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***Minutes***

***Audit & Risk Committee Meeting***

***30 August 2021***

**ATTENTION**

**These Minutes are subject to confirmation.**

This is a committee which has only made recommendations to Council. No action should be taken on any recommendation contained in these Minutes. The council resolution pertaining to an item will be made at the Ordinary Council Meeting next following this meeting.

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**City of Nedlands**

**Minutes of a meeting of the Audit & Risk Committee held in the Council Chamber, 71 Stirling Highway, Nedlands and Livestreamed on Monday 30 August 2021 at 5.30 pm.**

# Declaration of Opening

The Presiding Member declared the meeting open at 5.35 pm and drew attention to the disclaimer below.

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

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

Councillor R Senathirajah Melvista Ward

Councillor J D Wetherall Hollywood Ward

Councillor A W Mangano Dalkeith Ward

Mr S Foley Community Member

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

 Mr E K Herne Director Corporate & Strategy

Mrs N M Ceric Executive Officer

Ms R Jahmeerbacus Manager Financial Services

Mr P Bennington IT Consultant

**Invited Guests** Ms M Shafizadeh Moore Australia, Director

Governance & Risk Advisory

Mr D Vo Moore Australia,

 Government & Risk Advisory

 Mr J Ward KPMG (Auditors)

**Leave of Absence** Nil.

**(Previously Approved)**

**Apologies** Mrs F E M Argyle Mayor

 Ms P Perumal Office of Auditor General (OAG)

**Disclaimer**

Members of the public who attend Council 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 the Council meeting. Members of the public are also advised to wait for written advice from the CEO, on behalf of Council prior to taking action on any matter that they may have before Council.

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

# Public Question Time

A member of the public wishing to ask a question should register that interest by notification in writing to the CEO in advance, setting out the text or substance of the question. Questions tabled at the meeting may be unable to be answered due to the requirement for technical research and will therefore be answered directly afterwards.

Questions must relate to a matter contained within the agenda of this meeting.

Nil.

# Addresses By Members of the Public (only for items listed on the agenda)

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

Nil.

# Disclosures of Financial and/or Proximity Interest

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

There were no disclosures of financial interest.

# Disclosures of Interests Affecting Impartiality

The Presiding Member reminded Council Members, Committee Members and Employees 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.

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

Nil.

# Confirmation of Minutes

## Audit & Risk Committee Meeting 31 May 2021

Moved – Councillor Wetherall

Seconded – Councillor Senathirajah

**The minutes of the Audit & Risk Committee held 31 May 2021 be confirmed.**

**CARRIED UNANIMOUSLY 5/-**

# Matters for Which the Meeting May Be Closed

Council, in accordance with Standing Orders and for the convenience of the public, is to identify any matter which is to be discussed behind closed doors at this meeting, and that matter is to be deferred for consideration as the last item of this meeting.

Nil.

# Items for Discussion

Note: Regulation 11(da) of the *Local Government (Administration) Regulations 1996* requires written reasons for each decision made at the meeting that is significantly different from the relevant written recommendation of a committee or an employee as defined in section 5.70, but not a decision to only note the matter or to return the recommendation for further consideration.

# Financial Audit for Year Ended 30 June 2021 – Interim Management Letter

|  |  |
| --- | --- |
| **Committee** | 30 August 20201 |
| **Applicant** | City of Nedlands |
| **Employee Disclosure under *section 5.70 Local Government Act 1995*** |  Nil. |
| **Director** | Ed Herne – Director Corporate & Strategy |
| **Attachments** | 1. Interim Management Letter
 |
| **Confidential Attachments** | Nil. |

**Regulation 11(da) – The Committee agreed to acknowledge that Administration was taking the necessary steps to rectify the identified issues.**

Moved – Councillor Senathirajah

Seconded – Mr Foley

**That the Recommendation to Committee be adopted subject to a clause 2 being added as follows:**

1. **notes the shortcomings identified in the report and that the administration are taking adequate steps to rectify these.**

**CARRIED UNANIMOUSLY 5/-**

**Committee Recommendation**

**That Council:**

1. **receives the status of the financial audit for the year ended 30 June 2021 and the interim management letter; and**
2. **notes the shortcomings identified in the report and that the administration are taking adequate steps to rectify these.**

Recommendation to Committee

That Council receives the status of the financial audit for the year ended 30 June 2021 and the interim management letter.

**Executive Summary**

This report is to provide the Audit and Risk Committee with an update on the financial audit for the year ended 30 June 2021 and present the interim management letter to the committee.

