent of compliance with the recommendation from the OAG Tabled Reports. Recommendations related to documentation of the conflict interest and training requirements from a previous OAG report in 2019 were not complied with.	Medium



## 2. SCOPE AND APPROACH

### Objective and Scope

The objective of the internal audit is to assess the adequacy and effectiveness of internal controls over planning approvals. The agreed scope of this review is limited to the following:

- Planning Approvals Framework, including policies, procedures, manuals;
- Receipt, timeliness of processing, response times;
- Conflict of interest management;
- Training and awareness;
- Monitoring and Reporting to Executive, Oversight Committee and Council; and
- Extent of compliance with relevant legislation, and alignment with better practice standards, and OAG Tabled Reports.

The period of review was from **1 July 2021 to 30 June 2022**.

### Approach

The methodologies applied in this review were a combination of several audit techniques to match the agreed audit objectives and scope. This review was conducted with the following approach:

- Entrance meetings and discussions with relevant stakeholders;
- Interview and meeting with different process owners who are involved in the process to understand the current environment, challenges, and opportunities;
- Walkthrough of the process to identify the inherent risks along with the process-level internal controls to mitigate these risks;

- Review of documents, sample testing, and data analytics where appropriate;
- Issuance of draft report to Management;
- Exit Meeting with Management to discuss key findings and recommendations;
- Receipt of Management feedback and comments; and
- Issuance of final report to the Audit and Risk Committee and Management.

### Reporting

During the reporting phase of this engagement, we followed this process.

- 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 member and responsible management to discuss the report;
- Sought Management comments, action plans, timeline, and commitment to implement the audit recommendations; and
- Issued the final report to the Audit and Risk Committee.



### 3. OBSERVATIONS AND RECOMMENDATIONS

#### A. Planning Approvals Framework, including policies, procedures, manuals

Effectiveness of the internal controls relating to policies and procedures	Rating
<b>Finding 1. The current version of 'Statutory Planning Process Manual' requires update</b>	<b>Low</b>
<p>It is a better practice to ensure that any manuals or guidelines used by the City are complete and contain sufficient information since these are being used as an official reference material. Any section that is unclear or missing could increase risk of inconsistency in applying the requirements against every development application and increase risk of differing interpretation amongst officers who are processing the said applications.</p> <p>The City of Nedlands Planning Division maintains a 'Statutory Planning Process Manual' dated June 2022 that describes the detailed procedures, forms and checklist used. It is a good practice to maintain a process manual to ensure consistency and serves as a quick reference guide for all users. However, after our review, we found blank sections with no information and will require an update. Some of these include:</p> <p>(i) We identified missing items that should be included to ensure completeness:</p> <ul style="list-style-type: none"> <li>• There are sections in the manual that assign tasks and responsibility to the 'Planning Assistants', but we could not find anyone in this role that is reflected in the organizational chart. These sections are shown in Page 17 (Incomplete Applications); (ii) Page 8 (Lodgement); (iii) Page 22; (iv) Page 32 (CEO Updates); Page 31 (v) Acknowledgment emails. Also, based on the organization chart and discussions with the Manager Urban Planning, we could not evidence of formal delegated personnel who acts as 'Planning Assistant'</li> <li>• Several sections in the manual are empty and does not contain any information. These are:</li> <li>• (i) Deemed-to-Comply Assessment and Determination; (ii) Development Applications (Non-Complex) Assessment; (iii) Independent Design Review (Assessment, Submitting RAR, Agenda); (iv) Subdivision Applications; (v) Lodgement, Assessment, Clearance of Conditions; (vi) Form 24 &amp; 26 Built Strata; (vii) State Administrative Tribunal (Directions Hearing, Mediation, Section 31 Reconsideration, Final Hearing); (viii) Building Permit Checks; (ix) Freedom of Information Requests; (x) Compliance (Respond to requests)</li> <li>• Missing attachments specific to examples that are referred to in the manual. These include 'company signature'; 'power of attorney'; 'Strata company'; 'certificate of title' (found in page 13 and 14 of the manual)</li> <li>• The manual is not signed by an authorized or delegated representative that makes it as an official document.</li> <li>• It does not contain any document reference number to ensure easy cross-referencing</li> </ul> <p>(ii) We also found that, although versions are tracked with the corresponding dates on it, change control sheets that reflect modifications made to the previous versions are not being tracked and monitored to clearly highlight the specific changes made to this document.</p> <p>(iii) We could not validate any evidence that this manual was communicated to all the Planning Team either via an internal memorandum or via an email blast to ensure awareness and allow easy referencing when needed.</p> <p><b>Implication</b></p> <p>Incomplete information in the manual increase risks of difficulty in referencing and increases risk of inconsistency in applying the relevant terms specified in the manual.</p>	



### 3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

#### A. Planning Approvals Framework, including policies, procedures, manuals

Effectiveness of the internal controls relating to policies and procedures			Rating
<b>Finding 1. The current version of 'Statutory Planning Process Manual' requires update (cont.)</b>			<b>Low</b>
<b>Management Comment</b>			
<p>The City has conducted a review of the manual to address the issues raised above, as well as ensure it is consistent with the team structure and planning environment as it evolves. Regular reviews will identify and update any changes that have occurred rather than be a full review of the manual. Full reviews of the manual are not considered to be necessary unless there is a substantial change in the planning environment, such as introduction of a new process, new Scheme or significant change in the regulatory environment. When these events occur, the manual will be reviewed to ensure the documented processes are consistent with the prevailing regulatory environment.</p>			
Recommendations	Agreed Action	Action Owner	Target Date
1. Update organization chart to reflect Planning Assistant's role.	Removed planning assistant role from manual as this position is currently redundant.	Coordinator Statutory Planning	Completed
2. Update the manual to include the following <ul style="list-style-type: none"> <li>• Complete blank sections in the manual unless it is intended to be blank.</li> <li>• Insert the examples as part of the appendices.</li> <li>• Obtain signature on the manual to make it official.</li> <li>• Insert document reference number in the manual.</li> <li>• Include details of changes as part of the version tracking</li> <li>• Circulate the current version to the Planning Team via internal memo or via e-mail.</li> </ul>	Updates as outlined have been undertaken	Coordinator Statutory Planning	Completed



### 3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

#### A. Planning Approvals Framework, including policies, procedures, manuals

Effectiveness of the internal controls relating to policies and procedures	Rating
<b>Finding 2. Many 'Local Planning Policy' documents are not reviewed for more than 2 years</b>	<b>Medium</b>

Local planning policies are prepared by the City and adopted by Council under statutory procedures set out under the *Planning and Development (Local Planning Schemes) Regulations 2015*. The policies that are currently in effect are published online via the City's website ([Policies » City of Nedlands](#)).

We reviewed 28 of the existing Local Planning Policies used by the City of Nedlands, and found the following.

- Missing information where evidence of approval, review or adopted date, and policy reference numbers are not reflected (Refer to Table A below)
- More than half of the policies are over two years old, and would require a review to ensure that new regulations are incorporated into these policies (Refer to Table B below)

##### A. Missing information on the policy document

Exceptions Identified	Number of samples detected
No 'Policy Reference' number	6 policies
No 'Approved by'	5 policies
No 'Adopted or Review Date'	4 policies
Sample reviewed	28 policies

##### B. Old and outdated policies

Age since last adoption or review	Number of samples detected
< 2 years (Current)	5
2 to 3 years	9
> 3 years	6
> 14 to 15 years	3
Could not be identified due to lack of relevant adopted dates	5
Sample reviewed	28

The details of these policies are attached in [Appendix 3](#).

##### Implication

- Incomplete information in the manual increase risks of difficulty in referencing.
- Outdated policies may fail to incorporate recent legislative requirements that are critical in the development application process.



### 3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

#### A. Planning Approvals Framework, including policies, procedures, manuals

Effectiveness of the internal controls relating to policies and procedures	Rating		
<b>Finding 2. Many 'Local Planning Policy' documents are not reviewed for more than 2 years (cont.)</b>	<b>Medium</b>		
<b>Management Comment</b>			
<p>Local Planning Policies are normally linked to State Planning Policy or Local Planning Scheme provisions that are not subject to change on a regular basis. The acceptable review period for local planning policies is every 4 years or as otherwise triggered by a change in the regulatory environment. Local Planning Policies relating to residential development are tied to the Residential Design Codes (State Planning Policy 7.3). Any change to the R-Codes provides for a transitional period in which local governments are provided time to update any affected policies. The recent release of the Medium Density Codes and consequent update of the Residential Design Codes allows for a 6 month deferred implementation, followed by a 24 month period in which alignment of local planning policies is to take place.</p> <p>We have completed a process of numbering all local planning policies and prepared a program for review of each policy within the next year.</p>			
Recommendations	Agreed Action	Action Owner	Target Date
3. Insert the policy reference number, date of approval, and adopted date on these identified exceptions.	Recommended actions as recommended have been completed. These are now updated on the City's website.	Coordinator Planning	Strategic Completed
4. Review and update old policy and implement a review process to incorporate recent legislative requirements.	Review process implemented with the first tranche of policy reviews underway. As each review will require a Council decision, with some requiring re-advertising, the process will take approximately 24 months to complete.	Coordinator Planning	Strategic 30 June 2025 for reviews.



