

Agenda

Audit & Risk Committee Meeting 22 May 2023

Notice of Meeting

To Mayor & Councillors

A Meeting of the Audit & Risk Committee of the City of Nedlands is to be held on Monday, 22 May in the Council chambers at 71 Stirling Highway Nedlands commencing at 5:30pm.

This meeting will be livestreamed - [Livestreaming Council & Committee Meetings » City of Nedlands](#)



Director Corporate Services
18 May 2022

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

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.

Table of Contents

1.	Declaration of Opening	4
2.	Present and Apologies and Leave of Absence (Previously Approved)	4
3.	Public Question Time	4
4.	Addresses by Members of the Public.....	4
5.	Disclosures of Financial Interest	4
6.	Disclosures of Interests Affecting Impartiality.....	5
7.	Declarations by Members That They Have Not Given Due Consideration to Papers	5
8.	Confirmation of Minutes	5
8.1	Special Audit & Risk Committee Meeting Minutes – 20 April 2023	5
9.	Items for Discussion.....	6
9.1	ARC07.05.23 – Internal Audit Report – Workforce Management.....	6
9.2	ARC08.05.23 – Entry Meeting with OAG and RSM - Audit 2023	10
9.3	ARC09.05.23 – Update from Moore Australia.....	12
9.4	ARC10.05.23 – Internal Audit Report – Conflict of Interest.....	14
9.5	ARC11.05.23 – OneCouncil Project Status Report.....	19
10.	In Camera	28
11.	Date of Next Meeting	28
12.	Declaration of Closure	28

1. Declaration of Opening

The Presiding Member will declare the meeting open at 5:30pm and will draw attention to the disclaimer on page 2 and advise that the meeting is being livestreamed.

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

Leave of Absence Nil.
(Previously Approved)

Apologies None at distribution of this agenda.

3. Public Question Time

Public questions submitted to be read at this point.

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.

5. Disclosures of Financial Interest

The Presiding Member to remind 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.

A declaration under this section requires that the nature of the interest must be disclosed. Consequently, a member who has made a declaration must not preside, participate in, or be present during any discussion or decision-making procedure relating to the matter the subject of the declaration.

However, other members may allow participation of the declarant if the member further discloses the extent of the interest. Any such declarant who wishes to participate in the meeting on the matter, shall leave the meeting, after making their declaration and request to participate, while other members consider and decide upon whether the interest is trivial or insignificant or is common to a significant number of electors or ratepayers.

6. Disclosures of Interests Affecting Impartiality

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

Council Members and staff are required, in addition to declaring any financial interests to declare any interest that may affect their impartiality in considering a matter. This declaration does not restrict any right to participate in or be present during the decision-making procedure.

The following pro forma declaration is provided to assist in making the disclosure.

"With regard to the matter in item x I disclose that I have an association with the applicant (or person seeking a decision). This association is (nature of the interest).

As a consequence, there may be a perception that my impartiality on the matter may be affected. I declare that I will consider this matter on its merits and vote accordingly."

The member or employee is encouraged to disclose the nature of the association.

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

Members who have not read the business papers to make declarations at this point.

8. Confirmation of Minutes

8.1 Special Audit & Risk Committee Meeting Minutes – 20 April 2023

The Minutes of the Special Audit & Risk Committee Meeting 20 April are to be accepted as a true and correct record of that meeting.

9. Items for Discussion

9.1 ARC07.05.23 – Internal Audit Report – Workforce Management

Meeting & Date	Audit Risk Committee Meeting – 22 May 2023
Applicant	City of Nedlands
Employee Disclosure under section 5.70 Local Government Act 1995	Nil.
Report Author	Shelley Mettam – Manager Human Resources
Director	Michael Cole Director Corporate Services
Attachments	1. Internal Audit – Workforce Management - See appendix 3 of Item ARC09.05.23 Moore Aust Report

Purpose

This report provides the findings and recommendations from the audit of the City's Workforce Management, conducted by Moore Australia

Recommendation

The Audit and Risk Committee receives the Workforce Management report and notes the findings, recommendations of the Audit and the management comments.

Voting Requirement

Simple Majority.

Background

Moore Australia as the City's appointed Internal Auditors conducted a review of the City's Workforce Management function. Moore's audit was conducted with input from City personnel.

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

Discussion

The City of Nedlands Workforce Plan (2022-2032) was adopted in June 2022 and included monitoring as part of the annual budget process.

Moore's Audit Report on Workforce Management identified the following areas for improvement, and together with the City's response is as follows:

1. **Develop activities to support Key Results Areas (KRAs):** the CEO, Manager HR and Corporate Planning Officer are refining the performance appraisal tools to better incorporate and measure KRAs, flowing to employee performance appraisal processes;
2. **Resources:** identified in the Workforce Plan and will continue to be monitored and adapted;
3. **Training and Development:** training and development needs are identified with the integrated KRAs;
4. **Qualifications and Credentials Register:** the new HR module in OneCouncil includes an accreditation register which is part of the set of employee data;
5. **Workforce Risk Management:** currently under development;
6. **Legislative Compliance Register:** currently under development;
7. **Supported Workforce Plan** – the Workforce Plan milestones are regularly reported to EMT and Council and communicated to staff;
8. **Recruitment and Selection Policies and Procedures:** the OneCouncil recruitment module is in the final stages of implementation with accompanying revised policies and procedures;
9. **Recruitment and Selection Policies and Procedures:** the OneCouncil recruitment module is in the final stages of implementation with accompanying revised policies and procedures;
10. **Recruitment and Selection Policies and Procedures:** the OneCouncil recruitment module is in the final stages of implementation with accompanying revised policies and procedures;
11. **Recruitment and Selection Policies and Procedures:** the OneCouncil recruitment module is in the final stages of implementation with accompanying revised policies and procedures;
12. **Lack of Performance Indicators:** as per 1 above, KRAs are being integrated with performance and appraisal processes;
13. **Surveys and assessments:** the City conducts periodic Staff Climate surveys and exit interviews are offered to all staff;
14. **Audit and Risk Committee terms of reference:** for review;
15. **Approved termination policies:** incorporated in OneCouncil modules;

16. **Staff attrition:** staff turnover at the City has been high. The employment market is challenging - consistent efforts to gather information on employee experience with a view to greater attraction and retention are consistently assessed; and
17. **Termination Improvement Opportunities:** onboarding and offboarding procedures in OneCouncil are being implemented.

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.

Decision Implications

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

Conclusion

The Workforce Management findings, with management comments, are presented to the Audit and Risk Committee for their information.

Further Information

Nil.

9.2 ARC08.05.23 – Entry Meeting with OAG and RSM - Audit 2023

Meeting & Date	Audit Risk Committee Meeting – 22 May 2023
Applicant	City of Nedlands
Employee Disclosure under section 5.70 Local Government Act 1995	Nil.
Report Author	RSM Australia Pty Ltd
Director	Michael Cole – Director Corporate Services
Attachments	1. City of Nedlands – Audit Planning Memorandum

Purpose

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

Recommendation

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

Voting Requirement

Simple Majority.

Background

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

The purpose of this audit plan is to set out the key areas of the audit, when they will conduct the engagement and the City.

The plan is prepared with input from Administration. The audit plan is tailored for City of Nedlands' environment and revised throughout the year to adjust for business developments, additional relevant matters arising, changes in circumstances, findings from activities performed and feedback we receive from you.

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

The purpose of this report is to receive the Audit Plan. Any feedback from the Audit and Risk Committee will be included in the audit plan.

Conclusion

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

Further Information

Nil.



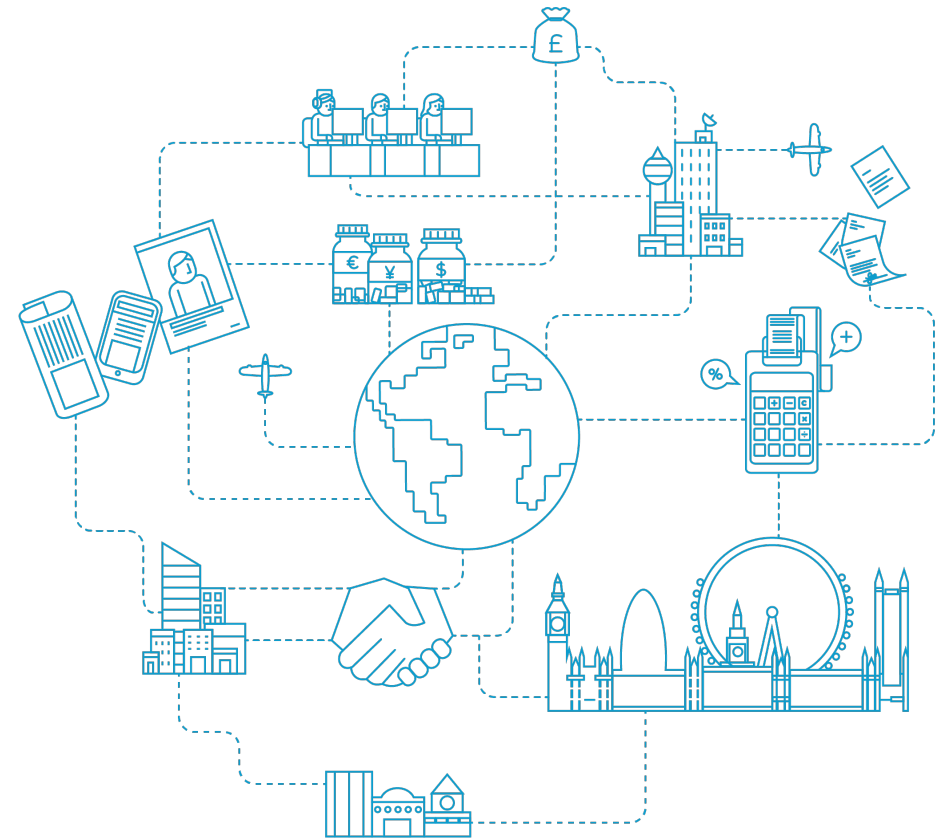
CITY OF NEDLANDS

AUDIT PLANNING MEMORANDUM

Year ending 30 June 2023

CONTENTS

1.	Introduction	3
2.	Audit Summary	4
3.	Audit Approach	6
4.	Current Year Developments.....	7
5.	Key Areas of Audit Focus.....	8
6.	Other Critical Areas in the Financial Statements.....	13
7.	Information Systems Audit Approach.....	14
8.	Your Engagement Team.....	15
9.	Have you Considered?	16
10.	Appendices	17
	APPENDIX 1 – TIMETABLE	18
	APPENDIX 2 – RSM ORB	20
	APPENDIX 3 – KEY CONTROLS	21
	APPENDIX 4 - FRAUD RISK CONSIDERATIONS	23
	APPENDIX 5 - AUDIT APPROACH TO THE KEY AUDIT AREAS	24
	APPENDIX 6 – OTHER GOVERNANCE MATTERS	26
	APPENDIX 7 - CHANGES IN ACCOUNTING STANDARDS.....	27



1. INTRODUCTION

This audit plan outlines the scope of our work and the key considerations in relation to our audit of City of Nedlands (“the City”) for the year ending 30 June 2023.

The purpose of this document is to set out our understanding of the key areas of the audit, when we will conduct the engagement and your audit team.

The plan is prepared with input from Administration. The audit plan is tailored for City of Nedlands’ environment and revised throughout the year to adjust for business developments, additional relevant matters arising, changes in circumstances, findings from activities performed and feedback we receive from you.

We look forward to working together with you.

Please do not hesitate to contact Matthew Beevers (RSM Audit Director), Punitha Perumal (Office of the Auditor General Financial Audit Director) or one of the other engagement team members listed in section 8 of the Audit Planning Memorandum should you wish to discuss any aspect of the engagement.

It is our **strong, collaborative** approach that differentiates us.

We will:

- Be committed to **quality** and **excellence**.
- Provide **tailored insights** to help you make **critical decisions with confidence**.
- **Add value** through ideas and insight.
- Bring you **expert global and local knowledge**.
- Help you **move forward with confidence**.

Experience the power of being understood.



2. AUDIT SUMMARY

Purpose of the Audit Planning Memorandum

The primary purpose of this Audit Planning Memorandum (**APM**) is to brief the City of Nedlands (“**the City**” or “**the Local Government**”) on the proposed approach by RSM Australia (**RSM**), on behalf of the Office of the Auditor General (**OAG**), to audit the financial report and other legal and regulatory requirements in accordance with the *Local Government (Audit) Regulations 1996* of the City for the year ending 30 June 2023.

The APM forms the basis for discussion at the audit entrance meeting scheduled for 22 May 2023 and is a key tool for discharging our responsibilities in relation to communicating with those charged with governance.

Scope of the Engagement

The scope of this engagement involves:

- (a) Expressing an opinion on the audit of the general-purpose financial statements for the financial year ending 30 June 2023, prepared in accordance with the *Local Government Act 1995 (LG Act)*, the *Local Government (Financial Management) Regulations 1996 (Financial Management Regulations)*, Australian Accounting Standards, to the extent that they are not inconsistent with the LG Act and the Financial Management Regulations. The term ‘Australian Accounting Standards’ refers to Standards and Interpretations issued by the Australian Accounting Standard Board (**AASB**).
- (b) Report on the City’s compliance with other legal and regulatory requirements as required by the *Local Government (Audit) Regulations 1996 (Audit Regulations)*.

In addition to the above, the City also requires certifications in respect of the following grants:

- (a) Roads to Recovery (**R2R**) grant under the *National Land Transport Act 2014*, Part 8; and
- (b) Local Roads and Community Infrastructure Program (**LRCIP**) grant in accordance with the LRCIP guidelines issued by the Australian Government Department of Infrastructure, Transport, Regional Development and Communications.

RSM will audit these certifications on behalf of the OAG.

Matters of significance

In accordance with section 24(1) of the Auditor General Act 2006, the Auditor General is required to report on matters arising out of the performance of the Auditor General’s functions that are, in the opinion of the Auditor General, of such significance as to require reporting.

Arrangements

Audits are not an absolute guarantee of the accuracy or reliability of the City’s information and may not have identified all matters of significance. This is because the work undertaken to form an opinion is permeated by judgement and most audit evidence is persuasive rather than conclusive. In addition, there are inherent limitations in any audit, including the use of testing, the effectiveness of internal control structures and the possibility of collusion.

Primary responsibility for the detection, investigation and prevention of irregularities rests with the City. Consequently, The City remains responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing and presenting the financial statements, complying with the LG Act and other relevant laws.

Under the *Auditor General Act 2006*, audit staff have unrestricted access to information held by City of Nedlands, irrespective of any restrictions on disclosure imposed, such as secrecy provisions.

Confidentiality of audit files and working papers is required under the *Auditor General Act 2006*. The Office of the Auditor General is an ‘exempt agency’ under the *Freedom of Information Act 1992*. The signed contract between the Auditor General and RSM contains strict confidentiality clauses.

RSM relationship with the OAG and City of Nedlands

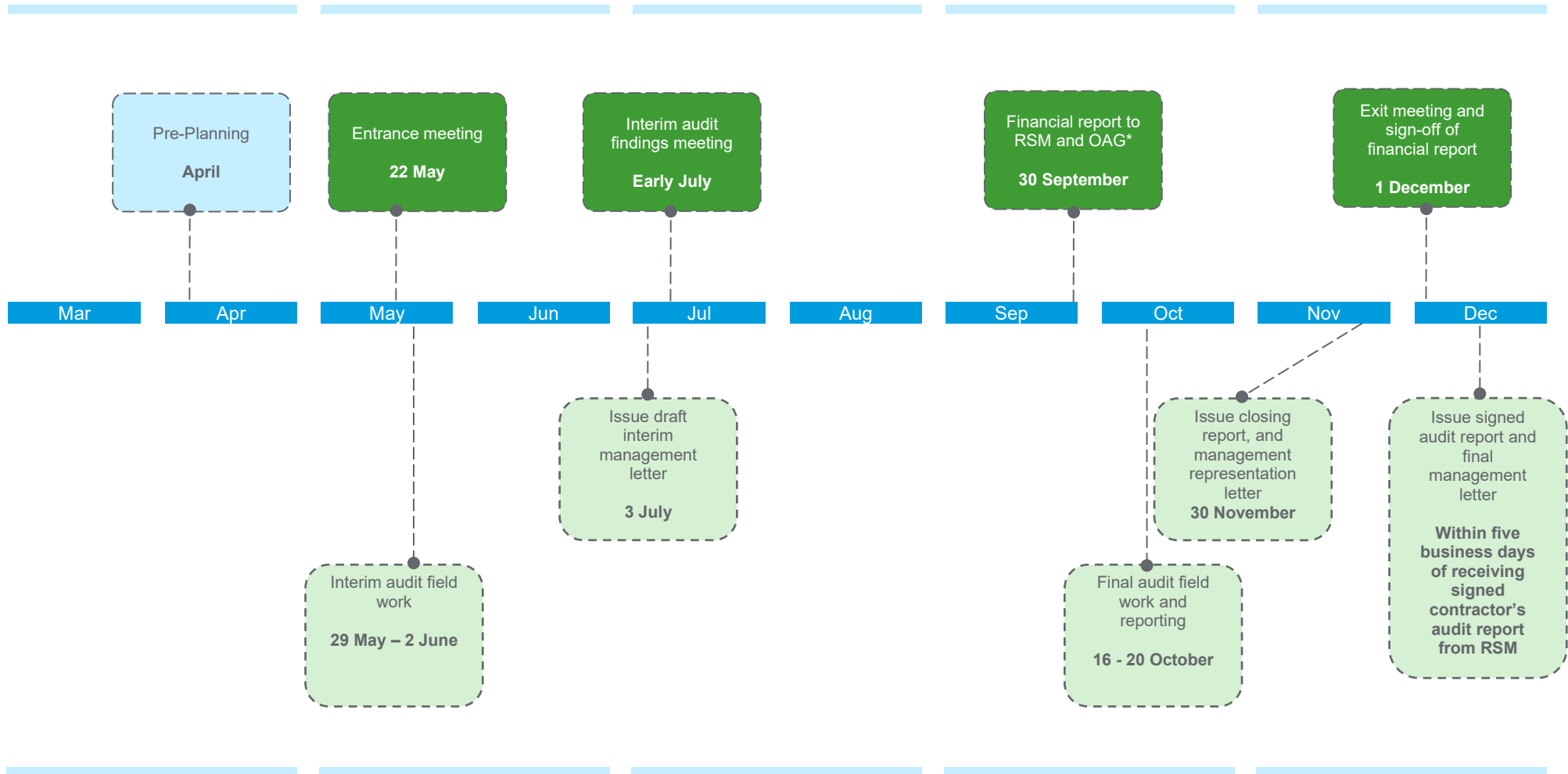
RSM has been contracted by the OAG to execute the audit scope and report to the OAG.

RSM is also required to report to the OAG on any matter which may affect the Auditor General’s responsibilities under sections 15 and 24 of the *Auditor General Act 2006*.

RSM’s services will be conducted under the overall direction of the Auditor General, who will retain responsibility for forming an audit opinion and issuing an independent auditor’s report to the City of Nedlands. The contract requires RSM to use its methodology and audit approach.









Timing

Based on discussion with Administration, we have agreed on the below proposed milestones. *A detailed timetable can be found at Appendix 1.*



* At the Audit Committee Chair Forum hosted by the OAG on 5 April 2023 it was communicated that a set of signed financial report is to be provided to us on or before the commencement of the final audit phase, that have been appropriately reviewed and approved as if they were final versions.

3. AUDIT APPROACH

<p>Internal control environment</p> 	<p>In accordance with Australian Auditing Standards, we will perform a review of the design and operating effectiveness of the entity's significant financial recording and reporting processes.</p> <p>We will ensure that any significant deficiencies that come to our attention during our audit are communicated to the City and its Administration in a timely manner.</p> <p><i>Refer to Appendix 3 Key Controls for more details.</i></p>	<p>Materiality</p> 	<p>The planning materiality level will be calculated and determined using the RSM Global Audit Methodology. The amount may be adjusted during the audit, depending on the results of our audit procedures.</p> <p>Based on our professional judgment, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements and on our opinion.</p>
<p>Fraud Considerations</p> 	<p>Under Auditing Standard ASA 240 <i>The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report (ASA 240)</i>, when planning and performing audit procedures and evaluating the results, the auditor must consider the risk of material misstatement in the financial statements because of fraud and error.</p> <p>Although ASA 240 sets out the principles and procedures we must follow, the primary responsibility for the prevention and detection of fraud and error rests with the Administration of the City. The City is responsible for maintaining accounting records and controls designed to prevent and detect fraud and error, and for the accounting policies and estimates inherent in the financial statements.</p> <p><i>Refer to Appendix 4 Fraud Risk for more details.</i></p>	<p>Key Areas of Audit Focus</p> 	<p>For all significant risk material account balances, the engagement team will specify which audit assertions pose significant audit risk and test this balance to ensure it is not materially misstated.</p> <p>Where we have determined that an assessed risk of material misstatement at the assertion level is a significant risk, we will perform substantive procedures that are specifically responsive to that risk.</p> <p>Non-significant risk material balances will be audited by substantive analytical procedures and tests of details, as necessary.</p> <p><i>Refer Section 5 Key Areas of Audit Focus for more details.</i></p>
<p>Information Systems</p> 	<p>In accordance with Australian Auditing Standards, we will obtain an understanding of the information system, including the related business processes, relevant to financial reporting, including (amongst others) how the information system captures events and conditions, other than transactions, that are significant to the financial statements.</p> <p><i>Refer to Section 7 Information Systems Audit Approach for more details.</i></p>	<p>Other Critical areas</p> 	<p>We will audit the critical disclosures in the financial statements by verifying the underlying calculations and auditing the evidence to support the amounts disclosed.</p> <p><i>Refer to Section 6 Other Critical Areas in The Financial Statements for more details.</i></p>
<p>Going Concern</p> 	<p>In accordance with Australian Accounting Standards, the Chief Executive Officer is required to assess the City's ability to continue as a going concern when preparing the financial report.</p> <p>We will review the Chief Executive Officer's assessment and, along with our audit evidence, form an opinion on the City's ability to continue as a going concern.</p>	<p>Compliance</p> 	<p>We will enquire and consider the impact on the financial report any non-compliance with laws and regulations during our audit. Any identified instances of non-compliance will be reported in accordance with the Audit Regulations and to the City and its Administration in a timely manner.</p>

4. CURRENT YEAR DEVELOPMENTS

As at the date of this audit plan, the City has advised the following major developments have, or will, occur during the current financial year, which may significantly affect our audit approach and procedures. We will obtain an update on any further major developments during our interim and final audit procedures.

