City of Nedlands

Minutes

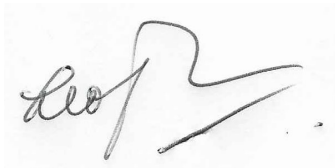## *Audit & Risk Committee*

14 March 2022

ATTENTION

This is a Committee which has only made recommendations to Council. No action should be taken on any recommendation contained in these Minutes. Committee recommendations that require Council's approval will be presented to Council for approval.

The following Minutes of the Audit & Risk Committee meeting held on 14 March 2022 were confirmed on 30 May 2022.

……………………………………..
Presiding Member

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.

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1. Declaration of Opening

The Presiding Member declare the meeting open at 5.30pm and drew attention to the disclaimer below.

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

Councillors   Councillor L J McManus (Presiding Member)Coastal Districts Ward
Mayor F E M Argyle
Councillor O Combes   Hollywood Ward
Councillor A W Mangano   Dalkeith Ward
Councillor R Senathirajah   Melvista Ward

Observers   Councillor F Bennett

Staff   Mr W R Parker   Chief Executive Officer
Mr M R Cole   Director Corporate Services
Mrs N M Ceric   Executive Officer
Ms R Jahmeerbacus   Manager Financial Services
Mr T Benson   Manager ICT

Invited Guests   Ms M Shafizadeh (online)   Director Governance & Risk Advisory
Moore Australia
Mr I Toure   Manager Government & Risk Advisory
Moore Australia

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

Leave of Absence   Nil.
(Previously Approved)

Apologies   Nil.

3. Public Question Time

Public questions submitted to be read at this point.

Nil.

4. Addresses by Members of the Public

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

Nil.

5. Disclosures of Financial / Proximity Interest

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

There were no disclosures of financial interest.

6. Disclosures of Interests Affecting Impartiality

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

There were no disclosures affecting impartiality.

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.

Councillor McManus advised he did not read the papers in depth but has a good understanding of the papers.

8. Confirmation of Minutes

8.1 Audit & Risk Committee Meeting Minutes – 23 November 2021

Moved – Mayor Argyle Seconded – Councillor Senathirajah **The Minutes of the Audit & Risk Committee Meeting 23 November 2021 be accepted as a true and correct record of that meeting.** **CARRIED UNANIMOUSLY 5/-**

9. Items for Discussion

9.1 ARC01.03.22 Annual Compliance Return 2021

Meeting & Date	Audit & Risk Committee Meeting – 14 March 2022 Council Meeting – 22 March 2022
Applicant	City of Nedlands
Employee Disclosure under section 5.70 Local Government Act 1995	Nil.
Report Author	Nicole Ceric - Executive Officer
Director/CEO	Bill Parker - Chief Executive Officer
Attachments	1. Compliance Audit Return 2021

Moved – Mayor Argyle
Seconded – Councillor Senathirajah

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

CARRIED 4/1
(Against: Cr. Mangano)

Committee Recommendation / Recommendation

That Council adopts the 2021 Compliance Audit Return as per recommendation by the Audit & Risk Committee.

Purpose

The purpose of this report is for Council to review and adopt the City of Nedlands 2021 Annual Compliance Return required for submission to the to the Department of Local Government, Sport and Cultural Industries by 31 March 2022. The Audit & Risk Committee has reviewed the Audit Return and submits it for Council adoption.

Voting Requirement

Simple / Absolute Majority

Background

Local governments are required to complete an annual Compliance Audit Return each year. It is required to be review by the Audit and Risk Committee and then considered and adopted by Council, and submitted to the Department of Local Government, Sports and Cultural Industries by 31 March 2022.

Discussion

The attached return for the City of Nedlands is for the period 1 January 2021 to 31 December 2021. The City's 2021 Compliance Audit Return was completed in February by Management following a review and assessment of:

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

Consultation

The Audit and Risk Committee has reviewed the return at its meeting on Monday 14 March 2022 and is now submitting the results of that review to Council.

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 2021 Compliance Audit Return has been conducted using internal resources and there are no other financial impacts.

Legislative and Policy Implications

In accordance with <u>Regulation 14 and 15 of the Local Government (Audit) Regulations 1996</u> the 2021 Annual Compliance Audit Return must be:

1. Presented to the Audit and Risk Committee for review and then presented to Council;
2. Adopted by Council;
3. Recorded in the minutes of the meeting at which it was adopted; and
4. A certified copy of the return, along with a copy of the minutes recording its adoption, to be submitted to the Department by 31 March 2022.

Decision Implications

Should Council choose to adopt the 2021 Compliance Audit Return for submission to the Department of Local Government Sport and Cultural Industries the City would fulfil its prescribed statutory requirements in <u>regulation 13 of the Local Government (Audit) Regulations 1996.</u>

Should Council choose not to adopt the 2021 Compliance Audit Return for submission to the Department of Local Government Sport and Cultural Industries Council would be in breach the prescribed statutory requirements in <u>regulation 13 of the Local Government (Audit) Regulations 1996.</u>

Conclusion

Therefore, it is recommended by the Audit & Risk Committee that the 2021 Annual Compliance Return be adopted and submitted to the Department of Local Government as required by the 31 March 2022.

Further Information

Nil.

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Integrated Planning and Reporting					
No	**Reference**	**Question**	**Response**	**Comments**	**Respondent**
1	Admin Reg 19C	Has the local government adopted by absolute majority a strategic community plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	Strategic Community Plan was adopted on 22 May 2018	CEO
2	Admin Reg 19DA(1) & (4)	Has the local government adopted by absolute majority a corporate business plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	No	A Corporate Business Plan was adopted at a special meeting of Council on 20th June 2013. The plan covered the period 2013-2017 and has expired.	CEO
3	Admin Reg 19DA(2) & (3)	Does the corporate business plan comply with the requirements of Admin Reg 19DA(2) & (3)?	No	A Corporate Business Plan was adopted at a special meeting of Council on 20th June 2013. The plan covered the period 2013-2017 and has expired.	CEO

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Commercial Enterprises by Local Governments					
No	Reference	Question	Response	Comments	Respondent
1	s3.59(2)(a) F&G Regs 7,9,10	Has the local government prepared a business plan for each major trading undertaking that was not exempt in 2021?	N/A		Coordinator Land & Property
2	s3.59(2)(b) F&G Regs 7,8A, 8, 10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2021?	Yes	Comment: Lease and Sublease of Lot 502 on DP418496 (known as Tawarri)	Coordinator Land & Property
3	s3.59(2)(c) F&G Regs 7,8A, 8,10	Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2021?	Yes	Comment: Lease and Sublease of Lot 502 on DP418496 (known as Tawarri)	Coordinator Land & Property
4	s3.59(4)	Has the local government complied with public notice and publishing requirements for each proposal to commence a major trading undertaking or enter into a major land transaction or a land transaction that is preparatory to a major land transaction for 2021?	Yes	Public notice was compliant for proposed major land transaction - Lease and Sublease of Lot 502 on DP418496 (known as Tawarri)	Coordinator Land & Property
5	s3.59(5)	During 2021, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority?	N/A	City of Nedlands Council to consider whether to proceed with proposed major land transaction - Lease and Sublease of Lot 502 on DP418496 (known as Tawarri) at Special Meeting of Council in March 2022.	Coordinator Land & Property

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Disposal of Property					
No	**Reference**	**Question**	**Response**	**Comments**	**Respondent**
1	s3.58(3)	Where the local government disposed of property other than by public auction or tender, did it dispose of the property in accordance with section 3.58(3) (unless section 3.58(5) applies)?	Yes		Coordinator Land & Property
2	s3.58(4)	Where the local government disposed of property under section 3.58(3), did it provide details, as prescribed by section 3.58(4), in the required local public notice for each disposal of property?	No	N/A all disposals were exempt.	Coordinator Land & Property

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Local Government Employees					
No	**Reference**	**Question**	**Response**	**Comments**	**Respondent**
1	Admin Reg 18C	Did the local government approve a process to be used for the selection and appointment of the CEO before the position of CEO was advertised?	Yes		Manager Human Resources
2	s5.36(4) & s5.37(3) Admin Reg 18A	Were all CEO and/or senior employee vacancies advertised in accordance with Admin Reg 18A?	Yes		Manager Human Resources
3	Admin Reg 18E	Was all information provided in applications for the position of CEO true and accurate?	Yes		Manager Human Resources
4	Admin Reg 18F	Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position under section 5.36(4)?	Yes		Manager Human Resources
5	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss senior employee?	Yes		Manager Human Resources
6	s5.37(2)	Where council rejected a CEO's recommendation to employ or dismiss a senior employee, did it inform the CEO of the reasons for doing so?	N/A		Manager Human Resources

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Disclosure of Interest

No	Reference	Question	Response	Comments	Respondent
1	s5.67	Where a council member disclosed an interest in a matter and did not have participation approval under sections 5.68 or 5.69, did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter?	Yes		Executive Officer
2	s5.68(2) & s5.69(5) Admin Reg 21A	Were all decisions regarding participation approval, including the extent of participation allowed and, where relevant, the information required by Admin Reg 21A, recorded in the minutes of the relevant council or committee meeting?	N/A	Nil	Executive Officer
3	s5.73	Were disclosures under section sections 5.65, 5.70 or 5.71A(3) recorded in the minutes of the meeting at which the disclosures were made?	Yes		Executive Officer
4	s5.75 Admin Reg 22, Form 2	Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day?	Yes		Executive Officer
5	s5.76 Admin Reg 23, Form 3	Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2021?	Yes		Executive Officer
6	s5.77	On receipt of a primary or annual return, did the CEO, or the mayor/president, give written acknowledgment of having received the return?	Yes		Executive Officer
7	s5.88(1) & (2)(a)	Did the CEO keep a register of financial interests which contained the returns lodged under sections 5.75 and 5.76?	Yes		Executive Officer
8	s5.88(1) & (2)(b) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A, in the form prescribed in Admin Reg 28?	Yes		Executive Officer

9	s5.88(3)	When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76, did the CEO remove from the register all returns relating to that person?	Yes	Executive Officer
10	s5.88(4)	Have all returns removed from the register in accordance with section 5.88(3) been kept for a period of at least five years after the person who lodged the return(s) ceased to be a person required to lodge a return?	Yes	Executive Officer
11	s5.89A(1), (2) & (3) Admin Reg 28A	Did the CEO keep a register of gifts which contained a record of disclosures made under sections 5.87A and 5.87B, in the form prescribed in Admin Reg 28A?	Yes	Executive Officer
12	s5.89A(5) & (5A)	Did the CEO publish an up-to-date version of the gift register on the local government's website?	Yes	Executive Officer
13	s5.89A(6)	When a person ceases to be a person who is required to make a disclosure under section 5.87A or 5.87B, did the CEO remove from the register all records relating to that person?	Yes	Executive Officer
14	s5.89A(7)	Have copies of all records removed from the register under section 5.89A(6) been kept for a period of at least five years after the person ceases to be a person required to make a disclosure?	Yes	Executive Officer
15	Rules of Conduct Reg 11(1), (2) & (4)	Where a council member had an interest that could, or could reasonably be perceived to, adversely affect the impartiality of the person, did they disclose the interest in accordance with Rules of Conduct Reg 11(2)?* *Question not applicable after 2 Feb 2021	Yes	Executive Officer
16	Rules of Conduct Reg 11(6)	Where a council member disclosed an interest under Rules of Conduct Reg 11(2) was the nature of the interest recorded in the minutes?*	N/A	Executive Officer

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		*Question not applicable after 2 Feb 2021			
17	s5.70(2) & (3)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to council or a committee, did that person disclose the nature and extent of that interest when giving the advice or report?	Yes		Executive Officer
18	s5.71A & s5.71B(5)	Where council applied to the Minister to allow the CEO to provide advice or a report to which a disclosure under s5.71A(1) relates, did the application include details of the nature of the interest disclosed and any other information required by the Minister for the purposes of the application?	N/A	Nil.	Executive Officer
19	s5.71B(6) & s5.71B(7)	Was any decision made by the Minister under subsection 5.71B(6) recorded in the minutes of the council meeting at which the decision was considered?	N/A	Nil.	Executive Officer
20	s5.103 Admin Regs 34B & 34C	Has the local government adopted a code of conduct in accordance with Admin Regs 34B and 34C to be observed by council members, committee members and employees?* *Question not applicable after 2 Feb 2021	Yes		Executive Officer
21	Admin Reg 34B(5)	Has the CEO kept a register of notifiable gifts in accordance with Admin Reg 34B(5)?* *Question not applicable after 2 Feb 2021	Yes		Executive Officer
22	s5.104(1)	Did the local government prepare and adopt, by absolute majority, a code of conduct to be observed by council members, committee members and candidates within 3 months of the prescribed model code of conduct coming into operation (3 February 2021)?	Yes		Executive Officer
23	s5.104(3) & (4)	Did the local government adopt additional requirements in	No.		Executive Officer

		addition to the model code of conduct? If yes, does it comply with section 5.104(3) and (4)?			
24	s5.104(7)	Did the CEO publish an up-to-date version of the adopted code of conduct on the local government's website?	Yes		Executive Officer
25	s5.51A(1) & (3)	Did the CEO prepare, and implement and publish an up-to-date version on the local government's website, a code of conduct to be observed by employees of the local government?	No.	Employee Code of Conduct almost complete for implementation and publishing prior to the end of April 2022.	Executive Officer

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Delegation of Power/Duty

No	Reference	Question	Response	Comments	Respondent
1	s5.16	Were all delegations to committees resolved by absolute majority?	Yes		Executive Officer
2	s5.16	Were all delegations to committees in writing?	Yes		Executive Officer
3	s5.17	Were all delegations to committees within the limits specified in section 5.17?	Yes		Executive Officer
4	s5.18	Were all delegations to committees recorded in a register of delegations?	Yes		Executive Officer
5	s5.18	Has council reviewed delegations to its committees in the 2020/2021 financial year?	Yes		Executive Officer
6	s5.42(1) & s5.43 Admin Reg 18G	Did the powers and duties delegated to the CEO exclude those listed in section 5.43 of the Act?	Yes		Executive Officer
7	s5.42(1)	Were all delegations to the CEO resolved by an absolute majority?	Yes		Executive Officer
8	s5.42(2)	Were all delegations to the CEO in writing?	Yes		Executive Officer
9	s5.44(2)	Were all delegations by the CEO to any employee in writing?	Yes		Executive Officer
10	s5.16(3)(b) & s5.45(1)(b)	Were all decisions by the council to amend or revoke a delegation made by absolute majority?	Yes		Executive Officer
11	s5.46(1)	Has the CEO kept a register of all delegations made under Division 4 of the Act to the CEO and to employees?	Yes		Executive Officer
12	s5.46(2)	Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2020/2021 financial year?	Yes		Executive Officer
13	s5.46(3) Admin Reg 19	Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record in accordance with Admin Reg 19?	Yes		Executive Officer