### 3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

#### A. Planning Approvals Framework, including policies, procedures, manuals

Effectiveness of the internal controls relating to policies and procedures	Rating
<b>Finding 3. Weak access controls on accessibility, retrieval, storage and, restrictions pertaining to 'Doc Set' files stored in SharePoint</b>	<b>Medium</b>
<p>Adequate and complete documentation of all planning applications lodged, reviewed, approved, and rejected is important to ensure that there is complete audit trail where documents can be retrieved and revisited. It is also crucial that the applicant documents are neither modified nor deleted by staff who are unauthorised to access the data.</p> <p>SharePoint is primarily being used as a means of storing, sharing, and accessing 'Doc Set' development application files; however, the access controls are not designed to ensure adequate preventive and detective controls. These controls should be defined to address the following objectives.</p> <ul style="list-style-type: none"> <li>• Restrict document access only to those delegated officer.</li> <li>• Prevent unauthorised modifications of the 'Doc Set' files or to the Applications Status by personnel who are not delegated.</li> <li>• Prevent unauthorised deletion of 'Doc Set' files from SharePoint.</li> <li>• Allow the approvals only to the designated officer.</li> </ul> <p><b>Implication</b></p> <p>Absence of a well-designed access controls could increase risk of unauthorised modifications, approvals, or deletions of critical data.</p>	
<b>Management Comment</b>	
<p>The limitations of the SharePoint system as a records management and workflow management process was raised with the auditors as an identified risk.</p> <p>One inherent advantage of the SharePoint system is the version control function. Each time a document is modified, a new version is created and attributed to that user. This system allows for a user to be identified and for changes to the file to be investigated.</p> <p>The concerns raised in the audit will be able to addressed via the One Council Property and Rating module, as an interim step a read-only PDF package of control documents for each decision – assessment sheets / reports, determination notice and stamped plans will be located in a single "Control Document" with date and DA number has been implemented.</p>	





### 3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

#### A. Planning Approvals Framework, including policies, procedures, manuals

Effectiveness of the internal controls relating to policies and procedures			Rating
Finding 3. Weak access controls on accessibility, retrieval, storage and, restrictions pertaining to 'Doc Set' files stored in SharePoint (cont.)			Medium
Recommendations	Agreed Action	Action Owner	Target Date
5. Implement access controls to the 'Doc Set' files in SharePoint.	As an interim solution, a secure PDF file containing the signed assessment, determination letter and stamped plans can be implemented immediately to "lock" the decision.	Manager Urban Planning	Completed.
6. Prevent file deletion of in progress, or approved applications.	The One Council Property and Ratings module will allow for the full implementation of the recommendations from August 2024.	Manager Urban Planning and One Council Implementation team	August 2024



### 3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

#### A. Planning Approvals Framework, including policies, procedures, manuals

Effectiveness of the internal controls relating to policies and procedures	Rating		
<b>Finding 4. Lack of automation implemented specific to the planning application workflow due to inherent limitations of the current system used</b>	<b>Low</b>		
<p>Automation not only increase efficiency but also assists in the implementation of system related controls particularly in situations where there is a significant reliance both in the IT infrastructure and applications being used.</p> <p>Currently the process of lodgement, assessment, review, delegation, and approvals are primarily a 'Manual Process'. There is a lack of automated workflow embedded in the system, due to the inherent limitations of SharePoint.</p> <p>SharePoint can be classified essentially as a document management app and not a workflow management tool, hence most of the activities, assigned tasks and workflow steps could not be defined in the system. Some of the important elements of the workflow that can be automated or improved by a new system follow should include:</p> <ul style="list-style-type: none"> <li>• Time tracking at different stages of the process i.e., application, assessment, delegation, and approvals.</li> <li>• Reports on key performance indicators that could include an ageing report of applications.</li> <li>• Automatic notifications, and reminders.</li> <li>• System control measure that would include access restrictions to files if not assigned as a review or delegated authority.</li> <li>• Other system controls that would form part of a workflow management tool.</li> </ul> <p><b>Implication</b></p> <p>Improved efficiency in the process would result to time savings and would increase number of processed applications.</p>			
<b>Management Comment</b>			
<p>The City is currently implementing the One Council enterprise system with the Planning and Development Module scheduled for a "go live" date of August 2024. This module is anticipated to address all of the matters identified above.</p>			
Recommendations	Agreed Action	Action Owner	Target Date
7. Explore new systems to improve workflow management of the development applications.	Roll out of One Council Planning and Development Module (budgeted project).	One Council Implementation Team, Coordinator Statutory Planning, Manager Urban Planning.	August 2024



### 3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

#### A. Planning Approvals Framework, including policies, procedures, manuals

Effectiveness of the internal controls relating to policies and procedures	Rating
<b>Finding 5. Lack of formal resourcing plan or strategy to address vacancy, replacement, or extension of fixed-term roles</b>	<b>Low</b>

Adequate staffing ensures that the City delivers its key targets relevant to the processing of development planning applications. The lack of detailed hiring plan or replacement strategy could negatively affect delivery of these targets.

There was no detailed plan to address long-term resourcing requirements. Five (5) out of the current fourteen (14) Planning Division positions are "Fixed Term positions" and about to expire in less than one year while there are two role vacancies that need to be filled. Although, based on our discussion with the Manager Urban Planning, we were informed that these are being addressed by Management to ensure that adequate manpower is available to deliver the required services, we believe that it is a prudent approach to put the plan into writing to formalize the resourcing strategy where it can be revisited if changes are identified at a later stage.

Type	FTE #	Detailed
Vacant positions	2	(1) Urban Planner (1) Senior Urban Planner
Fixed term role (Ending 30/Jun/23)	5	(1) Strategic Planning Officer (3) Urban Planner Statutory (1) Urban Planning Admin Officer
Active FTE	7	
<b>Total</b>	<b>14</b>	

#### Implication

Delay in processing planning applications or lower number of applications completed than expected.

#### Management Comment

A Workforce Plan for the City was prepared and endorsed by Council in mid-2022 and is expected to be reviewed in mid-2023. As part of this process, Service Plans for both the Statutory and Strategic planning functions were developed with a 5-year planning horizon. FTE requirements for both functions have been agreed by the Executive Management Team in line with the Council-endorsed Workforce Plan. Service Planning is now undertaken annually in line with the budget process. This will provide a permanent 5-year horizon to staffing, reviewed annually.

Recommendations	Agreed Action	Action Owner	Target Date
8. In coordination with HR, develop resourcing plan to address vacancy and expiry of fixed term roles.	Workforce Plan endorsed by Council and annual Service Planning has addressed this issue.	Manager Urban Planning	Completed



### 3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

#### B. Receipt, timeliness of processing, response times

Key performance monitoring and targets	Rating																								
<b>Finding 6. Lack of formal process to monitor and report actual results against KPI targets</b>	<b>Medium</b>																								
<p>Clear KPI targets provides visibility to the relevant staff on their performance goals. The absence of KPIs not only demotivates staff but also increases risk of misalignment between individual goals against the City's short-term and long-term objectives.</p> <p>The 'Statutory Planning Process Manual' highlights clear targets in processing applications at different stages; however, we found no process in place to measure, track and report the actual performance based on these targets. Also, the weekly reports submitted by the Manager Urban Planning to Management does not contain any information that measure these performances to assess whether the target has been achieved or to determine if there are significant delays in the approval of the development planning applications. The table below shows processing timeframe specified in the manual.</p> <p>We requested for a sample of 25 planning applications to evaluate key controls on timeliness of lodgement acceptance, vetting, approvals but no supporting documents were provided at all during this audit which limits our audit scope in these areas.</p>																									
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<p><b>Implication</b></p> <p>Lack of visibility of actual performance against the targets.</p>																									
<p><b>Management Comment</b></p> <p>The lack of an efficient statistic monitoring system also prevents the City from implementing statistic-based KPIs at this time. This will change with the implementation of OneCouncil Property and Ratings module expected to occur in August 2024, after which the KPI's performance change be measured with the team on a monthly basis and to the Executive and Elected Members on a quarterly basis, The KPI's will be as follows:</p> <ol style="list-style-type: none"> <li>Deemed to Comply checks to be completed within 10 working days – target 90%</li> <li>Development Applications determined under delegated authority to be determined within 90days – target 90%</li> <li>Subdivision referral responses to be completed within 42 days – target 100%</li> </ol> <p>These measures focus on the City's statutory obligations and on the outputs of the planning approval process.</p>																									



### 3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

#### B. Receipt, timeliness of processing, response times

Key performance monitoring and targets			Rating
<b>Finding 6. Lack of formal process to monitor and report actual results against KPI targets (cont.)</b>			<b>Medium</b>
Recommendations	Agreed Action	Action Owner	Target Date
9. Track the timeline of each activity and measure against the targets.	Following the implementation of One Council Property and Rating module in August 2024, the following KPI's will be reported to the Executive on a quarterly basis: <ol style="list-style-type: none"> <li>1. Deemed to Comply checks to be completed within 10 working days – target 90%</li> <li>2. Development Applications determined under delegated authority to be determined within 90 days – target 90%</li> <li>3. Subdivision referral responses to be completed within 42 days – target 100%</li> </ol>	One Council Implementation Team, Coordinator Statutory Planning and Manager Urban Planning	August 2024
10. Include the details in the regular reports sent to Executive Management.			



### 3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

#### B. Receipt, timeliness of processing, response times

Key performance monitoring and targets	Rating		
<b>Finding 7. Application documents not readily available and not provided for review</b>	<b>Medium</b>		
<p>Proper filing of application documents ensures that these are accessible when needed. The manner of storage and ease of retrieval is also an equally important factor in ensuring a good internal control environment and indicates a better housekeeping practice. The availability of files become critical in the event of third-party reviews or during a scheduled audit. Any delay in providing documents or nonavailability of files would not just impact the timeliness of the deliverables but could also contribute to increased perception of irregularities.</p> <p>We found that although the application documents were available in the SharePoint – these were not filed in a systematic way where it can be retrieved easily. We requested documents of (25) samples but could not obtain all of these files quickly as the files were scattered across and had to be compiled. We received the supporting documentation for (3) samples and did not receive the files for the remaining (22) samples.</p> <p>With the lack of documents, we could not evaluate the effectiveness of the internal controls of the following subprocesses:</p> <ul style="list-style-type: none"> <li>• Lodgement of applications</li> <li>• Review, approval and rejection of applications</li> <li>• Followup, e-mail correspondence between the planning officers and the applicants</li> <li>• Council minutes of meetings, tribunal reports</li> <li>• Timeliness of review or response timeframe</li> <li>• Compliance with the legislative requirements</li> </ul> <p><b>Implication</b></p> <p>Failure to identify control weaknesses related to the identified subprocesses</p>			
<b>Management Comment</b>			
<p>The limitations of the doc set system used by SharePoint is acknowledged by the City. Implementation of a fit-for-purpose ERP system, One Council's Property and ratings module is scheduled for roll out in August 2024, which will address this finding.</p>			
Recommendations	Agreed Action	Action Owner	Target Date
11. Ensure all documentation is recorded and stored sufficiently to ensure they are easily accessible.	Given limitations of SharePoint and time since review was undertaken, it is not proposed to divert resources to provide the remaining documents. The review has identified these shortcomings that will be addressed in the OneCouncil roll out.	Not applicable. No further action proposed.	N/A