Implementation of Technology One ERP software (effective 1 July 2022)

The City has implemented its Technology One ERP system effective 1 July 2022, which replaces the previous Civica ERP as the core accounting general ledger for the City.

As of the date of this APM, we understand that only opening balances as of 1 July have been transferred and that the Assets and Revenue modules are still maintained within the Civica ERP which interfaces with the Technology One ERP. It is anticipated this ledger will migrate into the Technology One ERP in the near future.

RSM Audit response

Our response will include:

- Test the completeness and accuracy of opening balances transferred from Civica to Technology One ERP as of 1 July 2022.
- Review the processes and controls of the reconciling process between Civica and Technology One ERP.

Proposed changes to local government regulations

The State Government has announced a package of major reform for WA local government in November 2021. The proposed reforms have been developed based on findings identified as part of the Local Government Act Review and recommendations of various reports.

The Department of Local Government, Sport and Cultural Industries (**DLGSC**) has started work to implement the changes. The work by the DLGSC aligns with six themes of the proposed reforms including improved financial management and reporting.

As of the date of the APM, the first tranche of the reforms has been passed through Parliament, focusing on electoral reform with the second tranche to be introduced later in 2023. New standardised financial reporting templates will also be introduced to make financial reports clearer and easier to understand.

The new model financial templates will have new disclosure requirements, however, at this stage, it is unclear if there will be any impacts on the City for this financial year.

RSM Audit response

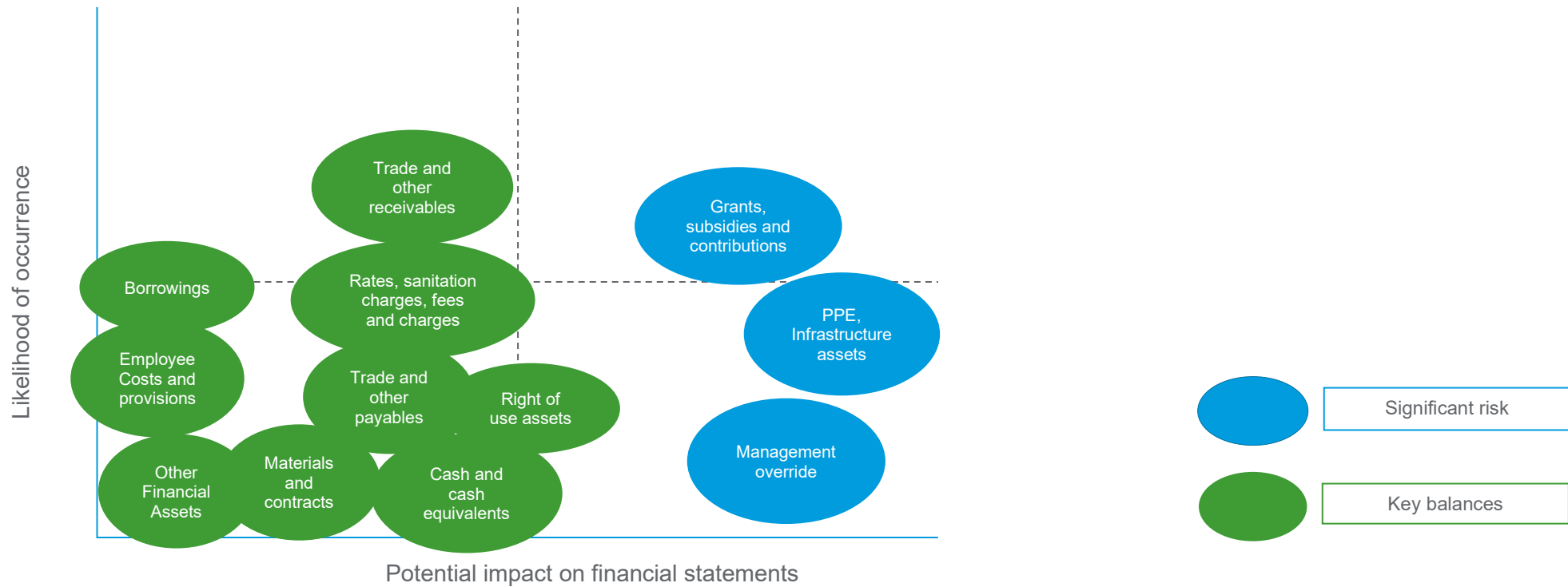
- We will continue to review developments arising from the reform project and will assess the impact of changes to regulatory requirements and determine whether, to the extent necessary, any changes in controls and processes may be required.
- We will also ensure that the financial reports comply with new requirements, if any.

5. KEY AREAS OF AUDIT FOCUS

As part of the risk assessment, we have determined whether any of the risks identified are, in our judgment, a significant risk. A significant risk is an identified and assessed risk of material misstatement that, in our judgment, requires special audit consideration. The assessment is based upon:

- Enquiries of Administration and Councilors.
- The complexity of transactions within each area.
- The extent of specialist skill or knowledge needed to perform the planned audit requirement.
- The degree of subjectivity in the measurement of financial information related to the risk, especially those measurements involving a wide range of uncertainty.
- Whether the area is exposed to fraud risk.

Using the past period financial statements and referring to the RSM calculated materiality amount and risk assessment, RSM has identified the following potential significant balances for the current financial year.



SIGNIFICANT RISKS

1. Management override of controls

Reasons why RSM considers this area as significant risk	RSM Audit response
<p>Management can have various incentives to override controls. Some of these could be:</p> <ul style="list-style-type: none"> ▪ Recording fictitious journal entries to manipulate operating results or achieve other objective. ▪ Inappropriately adjusting assumptions and changing judgements used to estimate account balances. ▪ Altering records and terms related to significant and unusual transactions. ▪ Omitting, obscuring, or altering the timing of recognition and /or disclosure of transactions required under AASBs. 	<ul style="list-style-type: none"> ▪ Testing journal entries recorded in the general ledger and adjustments on a sample basis based on data analytics to identify journal entries that exhibit characteristics of audit interest. ▪ Assessing accounting estimates for evidence of biases. ▪ Review unusual, significant transactions and related party transactions. ▪ Conduct unpredictability test.

2. Revenue recognition – Grants, subsidies and contributions

Reasons why RSM considers this area as significant risk	RSM Audit response
<p>The City recognises revenue from multiple revenue streams outside of its income from rates, such as operating grants, subsidies and contributions, fees and charges and non-operating grants, subsidies and contributions.</p> <p>There is a risk that the recognition of revenue may not be compliant with the requirements of AASB 15 <i>Revenue from Contracts with Customers</i> and AASB 1058 <i>Income for Not-for-Profits</i>.</p> <p>Furthermore, there is a presumed fraud risk within revenue recognition under the Australian Auditing Standards.</p>	<p><i>Test of controls including:</i></p> <ul style="list-style-type: none"> ▪ Assess the design, implementation and operating effectiveness of key internal controls operating within the revenue cycle, including application controls. ▪ Reviewing the IT general controls related to core financial accounting system. <p><i>Substantive testing including:</i></p> <ul style="list-style-type: none"> ▪ Performing test of details, on a sample basis, over grants, subsidies and contributions throughout the year and include transactions near year end to ensure they are correctly and completely accounted for in line with the City's revenue recognition policy. ▪ Perform calculation checks for contract liabilities related to grants, subsidies and contributions and vouch to agreements. ▪ Review receivables balances on a sample basis and perform subsequent receipt testing. ▪ Perform testing on journal entries for any management override of internal controls related to revenue recognition.

3. Infrastructure and Property, Plant and Equipment

Reasons why RSM considers this area as significant risk	RSM Audit response
<p>Property, Plant and Equipment and Infrastructure respectively constituted 48% and 41% of the City's total assets as at 30 June 2022. Under regulation 17A of the Financial Management Regulations, the City's Plant and Equipment type assets are to be measured under the cost model whereas Property and Infrastructure is to be carried at fair value less accumulated depreciation and accumulated impairment losses. Under regulation 17(4) of the Financial Management Regulations, the City is required to revalue an asset:</p> <ul style="list-style-type: none"> ▪ Whenever the City believes the fair value of the asset is likely to be materially different from its carrying amount; and ▪ In any event, within a period of at least 3 years but not more than 5 years after the day on which the asset was last valued or revalued. We understand that the City will be revaluing infrastructure for the year ending 30 June 2023. <p>Furthermore, in accordance with paragraph 9 of AASB 136 Impairment of Assets, the City is required to assess at reporting date whether there is any indication that an asset may be impaired.</p>	<p><i>Test of controls including:</i></p> <ul style="list-style-type: none"> ▪ Assessing the design and implementation and where appropriate, testing the effectiveness of key controls operating within the infrastructure, property, plant, and equipment cycle. ▪ Perform an internal control testing over the City's processes for determining inputs and assessing the assumptions and reasonableness of the valuation methodology used for fair value measurements. <p><i>Substantive testing including:</i></p> <ul style="list-style-type: none"> ▪ Performing test of details, on a sample basis, material additions to Property, Plant and Equipment (which includes works in progress) to ensure they qualify for capitalisation under AASB 116 Property, plant and equipment ▪ Testing accuracy and completeness of data sets including review useful lives, condition assessments and depreciation rates. ▪ Performing analytical procedures over the annual depreciation charge. ▪ Reviewing management impairment assessment for any indication of management bias. ▪ Perform testing on a sample basis of the related fair value measurements. ▪ Obtain and review the third-party independent valuation reports commissioned by the City, where appropriate. ▪ Review the City's assessment that the fair value of Property and Infrastructure assets is not likely to be materially different from their carrying amounts and the City's consideration of any potential impairment indicators. Reviewing the disclosures in the notes to the financial statements are appropriate.

KEY BALANCES

Statement of financial position	RSM Audit response
Cash and cash equivalents	<ul style="list-style-type: none"> Obtain third party confirmation from financial institutions to confirm existence and accuracy of cash and cash equivalents balances. Review management's reconciliation of confirmed cash and cash equivalents balances to the trial balance.
Trade and other receivables	<ul style="list-style-type: none"> On a sample basis, test trade receivables to supporting documentation and subsequent receipts (where possible). Review management's assessment of reasonableness of provision for expected credit losses.
Trade and other payables	<ul style="list-style-type: none"> On a sample basis, test trade payables and accruals to supporting documentation and subsequent payment (where possible). Perform a search for unrecorded liabilities.
Borrowings	<ul style="list-style-type: none"> Reconcile the borrowings balances in the GL and vouch to supporting loan statements Determine if the disclosures in the notes to the financial report related to the current and non-current split of borrowings is appropriate.
Right of use assets	<ul style="list-style-type: none"> Review the AASB16 calculations. Determine if the disclosures in the notes to the financial report related to the current and non-current split of right of use assets is appropriate.
Other financial assets	<ul style="list-style-type: none"> Obtain third party confirmation from financial institutions to confirm existence and accuracy of term and deposits balances. Determine the appropriateness of the classification of the financial assets in the financial report.
Statement of comprehensive income	RSM Audit response
Rates, sanitation charges and fees and charges	<p><i>Test of controls including:</i></p> <ul style="list-style-type: none"> An assessment of the City's effectiveness of key internal controls operating within the revenue cycle, including application controls Perform a walkthrough of the key management controls over the revenue cycle and test key management controls <p><i>Substantive testing including:</i></p> <ul style="list-style-type: none"> Perform analytical procedures on fees and charges (such as those related to waste management). Performing test of details, on a sample basis, over fees and charges throughout the year and include transactions near year end to ensure they are correctly and completely accounted for in line with the City's revenue recognition policy. Review, on a sample basis, the reconciliations and calculation of rates and compare these against historical results. Perform revenue cut-off testing and review credit notes. Ensure material revenue streams have been properly brought to account in accordance with AASB 15 Revenue from Contracts with Customers and AASB 1058 <i>Income of Not-for-Profit Entities</i>. Review receivables balances on a sample basis and perform subsequent receipt testing. Perform analytical procedures on rates through detailed comparison with prior year balances and budget forecasts. Determine if the disclosures in the notes to the financial report related to the City's revenue recognition policy are appropriate.

Materials and contracts

Test of controls including:

- Assess the design, implementation and operating effectiveness of key internal controls operating within the purchasing and procurement cycle, including application controls.
- Reviewing the IT general controls related to core financial accounting system.

Substantive testing including:

- Performing test of details, on a sample basis, over materials and contracts expense. The samples will be selected from transactions occurring throughout the year and include transactions near year end to ensure they are correctly and completely accounted for in the correct period.
- Perform a search for unrecorded liabilities.

Employee Benefits Expense and related provisions

Test of controls including:

- Review and authorisation of new employees and changes in employee details, including terminations.
- Review and approval of payroll reports, including exception reports.
- Segregation of duties between upload and authorisation of pay run.

Substantive testing including:

- Analytical procedures over employee benefit expenses and amounts allocated from employee benefits to capital projects.
 - Analytical procedures over annual leave and long service leave provisions.
 - Check the mathematical accuracy of the long service leave computation, including consideration of significant assumptions, methods and data utilised.
 - Review of Key Management Personnel ('KMP') disclosures in the financial report.
 - Review of the work performed by management's external expert in relation to actuarial valuation of the defined benefit superannuation liability.
-

6. OTHER CRITICAL AREAS IN THE FINANCIAL STATEMENTS

RSM will also audit the following critical disclosures in the financial report by verifying the underlying calculations and auditing the evidence to support the amounts disclosed.

Related party disclosures

The City is subject to the requirements of AASB 124 *Related Party Disclosures*. The Standard requires disclosures for senior officers' compensation and certain transactions with related parties. A review will be conducted to ensure proper accounting and disclosure of related party transactions and executive remuneration.

Further, section 7.12AL of the Act applies section 17 of the *Auditor General Act 2006* to a local government, which requires the City to advise the Auditor General in writing of details of all related entities that are in existence.

RSM Audit response:

We will review the disclosures and supporting material to ensure compliance with AASB 124. We will also assess the City's internal controls around the identification and proper disclosure of related party transactions and key management remuneration.

Capital and other commitments for expenditure

The City must disclose in the financial statements its capital and other commitments relating to future asset construction and replacements.

RSM Audit response:

We will check the underlying calculations and review the evidence to support the amounts disclosed.

Reserve accounts

The City has established several reserve accounts under Section 6.11 of the Act for the purpose of setting aside money for a specific purpose to be used in a future period. Cash reserves are required to be held in separate bank accounts. Although reserve accounts are aggregated with municipal funds in the financial statements, they are segregated in the notes to the financial statements as restricted funds.

RSM Audit response:

RSM will review the reserve account reconciliations and test that the transfers to and from these accounts are approved by Council and are in accordance with the specific purpose of the reserve.

Contingent liabilities

The City has an internal environmental compliance and governance and legal department that deals with matters against the City and engages external consultant and legal advisors for matters which cannot be resourced internally.

There is a risk that the City may not recognise and disclose the full value of all potential contingent liabilities or provisions for environmental or legal matters.

RSM Audit response:

- Obtaining an understanding from Administration of the nature and history of any environmental compliance matters and legal matters which could give rise to a claim or obligation against the City.
- Reviewing the legal advice provided to Administration and Council in respect to any claim or obligation against the City.
- Assessment of Administration's accounting treatment in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and AASB 110 *Events after the Reporting Period* for any claim or obligation against the City.
- Testing of Administration's assumptions in determining the estimated value of obligations or claims not yet settled.
- Reviewing the basis and adequacy of disclosures within the financial statements in relation to provisions and contingent liabilities.

7. INFORMATION SYSTEMS AUDIT APPROACH

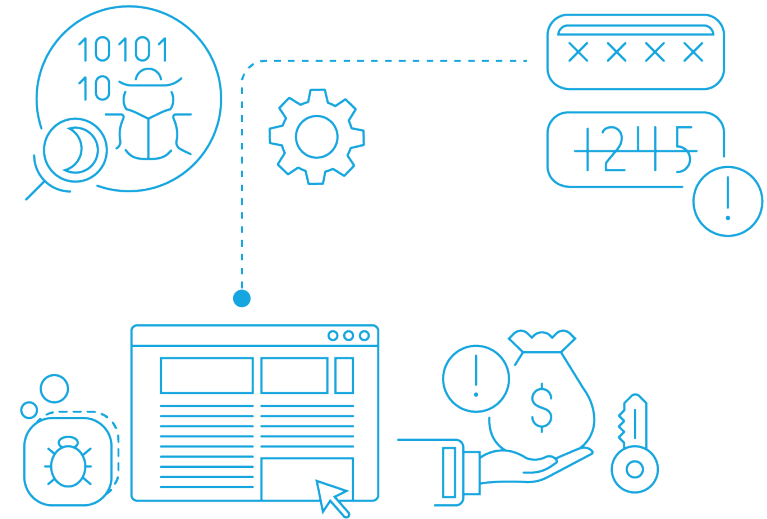
We have assessed that the financial management information systems are sophisticated. Therefore, RSM will engage our Information System Auditor (**ISA**) specialist to assess the risk of material misstatement imposed by the Information Technology (**IT**) environment.

The administration has represented significant changes in the City's information systems as of 1 July that the City has implemented Technology One ERP replacing the existing Civica ERP.

RSM complies with Auditing Standard ASA 315 *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment*. Our approach to information systems audit is to obtain an understanding of the information system, on a rotational basis, including the related business processes, relevant to financial reporting, including (amongst others) how the information system captures events and conditions, other than transactions, that are significant to the financial statements.

The audit procedures conducted by the ISA at the City will be:

- Testing general IT controls around system access and testing controls over computer operations within specific applications which are required to be operating correctly to mitigate the risk of misstatement in the financial statements;
- Assessing whether appropriate restrictions were placed on access to core systems through reviewing the permissions and responsibilities of those given that access;
- Where we identify the need to perform additional procedures, place reliance on manual compensating controls, such as system interfaces, transfer of data from one system to another, reconciliations between systems and other information sources or performing additional testing, such as extending the size of our sample sizes, to obtain sufficient appropriate audit evidence over the financial statement balances that were impacted; and
- Reviewing the key controls around change management related to significant IT systems



8. YOUR ENGAGEMENT TEAM

Your engagement team has been carefully selected to provide you with an efficient and effective audit through their relevant experience. The audit team consists of the following members:

RSM Core Engagement Team



Matthew Beevers
Engagement Director

DL: +61 (0) 8 9261 9550 | **M:** +61 (0) 411 155 987
E: matthew.beevers@rsm.com.au



Pranjal Sudhir Bhate
Engagement Manager

DL: +61 (0) 8 9261 9424 | **M:** +61 (0) 434 003 781 |
E: pranjal.sudhir@rsm.com.au |



Sneha Venkatraman
Audit Senior

DL: +61 (0) 8 9261 9336
E: sneha.venkatraman@rsm.com.au |

OAG Representatives

Caroline Spencer
Auditor General

T: +61 (0) 8 6557 7500 |
E: caroline.spencer@audit.wa.gov.au |

Grant Robinson
Assistant Auditor General, Financial Audit

T: +61 (0) 8 6557 7500 |
E: grant.robinson@audit.wa.gov.au |

Punitha Perumal
Director, Financial Audit

DL: +61 (0) 8 6557 7544 |
E: punitha.perumal@audit.wa.gov.au |

Subject Matter Specialists



Ralph Martin
National Technical Director

DL: +61 (0) 8 9261 9374 | **M:** +61 (0) 450 353 270 |
E: ralph.martin@rsm.com.au |



Riaan Bronkhorst
Principal – Security & Privacy

DL: +61 (0) 8 9261 9272 |
E: riaan.bronkhorst@rsm.com.au |

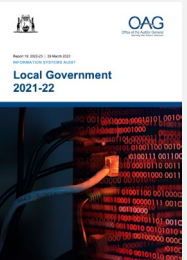


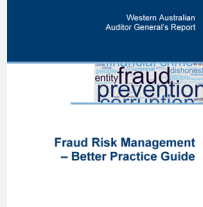




Nadine Marke
Partner – Corporate Finance

DL: +61 (0) 8 9261 9375 | **M:** +61 (0) 439 684 459 |
E: nadine.marke@rsm.com.au |

9. HAVE YOU CONSIDERED?

Some recent publications from the WA Office of the Auditor General and RSM may be relevant to the City have been included here for reference.