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Official Conduct					
No	**Reference**	**Question**	**Response**	**Comments**	**Respondent**
1	s5.120	Has the local government designated a senior employee as defined by section 5.37 to be its complaints officer?	No.		Executive Officer
2	s5.121(1) & (2)	Has the complaints officer for the local government maintained a register of complaints which records all complaints that resulted in a finding under section 5.110(2)(a)? Does the complaints register include all information required by section 5.121(2)?	Yes		Executive Officer
3	s5.121(3)	Has the CEO published an up-to-date version of the register of the complaints on the local government's official website?	Yes		Executive Officer

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	Delegation of Power/Duty				
No	**Reference**	**Question**	**Response**	**Comments**	**Respondent**
1	s5.16	Were all delegations to committees resolved by absolute majority?	Yes		Executive Officer
2	s5.16	Were all delegations to committees in writing?	Yes		Executive Officer
3	s5.17	Were all delegations to committees within the limits specified in section 5.17?	Yes		Executive Officer
4	s5.18	Were all delegations to committees recorded in a register of delegations?	Yes		Executive Officer
5	s5.18	Has council reviewed delegations to its committees in the 2020/2021 financial year?	Yes		Executive Officer
6	s5.42(1) & s5.43 Admin Reg 18G	Did the powers and duties delegated to the CEO exclude those listed in section 5.43 of the Act?	Yes		Executive Officer
7	s5.42(1)	Were all delegations to the CEO resolved by an absolute majority?	Yes		Executive Officer
8	s5.42(2)	Were all delegations to the CEO in writing?	Yes		Executive Officer
9	s5.44(2)	Were all delegations by the CEO to any employee in writing?	Yes		Executive Officer
10	s5.16(3)(b) & s5.45(1)(b)	Were all decisions by the council to amend or revoke a delegation made by absolute majority?	Yes		Executive Officer
11	s5.46(1)	Has the CEO kept a register of all delegations made under Division 4 of the Act to the CEO and to employees?	Yes		Executive Officer
12	s5.46(2)	Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2020/2021 financial year?	Yes		Executive Officer
13	s5.46(3) Admin Reg 19	Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record in accordance with Admin Reg 19?	Yes		Executive Officer

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	Tenders for Providing Goods and Services				
No	**Reference**	**Question**	**Response**	**Comments**	**Respondent**
1	F&G Reg 11A(1) & (3)	Did the local government comply with its current purchasing policy [adopted under F&G Reg 11A(1) & (3)] in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, $250,000 or less or worth $250,000 or less?	Yes		Manager Financial Services
2	s3.57 F&G Reg 11	Subject to F&G Reg 11(2), did the local government invite tenders for all contracts for the supply of goods or services where the consideration under the contract was, or was expected to be, worth more than the consideration stated in F&G Reg 11(1)?	No	WALGA panel was used for some tenders over $250k	Manager Financial Services
3	F&G Regs 11(1), 12(2), 13, & 14(1), (3), and (4)	When regulations 11(1), 12(2) or 13 required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with F&G Reg 14(3) and (4)?	Yes		Manager Financial Services
4	F&G Reg 12	Did the local government comply with F&G Reg 12 when deciding to enter into multiple contracts rather than a single contract?	Yes		Manager Financial Services
5	F&G Reg 14(5)	If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents or each acceptable tenderer notice of the variation?	Yes	Addendum process was followed.	Manager Financial Services
6	F&G Regs 15 & 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of F&G Regs 15 and 16?	Yes		Manager Financial Services
7	F&G Reg 17	Did the information recorded in the local government's tender register comply with the requirements of F&G Reg 17	Yes	No to the City publishing the tender register on its website, this is	Manager Financial Services

		and did the CEO make the tenders register available for public inspection and publish it on the local government's official website?		currently being addressed.	
8	F&G Reg 18(1)	Did the local government reject any tenders that were not submitted at the place, and within the time, specified in the invitation to tender?	No		Manager Financial Services
9	F&G Reg 18(4)	Were all tenders that were not rejected assessed by the local government via a written evaluation of the extent to which each tender satisfies the criteria for deciding which tender to accept?	Yes	Evaluation process in place.	Manager Financial Services
10	F&G Reg 19	Did the CEO give each tenderer written notice containing particulars of the successful tender or advising that no tender was accepted?	Yes		Manager Financial Services
11	F&G Regs 21 & 22	Did the local government's advertising and expression of interest processes comply with the requirements of F&G Regs 21 and 22?	N/A	No Expressions of Interest were processed.	Manager Financial Services
12	F&G Reg 23(1) & (2)	Did the local government reject any expressions of interest that were not submitted at the place, and within the time, specified in the notice or that failed to comply with any other requirement specified in the notice?	N/A	No Expressions of Interest were processed.	Manager Financial Services
13	F&G Reg 23(3) & (4)	Were all expressions of interest that were not rejected under F&G Reg 23(1) & (2) assessed by the local government? Did the CEO list each person as an acceptable tenderer?	N/A	No Expressions of Interest were processed.	Manager Financial Services
14	F&G Reg 24	Did the CEO give each person who submitted an expression of interest a notice in writing of the outcome in accordance with F&G Reg 24?	N/A	No Expressions of Interest were processed.	Manager Financial Services
15	F&G Regs 24AD(2) & (4) and 24AE	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice in accordance with F&G Reg 24AD(4) and 24AE?	No	No panels were advertised.	Manager Financial Services

16	F&G Reg 24AD(6)	If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application notice of the variation?	N/A	Manager Financial Services
17	F&G Reg 24AF	Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of F&G Reg 16, as if the reference in that regulation to a tender were a reference to a pre-qualified supplier panel application?	N/A	Manager Financial Services
18	F&G Reg 24AG	Did the information recorded in the local government's tender register about panels of pre-qualified suppliers comply with the requirements of F&G Reg 24AG?	N/A	Manager Financial Services
19	F&G Reg 24AH(1)	Did the local government reject any applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time, specified in the invitation for applications?	N/A	Manager Financial Services
20	F&G Reg 24AH(3)	Were all applications that were not rejected assessed by the local government via a written evaluation of the extent to which each application satisfies the criteria for deciding which application to accept?	N/A	Manager Financial Services
21	F&G Reg 24AI	Did the CEO send each applicant written notice advising them of the outcome of their application?	N/A	Manager Financial Services
22	F&G Regs 24E & 24F	Where the local government gave regional price preference, did the local government comply with the requirements of F&G Regs 24E and 24F?	N/A	Manager Financial Services

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Finance					
No	**Reference**	**Question**	**Response**	**Comments**	**Respondent**
1	s7.1A	Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the Act?	Yes		Manager Financial Services
2	s7.1B	Where the council delegated to its audit committee any powers or duties under Part 7 of the Act, did it do so by absolute majority?	N/A		Manager Financial Services
3	s7.9(1)	Was the auditor's report for the financial year ended 30 June 2021 received by the local government by 31 December 2021?	Yes		Manager Financial Services
4	s7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under s7.9(1) of the Act required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters?	Yes		Manager Financial Services
5	s7.12A(4)(a) & (4)(b)	Where matters identified as significant were reported in the auditor's report, did the local government prepare a report that stated what action the local government had taken or intended to take with respect to each of those matters? Was a copy of the report given to the Minister within three months of the audit report being received by the local government?	N/A	No items raised as significant. For the second part of the question "Was a copy provided to Minister within 3 months" – Yes copies of the audited financial statements and the audit report were submitted within 3 months of the audit being received by the City.	Manager Financial Services
6	s7.12A(5)	Within 14 days after the local government gave a report to the Minister under s7.12A(4)(b), did the CEO publish a copy of the report on the local government's official website?	N/A		Manager Financial Services

7	Audit Reg 10(1)	Was the auditor's report for the financial year ending 30 June received by the local government within 30 days of completion of the audit?	Yes		Manager Financial Services

**Department of
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GOVERNMENT OF
WESTERN AUSTRALIA

ARC01.03.22 - Attachment 1

Nedlands - Compliance Audit Return 2021

Optional Questions

No	Reference	Question	Response	Comments	Respondent
1	Financial Management Reg 5(2)(c)	Did the CEO review the appropriateness and effectiveness of the local government's financial management systems and procedures in accordance with Financial Management Reg 5(2)(c) within the three years prior to 31 December 2021? If yes, please provide the date of council's resolution to accept the report.	No		Manager Financial Services
2	Audit Reg 17	Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with Audit Reg 17 within the three years prior to 31 December 2021? If yes, please provide date of council's resolution to accept the report.	No		Manager Financial Services
3	s5.87C	Where a disclosure was made under sections 5.87A or 5.87B, was the disclosure made within 10 days after receipt of the gift? Did the disclosure include the information required by section 5.87C?	Yes		Executive Officer
4	s5.90A(2) & (5)	Did the local government prepare, adopt by absolute majority and publish an up-to-date version on the local government's website, a policy dealing with the attendance of council members and the CEO at events ?	No	Administration presented policy to Council however Council deferred several times to additional workshops to further develop the policy. Policy was then adopted at Ordinary Council Meeting 23 February 2021. A further review with amendments will be presented	Executive Officer

Department of
**Local Government, Sport
and Cultural Industries**
GOVERNMENT OF
WESTERN AUSTRALIA

ARC01.03.22 - Attachment 1

				to April 2022 Council Meeting.	
5	s5.96A(1), (2), (3) & (4)	Did the CEO publish information on the local government's website in accordance with sections 5.96A(1), (2), (3), and (4)?	Yes		Executive Officer
6	s5.128(1)	Did the local government prepare and adopt (by absolute majority) a policy in relation to the continuing professional development of council members?	Yes	However further review and amendments to be adopted in April 2022.	Executive Officer
7	s5.127	Did the local government prepare a report on the training completed by council members in the 2020/2021 financial year and publish it on the local government's official website by 31 July 2021?	No	Due to staffing issues and the loss of the entire Executive Management Team this was not completed but will be completed in 2022.	Executive Officer
8	s6.4(3)	By 30 September 2021, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2021?	Yes		Manager Financial Services
9	s.6.2(3)	When adopting the annual budget, did the local government take into account all it's expenditure, revenue and income?	Yes		Manager Financial Services

9.2 ARC02.03.22 Update on Audit Recommendation of Contract Management

Meeting & Date	Audit & Risk Committee – 14 March 2022
Applicant	City of Nedlands
Employee Disclosure under section 5.70 Local Government Act 1995	Nil.
Report Author	Nathaly Alvarez - Coordinator Procurement and Contracts
Director/CEO	Reshma Jahmeerbacus – Acting Director Corporate & Strategy
Attachments	Nil.

Moved – Councillor Combes
Seconded – Councillor Senathirajah

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

CARRIED UNANIMOUSLY 5/-

Committee Recommendation / Recommendation

That Council notes the progress made to date to address the findings from the Moore Australia Contract Management Audit Report.

Purpose

This report provides an update on the recommendations from the audit of the City's Contract Management processes conducted by Moore Australia.

Voting Requirement

Simple majority

Background

Moore Australia are the City's appointed Internal Auditors and in accordance with the internal audit plan have facilitated a review of the City's contract management processes.

The attached report which contained details of the issues raised and management's comments were presented to the Audit and Risk Committee on 31 May 2021.

A proposed action list to address the issues raised was presented to Council on 22 June 2021.

Discussion

Since the last Audit and Risk Committee in October 2021, the City has continued to progress the implementation of the recommendations from the Internal Audit Report. Extensive consultation has continued with internal stakeholders, WALGA and Moore Australia.

The implementation of the City's Enterprise Resource Planning system, OneCouncil, has presented an opportunity for the recommendations to be reviewed and integrated within the OneCouncil's contract management capabilities. The Procurement Coordinator and Manager Financial Services are working closely with the OneCouncil project team to review the draft contract management policy and procedures and align them with OneCouncil capabilities. The process documentation will also occur as part of this implementation work.

The target dates have been revised accordingly to account for the work that will be undertaken to align contract management practices with OneCouncil.

In summary, findings 1,3, 4 and 6(a) have been completed and addressed. Findings 5, 6(b) and 7 will be addressed as part of the OneCouncil implementation. Finding 2 is being addressed as part of the Organisational Review. Finding 8 will be addressed through the City's Risk Management framework yet to be undertaken.

A detailed update on the status and progress of each finding is provided below:

Finding	Description	Status	% Complete	Target Date identified in Audit report	New Target Date	Issues	Activity
1	Contract Management Training	🟢	100%	01 September 2021	-	Nil.	• Officers attended various training sessions held by WALGA • Training needs are being identified by supervisors as part of Performance Reviews
2	Review of Resourcing	🟢	0%	30 June 2021	30 June 2022	Nil.	• This is being addressed as part of the Organisational Review currently underway
3	Contracts Management Framework	🟢	100%	30 June 2021	30 Nov 2021	Nil.	• EMT endorsed the new Contracts Management Framework on 04 Nov 2021
4	Contracts Register	🟢	100%	01 July 2021	30 Nov 2021	Nil	• Comprehensive Contracts Register developed and completed incorporating the City's current contracts
5	Delegation Matrix	🟠	80%	31 December 2021	30 June 2022	Nil	• The draft Delegation Matrix will also be reviewed as part of the implementation of OneCouncil and incorporated in the process documentation.
6	Policies and Procedures	🟢 🟠	100% 70%	27 July 2021	30 June 2022	Nil.	• Procurement Policy approved by Council on 27 July 2021 • Draft Contract Management Policy and procedures will be reviewed as part of the process mapping for the implementation of OneCouncil

Finding	Description	Status	% Complete	Target Date identified in Audit report	New Target Date	Issues	Activity
7	Executive Reporting	🟡	0%	30 June 2022	31 July 2022	Nil	• Reporting on contract management performance, issues and opportunities will be implemented once OneCouncil is live and reporting capabilities exist.
8	Risk Assessment	🔴	0%	31 October 2021	30 June 2022	Nil	• Draft Risk Register to be developed as part of City's wider Risk Management Framework

Legend	Description
🔴	Milestone delayed > 10%.
🟡	Potential for milestone delay.
🟢	Milestone on target.