### 3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

#### B. Receipt, timeliness of processing, response times

Key performance monitoring and targets						Rating
<b>Finding 8. Cancelled applications were not supported by evidence</b>						<b>Medium</b>
<p>The basis of cancellations should be sufficiently filed and archived in a repository so it can be revisited for review particularly in situations where the Applicant escalated or appealed the application to the relevant tribunal.</p> <p>There are five development applications marked as 'Cancelled'; however, the reasons for cancellations are not known for two (2) of the five (5). We could not obtain evidence of clear justification behind the marked status as the Doc Set files were not provided and made available for our review.</p>						
Name	Assigned To	Modified	System Account	Application Status	Determination Date	Basis of Cancellation
Montgomery Avenue 100 DA21-70638	Jack Regan	12/04/2022 10:48	System Account	Cancelled	9/12/2021	Not provided
Waratah Avenue 44 DA21-66457	Kirsty Klimcke	12/04/2022 10:50	System Account	Cancelled	6/08/2021	Not provided
<b>Implication</b>						
Cancellation of application without justifiable cause increases risk of bias in processing applications.						
<b>Management Comment</b>						
The limitations of the doc set system used by SharePoint is acknowledged by the City. Implementation of a fit-for-purpose ERP system, One Council's Property and ratings module is scheduled for roll out in August 2024, which will address also this finding.						
Recommendations	Agreed Action	Action Owner	Target Date			
12. Document all evidence for cancelled applications.	Given limitations of SharePoint and time since review was undertaken, it is not proposed to divert resources to provide the remaining documents. The review has identified these short comings that will be addressed in the OneCouncil roll out.	Not applicable. No further action proposed.	N/A			



### 3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

#### B. Receipt, timeliness of processing, response times

##### Key performance monitoring and targets

Rating

##### Finding 9. Applications marked as 'pending' for a long period of time without justification

Medium

Development planning applications should be processed within a reasonable timeframe and the said applications should not be marked pending without basis. The planning register should be updated to reflect these details. Also, Clause 75 of the *Planning and Development (Local Planning Schemes) Regulations 2015* states that "the local government is to determine the application for development approval within 60 days of the receipt of the application or 90 days where the application requires consultation with public or other authorities". The timeframe may be extended if agreed in writing by the applicant and the local government entity 4000 – B7. If a decision is not made before the expiry date, the local government can be taken to have refused the development application and an application for review to the State Administrative Tribunal (SAT) may be triggered.

There are five development applications marked as either pending additional information, pending senior officer review, pending allocation but has no determination date as this is shown blank in the register. We could not obtain evidence of clear justification behind the marked status as the Doc Set files were not provided and made available for our review.

Per the 'Statutory Planning Process Manual', the KPIs are the following:

- Allocations occur twice a week on Tuesday and Thursday afternoon.
- For incomplete information, email advise is done in 7 days with due date of 21 days to provide the required information

Name	Assigned To	Modified	System Account	Application Status	Determination Date
Aberdare Road 67 DA21-63351	Adam Huynh	12/04/2022 10:50	Dillon Reid	Pending Additional Information	-
Kinninmont Avenue 39 DA22-78057	Dillon Reid	15/06/2022 13:15	System Account	Pending Senior Officer Review	-
Kirwan Street 55 DA20-57944	Adam Huynh	12/04/2022 10:52	System Account	Pending Senior Officer Review	-
Stirling Highway 71 DA21-71666	Kieran McGovern	12/04/2022 10:48	System Account	Pending Allocation	-
Taylor Road 12 DA22-73018	Scott van Ierland	12/04/2022 10:48	System Account	Pending Additional Information	-

##### Implication

Pending applications for an extended period could affect efficiencies of the process as a whole. It could also be flagged as noncompliance to a particular local legislative requirement that mandates processing timelines.

##### Management Comment

The status of each application is manually set by the relevant officer rather than triggered automatically by an application going through a workflow process. The above are attributed to administration error. The applications have been reviewed and were appropriately dealt with, as evidenced by the content of the doc set. Three of the applications were cancelled at the request of the applicant, a fourth was approved under delegated authority and the final one appears to have been incorrectly created.





### 3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

#### B. Receipt, timeliness of processing, response times

Key performance monitoring and targets			Rating
<b>Finding 9. Applications marked as 'pending' for a long period of time without justification (cont.)</b>			<b>Medium</b>
Recommendations	Agreed Action	Action Owner	Target Date
13. Prepare detailed action plans on pending applications.	<p>No detailed action plans are needed as these "pending" applications are due to the status not being manually updated as the application progressed.</p> <p>A quarterly review of statuses of completed applications has been implemented to 'clean up' data whilst we await the new One Council solution.</p>	Coordinator Statutory Planning	Completed.



### 3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

#### B. Receipt, timeliness of processing, response times

Key performance monitoring and targets	Rating																										
<b>Finding 10. Applicants were not provided feedback for incomplete applications</b>	<b>Low</b>																										
<p>Planning applications should be processed within the legislative requirements of 60 to 90 days depending on the type of the applications. The officer must advise the applicant of any pending information to start the processing of approvals.</p> <p>A total of two development applications have been marked as 'Incomplete'. However, there is a requirement from the 'Statutory Planning Process Manual', that requires officers to advise the applicant to submit additional information with the following targets.</p> <ul style="list-style-type: none"> <li>Email advising Incomplete 7 days</li> <li>Due date for application 21 days</li> <li>Vetting new information 7 days</li> </ul> <p>But on the below samples selected, we could not obtain evidence that the applicants have been advised within the 7 days period. Due to missing email advice, we could not also evaluate the due dates provided including the vetting of the new information.</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Assigned To</th> <th>Modified</th> <th>System Account</th> <th>Application Status</th> <th>Determination Date</th> </tr> </thead> <tbody> <tr> <td>Marine Parade 256 DA21-72515</td> <td>Leah Mehanni</td> <td>12/04/2022 10:48</td> <td>System Account</td> <td>Incomplete</td> <td>-</td> </tr> <tr> <td>Selby Street 6 DA21-72278</td> <td>Aviva Micevski</td> <td>12/04/2022 10:48</td> <td>System Account</td> <td>Incomplete</td> <td>-</td> </tr> </tbody> </table> <p><b>Implication</b> Deemed cancellations of open applications without adequate justifications.</p> <p><b>Management Comment</b> These are attributed to administrative error due to the manual nature of the system. The first was a duplicated development application (i.e., another DA doc set was created). The second was a leasing application that was incorrectly lodged by the applicant as a DA and then reallocated.</p> <table border="1"> <thead> <tr> <th>Recommendations</th> <th>Agreed Action</th> <th>Action Owner</th> <th>Target Date</th> </tr> </thead> <tbody> <tr> <td>14. Follow up with applicants on incomplete applications.</td> <td>Follow up occurs on an ongoing basis.</td> <td>Urban Planning Administration Officer</td> <td>Ongoing</td> </tr> </tbody> </table>		Name	Assigned To	Modified	System Account	Application Status	Determination Date	Marine Parade 256 DA21-72515	Leah Mehanni	12/04/2022 10:48	System Account	Incomplete	-	Selby Street 6 DA21-72278	Aviva Micevski	12/04/2022 10:48	System Account	Incomplete	-	Recommendations	Agreed Action	Action Owner	Target Date	14. Follow up with applicants on incomplete applications.	Follow up occurs on an ongoing basis.	Urban Planning Administration Officer	Ongoing
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### 3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

#### C. Conflict of Interest (COI) management

##### Improve risk mitigation strategies related to conflict-of-interest declarations

Rating

##### Finding 11. Lack of formal process pertaining to identification, mitigation, monitoring and reporting of Conflicts of Interest

High

The Planning Approvals function is a significant discretionary function within the City and the management of conflict of interest is a key principle which needs to be considered.

Conflict of interest covers actual, perceived, and potential conflicts of interests as follows.

- An actual conflict of interest—where there is a direct conflict between the private interests of a City’s staff member and the performance of their official duties and responsibilities.
  - A perceived conflict of interest—where it might appear to others that staff member’s private interests could improperly influence the performance of their official duties and responsibilities, whether this is in fact the case. A situation that looks like a conflict of interest may be enough to undermine public confidence in the City, even if there is no conflict or if it has already been resolved.
  - A potential conflict of interest—where a City staff member has private interests that could interfere with the performance of their official duties and responsibilities in the future
- A. During our discussion with the Manager of Urban Planning, we were informed that potential or perceived COI is considered on every development application. This verbal representation by the Planning Team could not be validated as there was no audit trail of documented evidence to prove that adequate procedures are followed to mitigate the risks associated with conflict of interests. In fact, we also found that there was no formal process to address the following:
- COI declarations for staff who are evaluating and approving the development applications
  - Official templates or forms being used to document the COI declarations
  - Detailed guidelines as to the mitigating controls to be followed if conflict of interest is identified
  - Maintaining the register of COI, its storage, accessibility, and retrieval process
  - Protocols to be followed to monitor and report COI to the Audit and Risk Committee and Management
- B. Our understanding from the Manager Urban Planning is that no ongoing conflict of interests are recorded for any Statutory Planning Officers. We believe that it is crucial to maintain a complete Register of COI to ensure tracking and monitoring of perceived, potential and actual conflicts that occurred as part of the development applications. This could also serve as a reference document that can be revisited for future review or could serve as a basis of review under the provisions of the Local Government Act of 1995 and section 4 of the City of Nedlands – Code of Conduct.

##### Implication

Increases difficulty in tracking actual COI events due to lack of complete register.



### 3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

#### C. Conflict of Interest (COI) management

Improve risk mitigation strategies related to conflict-of-interest declarations	Rating		
<b>Finding 11. Lack of formal process pertaining to identification, mitigation, monitoring and reporting of Conflicts of Interest (cont.)</b>	<b>High</b>		
<b>Management Comment</b>			
<p>The proposed approach is that there will be responsibilities at a corporate level, at the management level and then at the individual officer level.</p> <p>At the Corporate level, the Conflict-of-Interest register will be developed and maintained, the Secondary Employment Register will continue to be maintained, and the Conflict-of-Interest procedure will be developed. Duplicating the registers at the individual team level is not necessary given the size of the team and the organisation. The duplication will result in efficiencies and potentially inconsistencies.</p> <p>At the management level a conflict of interest in planning decision presentation will be created and presented to planning officers as part of their onboarding at the city and this will be refreshed with the staff on an annual basis.</p> <p>Given the training / awareness raising exercise that staff will be provided with, it will then be their responsibility to advise their immediate supervisor of the conflict as soon as they become aware of it.</p>			
Recommendations	Agreed Action	Action Owner	Target Date
15. Develop a formal process that provides clear procedures pertaining to conflict-of-interest management.	A Declaration of a Conflict-of-Interest procedure will be developed at the organisational level.	The City's Governance team	October 2023
16. Conflicts of interests should be managed in the planning process as follows <ul style="list-style-type: none"> <li>• Declaration of interest by staff members involved in discretionary and high-risk functions. Record positions held outside of the City on Boards, Committees and Advisory Councils etc.</li> <li>• COI should be declared and recorded in a COI Register where matters are identified from above and through personnel relationships etc.</li> <li>• Individual planning approval staff should declare where conflicts of interest are identified and managed within risk appetite.</li> <li>• Develop Secondary Employment Register. (This has been recommended in the Conflict-of-Interest Internal Audit Engagement that has recently been reported).</li> </ul>	As part of the induction process and on an annual basis staff will be presented with a Conflict of Interest in Planning decisions presentation.	Manager Urban Planning and Governance team	Sign off on presentation and implementation to commence by 30 June 2023.