	<p>Information Systems Audit – Local Government 2021-22</p> <p>This is the fourth local government annual information systems audit report.</p> <p>https://audit.wa.gov.au/reports-and-publications/reports/information-systems-audit-local-government-2021-22/</p>		<p>Financial Audits Results - Local Government 2020-21</p> <p>The 2020-21 financial year marked the end of a four-year transition of local government financial auditing by the Office of the Auditor General.</p> <p>https://audit.wa.gov.au/reports-and-publications/reports/financial-audit-results-local-government-2020-21/</p>
	<p>Cyber Security in Local Government</p> <p>This audit assessed if a sample of 15 local government entities manage cyber security risks and respond to cyber threats effectively.</p> <p>Cyber Security in Local Government - Office of the Auditor General</p>		<p>Fraud Risk Management – Better Practice Guide</p> <p>This Better Practice Guide aims to help Western Australian public sector entities to manage their fraud and corruption risks.</p> <p>https://audit.wa.gov.au/reports-and-publications/reports/fraud-risk-management-better-practice-guide/</p>
	<p>Your guide to sustainability and ESG</p> <p>The ultimate sustainability handbook for SMEs: Understand the risks, opportunities and challenges of going green. Sustainable business has become a question of “when” not “if”. With global shifts on the horizon and an increased focus on strong climate action, the answer may well be “soon”.</p> <p>https://www.rsm.global/australia/thinkbig-report-sustainability</p>		<p>ESG in the public sector</p> <p>As industry seeks to navigate this evolving paradigm, many have been quick to promote adherence with ESG ideals to keep pace with changing consumer and taxpayer sentiment.</p>

For more information visit: [rsm.global/australia/](https://www.rsm.global/australia/)



10. APPENDICES

Item

1. Timetable
2. RSM Orb
3. Key Controls
4. Fraud Risk Considerations
5. Audit Approach to Key Audit Areas
6. Other Governance Matters
7. Changes in Accounting Standards

APPENDIX 1 – TIMETABLE

Phase	Task	Indicative time frame*	Action
Pre-planning	Pre-planning discussions with Administration	April 2023	RSM / City
Planning	Issue final APM to Administration	15 May 2023	RSM
	Entrance meeting with the City's Audit and Risk Committee to present APM	22 May 2023	RSM / OAG / City
Interim Audit Fieldwork	Forward Interim Audit Preparation Checklist to Administration	8 May 2022	RSM
	Interim audit focusing on controls testing for major transaction cycles based on rotation plan, walkthrough of all major transaction cycles, review of the key reconciliation routines, and preliminary analytical review for the 9 months ended 31 March 2023	29 May - 2 June 2023	RSM / City
OAG review	OAG Director to review the interim audit field work performed by RSM	Week of 26 June 2023	RSM / OAG
Interim Audit Management Letter (if applicable) and/ or interim audit findings	RSM issue the draft Interim Audit Management Letter to Administration for comment	3 July 2023	RSM
	Interim audit findings meeting to discuss the draft Interim Audit Management Letter and findings with Administration	5 July 2023	RSM / OAG / City
	Administration returns the draft Interim Audit Management Letter with comments to RSM	Within 5 business days	City
	OAG to issue the final Interim Audit Management Letter to Chief Executive Officer and Mayor of the City	Within 5 business days of receipt of final management comments	OAG
Draft pro-forma financial statements	Pro-forma financial statements to RSM and the OAG for review	31 August 2023	City
	Provide comments on the proforma financial statements to Administration	Within 10 business days	RSM / OAG
Final Audit Fieldwork	Forward Final Audit Preparation Checklist to Administration	4 September 2023	RSM
	Provision of final trial balance as at 30 June to RSM	No later than 30 September 2023	City
	Shire to submit a set of signed financial report to RSM and OAG on or before the commencement of the final audit phase, that have been appropriately reviewed and approved as if they were final versions	No later than 30 September 2023	City
	Top-up audit work based upon roll-forward testing of the interim audit substantive testing of significant balances	16 – 20 October 2023	RSM
OAG review	OAG Director to review the final audit field work performed by RSM	Mid November	RSM / OAG
Final Audit Management Letter (if applicable)	Issue of draft Final Audit Management Letter to Administration for comments	21 November 2023	RSM
	Administration returns the draft Final Audit Management Letter with comments to RSM	23 November 2023	City
	OAG to issue the final Audit Management Letter to Chief Executive Officer and Mayor of the City	Issued with Audit Report	OAG

Phase	Task	Indicative time frame*	Action
Closing Report and Management Representation Letter	Issue draft Closing Report and pro-forma Management Representation Letter to the OAG and Administration for comment	27 November 2023	RSM
	Administration returns the draft Closing Report and Management Representation Letter with comments to RSM	29 November 2023	City
	Issue Closing Report to City of Nedlands and Audit and Risk Committee*	30 November 2023	RSM / OAG
Exit Meeting	Final audit exit meeting with the City's Audit and Risk Committee including presentation to the closing report*	1 December 2023	RSM / City / OAG
Final Report	Chief Executive Officer to sign Financial Report and the Management Representation Letter	1 December 2023	City
Contractor's Audit Report	Independent Contract Auditor's Report issued*	4 December 2023	RSM
Audit Report	Auditor General to sign and issue the Audit Report to the Chief Executive Officer and Mayor of the City*	Within 5 business days of receiving the signed contractor's audit report from RSM	Auditor General
Presentation to Council	Adoption of the 30 June 2023 financial statements by Council	12 December 2023	Council

**Based on timely receipt of audit information and reporting documentation and completion of all required audit procedures*

Audit preparation checklist.

To assist the City to gather and collate the necessary audit information and documentation, we will issue in advance of each audit visit an Interim Audit Preparation Checklist and a Final Audit Preparation Checklist via CaseWare Xtend. As the requested information will be an important part of our audit working papers, the information required must be made available to RSM on or before the audit fieldwork dates specified above. CaseWare Xtend will facilitate the delivery of an efficient audit and help to minimise interruptions to Administration. RSM will endeavour to make the checklists as detailed as possible.

We have found CaseWare Xtend to be very useful in the past and appreciate the access it gives to information for all team members.

APPENDIX 2 – RSM ORB



An RSM Audit puts quality at its heart to deliver.

We recognise that the delivery of a quality audit service is critical to achieving client satisfaction and our audit objectives.

In undertaking the audit on the financial report, we have utilised our technology platform and proprietary methodology, RSM Orb.

RSM Orb is our optimal risk-based audit methodology, deployed across more than 100 countries worldwide. Our technology platform and proprietary methodology enables our auditors to focus on your risks and design procedures tailored to your unique circumstances and environment. RSM Orb enables us to develop a deeper understanding of your business, providing you with critical insights now and for the future.

An RSM Orb audit delivers:

Consistency

- A consistent approach across any number of operations and jurisdictions, tailored to your unique risks and circumstances.

Innovation

- Optimising our use of technology in how we plan and conduct our work to enhance your audit experience.

Critical insights

- Pinpointing those areas that require closer scrutiny and enhanced judgement, enabling us to be more effective in addressing risk areas and adding intellectual value and critical insights.

Confidence

- Delivered through robust and considered planning, an efficient technology platform and a highly qualified, experienced team.



APPENDIX 3 – KEY CONTROLS

3.1 Internal controls

Internal controls are systems, policies and procedures that help an entity reliably and cost effectively meet its objectives. Sound internal controls enable the delivery of reliable, accurate and timely external and internal reporting. The Chief Executive Officer of the City is responsible for developing and maintaining its internal control framework to enable:

- Preparation of accurate financial records and other information;
- Timely and reliable external and internal reporting;
- Appropriate safeguarding of assets; and
- Prevention or detection and correction of errors and other irregularities.

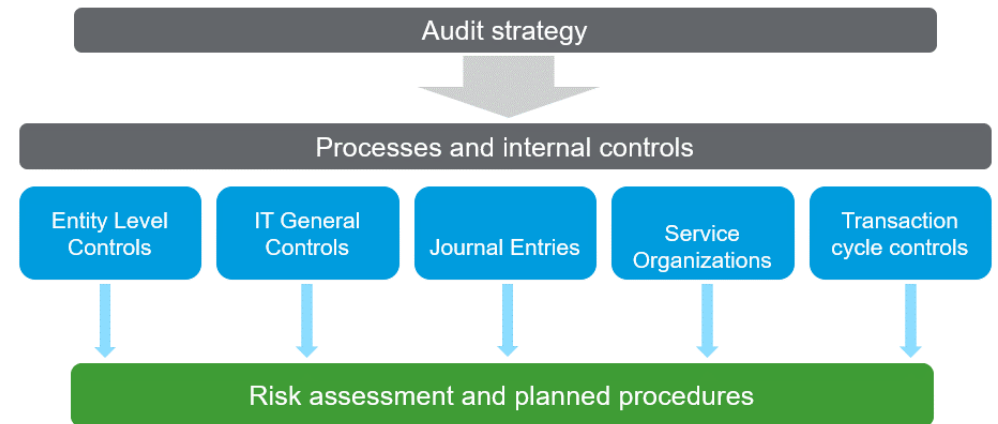
The annual financial audit enables the Auditor General to form an opinion on the City's controls.. An integral part of this, and a requirement of Australian Auditing Standard ASA 315 *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and its Environment*, is to assess the adequacy of an organisation's internal control framework and governance processes related to its financial reporting.

We focus on the internal controls relating to financial reporting and assess whether the Chief Executive Officer of the City has managed the risk that the financial statements will not be complete and accurate. Poor controls diminish Administration's ability to achieve the City's objectives and comply with relevant legislation. They also increase the risk of fraud.

During our planning procedures we will review our understanding of the following components of internal control:

- Control environment
- Risk assessment procedures
- Information systems
- Control activities
- Monitoring procedures

Our preliminary assessment of the internal control framework determined that internal controls are likely to be effective in preventing or detecting and correcting material misstatements in the financial report. As such, we plan to place reliance on the key internal controls relating to the material components in the financial statements to support the audit opinion.



3.2 Significant changes to internal controls

The City's administration advised that there are no major changes to its internal control environments and are not aware of any major changes that may significantly impact the 30 June 2023 financial statements.

3.3 Effectiveness of internal controls

The City Administration team has a substantial focus on ensuring that controls in place are robust and that financial reporting is accurate. The financial controls, processes and procedures across the City are at a mature stage with proper documentation and ownership within the various business units.

We will follow up during the current year audit procedures, prior year management letter points, as outlined in the below table, to ensure they have been properly resolved.

Findings completed and awaiting verification – financial statement audit

Matter	Rating	Due Date
1. Fair value of Infrastructure Assets – Frequency of Valuations	Significant	31 August 2023
2. Capitalisation of Infrastructure Assets	Moderate	July 2023
3. Payments made to suppliers not matched against the respective supplier invoices.	Moderate	July 2022
4. Receipts from debtors not matched against the respective debtor invoices.	Moderate	July 2024
5. No aged trial balance available for Infringement Debtors.	Moderate	July 2024
6. Manual Input of Fees and Charges on Invoicing	Minor	July 2024

3.4 Internal audit

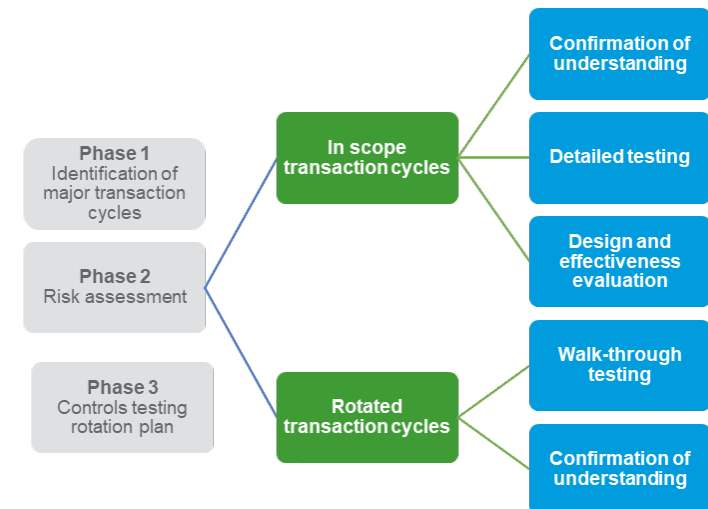
Subject to the requirements of Auditing Standard ASA 610 *Using the Work of Internal Auditors*, if we have satisfied ourselves regarding the competence and objectivity of internal audit, we plan to rely on their work. The use of the City’s internal audit function may be used in the following ways:

- To obtain information that is relevant to RSM’s assessments of the risks of material misstatement due to error or fraud; and
- As partial substitution for audit evidence to be obtained directly by RSM.

The responsibility for internal audit rests with the City. The internal audit function is outsourced to a third party. We have discussed with Administration, the current year internal audit work program and plan to rely on their work where relevant and appropriate.

3.5 Rotation approach

In accordance with our rotational controls testing approach, we will conduct a risk assessment for each major transaction cycle. The risk assessment is benchmarked against our knowledge of each transaction cycle which enables us to design a control testing rotation plan that will bring certain transaction cycles into audit scope each year. Those cycles not in scope will be subject to our normal walk-through procedures and confirmation of our understanding of the key controls. Those transactions cycles in scope will be subject to detailed controls testing, including testing of the design and effectiveness of those controls.



APPENDIX 4 - FRAUD RISK CONSIDERATIONS

Under Auditing Standard ASA 240 *The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report (ASA 240)*, when planning and performing audit procedures and evaluating the results, the auditor must consider the risk of material misstatement in the financial statements because of fraud and error.

Although ASA 240 sets out the principles and procedures we must follow, the primary responsibility for the prevention and detection of fraud and error rests with the Administration. Administration is responsible for maintaining accounting records and controls designed to prevent and detect fraud and error, and for the accounting policies and estimates inherent in the financial statements.

4.1 Audit approach

Our audit procedures on fraud risk include the following:

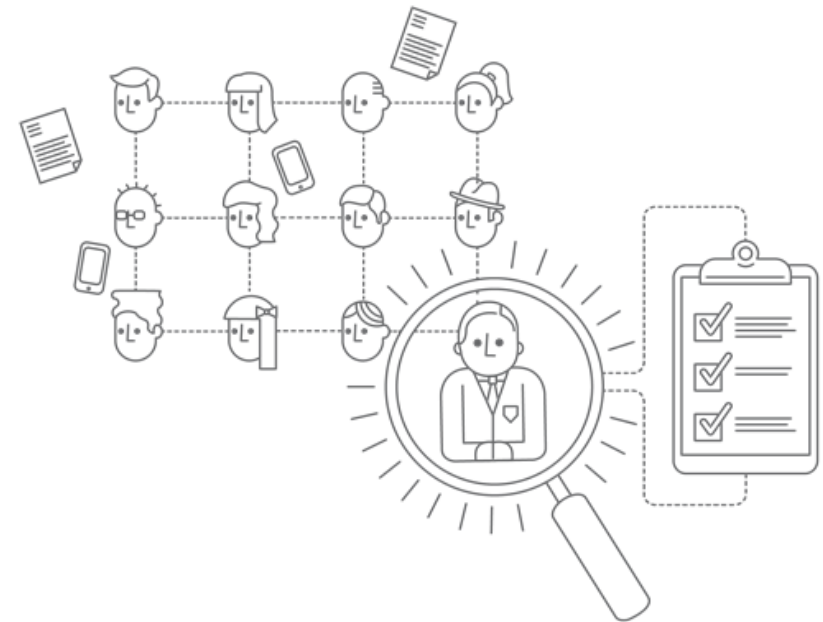
- Forward a copy of the fraud control checklist for self-assessment to the City's Administration, prior to our interim audit visit. The checklist allows us to make inquiries of Administration, to obtain its understanding of the risk of fraud within the City and to determine whether Administration have any knowledge of fraud that has been perpetrated on or within the entity. We will review the fraud control self-assessment by the City's Administration and the Audit and Risk Committee.
- Review the City's fraud control procedures in place to reduce the risk of fraud occurring within the entity, including the City's code of conduct and fraud risk profile.
- Understand the City's manual general journal entries process as part of our fraud testing using CaseWare IDEA software.
- Analyse the financial year end balances in comparison with prior period balances to confirm the movements of the balance are in line with our expectations.
- Understand the business rationale for significant or unusual transactions.

4.2 Unpredictability test

We will incorporate an element of unpredictability in the selection of the nature, timing and extent of audit procedures to be performed as individuals within the entity who are familiar with the audit procedures normally performed on engagements may be more able to conceal fraudulent financial reporting.

4.3 Fraud incidences during the year

Administration has represented that no matters have been reported to the Crime and Corruption Commission or the Public Sector Commission. Administration have confirmed that there were no fraud incidences to the date of this APM.



APPENDIX 5 - AUDIT APPROACH TO THE KEY AUDIT AREAS

5.1 Risk assessment

Key audit areas are those areas that, in RSM's professional judgment, will be of most significance in our audit of the financial statements. As part of our audit approach, we have conducted an initial financial statement risk assessment to determine whether any of the risks identified are, in our judgment, significant or high. A significant or high risk is an identified and assessed risk of material misstatement in the financial statements that, in our judgment is a key audit area and requires special audit consideration. Our assessment of key audit areas is based upon:

- Enquiries of Administration and Executive and Councillors
- The complexity of transactions within each area.
- The extent of specialist skill or knowledge needed to perform the planned audit requirement.
- The degree of subjectivity in the measurement of financial information related to the risk, especially those measurements involving a wide range of uncertainty.
- Whether the area is exposed to fraud risk.

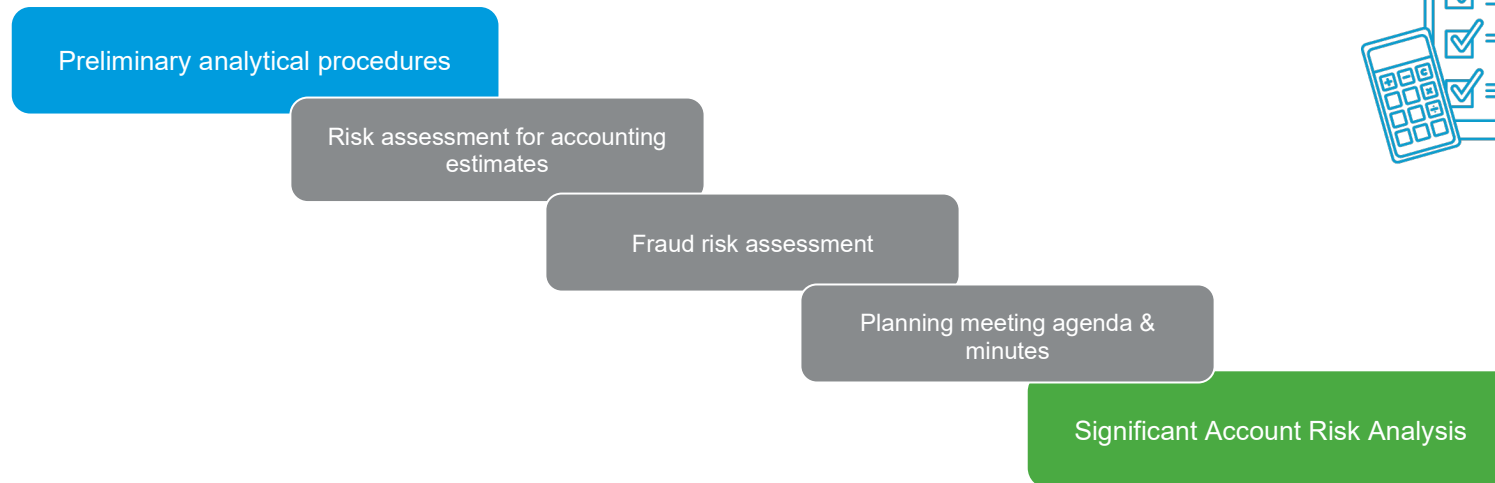
5.2 Professional scepticism

We approach all our audits with a degree of professional scepticism as required by Australian Auditing Standards and the *Auditor General Act 2006*. In addition,

professional scepticism is a key component of delivering an effective public sector audit. *ASA 200 Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards* defines professional scepticism as 'an attitude that includes a questioning mind, being alert to conditions which may indicate possible misstatement due to error or fraud, and a critical assessment of audit evidence.'

Professional scepticism is particularly relevant in areas that involve Administration assumptions and/or estimates. It is also critical when evaluating audit evidence to reduce the risk of the auditor:

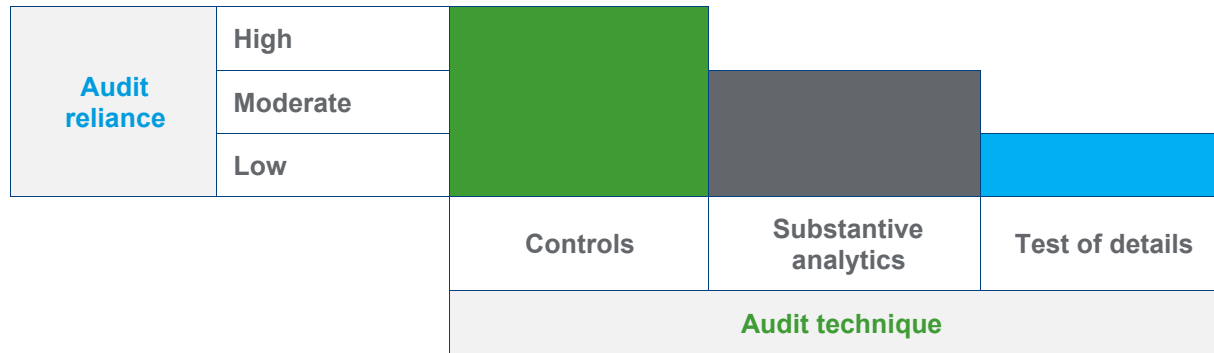
- Overlooking unusual circumstances; and
- Over generalising when drawing conclusions from observations using inappropriate assumptions in determining the nature, timing and extent of evidence gathering procedures and evaluating the results thereof.



5.3 RSM approach to auditing significant risks

RSM’s approach to auditing a class of transactions, account balance or disclosure is to initially assess whether there is a reasonable possibility that it could contain a material misstatement. Our risk assessment is based on both quantitative and qualitative criteria to determine whether they are significant.

Our audit strategy follows a hierarchy, which starts with testing of controls, then moves to substantive analytical review procedures and then finally testing of details. The following diagram shows an example where a high level of reliance on controls, along with a moderate level of reliance on substantive analytics is likely to result in testing of details that can safely rely on smaller sample sizes.



Based on previous audit experience at the City and review of the City’s financial information, we have assessed that we can rely on internal controls, which effectively means we can apply a moderate level of substantive analytics and limited testing of details. This controls based approach is both efficient and effective.

APPENDIX 6 – OTHER GOVERNANCE MATTERS

Management representation letter

The audit plan assumes that the Chief Executive Officer will be able to sign a management representation letter. We will draft a management representation letter and forward to the City for consideration and review. The management representation letter is expected to be signed at the same time as the annual financial report is signed.