Consultation

Over the period of the audit several staff members across the city were interviewed and consulted by the Moore Australia audit team regarding their involvement with contract management, and the processes structures guiding around them.

Strategic Implications

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

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

Values

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

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

Priority Area

Nil.

Budget/Financial Implications

There are 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. Due to the current status, as identified by the Audit Report, the City is exposed to risk with a continuation of a business as usual operation within this function. This will need to be considered by the Administration and Council at a later date

Decision Implications

Not required.

Conclusion

The findings reported by Moore Australia are progressively being addressed as a matter of priority.

Addressing all the findings will occur throughout the 2021/2022 financial year.

Further Information

N/A

9.3 ARC03.03.22 Procurement and Planning for the ERP Implementation

Meeting & Date	Audit & Risk Committee – 14 March 2022
Applicant	City of Nedlands
Employee Disclosure under section 5.70 Local Government Act 1995	Nil.
Report Author	Reshma Jahmeerbacus – Acting Director Corporate & Strategy
Director/CEO	Reshma Jahmeerbacus – Acting Director Corporate & Strategy
Attachments	1. Moore Australia Contracts Management Internal Audit Report

Moved – Councillor Mangano
Seconded – Mayor Argyle

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

CARRIED UNANIMOUSLY 5-

Committee Recommendation / Recommendation

The Audit and Risk Committee receives the Procurement and Planning for the ERP implementation Report and notes the findings, recommendations of the Audit and the and management comments provided.

Purpose

This report provides the findings and recommendations from the audit of the City's Procurement and Planning for the ERP implementation conducted by Moore Australia.

Voting Requirement

Simple majority

Background

Moore Australia are the City's appointed Internal Auditors and in accordance with the internal audit plan have facilitated a review of the City's Procurement and Planning for the ERP Implementation.

An Audit is a process through which internal control effectiveness is examined and assessed. The objective is to provide an Audit for compliance with relevant legislation, management policies and procedures. The assessment is conducted with input from city personnel and is facilitated by the Moore Australia audit team.

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

Discussion

Council approved the purchase of a new ERP system on 22 June 2021. This system will replace the City's ageing corporate systems with a single integrated one, with implementation scheduled over 3 phases.

The audit consisted of an entrance meeting on 8 October 2021 for the audit engagement planning, numerous site visits from Moore Australia for evidence sourcing, and exit/feedback meetings for the finalisation of the report. Moore Australia provided a first draft report on 10 November 2021 following which management provided further comments and evidence, which resulted in a number of findings being removed and amended.

The final report attached contains the findings from Moore Australia together with management comments for each finding. Management has endeavored to provide as much background information in the "Management Comment" section to provide context as to some of the responses to the findings and recommendations. The findings and management comments are thus presented to the Committee.

Consultation

Over the period of the audit several staff members across the city were interviewed and consulted by the Moore Australia audit team regarding their involvement with procurement, planning and implementation of the ERP.

Strategic Implications

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

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

Values

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

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

Priority Area

Nil.

Budget/Financial Implications

There are 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

Not required.

Conclusion

The findings and management comments of the Procurement and Planning of the implementation of the ERP audit is presented to the Audit and Risk Committee for their information.

INTERNAL AUDIT
PROCUREMENT AND PLANNING FOR THE IMPLEMENTATION OF THE ENTERPRISE RESOURCE PLANNING SYSTEM

CITY OF NEDLANDS

18 February 2022

TABLE OF CONTENTS

1. EXECUTIVE SUMMARY

1.1. Context

On the 22 June 2021 the City of Nedlands (the "**City**") Council approved the purchase of a new Enterprise Resource Planning ("**ERP**") System. The ERP is expected to replace the City's ageing corporate systems with a single integrated system in three phases over several years. Below are the three implementation phases extracted from The City of Nedlands Enterprise Resource Planning System Project Management Plan (Figure 1).
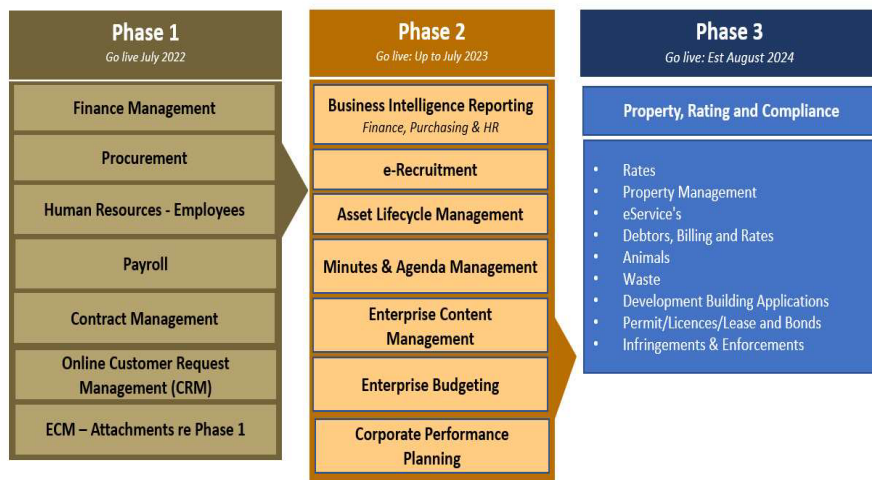
Figure 1: ERP implementation phases

The procurement and planning for the implementation of the ERP has occurred under two different management teams. We note the current Management team was not involved in the procurement planning stage that commenced in around September 2020.

In line with the Strategic Internal Audit Plan for the year ending 31 December 2021, Moore Australia has performed an internal audit of the City's procurement and planning of the new ERP. This engagement focused on two main parts to the project:

- procurement of the ERP, (probity principles considered for this stage are outlined in Appendix 1); and

- planning for the implementation of the ERP.

Sound procurement practices centered around the principles of compliance with legislation and City policies, probity, accountability and transparency are vital for managing procurement risks and the successful delivery of good project outcomes.

This report presents our observations and recommendations from the internal audit.

1.2. Approach

The internal audit was conducted in line with the International Standards for the Professional Practice of Internal Auditing and the Moore Australia Internal Audit Methodology. Further details of our approach can be found in Section 2.2.

1.3. Overall Findings

Overall, we found weaknesses in the initiation and planning for the procurement of the ERP system. There was inadequate documentation retained to support key decisions and application of better practice principles in the ERP procurement process.

Under current Administration, the City's project implementation team has addressed some of the deficiencies from the initiation and planning for the procurement of the ERP system.

Governance arrangements now include regular reporting to Executive Management Team ("**EMT**") and Elected Members on the progress of the implementation. Resources have now been acquired to support the implementation of the ERP system with Staff undertaking training on the system.

1   EXECUTIVE SUMMARY (CONTINUED)

1.4.   Positive Observations

- The City has in place, approved procurement policies and procedures that outline the council's approach to procurement of goods and services.

- Although a project risk management plan was not in place during the planning and procurement stage, the team has now developed a risk management plan for the project implementation.

- The City has entered into a Memorandum of Understanding ("**MOU**") with two councils, City of South Perth, and the Shire of Serpentine Jarrahdale. Both entities have implemented the Technology One ERP system. This provides the City with the option of utilising their configurations and existing setups, and if adequately utilised, could positively contribute to a reduction of setup timeframes and costs for the system implementation.

1.5.   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.

1.6.   Summary of Results

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				
Risk Rating	Total	High	Medium	Low
Findings / Observations	8	4	3	1
Recommendations	8	4	3	1

We have assigned, and agreed with Management, priority ratings for each observation based on the *Key to Significance of Risk Rating* included in Appendix 3.

1. EXECUTIVE SUMMARY (CONTINUED)

1.6 Summary of Results (continued)

Findings	Risk Rating	Recommendations
Finding 1 – Business Case There was no business case developed during the initiation and planning phase for the procurement of the ERP system. Additionally, there is no requirement in the procurement policy to establish a business case for large scale procurement.	**Medium**	R1. The City should: a) mandate and ensure a business case is developed for all major projects to support needs identification, procurement planning and obtaining approval to proceed with a purchase; b) define the financial threshold for projects which would require the development of a business case; and c) update the procurement policy to reflect this.
Finding 2 – Project Risks Project risks were not adequately identified or documented during the initiation and planning for the procurement of the ERP system. We observed: • there was no Project Risk Management Plan developed at the inception of the project; • there was no Procurement or Probity Plan developed at the beginning of the project; and • the City did not engage the services of a Probity Advisor or Probity Auditor to assist in identifying or managing probity risks.	**High**	R2. The City should ensure that project risks are adequately considered during procurement by: a) requiring the development of a Project Risk Management Plan , Procurement and Probity Plan early in the procurement process; b) appointing a Probity Advisor to provide advice for the proposed process for high value and complex procurements; and c) where the advice is not sought, reasons should be clearly documented.
Finding 3 – Conflicts of Interests There are weaknesses in controls for assessing and managing conflicts of interest. We observed the following: • not all project participants involved in the initiation and planning phase completed a conflict-of-interest form; • all three members of the evaluation team and the external consultant engaged had completed and signed their forms with no conflicts identified; • there was no evidence that all completed conflict of interest forms were assessed for potential, actual or perceived conflict of interest; and • we found that the conflict-of-interest form used by the City is not adequately designed to enable staff or contractors to document any potential conflict of interest such as work undertaken on different projects of similar nature, before or during the course of project implementation.	**High**	R3. The City should enhance the management of conflict-of-interest to ensure : a) all staff involved in a procurement process complete a declaration of interest and conflict-of-interest form and advise whether they have any actual, perceived, or potential conflict of interest; b) all completed and signed forms are assessed and formally signed by an independent authorised officer; c) there is ongoing monitoring and re-assessing of conflicts throughout the life of the project; d) staff are trained to identify or recognise actual, perceived or potential conflicts of interest; and e) review and amend the current conflict of interest form to provide the ability for officers to declare any potential conflict of interest such as work undertaken on different projects of similar nature.

MOORE

1. EXECUTIVE SUMMARY (CONTINUED)

1.6 Summary of Results (continued)

Findings	Risk Rating	Recommendations

Findings 4 – Key Person Dependence Risk
 	
As at the time of review (25 October 2021), there were key person dependency risks as majority of project implementation team were still new or some positions had not commenced.
 	
We acknowledge that subsequently, key roles have been filled and training provided to staff.
	Medium	R4. The City should ensure that for future projects of similar scale and scope:
		  a) project implementation positions are filled; and
		  b) adequate processes for knowledge transfer are in place to ensure business continuity.

Finding 5 – Procurement documentation
 	
We observed the following procurement documentation deficiencies:
• lack of a central repository/register for all communication with tenders during the procurement process;
• tender evaluation meeting was not minutes; and
• lack of evidence of briefing of tender panel members on their role and responsibility and understanding of City procurement policies, tender evaluation process, requirements for continued disclosure of conflict of interest and confidentiality.
	High	R5. The City should:
		  a) ensure that during tender processes there is a central register that records requests and key communication with all tender respondents;
		  b) ensure that tender evaluation meetings and key deliberations are recorded to support transparency and accountability of decisions; and
		  c) retain documentation to evidence briefing of Tender Evaluation Panel Members.

Finding 6 – Information Security
 	
Lack of adequate security for confidential ERP procurement documents. Access to the ERP project documents was set at the generic level enabling staff with accessibility to confidential commercial information.
	High	R6. The City should:
		  a) review its security access controls over its record management system (SharePoint);
		  b) determine key personnel that should have access to the key documents; and
		  c) restrict access to confidential documents to only those authorised to have access.

Findings 7 – Notification of Tender Outcome
 	
Tender respondents were not all informed of the outcome in a timely manner.
 	
Further as information from the electronic vendor portal was not available during our fieldwork we could not determine the extent of the arrangements for:
  a) the procedures for opening the tenders;
  b) system to record tender receipts; and
  c) tenders are opened before the closing date.
	Low	R7. The City should ensure that at the conclusion of a tender process, that all respondents are advised of the outcome in a timely manner.

1. EXECUTIVE SUMMARY (CONTINUED)

1.6 Summary of Results (continued)

Findings	Risk Rating	Recommendations
Broader finding identified during the audit		
Finding 8 – Financial Management Manual The City does not have a financial management manual in place.	**Medium**	R8. The City should develop a Financial Management Manual and ensure that it is approved by relevant delegated authority.

2. SCOPE AND APPROACH

2.1. Objective and Scope

To assess the adequacy and effectiveness of the City's internal controls for procurement and planning of the implementation of the new ERP system and their alignment with legislation and better practice principles.

The scope of this internal audit included the following:

- review of the City's framework for procurement and compliance with procurement legislation, policy, and procedures;

- review the project plan for the implementation of the new ERP system;

- examination of roles and responsibilities for procurement and implementation;

- management of actual, perceived, and potential conflicts of interests as well as confidentiality of information, ethics, and probity; and

- documentation of approval of key decisions and variations.

The scope for this engagement had included an assessment of the project implementation with key milestones scheduled up to October 2021 but does not include post October 2021.

2.2. Approach

The review was conducted primarily through interviews, observation, and document review, focused on:

- Understanding the procurement framework;

- Holding discussions with key stakeholders and reviewing key documentation to understand the process and controls in respect to:

  - planning the procurement, including budget approvals (e.g., delegation of authority and estimation of contract costs);

  - preparing the approach to the market;

  - approach to the market;

  - evaluated submissions and reporting; and

  - management of conflicts of interests, confidentiality of information, ethics, and probity.

- Reviewing the new ERP system implementation plan and the monitoring and reporting of the status of implementation.

We used the Australian National Audit Office's *Fairness and Transparency in Purchasing Decisions Better Practice Guide*, the Department of Finance's *Procurement Practice Guide* and the key expectations outlined in the Auditor General of Western Australia report on Local Government Procurement.

The internal audit report was prepared on an "*exception-basis*". We have only provided commentary on areas where we observed 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;

- validate the draft report with process owners and responsible management;

- seek Management comments, actions, and timelines for implementing actions;

- issue the final report to the Chief Executive Officer; and

- table final report at the Audit and Risk Committee meeting.