**Voting Requirement**

Simple Majority.

**Discussion/Overview**

The audit of the City’s financials for 2020-21 is being undertaken by KPMG as contractors of the Auditor General.

KPMG conducted the interim audit on site from 21 June to 02 July 2021. Despite a short period of lockdown in WA during that time, the City continued to engage with KPMG to finalise the interim audit. The City provided all supporting documentation and KPMG’s sample testing was also completed during that period.

As a result, the attached interim management letter is provided as an update to the status of the audit. It is encouraging to note that:

* no new items have been added on the management letter
* items highlighted on last year’s management letter have been addressed
* only items remaining on the management letter are relating to the ERP implementation

For reference, the relevant legislative requirements below apply to financial statements for Local Governments in WA:

The City is to submit the annual financial statements to the auditor by 30 September

2021 as required by S 6.4(3) of the Local Government Act 1995.

The audit report is to be completed (signed and sent out) by 31 December 2021

as required by S 7.9 of the Local Government Act 1995.

The annual financial statements are to be accepted by Council no later than 31 December 2021.

In accordance with S 5.54 of the Local Government Act 1995, if the auditor’s report is not available in time for the annual report to be accepted by 31 December 2021, the annual report is to be accepted by the local government no later than 2 months after the auditor’s report becomes available.

A general meeting of electors is to be held once every financial year and within

56 days of Council accepting the annual report as required by S 5.27 of the Local Government Act 1995.

**Key Relevant Previous Council Decisions:**

Nil.

**Consultation**

 Nil.

**Strategic Implications**

**How well does it fit with our strategic direction?**

The annual financial statements report on the previous year’s financial activity which allows the City to plan for future years.

**Who benefits?**

The community benefits from the annual financial statements.

**Does it involve a tolerable risk?**

There is no risk involved.

**What level of risk is associated with the option? How can it be managed?**

Nil.

**Do we have the information we need?**

Yes, the financial statements are based on 2020-21 information.

**Budget/Financial Implications**

There are no financial implications to this report.

**Can we afford it?**

There is no budgetary implication to receiving this report.

**How does the option impact upon rates?**

There is no impact on rates as the information presented is historical information for 2020/21.

**Conclusion**

The interim management letter and an update on the status of the 2020/21 financial audit is presented to the Committee.

# Update on Audit Recommendations of Contract Management

|  |  |
| --- | --- |
| **Committee** | 30 August 20201 |
| **Applicant** | City of Nedlands |
| **Employee Disclosure under *section 5.70 Local Government Act 1995*** |  Nil. |
| **Director** | Ed Herne – Director Corporate & Strategy |
| **Attachments** | Nil. |
| **Confidential Attachments** | 1. Internal Audit Report - Contracts Management – 11 May 2021
 |

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

Moved – Councillor Senathirajah

Seconded – Councillor Mangano

**That the Recommendation to Committee be adopted.**

(Printed below for ease of reference)

Councillor Wetherall left the meeting at 5.58 pm and returned at 5.59pm.

**CARRIED UNANIMOUSLY 5/-**

**Committee Recommendation / Recommendation to Committee**

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

**Executive Summary**

Moore Australia conducted an audit of the City’s Contract Management, and the Audit Report was presented at the last Audit and Risk Committee meeting. This report provides an update on the recommendations from the Audit.

**Voting Requirement**

Simple Majority.

**Discussion/Overview**

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.

**Update on Progress**

Following the resignation of the then Procurement Coordinator, the position was advertised in June 2021. The Manager Financial Services and Manager City Programs interviewed 3 candidates and appointed a suitable person to the role in late July, with a start date of 18 August 2021.

The candidate had already referred to the findings of the Moore Australia audit as part of her interview preparation and therefore, is well aware of the challenges and critical tasks to be completed.

In the meantime, the Manager Financial Services has engaged with WALGA’s Procurement Specialist team with a view to developing a strong working relationship for support, facilitation and advice on procurement processes and compliance.

The focus for the next 6 to 12 months for Procurement is primarily to address the findings and implement the recommendations from the Moore Australia audit.

The target dates for implementation of the findings, as shown below and presented at the last Audit and Risk Committee meeting in May 2021, were based on the Procurement Coordinator being still present at the City. Subsequently, with the incumbent’s resignation in June 2021 and the position being vacant for about two half months, the target dates would need to be revised accordingly.