We will rely on the Chief Executive Officer signing the management representation as evidence that they have:

- Fulfilled their responsibilities for the preparation and fair presentation of the financial statements in accordance with the *Local Government Act 1995* (the Act), the *Local Government (Financial Management) Regulations 1996* and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards;
- Established and maintained an adequate internal control structure and adequate financial records as we have determined are necessary to facilitate the preparation of the financial report that is free from material misstatement, whether due to fraud or error;
- Provided us with access to all information of which they are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- Recorded all transactions in the accounting and other records and are reflected in the financial report;
- Advised us of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements;
- Advised us of all known instances of fraud or suspected fraud affecting the City involving Administration, employees who have significant role in internal control or others where the fraud could have a material effect on the financial statements; and
- Provided us with the results of their assessment of the risk that the financial statements may be materially misstated because of fraud.

Independence

The Auditor General is an independent officer of the Western Australia Parliament, appointed under legislation to examine, on behalf of Parliament and Western Australia taxpayers, the management of resources within the public sector. The Auditor General is not subject to control or direction by either Parliament or the government. In conducting the audit, the Auditor General, her staff and delegates will comply with all applicable independence requirements of the Australian accounting profession.

The Auditor General requires contract auditors to comply with the auditor rotation requirements of APES 110 *Code of Ethics for Professional Accountants*. A contract audit director may not play a significant role in the audit of an agency for more than seven financial years. RSM Global Audit Methodology requires that we conduct an annual re-evaluation of our independence prior to the commencement of each assignment. We have fully satisfied ourselves that we do not have any actual or perceived conflict of interests.

We are fully compliant with our Ethics and Independence Policies, which are verified and tested each year by our Partner Responsible for Ethics and Independence. Each year we are required to submit certain information to our Partner Responsible for Ethics and Independence, which is analysed and subjected to a series of stringent tests. This system has been extensively reviewed by the Australian Securities and Investments Commission and found to be in accordance with Australian Auditing Standards, the *Corporations Act 2001* and better practice.

APPENDIX 7 - CHANGES IN ACCOUNTING STANDARDS

Standard	Who does it affect	Key Requirements	Application Date
AASB 2020-1 Amendments to Australian Accounting Standards – Classifications of Liabilities as Current or Non-Current.	All entities	<p>This narrow-scope amendment to AASB 101 Presentation of Financial Statements clarifies that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period; and also clarifies the definition of settlement of a liability.</p> <p>For example, a liability must be classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period.</p> <p>AASB 2020-6 defers the mandatory effective date of amendments that were originally made in AASB 2020-1 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2023 instead of 1 January 2022.</p>	Annual reporting periods beginning on or after 1 January 2023.
AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date			
AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates	All entities	<p>This amending Standard impacts a number of standards:</p> <ul style="list-style-type: none"> • AASB 7: clarifying that information about measurement bases for financial instruments is expected to be material to an entity's financial statements; • AASB 101: requiring entities to disclose their material accounting policy information rather than their significant accounting policies; • AASB 108: clarifying how entities should distinguish changes in accounting policies and changes in accounting estimates; • AASB 134: identifying material accounting policy information as a component of a complete set of financial statements; and <p>AASB Practice Statement 2, providing guidance on how to apply the concept of materiality to accounting policy disclosures.</p>	Annual reporting periods beginning on or after 1 January 2023

For more information, visit: www.rsm.global/australia/service/audit-and-assurance-services



RSM Australia Pty Ltd

Level 32, Exchange Tower
2 The Esplanade
Perth WA 6000
T +61 (08) 9261 9100
F +61 (08) 9261 9111
rsm.com.au

RSM Australia Pty Ltd is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network.

Each member of the RSM network is an independent accounting and consulting firm each of which practices in its own right. The RSM network is not itself a separate legal entity of any description in any jurisdiction.

The RSM network is administered by RSM International Limited, a company registered in England and Wales (company number 4040598) whose registered office is at 50 Cannon Street, 2nd Floor, London EC4N 6JJ.

The brand and trademark RSM and other intellectual property rights used by members of the network are owned by RSM International Association, an association governed by article 60 et seq of the Civil Code of Switzerland whose seat is in Zug.

© RSM International Association

Liability limited by a scheme approved under professional standards legislation

HELPING YOU MOVE FORWARD WITH CONFIDENCE



9.3 ARC09.05.23 – Update from Moore Australia

Meeting & Date	Audit Risk Committee Meeting – 22 May 2023
Applicant	City of Nedlands
Employee Disclosure under section 5.70 Local Government Act 1995	Nil.
Report Author	Moore Australia
Director	Michael Cole –Director Corporate Services
Attachments	1. Moore Australia Agenda Paper - ARC Meeting 22 May 2023

Purpose

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

Recommendation

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

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**

22 MAY 2023

ARC09.05.23 - 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	The revised final report was issued on 20 February 2023 and is tabled at this Audit and Risk Committee meeting. (Appendix 2)	Completed and tabled at this ARC Meeting
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 15 May 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	The revised final report was issued on 10 March 2023 and tabled at this Audit and Risk Committee meeting. (Appendix 3)	Completed and tabled at this ARC Meeting
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 draft report was provided to Management on 17 November 2022 for Management Comment. The final report is expected to be tabled at the next Audit and Risk Committee meeting.	Awaiting Managements Comments
5	Post Implementation Review of New Finance System	2023	The draft report was provided to Management on 15 May 2023 for Management Comment. The final report is expected to be tabled at the next Audit and Risk Committee meeting.	Awaiting Managements Comments
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 15 May 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 4th of April for their review.

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 – Area
- c) Recommendations Status – Responsible Officer
- d) Open Recommendations – Risk-Rating
- e) Details of Open Recommendations – High Risk Ratings

a) Status of the Audit Log

As at 15 May 2023, the City had 193 recommendations through audit activities. They are summarised in **Table 3** as follows:

Audit Log Status – 15 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
Total	28	62	14	104	89	193	100
Percentage	15%	32%	7%	54%	46%	100%	
Audit Log Status – 4 April 2023							
Type of Audit	Not Started	In Progress	Considered Closed - Management	Sub-Total – Open	Completed	Total – All	%
Internal Audit	35	57	9	101	45	146	76
OAG Performance Audit	6	6	0	12	10	22	11
OAG Financial Audit	0	9	0	9	16	25	13
Total	41	72	9	122	71	193	100
Percentage	21%	37%	5%	63%	37%	100%	

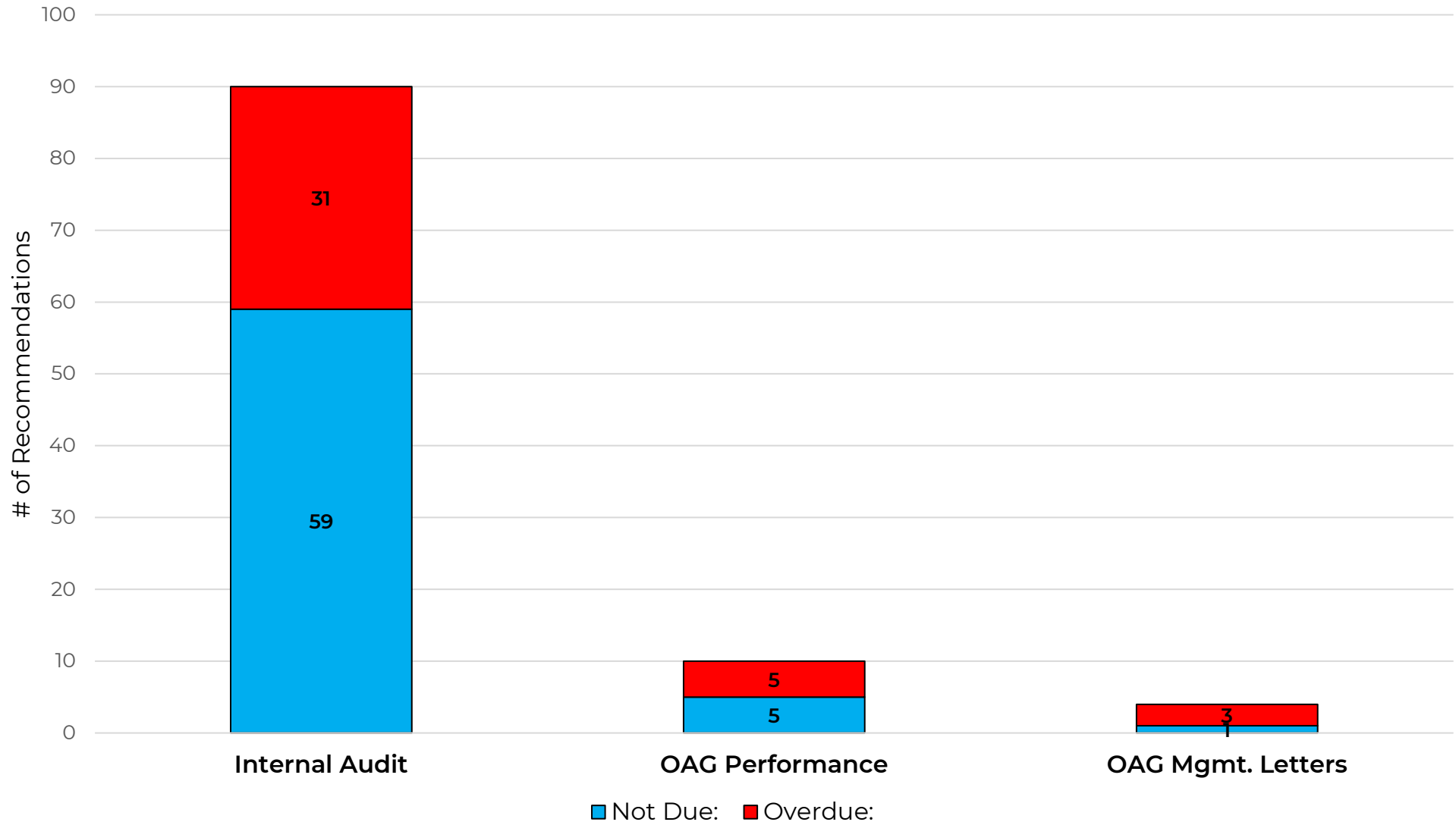
Table 3: Status of Audit Log per Audit Team

3. Audit Log (continued)

b) Recommendations Status – Area

Figure 1 below provides the status of the one-hundred-four (104) open recommendations from each audit area.

Figure 1: Open Recommendations by Audit Area

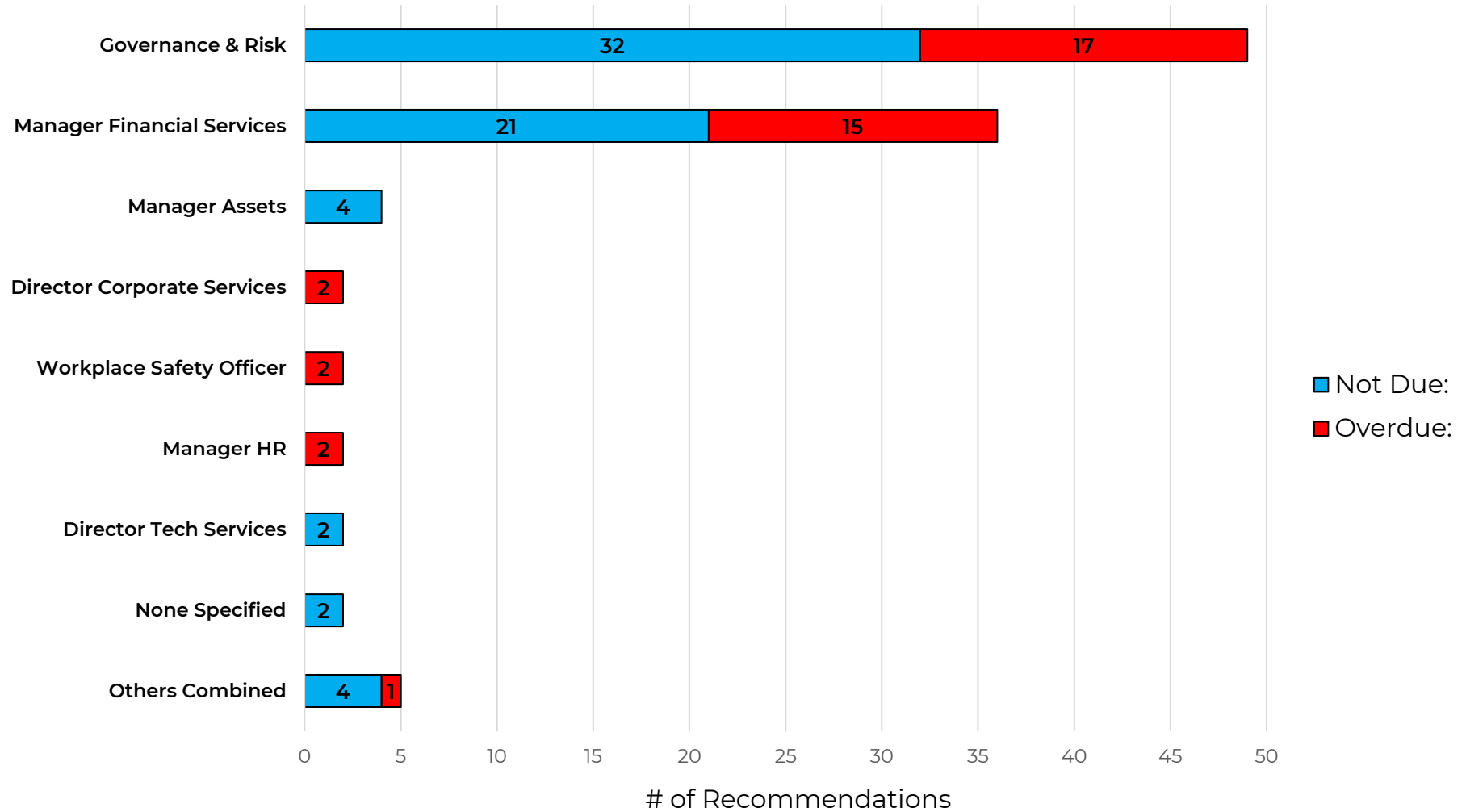


3. Audit Log (continued)

c) Recommendations Status – Responsible Officer

Figure 2 below provides a breakdown of the status of the one-hundred-four (104) open recommendations per responsible officer.

Figure 2: Open Recommendations by Responsible Officer



3. Audit Log (continued)

d) Open Recommendations – Risk Rating

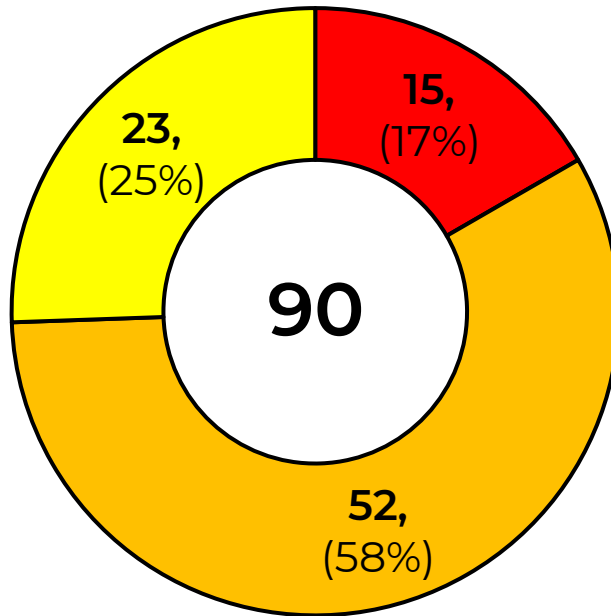
The diagrams below provide a breakdown of open recommendations per **Risk Rating**. Moore Australia use our own Risk Rating Scale which is provided in **Appendix 1** for ease of access.

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-two (52) (58%), have a Medium-Risk Rating, followed by twenty-three (23) (25%) as Low, followed by fifteen (15) (17%) with a High-Risk Rating.

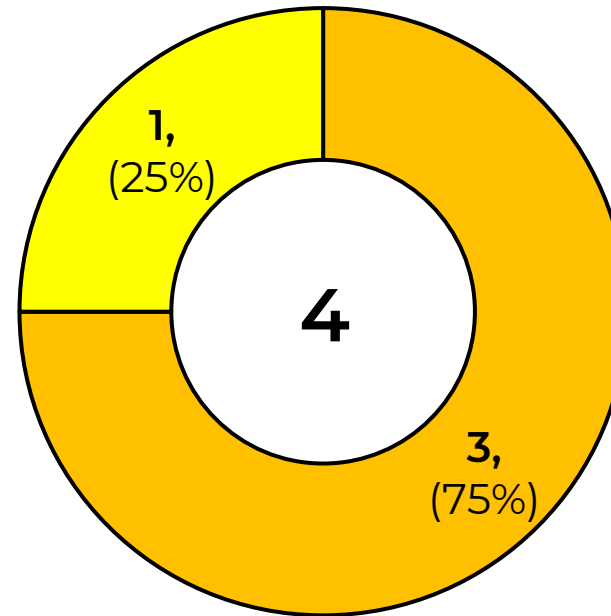
We recommend that significant effort should be given to the High-Risk rated recommendations and to close these out as a matter of priority, followed by the Medium Risk rated and Low Risk rated Items.

Figure 3: Open Internal Audit Recommendations by Risk Rating



■ High ■ Medium ■ Low

Figure 4: Open OAG Mgmt. Letter Recommendations by Risk Rating



■ Medium ■ Low

3. Audit Log (continued)

e) Details of Open Recommendations – High Risk Ratings

Below is a list of the fifteen (15) **High-Risk** open recommendations (previously twenty-five (25)) 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	380	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	380	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	257	In Progress
4	Contracts Management Review	Contract management policies and procedures to be developed and implemented.	Manager Financial Services	31/08/2022	257	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	257	In Progress
6	Contracts Management Review	A Risk register should be developed.	Manager Financial Services	31/08/2022	257	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	257	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	257	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	257	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	135	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	135	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	45	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	Not Overdue	In Progress
14	Risk Management	Consider the Business Continuity Framework with supporting documents such as Business Impact Analysis, Emergency Management Plan, Incident Management Plan and Disaster recovery within the City and the extent of compliance with the Standard and whether there is improvement opportunities.	Governance & Risk	30/06/2023	Not Overdue	In Progress
15	Regulation 17	A Legislative Compliance Framework will be developed.	Governance & Risk	30/06/2023	Not Overdue	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
Local Government Reform Bill Local government reform bill passes through Parliament	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
Corruption and Crime Commission WA Think corruption doesn't affect you? Think again	The report details how corruption shows up in the public service and how corruption can pervade all levels of the public service.	22 November 2022
Public Sector Commission New integrity guide for developing detection systems	A new guide aims to support government authorities develop and implement detection systems to stop misconduct and corruption.	23 November 2022
Public Sector Commission New assessment tool to improve approaches to integrity	A new tool aims to support government authorities assess and improve their approach to integrity. The newly released Integrity Framework Maturity Self-Assessment Tool helps public authorities identify the strengths and weaknesses of its current approach to integrity in relation to 4 levels of maturity – emerging, developing, embedded and excelling.	9 December 2022

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
Financial Audit Results – State Government 2021-22 – Part 2: COVID-19 Impacts	3 May 2023
Regulation of Air-handling and Water Systems	21 April 2023
Information Systems Audit – Local Government 2021-22	29 March 2023
Administration of the Perth Parking Levy	16 February 2023
Funding of Volunteer Emergency and Fire Services	22 December 2022
Financial Audit Results – State Government 2021-2022	22 December 2022
Compliance with Mining Conditions	20 December 2022

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
Effectiveness of public-school reviews (State)	Q2 2023
Government Campaign Advertising (State)	Q2 2023
Utilising Emergency Department Data (State)	Q2 2023
Protecting critical system infrastructure (State)	Q3 2023

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

Appendix 2: Conflict of Interest Internal Audit Report

INTERNAL AUDIT
CONFLICT OF INTEREST

CITY OF NEDLANDS

20 February 2023





TABLE OF CONTENTS

1. EXECUTIVE SUMMARY	3
2. SCOPE AND APPROACH	7
3. OBSERVATIONS AND RECOMMENDATIONS.....	9
4. OTHER.....	19
APPENDIX 1: KEY TO SIGNIFICANCE OF RISK RATING	20
APPENDIX 2: KEY PERSONNEL CONTACTED	21



1. EXECUTIVE SUMMARY

1.1. Context

The City of Nedlands ("The City") as a local government organisation, along with its Council Members, Chief Executive Officer (CEO) and employees are expected to make decisions in the best interests of their community which are impartial and are not influenced by their personal or other professional activities.

Decision-making could 'actually', 'potentially', or 'perceived to be' influenced in a number of ways, including through self-interest, self-review, intimidation, advocacy, and familiarity threats. The *Local Government Act 1995* ("Act") sets out requirements on Council members, CEOs, and other employees to ensure transparency and accountability in decision-making.

Local Governments need to understand where there may be potential threats to impartial decision making (i.e. conflicts of interests ("COI")) and identify, safeguard, monitor and report these to ensure there is transparency and accountability.

Local government Council members and employees are required to disclose any interest that may adversely affect their impartiality in any matter discussed at a Council or Committee meeting. In addition, employees are also required to disclose interests when providing advice or reports to be discussed at a Council or Committee meeting.

Managing Conflicts of Interest in the NSW Public Sector- June 2019, published by Independent Commission Against Corruption ("ICAC") NSW, acts as a better practice guide as it provides guidance in relation to conflicts of interest. It explains how to identify, disclose, and manage a COI and sets out a broad control framework for public sector entities to consider. ICAC NSW's 'Conflict of interest control framework' in [Appendix 3](#) can be used by entities as guidance to develop or enhance their COI framework.

In accordance with the Strategic Internal Audit Plan for the year ending 30 June 2022, an internal audit of the City's COI practices was performed.

Moore Australia (WA) Pty Ltd ("Moore Australia") performed the internal audit in accordance 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

Overall, the City does not adequately and effectively manage COI in accordance with approved policies and procedures, and this may present a significant risk that decision making within the City is not impartial.

This is demonstrated by a lack of current COI register, lack of Secondary Employment Register, and incomplete Financial Interests Register. The City's website is not kept up to date in line with legislative requirements to ensure that relevant information is provided to the public.