### 3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

#### C. Conflict of Interest (COI) management

Improve risk mitigation strategies related to conflict-of-interest declarations			Rating
<b>Finding 11. Lack of formal process pertaining to identification, mitigation, monitoring and reporting of Conflicts of Interest (cont.)</b>			<b>High</b>
Recommendations	Agreed Action	Action Owner	Target Date
17. Develop a Declaration of Conflict-of-Interest Register for discretionary and high-risk functions	This will be created at an organisational level, to ensure that the City has one, centralised register.	The City's Governance team.	October 2023



### 3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

#### D. Training and Awareness

Enhance effectiveness of the training process within the planning division	Rating
<b>Finding 12. Lack of formal training plans and register</b>	<b>Medium</b>
<p>The availability of training plans indicates a certain level of commitment to knowledge improvement or skills upgrade which is beneficial both to the staff and to the City. It is critical to have an adequate training plan within the planning division.</p> <p>We could not obtain any formal training plans and programs to ensure that team members are updated about legislative and / or policy requirements, or upskilling needs in new technologies to improve its efficiency. However, we were informed by the Manager Urban Planning, during our discussion on 20<sup>th</sup> October 2022, that</p> <ul style="list-style-type: none"> <li>• <i>“Despite the absence of the formal training plans, team members are encouraged to attend continued professional events such as Planning Institute of Australia, Urban Development Institute of Australia, Local Government Planners Association, and the Property Council of WA,</i></li> <li>• <i>and performance reviews are performed annually to assess skillsets and effectiveness of the team member”.</i></li> </ul> <p>Although there is a level of awareness by the Manager Urban Planning, we believe that a formal training plan to clearly define the skill requirements including CPD requirements from professional bodies are captured and communicated to the entire planning team.</p> <p>We also found that a Training Register is also not being maintained to ensure that tracking of all actual training attended or completed by the planning team.</p> <p>There is a lack of information on whether the training was either paid by the City or paid by the individual team member on their personal capacity.</p> <p>There is no practice of maintaining complete records of training materials for past events. These materials could have been used as reference guides by the planning team. The only evidence of training provided by the Manager of Urban Planning are 2 First Aid Certificates – attended by 2 team members in May 2021.</p> <p><b>Implication</b></p> <p>Absence of formal training plan increases risk of failure to identify skillset gaps that are crucial to the planning process including those mandatory requirements from a legislative point of view.</p>	
<b>Management Comment</b>	
<p>Ongoing formal training is dependent upon the experience and role of the individual officer. There is rarely a need for ‘refresher’ training, or similar. Training in the urban planning tends to be based on topics presented by peak bodies, such as the Planning Institute of Australia, Local Government Planners Association, WA Local Government Association and the Department of Planning, Lands and Heritage. Opportunities for these courses tend to be advertised 1-2 months out and are not normally provided on a regular basis.</p> <p>A more structured recording of training attendance will be created. Individual training requirements will be identified for each officer during the performance review process.</p>	



### 3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

#### D. Training and Awareness

Enhance effectiveness of the training process within the planning division			Rating
<b>Finding 12. Lack of formal training plans and register (cont.)</b>			<b>Medium</b>
Recommendations	Agreed Action	Action Owner	Target Date
18. Develop a Training Plan for all team members, along with the training calendar. Clarify any schemes of Company-sponsored trainings and the lockup period if any.	Via the annual performance review process, the training needs of each officer will be identified, subject to budget allocation.	Manager Urban Planning	Ongoing
19. Retain training material for all training for quality review and audit purposes. These materials can be used by team members or included as part of the professional reference library.	Create training doc sets and retain information and reports from officers.	Manager Urban Planning	June 2023



### 3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

#### E. Monitoring and Reporting to Executive, Oversight Committee

Completeness of reporting	Rating		
<b>Finding 13. Inconsistent and inadequate reporting to the Executive, Audit and Risk Committee and Council</b>	<b>Medium</b>		
<p>We believe it is good governance for the Executive, Audit and Risk Committee and Council to receive a regular reporting on the key elements of the Planning Approval Process. We found that there is an existing process to submit reports to the Executive and Council on a weekly and monthly basis, but there is no process of report submission to the Audit and Risk Committee.</p> <p>Records of previous divisional reports submitted to the executive and council in the past one year – the period of review – were not available. This could indicate a lack of adequate controls to ensure completeness of documentation to evaluate consistency of reports and to assess the performance of the Planning Division.</p> <p><b>Implication</b></p> <p>Executive, Audit and Risk Committee and Council are not aware of current risks, challenges, opportunities, and this does not inform decision making and allocation of resources and budget preparation.</p>			
Management Comment			
<p>Information on statutory planning functions are reported weekly via the CEO Weekly Update, the level of this detail is significant with the total number of applications live within the system reported, the details of all applications subject to advertising provided, status of applications which are subject to appeal to the State Administrative Tribunal, applications to be presented to the JDAP and the SDAU are all detail, including their status. The Elected Members are provided on a weekly with significant information as to the workload of the team and the status of applications.</p> <p>It is acknowledged the actual performance of the team is not report as the KPI's identified within Finding 6 can't be measured under current ERP system used by the City as implemented within the Planning team. This will change with the OneCouncil Property and Ratings module due to be implemented by August 2024.</p>			
Recommendations	Agreed Action	Action Owner	Target Date
20. Consider report submission to the Executive and Audit and Risk Committee which outlines the Planning Division activity and performance compared to KPI's.	The KPI's identified under Finding 6 will be reported to the Executive and Elected Members on a quarterly basis, via the weekly CEO Update following the implementation of the Property and Ratings module within the One Council system from August 2024.	Manager Urban Planning	August 2024





### 3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

#### F. OAG Tabled Reports Compliance

Extent of compliance with the OAG recommendations	Rating
<b>Finding 14. Lack of formal process to monitor compliance with the recommendation from the OAG Tabled Reports</b>	<b>Medium</b>

Compliance with the recommendations from the OAG reports promotes good governance practices that should be adhered by the local governments. In some instances, the internal control recommendations from OAG are so critical wherein any delay in the implementation of the recommended controls would increase risks of irregularities.

The Planning Division has no formal process that defines clear procedures to ensure that relevant recommendations from recently issued OAG Tabled Reports are implemented. We found that there is one OAG Tabled Report 5: 2019-20 dated 15 Aug 2019 that had specific recommendations pertaining to conflict of interest and training, but none has been implemented by the City.

We also found that there is no process in place to ensure awareness of any OAG reports that are applicable to any division of the City of Nedlands. We were advised by the Urban Planning Manager that he was unaware of any formal self-assessment, although we have provided our merit assessment templates that seek to ensure all relevant matters are considered.

OAG Tabled Report Reference	Recommendations # in the OAG Tabled Report	Evaluation on Compliance in Audit of Planning Approval Process
Report 5: 2019-20 15 August 2019	#3 develop and implement a periodic fraud awareness training program for all staff	Due to lack of training plans and register available we could not validate if this specific recommendation has been complied with or not.
	#4 ensure that all conflicts of interest are recorded, assessed and appropriate management plans are in place	About the Planning Division COI, this is not complied with as it is evident that there was no practice of maintaining a register of COI.

#### Implication

Increased scrutiny for continued and prolonged noncompliance.

#### Management Comment

Management agrees and will review OAG Tabled reports for relevance to City of Nedlands. This will be an ongoing process.

Recommendations	Agreed Action	Action Owner	Target Date
21. Develop a formal process that defines clear guidelines to make sure that recommendations from relevant OAG Tabled Reports are complied with or document any exemptions, if any.	Management will review OAG Tabled reports for relevance to the City.	Coordinator Governance and Risk	Ongoing



## 4. OTHER

### 4.1. 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.

### 4.2. 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; and
- Recommendations for improvement should be assessed by management for their full commercial impact before they are implemented.

### 4.3. 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.

### 4.4. 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 TO SIGNIFICANCE OF RISK RATING

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



## APPENDIX 2: KEY PERSONNEL CONTACTED

We would like to thank the following personnel for their assistance in the conduct of this internal audit.