An update on status and progress of each finding is provided following:

| **Finding** | **Description** | **Status** | **% Complete** | **Target Date** | **Issues** | **Activity** |
| --- | --- | --- | --- | --- | --- | --- |
| 1 | Contract Management Training  | ` | 40% | 01 Sep 2021 | Nil. | * Various training sessions held by WALGA are available as of end of Aug. Key Procurement users/officers will be attending relevant sessions.
 |
| 2 | Review of Resourcing  |  | 0% | 30 June 2021 | Nil. | * Will be addressed as part of the Organisational Review
 |
| 3 | Contracts Management Framework |  | 50% | 30 June 2021 | Nil. | * A draft document is in place
* This will need to be reviewed by the incoming Procurement Coordinator
 |
| 4 | Contracts Register |  | 70% | 01 July 2021 | Nil | * Contracts Register already developed. Needs to be updated and QA’d by the incoming Procurement Coordinator
 |
| 5 | Delegation Matrix |  | 80% | 31 Dec 2021 | Nil  | * Manager City Projects will be working together with Executive Officer to update the Delegation Matrix
 |
| 6 | Policies and Procedures |  | 100%30% | 27 July 2021 | Nil. | * Procurement Policy approved by Council on 27 July 2021 and on track as per target date
* Procurement procedures will be addressed as part of the ERP process mapping documentation
 |
| 7 | Executive Reporting |  | 0% | 30 June 2022 | Nil | * Incoming Procurement Coordinator to implement
 |
| 8 | Risk Assessment  |  | 0% | 31 Oct 2021 | Nil | * Draft Risk Register to be developed
 |

|  |  |
| --- | --- |
| **Legend** | **Description** |
|  | Target date will be delayed. |
|  | Potential for target date delay. |
|  | On Target |

**Key Relevant Previous Council Decisions:**

The audit findings were reported to the Audit and Risk Committee at the meeting held on the 31st May 2021. The Audit and Risk Committee recommended the following:

1. notes with concern the Moore Australia Audit into Contracts Management;
2. notes the actions recommended by the City’s Officers; and
3. refers the report to the next Ordinary Council Meetings, where the Chief Executive Officer is requested to advise Council what resources are required to address this matter on an urgent basis.

At the Ordinary Council meeting dated 22nd June 2021, Council resolved the following:

1. notes with concern the Moore Australia Audit into Contracts Management;
2. notes the actions recommended by the City’s officers.

Nil.

**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**

**How well does it fit with our strategic direction?**

Strategically, the City is committed to reducing operational risk and continual improvement of administrative processes to deliver more efficient services.

**Who benefits?**

The City benefits from the effective management of its contracts. This ensures regulatory compliance, transparency, reduced risk, process efficacy, and improved controls on contract expenditure, especially that related to contract variance and executive reporting.

**Does it involve a tolerable risk?**

The greatest risk is that we do nothing. This will expose the City to multiple risks operationally, reputationally and financially. The availability of an effective Procurement and Contracts function with sufficiently resourced and qualified staff will ensure the City can address those risks identified.

**What level of risk is associated with the option? How can it be managed?**

The audit report demonstrates that the City is performing poorly in all areas of its contract management activities and this represents a high risk to the City, financially, reputationally and operationally.

**Do we have the information we need?**

The Moore Australia Audit into the City’s contract management function provides all the information required to improve our contract management processes.

**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.

**Can we afford it?**

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.

**How does the option impact upon rates?**

There will be no impact on rates in the receipt of this report. Future costs will need to be considered by the Administration and Council at a later date following a detailed review of the report’s implications to the City’s operations.

**Conclusion**

The findings reported by Moore Australia are progressively being addressed through the recruitment of the Procurement Coordinator.

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

# Update on Audit of Records Management

|  |  |
| --- | --- |
| **Committee** | 31 August 2021 |
| **Applicant** | City of Nedlands  |
| **Employee Disclosure under section 5.70 *Local Government Act 1995*** | Nil. |
| **Director** | Ed Herne – Director Corporate & Strategy |
| **Attachments** | Nil. |
| **Confidential Attachments** | Nil. |

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

Moved – Councillor Senathirajah

Seconded – Councillor Wetherall

**That the Recommendation to Committee be adopted.**

(Printed below for ease of reference)

**CARRIED UNANIMOUSLY 5/-**

**Committee Recommendation / Recommendation to Committee**

**That Council receives the progress made to address the findings from Moore Australia (Internal Auditor’s) Records Management Audit and the Dialog IT SharePoint and Recordkeeping Audit Report.**

**Executive Summary**

The objective of 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 for endorsement.