We observed that COI training has not been provided to employees and does not form part of the City's induction processes. The staff have demonstrated that they do not understand the key principles which underpin conflicts of interest.

1.3. Acknowledgement

We would like to thank the City's personnel for their assistance during the internal audit. Key personnel contacted are outlined in [Appendix 2](#).

1.4. Summary of Results

The results of our review are summarised in the table below and detailed in the audit working papers.

Summary of Findings						
Risk Rating	Total	Extreme	High	Medium	Low	Negligible
Findings	8		8			
Recommendations	14		14			

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. EXECUTIVE SUMMARY (CONTINUED)

1.5 Summary of Results (continued)

Findings and Recommendations	Rating
Finding 1 – Risk Management	High
<p>The City does not have a nominated person nor budget which broadly covers risk management and COI-related activities such as developing formal COI plans, policies and procedures as well as COI induction and refresher training.</p> <p>Recommendations</p> <ol style="list-style-type: none"> 1. Consider developing and implementing a formal budget dedicated to funding risk management and COI-related practices. 2. Consider appointing a resource to perform risk management including COI practices within the City. A 'Senior Governance Officer' position is referred to in the City's Policy documents. We understand that the position of "Coordinator Governance and Risk" is currently being recruited at the City. 	
Finding 2 – COI Register	High
<p>The City does not have a Conflicts of Interest Register in place.</p> <p>Recommendations</p> <ol style="list-style-type: none"> 3. Develop and implement a central Conflicts of Interest Register. 	
Finding 3 – Register of Financial Interests – Primary and Annual Returns	High
<p>The City's Register of Financial Interests is incomplete as it does not contain a record of the Primary and Annual Returns received as per legislative requirements.</p> <p>The list of Primary and / or Annual Returns received has not been published to the City's website as per legislative requirements.</p> <p>Recommendations</p> <ol style="list-style-type: none"> 4. Ensure that the City's Register of Financial Interest is updated to include all required information, including all Primary and Annual Declarations in the form prescribed by legislation. 5. Ensure that the City's website is updated to include all information disclosures as per legislative requirements. 	



1. EXECUTIVE SUMMARY (CONT.)

1.5 Summary of Results (cont.)

Findings and Recommendations	Rating
Finding 4 – Secondary Employment	High
<p>The City does not have a Secondary Employment Register.</p> <p>Secondary Employment applications are inconsistently approved and managed,</p> <p>Recommendations</p> <ul style="list-style-type: none"> 6. Develop and implement a central Secondary Employment Register. 	
Finding 5 – Disclosure of gifts and benefits	High
<p>The gifts register is not maintained in accordance with legislation.</p> <p>Recommendations</p> <ul style="list-style-type: none"> 7. Consider adding an additional column to the electronic gifts register to distinguish between the date of the declaration and the date of the record to evidence compliance with the 10 day rule. 8. Provide refresher training to the City's employees regarding what kinds of gifts are reportable and how to complete the register. Ensure that updates to the register are appropriately workflowed for approval. 9. Implement control procedures to ensure that an up-to-date version of the register is uploaded to the City's website whenever additional items are added to it. 	
Finding 6 – Employee COI Training	High
<p>The City does not provide COI training to its Council, Management, employees, contractors or volunteers, nor have a COI training program in place.</p> <p>Recommendations</p> <ul style="list-style-type: none"> 10. Develop and implement a COI training program for Council, Management, employees, contractors and volunteers which is supplemented by assessment components and scheduled refresher training. This should be underpinned by a COI training program for risk and COI related activities. Training materials and attendance should records be maintained. 	



1. EXECUTIVE SUMMARY (CONT.)

1.5 Summary of Results (cont.)

Findings and Recommendations	Rating
Finding 7 – COI Declarations and Due Diligence	High
<p>The City does not perform any scrutiny or due diligence activities on potential employees, suppliers, contractors, or business partners in respect of conflicts of interest.</p> <p>Recommendations</p> <ol style="list-style-type: none"> 11. Employees should be requested to declare any actual, potential, or perceived conflicts of interest upon hire, confirm their existence or absence once a year and be familiarised with the processes in which they can submit COI declarations at any given point in time. All conflicts should be recorded in the Conflicts of Interest Register and be managed in accordance with the policy and procedure already in place. 12. Consider conducting background and due diligence checks on potential staff, suppliers, contractors and business partners, particularly in circumstances that involve elevated risk. 13. Consider performing data analytics to identify undeclared conflicts of interest. This may include but is not limited to implementing periodic comparison of vendor information with current employees' information such as addresses and telephone numbers. 	
Finding 8 – Policy review and monitoring	High
<p>The City does not have any processes for regularly monitoring and evaluating the effectiveness of the conflict of interest policy and procedure nor assessing the extent of alignment with legislation or better practice.</p> <p>Recommendations</p> <ol style="list-style-type: none"> 14. Consider a review of the policy and procedure already adopted by the City to ensure that it meets the required objectives. Partner this with recommendation 5, in developing and implementing a training program for the City to ensure that all stakeholders are aware of the requirements of the policy and procedure to adopt them effectively. 	



2. SCOPE AND APPROACH

2.1. Objective and Scope

To assess the adequacy and effectiveness of the City's internal controls for Conflict of Interest process and their alignment with legislation and better practice principles and Office of the Auditor General (OAG).

The scope of this internal audit includes the following:

- Conflict of interest framework, including policies and procedures;
- Registers and annual return;
- Management of secondary employment;
- Staff awareness of, and training on, conflict of interest;
- Reporting to the Executive, Audit & Risk Committee and Council; and
- Extent of alignment with policies, procedures, legislation, better practice principles and Office of the Auditor General Reports (OAG).

2.2. Approach

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

- Correspondence with relevant stakeholders to understand the current environment, challenges, and opportunities;
- Reviewing the COI Framework including policies and procedures and assessing the extent of implementation within the City;
- Assessing the extent of alignment with the Local Government (Administration) Regulations 1996; and
- Assessing the extent of alignment with better practice by assessing the City's COI Framework with Managing Conflicts of Interest in the NSW Public Sector- June 2019.

The internal audit report was prepared on an "exception-basis", which means we only provide commentaries on areas where we observe improvement opportunities on controls or enhancement to the compliance posture.

2.3. Reporting

The following reporting activities had been undertaken:

- Develop a draft report outlining our findings and recommendations;
- Requested a meeting to validate the draft report with process owners and responsible management;
- Requested an exit meeting with the responsible Executive member and responsible management to discuss the report; and
- Requested management comments, actions and timelines for implementing actions to finalise the report.

2.4. Limitations of Scope

Our work was limited by the following:

- The scope of our services and any deliverables was limited to carrying out internal audit assignments in accordance with the strategic internal audit plan approved by the Audit and Risk Committee. We only covered 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 internal audit engagement was approved by Management in our Statement of Scope signed on 4 February 2022;
- Due to the inherent limitations of any internal control structure, we do not warrant that all weaknesses, fraud and corruption or fraud and corruption risks, error, and / or non-compliance in your control structures were detected during the course of the engagement;
- Any testing under the engagement was performed on a sample basis, unless otherwise advised and is not conducted continuously;
- 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. Items may be identified in the internal audit engagement and where identified may require follow up by Management;



SCOPE AND APPROACH (CONT.)

2.5. Limitations of Scope (Cont)

- We have only performed a desktop review as requested by Management and have not performed an on-site review. Our desktop review was further limited in that the following was requested by Moore Australia but was not provided by the City to enable the internal auditors to test the adequacy and effectiveness of controls in place at the City. The City did not provide the following information requested by the internal auditors to obtain relevant information to finalise the internal audit. The results included in this report is therefore limited by the above limitation. There may be other matters which if we could have finalised the audit may have been included in this report:
 - Confirmation of cessation of Secondary Employment following expiry of approval;
 - Declarations of Conflicts of Interest in the absence of a Conflicts of Interest Register;
- The provision of internal audit services is an advisory engagement, which is not subject to assurance or other standards issued by the Australian Auditing and Assurance Standard Board, and consequently no opinions or conclusions are intended to convey assurance; and
- Our report is for your purposes only and not for publication, quoting or reliance by any other party.



3. OBSERVATIONS AND RECOMMENDATIONS

Finding 1			Rating of Finding
Risk Management			High
<p>The efficacy of the overall risk management practices which include COI related activities within the City is dependent on the physical and financial resources allocated to its development, implementation, and maintenance. As with every business unit, there needs to be sufficient resourcing in order to successfully develop and implement such a function.</p> <p>Budgeting allows for the forecasting and allocation of financial costs and other resources to perform a specific function and to achieve certain objectives. In the context of developing and implementing risk management practices including COI related artefacts and activities, manpower and financial resources should be budgeted for.</p> <p>Through our analysis of City documents and email correspondence with the representatives of the City, we noted that the City does not have a formal budget for risk management including COI-related functions and activities and has no dedicated function or employee to plan, manage and execute risk management related practices and activities.</p> <p>Implications</p> <p>The lack of a risk management, including COI budget may hinder the governance and management of COI within the City. COI-related activities may not be performed efficiently and effectively if physical and financial resources are budgeted in an ad-hoc manner.</p>			
Management Comment			
<p>The finding is noted. Management agrees the overall risk management practices which include COI related activities within the City is dependent on the physical and financial resources allocated to its development, implementation, and maintenance. This was identified in the Organisation Review and Workforce Plan adopted by Council in June 2022. The position of Coordinator Governance and Risk was created and commenced in January 2023. The resources required will be reviewed as part of the 2023/24 annual budget process.</p>			
Recommendations	Agreed Action	Action Owner	Target Date
1. Consider developing and implementing a formal budget dedicated to funding risk management and COI-related practices.	Noted. Will be considered as part of the draft annual budget for 2023/24.	Coordinator Governance and Risk	June 2023
2. Consider appointing a resource to perform risk management including COI practices within the City. A Senior Governance Officer position is referred to in the City's Policy documents. We understand that the position of "Coordinator Governance and Risk" is currently being recruited at the City.	Agreed. New position of Coordinator Governance and Risk created and new Coordinator commenced in January 2023. Administration considers this action closed.	Not applicable. Position created and officer has commenced at the City	N/A



3. OBSERVATIONS AND RECOMMENDATIONS (CONTINUED)

Finding 2			Rating of Finding
COI Register			High
<p>The purpose of a Register of Conflict of Interest is to effectively identify, disclose and manage any actual, potential or perceived conflicts of interest in order to protect the integrity of the City and manage risk. A central register provides a single source of information that can be easily analysed and used to assist an audit or investigation. It also allows the City to ensure that conflicts of interests are being managed in a consistent, acceptable manner.</p> <p>Through our analysis of City documents and email correspondence with the representatives of the City, we noted that the City does not have a centralised Register of Conflicts of Interest, despite being a requirement of the City's own Policy and Procedure.</p> <p>No declarations of Conflicts of Interest were provided for our review.</p> <p>Implications</p> <p>Failure to identify and declare conflicts of interest creates a risk that may undermine the public's trust and confidence in the City and may:</p> <ul style="list-style-type: none"> • cause financial harm and loss; • damage the culture within the City; • cause loss of confidence in the impartiality and honesty of City employees and Council members; and • present opportunities for misconduct, fraud or corruption. 			
Management Comment			
<p>Management maintains a declaration of interest register for any conflicts of interest disclosed in the preparation of Council reports. Other departments manage conflicts of interest and it is agreed that these could be recorded centrally.</p>			
Recommendations	Agreed Action	Action Owner	Target Date
3. Develop and implement a central Conflicts of Interest Register.	Develop a central conflicts of interest register.	Coordinator Governance and Risk	June 2023



3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

Finding 3			Rating of Finding
Register of Financial Interests – Primary and Annual Returns			High
<p>Councillors, the CEO and designated employees, (designated employees include: CEO; employees with delegated powers and duties under Part 5, Division 4 of the Act; employees who are members of committees comprising elected members and employees; and other employees nominated by the local government) are required to disclose personal financial information in Primary returns and thereafter Annual Returns.</p> <p>A primary return is a snapshot of personal financial information as it exists upon the relevant person's start date and must be lodged within three months of the start date.</p> <p>An annual return retrospectively discloses any changes to the information previously disclosed in the primary return or new interests accumulated for the period since completing the primary return or last annual return and must be lodged no later than 31 August in any year.</p> <p>In addition, Section 5.88 of the Act requires the CEO to keep all primary and annual returns lodged in a Register of Financial Interests. The City's Register of Financial Interests is incomplete as it does not contain a record of the Primary and Annual Returns received as per legislative requirements.</p> <p>Furthermore, Section 5.96A(1)(i) of the Act requires the name of each Councillor, and position of each designated employee who lodged a primary and / or annual return for a financial year to be published on the City's website. At the time of our review, there was no register of Primary and Annual Returns kept by the City and no information published on the City's website. Following our review, the registers have been prepared and the relevant information has now been published to the website.</p> <p>Implications</p> <p>Failure to disclose financial interests in accordance with legislation creates a risk that may undermine the public's trust and confidence in the City.</p>			
Management Comment			
Registers for 2020/21 and 2021/22 are now available on the City's website. Primary and annual returns are managed using the Attain software solution. Management considers this matter is now closed.			
Recommendations	Agreed Action	Action Owner	Target Date
4. Ensure that the City's Register of Financial Interest is updated to include all required information, including all Primary and Annual Declarations in the form prescribed by legislation.	No further action required. All required information is maintained in the Attain software solution.	Not applicable	N/A
5. Ensure that the City's website is updated to include all information disclosures as per legislative requirements.	No further action is required. The City's website now includes this information.	Not applicable	N/A



3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

Finding 4	Rating of Finding		
Secondary Employment	High		
<p>Better practice is that an organisation maintains a Secondary Employment Register. The purpose of a Secondary Employment Register is to effectively identify, disclose and manage any applications for Secondary Employment received by the CEO.</p> <p>A central register provides a single source of information that can be easily analysed and used to assist an audit or investigation. It also allows the City to ensure that approvals are being managed in a consistent, acceptable manner and updated annually as per the City's Policy.</p> <p>The City does not have a Secondary Employment Register. The City's Secondary Employment Policy requires that when a person has secondary employment they are required to apply to the CEO for approval on an annual basis.</p> <p>From our review of the Secondary Employment Application forms provided, we noted that there were inconsistencies in the approval process for secondary employment.</p> <p>Of the ten (10) applications that were received, seven (7) were approved by a Manager and Director but not the CEO. This is not in line with the City's policy. It was also noted that there were inconsistencies in the format of the templates used.</p> <p>There was no evidence of the required 6 monthly review having been undertaken for any of the ten (10) samples.</p> <p>Of the ten (10) employees, five (5) applications have since expired, however no applications were resubmitted for approval at the end of the 12-month period.</p> <p>There was no follow up at expiry to determine whether the employee was still employed in secondary employment. The onus has been placed on the individual employee to resubmit for approval if required, at the end of the 12-months, with no initiation by either the direct supervisor or centrally by Human Resources. We inquired of Management whether any of the five (5) employees with expired applications had ceased secondary employment at expiry date, however this information was not provided. We note that two (2) of these employees have since left the City.</p> <p>Implications</p> <p>Failure to identify, declare and manage Secondary Employment may:</p> <ul style="list-style-type: none"> • present actual, perceived and / or potential conflicts of interest with the Secondary Employer; and • result in a risk to Occupational Safety and Health Requirements, particularly through fatigue. 			
Management Comment			
<p>The City's policy requires CEO approval for any secondary employment. These records are forwarded to HR. It is agreed a central register should be maintained and this will be explored in the OneCouncil system.</p>			
Recommendations	Agreed Action	Action Owner	Target Date
6. Develop and implement a Secondary Employment Register.	Include a register of secondary employment in the HR module of OneCouncil.	Manager HR	June 2023



3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

Finding 5			Rating of Finding
Disclosure of gifts and benefits			High
<p>Under the Local Government Act 5.89A, the CEO is to keep a register of gifts. The register is to contain a record of the disclosures made and the CEO must record a disclosure made in the register within 10 days after the disclosure is made. The CEO is to publish an up-to-date version of the register on the local government's official website.</p> <p>The City has a Gifts register which is maintained electronically, however there is no evidence to demonstrate whether it is updated within 10 days of any disclosure being made. Furthermore, many of the gifts have been highlighted as 'reportable' when they are not and all disclosures from 2022 are showing as awaiting approval.</p> <p>The gifts registers are published on the City's website, however the latest version only include disclosures up to 30 June 2020, so is not in accordance with legislation.</p> <p>Implications</p> <p>Failure to openly declare gifts in accordance with legislation creates a risk that may undermine the public's trust and confidence in the City and may:</p> <ul style="list-style-type: none"> • cause financial harm and loss; • damage the culture within the City; • cause loss of confidence in the impartiality and honesty of City employees and Council members; and • present opportunities for misconduct, fraud or corruption. 			
Management Comment			
<p>Management agrees with this finding. Attain has been amended to include provision to record gift declarations. All staff are regularly reminded that if they receive a gift, they are to seek instruction on what needs to be done.</p>			
Recommendations	Agreed Action	Action Owner	Target Date
7. Consider adding an additional column to the electronic gifts register to distinguish between the date of the declaration and the date of the record to evidence compliance with the 10 day rule.	Agreed, Attain has been updated to include these declarations. No further action is required.	Not applicable	N/A



3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

Finding 5 (cont.)			Rating of Finding
Disclosure of gifts and benefits (cont.)			High
Recommendations	Agreed Action	Action Owner	Target Date
8. Provide refresher training to the City's employees regarding what kinds of gifts are reportable and how to complete the register. Ensure that updates to the register are appropriately workflowed for approval.	With the appointment of the Coordinator Governance and Risk, refresher training will be developed in conjunction with HR on core governance topics, ie WHS, Code of Conduct, Procurement, Conflicts of Interest etc	Coordinator Governance and Risk	October 2023
9. Implement control procedures to ensure that an up-to-date version of the register is uploaded to the City's website in accordance with legislation.	Website has been updated to include these declarations. No further action required.	Not applicable	N/A



3. OBSERVATIONS AND RECOMMENDATIONS (CONTINUED)

Finding 6			Rating of Finding
Employee COI Training			High
<p>COI training, when implemented appropriately, is an effective tool to ensure all employees in an organisation are knowledgeable on matters related to COI. A comprehensive COI training program would cover the definitions, legislative requirements, risks, responsibilities and penalties pertinent to this matter. Better practice guide “<i>Managing Conflicts of Interest in the NSW Public Sector- June 2019</i>” has also suggested that such training should be tailored to and targeted at the areas of greatest risk. The guide also emphasises the necessity to explain to all employees the importance of proper management of conflict of interest and the key issues that arise with poor conflict of interest processes.</p> <p>Through our analysis of City documents and email correspondence with the representatives of the City, we noted that there is no COI training conducted at staff induction nor is there any subsequent training conducted or planned for.</p> <p>We have not identified any other records of regular employee training nor an employee training program pertinent to COI set out by the City.</p> <p>Implications</p> <p>The lack of COI training amongst employees may lead to inadvertent breaches of COI legislative requirements due to unawareness and a lack of knowledge in this matter.</p> <p>A lack of urgency to educate employees on COI may lead to complacency and carelessness in managing potential conflicts of interest and may cause reputational damage to the City.</p>			
Management Comment			
Management agrees that COI training, when implemented appropriately, is an effective tool to ensure all employees in an organisation are knowledgeable on matters related to COI.			
Recommendations	Agreed Action	Action Owner	Target Date
10. Develop and implement a COI training program for Council, Management, employees, contractors and volunteers which is supplemented by assessment components and scheduled refresher training. This should be underpinned by a COI training program for risk and COI related activities. Training materials and attendance should records be maintained.	With the appointment of the Coordinator Governance and Strategy, refresher training will be developed in conjunction with HR on core governance topics, ie WHS, Code of Conduct, Procurement, Conflicts of Interest etc	Coordinator Governance and Strategy	October 2023



3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

Finding 7	Rating of Finding
COI Declarations and Due Diligence	High
<p>Whilst it is common for entities to rely on declarations from potential staff, suppliers, contractors, or business partners to identify any conflicts that may require management, it is important that declarations be scrutinized and considered against other information known to the City, to identify any associations and potential conflicts that have not been declared.</p> <p>The City should identify any procurement, arrangement or circumstance that involves elevated risk of conflicts. In these instances, the City should ensure that processes involve a proportionate level of scrutiny, and determine whether a specific declaration of conflict is appropriate for any staff, contractors or consultants involved.</p> <p>Through our analysis of City documents and email correspondence with the representatives of the City, we noted that the onus is on the potential staff, contractor or business partner to identify and disclose any COI. No evidence of further scrutiny or due diligence is performed.</p> <p>For suppliers / contractors, there are declarations within the standard RFQ/RFT responses and the terms and conditions with respect to COI, however they rely on the respondent to complete. No evidence was provided of processes in place for background checking and due diligence checks on procurement staff, recruitment staff, potential suppliers, contractors, or business partners to identify undeclared COI.</p> <p>From our discussion with the Human Resources team, potential employees are not directly requested to declare any conflicts of interest. They are provided with the City's code of conduct upon recruitment, which contains the requirement to disclose any potential conflicts of interest and are asked to sign to acknowledge that it has been read and understood. However, this is not considered sufficient to ensure that the employee fully understands given that no training is provided on Conflicts of Interest either at induction or subsequently.</p> <p>Implications</p> <p>Failure to identify and declare conflicts of interest creates a risk that may undermine the public's trust and confidence in the City and may:</p> <ul style="list-style-type: none"> • cause financial harm and loss; • damage the culture within the City; • cause loss of confidence in the impartiality and honesty of City employees and Council members; and • present opportunities for misconduct, fraud or corruption. 	
Management Comment	
The findings and observations are noted. Until now, the City has relied on individuals to declare conflicts of interest. More work in this area will be done.	