2.   SCOPE AND APPROACH (CONTINUED)

2.4.   Limitations of Scope

Our work was limited by the following:

- The scope of our services and any deliverables was limited to the internal audit assignments in line with the strategic internal audit plan approved by the Audit and Risk Committee. We only covered the scope of work approved by the Audit Committee and unless additional areas were agreed with the Audit Committee during the year.

- The scope of work for this engagement was approved by Management in our *Statement of Scope* signed on 15 October 2021.

- 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 this Engagement.

- Any testing under the Engagement was performed on a sample basis and is not conducted continuously

- Any projections to the assessment of the control structures in future periods are subject to the risk that the structures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

- We conducted appropriate tests of key controls within our scope. Our findings only relate to the period of testing undertaken during our review and cannot be relied upon to be representative of the operation of control procedures prior to or after this period.

- The internal audit was performed at the City and remotely. We have relied solely on the information and documentation provided to us by the City and have not performed a review on the authenticity of the information and documentation provided. There is a risk the information may have been altered prior to being provided to Moore Australia and there is a risk this may not be identified by Moore Australia. This may impact on the results reported within this report.

3. OBSERVATIONS AND RECOMMENDATIONS

Procurement planning and obtaining approval	Rating of Finding
Finding 1 – There was no business case developed during the procurement planning phase of the ERP system	**Medium**

We found that the City did not have a documented business case during the planning and procurement of the ERP system. We were advised that no documented business case was available during the procurement planning phase. We were also advised that this phase was conducted by the previous Director Corporate and Strategy, Manager Business Systems and Procurement Coordinator who are no longer with the City.

We note that the City's procurement policy and the supporting procedures manual does not require the development of a business case for purchases over any threshold. However, when planning for the procurement of project as significant as the City's ERP system, a good Business Case is vital to assist the project team and the City to:

- identify and appraise options;
- establish affordability;
- develop program or project brief;
- develop the procurement strategy and process to ensure a viable outcome (contract) can be achieved; and
- obtain endorsement from appropriate forum or authority within your agency.

It is necessary to obtain the appropriate written internal approval to undertake the purchase. When seeking approval to proceed with the purchase, ensure that there is an approved budget sufficient to cover the cost of the purchase.

In the absence of a business case and approval to commence we also found that there was no documented approval for the agreed selection criteria used in the request for tender.

We understand that the acting CEO presented the business case for implementing an ERP solution at a council briefing session held on the 15 June 2021. The purpose of the session was to outline the cost, tangible and non-tangible benefits of implementing the ERP system. We note that no minutes were taken for that Council briefing session.

Implications

The lack of a Business Case increases the risk of inadequate planning resulting in poor outcomes, noncompliance and increased administration costs for both the City and the suppliers. Sound decision making and ability to obtain approval to proceed with the purchase may be impacted.

Management Comment

This was progressed under the old management structure, but worth noting that there was no requirement under the Procurement Policy to develop a business case.

The recommendation to update the Procurement Policy is noted and agreed. The Procurement Policy will be updated to reflect the requirement to have a business case for significant projects.

3. OBSERVATIONS AND RECOMMENDATIONS (CONTINUED)

Procurement planning and obtaining approval			Rating of Finding
Finding 1 – There was no business case developed during the procurement planning phase of the ERP system			**Medium**
Recommendations	**Agreed Action**	**Action Owner**	**Target Date**
R1 The City should: a) mandate and ensure a business cases is developed for all major projects to support needs identification, procurement planning and obtaining approval to proceed with purchase b) define the financial threshold for projects that would be mandated to develop a business case; and c) update the procurement policy to reflect this.	The recommendation to update the Procurement Policy is noted and agreed. The Procurement Policy will be updated to reflect this requirement for significant projects.	Manager Financial Services	June 2022

MOORE

3. OBSERVATIONS AND RECOMMENDATIONS (CONTINUED)

Procurement planning	Rating of Finding
Finding 2 – Project risks were not adequately identified or documented during the planning for the procurement of the ERP system	**High**

We found that a Project Risk Management Plan was not developed on a timely basis after initiation and procurement planning phase. Ideally, a Business Case would be prepared at inception and approved, and the Project Risk Management Plan would be prepared and approved on a timely basis after the approval of the Business Case.

We were advised that this was not done as part of the procurement planning. The City advised that a Procurement and Probity plan was also not developed nor were the services of a probity advisor used in the procurement process.

The City's Procurement Manual recognises that it is important to identify the level of risk early in the procurement process and implement prudent measures to mitigate and manage the impact that the risk may have on achieving the contract objective.

Sound risk management is central to good governance during procurement. Better practice requires that high value procurements, and those of a complex nature, should be subject to preparation of a risk management plan. The plan should consider risks at all stages of the procurement cycle and address the following aspects:

- **the context** - the goals, objectives, strategies, scope, and parameters of the procurement activity;
- **identify risks** - the identification of what, why and how things can arise in the procurement, providing a basis for further analysis;
- **analyse risks** - the existing controls will be determined and the risks in the procurement will be analysed in terms of consequence and likelihood in the context of those controls;
- **evaluate risks** - the estimated levels of risk to the procurement will be compared against pre-established criteria to identify management priorities;
- **treat risks** - medium and low priority risks may be accepted and monitored. For other risks to the procurement, a specific action plan will be developed and implemented in accordance with the available funding; and
- **monitor and review**- performance of the risk management system will be monitored and reviewed to take account of any changes which might affect it.

Implications

Failure to identify and manage risks early in the procurement process increases the risk of a reactive approach to managing project risks resulting in unnecessary delays and poor outcomes.

3. OBSERVATIONS AND RECOMMENDATIONS (CONTINUED)

Procurement planning (continued)	Rating of Finding
Finding 2 – Project risks were not adequately identified or documented during the planning for the procurement of the ERP system (continued)	**High**
Management Comment	

This was under the previous management involved in the initiation and planning phase. We agree that Project Risks should be identified at the start of the planning for the procurement as also stated in the City's Procurement Manual.

We will ensure this requirement is met in all future procurement activities.

We do not agree with the rating being High as the definition of the High rating points to the issue possibly causing major disruption to the process/ability to achieve objective (refer table on page 26) as well as non-compliance aspects.

We would class this rating as Low as it is a departure from management procedure (as per definition in Appendix 3) since the City's Procurement Manual already contains this requirement.

Recommendations	Agreed Action	Action Owner	Target Date
R2. The City should ensure that project risks are adequately considered during procurement by: a) requiring the development of a Project Risk Management Plan, Procurement and Probity Plan early in the procurement process; and b) 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.	We will ensure this requirement is met in all future procurement activities.	Manager Financial Services	June 2022

3. OBSERVATIONS AND RECOMMENDATIONS (CONTINUED)

Management of Conflict of interest	Rating of Finding
Finding 3 – There are weaknesses in controls for assessing and managing of conflicts of interest	**High**

We believe the procurement and planning for a new ERP system is a key transaction of the City, and may present a conflict of interest with staff involved in these processes.

The City's policy and procedures acknowledges that staff members and contractors have an obligation to promptly report all possible or actual conflict of interest. This includes where it extends to family, relatives, friends, a previous employer and or associates that is within the knowledge of that staff member. This must also be declared in writing to their senior manager. The City's conflict of interest procedures require where a contract employee, consultants or other person/s appointed or engaged by the City identifies a conflict of interest the following steps needs to be performed:

- disclosure of the interest to be made by completing the Conflict-of-Interest Disclosure Form and forward to their primary contact at the City to discuss an appropriate management strategy;
- usually, the primary contact will be considered the Senior Management Personnel who appointed or recruited them; and
- once an appropriate management strategy has been discussed and agreed upon, the signed form should be submitted to the relevant Director or CEO for approval.

We found that not all staff involved with the initiation and planning phase of the ERP procurement project had completed a conflict-of-interest declaration form. In the initiation and planning phase of the procurement process, the team was comprised of a different Director for Corporate and Strategy, Finance Manager , Procurement Coordinator and Manager of ICT all of whom have since left. We only saw one signed form.

The City's procurement procedures requires that the evaluation panel members must all complete and sign a Conflict of Interest and Deed of Confidentiality Form. All three members of the evaluation team and the external consultant engaged had completed and signed their forms with no conflicts identified. However, we found only one of the forms had been formally assessed or reviewed by a senior manager or the procurement coordinator.

We found that the conflict of interest form used by the City is not adequately designed to enable staff or contractors to document any actual, perceived or potential conflict of interest such as work undertaken on different projects of similar nature, before or during the course of project implementation.

- the completed Disclosure Statement must be sent to the Senior Governance Officer for inclusion in the City's Conflict of Interest Register; and
- contractors/consultants and their primary contact personnel, if necessary, should review all disclosures annually or as required.

Implications

Failure to identify and manage actual or apparent conflict of interest can undermine the credibility of the City's activities, process, or decision, which may in turn damage the reputation of both the management and Council.

MOORE

3. OBSERVATIONS AND RECOMMENDATIONS (CONTINUED)

Management of Conflict of interest (continued)	Rating of Finding
Finding 3 – There are weaknesses in controls for assessing and managing of conflicts of interest (continued)	**High**
Management Comment	

Noted that not all staff involved in the initiation phase of the procurement completed a conflict of interest (COI) form. However, all 3 members and external consultants who have since been involved in the Procurement have done their due diligence and completed conflict of interest forms.

The weakness referred to as being a lack of formal recording of identifying a conflict of interest is incorrect. The City's COI form does contain a "Checked by Procurement" section. This form is correctly being signed off by the current Procurement Coordinator since she has started at the City in August 2021. It appears that the weakness identified is relating to the ERP Procurement in this instance. Hence, we acknowledge this issue and consider that there is no action required as all COI forms are currently checked and signed off by the Procurement Coordinator. We do not agree with the rating being High as the definition of the High rating points to the issue possibly causing major disruption to the process/ability to achieve objective (refer table on page 26) as well as non-compliance aspects.

We would class it as Low as it represents a minor control weakness.

Recommendations	Agreed Action	Action Owner	Target Date
R3. The City should enhance the management of conflict-of-interest to ensure that a) all staff involved in a procurement process complete a declaration of interest and conflict-of-interest form and advise whether they have any actual, perceived, or potential conflict of interest; b) all completed and signed forms are assessed, formally signed/ acknowledged by an independent authorised officer; c) ongoing monitoring and re-assessing of conflicts throughout the life of the project; d) staff are trained to identify or recognise actual, perceived or potential conflicts of interest; and e) review and amend the current conflict of interest form to provide the ability for officers to declare any potential conflict of interest such as work undertaken on different projects of similar nature.	The finding is noted, and no action is required.	Not applicable.	Not applicable.

MOORE

3. OBSERVATIONS AND RECOMMENDATIONS (CONTINUED)

Planning implementation	Rating of Finding
Finding 4 – **There are key persons dependency risks as majority of project implementation team is still new or yet to commence**	**Medium**

Critical to the successful implementation of the project is the recruitment and speedy knowledge transfer of the ERP project implementation team. As at the time of review (25 October 2021), not all the implementation team members had commenced. Consequently, there was a significant reliance on the contracted IT consultant who has been involved with the project since. He has assisted in perform multiple duties including assistance with the evaluation of the procurement, project management and training of staff in preparation for the implementation of the ERP. At the time this had increased the risk of dependency.

The status of recruitment for the project implementation team as advised by the engagement contact as at 25 October 2021 was:

- ICT manager – 20/09/21;
- Project manager – Pending offer of acceptance;
- Solutions Architect* – 25/11/2021;
- Change Manager – 25/10/21;
- Data Migration Specialist – 27/09/2021;
- Business Systems Analyst – Pending offer of acceptance;
- Business Analyst ERP – 4/10/2021; and
- Business Systems Analyst ERP – 4/10/2021.

*The officer had not commenced employment with the City at the date of issuing the report.

Further, the implementation services fees under the contract with TechnologyOne will be provided on a time and material basis. Consequently, timely knowledge transfer and capability enhancement of the project staff is vital to ensure that the estimated budget of in excess of $ million in the contract for the implementation service fees is not exceeded over the term of the contract.

We acknowledge that subsequently, as at January 2022 key roles have been filled and training provided to staff.

Implication

Significant reliance and dependency on a few critical staff increase the risk of project delays or cost overruns if the key person in the project team resigns or departs.

Management Comment

We do not agree with this finding. The finding reflects a state at a point in time. The evidence needs to be considered – the positions were being advertised and interviews were underway.

With regards to knowledge transfer – training is already in place for this. This was a key and funded project milestone.

This finding does not consider the training already scheduled and taken place.

3. OBSERVATIONS AND RECOMMENDATIONS (CONTINUED)

Planning implementation (continued)			Rating of Finding
Finding 4 – There are key persons dependency risks as majority of project implementation team is still new or yet to commence (continued)			Medium
Recommendations	Agreed Action	Action Owner	Target Date
R4. The City should ensure that for future projects of similar scale and scope: a) project implementation positions are filled; and b) adequate processes for knowledge transfer are in place.	We do not agree with this finding.	ERP Project Manager	N/A

MOORE

3. OBSERVATIONS AND RECOMMENDATIONS (CONTINUED)

Record keeping and security	Rating of Finding
Finding 5 – Procurement documentation	**High**

- The City does not have a Record Management Policy

Shortcomings in the City's records management processes have been highlighted in our internal audit report on records management dated 24 May 2021. The report found that there was no Records Management Policy. During our fieldwork we were advised that the Records Management Policy was still not in place. Record keeping is paramount and there must be sufficient audit trail to account for all procurement decisions.

Changes in project staff from the start meant we were unable to adequately determine whether the unavailability of some ERP project related documents from our request were misplaced or not developed, as existing staff could not find them.

- Lack of a central register for all communication with tenders during the procurement process.

Good probity arrangements requires that communication with suppliers is consistent and does not disadvantage or advantage one supplier over others. Key to this is ensuring that communication with the suppliers are adequately documented. We found that there was no central register for all communication with the tenderers during the procurement process.

We were advised by the engagement contact that there is a folder set up for this tender in the Procurement section of SharePoint where all information relating to the tender is saved. However, this is reliant on staff saving the documents/info in the folder.

- Tender evaluation meeting deliberations including the process for convening the team was not recorded.

We found that the evaluation meeting and convening of the evaluation team was not recorded. We note however that all three evaluation panel members had records of their individual evaluation scores. Lack of adequate documentation and records of the evaluation process meant that we could not determine whether the evaluation team had undergone training on the evaluation processes, procedures and legislative requirements especially given that the team had commenced after the procurement process had commenced.