**Voting Requirement**

Simple Majority.

**Discussion/Overview**

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 as the City’s records are largely unmanaged and lack compliance with the relevant principles and standards under the *State Records Act 2000*.

The City has been reviewing the findings and has been working on addressing these as a matter of urgency to achieve increased compliance .

**Update on Progress**

The City’s officers met with the Director of the State Records Office on Friday 30 July 2021 to:

1. Provide a briefing on the issues that that the City is addressing;
2. Seek their guidance on retention and disposal schedules;
3. Discuss changes to the revised Record Keeping Plan Template which will be released by the State Records Office in late 2021; and
4. Discuss where SharePoint fits in the electronic records and documents suite of compliant records management products. The State Records Office indicated that SharePoint was not necessarily the preferred tool as it requires third-party software integration products to achieve compliance.

The City has benchmarked the number of records management staff across six (6) local government authorities that range from 185 FTE to 260 FTE. Across these 6 local government authorities the average number of Records Management staff is approximately 3.5 FTE. Given the City is at the low end of the FTE benchmark, the records management staffing level should also be considered at the lower end, that is, three (3) FTE. Currently the City has 0.8 FTE allocated to Records Management, thus leaving a capacity shortfall of two (2) FTE.

As a stop gap measure the City has employed one (1) person on a short-term arrangement (December 2021) to assist with the capacity gap and is planning to employ another suitable officer on a similar short-term arrangement. This approach will address the capacity gap in the short-term. Longer-term arrangements will need to considered through the planned organisation and service review or through the 2022/2023 budget process.

The following table is an update on the status and progress of each finding:

| **Finding** | **Description** | **Status** | **% Complete** | **Target Date** | **Issues** | **Activity** |
| --- | --- | --- | --- | --- | --- | --- |
| 1 | Lack of Records Management Policy & Procedures |  | 40% | 30 Oct 2021 | Nil. | * Records Management Policy drafted
* Records Management Procedures in progress
 |
| 2 | Inadequate Record Keeping Plan  |  | 20% | 31 Dec 2021 | Nil. | * 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.
 |
| 3 | Lack of Qualified & Experienced Staff |  | 50% | 31 Dec 2021 | Additional capacity to address this finding.  | * A temporary resource has been engaged to 31 December 2021 to assist with capacity issues and operational records management.
* Benchmarking of various Local Government Councils Records Management staffing levels has been completed.
* Options of engaging another temporary Records Officer resource is being explored.
 |
| 4 | Inadequate Records Management Training |  | 0% | 30 Jun 2022 | Capacity to train all City staff.  | * Information Management staff scheduled to receive external training by end of November 2021.
* All staff training (160+ staff) will commence on the completion of Finding #9.
 |
| 5 | Lack of Monitoring |  | 0% | 30 Jun 2022 | Capacity to address this finding.  | * Discussed monitoring processes with the Director of the State Records Office Friday 30th July 2021.
* This will be addressed following the implementation of Finding #9.
 |
| 6 | Physical & Digital Security of Documents |  | 60% | 30 Sept 2021 | Nil. | * The physical records are housed in a secure room. Only authorised staff can only enter the Records room by swiping their security access pass. Access to this room is electronically recorded in the Building Management System. Monthly reports of staff that enter the records room will be developed to audit security access.
* A formal procedure for accessing the Records room and retrieval of documents is under development.
* Security of digital documents will be addressed by Finding #9.
 |
| 7 | Inadequate management of retention & disposal of records |  | 10% | 30 June 2022 | Additional capacity to address the ongoing management of this finding.  | * Meeting held with the Director of the State Records Office Friday 30th July 2021 to discuss the Retention and Disposal schedule.
* The City will adopt the State Records Office Guideline for Records Retention and Disposal Instructions.
 |
| 8 | Inconsistent naming of documents |  | 10% | 30 June 2022 | Nil. | * Following the meeting held with the Director of the State Records Office Friday 30th July 2021 the naming standards adopted will be based on Keywords for Councils.
* This standard will be incorporate into the training program.
 |
| 9 | Non-compliance with State Records Act - SharePoint |  | 20% | 31 Jan 2022 | Nil.  | * Procurement of a software tool has been finalised and approved. This third-party software tool is compatible with SharePoint and will address compliance issues as identified.
* Project implementation will commence in September 2021.
 |

|  |  |
| --- | --- |
| **Legend** | **Description** |
|  | Target date will be delayed. |
|  | Potential for target date delay. |
|  | On Target |

**Key Relevant Previous Council Decisions:**

The audit findings were reported to the Audit and Risk Committee at the meeting held on the 31st May 2021. The Audit and Risk Committee recommended the following:

1. notes with concern the Moore Australia Audit into Records Management and Dialog I.T.;
2. notes the actions recommended by the City’s Officers; and
3. refers the report to the next Ordinary Council Meetings, where the Chief Executive Officer is requested to advise Council what resources are required to address this matter on an urgent basis.