Name	Role
Mike Cole	Director Corporate Services
Tony Free	Director Planning and Development
Roy Winslow	Manager – Urban Planning
Aviva Micevski	Coordinator – Statutory Planning

## APPENDIX 3: LIST OF POLICIES REVIEWED

Policy Number	Policy Name	Approved By	Date	Current Date
CEO Report 13.10	Alexander and Philip Road, Dalkeith Building Height	Council	25-Aug-20	25-Oct-22
Not stated on Policy	Allen Park Residential Estate Design Standard for Lots 11 To 17 Clement Street And Lots 18 To 25 North Streets, Swanbourne (LPP)	Council	10-Oct-06	25-Oct-22
Council Resolution Number PD25.19	Child Care Premises	Council	23-Jul-19	25-Oct-22
Council Resolution Number – SCM Item 6	Consultation of Planning Proposals	Council	24-Sep-19	25-Oct-22
Council Resolution Number – CEO Report 13.3	Dalkeith Road – Stanley Street Laneway and Built Form Requirements	Council	28-Jul-20	25-Oct-22
Council Resolution Number – PD08.21 / Reviewed PD21.04.22	Design Review Panel	Council	26-Apr-22	25-Oct-22
Council Resolution Number – PD14.21	Exempt Development	Council	27-Apr-21	25-Oct-22
Council Resolution Number – PD28.19	Heritage Incentives	Council	23-Jul-19	25-Oct-22
Not stated on Policy	Hollywood Design Guidelines (Precincts 1 to 4)	Not stated on Policy	Not stated on Policy	25-Oct-22
Council Resolution Number – PD18.20	Interim Built Form Design Guidelines – Broadway Mixed use zone	Council	26-May-20	25-Oct-22
Council Resolution Number – PD31.16	Landscaping Plans	Council	Last reviewed 28 June 2016	25-Oct-22
Not stated on Policy	Removal of Occupancy Restrictions	Not stated on Policy	Not stated on Policy	25-Oct-22
Procedure 6.27 (Report D19.08)	Old Swanbourne Hospital Precinct	Council	13-May-08	25-Oct-22
Council Resolution Number – PD39.19	Parking	Council	28-Jul-21	25-Oct-22
Not stated on Policy	Peace Memorial Rose Garden Precinct	Not stated on Policy	Sep-20	25-Oct-22
Council Resolution Number – PD28.19	Planning Compliance	Council	23-Jul-19	25-Oct-22
Council Resolution Number – PD52.08.22	Primary Controls for Apartment Developments	Council	23-Aug-22	25-Oct-22
Council Resolution Number – PD28.19	Refunding and Waiving Development Applications Fees	Council	23-Jul-19	25-Oct-22
Council Resolution Number – Agenda Item No. 10	Residential Aged Care Facilities	Council	3-Sep-20	25-Oct-22
Council Resolution Number – PD52.19	Residential Development: Single and Grouped Dwellings	Council	17-Dec-19	25-Oct-22
Council Resolution Number – PD47.19	Short Term Accommodation	Council	27-Oct-20	25-Oct-22
Council Resolution Number – PD28.19	Signs	Council	23-Jul-19	25-Oct-22
Report D77.06	St Peters Square Design Guidelines (LPP)	Council	10-Oct-06	25-Oct-22
Council Resolution Number – PD28.19	State Administrative Tribunal – Process and Procedures	Council	23-Jul-19	25-Oct-22
Not stated on Policy	Swanbourne Design Guidelines A – Precincts 1 to 5 and 9	Not stated on Policy	Not stated on Policy	25-Oct-22
Not stated on Policy	Swanbourne Design Guidelines A – Precincts 6, 7 and 8	Not stated on Policy	Not stated on Policy	25-Oct-22
March SCM 2020 – Item 6	Waratah Village Laneway Requirements	Council	5-Mar-20	25-Oct-22
Council Resolution Number – PD06.20	Waste Management	Council	31-Mar-20	25-Oct-22

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## **Appendix 3: Post-implementation Review of the ERP System Audit Report**

INTERNAL AUDIT  
POST IMPLEMENTATION OF THE ERP  
SYSTEM

**City of Nedlands**

20 June 2023







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Auditor Name	Auditor Position
Andrew Nguyen	Auditor
Mark Hofmann	Supervisor
Nick Goosen	Associate Director
Michelle Shafizadeh	Director



# 1. EXECUTIVE SUMMARY

## 1.1. Background

ERP (Enterprise Resource Planning) is a software system that helps businesses manage their day-to-day operations. It provides a centralised database that can be accessed by different departments within the organisation. This helps to streamline business processes and improve overall efficiency. ERP systems can provide real-time data analysis, automate processes, and enhance communication between departments. By implementing an ERP system, businesses can save time and money while making data-driven decisions. Some of the benefits of ERP systems include:

- Improved decision-making;
- Increased productivity;
- Better collaboration between departments;
- Lower operational costs; and
- Better customer service.

The City of Nedlands ("the City") has successfully appointed Technology One Limited as the ERP partner to deliver the project in three (3) phases. The contract was signed on 30<sup>th</sup> June 2021 by both parties. The estimated go live schedules by phases with the corresponding modules are set out below in Figure 1:

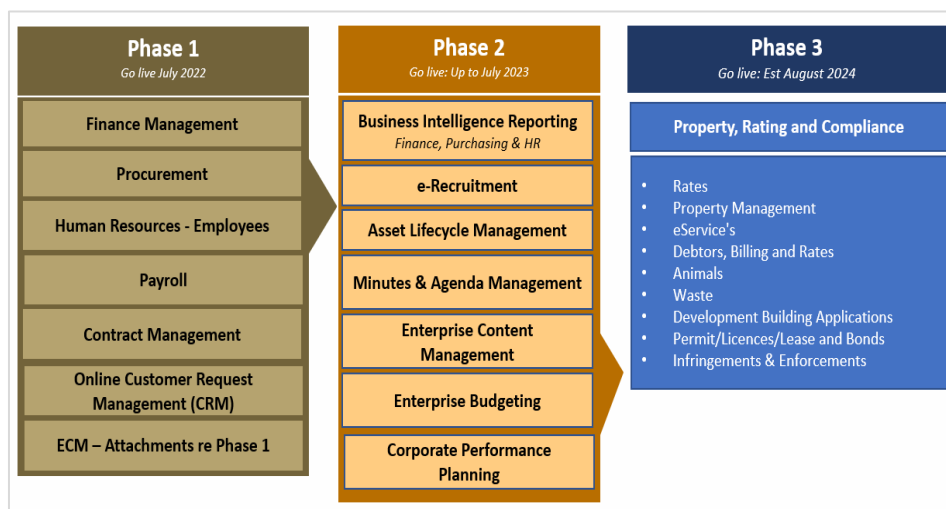


Figure 1: TechOne Estimated Go Live Schedules by Phases

On 29<sup>th</sup> August 2022, a 'One Council Phase One Completion Report' was presented to the Audit & Risk Committee to confirm the implementation and delivery of the Phase 1 modules along with the cost and budget performance summary that showed cost savings of \$270K (circa) against the budgeted spend.

Part of this report also highlighted the challenges faced, and the learning opportunities that would form part in the Phase 2 strategic implementation. The report also emphasised that Phase 1 was fully implemented despite the fact there was no dedicated Project Manager appointed to oversee the entire project. This role was assumed by Manager ICT.

However, for Phase 2 and the remaining phases of the project, the City has managed to hire a dedicated Project Manager who recently joined to oversee implementation activities including the post-handover action points to ensure smooth transition and optimal change management practices are in place.

At the time of the audit, the City Management Project Team reported the implementation status by phases as follow:

- Phase 1 – Implemented;
- Phase 2 – In progress; and
- Phase 3 – Not Started.

With the new Project Manager on-boarded, this could assist in mitigating the overall project implementation and delivery risks.

## 1.2. Scope Approach

The procedures performed in this audit were focused mainly on the validation of the modules implemented in Phase 1 and the status of the In-Progress modules in Phase 2. There were no procedures performed to assess Phase 3 at all since this is not started.



# 1. EXECUTIVE SUMMARY (CONT.)

## 1.2. Scope Approach (cont.)

This audit also included the evaluation of the adequacy of internal controls put in place to ensure the effectiveness of the Project Management Processes per the table below that are crucial in the complete delivery of the ERP project.



Moore Australia (WA) Pty Ltd (“Moore Australia”) performed the internal audit in line with the International Standards for the Professional Practice of Internal Auditing and the Moore Australia Internal Audit Methodology.

## 1.2. Overall Findings

Based on the audit procedures performed, we found that there are noticeable improvements in the ERP project implementation in Phase 2 compared to Phase 1. This was driven primarily by the onboarding of the dedicated Project Manager who has introduced numerous better practices and significantly improved the dashboards and approach to ensure that the project is delivered on time.

Although improvements are noticeable, this should not prevent the City from hiring the required project staff as this is critical in ensuring the success of the ERP project.

Overall, we did not identify any major issues with the ERP project post implementation for Phase 1 except for minor to moderate internal control modifications that should be implemented to boost the effectiveness of the overall internal control environment specific to the ERP project. The details of the observations and the relevant recommendations can be found in [Section 3 Observation and Recommendations](#).

## 1.3. Positive Observations

Throughout the course of the audit engagement, there are areas we noted to be commendable as part of this audit engagement. These include the following:

## 1.4. Positive Observations (cont.)

- Use of One-Page Dashboard to present key activities, milestones, and phase implementation. This was not existing in Phase 1 but introduced in Phase 2;
- The use of Project Team Poster with QR Code that can be found within the City Council building office premises. This is a good initiative to enhance the change management score and promote awareness of the project; and
- The willingness of the ERP Project Team to implement the recommended internal controls identified wherever applicable during this audit to ensure that procedures are aligned with existing better practices and enhance the existing internal control environment.

## 1.5. Related Internal Audits

This engagement is a second engagement on the new ERP project. The first engagement was *Procurement and Planning for the Implementation of the Enterprise Resource Planning System* which was issued to the City on 18 February 2022.

## 1.6. Summary of Results

The table below presents the results where matters for improvement are identified. Details are reflected in [Section 3 Observation and Recommendations](#).

Risk Rating	Summary of Findings				Recommendations
	Total	High	Medium	Low	Total
Implementation Status	2	-	2	-	1 - 3
Roles and responsibilities	3	-	2	1	4 - 9
Risks	1	-	1	-	10
Timeframes	-	-	-	-	-
Costs	1	-	-	1	11
Variation	-	-	-	-	-
<b>Total</b>	<b>7</b>	<b>-</b>	<b>5</b>	<b>2</b>	



## 2. SCOPE AND APPROACH

### 2.1 Objective and Scope

To assess the adequacy and effectiveness of the City's internal controls for implementation of the new ERP system and their alignment with better practice principles. The scope of this internal audit includes the following:

- **Status of Implementation:** Review the ERP project implementation plan and the extent to which it has been implemented within the City;
- **Roles and Responsibilities:** Review roles and responsibilities for implementation and ensure there is adequate resources allocated to the project to achieve budget cost and timeframes;
- **Risks:** Ensure risks are being identified and managed in the ERP project;
- **Timeframes:** Review the implementation to identify if the project is within reasonable expectations of delivering the project on time;
- **Costs:** Review the costs to approved budget and identify if project is on budget; and
- **Variation:** review documentation of approval of key decisions and variations to the agreed contract.

### 2.2 Approach

The review is to be conducted primarily through interviews, observation, and document review, focusing on:

- **Discussion:** Discussion with key stakeholders and review of key documentation to understand the process and controls in respect to;
- **Review of documents:** Review the new ERP system project implementation plan and the monitoring and reporting of the status of implementation to the Executive Management Team, Audit and Risk Committee and Council;
- **Demonstration:** Demonstration of the ERP System to evidence status;
- **Draft report:** Draft report and provide it to Director Corporate Services;
- **Management Comments:** Receive Management comments;
- **Final Report:** Issue Final Report; and
- **Audit and Risk Committee:** Attend the Audit and Risk Committee.