- Evidence of briefing of Tender Evaluation Panel Members

We found lack of evidence of briefing of Tender Panel Members on their role and responsibility, understanding of City's Procurement Policies, Tender Evaluation Process, Requirements for continued disclosure of conflict of interest and confidentiality.

Implication

- The lack of effective policies and procedures for systematic control of recorded information, increases the risk of wasting time looking for misplaced or destroyed information, required to verify statements or decisions and/or failing to protect critical information from breach or harm. This is also vital for knowledge retention and management particularly is situations where responsible staff leave the organisation.

- Failure to adequately record all communication with tenders and deliberations of the evaluation panel increases the risk of perceive bias or inability to effectively demonstrate probity and accountability for the decisions reached by relevant authority or project team.

3. OBSERVATIONS AND RECOMMENDATIONS (CONTINUED)

Record keeping and security (continued)	Rating of Finding
Finding 5 – Procurement documentation (continued)	**High**

Management Comment

We do not agree to this finding.

There is a central repository for all procurement activities in Sharepoint already. This was shown to the Moore Australia audit officer on site on 28 October. In fact, this is referenced in Finding 6 under the second paragraph "During fieldwork on 28 October 2021, we found that the City's records management system (SharePoint) where all procurement and tender related information were accessible to all staff …".

With regards to point b, all Evaluation Panel meetings are recorded through an evaluation report. This is written at the end of all evaluation meetings and is a record of the individual assessments and final recommendation of the panel. The evaluation report for the ERP project was submitted to Council on 22 June 2021. It contains details of the evaluation panel members, and detailed records of the evaluation, including mention of site visits.

The rating of High is onerous.

With regards to point c of the finding, all panel members, being in senior roles, were experienced staff with long standing knowledge and skills in procurement. The Procurement Coordinator at the time did check with each of the members on their roles and responsibilities. This is usually referred to a pre-tender evaluation meeting. However, we understand that this is not consistently applied across the City. The value add aspect of having a pre-tender evaluation meeting for all projects is doubtful as some teams are very experienced with regular procurement activities and also depends on the amount involved. The resourcing of the Procurement function also needs to be considered.

Recommendations	Agreed Action	Action Owner	Target Date
R5. The City should: a) ensure that during tender processes there is a central register that records requests and key communication with all tender respondents; b) ensure that tender evaluation meetings and key deliberations are recorded to support transparency and accountability of decisions; and c) retain documentation to evidence briefing of Tender Evaluation Panel Members.	We disagree with points a and b and will address point c as a requirement for less experienced panel members.	Manager Financial Services	June 2022

MOORE

3. OBSERVATIONS AND RECOMMENDATIONS (CONTINUED)

Record keeping and security	Rating of Finding
Finding 6 – Information security	**High**

Better practice requires that an entity's record keeping procedures should consider the security classifications of procurement documentation. The City's procurement procedures manual state that the Tender evaluation Panel Chair is responsible for ensuring the secure storage of tender during the process.

During fieldwork on 28 October 2021, we found that the City's records management system (SharePoint) where all procurement and tender related information were accessible to all staff that had access to the City's SharePoint system. There were no security restrictions to stop unauthorized access to the documents.

The City's evaluation guide requires that all electronic files should be password / permissions protected until such time as the evaluation process is completed, the contract has been accepted by Council at a Council meeting and the minutes of that meeting made public. We could not determine whether these documents were password protected at the time of procurement the procurement process as this engagement is retrospective.

Implication

Lack of adequate security for confidential procurement documents increases the risk of unauthorised access and breach of confidentiality.

Management Comment

We agree with the finding but disagree with the rating. This should be Medium as being a control weakness which could cause moderate effect on the

Recommendations	Agreed Action	Action Owner	Target Date
R6. The City should: a) review its security access controls over its record management system (SharePoint); b) determine key personnel that should have access to the key documents; and c) restrict access to confidential documents to only those authorised to have access.	The City accepts the recommendations , and will look to enact after an appropriate review of the operational implications in conjunction with the implementation of oneCouncil	Manager ICT	July 2022

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3. OBSERVATIONS AND RECOMMENDATIONS (CONTINUED)

Concluding procurement	
Finding 7 – **Notification of Tender Outcome**	**Low**

We found that Tender respondents were not all informed of the outcome in a timely manner. The unsuccessful bidders were informed on 5 October 2021, three months after the awarding of the contract.

The City's procurement procedures require that once the successful bidder has been notified by the responsible officer, the Tenders Officer will advise the unsuccessful bidders' in writing that their submission has been unsuccessful.

Further as information from the electronic vendor portal was not available during our fieldwork we could not determine the extent of the arrangements for:

    a. The procedures for opening the tenders;
    b. System to record tender receipts; and
    c. Tenders are opened before the closing date.

We also note that because there was no central register for communication with the suppliers, we could not provide assurance that all requests and queries from the tenders were treated in the same way throughout the procurement process.

We were advised the delay in notifying tender respondents related to the fact that the City's Procurement Coordinator resigned within days after Tender award and it took approximately 7 weeks until a Procurement Coordinator commenced on 18th August 2021.

Implications

Failure to provide unsuccessful bidders with timely advise and feedback increases the risk of supplier complaints and reputation damage from perceptions of unfair process.

Management Comment

This finding was actually a City's finding initially as the new Procurement Coordinator flagged this on her commencement. Notification of the tender outcome was then sent out straight away.

We do not agree with this being flagged as an audit finding. Additionally, there is no regulation that requires notification outcomes to be done within a specific timeframe.

Recommendations	Agreed Action	Action Owner	Target Date
R7. The City should ensure that at the conclusion of a tender process, that all respondents are advised of the outcome in a timely manner.	No action required. This was flagged by the Procurement Coordinator and actioned immediately.	Not Applicable	Not Applicable

3. OBSERVATIONS AND RECOMMENDATIONS (CONTINUED)

Broader finding identified during the audit.

Financial Management	
Finding 8 – Financial Management Manual	**Medium**

We found that the City does not have its own Financial Management Manual in Place. We were advised that the City refers to the Department of LG's Manual instead that the City has separate procurement policies and procedures that they also refer to. We note that a Financial Management Manual helps to establish financial controls within the organisation that ensure accuracy, timeliness and completeness of financial data.

Our review of the Departments publicly available manual showed that it was dated; edition 3 dated September 2012 version. The key sections in the manual included:

- roles and responsibilities;
- strategic issues in finance (under review);
- the budget process;
- local Government Accounting;
- financial reporting;
- internal control framework financial management (under review);
- asset accounting;
- liabilities;
- integrated planning and reporting;
- attachments and reference materials; and
- attachment and reference materials.

Implication

Lack of a financial management manual increases the risk of weaknesses in controls and inadequate support for the accounting and finance staff to carry out their day to day work systematically and consistently. This also can have an impact on financial decision making.

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3.   OBSERVATIONS AND RECOMMENDATIONS (CONTINUED)

Broader finding identified during the audit.

Financial Management	
Finding 8 – Financial Management Manual	**Medium**
Management Comment	

We do not agree with this finding.

There is no requirement under the LG Act 1195 or LG Financial Management Regulations 1996 to have a Financial Management Manual. We have consulted with a number of other LGs (City of Perth, City of South Perth, City of Subiaco, City of Stirling, Shire of Serpentine-Jarradale, Shire of Northam) and this manual is not used.

The City relies on the WA Local Government Accounting manual published on the Department of Local Government, Sports and Cultural Industries website. The City does not take responsibility if the Department's manual is out of date.

In addition, we raised with Moore Australia that this finding is not relevant and out of scope for this audit.

Recommendations	Agreed Action	Action Owner	Target Date
R8. The City should develop a Financial Management Manual and ensure that it is approved by relevant delegated authority.	The City disagrees with this recommendation as a finding to this audit. The rating of medium is not correct, as the issue, if any, is minor.	Not required	Not required

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.

- 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: PROBITY PRINCIPLES FOR KEY PROCUREMENT STAGE

AUSTRALIAN NATIONAL AUDIT OFFICE'S FAIRNESS AND TRANSPARENCY IN PURCHASING DECISIONS BETTER PRACTICE GUIDE

	1 Planning the procurement	2 Preparing to approach the market	3 Approaching the market	4 Evaluating submissions	5 Concluding the process
Use of an appropriately competitive process	1.1 Determine the objectives and the risks	2.1 Select a procurement process	3.1 Notify the market	4.1 Set aside non-competitive bids	5.1 Negotiate the contract
Fairness and impartiality	1.2 Research the market	2.2 Establish a communication protocol	3.2 Receive submissions	4.2 Undertake any planned site visits	5.2 Debrief unsuccessful tenderers
Consistency and transparency of process	1.3 Define the outcome and specifications	2.3 Prepare the request documentation	3.3 Deal with any modifications	4.3 Evaluate submissions	5.3 Report publicly
Identification and management of actual and perceived conflicts of interest	1.4 Establish the procurement team(s)	2.4 Identify and manage any conflicts of interest	3.4 Re-assess conflict of interest risks	4.4 Check for 'embedded' conflicts of interest	5.4 Monitor conflicts of interest during transition
Appropriate security and confidentiality arrangements	1.5 Identify security and confidentiality risks	2.5 Treat security and confidentiality risks	3.5 Manage security and confidentiality issues	4.5 Evaluate security and confidentiality in submissions	5.5 Monitor security and confidentiality for transition

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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
Ed Herne	Director Corporate and Strategy
Natalie Alvarez	Procurement Coordinator
Peter Bennington	Consultant ERP
Reshma Jahmeerbacus	Manager Financial Services
Tony Benson	IT Manager

APPENDIX 3: 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.	• 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.	• 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.	• 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.	• 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.	• 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.	• Requires management attention and possible use of external resources. • Minor treatment is desirable. Action should be completed within 6 months.

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9.4   ARC04.03.22 Update from Moore Australia

Meeting & Date	Audit & Risk Committee – 14 March 2022
Applicant	City of Nedlands
Employee Disclosure under section 5.70 Local Government Act 1995	Nil.
Report Author	Moore Australia
Director/CEO	Reshma Jahmeerbacus – Acting Director Corporate & Strategy
Attachments	1. Moore Australia Agenda Paper Audit and Risk Committee March 2022

Moved – Councillor Senathirajah
Seconded – Councillor Combes

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

CARRIED UNANIMOUSLY 5/-

Committee Recommendation / Recommendation

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

Purpose

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

Voting Requirement

Simple Majority

Background

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

Consultation

Nil.

Strategic Implications

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

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

Values

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

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

Priority Area

Nil.

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

Not required.

Conclusion

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

AUDIT AND RISK COMMITTEE MEETING AGENDA PAPER

**CITY OF NEDLANDS
INTERNAL AUDIT**

21 FEBRUARY 2022

CONTENTS PAGE

1.   Recommendation

The Audit and Risk Committee

- note the status update on the internal audit activities for the year ended 30 June 2022.
- note the final report on the Procurement and Planning for the Implementation of the Enterprise Resource Planning System

2.   Status of Internal Audit Engagements

The City of Nedlands Audit and Risk Committee approved 4 topics as part of the Strategic Internal Audit Plan, and also the Regulation 17 Review. A summary of the status of these engagements is provided in the table below.

Approved Audit or Review Topic	Status Update
Procurement and Planning for the Implementation of the Enterprise Resource Planning System	Final Report has been issued on 18 February 2022 and tabled at this meeting for noting.
Conflict of Interest (including Gifts and Benefits)	The internal audit engagement is currently in progress.
Occupational Safety and Health	The internal audit engagement is currently in progress.
Risk Management (including Fraud and Corruption)	The internal audit engagement has been deferred at the request of Management. Moore Australia has requested the proposed timing of this engagement, but it has not been provided by Management to date.
Regulation 17 Review	The internal audit engagement has been deferred at the request of Management. Moore Australia has requested the proposed timing of this engagement, but it has not been provided by Management to date.

Table 1: Status of Internal Audit Engagements at 21 February 2022.

3. Status of Internal Audit Recommendations

Outlined below in Table 2 is the status of the internal audit recommendations at 21 February 2022 in preparation for the 28 February 2022 Audit and Risk Committee meeting, compared to the previous meetings.

Status	31 May 2021 Audit and Risk Committee Meeting		30 August 2021 Audit and Risk Committee Meeting		22 November 2021 Audit and Risk Committee Meeting		18 February 2022 Audit and Risk Committee Meeting	
	Number	%	Number	%	Number	%	Number	%
Not implemented by Management	14	93%	8	26%	22	76	28	96
New recommendations	-	-	17	55%	0	0	0	0
Completed by Management but not verified by internal audit	0	0%	4	13%	3	10	0	0
Verified by internal audit and recommended to the Audit and Risk Committee to be removed from the Internal Audit Log.	0	0%	2	6%	4	14	1	4
Redundant	1	7%	0	0%	0	0	0	0
Total number of recommendations	15	100%	31	100%	29	100	29	100

Table 2:   Status of Internal Audit Recommendations

4. Publications

Moore Australia has identified the following reports which may be of interest to the Audit and Risk Committee. This is presented in Table 3 below.

Organisation and Report	Issue Date
Overview of Serious Misconduct in the Public Sector	17 February 2022

Table 3   Publications which may be of interest to the Audit and Risk Committee Members

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 4. is the Auditor General tabled reports since the last ARC meeting in August 2021 This excludes Section 82 Financial Management Act Ministerial Notifications Reports.

Tabled Report	Date
Viable Cycling in Perth Area	9 December 2021
Forensic Audit Report – Establishment Phase	8 December 2021
Audit Results Report- Annual 2020-2021 Financial Audits of State Government Entities	24 November 2021
Cybersecurity in Local Government	24 November 2021

Table 4:   Auditor General Tabled Reports since November 2021.

5.2 Performance Audit Program

Currently there are no performance audits identified in a forward program on the Office of the Auditor Generals website and so this information has not been provided.

6. Questions

Michelle Shafizadeh and Duy Vo will be in attendance and are available to answer any questions that you may have at the meeting.