3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

Finding 7 (cont.)			Rating of Finding
COI Declarations and Due Diligence (cont.)			High
Recommendations	Agreed Action	Action Owner	Target Date
11. Employees should be requested to declare any actual, potential, or perceived conflicts of interest upon hire, confirm their existence or absence once a year and be familiarised with the processes in which they can submit COI declarations at any given point in time. All conflicts should be recorded in the Conflicts of Interest Register and be managed in accordance with the policy and procedure already in place.	Implement measures to require declarations on an annual basis in conjunction with HR.	Coordinator Governance and Risk	October 2023
12. Consider conducting background and due diligence checks on potential staff, suppliers, contractors and business partners, particularly in circumstances that involve elevated risk.	Consider conducting background checks on potential staff, contractors etc	Manager HR and Manager Finance	October 2023
13. Consider performing data analytics to identify undeclared conflicts of interest. This may include but is not limited to implementing periodic comparison of vendor information with current employees' information such as addresses and telephone numbers.	Consider use of data analytics as part of the OneCouncil system.	Manager Finance	October 2023



3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

Finding 8			Rating of Finding
Policy review and monitoring			High
<p>Every policy and its supporting structures and processes need to be regularly reviewed and monitored to ensure the continued relevance and efficacy of the policy and its application.</p> <p>Through our analysis of City documents and email correspondence with the representatives of the City, we noted that there are no processes for regularly monitoring and evaluating the effectiveness of the conflict of interest policy and procedure nor assessing the extent of alignment with Legislation or Better practice</p> <p>Given that the City's policies and procedures for the management of conflicts of interest already require a Conflicts of Interest Register to be maintained and refer to a Senior Governance Officer position within the City, it is noted that the tools for the management of Conflicts of Interest are readily available for implementation at the City but are not being utilized.</p> <p>Implications</p> <ul style="list-style-type: none"> • The policy is not being implemented as intended; • The policy is not having the desired effect; and • The Policy is non-compliant with laws and regulations or not in line with best practice. 			
Management Comment			
Agreed. Will be allocated to Coordinator Governance and Risk			
Recommendations	Agreed Action	Action Owner	Target Date
14. Consider a review of the policy and procedure already adopted by the City to ensure that it meets the required objectives. Partner this with recommendation 5, in developing and implementing a training program for the City to ensure that all stakeholders are aware of the requirements of the policy and procedure to adopt them effectively.	Review policy and procedure.	Coordinator Governance and Risk	Oct 2023



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



APPENDIX 2: KEY PERSONNEL CONTACTED

ARC09.05.23 - Attachment One

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

Name	Role
Michael Cole	Director of Corporate Services
Nikki McGill	Personal Assistant to Director Corporate Services

CONTACT US

Moore Australia (WA)

Level 15, 2 The Esplanade,
Perth WA 6000

T +61 8 9225 5355

F +61 8 9225 6181

E perth@moore-australia.com.au

www.moore-australia.com.au



HELPING YOU THRIVE IN A CHANGING WORLD

Appendix 3: Workforce Management Internal Audit Report

INTERNAL AUDIT
WORKFORCE MANAGEMENT

City of Nedlands

10 March 2023





TABLE OF CONTENTS

1. EXECUTIVE SUMMARY	3
2. SCOPE AND APPROACH	8
3. OBSERVATIONS AND RECOMMENDATIONS.....	9
4. OTHER.....	33
APPENDIX 1 - KEY TO SIGNIFICANCE OF RISK RATING	34
APPENDIX 2 - KEY PERSONNEL CONTACTED	35

1. EXECUTIVE SUMMARY

1.1. Context

Workforce Management is a series of processes and procedures that work together to make sure that staff are recruited on a timely basis, inducted, resources are efficiently and effectively allocated, that staff are capable and competent to perform their role, to achieve the desired outcomes of the City of Nedlands (the City). The staff should be engaged and committed to the City and be provided feedback on their performance so that improvements can be made, if required. Risks associated with workforce management should be identified and managed on a timely basis, to ensure exposure to the City is minimised.

The City's management of its workforce is one of the most important functions of the City. With a FTE workforce of 172 and salary in FY 2022 of \$13M it is also a significant cost of the City.

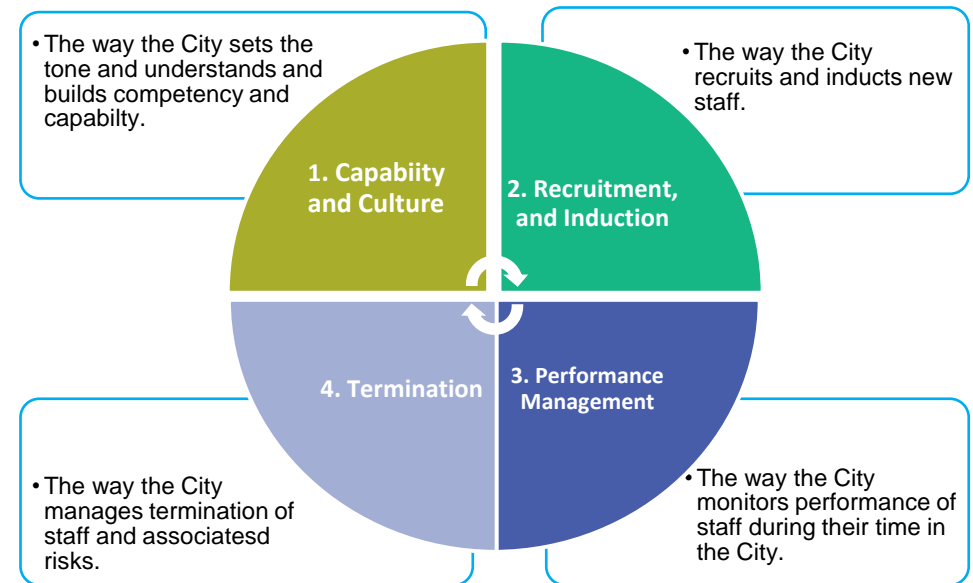
Moore Australia (WA) Pty Ltd ("Moore Australia") performed the internal audit in line with the International Standards for the Professional Practice of Internal Auditing and the Moore Australia Internal Audit Methodology. This report presents our observations and recommendations arising from the internal 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 there is a lack of a formalised documented Workforce Management Framework to support efficient and effective Workforce Management activities. There were opportunities to improve the Culture and Capability, Recruitment and Induction, Performance Measurement and Terminations Processes. There was a lack of monitoring of the elements of the Workforce Management activities. We found a lack of proactive assessment of the efficiency and effectiveness of the Workforce Management, outside of this internal audit engagement.

1.3. Approach

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





1. EXECUTIVE SUMMARY (CONT.)

1.4. Summary of Results

There are four areas where we assessed the City Audit and Risk Committee function. These areas included: 1. Culture and Capability, 2. Recruitment and Induction, 3. Performance Measurement and 4. Termination.

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.

Summary of Findings					Recommendations
Risk Rating	Total	High	Medium	Low	Total
Culture and Capacity	7		5	2	1 - 10
Recruitment and Induction	3		2	1	11 - 16
Performance Management	4			4	17 - 20
Termination	3		2	1	21 - 24
Total	17		9	8	24

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 Workforce Management.

1.5 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](#).

1.6 Limitation of Scope

Our work was limited by the following:

- The scope of work for this engagement as approved by the Acting Director Corporate Services in our Statement of Scope signed on 15 August 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 detected during the course of the engagement;
- Any testing under the engagement is performed on a sample basis and is not conducted continuously;
- Any projections as to the assessment of activities 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; and
- We conducted appropriate tests of a sample of activities 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 procedures prior to or after this period.



1. EXECUTIVE SUMMARY (CONT.)

1.6. Summary of Results (continued)

Category	Finding	Risk Rating
Culture and Capability	<p>1. CEO Key Results Areas- The CEO has the following KRA's which we have sourced from the City's Workforce Plan, which include a workforce measure. There is an alignment from the top of the City governance position to the operational areas for workforce planning. There is however no formal identification of the activities to support this KRA, as well as target date, or monitoring and reporting of the extent of achievement of these.</p> <ul style="list-style-type: none"> Identify gaps between current profile and organizational requirements; Identify organizational activities to foster and develop workforce; and Budget into Long Term Financial Plan 	Medium
	<p>2. Resources - There is no evidence of regular review of the resourcing of the Workforce Management. A regular review may identify where additional resources may be required to ensure if they are meeting expectations of the Executive, good governance, and better practice principles. If Management adopts any of the improvement opportunities within this report it may increase the workload and resourcing may need to be considered.</p>	Low
	<p>3. Lack of Training and Professional Development Framework - There is no formal Training and Professional Development Framework including induction and regular training of the staff in relation their role and responsibilities. There is no monitoring that any of this training has been performed. There has been no assessment or survey of the training needs to inform the Training Program. There is no / limited retention of training material from recently performed training to leverage from training which has been developed or paid for. It was stated in the Workforce Plan that there was \$160,000 budgeted for training and development however limited amounts were expended due to COVID. In WA this may not be considered a valid reason for lack of expenditure when we have had limited lockdowns and impact of COVID.</p>	Medium
	<p>4. Lack of Qualifications and Credentials Register – There is no Qualifications and Credentials which may be used to manage those positions which require a qualification and / or credential within the City.</p>	Medium
	<p>5. Lack of Formal Workforce Risk Management – There is no formal risk management process for Workforce Management and how the emerging, current and future workforce risks will be managed within risk appetite.</p>	Medium
	<p>6. Lack of Legislative Compliance Register – There is no legislative compliance register which the City identifies the legislation which it is required to comply with and who is responsible for the compliance and notifying the City of changes in legislation.</p>	Low



1. EXECUTIVE SUMMARY (CONT.)

1.6. Summary of Results (continued)

Category	Finding	Risk Rating
Culture and Capability (cont.)	7. Lack of Supported Workforce Plan – There is a Workforce Plan 2022 to 2032 published on the City website however this is not evidenced by supportable activities which will ensure achievement of this Workforce Plan, which are monitored and reported to identify the extent of achievement of the activities. The Workforce Plan it is not monitored and reported to the Executive, Audit and Risk Committee or Council. There were eight (8) areas of key focus and key performance indicators which are not monitored and reported to ensure accountability and responsibility. The Workforce Plan also does not state when it should be next reviewed.	Medium
Recruitment and Induction,	8. Lack of Current Recruitment Policies and Procedures – There are many Workforce Management policies, many of which are out of date as they are greater than two (2) years old. Moore Australia consider it is good governance to review them at least every two years. Several policies are lacking procedures to underpin the policy and implement the policy role and responsibilities.	Medium
	9. Lack of Implementation of Approved Recruitment and Induction Policies – There is a lack of effective implementation of the key procedures within the approved policies. This has been confirmed in our testing of ten (10) employees. The results are in the detail of our report.	Medium
	10. Induction Improvement Opportunities - The approved Induction Checklist could be enhanced in some areas to improve the effectiveness and staff readiness experience performance. There are also two checklists which are Employee Induction Checklist and New Starter Induction which could be combined to improve efficiency.	Low
Performance Management	11. Lack of Timely Performance Reviews - There was a lack of timely implementation of the performance management of staff. This has been confirmed in our testing of ten (10) employees. The results are in the detail of our report. There is no formal monitoring of the performance management review of staff within the City. There is no tool to manage the timeliness of performance management processes within the City to ensure that the are performed, and that the agreed outcomes are performed on a timely basis.	Low
	12. Lack of Performance Indicators - There are no performance indicators to measure the performance of the workforce management. Key performance indicators can be used as a way to set expectations, measure and compare performance over time.	Low
	13. Lack of Surveys or Self Assessments - Surveys are not conducted of the workforce to better understand the skills, risks, opportunities, and challenges in the workforce management. Surveys are a way to gauge feedback on the performance of the current workforce management policies and practices. There also has not been any self- assessments performed on the effectiveness of the Workforce Management.	Low



1. EXECUTIVE SUMMARY (CONT.)

1.6. Summary of Results (continued)

Category	Finding	Risk Rating
Performance Management (cont.)	14. Lack of Executive, Audit and Risk Committee and Council Reporting- There is no reporting to Executive on the performance of the Workforce Management within the City. No current reporting of the Audit and Risk Committee activities, emerging risk, and opportunities to Council. The Terms of Reference is not explicit as to how the reporting mechanism is with the Council.	Low
Termination	15. Lack of Implementation of Approved Termination Policies – There is a lack of effective implementation of the key procedures within the approved policies. These include: Resignation Letter, Employee Exit and Asset Recovery Form, HR Exit Checklist and Exit Interview Questionnaire (Voluntary). This has been confirmed in our testing of ten (12) employees. The results are in the detail of our report.	Medium
	16. High Attrition Rates – There is a high attrition rates within the City and aspirational levels which the City has targeted to attain in the Workforce Plan. These are not supported by identified activities which are monitored and reported to the Executive, Audit and Risk Committee or Council. There is also no consistent termination exit interviews and rich information being attained at the termination process to identify why people are leaving the City so themes can be identified, and improvement opportunities implemented to improve attrition rates.	Medium
	17. Termination Improvement Opportunities- The Termination checklist could be enhanced to include key controls such as Committee roles and responsibilities and version control. There are also two checklists which are Employee Termination Checklist and Employee Asset and Asset Recovery Forms which could be combined to improve efficiency.	Low



2. SCOPE AND APPROACH

2.1. Objective and Scope

The objective is to assess the adequacy and effectiveness of the City Workforce Management and their alignment with legislation and better practice principles and Office of the Auditor General (OAG).

The scope of this internal audit engagement includes the following:

- Human Resources Management Framework, including policies & procedures for:
 - Recruitment, Selection and Induction;
 - Performance Management;
 - Termination of Employees; and
 - Training and Professional Development.
- Monitoring and reporting to the Executive, Audit and Risk Committee and Council; and
- Extent of alignment with polices and procedures, legislation, better practice principles, and OAG tabled reports.

Moore Australia performed the review and has identified some areas which Management, the Audit and Risk Committee and Council may wish to consider.

2.2. Approach

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

- Entrance meeting with process owner;
- Holding meetings with relevant stakeholders to understand the current environment, challenges, and opportunities;
- Review the City's documents, perform sample testing, and data analytics where appropriate;
- Perform a walkthrough of human resources to assess the effectiveness of controls in place and perform data analytics, where relevant and appropriate;
- Exit meeting with Management to discuss key findings and recommendations;
- Issue draft report to Management; and
- Receive feedback from Management and incorporate feedback; and issue final report to the Audit and Risk Committee.



3. OBSERVATIONS AND RECOMMENDATIONS

Capability and Culture

			Rating
Finding 1.	CEO Key Result Areas		Medium
<p>The following CEO Key Result Areas (KRA) are included in the City's Workforce Plan</p> <ul style="list-style-type: none"> Identify gaps between current profile and organizational requirements; Identify organizational activities to foster and develop workforce; and Budget into Long Term Financial Plan <p>There is an alignment to from the top of the organisation to the operational areas for workforce planning and include a workforce measure. There is no formal identificaiton of the activities to support this KRA, as well as a target date or mionitoring and reporting of the extent of achievement of these.</p> <p>Implication</p> <p>KRA's may not be achieved.</p>			
Management Comment			
<p>The Workforce Plan (2022-2032) was adopted in June 2022 and includes monitoring as part of the annual budget process:</p> <p><i>"4.2.1. Monitoring service needs and workforce planning Workforce monitoring and planning will form part of the City's annual budget process. Service detailed service planning (40 service plans) has been introduced for the 2022/23 budget cycle. Corporate Business Planning process will include an analysis of the workforce profile and service standards for each service area, on an annual basis."</i></p> <p>In adopting of the Workforce Plan, Council also appointed at Workforce Plan Implementation Committee. The Committee has been reviewing presentations from each service area on their Service Plans and considering resource allocations. The Committee will be reporting their findings to Council and any recommendations will be reflected in revisions of the Workforce Plan.</p> <p>In addition to the above, the changes identified in the Workforce Plan have also been incorporated into the 2022/23 Annual Budget and draft Long Term Financial Plan.</p>			
Recommendations	Agreed Action	Action Owner	Target Date
1. Develop activities to support the KRA's and monitor and report these to ensure they are achieved on a timely basis	Workforce Plan (WFP) recommendations have been incorporated in the 2022-23 Service Plans & Budgets. The Corporate Business Plan and WFP will be reviewed annually.	CEO in conjunction with Manager HR and Corporate Planning Officer.	WFP and CBP to be reviewed annually – first round, by 30 June 2023



3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

Capability and Culture

			Rating
Finding 2.	Resources	Low	
<p>Adequately resourced functions are more likely to achieve their agreed outcomes, deliverables, meet compliance requirements, achieve better practice and meet stakeholders expectations.</p> <p>There is no evidence of consideration of the Workforce Management staffing levels to ensure they are commensurate with the risks, activities, and opportunities of the City. The consideration of the recommendations from this internal audit may require additional resources to implement the recommendations.</p> <p>Implication</p> <p>Potential non-compliance with legislation, policies and procedures and better practice principles.</p>			
Management Comment			
As part of Workforce Plan and the IPR framework, the drivers of City activities and service levels have been identified and staffing levels reviewed to meet requirements.			
Recommendations	Agreed Action	Action Owner	Target Date
2. Consider the resourcing for the Workforce Management and ensure it aligns with the risks, challenges and opportunities of the function.	The Workforce Plan will be reviewed annually for inclusion in the draft Annual Budget and Long Term Financial Plan.	CEO in conjunction with Manager HR and Corporate Planning Officer.	Annual review by financial year commencing June 2023



3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

Capability and Culture

		Rating
Finding 3.	Lack of Training and Professional Development Framework	Medium
<p>A Training and Professional Development Framework is critical for organisations to demonstrate how positions, roles and responsibilities are supported or underpinned by training and professional development. It demonstrates how staff are going to train and develop their staff to perform their role and responsibilities and progress within the organisation. This may be mandatory training for whole of office such as conflict of interest, accountable and ethical decision making, Occupational Safety and Health. It may be specific positions which require this for holding the position, or non-mandatory training and professional development.</p> <p>Formal training is essential to ensure all staff understands their role and responsibilities in accordance with the legislation and policies and procedures. A formal training calendar demonstrates that training and professional calendar is important and the investment in staff is supported by Management. Delivery of the training at induction and at regular intervals in accordance with the formal training calendar is important to ensure key organisational and specific operational risk areas are covered off. Recording of training attendance and retention of training material which has been delivered is a key governance requirement for quality review and internal audit purposes, and so this can be leveraged the next time the training is required to be delivered. Surveys to assess the quality of the training is critical so the City understands if it met expectations, and improvement opportunities can be made over time.</p> <p>From our discussions with Management there is no formal Training and Professional Development Framework, Training Program or Calendar, Assessment or Survey of the training needs to inform a Training Calendar. There is no retention of training material for quality review or audit purposes. There are no or very limited records maintained of attendance at training and no evidence of retention of staff training material. Training and professional development appears to be ad-hoc and not coordinated, as there was lack of evidence of the above.</p> <p>For a sample of thirteen (13) employees selected for testing there was no evidence of training provided for these employees in the audit period. Management has been provided the list of employees selected for testing and confirmed there is no evidence of training.</p> <p>Implication</p> <ul style="list-style-type: none"> • Staff may not be aware of their role or responsibilities or be capable to perform their position; • Staff may not have the mandatory training for positions held and it may leave the City open to litigation risk; • Staff cannot leverage from training material prepared previously; and • Staff may not be attracted or retained in the City 		
Management Comment		
<p>Training and development is provided to the organisation in line with organisation need and annual performance appraisals. However, it is agreed that a more formalised and organisation wide approach is needed including recording training and development undertaken. The recording of training undertaken is being explored in the OneCouncil system.</p>		



3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

Capability and Culture

			Rating
Finding 3 Lack of Training and Professional Development Framework (cont.)			Medium
Recommendations	Agreed Action	Action Owner	Target Date
3. Develop a Training and Professional Development Framework	Training and development needs and capture are being assessed for recording in the OneCouncil system.	Manager HR	Dec 23
4. Develop, maintain, and implement a Training Program and Calendar for induction and at regular intervals.	A training program is developed.	Manager HR	Dec 23
5. Retain training material for all training for quality review and audit purposes.	While there are existing records, these are being reviewed for currency.	Manager HR	Dec 23
6. Retain attendance records for all training and professional development sessions.	Update of records of attendance in SharePoint and OneCouncil.	Manager HR	Dec 23



3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

Capability and Culture

			Rating
Finding 4.	Lack of Qualifications and Credentials Register		Medium
<p>A Qualifications and Credentials Register is a key governance document which can include all of the people in the organization which hold qualifications and credentials as well as those positions which require qualification and / or credential.</p> <p>This can be used as a source document to:</p> <ul style="list-style-type: none"> confirm an on annual basis that these have been maintained by sighting the annual subscription (not certificate); confirm professional memberships which may be paid by the organisation; assist with budget preparation; and assist with assessing skills matrix. <p>This can be provided to the Executive to provide assurance that qualifications and credentials are current.</p> <p>The City does not have a Register of Qualifications and Credentials. The City is not aware of which positions within the City require qualifications and / or credentials which may be mandatory for positions held.</p> <p>Implication</p> <ul style="list-style-type: none"> Staff may not have the correct qualifications and / or credentials to hold a position and may not perform their position effectively; Staff may be harmed in the performance of their position and put the themselves at physical risk and / or the City at litigation risk; Skills gaps or opportunities may not be identified within the City; and Budgeting may not be effective 			
Management Comment			
Agreed. The OneCouncil system includes the capability to record qualifications and credentials.			
Recommendations	Agreed Action	Action Owner	Target Date
7. Consider developing a Register of Qualifications and Credentials.	This application is included in OneCouncil being finalised at present.	Manager HR in conjunction with the ERP Team	April 2023