### 2.3 Limitations of Scope

Our work is limited by the following:

- The scope of our services and any deliverables will be limited to carrying out internal audit assignments in accordance with the strategic internal audit plan approved by the Audit and Risk Committee. We will only cover the scope of work approved by the Audit and Risk Committee and unless additional areas are specifically agreed with the Audit and Risk Committee during the year;
- The scope of work for this engagement as approved by Management in our Statement of Scope signed 01 Mar 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 course of the Engagement;
- Any testing under the engagement is performed on a sample and walkthrough basis and is not conducted continuously;
- 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;
- We conducted appropriate tests of key controls within our scope. Our findings only relate to the period of testing undertaken during our review and cannot be relied upon to be representative of the operation of control procedures prior to or after this period;
- 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;



## 2. SCOPE AND APPROACH

### 2.3. Limitations of Scope (cont.)

- The review constitutes 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; and
- Our extent of sample testing and observed exceptions are limited by the documentation provided by the City and acknowledge that observed instances of missing documentation may exist in other forms in locations different to that which we were provided.

### 2.4 Acknowledgement

We would like to thank the City's personnel for the assistance that has been extended during the engagement. Key personnel contracted are outlined in [Appendix 2](#).



### 3 OBSERVATIONS AND RECOMMENDATIONS

#### Implementation Status

Findings and Recommendations	Rating
<b>Finding 1. Missing Configuration Design Documents and Acceptance Certificate</b>	<b>Medium</b>

Configuration Design Documents (CDD) are crucial during the pre-implementation stage of the ERP project to ensure that the scope is captured and agreed by both parties so that any additional changes required post implementation are clearly differentiated.

The CDD also serves as the structural and program design by which the modules are to be configured and the functionality activated. It contains the relationship of each module with each other and the detailed mapping of the task's workflow. If the CDD designs are not pre-agreed nor signed at the initial stage, this could increase the risk of disagreements between the City and the ERP provider at the time of handover where other elements could be excluded. This could increase financial costs on the part of the City as configurations may require technical expertise that only the ERP partner can provide.

We have requested and reviewed the completeness of the CDD documents for Phase 1 and Phase 2. We also validated if the acceptance certificate was issued by the City to the ERP partner as proof that the CDD was delivered and to acknowledge that CDD designs accurately describes the scope and requirements incorporating all the necessary baseline and additional configuration required by the City prior to production and Go-Live deployment.

Although most of the documents are available, there are few that were missing at the time of audit as presented on the below table:

Phase 1	Go-Live Status	CDD available?	Acceptance Certificate Available?	Phase 2	Go-Live Status*	CDD available?	Acceptance Certificate Available?
Finance Management**	Live	Yes	Yes – combined document dated 18Feb22	Enterprise Budgeting	In progress	Yes	Yes
Human Resource & Payroll	Live	Yes		Expenditure Management	In progress	Yes – part of combined doc in Phase 1	None
Supply Chain Management	Live	Yes		Business Intelligence Reporting*	Complete	Yes	None
Contract Management	Live	Yes		Meeting & Agenda Management	In progress	Yes	None
Enterprise Content Management (ECM) – Phase 1	Live (part in Phase 2)	Yes		E-Recruitment	In progress	Yes	None
Request Management (CRM)	Live	Yes	None	Corporate Performance Planning	In progress	Yes	None
Procurement	Live	Yes	Yes	Asset Lifecycle Management	In progress	Yes	Yes
				Enterprise Content Management (ECM) – Phase 2*	In progress	Yes	None

\*per Dashboard in Phase 2

\*\*some functionalities not activated as part of Phase 1 deployment



### 3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

#### Implementation Status

Findings and Recommendations		Rating	
<b>Finding 1. Missing Configuration Design Documents and Acceptance Certificate (cont.)</b>		<b>Medium</b>	
<b>IMPLICATION</b>			
<p>The lack of CDD supporting documents increases the risk of misalignment between module delivery and the pre-agreed scope that may increase financial cost in the future driven by the increased number of change requests from the users.</p> <p>Failure to validate module production with the requirements in the CDD</p>			
<b>Management Comment</b>			
<p>Configuration Design and Acceptance Certification documents are collated on completion of module implementation only and form part of the formalised processes to close a module.</p> <p>Phase 2 Acceptance Certification for the modules listed in Finding 1. are not currently available as they are actively in progress of implementation and will be completed once the implementation of those modules are finalised.</p> <p>In relation to the Request Management module, the City of Nedlands submitted an email to Moore endorsing the sign-off of an acceptance certificate for the Request Management module which was accepted by Technology One as completed. No further action on this certificate is proposed.</p>			
Recommendations	Agreed Action	Action Owner	Target Date
1. Obtain the missing CDD design for all modules for Phase 1, 2, and 3.	All modules implemented in conjunction with TechnologyOne for Phases 1, 2 and 3 will have an associated CDD document.	Project Manager ERP	Ongoing
2. Ensure that the CDD documents have corresponding acceptance certificates from the City of Nedlands.	All modules implemented in conjunction with TechnologyOne for Phase 1,2 and 3 will have a corresponding acceptance certificate.	Project Manager ERP	Ongoing



### 3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

#### Implementation Status

Findings and Recommendations	Rating
<b>Finding 2. Absence of complete mapping of Functionalities within the Module after Go-Live</b>	<b>Medium</b>

Based on the agreed contract with the ERP partner, the ERP was split into three (3) phases over the duration of the project. Phase 1 has been completed and the modules are in currently 'Live' mode. We performed a walkthrough of the system to understand the functionalities and tested sample transactions to ensure that the functionalities are working appropriately.

- A. During our walkthrough, we found that there are some functionalities that were not activated although these are already configured in the system as shown on the table below:

Modules	Functionalities Not Activated	ERP Project Team Manager Comment
Finance Management	Accounts Receivable	Will be configured as part of Phase 2
	Charges and billing	
	Reporting and Analytics	Will be covered in Phase 2 as part of Business Intelligence Reporting
	Archiving	Will be covered as part of Content Management
Online Customer Request Management	Nothing identified	
Human Resources Employees and Payroll	Recruitment Job list / All Requisitions – UAT	Not live in Phase 1 but in UAT and will be expected to go live in Phase 2

Our walkthrough was also focused on the two modules (a) Finance Management and (b) Online Customer Request Management. We found that the “inactive” functionalities exist in the Finance Management module but not in the Online Customer Request Management. However, we were informed during our discussion with the technical team that there were several user configurations for Customer Request Management that were completed by the internal project team and not by the ERP partner. These changes were additional functionalities in the system required by the users. On few occasions, the changes can be classified as “optional features” that are desired by the user to assist them in their tasks.

Regardless of the user changes, good internal control in ERP projects requires that the functionalities agreed within the modules are mapped to the pre-agreed requirements (i.e., CDD) at the time of deployment to ensure alignment between the City and the ERP partner to prevent disagreement on the nature and extent of change requests involved. This is also to distinguish the proper responsibilities on the user change request – either the internal team or the ERP partner as part of their deliverable.

- B. We also requested for a “Module-wise” functionality mapping between the agreed scope and the delivered functionalities by the ERP partner – but we could not obtain this document as this was not completed at the time of deployment (Go-Live) of phase 1. As a result, we could not establish whether the missing functionalities formed part of the agreed scope in Phase 1.





### 3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

#### Implementation Status

Findings and Recommendations		Rating	
<b>Finding 2.</b>	<b>Absence of complete mapping of Functionalities within the Module after Go-Live (cont.)</b>	<b>Medium</b>	
<b>IMPLICATION</b>			
A lack of module mapping can increase the risk of projects going off-track and hence increase change request quantities			
<b>Management Comment</b>			
The OneCouncil system integration is designed to allow for cross functionality within modules and may present as inactive functions until subsequent module implementation requires such functions to be activated.			
Increased project governance and processes implemented as part of onboarding the new Project Manager ensures that activation of functionalities within modules post Go-Live will be recorded as part of Quality Assurance Management checks. This activity will be undertaken by the Project Manager and Business Systems Analysts.			
Recommendations	Agreed Action	Action Owner	Target Date
3. Ensure complete mapping of functionalities by module is prepared by the ERP before issuance of completion certificate.	Mapping of module functionalities will be completed as part of the Quality Assurance Management checks before issuance of completion certificate.	Project Manager ERP	Ongoing



### 3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

#### Roles and Responsibilities

Findings and Recommendations	Rating
<b>Finding 3. Complete User Acceptance Test documents not aligned with CDD deliverables</b>	<b>Medium</b>
<p>User Acceptance Test (UAT) is essential in every ERP project to validate that the modules deployed into live production meets the requirements set by the users and aligned with the design documents. This is also to test the detailed ERP functionality to identify if there are technical errors or configuration issues that may prevent the process flow from operating as desired.</p> <p>The absence of UAT test document may indicate that users were unable to test the functionality for that specific module therefore any potential errors or process gaps are not identified prior to the Go-Live event. This would increase user complaints resulting to more change request tickets sent to the provider for further configuration which in most instances will incur additional cost due to the time and effort to do the system configurations.</p> <p>We reviewed the availability of all the UAT documents prior to Go-Live deployment to check if these are adequate or not. We found an 'Acceptance Certificate' dated 23<sup>rd</sup> June 2022 described as "Implementation Phase – Acceptance Testing Stage" but there were no module-wise and functionality-wise acceptance. The document stated that 'User Acceptance Testing scripts and plans have been executed in the appropriate test environment and that this testing has included:</p> <ul style="list-style-type: none"> <li>• <i>Interface testing</i></li> <li>• <i>Reports and Business Process Automation testing</i></li> <li>• <i>Data migration routines and scripts tested in line with the Configuration Design Document and the Data Migration Plan</i></li> </ul> <p>In our evaluation, this UAT documentation is generic and should be enhanced to ensure that the functionalities by modules are tested. Additional documents should be provided as supporting documents to this 'Acceptance Certificate' to identify the testing done in detail and should form of the overall documentation. The broad UAT document should not be accepted as the main UAT certificate as this could increase confusion and costs due to the change requests.</p> <p>Our discussion with the project technical team revealed several user change requests – this happened for the Online Customer Request Confirmation where users requested changes to the functionalities and additional configurations as these were not available in the initial Go-Live deployment.</p> <p><b>IMPLICATION</b></p> <p>The absence of a detailed mapping of the UAT requirements can result in inefficient UAT due to not covering all the required CDD for each module.</p>	
<b>Management Comment</b>	
<p>Consultant activity reports are provided on completion of engagement with City of Nedlands Analysts and provide a high-level overview of work undertaken to test items for UAT.</p> <p>Quality Assurance Management processes recently introduced ensure test scripts for UAT are captured, and gaps are identified where Configuration design deliverables are met.</p>	



### 3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

#### Roles and Responsibilities

Findings and Recommendations			Rating
<b>Finding 3. Complete User Acceptance Test documents not aligned with CDD deliverables (cont.)</b>			<b>Medium</b>
Recommendations	Agreed Action	Action Owner	Target Date
4. Sign-off from UAT team to be taken prior to production to ensure minimal change requests.	Mapping of module functionalities through UAT test script analysis will be completed and evidenced as part of the Quality Assurance Management checks before issuance of completion certificate.	Project Manager ERP	Ongoing
5. Post implementation review should be conducted between the user tests and the CDD deliverables.			
6. For critical areas, define additional testing details to address specific user requirements are met prior to acceptance certificate are issued by the City.			