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9.5   ARC05.03.22 Status of the City of Nedlands Internal Audit Log

Meeting & Date	Audit & Risk Committee – 14 March 2022
Applicant	City of Nedlands
Employee Disclosure under section 5.70 Local Government Act 1995	Nil.
Report Author	Reshma Jahmeerbacus – Acting Director Corporate & Strategy
Director/CEO	Reshma Jahmeerbacus – Acting Director Corporate & Strategy
Attachments	1. Internal Audit Log – Feb 2022

Moved – Councillor Combes
Seconded – Mayor Argyle

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

CARRIED UNANIMOUSLY 5/-

Committee Recommendation / Recommendation

The Audit and Risk Committee notes the status of the City's Audit Log as per Attachment 1.

Purpose

This report is to provide an update on all the recommended actions from previous audit reports.

Voting Requirement

Simple Majority

Background

The Audit Log captures and reports on the progress of all recommended actions from previous audit reports.

Item 15 relating to the access to position management in the Payroll function has been completed and verified by Moore Australia. This item is now closed.

Consultation

Nil.

Strategic Implications

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

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

Values

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

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

Priority Area

Nil.

Budget/Financial Implications

There are 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

Not required.

Conclusion

That Audit and Risk Committee notes the progress of all recommended actions from previous audit reports.

Audit Register 2021/22

ID	Open	Due	Status	Name	Action	Owner	Status Comments
7	Jun-19	Dec-20	Work in progress	IT Policy review	Develop Privacy Policy and also policy to cover Data Breach Notifications (4.2.1)	ICT Manager	28 Feb : This policy and associated documentation will need to follow the updated mechanisms for council approval. To be Scheduled 23 Nov: Managerial changes within Business Systems/ICT/corporate teams resulted in a delay in the policy being reviewed and pushed for approval. Man onboard with updates in due course Aug: Policies are in Draft pending review and approval. New ICT Manager will review and proccess for approval 31 May: We have engaged a consultant to do a review of our cyber security stance and deliver a report on our current state and what we would need to do acceptable industry standard in the future. This is currently under way and will be completed by End of June 2020 17 Feb: This is part of a program of work around cyber secuirty, data breach and privacy. This is a capacity issue and is part of a program of work 9 Nov: Still in Progress 5 Oct: Still in Progress 3Aug20: Currently work in progress. Jun20: The IT Department is in the process of creating Privacy Policy and to test it. Once developed and tested, the policy will be approved and implement
8	Jun-19	Nov-20	Work in progress	IT Policy review	Item #1 Review and update BCP. Carry out testing of the BCP to assess for appropriateness.	ICT Manager	28 Feb: BCP in under semi permanent review in light of Covid obligations. Testing to be scheduled. 23 Nov: BCP has been updated. Testing to be scheduled 30 Aug: A review and test of the BCP will be carried out by the new ICT Manager. 31 May: A review and workshop was carried out in Oct 2020. The BCP was updated to reflect the necessary changes. Due to a lack of the resources withir capacity we have not been in any position to carryout the level of testing expected by the Internal Auditor. There has been extensive work carried out on IT Technology Service Continuity) and we have had several instances that have proven our ability to maintain services when issues have arisen. 17 Feb: BCP has reviewed and updated and signed off by EMT. Currently we do not have the capacity to carryout a test to the degree that has been indica audtor. As a Business Contintuity exercise, we have had two COVID lockdowns and business continuity has been consistant and continued throughout the People working from home give an example of the office not being available and demonstrating that they can still work from remote locations. As with the c with with TCP, we were unable to do anything as it was a national fault. We had some workarounds which were able to give some functionality. The only o ourselves in this senario is to had an telecommunications account with two different suppliers for the same service. 28 Oct Ongoing 5 Oct: Completed going to EMT for Sign Off 3Aug: Remaining action is to carry out testing by re-creating a complete shutdown. The BCP has now been reviewed and the current BCP has been updat workshop and a complete re-write will commence ofter that workshop. 20 Jun : The review has been conducted by the Internal Auditors on Business Continuity Management Area as part of 2nd year Internal Audit Function. Th in progress but the BCP document has been updated to incorporate certain recommendations made as a part of Internal Audit Review. Once, the review is the Final recommendations are received, the BCP document will be finalised and the testing will be conducted.
15	Aug-20	Sep-20	Closed	Payroll Review	The access to position management should be removed from the manager Financial services as soon as practicable.	ICT Manager	28 Feb: This item has been verified and is now closed. 23 Nov: this action has been completed but working with Moore Australia to have final removal from this list confirmed 30 Aug: Completed but yet to be verified by auditors Feb 17: This was verified by the previous manager of Finance 9 Nov: Completed and awaiting verification Aug: As identfied within the actions the position of management was removed was removed.
16	Aug-20	Oct-20	Work in progress	Payroll Review	Critical and sensitive transactions associated with Payroll module should be identified to ensure those specific transactions are only assigned to Payroll staff.	ICT Manager	28 Feb: Following a review of the recommendation and given the City is currently actively migrating its Payroll Solution to oneCouncil. No time or resource to resolving this item at this time. 23 Nov: this action has been completed but working with Moore Australia to have final removal from this list confirmed 30 Aug: Completed but yet to be verified by auditors Feb 17: This was verified by the previous manager of Finance 9 Nov: Completed and awaiting verification Aug: Critical and sensitive transactions assoiated with the payroll module have been identified and transactions are assigned to the payroll staff as per the system and application.
17	Aug-20	Oct-20	Work in progress	Payroll Review	On completion, any critical or sensitive transactions that are part of the Human Resources Business Partner profile should be removed.	ICT Manager	28 Feb: This item is fundamentally a child to Item number 16. Please see Item 16 for comments. 23 Nov: this action has been completed but working with Moore Australia to have final removal from this list confirmed 30 Aug: Completed but yet to be verified by auditors 17 Feb: This was verified by the previous manager of Finance 9 Nov: Completed and awaiting verification Aug: Critical and sensistive transaction that form part of the human resources business partners profile have been removed.

| --- | --- | --- | --- | --- | --- | --- | --- |
22	Aug-20	Dec-21	Work in progress	Payroll Review	The digital strategy as part of Strategic Plan should consider a new platform	ICT Manager	28 Feb: As ERP (oneCouncil) is scheduled for active use as of 1/7/2022, this item will no longer be updated as the item has been acknowledged and signi... to deliver the new platform. 23 Nov: The ERP (oneCouncil) implementation has now started 30 Aug: Completed but yet to be verified by auditors May 31: This was completed Aug/Sep 2020. It has been presented to all Managers. Due to Staff turnover and capacity this has not been progressed any fu... Feb 17: The Digital Transformation Strategy has as a key recommendation proposed an enterprise approach to the use of technology and buisness. The s... completed Jul 2020. Over the past several months had some minor details updated. Nov 9: Currently a new Payroll Service is being assessed as part of RFT 2020 - 21.04 Outsourced Payroll Services Nov: New Busienss Platform to address system short falls are about to go to marting under RFT 2020-21.03 Request for Tender Bity Business Platform Aug: The Digital Strategy has highlighted the digital transformation required for our city platforms which include Business platform addressing Finance, HR...
31	May-21	FY-22	Work in progress	Records Management Audit	Lack of Records Management Policy & Procedures	ICT Manager	28 Feb: please refer to tabled Records Management Update document 23 Nov: Records Management Policy & Procedure drafted & ready for Executive review/approval. 30 Aug: Records Management Policy & Procedure drafted 30 Aug: Information Management Framework Drafted. 30 Aug: Executive Management Team approval scheduled for late August 2021.
32	May-21	FY-22	Work in progress	Records Management Audit	Inadequate Record Keeping Plan	ICT Manager	28 Feb: please refer to tabled Records Management Update document 23 Nov: State Records Office will be introducing an online digital Record Keeping Plan template in the coming year that will be used to draft the City's RKP... 30 Aug: Meeting held with the Director of the State Records Office Friday 30th July 2021 to discuss the City's plan to develop a new Record Keeping Plan.
33	May-21	FY-22	Work in progress	Records Management Audit	Lack of Qualified & Experienced Staff	ICT Manager	28 Feb: please refer to tabled Records Management Update document 23 Nov: Benchmarking against other LGAs has shown that 3.0 to 3.5 FTE is the standard for LGAs of a similar size to Nedlands. Finding the right fit of pers... remains a challenge. The incumbent Senior IM Officer has departed which will have an interim impact on work delivery. 30 Aug: A temporary resource has been engaged to 31 December 2021 to assist with capacity issues and operational records management. 30 Aug: Benchmarking of various Local Government Councils Records Management staffing levels has been completed. 30 Aug: Options of engaging another temporary resource is being explored.
34	May-21	FY-22	Work in progress	Records Management Audit	Inadequate Records Management Training	ICT Manager	28 Feb: please refer to tabled Records Management Update document 23 Nov: Training quotes have been requested from IRIS Consulting and Information Enterprises Australia Pty Ltd for the IM team to review, and attend in N... 30 Aug: Information Management staff scheduled to receive external training by end of November 2021. 30 Aug: All staff training (160+ staff) will commence on the completion of Finding #39.
35	May-21	FY-22	Work in progress	Records Management Audit	Lack of Monitoring	ICT Manager	28 Feb: please refer to tabled Records Management Update document 23 Nov: Implementation of RecorPoint365 has commenced in Sep 2021. This software will mitigate the risk of information compliance gap. 23 Nov: Draft Physical Records Managment Procedure has been developed and ready for Executive review/approval. This will enhance the monitoring of p... until they are digitised. 30 Aug: Discussed with the Director of the State Records Office Friday 30th July 2021. 30 Aug: This will be addressed following the implementation of Finding #39.
36	May-21	FY-22	Work in progress	Records Management Audit	Physical & Digital Security of Documents	ICT Manager	28 Feb: please refer to tabled Records Management Update document 23 Nov: Draft Physical Records Managment Procedure has been developed and ready for Executive review/approval. 23 Nov: City has audited its hardcopy files (internal/external), and is in the process of reviewing the scope to run a classification/digitisation plan to digitise l... add value to the City's hardcopy records. 30 Aug: The physical records are housed in a secure room. Only authorised staff can only enter the Records roo... security access pass. 30 Aug: Access to this room is electronically recorded in the Building Management System. Monthly reports of staff that enter the records room will be deve... security access. 30 Aug: A formal procedure for accessing the Records room and retrieval of documents is under development. 30 Aug: Security of digital documents will be addressed by Finding #39.
37	May-21	FY-22	Work in progress	Records Management Audit	Inadequate management of retention & disposal of records	ICT Manager	28 Feb: please refer to tabled Records Management Update document 23 Nov: State Records Office has advised that they will be releasing a revised version of Genereal Disposal Authority for Records - Retention & Disposal. T... provide the City with an exact release date. 23 Nov: Implementation of RecorPoint365 has commenecd in Sep 2021. This software will mitigate the risk of information retension and disposal gap that i... records managment database (SharePoint). 23 Nov: RecordPoint 365 will further enhance and capture general staff record keeping activities as a silent agent. 30 Aug: Meeting held with the Director... Records Office Friday 30th July 2021 to discuss the Retention and Disposal schedule. 30 Aug: The City will adopt the State Records Office Guideline for Records Retention and Disposal Instructions.

A	B	C	F	G	H	I	K
38	May-21	FY-22	Work in progress	Records Management Audit	Inconsistent naming of documents	ICT Manager	28 Feb: please refer to tabled Records Management Update document 23 Nov: State Records Office has advised that they will be releasing a revised version of Keywords for Councils for Records Managment Teams to adopt. T... provide the City with an exact release date.30 Aug: Following the meeting held with the Director of the State Records Office Friday 30th July 2021 the nam... adopted will be based on Keywords for Councils. 30 Aug: This standard will be incorporate into the training program.
39	May-21	FY-22	Work in progress	Records Management Audit	Non-compliance with State Records Act - SharePoint	ICT Manager	28 Feb: please refer to tabled Records Management Update document 23 Nov: Implementation of RecordPoint365 has commenecd in Sep 2021. This software will assist in resolving several identified findings and recommenda... 30 Aug: Procurement of a software tool has been finalised and approved. This third-party software tool is compatible with SharePoint and will address con... identified. 30 Aug: Project implementation will commence in September 2021.

9.6   ARC06.03.22 Update on Records Management

Meeting & Date	Audit & Risk Committee – 14 March 2022
Applicant	City of Nedlands
Employee Disclosure under section 5.70 Local Government Act 1995	Nil
Report Author	Tony Benson - Manager ICT
Director/CEO	Reshma Jahmeerbacus - Acting Director Corporate and Strategy
Attachments	1. Sample Reports

Moved – Councillor Senathirajah
Seconded – Councillor Combes

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

CARRIED UNANIMOUSLY 5/-

Committee Recommendation / Recommendation

That the Audit & Risk Committee receives the update on the Records Management Audit progress.

Purpose

This report is to present an update of the key records management initiatives being undertaken, along with their progress, to address the findings from Moore Australia (Internal Auditor's) Records Management Audit and the Dialog IT SharePoint and Recordkeeping Audit Report.

Voting Requirement

Simple Majority.

Discussion

The Moore Australia (WA) Pty Ltd ("Moore Australia") audit into Records management identified a total of 9 key findings. The Dialog IT report identified eight recommendations. All recommendations are subsumed into the overarching audit report completed by Moore Australia.

Overall, the findings reported by Moore Australia and Dialog IT are considered very serious. The City has been reviewing the audit findings and has been working on addressing these as a matter of urgency to achieve increased compliance with the State Records Act.

Consultation

The Information Management team have a regular dialog with the State Records Office of Western Australia.

Updates

Previously reported changes in staffing levels have been resolved and training and up skilling of those staff has been delivered with more training scheduled.

New Procedures for the accessing and retrieval of physical records have been enacted with monitoring of these procedures by the Information Management team.

The Information Management Team are working with the Office of Information Commissioner to deliver onsite update training to general staff. This will be become twice a year process.

The RecordPoint solution is live and providing key insights (see attached) to the Information Management team. These insights are highlighting the true size of the challenge facing the team. That is, the city currently has around 1.6 million documents that require retrospective classification.

Those files have been created in SharePoint over the last ten years with little or no reference to the need to eventually dispose. Whilst a more tightly controlled naming convention may have alleviated some of the current shortcomings, those benefits would need to be off-set by the operational impact of being obliged to name files in accordance with a disposal process rather than adopting naming conventions that are appropriate to the everyday operations of staff. The reclassification of records is required so that records can be retained or disposed in compliance with the State Records Office guidelines codified in "General Disposal Authority for Local Government Records (GDA)". The application of an appropriate GDA classification must be done at the individual records level which is a time-consuming process.