3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

Capability and Culture

			Rating
Finding 5.	Lack of Formal Workforce Risk Management		Medium
<p>The workforce is the most valuable resource the City has and risks relating to the workforce are complex, range from low to extreme, and changing at a rapid pace. These risks need to be identified, recorded, managed, and safeguarded within Risk Appetite on a timely basis. They should be monitored and reported to Executive, Audit and Risk Committee and Council on a timely basis.</p> <p>There is no evidence of formal identification, recording, management and safeguarding of workforce risks in the day-to-day management of the workforce at the City. There is reference to management of workforce risks in publications however there is no depth to this in practice.</p> <p>Implication</p> <p>Risks will not be managed within Risk Appetite</p>			
Management Comment			
Agreed. The City is currently updating its operating risk register and Workforce Management risks will be formally documented. In the interim, HR, WHS and Risk are now standing items on EMT agendas with relevant staff attending to present an update.			
Recommendations	Agreed Action	Action Owner	Target Date
8. Consider how the workforce management risks are being identified, recorded, managed and safeguarded, monitored and reported within the City.	HR and Risk reports to be reported to EMT on a monthly, quarterly and annual basis. EMT has a standing agenda item for HR, WHS and Risk.	Manager HR IT (Risk) Coordinator	From June 23
	Update Operating Risk Register to formally identify workforce management risks	Manager HR in conjunction with IT (Risk) Coordinator	June 2023



3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

Capability and Culture

			Rating
Finding 6.	Lack of Legislative Compliance Register		Low
<p>A Legislative Compliance Register is a key governance document which identifies the legislation which the organisation is required to comply with, who the legislation owners are responsible for ensuring the organisation complies with that legislation and the extent to which it complies. They should report non compliances and have an action plan in place to ensure compliance. The extent of compliance</p> <p>There is no Legislation Compliance Register within the City. This was requested to understand how the legislative compliance requirements the City has for its workforce and the extent of compliance. Staff were not able to provide legislation owners and evidence of assessing compliance with that legislation.</p> <p>Implication</p> <p>Non-compliance with legislation which may present risks to staff safety, well-being and litigation risk to the City.</p>			
Management Comment			
<p>This was identified as part of the Reg 17 Review with development of the Legislative Compliance Register being allocated to the Coordinator Governance and Risk. Will be addressed as an action from the Reg 17 Internal Audit and not this audit.</p>			
Recommendations	Agreed Action	Action Owner	Target Date
9. Develop and maintain a Legislative Compliance Register.	This is an action arising from the Reg 17 Internal Audit. No further action proposed in this report.	N/A	N/A

3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

Capability and Culture

			Rating
Finding 7.	Lack of Supported Workforce Plan		Medium
<p>There is a Workforce Plan 2022 to 2032 published on the City website however this is not evidenced by supportable activities which will ensure achievement of this Workforce Plan, which are monitored and reported to identify the extent of achievement of the activities. The Workforce Plan it is not monitored and reported to the Executive, Audit and Risk Committee or Council. There were eight (8) areas of key focus and key performance indicators which are not monitored and reported to ensure accountability and responsibility. The Workforce Plan also does not state when it should be next reviewed.</p> <p>Implication</p> <p>Workforce Plan will not be achieved on a timely basis.</p>			
Management Comment			
<p>The Workforce Plan was adopted by Council in June 2022. Council also established a Workforce Plan Implementation Committee. The WPIC has been meeting every week to review every service plan and a report on the findings is to be presented to Council. It is then intended to review the WFP annually as part of the Corporate Business Plan and Annual Budget process.</p>			
Recommendations	Agreed Action	Action Owner	Target Date
10. Develop supportable activities which will be performed to achieve the Workforce Plan which are monitored and reported to Executive, Audit and Risk Committee and Council, where appropriate.	Service plans for each operational area of the City are being presented to the Workforce Plan Implementation Committee of Council. A report on the outcomes of the Committee deliberations will then be presented to Council.	CEO in conjunction with the Corporate Planning Officer.	By June 23



3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

Recruitment and Induction

		Rating
Finding 8.	Lack of Current Recruitment Policies and Procedures	Medium
<p>Current policies and procedures within an organisation set the approved way of doing things and create expectations for staff. They should be approved, current, and robust. It is better practice to review policies every two years to ensure they are fit for purpose for the organisation.</p> <p>There were a number of workforce management policies and procedures in place within the City, all of which were out of the 2 years review date which Moore Australia suggests is better practice. There were 3 procedure documents and one policy document which was requested but not provided to internal audit.</p> <p>Some of the high-level observations are as follows:</p> <ol style="list-style-type: none"> 1. Working from Home Policy- Policy is out of date (13 March 2020) and legislation which is referenced is out of date; 2. Working from Home Procedure- Procedure is out of date (13 March 2020). Working from home is required to be approved by the employees Manager, Director and CEO. This seems excessive; 3. Defensive Reservist Policy – Policy is out of date (25 July 2019); 4. Defensive Reserve Procedure was requested but not provided; 5. EEO Discrimination, Harassment Policy – Policy is out of date (10 October 2019); 6. EEO Discrimination, Harassment Procedure was requested but not provided; 7. Fitness for Work Policy – Policy is out of date (16 January 2018); 8. Flexible Work Policy – No matters; 9. Flexible Work Procedure was requested but not provided; 10. Grievance Management Policy – Policy was out of date (10 October 2019); 11. Grievance Management Procedure – Policy was out of date (October 2019); 12. Higher Duties Allowance – Policy is out of date (25 July 2019); 13. High Duties Allowance Procedure – Procedure is out of date 21 February 2013) and is currently being reviewed; 14. Long Service Leave Policy – Policy is out of date (12 March 2020); 15. Long Service Leave Procedure- Procedure is out of date (12 March 2020); 16. Motor Vehicle Policy- Policy is out of date (17 December 2019); 17. Motor Vehicle Procedure- Procedure is out of date (17 December 2019); 		

3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

Recruitment and Induction

		Rating
Finding 8	Lack of Current Recruitment Policies and Procedures (cont.)	Medium
<p>18. Outdoor Work Protection Policy – Policy is out of date (22 August 2019);</p> <p>19. Outdoor Work Protection Procedure- Procedure is out of date (22 August 2019);</p> <p>20. Recruitment and Selection Policy – Policy is out of date (October 2019);</p> <p>21. Recruitment and Selection Procedure – Procedure is out of date (10 October 2019). It advises a verbal offer can be provided to a candidate prior to CEO approval of the preferred respondent which seems inappropriate. The CEO may not support the appointment and the City has already made a verbal offer. Medical checks are required for all new employees and this may not be necessary;</p> <p>22. Secondary Employment Policy- Policy is out of date Policy was not updated when procedure was updated. Secondary employment register does not exist. Secondary employment is not included in the induction checklist;</p> <p>23. Secondary Employment Procedure – Procedure is out of date (23 May 2019);</p> <p>24. Staff Superannuation Contributions Policy – Policy is out of date (23 January 2015);</p> <p>25. Staff Superannuation Contributions Procedure – Procedure is out of date (12 July 2019);</p> <p>26. Testing for Alcohol and Other Drugs Policy- Policy is out of date (16 January 2018). Who is required to be tested for Alcohol and drugs. It is not clear;</p> <p>27. Testing for Alcohol and Other Drugs Procedure – Procedure is out of date (16 January 2018). What is AOD Zero Positions?;</p> <p>28. Novated Lease Policy was requested but not provided; an</p> <p>29. Novated Lease Procedure – Procedure is out of date (18 May 2017).</p> <p>Implications</p> <ul style="list-style-type: none"> • Approved policy position which is not representative of their current expectations for the function / service / position; • Non-compliance with legislation and or better practice principles; and • Financial risk to the City 		
Management Comment		
<p>As outlined above, the City has an extensive list of HR and health and safety policies and procedures. These are being reviewed for currency. This review has commenced. HR policies including recruitment and selection policy are being reviewed with implementation of OneCouncil HR modules including the recruitment module. Novated lease policy is currently being reviewed with Fleet Review being undertaken (Feb 23). All current policies and procedures remain operational and are guiding documents until they are reviewed and / or updated.</p>		



3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

Recruitment and Induction

			Rating
Finding 8	Lack of Current Recruitment Policies and Procedures (cont.)		Medium
Recommendations	Agreed Action	Action Owner	Target Date
11. Review the entire policy framework and ensure that all policies are current and future reviews are performed on a timely basis.	Review the policy framework and schedule reviews.	Manager HR in conjunction with the Executive Officer	June 23
12. Consider the questions raised on specific policies above and implement changes where required. (2), (21), (22) (26) (27).	Agreed, as per the above		
13. Develop procedures for (4), (6), (9), above and policy for (28) above.	Agreed as per the above		



3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

Recruitment and Induction

	Rating
Finding 9. Lack of Implementation of Approved Recruitment and Induction Policies and Procedures	Medium
<p>Implementation of approved policies and procedures is critical in an efficient and effective organisation. Staff should understand their roles and responsibilities and implement the policies and procedures and retain evidence of this.</p> <p>Moore Australia tested ten (10) new employees who commenced employment with the City in the period 1 July 2021 to 30 June 2022. There was a significant lack of evidence provided to demonstrate compliance with approved policies and procedures. The above recruitment and induction policies and procedures were not implemented consistently within the City based on the sample tested. Evidence was not provided to internal audit to evidence that these requirements were performed as required by the City policies or better practice.</p> <p>A lot of documents were not completed fully or by all parties required to be completed. The extent of non-compliances is identified below:</p> <ul style="list-style-type: none"> • Ten (10) did not have a comprehensive review of position; • Nine (9) did not have employment requisition form approved by Divisional Director and CEO; • Ten (10) did not have job analysis questionnaire performed; • Ten (10) did not have position description reviewed by Manager or Supervisor with HR and CEO Approval; • Eight (8) did not have external advertising approved by Divisional Director; • Eight (8) did not have internal advertising - not all positions have internal advertising; • Eight (8) did not have external advertising provided to audit; • Seven (7) did not have recruitment panel members provided to internal audit; • Ten (10) did not have conflict of interest disclosures by recruitment panel members; • Six (6) did not have shortlisting by individual members; • Ten (10) did not have shortlisting summary with rating for all candidates; • Seven (7) did not have details of interview held; • Ten (10) did not have Recruitment Panel Recommendation Report - all are summarised; • Nine (9) did not have evidence of Reference checking; • Ten (10) did not have evidence of when a verbal offer was made Nine (9) did not have evidence of obtaining pre-employment medical assessments (actual medical assessments was not sought by internal audit as this is private information); 	



3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

Recruitment and Induction

	Rating
Finding 9 Lack of Implementation of Approved Recruitment and Induction Policies and Procedures (cont.)	Medium
<ul style="list-style-type: none"> • Eight (8) did not have CEO letter of offer; • Ten (10) did not have working with children check; • Five (5) did not have evidence of obtaining National Police Clearance (actual National Police Clearance was not sought by internal audit as this is private information); • Six (6) did not have advice to unsuccessful applicants; • Ten (10) did not have debrief of unsuccessful applicants; • Six (6) did not have complete induction; • Nine (9) did not have probation meetings on a timely basis; and • (Nine 9) did not have signed contract, 	
<p>Details of the relevant employees were provided to Management to confirm the above findings in the report.</p>	
<p>Implications</p>	
<p>Non-compliance with approved policies and procedures</p>	
<p>Management Comment</p>	
<p>The above requested information and observations by the Internal Auditors has highlighted the current inefficiencies and limitations of current processes and SharePoint, emails etc. Many of the above outstanding documents are included in emails, stored in SharePoint or kept in hard copy. Due to resourcing issues in HR, while some of the requested documents have been provided, the findings are being used to inform improvements to our processes. It should be noted, not all position descriptions require review before filling, all staff leaving the organisation are offered an exit interview, reminders are issued to managers to follow up outstanding induction and probation reviews. In addition, National Police clearances are not required for all positions, nor are Working with Children checks. Finally, successful and unsuccessful applicants are informed of the outcome of their applications, although recording of this information needs improvement.</p>	



3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

Recruitment and Induction

			Rating
Finding 9 Lack of Implementation of Approved Recruitment and Induction Policies and Procedures (cont.)			Medium
Recommendations	Agreed Action	Action Owner	Target Date
14. Staff training on approved policies and procedures to improve the rate of compliance.	With the devolution of recruitment to business units, training is being offered to members of recruitment panels.	Manager HR	June 23
15. Independent quality review to be performed of recruitment and induction processes to ensure that approved policies and procedures are being performed.	With the implementation of the OneCouncil module, all actions and policies and procedures to support the action are being developed	MHR	Go live target date – April 23



3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

Recruitment and Induction

	Rating
Finding 10. Induction Improvement Opportunities	Low
<p>The induction process is a key process in an organisation. It is where staff become familiar with key organisational policies, procedures and systems, perform training and make declarations which may affect their employment at the City, such as conflict of interest, secondary employment etc.</p> <p>The induction processes at the City includes two checklists – New Starter Induction and Employee Induction Checklist. There may be opportunities to merge these two documents to streamline the process. The two forms do not include:</p> <ul style="list-style-type: none"> • Positions held outside of the City to be declared such as Boards, Committees, Advisory Councils, whether paid or unpaid; • Conflicts of interests (actual, potential or perceived) to be declared such as relationships, memberships, friendships, positions held , investments etc; • Secondary employment to be declared (work performed which may or may not be the same as that performed at the City); and • Private work to be declared (work performed which is the same as which is performed by the City). <p>Implications</p> <ul style="list-style-type: none"> • Fraud, corruption and misconduct may not be identified n a timely basis; • Conflicts of Interest may not be identified and managed effectively by the City with risk appetite; and • Undeclared secondary employment may result is staff being too tired at the City to perform their role and this may result in safety concerns. 	
Management Comment	
<p>While noting the above, Management believes this has been covered in the Conflict of Interest report. Suggested actions listed below.</p>	



3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

Recruitment and Induction

			Rating
Finding 10 Induction Improvement Opportunities (cont.)			Low
Recommendations	Agreed Action	Action Owner	Target Date
16. Review and consolidate the Induction Checklists and consider the suggested additions including <ul style="list-style-type: none"> • Positions held outside of the City to be declared such as Boards, Committees, Advisory Councils, whether paid or unpaid; • Conflicts of interests (actual, potential or perceived) to be declared such as relationships, memberships, friendships, positions held , investments etc; • Secondary employment to be declared (work performed which may or may not be the same as that performed at the City); and • Private work to be declared (work performed which is the same as which is performed by the City) 	Agreed - to be built into process This conducted through the City's annual returns Process to be re-visited for currency Part of the conflict of interest process	Manager HR Coordinator and Risk Governance Manager HR Coordinator and Risk Governance	June 23 August 2023 when next returns are due. 6 -monthly review August / Feb each year

a

3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

Performance Management

			Rating
Finding 11.	Lack of Timely Performance Reviews		Low
<p>Performance reviews are a key part of the effective workforce management. It is a time for the City to provide valuable feedback and receive valuable feedback on the staff members performance and the City's performance. Appropriate controls and oversight should be over this area to ensure they are being performed on a timely basis and the outcomes of these are being monitored and closed out on a timely basis.</p> <p>The City could not demonstrate that it has adequate control over the timeliness of the staff review process. A register of what staff reviews were last performed and when the next ones were due could not be provided when requested.</p> <p>A sample of thirteen (13) employees were tested in the audit period and evidence of eleven could be provided but no evidence could be provided for the other two (2) staff requested. Details of the specific staff have been provided to Management</p> <p>Implications</p> <p>Ineffective or inefficient practices and / or behaviour will be continued without timely feedback</p>			
Management Comment			
<p>Management agrees to the need for timely performance reviews. Tools to assist future reviews is part of the OneCouncil project. The inability to provide the requested documents is reflective of resources and limitations of current record keeping in SharePoint. This should be addressed in the OneCouncil suite.</p>			
Recommendations	Agreed Action	Action Owner	Target Date
17. Develop a system of control and oversight of the staff performance review function to ensure they are performed on a timely basis and outcomes are closed out on a timely basis.	Talent Management module is being assessed in OneCouncil implementation	Manager HR in conjunction with ERP team	July 23



3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

Performance Management

		Rating	
Finding 12.	Lack of Performance Indicators	Low	
<p>The setting of performance indicators allows expected performance to be set and agreed and actual performance to be compared to expectations. There are currently performance indicators within the Workforce Plan however they are not measured, monitored, and reported on a timely basis.</p> <p>Implications Workforce management may not be effective or effective</p>			
Management Comment			
Service Plans have been developed with KPIs for each service area. These are being refined as part of the service plans being presented to the Workforce Plan Implementation Committee.			
Recommendations	Agreed Action	Action Owner	Target Date
18. Develop, maintain and implement workforce key performance indicators to set expectations and to monitor and report actual versus KPI for the Executive, Audit and Risk Committee and Council	Component of Workforce Plan and Performance Reporting on a quarterly basis and for CEO KPIs.	CEO in conjunction with Corporate Planning Officer and Manager HR	Quarterly reporting in planning cycle

3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

Performance Management

		Rating	
Finding 13.	Lack of Survey and Self Assessments	Low	
<p>A survey is a good way to seek the pulse of the organization as to the confidence that people have in their role and responsibilities and their ability to perform their role. Current surveys can be compared to previous ones and insight can be gleaned as to whether there is improvement or decline in the City's performance. A Skills Survey can also be performed to assess the collective skills within the City to identify where the gaps are and where recruitment can be targeted towards these areas.</p> <p>A Staff Survey of a staff has not been performed in 2022 to assess the effectiveness of the City in managing its workforce and / or to assess the skills within the City. The last Staff Survey was performed in 2020 and 2021. In 2020 the results were concerning with the City scoring below industry average across all areas, according to the Workforce Plan. The results of the 2021 Staff Survey demonstrated significant improvement with the City better than average for 22 areas compared to one in the 2020 Survey. A skills survey was not included in either of these 2020 or 2021 Staff Surveys.</p> <p>Implications</p> <ul style="list-style-type: none"> The City will not know the feedback from staff to enhance the workforce management from their perspective; and The City will not know where the gaps in skills is and where future recruitment can be targeted. 			
Management Comment			
Staff climate surveys have been undertaken approx. every two years. A survey is proposed for the latter part of 2023.			
Recommendations	Agreed Action	Action Owner	Target Date
19. Consider performing a Staff Survey to identify feedback from the workforce to enhance workforce management and identify skills within the City.	Staff climate surveys are conducted approximately every 2 years	Manager HR and CEO	Dec 23

3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

Performance Management

			Rating
Finding 14.	Lack of Executive, Audit and Risk Committee and Council Reporting		Low
<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 Workforce Management.</p> <p>There is no comprehensive coordinated reporting to the Executive, Audit and Risk Committee or Council of key elements of the Workforce Management, Workforce Plan or risks as mentioned previously. There could be deep dives of high and / or emerging risk areas or other areas on a rotational basis.</p> <p>Implications</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>Management agrees and is developing these reporting tools. The CEO has a dashboard with key metrics and more are being developed. A presentation to Elected Members is planned.</p>			
Recommendations	Agreed Action	Action Owner	Target Date
20. Consider regular reporting to the Executive, Audit and Risk Committee and Council on key elements of Workforce Management	Reporting tools out of OneCouncil are being developed	Manager HR in conjunction with ERP team	September 23



3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

Termination

	Rating
Finding 15. Lack of Implementation of Approved Termination Policies	Medium
<p>Implementation of approved policies and procedures is critical in an efficient and effective organisation. Staff should understand their roles and responsibilities and implement the policies and procedures and retain evidence of this.</p> <p>Moore Australia tested twelve (12) employees who terminated employment with the City in the period 1 July 2021 to 30 June 2022. There was a significant lack of evidence provided to demonstrate compliance with approved policies and procedures.</p> <p>The above termination policies and procedures were not implemented consistently within the City based on the sample tested. Evidence was not provided to internal audit to evidence that these requirements were performed as required by the City policies or better practice. The extent of non-compliances is identified below:</p> <ul style="list-style-type: none"> • 12 did not provide resignation letters; • 9 did not provide fully completed Employee Exit and Asset Recovery Forms within a reasonable time period from last working date; • 9 did not provide fully completed HR Exit Checklist within a reasonable time period from the last working date; and • 12 did not provide evidence of Exit Interview being performed. <p>Implications</p> <p>Lack of evidence to support termination processes could result in lessons not being learned, assets not being retained, access not being denied, knowledge not being transferred</p>	
Management Comment	
<p>Comments on each of the above is as follows:</p> <ul style="list-style-type: none"> • All employees resign via email of letter; • Managers are reminded to fully complete employee exit and asset recovery forms in a timely manner; • Managers have been reminded to complete exit checklists in a timely manner; and • Exit interviews are optional. 	