### 3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

#### Roles and Responsibilities

Findings and Recommendations	Rating
<b>Finding 4. Incomplete Project Team Staffing</b>	<b>Medium</b>

Project team composition is vital to the success and timely delivery of the project based on the agreed timeline. This would not only influence the financial cost but also the quality of the overall project output. We found that there has been inadequate staffing in the City since Phase 1 of the ERP project. Staff shortage issues are carried forward towards Phase 2 of the project. Details of the vacant position are:

Source: Project Management Plan (dated 29/Aug/2022) Resource	Original Team (Name Initials) Name	Transitional Team Status for Phase 1	Current Team (Name Initials) Status for Phase 2
Project Manager	R.S (Resigned)	PM Role unfilled. No suitable candidates found. The role was assumed by the Manager ICT	E.V.W (onboarded starting Phase 2)
Change Manager	C.D	Active	M.C
Solutions Architect	W.V	Commenced 25th November 2021	W.V
Data Migration Specialist	K.L	Commenced 30th November 2021	Assumed by W.V
Business System Analysis – Finance / Purchasing / Contracts	L.C	Active	K.W
Business System Analysis – HR / Payroll	L.A	Active	L.A
Business System Analysis – CRM / ECM	TBA	BSA rolled unfilled. No suitable candidates found	Vacant (hiring part of plan)

We understand that the City is working towards a plan to address the staff shortage but if this is not completed before the start of Phase 3, this may put a strain on the existing project team members as they assume multiple roles and responsibilities that could impact the primary area of responsibility they are originally assigned for.

#### IMPLICATION

Failure to obtain resources or upskill staff to fill the team positions will result in an increased risk for project completion, knowledge gaps and putting more pressure on the other resources.



### 3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

#### Roles and Responsibilities

Findings and Recommendations			Rating
<b>Finding 5. Incomplete Project Team Staffing (cont.)</b>			<b>Medium</b>
<b>Management Comment</b>			
Agreed. The project team have experienced natural attrition and have progressed recruitment to fill the vacant positions. However, as part of any team, the need for each role is reviewed whenever a vacancy arises to ensure the need to replace that role and the skill sets required.			
Recommendations	Agreed Action	Action Owner	Target Date
7. Ensure complete resourcing of the project team.	Conduct recruitment process to appropriately resource the OneCouncil project team	Project Manager ERP	Ongoing



### 3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

#### Roles and Responsibilities

Findings and Recommendations		Rating	
<b>Finding 6.</b>	<b>ERP training not fully completed</b>	<b>Low</b>	
<p>Adequate ERP training is essential for staff to fully perform and understand the system functionalities. The training sessions should be mandatory to improve the capabilities of the staff to use the system functionalities and improve the learning curve. We found that there are several training sessions already conducted related to the ERP, but the survey that asks about training performance which was circulated post Phase 1 implementation revealed some interesting results that highlight user feedback as follow:</p> <ul style="list-style-type: none"> <li>• Only 41% of One Council users stated that they have received adequate training</li> <li>• Only 44% of One Council users agree that it is improving their ability to do their job</li> <li>• Both coordinators and users agree that there needs to be more specific training for the department types instead of the “one size fits all” approach</li> </ul> <p>Based on our discussion with the project team, roll-out trainings are already planned in the future to ensure targeted training are delivered to the relevant process owners to assist them in the performance of the work and ease out the functionality issues with the ERP system. We have been provided a copy of “A One Council Self-guided Induction” presentation that will be introduced as part of the training booster to ensure awareness and increase the learning curve of the relevant process owners.</p> <p><b>IMPLICATION</b></p> <p>The lack of adequate training increases system misunderstanding and process gaps.</p>			
Management Comment			
<p>The Project team have established a continued learning / training program, accessible to all employees. It is not mandatory.</p> <p>The selection of training content was established as a key result indicator derived from survey results (establishing a baseline) completed in January under the direction of the onboarded Project manager.</p>			
Recommendations	Agreed Action	Action Owner	Target Date
8. Complete deployment of the ‘Roll-Out’ Training specific to the fully deployed modules.	Targeted learning / training program is live and mapped for the remainder of the calendar year.	Change Manager ERP	Completed. No further action required.
9. Develop the remaining training materials for the remaining modules that are to be delivered in Phase 3.	Training materials for in-progress and future modules will be created as part of the module implementation	Change Manager ERP	Ongoing



### 3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

#### Risks

Findings and Recommendations	Rating
<b>Finding 7. The project risks register not updated regularly</b>	<b>Medium</b>
<p>Project risk assessment is a continuous process that happens within the project life cycle. Generally speaking, the assessment starts from the project planning stage and is updated regularly as the project progresses during its life cycle. The continuous review and update is critical to ensure that emerging risks not identified at the onset of the project are captured and the necessary action plans are identified to mitigate the negative impact on the project.</p> <p>We found that the City has an existing project risk register prepared specific to the ERP project, but our review of this register revealed that it was not continuously updated. We could not establish the last review date as the excel sheet did not contain any date at all. We also found the following:</p> <ul style="list-style-type: none"> <li>• It contains risks that had been closed and did not exist anymore but marked accordingly in the register.</li> <li>• There is a lack of clarity whether the controls are the 'Actual Controls' or the 'Expected Controls' to be put in place</li> <li>• There are several challenges and risk factors identified and existed in Phase 1 but were not elaborately added in the register to be addressed in Phase 2. These risks included staff shortages during Phase 1, change management risks highlighted in Phase 1 completion report were not added in Phase 2 risk register.</li> <li>• Lack of evidence that the risk register has been reviewed prior to the start of Phase 2 or anytime within the Phase 2 implementation timeline.</li> <li>• The project communication plan for Phase 1 is of different format compared to Phase 2</li> <li>• The risk register includes a 'Change management plan' but such plan does not exist</li> <li>• No evidence of review on the risk register</li> </ul> <p>We believe that the project risk register should be continuously updated and reviewed to ensure completeness and the timely identification and mitigation of emerging risk that could arise during the implementation stages from Phase 2 to Phase 3.</p> <p><b>IMPLICATION</b></p> <p>Failure to adequately update the project risk register in a timely manner can increase the risk of project delays.</p>	



### 3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

Risks			
<b>Findings and Recommendations</b>			<b>Rating</b>
<b>Finding 8. The project risks register not updated regularly (cont.)</b>			<b>Medium</b>
<b>Management Comment</b>			
<p>The Project Manager has coordinated a Risk Management workshop and undertaken a series of assessments using the *Bowtie analysis methodology. The assessments informed the development of a new Risk register and monitoring / review schedule.</p> <p>The OneCouncil Change Management Plan 2021-2024 was developed and endorsed in October 2021.</p> <p>The Communications plan / schedule format differs from phase 1 to phase 2 due to onboarding Project Manager and Change Manager utilising their own suite of templates and tools to document project tasks.</p> <p><i>*The bowtie analysis identifies new or enhanced controls by breaking down the components of Risk into Cause, events, impacts and controls.</i></p>			
<b>Recommendations</b>	<b>Agreed Action</b>	<b>Action Owner</b>	<b>Target Date</b>
10. Update project risk register (quarterly). Split controls into actual and expected (replace compensating controls).	The new project Risk register will be reviewed according to the Project risk register scale frequency. Critical and High (after controls) will be reviewed monthly and Medium to Low (after controls) will be reviewed quarterly.	Project Manager ERP	Ongoing





### 3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

#### Costs

Findings and Recommendations		Rating	
<b>Finding 9.</b>	<b>Absence of detailed project cost tracking</b>	<b>Low</b>	
<p>Detailed project cost tracking is one of the most important elements in the project management processes as it ensures that an organisation is staying within budget and identify additional spend in a timely manner. Any spending that exceeds the approved budget can be identified and necessary approval is obtained whenever the need arises. The absence of the project cost tracking increases the likelihood of not identifying potential overspending against the approved budget which could result in conflict between the Finance Department and the Project Team as the invoices could not be paid if the excess spend approvals are not obtained. Project objectives and outcomes may not be achieved on a timely basis.</p> <p>Based on our discussion with the Project Team, we were informed that costs are monitored internally by the Finance team but not tracked in detail by the Project Team. As a result, the Project Team may not have full visibility of the actual overall project costs.</p> <p><b>IMPLICATION</b></p> <p>Lack of visibility of the actual cost by the Project Team may results to additional spend authorized that are not covered in the original budget.</p>			
Management Comment			
Detailed project cost tracking has been incorporated into the monthly project health report; distributed to the Project sponsor and Executive Management Team			
Recommendations	Agreed Action	Action Owner	Target Date
11. Develop detailed project cost tracking and include as part of the monthly reporting package.	Project cost tracking is incorporated into the monthly reporting package.	N/A. Now completed	N/A



## 4 OTHER

### 4.1. 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.

### 4.2. 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; and
- Recommendations for improvement should be assessed by management for their full commercial impact, before they are implemented.

### 4.3. 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.

### 4.4. Liability

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## APPENDIX 1: KEY TO SIGNIFICANCE OF RISK RATING

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



## APPENDIX 2: KEY PERSONNEL CONTACTED

We would like to thank the following personnel for their assistance in the conduct of this internal audit.