The Information Management team is working hard, along with our RecordPoint partners to complete that retrospective records classification, but the process will not be quick one. It is envisaged that the ongoing monitoring of this classification would be reported as part of standard operational reporting from the Information Management team to the Executive Management Team. A key benefit of the classification process from RecordPoint is that it is transparent to end users meaning staff operational workload and behaviours do not inherently have to change to support better records management practices.

Additional monitoring procedures and processes to highlight potential unauthorised removal of digital records, within the SharePoint environment, have been implemented to help mitigate any risk of potential inappropriate record loss.

Whilst the Moore's Audit cites the inadequate management of retention and disposal of records as one of its' findings, the advent of global cloud computing and storage means that the ongoing retention of digital content is less challenging than the obligation to dispose or transfer.

It should also be noted that the implementation of the OneCouncil ERP solution for the City has significant components for records management contained within it.

The configuration and management of the Records Management components are being closely managed by the Information Management team to ensure that the appropriate classification of records happens automatically in the OneCouncil system from inception. This process is also transparent to Staff.

The combination of transition to OneCouncil for many of the City's processes and the use of RecordPoint for classification of the existing quantum of records will over time allow the City to close the gap on its Record Management compliance with the State Records Act (2000).

The below table references each of the specific findings from the report. The target dates have been removed due to the nature on the ongoing work that is required to address most issues. The team is working hard and the final delivery of compliance with the State Record Act is a long-term and ongoing process. However, the team will have made noticeable progress against all the findings by the end of the current financial year, with the intention to allow final resolution on the audit findings in Q1 of FY2223.

Finding	Description	Status	% Complete	Activity/Comments
1	Lack of Records Management Policy & Procedures	🟢	80%	Information Management Policy and Procedures drafted. Policy and Procedures undergoing appropriate review and approval processes.
2	Inadequate Record Keeping Plan	🟠	50%	Recordkeeping Plans are significant documents with many integrated subcomponents. The update of the plan will not be completed until the configurations of OneCouncil ECM and Records365 systems are finalised.
3	Lack of Qualified & Experienced Staff	🟢	90%	Incumbent staff are actively upskilling and training on an on-going basis

4	Inadequate Records Management Training	🟢	0%	All hands training to commence on completion of finding #9 and as part of the OneCouncil processes.
5	Lack of Monitoring	🟢	60%	Additional monitoring and reporting created. Regular reporting via operational management hierarchy to be created.
6	Physical & Digital Security of Documents	🟢	90%	Item will only 100% once all records are classified. However, additional reporting and procedures that records cannot be removed without the Information Management Team's knowledge have been implemented.
7	Inadequate management of retention & disposal of records	🟢	10%	Interim processes in place to identify and resolve potential incorrect disposal of records but the retrospective classification of records will take some time. In the interim the disposal of records will be set to permanent.
8	Inconsistent naming of documents	🟠	10%	Will be resolved by the updated Record Keeping Plan, the full operational use of OneCouncil and consultation with operational areas. The application of metadata to documents is automatic when using OneCouncil and will require some adjustments for files not covered by OneCouncil.
9	Non-compliance with State Records Act - SharePoint	🟢	60%	Specialist software, RecordPoint365, is now implemented and its operations will continue to be refined over the Financial Year.

Legend	Description
🔴	Target date will be delayed.
🟠	Potential for target date delay.
🟢	On target

Strategic Implications

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

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

Priority Area

- Records Management does not currently represent a top-level priority.

Budget/Financial Implications

Nil.

Legislative and Policy Implications

State Records Act of Western Australia (2000).

Decision Implications

Nil.

Conclusion

The Information Management team is working hard to address the audit issues raised by Moore's in its audit into Records Management. Progress is being made at the same time as the City drives the implementation and adoption of the OneCouncil solution.

Further Information

N/A.

City of Nedlands

Sample Reports

Records Management Reporting

City of Nedlands
nedlands.wa.gov.au

- High Level real-time reporting from RecordPoint and ECM*

Content Sources

SharePoint...

Records and Files
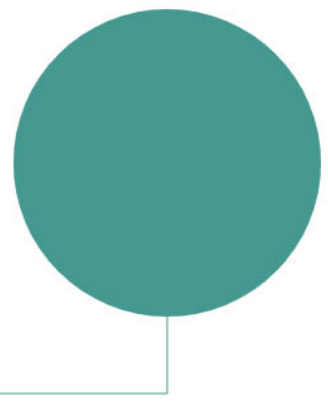
Files

Total
110497

Records

Top 20 Disposal Classes

094.02-REP...
086.02-PRO...
019.01-BUD...
007.03-AGR...
045.01-ENQ...
015.02-AUD...
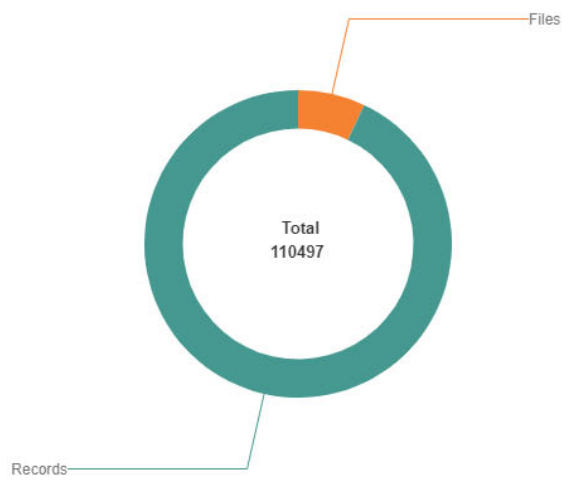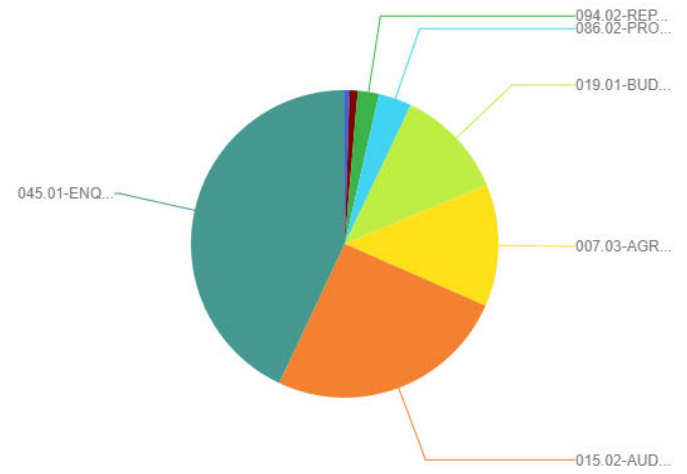
* ECM Dashboarding/Reporting to be created as part of oneCouncil Project
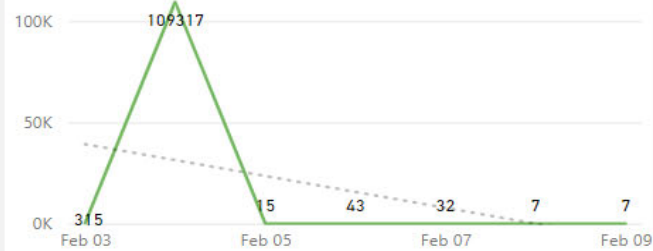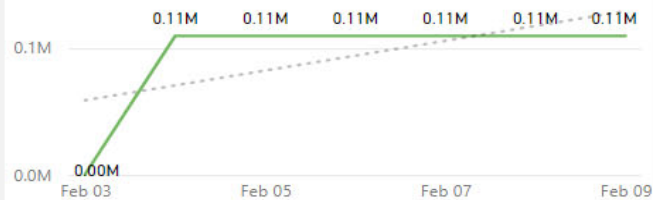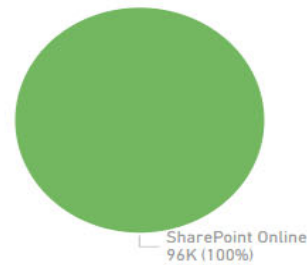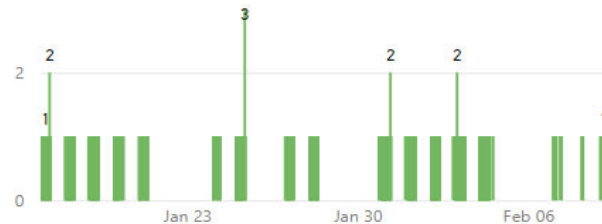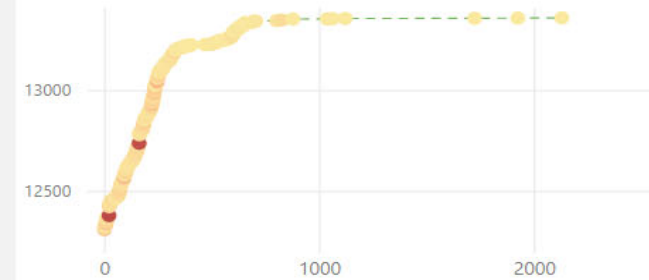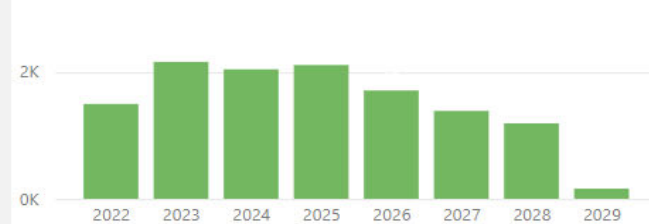
Records Management Reporting

- Full Audit Trail of Disposal Process (1)

Records Management Reporting

City of Nedlands
nedlands.wa.gov.au

- Full Audit Trail of Disposal Process (2)

Test Document -5.docx

Details | Holds | **Disposals** | History | Audit | Binaries

↻ Refresh

⌃ Details
Information about the disposal process

Title	Test Document -5.docx
Record Number	R0000074229
Disposal Class	🏷 089.03-PUBLICATIONS AND PRINTING:Retain 2 years after action...
Disposal Action	Destroy
Disposal Date	15/02/2022 5:18 PM
Disposed By	tbenson@nedlands.wa.gov.au
Disposal Comments	These records were created as test records for demostration, have been incorrectly classified and can be deleted.
Disposal Approved By	tbenson@nedlands.wa.gov.au
Disposal Approved Date	15/02/2022 5:18 PM
Disposal Approval Comments	These records were created as test records for demostration, have been incorrectly classified and can be deleted.
Disposition Authority	2015-001-1

9.7   ARC07.03.22 OneCouncil Project Status Report #3

Meeting & Date	Audit & Risk Committee – 14 March 2022
Applicant	City of Nedlands
Employee Disclosure under section 5.70 Local Government Act 1995	Nil.
Report Author	Ed Herne – Director Corporate & Strategy
Director/CEO	Bill Parker – Chief Executive Officer
Attachments	Nil.

Moved – Councillor Senathirajah
Seconded – Councillor Combes

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

CARRIED UNANIMOUSLY 5/-

Committee Recommendation / Recommendation

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

Purpose

The purpose of this report is to present the Project Status Report for the implementation of the City's Enterprise Resource Planning System - OneCouncil.

Voting Requirement

Simple Majority.

Background

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

1.   approves the supplier, TechnologyOne, to be awarded the contract for RFT 2020-21.03 – Provision City Finance System (Enterprise Resource Planning System) for the initial term of 5 years, comprising the initial 3 years with two one-year extensions, to be awarded under Local Government (Functions & General) Regulations 1996 11(2);

2.   agrees to enter a contract with TechnologyOne to purchase their Enterprise Resource Planning System, called OneCouncil, with final contract subject to independent review to the satisfaction of the Chief Executive Officer; and

3.   notes;

   a.   the adoption of the Integrated Enterprise Resource Planning approach for implementing Information Systems; and
   b.   the implementation of the TechnologyOne OneCouncil solution using the Cloud model called "Software as a Service".

Following the Council resolutions made at the Ordinary Council Meeting dated 22nd June 2021, the Acting Chief Executive Officer entered into a contract with TechnologyOne to purchase their Enterprise Resource Planning System, called OneCouncil.

Discussion

This is the third report prepared to provide the Audit and Risk Committee with a project status update of the implementation of the Enterprise Resource Planning System, called OneCouncil.

To date, detailed project management plans, change management plans and the scheduling of the OneCouncil Project has been finalised. These plans will form the baseline for reporting, tracking and controlling the project implementation. The Project Planning, Project Team Recruitment and the Project Team Training milestones have been completed on time.

The City has been facing challenges in retaining experienced and skilled staff for the OneCouncil Project because Western Australia has the strongest performing jobs market of all states and very low unemployment levels.

The City has now completed the formal training program for the OneCouncil project team and key staff which is key to ensuring knowledge transfer from TechnologyOne to the City's staff. In addition, system configuration design workshops with staff have been completed to determine and incorporate the City of Nedlands specific requirements into the OneCouncil solution.

Change management activities are ongoing and various communications channels have been established. These communication channels include a OneCouncil section on the City's Intranet, a OneCouncil email address for staff to ask questions and regular updates at the CEO's monthly staff meetings.