3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

Termination

			Rating
Finding 16. Lack of Implementation of Approved Termination Policies			Medium
Recommendations	Agreed Action	Action Owner	Target Date
21. Staff training on approved policies and procedures to improve the rate of compliance.	Agreed – policy by policy	Manager HR	As policies reviewed
22. Independent quality review to be performed of recruitment and induction processes to ensure that approved policies and procedures are being performed.	OneCouncil's new recruitment module is resulting in revised recruitment information. Induction under review internally	Manager HR	April 23



3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

Termination

		Rating	
Finding 17.	High Attrition Rates	Medium	
<p>Staff attrition is a key metric for an organisation to measure the loss of staff within the organisation. Loss of some staff is expected, and good.</p> <p>Some staff accept career opportunities which cannot be catered for within the City. When staff which have been with the organisation for a long time leave it can refresh the thinking in the organisation and creates an opportunity for new people to challenge the status quo, and also create career opportunities for others within the City. High attrition rates however can be problematic as knowledge of the organization goes with the staff members and functions cannot be performed effectively, efficiently and desired outcomes cannot be achieved on a timely basis. Key controls can break down and fraud, corruption, misconduct risks can be increased.</p> <p>The Workforce Plan identified the City has a attrition rate for 2021/2022 of 26% which is very high, and compared to 2020/2021 of 27%. (i.e. a slight decrease). The City has set a target attrition rate of 15% by July 2023, just eight (8) months away. There is no evidence of targeted activities which are in place to achieve that attrition rate. It appears to be aspirational at this stage.</p> <p>Implications</p> <ul style="list-style-type: none"> Targeted attrition rate may not be achieved without targeted activities identified to support this; Fraud, corruption and misconducts risks may increase; and Difficulty in attracting and retaining staff 			
Management Comment			
Management is reviewing staff attraction and retention. This was also identified in the Workforce Plan			
Recommendations	Agreed Action	Action Owner	Target Date
23. Develop and maintain an Attrition Action Plan which has targeted activities with the desired outcome of reducing the attrition rate.	Part of Workforce Plan	EMT and Manager HR	Feb 24



3. OBSERVATIONS AND RECOMMENDATIONS (CONT.)

Termination

			Rating
Finding 18.	Termination Improvement Opportunities		Low
<p>Termination of employees is a key risk for any organisation as many things need to be considered. This may include but not be limited to custody of and access to assets, access to information, positions held, and knowledge transfer has to be carefully managed.</p> <p>The termination process for the City include the use of two forms which include the Employee Exit and Asset Recovery Form and HR Termination Checklist. There may be opportunities to merge these forms to make this more seamless. The two forms do not include consideration of positions held within the City which may need to be filled such as Business Continuity / Emergency Management / Incident Management Teams, Risk Managers, Committee Members, Fire Wardens etc</p> <p>Implications</p> <p>There may be a risk key roles are not performed for a period of time and are not known until the event occurs which identified the staff member has left.</p>			
Management Comment			
Agreed.			
Recommendations	Agreed Action	Action Owner	Target Date
24. Review and consolidate the Termination Checklists and include consideration of positions held within the City which may need to be filled such as Business Continuity / Emergency Management / Incident Management Teams, Risk Managers, Committee Members, Fire Wardens etc	All designation roles are being reviewed to ensure cover when designated employees are absent or leave.	Manager HR in conjunction with Workplace Health & Safety Officer	June 23



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

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
Michael Cole	Director Corporate Services
Michelle Kwan	Human Resources Business Partner
Nikki McGill	Personal Assistant to Director Corporate Services
Shelley Mettam	Manager Human Resources
Vanessa Wright	HR Administrative Officer

CONTACT US

Moore Australia (WA)

Level 15, 2 The Esplanade,
Perth WA 6000

T +61 8 9225 5355

F +61 8 9225 6181

E perth@moore-australia.com.au

www.moore-australia.com.au



HELPING YOU THRIVE IN A CHANGING WORLD

CONTACT US

Moore Australia (WA)

Level 15, 2 The Esplanade,
Perth WA 6000

T +61 8 9225 5355

F +61 8 9225 6181

E perth@moore-australia.com.au

www.moore-australia.com.au



HELPING YOU THRIVE IN A CHANGING WORLD

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.

The information provided in this document is for general advice only and does not represent, nor intend to be advice. We recommend that prior to taking any action or making any decision, that you consult with an advisor to ensure that individual circumstances are taken into account.

9.4 ARC10.05.23 – Internal Audit Report – Conflict of Interest

Meeting & Date	Audit Risk Committee Meeting – 22 May 2023
Applicant	City of Nedlands
Employee Disclosure under section 5.70 Local Government Act 1995	Nil.
Report Author	Libby Kania – Coordinator Governance and Risk
Director	Michael Cole Director Corporate Services
Attachments	1. Internal Audit – Conflict of Interest - See appendix 2 of Item ARC09.05.23 Moore Aust Report

Purpose

This report provides the findings and recommendations from the audit of the City’s Conflict of Interest management, conducted by Moore Australia

Recommendation

The Audit and Risk Committee receives the Conflict of Interest report and notes the findings, recommendations of the Audit and the management comments.

Voting Requirement

Simple Majority.

Background

Moore Australia as the City’s appointed Internal Auditors conducted a review of the City’s Conflict of Interest management. Moore’s audit was conducted with input from City personnel.

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

Discussion

The report from Moore Australia made 14 Findings. These findings and officer comments are detailed below. Where applicable, an update has been provided. The timeframes and action owners for completion of these findings are contained in the Moore Australia report that is attached to this report.

1. Risk Management

- a. Consider developing and implementing a formal budget dedicated to funding risk management and COI-related practices.

Response - Provisions have been made in the Governance Business Unit budget for 2023/24 to progress the risk management project at the City and to ensure implementation and embedding of risk management in the City's processes.

- b. Consider appointing a resource to perform risk management including COI practices within the City. A 'Senior Governance Officer' position is referred to in the City's Policy documents. We understand that the position of "Coordinator Governance and Risk" is currently being recruited at the City.

Response - The City, in January 2023, appointed a dedicated Coordinator of Governance and Risk. The Risk Management Project has progressed to date with a draft Risk Management Policy, Risk Management Framework, and Strategic Risk Register having been developed. It is intended that these documents will be tabled at an Audit and Risk Committee meeting in the near future.

2. COI Register

- c. Develop and implement a central Conflicts of Interest Register.

Response - The City does have a designated register that captures all conflicts of interest declared by Councillors and officers at Council and committee meetings. This is also used to capture conflicts of interest outside of these meetings if and when officers provide the information to the CEO. The register is located in the City's document system. A formalised Conflicts of Interest Register has been developed by the Planning business unit for the capture of conflicts specific to their officers.

3. Register of Financial Interests – Primary and Annual Returns

- d. Ensure that the City's Register of Financial Interest is updated to include all required information, including all Primary and Annual Declarations in the form prescribed by legislation.

Response - No further action required. All required information is maintained in the Attain software solution.

- e. Ensure that the City's website is updated to include all information disclosures as per legislative requirements.

Response - No further action is required. The City's website now includes this information.

4. Secondary Employment

- f. Develop and implement a Secondary Employment Register.

Response - A register of secondary employment has been included in the HR module in One Council.

5. Disclosure of gifts and benefits

- g. Consider adding an additional column to the electronic gifts register to distinguish between the date of the declaration and the date of the record to evidence compliance with the 10 day rule.

Response - Attain has been updated to include these declarations. No further action is required.

- h. Provide refresher training to the City's employees regarding what kinds of gifts are reportable and how to complete the register. Ensure that updates to the register are appropriately workflowed for approval.

Response - Refresher training will be developed in conjunction with HR on core governance topics.

- i. Implement control procedures to ensure that an up-to-date version of the register is uploaded to the City's website in accordance with legislation.

Response - Website has been updated to include these declarations. No further action required.

6. Employee COI Training

- j. Develop and implement a COI training program for Council, Management, employees, contractors and volunteers which is supplemented by assessment components and scheduled refresher training. This should be underpinned by a COI training program for risk and COI related activities. Training materials and attendance should records be maintained.

Response - Refresher training will be developed in conjunction with HR on core governance topics.

7. COI declarations and due diligence

- k. Employees should be requested to declare any actual, potential, or perceived conflicts of interest upon hire, confirm their existence or absence once a year and be familiarised with the processes in which they can submit COI declarations at any given point in time. All conflicts should be recorded in the Conflicts of Interest Register and be managed in accordance with the policy and procedure already in place.

Response - Implement measures to require declarations on an annual basis in conjunction with HR.

- I. Consider conducting background and due diligence checks on potential staff, suppliers, contractors and business partners, particularly in circumstances that involve elevated risk.

Response - Consider conducting background checks on potential staff, and contractors.

- m. Consider performing data analytics to identify undeclared conflicts of interest. This may include but is not limited to implementing periodic comparison of vendor information with current employees' information such as addresses and telephone numbers.

Response - Consider use of data analytics as part of the OneCouncil system.

8. Policy Review and Monitoring

- n. Consider a review of the policy and procedure already adopted by the City to ensure that it meets the required objectives. Partner this with recommendation 5, in developing and implementing a training program for the City to ensure that all stakeholders are aware of the requirements of the policy and procedure to adopt them effectively.

Response - Review policy and procedure.

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

[Local Government Act 1995](#) Part 5, Division 6 sections 5.57 - 5.73 (Disclosures of Financial Interests in matters affecting local government decisions); sections 5.74 - 5.87 (Disclosure of financial interests in returns).

[Local Government \(Administration\) Regulations 1996](#) regulations 20 – 28A.

Decision Implications

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

Conclusion

The Conflict of Interest findings, with management comments, is presented to the Audit and Risk Committee for their information.

Further Information

Nil.

9.5 ARC11.05.23 – OneCouncil Project Status Report

Meeting & Date	Audit Risk Committee Meeting – 22 May 2023
Applicant	City of Nedlands
Employee Disclosure under section 5.70 Local Government Act 1995	Nil.
Report Author	Emma Van der Wiele – Project Manager (ERP)
Director	Michael Cole – Director Corporate Services
Attachments	Nil

Purpose

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

Recommendation

Audit & Risk Committee receives the OneCouncil Project Status Report.

Voting Requirement

Simple Majority

Background

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

“That Council:

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 phase two of the OneCouncil project implementation, scheduled for completion in 2023. The current phase is on track and continues to progress with successful module implementation, on time and within budget. There is considerable risk of scope impact where action is not made on the open escalation point detailed within this document.

The escalation underpins the issue of continuous improvement and business as usual including the expectation on the project team to manage the influx of improvements and issues in conjunction with new module implementation.

The activities completed in the April 2023 reporting period are aligned with managing current project controls and embedding the success of the OneCouncil solution. The forward-thinking project team are committed to future proofing the functionality that the system offers and have actively participated in strategies to achieve positive outcomes for the City of Nedlands.

Continued efforts to prepare for Phase 3 – Property and Ratings include an increase in the organisational wide communications and messaging from senior leadership and champions including feedback from recently completed or commenced modules. The scope of stakeholder engagement ensures the city understands the level of support and facilitation the project team are offering and committed to, which encourages the organisation to take an interest in the campaign and strengthen the change adoption.

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

Area	Previous Status	Current Status	Comments
Scope			Outcomes are at risk if open escalation point is not actioned
Budget			The budget forecast for the year remains within the allocated budget

Schedule			The schedule is being effectively managed
-----------------	--	--	---

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

Activities recently completed (last period):

- The project schedule for phase 3 - property and ratings has been developed within MS project and details the macro work packages across the period of project delivery. Consideration has been mapped to allow for TechnologyOne consultant availability post go-live for an extended 2-month period.
- The phase 3 visual communication slide to showcase the Property and Ratings phase to the organisation has been developed and will begin circulation within the organisation to track the progress of the project.
- Facilitated presentation to the Planning and Compliance directorate to provide high level overview of phase 2 progress and the inclusions of phase 3; prompting a healthy discussion on data management and business process preparedness.
- ASPEC assets data validation process by external contractors is complete and supports the input of data for the Assets and works module.
- Assets module configuration is complete and user acceptance testing is scheduled with impacted stakeholders. As the Assets module nears the go-live, the project team made an informed decision to increase the frequency of meetings to ensure quality in delivery of functionality, change and transfer of module management to business owners.
- The project team have arranged an Assets and Depreciation financial training session with internal stakeholders as part of Assets and Works module implementation, facilitated by a TechnologyOne consultant.
- Property and Ratings communications have been arranged for the June all staff meeting with messaging delivered by Project Sponsor/Director Corporate Services.
- 1:1 informing sessions to prepare Managers for the property and ratings phase of the project have been mapped and will include the scale of involvement, understanding the current business area data, documented processes, expectation setting and reviewing of resource allocation. Sessions will commence mid-May 2023.
- The Contracts module has been placed on hold due to the offboarding of business area employees, however steps to manage project delivery and continuity of business processes with the current issues at the forefront of topic have been established and communicated to stakeholders. This includes ongoing testing to ensure the functionality is a fit for purpose solution once the business area is resourced to administer and maintain the module. Contingency efforts to ensure the module configuration and knowledge is captured will be evidenced in development of a succinct portfolio/work-pack inclusive of video instructions and process maps for administration, data input and maintenance for the incoming officers.

- DXP configuration sessions have commenced with all stakeholders partaking in the three-day workshops to establish the functionality and desired outcomes. Preparation prior to the configuration sessions included a project team pre-briefing, a briefing session with all stakeholders to understand the module inclusions/exclusions, timeframes, availability, expectation setting and levels of engagement for the journey to completion, Information gathering and mapping of processes with the stakeholders. Its important to note that the stakeholder engagement effort to form a collaborative internal working relationship was pivotal to the preparation for configuration sessions.
- The OneCouncil champions model is proving beneficial to the project success as the project team have integrated use of Promapps within their training program. The mapping solution offers support to the organisation offering a central repository of corporate knowledge capture. Training has included workshop demonstrations, knowledge sharing sessions and champion presentations on a process of their choosing. Elevating the use of promapps in this forum will increase the maturity of the business processes and reduce organisational wide risks.
- Supporting business continuity and embedding of process knowledge across the organisation; the project team have created a calendar of OneCouncil training refresher sessions on existing modules based on the feedback from surveys and interactions with employees. The training session poster includes a QR code for ease of booking a session and forms part of the change and communications plans to support the City's transformation to the OneCouncil solution.
- E-Recruitment module has been successfully implemented. Planned training schedule is complete and final training session triggered by employee demand is scheduled for May. All work instructions, process maps and video demonstrations are now an available resource to the hiring managers. A module competency assessment is scheduled for August to evidence the successful implementation and draw lessons learnt data. The project team continue to work with the module owners to solution any issues post go-live.
- The project team participated in an internal OneCouncil risk assessment workshop and identified the key areas for concern. The workshops were a collaborative and active engagement in communicating cause, event and impact reflected using the risk bowtie methodology. There were eight risks identified; all of which have current and planned preventative and mitigating controls which will undergo quarterly review.
- Data migration training with TechnologyOne has been arranged to prepare the business systems analysts for the scale of data capture and transfer required for property and ratings component of the project.
- The project team have made a conscious effort to prepare for the City of Nedlands End of financial year roll over by ensuring a TechnologyOne consultant is available to assist with the system management in an event of a roll back or where the system may lose functionality. Plans to manage the roll over will be undertaken by the Finance business area.
- An ECM module health check has been arranged with TechnologyOne as part of a quality assurance and management preparation leading into property and ratings phase of the project.
- Development of a module breakdown map to establish the volume of work dispersed across the organisation relative to the property and ratings phase of the project. The map will identify the module relationships with business processes, responsible employees for processes, status of data, availability of officers, volume of work required, allocation of time required to project, etc. The resource will inform at a macro and micro level, the efforts and impacts the phase will have on the organisation.

Upcoming period's activities:

- PPLGS demonstration session at City of South Perth
- PPLGS preparation and configuration sessions
- 1:1 session with Managers impacted by the Property and Ratings module. Messaging to understand the involvement, business process accessibility, allocated resources, expectation setting and committed agreement.
- Creation of Contracts module portfolio work-pack to complete the project delivery with the current constraints on the business area.
- Development of master data documentation to assist with Phase 3 – Debtors.
- Assets and works User Acceptance Training and configuration migration.
- Assets and works training and communications plan.
- Increased volume of communication to broader organisation on Phase 2 update and Phase 3 commencing – Project Manager and Change Manager to present as guests at City of Nedlands team stand up meetings with the intention of promoting discussion/concerns and achieving stakeholder confidence and buy in.
- 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 loses 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.
- Establishing meeting frequency with Manager ICT for technical change governance for Phase 3 – property and ratings
- Preparation sessions with Rates officer and Manager Finance on expectation, dependencies, contingency plans for phase 3 of the project.

Project Issues for Escalation:

Continuous Improvement – Business as Usual

Complexities:

- There is an increasing expectation from internal business areas for Project team members to manage OneCouncil technical helpdesk and continuous improvement activities as part of business as usual for modules which have been successfully implemented. Paired with undertaking new module implementation as part of the evolving project, this is not a sustainable solution and does not equip the organisation with adequate business continuity efforts to support the immediate operations furthermore, the system in the long term.

Proposed Solution:

- Upskill the Information Technology team to understand the technical elements of the system and undertake the helpdesk/BAU components.
- Build a stronger working relationship with Information Technology team to ensure ease of knowledge sharing and collaboration. E.g. Involvement in Project team meetings, Demonstrations by project team members on technical nuances and governance on approach to manage issues and changes.

- Module Closure Acceptance document detailing the functionality delivered, milestones met, agreed plan (with an end date) for continuous improvement to address any issues that may have surfaced since module Go-Live.
- The above has been supported by EMT

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

Mike Cole (Project Sponsor)	Emma Van der Wiele (Project Manager)	Meghan Coghlan (Change Manager)	Kevin Wijey (Business Systems Analyst)	Louise Andersen (Business Systems Analyst)	Wolfgang Voigt (Solutions Architect)	VACANT (Finance/Accounting Project Officer)	VACANT (Business Systems Analyst)	VACANT (Data Migration Specialist)
--------------------------------	---	------------------------------------	---	---	---	--	--------------------------------------	---------------------------------------

Enterprise Content Management – Connected Content only
Assigned: External consultant

Phase 1: Prework – Discovery, governance and Scoping **100%**

Phase 2: Project Planning **100%**

Phase 3: Project Implementation **100%**

Phase 4: Post work and Competency **100%**

Notes:

- ECM implementation will continue to mature and support the Property and Ratings phase of delivery in line with the City of Nedlands Recordkeeping policy

Business Intelligence Reporting:
Assigned: All project team

Phase 1: Prework – Discovery, governance and Scoping **100%**

Phase 2: Project Planning **100%**

Phase 3: Project Implementation **100%**

Phase 4: Post work and Competency **100%**

Outstanding Tasks:

- N/A

Asset Lifecycle Management:
Assigned: Kevin Wijey

Phase 1: Prework – Discovery, governance and Scoping **100%**

Phase 2: Project Planning **100%**

Phase 3: Project Implementation **40%**

Phase 4: Post work and Competency **0%**

Outstanding Tasks:

- Data cleanse, consolidation and migration approach
- User Acceptance Testing

e-Recruitment:
Assigned: Louise Andersen

Phase 1: Prework – Discovery, governance and Scoping **100%**

Phase 2: Project Planning **100%**

Phase 3: Project Implementation **100%**

Phase 4: Post work and Competency **0%**

Outstanding Tasks:

- Competency assessment and closure meeting with business area

Enterprise Budgeting:
Assigned: Lauren Fitzgerald

Phase 1: Prework – Discovery, governance and Scoping **100%**

Phase 2: Project Planning **100%**

Phase 3: Project Implementation **100%**

Phase 4: Post work and Competency **100%**

Outstanding Tasks:

- N/A

Minutes & Agenda Management DXP Meetings:
Assigned: Wolfgang Voigt

Phase 1: Prework – Discovery, governance and Scoping **100%**

Phase 2: Project Planning **72%**

Phase 3: Project Implementation **0%**

Phase 4: Post work and Competency **0%**

Outstanding Tasks:

- Configuration design finalised
- Template build and test within system

Performance Planning Local Government (PPLGS):
Assigned: Louise Andersen

Phase 1: Prework – Discovery, governance and Scoping **92%**

Phase 2: Project Planning **31%**

Phase 3: Project Implementation **0%**

Phase 4: Post work and Competency **0%**

Outstanding Tasks:

- Internal stakeholder engagement – Portfolio
- Template management review
- Configuration design sessions

Contract Management:
Assigned: Wolfgang Voigt

Phase 1: Prework – Discovery, governance and Scoping **100%**

Phase 2: Project Planning **100%**

Phase 3: Project Implementation **31%**

Phase 4: Post work and Competency **0%**

Outstanding Tasks:

- MODULE ON HOLD – Project team will create handover work pack, and complete configuration for onboarding module owners to administer and manage in absence of owners



Current Project Activity

Assets and Works – Communication and training plans including materials	Risk Assessment review and management following workshops to identify and implement controls
Contracts configuration testing against Purchase Orders	DXP Meetings configuration design sessions, process mapping and training plan development
E-Recruitment: Post Go-Live reactive support	Phase 3 module map – Process breakdown analysis
PPLGS off site demonstration with City of South Perth, including internal briefing and configuration sessions	1:1 meetings with PM and Managers to establish expectations, relationship building and understanding of Phase 3 - PNR

Milestones	Finish	Milestone	Finish
ECM: Module Commencement	Complete	e-Recruitment: Module Design, Configuration and Migration complete	Complete
BIR: Module Commencement	Complete	e-Recruitment: Go-Live – Live production system available	Complete
BIR: Module Design, configuration and Migration complete	Complete	Contracts: Module Design, configuration and migration complete	Complete
BIR: Go-Live – Live Production system available	Complete	e-Recruitment: Receive and endorse project closure certificate	28/04/2023
BIR: Receive and endorse project closure certificate	Complete	ASSETS: Module Design, Configuration and Migration complete	22/05/2023
ECM: Module Design, configuration and migration complete	Complete	EB: Receive and endorse project closure certificate	Complete
ECM: Go-Live – Live production system available	Complete	Contracts: Go-Live – Live production system available	16/06/2023
ECM: Receive and endorse module closure certificate	Complete	ASSETS: Go-Live – Live production systems available	19/06/2023
ASSETS: Module Commencement	Complete	ASSETS: Receive and endorse project closure certificate	26/06/2023
e-Recruitment: Module Commencement	Complete	Contracts: Receive and endorse project closure certificate	30/06/2023
EB: Module Commencement	Complete	PPLGS: Module Design, configuration and migration complete	02/08/2023
EB: Module Design, Configuration and Migration Complete	Complete	DXP: Module Design, configuration and Migration complete	18/08/2023
DXP: Module Commencement	Complete	DXP: Go-Live – Live production systems available	06/09/2023
PPLGS: Module Commencement	Complete	PPLGS: Go-Live – Live production system available	06/09/2023
Contracts: Module Commencement	Complete	DXP: Receive and endorse project closure certificate	13/09/2023
EB: Go-Live – Live Production system available	Complete	PPLGS: Receive and endorse project closure certificate	13/09/2023

Consultation

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

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

Strategic Implications

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

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

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

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

Priority Area

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

Budget/Financial Implications

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

Legislative and Policy Implications

Nil.

Decision Implications

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

Conclusion

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

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

Solutioning the escalation point to address continuous improvement and business as usual will ensure reduced impact to the three project health areas namely, scope, budget and schedule.

Efforts to ensure the project continues to mature as the team transition from 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.

10. In Camera

Allocated time for Committee to discuss items with Auditors without Administration or Public present.

11. Date of Next Meeting

The date of the next meeting of the Audit & Risk Committee Meeting will be on Monday 21 August at 5.30pm.

12. Declaration of Closure

There being no further business, the Presiding Member will declare the meeting closed.