Name	Role
Emma Van De Wille	Project Manager ERP
Kevin Wijey	Business Systems Analyst
Louise Andersen	Business System Analyst
Michael Cole	Director Corporate Services
Tony Benson	Manager ICT
Wolfgang Voigt	Solutions Architect

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

<b>Meeting &amp; Date</b>	Audit Risk Committee Meeting – 21 August 2023
<b>Applicant</b>	City of Nedlands
<b>Employee Disclosure under section 5.70 Local Government Act 1995</b>	Nil.
<b>Report Author</b>	Michael Cole – Director Corporate Services
<b>CEO</b>	Bill Parker
<b>Attachments</b>	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

<b>Meeting &amp; Date</b>	Audit Risk Committee Meeting – 21 August 2023
<b>Applicant</b>	City of Nedlands
<b>Employee Disclosure under section 5.70 Local Government Act 1995</b>	Nil.
<b>Report Author</b>	Moore Australia
<b>Director</b>	Michael Cole –Director Corporate Services
<b>Attachments</b>	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

<b>Meeting &amp; Date</b>	Audit Risk Committee Meeting – 21 August 2023
<b>Applicant</b>	City of Nedlands
<b>Employee Disclosure under section 5.70 Local Government Act 1995</b>	Nil.
<b>Report Author</b>	Emma Van der Wiele – Project Manager (ERP)
<b>Director</b>	Michael Cole – Director Corporate Services
<b>Attachments</b>	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 22<sup>nd</sup> 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:
  - a. 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
Amber
Red

Green: Project is on track to deliver the expected outcomes at the budgeted cost and currently agreed timeframe

Amber: Project is not on track to deliver the expected outcomes, time, cost and/or quality requirements are at risk of being exceeded if specific action is not taken

Red: Project is not on track to deliver the expected 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.

PHASE 2 – Project Delivery: OneCouncil Enterprise Resource Planning – Project Progress Tracker – JULY reporting period 2023



Figure 1: Phase 2 – Project progress tracker for the July 2023 reporting period

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

<b>Meeting &amp; Date</b>	Audit Risk Committee Meeting – 21 August 2023
<b>Applicant</b>	City of Nedlands
<b>Employee Disclosure under section 5.70 Local Government Act 1995</b>	Nil.
<b>Report Author</b>	Libby Kania – Coordinator Governance and Risk
<b>Director</b>	Michael Cole – Director Corporate Services
<b>Attachments</b>	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.

### Council Plan

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#### Strategic Community Plan

(Long term planning over 10 years)  
Provision of the vision and setting the strategic direction of the City



Strategic Risk Management

#### Corporate Business Plan

(Medium term planning 4 years reviewed annually)  
Medium term actions and resource planning

#### Annual Operational Planning and Budget

Short term resource planning



Operational 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

<b>Vision</b>	Our city will be an environmentally-sensitive, beautiful and inclusive place.
<b>Values</b>	<b>Healthy and Safe</b> Our City has clean, safe neighbourhoods where public health is protected and promoted.  <b>Great Governance and Civic Leadership</b> 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 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.

## Policy Objective

The City of Nedlands is committed to organisation-wide risk management principles, systems and processes that ensure consistent, efficient and effective assessment of risk in all planning, decision making and operational processes.

## Policy Scope

This policy applies to all elected members, employees, contractors, and volunteers of the City.

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## Definitions

**Risk** is defined as the effect of uncertainty on objectives. A risk is often specified in terms of an event or circumstance and the consequences that may flow from it. An effect may be positive, negative, or a deviation from the expected. An objective may be financial, related to health and safety, or defined in other terms.

**Risk Management** is defined as the application of coordinated activities to direct and control an organisation with regard to risk.

**Risk Management Process** is defined as the systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context, and identifying, analysing, evaluating, treating, monitoring and reviewing risk.

## Policy Statement

The City of Nedlands considers risk management to be an essential management function in its operations and is committed to the principles, framework, and process of managing risks as outlined in AS/NZS ISO 31000 2018.

The City will manage risks continuously using a process involving the identification, analysis, evaluation, treatment, monitoring and review of risks. It will be applied to decision-making through all levels of the organisation.

## Risk Management Objectives

The City aims to achieve the following objectives through its commitment to risk management –

- The achievement of organisational goals and objectives
- The ongoing health and safety of all employees at the workplace
- Ensuring public safety within the Council's jurisdiction is not compromised

- Limited loss or damage to property and other assets
- Limited interruption to business continuity
- Embed appropriate and effective controls to mitigate risk
- Improve the City's corporate governance, management capability, and accountability
- Ensure adherence to relevant statutory, regulatory and compliance obligations
- Positive public perception of Council and the City of Nedlands

## **Responsibilities**

While Risk Management is the responsibility of all, the Chief Executive Officer has the ultimate responsibility for administering and implementing the Risk Management Framework and Policy.

### **Council**

The Council has a governance overview role to review and approve the City's Risk Management Policy and ensure accountability to and application with the Policy.

Council is to establish and maintain an Audit and Risk Committee in terms of the *Local Government Act 1995* to ensure accountability to and application of the Risk Management Policy.

### **Audit and Risk Committee**

The Audit and Risk Committee is responsible for reviewing the Risk Management Policy and making recommendations to Council on the results of its review. Further, it is responsible for considering the biannual report in relation to the management of risk within the City and to satisfy that appropriate controls and processes are in place to deal with risk.

### **CEO**

The Chief Executive Officer provides corporate leadership and oversight for the application of the Risk Management Policy and Framework within the organisation.

The CEO is responsible for the allocation of roles, responsibilities and accountabilities and the implementation of the Risk Management Policy and Framework.

The Chief Executive Officer is responsible for monitoring and reviewing the appropriateness and effectiveness of the City's systems and procedures, ensuring regular updates on strategic risks to the Audit and Risk Committee, and monitoring and reviewing the operational risk register.

### **Monitor and Review**

The City will implement and integrate a monitor and review process to report on the achievement of the Risk Management Objectives, the management of individual risks and the ongoing identification of issues and trends.

This policy will be kept under review by the CEO and will be formally reviewed by Council biennially.

<b>Document Control</b>			
<b>Document Responsibilities</b>			
<b>Owner</b>	Chief Executive Officer	<b>Owner Business Unit:</b>	Office of the Chief Executive Officer
<b>Inception Date:</b>	September 2023	<b>Decision-maker:</b>	Council
<b>Review Date:</b>	2025	<b>Repeal and Replace:</b>	Nil.
<b>Compliance Requirements:</b>			
<b>Legislation:</b>	<i>Local Government Act 1995</i> <i>Local Government (Audit) Regulations 1996</i> AS/NZS ISO 31000:2018		
<b>Link to Strategic Community Plan</b>			

## Risk Management

<b>Status</b>	Administration
<b>Responsible Division</b>	Corporate & Strategy
<b>Objective</b>	The objective of the policy is to document the City's commitment to managing uncertainty that may impact the City's strategies, goals or objectives.

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### Definitions

**Risk:** Effect of uncertainty on objectives.

Note 1: An effect is a deviation from the expected – positive or negative.

Note 2: Objectives can have different aspects (such as financial, health and safety and environmental goals) and can apply at different levels (such as strategic, organisation-wide, project, product or process).

**Risk Management:** Coordinated activities to direct and control an organisation with regard to risk.

**Risk Management Process:** Systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context, and identifying, analysing, evaluating, treating, monitoring and reviewing risk.

### Protocol

It is the City's aim to achieve best practice in the management of all risks that may affect the City, its customers, people, assets, functions, objectives, operations or members of the public.

Risk Management will form part of the Strategic, Operational, Project and Line Management responsibilities and where possible, be incorporated within the City's Integrated Planning Framework.

The City's Management Team will determine and communicate the Risk Management Protocol, Objectives and Procedures, as well as direct and monitor implementation, practice and performance.

Every employee within the City is recognised as having a role in risk management, from the identification of risks, to implementing risk treatments and shall be invited and encouraged to participate in the process.

Consultants may be retained at times to advise and assist in the risk management process or management of specific risks or categories of risk.

Risk assessments will be undertaken if one or more of the following apply:

- A new strategy / function / service / project / activity is planned
- Involves capital expenditure
- Requires the buy-in of staff &/or external stakeholders
- Requires the management of sensitive issues or has potential political implications
- Requires a project plan
- Introduces significant change (especially software / systems / processes)

### **Risk Management Objectives**

- To identify, prioritise and assess potential strategic, operational and project risk and integrate risk management into daily management processes.
- To ensure the health and safety of employees and members of the public within the City's jurisdiction is not compromised.
- To limit loss or damage to property and other assets.
- To ensure our environmental responsibility.
- Optimise the achievement of our vision, mission, strategies, goals and objectives.
- Provide transparent and formal oversight of the risk and control environment to enable effective decision making.
- Enhance risk versus return within our risk appetite.
- Embed appropriate and effective controls to mitigate risk.
- Achieve effective corporate governance and adherence to relevant statutory, regulatory and compliance obligations.
- Enhance organisational resilience.
- Identify and provide for the continuity of critical operations

### **Risk Appetite**

The City quantified its risk appetite through the development and endorsement of the City's Risk Assessment and Acceptance Criteria. The criteria are included within the Risk Management Procedures and are subject to ongoing review in conjunction with this protocol.

All organisational risks to be reported at a corporate level are to be assessed according to the City's Risk Assessment and Acceptance Criteria to allow consistency and informed decision making. For operational requirements such as projects or to satisfy external stakeholder requirements, alternative risk assessment criteria may be utilised, however these cannot exceed the organisations appetite and are to be noted within the individual risk assessment.

**Roles, Responsibilities & Accountabilities**

Roles, responsibilities and accountabilities are documented in the Risk Management Procedure.

**Monitor & Review**

This protocol will be kept under review by the City's Management Team and its employees. It will be formally reviewed biennially and reported to the Audit and Risk Committee

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**Related documentation**

Risk Management Procedure  
Risk Profiles

**Review History**

Approved by EMT 24 October 2019  
Approved by Executive 18 August 2014

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

<b>Meeting &amp; Date</b>	Audit Risk Committee Meeting – 21 August 2023
<b>Applicant</b>	City of Nedlands
<b>Employee Disclosure under section 5.70 Local Government Act 1995</b>	Nil.
<b>Report Author</b>	Michael Cole – Director Corporate Services
<b>CEO</b>	Bill Parker
<b>Attachments</b>	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.

## **10. 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.

## **11. Declaration of Closure**

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