In summary, the implementation of OneCouncil will be via three (3) phases over three (3) years using a standard project management methodology as per the following.
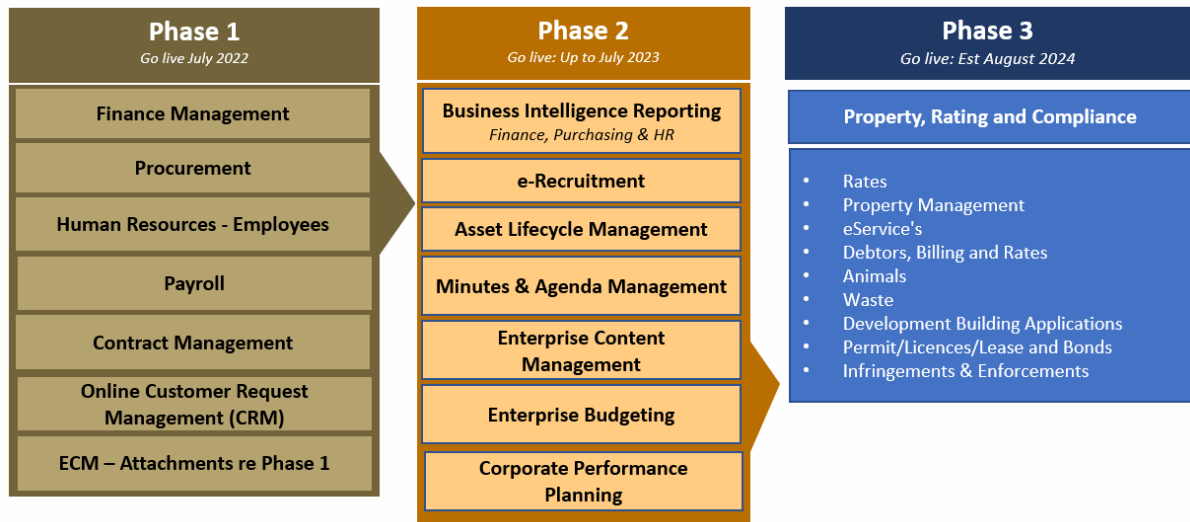
Figure 1 -OneCouncil : Overview of Phases

In terms of implementing Phase 1 of OneCouncil, the graphical representation below outlines the key project milestones:
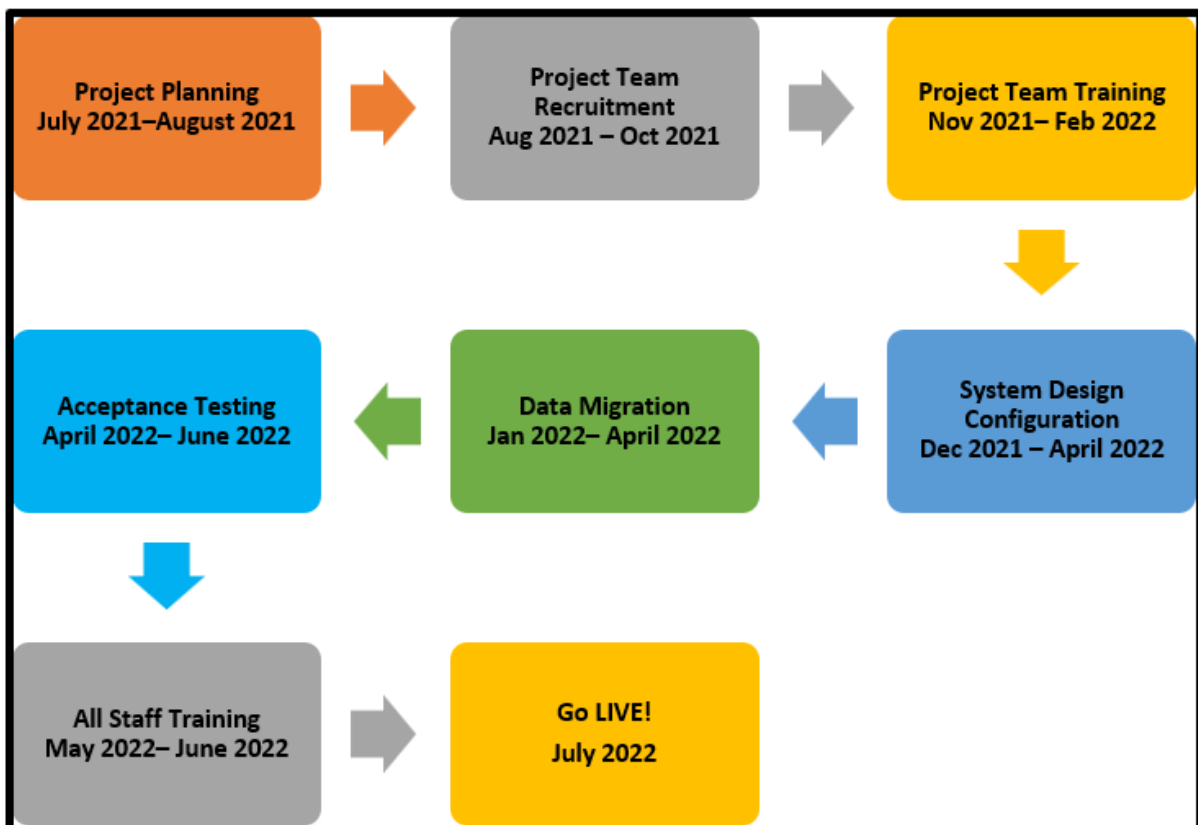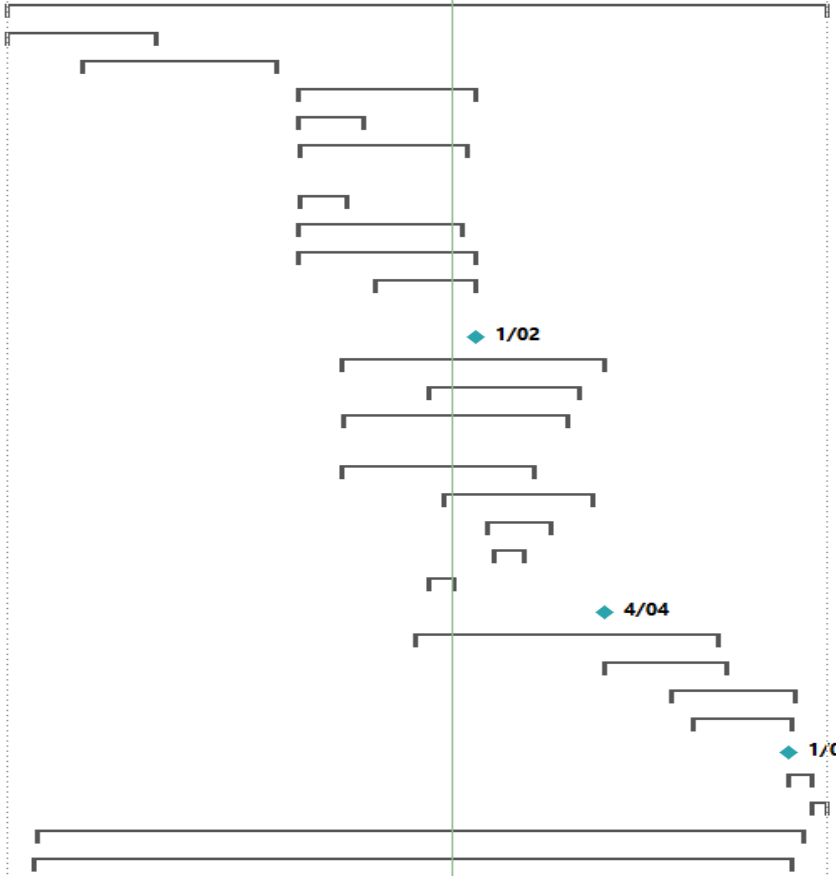

Figure 2 -OneCouncil Phase 1 Milestones

Update on Progress

The OneCouncil project is 55% complete as per the Project Schedule below.

Task	Start	Finish	%
▲ **OneCouncil Project - Phase 1**	Tue 22/06/21	Mon 18/07/22	55%
▷ **1.0 Project Planning**	Tue 22/06/21	Tue 31/08/21	100%
▷ **2.0 Project Team Recruitment**	Wed 28/07/21	Fri 29/10/21	100%
▲ **3.0 Project Team Training**	Mon 8/11/21	Tue 1/02/22	100%
▷ **3.1 Enterprise Content Management**	Mon 8/11/21	Wed 8/12/21	100%
▷ **3.2 Finance Management, Procurement & Contracts**	Tue 9/11/21	Thu 27/01/22	100%
▷ **3.3 Human Resources & Payroll**	Tue 9/11/21	Tue 30/11/21	100%
▷ **3.4 Online Customer Request Module**	Mon 8/11/21	Tue 25/01/22	100%
▷ **3.5 Data Migration**	Mon 8/11/21	Mon 31/01/22	100%
▷ **3.6 OneCouncil Business Process Automation**	Wed 15/12/21	Mon 31/01/22	100%
End of Training Milestone	Tue 1/02/22	Tue 1/02/22	100%
▲ **4.0 System Design and Configuration**	Mon 29/11/21	Mon 4/04/22	36%
▷ **4.1 Enterprise Content Management**	Mon 10/01/22	Tue 22/03/22	15%
▷ **4.2 Finance Management, Procurement & Contracts**	Tue 30/11/21	Wed 16/03/22	40%
▷ **4.3 Online Customer Request Module**	Mon 29/11/21	Mon 28/02/22	39%
▷ **4.4 Human Resources & Payroll**	Mon 17/01/22	Mon 28/03/22	25%
▷ **4.5 Develop User Acceptance Test Plans**	Mon 7/02/22	Tue 8/03/22	20%
▷ **4.6 Definition of User Profiles & Security**	Thu 10/02/22	Wed 23/02/22	10%
▷ **4.7 Data Migration**	Mon 10/01/22	Fri 21/01/22	100%
End of System Design & Configuration	Mon 4/04/22	Mon 4/04/22	0%
▷ **5.0 Data Migration**	Mon 3/01/22	Fri 27/05/22	32%
▷ **6.0 User Acceptance Testing**	Mon 4/04/22	Wed 1/06/22	0%
▷ **7.0 All Staff Training**	Fri 6/05/22	Mon 4/07/22	0%
▷ **8.0. GO Live**	Mon 16/05/22	Fri 1/07/22	0%
GO LIVE	Fri 1/07/22	Fri 1/07/22	0%
▷ **9.0 Post GO LIVE Support**	Fri 1/07/22	Mon 11/07/22	0%
▷ **10. Post Implementation Review**	Tue 12/07/22	Mon 18/07/22	0%
▷ **11.0 Project Management**	Tue 6/07/21	Thu 7/07/22	61%
▷ **12.0 Change Management**	Mon 5/07/21	Fri 1/07/22	53%

Milestone Status

The status of the key milestones outlined in the project schedule for the implementation of OneCouncil Phase 1 are:

#	Milestone	Status	% Complete	Target Date
1	Project Planning	🟢	100%	31 August 2021
2	Project Team Recruitment	🟢	100%	29 October 2021
3	Project Team Training	🟢	100%	11 February 2022
4	System Design & Configuration	🟢	36%	30 April 2022
5	Data Migration	🟢	32%	30 May 2022
6	Acceptance Testing	🟢	0%	30 May 2022
7	All Staff Training	🟢	0%	30 June 2022
8	Go LIVE	🟢	0%	July 2022

Legend	Description
🔴	Milestone delayed > 10%.
🟡	Potential for milestone delay.
🟢	Milestone on target.

Key Activities Completed: 1st November 2021 to 30th January 2022

The key activities completed are:

1.   Milestone #3 – Project Team Training : 100% Complete

- Completed project team training for Finance, Payroll, Purchasing, Customer Request Management, Contracts and Human Resources. These training sessions included subject matter experts from relevant business units.

2.   Milestone #4 System Design & Configuration : 36% Complete

- Finalise Finance Chart of Accounts;
- Completed OneCouncil System Configuration Design Workshops for the following OneCouncil Modules:

    i.   Finance;
    ii.   Procurement;
    iii. Customer Request Management;
    iv.   Enterprise Content Management for Connected Content;
    v.   Contracts Management;
    vi.   Human Resources; and
    vii. Payroll.

Key Activities Planned for next period – February 2022 to May 2022

The key activities planned for the next period are:

1.   Milestone #4 System Design & Configuration

- Finalise the OneCouncil system design configuration for the following:

    viii. Finance;
    ix.   Procurement;
    x.   Customer Request Management;
    xi.   Enterprise Content Management for Connected Content;
    xii.   Contracts Management;
    xiii. Human Resources; and
    xiv.   Payroll.
    xv.   Finalise the OneCouncil system security model.

2.   Milestone #5 Data Migration

- Finalise the migration of data from the Authority System for the following:
-
    xvi.   Finance;
    xvii.   Procurement;
    xviii. Contracts Management;
    xix.   Human Resources; and
    xx.   Payroll.

3.   Milestone #6 User Acceptance Testing

- Develop the OneCouncil User Acceptance Test Strategy;
- Develop Test Plans for the following Modules the migration of data from the Authority System for the following:

xxi.   Finance;
xxii.   Procurement;
xxiii.   Customer Request Management;
xxiv.   Enterprise Content Management for Connected Content;
xxv.   Contracts Management;
xxvi.   Human Resources; and
xxvii.   Payroll.
xxviii.   OneCouncil system security model.

- Commence Testing the OneCouncil System.

Project Governance

The OneCouncil Steering Committee is the City's Executive Management Team. OneCouncil Steering Committee Meetings are scheduled monthly with the City's project manager tabling a formal report on the overall status of the OneCouncil project.

The City's CEO also provides monthly updates to staff in the Monthly Staff Newsletter and provides regular updates to Council.

Regular OneCouncil project team meetings are also held to monitor and control the OneCouncil project progress.

Consultation

The OneCouncil Project team has developed the following 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.

The City has also been consulting with the City of South Perth and the Shire of Serpentine Jarrahdale who are also implementing the same TechnologyOne OneCouncil system. The City has signed a Memorandum of Understanding (MoU) with the City of South Perth and the Shire of Serpentine Jarrahdale for the purpose of sharing information, system configuration/setup and lessons learnt.

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.

The City has adopted an Enterprise Resource Planning approach that sets the foundation for all organisational information technology systems and other supporting technologies. Investing in information systems and technology will provide the City of Nedlands with the requisite tools to plan, execute, evaluate all existing and future operations.

The overarching benefits of implementing OneCouncil were reported to the Audit and Risk Committee meetings held in August 2021 and November 2021.

Priority Area

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

Budget/Financial Implications

The provision of the implementation of OneCouncil is included in the City of Nedlands 2021/22 Annual Budget.

Legislative and Policy Implications

This section should identify the legislative and policy implications that apply to the item being considered. Include name of legislation or policy which applies and the section/s.

Decision Implications

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

Conclusion

The implementation of OneCouncil Project is a significant investment that enables a whole new way of doing business more effectively. It is more than just new software as the City is implementing transformational change that impacts every aspect of how we do our business.

To date, the OneCouncil Project has achieved all milestones as scheduled for Project Planning, Project Team Recruitment and Project Team Training. In addition, the Project Team has implemented strategies to minimise the impact that resource challenges have presented.

The Project Team are now commencing the system design configuration and progressing the migration of data from the City's legacy system, Authority, to OneCouncil.

Further Information

Not Applicable.

10. Date of Next Meeting

The date of the next meeting of the Audit & Risk Committee Meeting will be on Monday 30 May 2022 at 5.30pm.

11. Declaration of Closure

There being no further business, the Presiding Member declared the meeting closed at 6.45pm.