At the Ordinary Council meeting dated 22nd June 2021, Council resolved the following:

1. notes with concern the Moore Australia Audit into Records Management and Dialog I.T;
2. notes the actions recommended by the Administration; and
3. ensures the CEO notes the Council’s concerns of what the Audit Report – Records Management revealed and requests the CEO address the remedial action as an urgent matter and report back to Council as soon as possible.

**Consultation**

The City’s officers have consulted with the Director of State Records Office of Western Australia.

**Strategic Implications**

**How well does it fit with our strategic direction?**

Addressing the findings reported by Moore Australia and Dialog IT audit reports will ensure that the City can achieve increased compliance with the *State Records Act 2000* and reduce operational and strategic risk.

**Who benefits?**

The City will benefit by complying with the *State Records Act 2000*.

**Does it involve a tolerable risk?**

The Moore Australia and Dialog IT audit reports have identified a significant number of business risks that can only be mitigated to a manageable level if their recommendations are addressed by the City.

**What level of risk is associated with the option and how can it be managed?**

Addressing the Moore Australia and Dialog IT audit reports recommendations will reduce the risks that the City is currently exposed to in Records Management.

**Do we have the information we need?**

Yes, the Moore Australia and Dialog IT audit reports has fully informed the City on what actions are required to mitigate the identified records management risks.

**Budget/Financial Implications**

**Can we afford it?**

Addressing the Moore Australia and Dialog IT audit report recommendations will initially be addressed with existing resources. Future requirements for increasing capacity in the Records Management area will be subject to the City’s budgetary processes.

**How does the option impact upon rates?**

Accepting the Officers recommendations in this report will not impact rates.

**Conclusion**

The findings reported by Moore Australia and Dialog IT are progressively being addressed within the capacity of existing records management resources.

Fully addressing all the findings will occur throughout the 2021/2022 financial year as the administration will have a significant amount of work to do after 5 years of no attention to the records management function.

# Enterprise Resource Planning System: Project Status Report

|  |  |
| --- | --- |
| **Committee** | 31 August 2021 |
| **Applicant** | City of Nedlands  |
| **Employee Disclosure under section 5.70 *Local Government Act 1995*** | Nil. |
| **Director** | Ed Herne – Director Corporate & Strategy |
| **Attachments** | Nil. |
| **Confidential Attachments** | Nil. |

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

Moved – Councillor Wetherall

Seconded – Councillor Senathirajah

**That the Recommendation to Committee be adopted.**

(Printed below for ease of reference)

**CARRIED UNANIMOUSLY 5/-**

**Committee Recommendation / Recommendation to Committee**

**That Council receives the Enterprise Resource Planning System Project Status Report.**

**Executive Summary**

The objective 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.

**Discussion/Overview**

This is the first 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.

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.

Thereafter the City has commenced detailed project planning and in the process of recruiting the project implementation team.

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 -OneCouncil : Overview of Phases

The scope of the abovementioned phases is largely driven by the fact that we are leveraging the implementation work undertaken at other Western Australian Local Governments. This approach reduces the implementation cost and overall risk to the City. Furthermore, the scope of Phase 1 is designed to lay the foundation systems ready for future phases of OneCouncil to build upon.

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

Figure -OneCouncil Phase 1 Milestones

**Update on Progress**

To date, all milestones have been met by the OneCouncil Project as per the following:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **#** | **Milestone** | **Status** | **%****Complete** | **Target Date** |
| 1 | Project Planning |  | 80% | 31 August 2021 |
| 2 | Project Team Recruitment |  | 20% | 29 October 2021 |
| 3 | Project Team Training |  | 0% | 11 February 2022 |
| 4 | System Design & Configuration |  | 0% | 30 April 2022 |
| 5 | Data Migration  |  | 0% | 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. |

 The key deliverables produced by the OneCouncil Project were:

1. Milestone #1 – Project Planning
* City of Nedlands and TechnologyOne Contract signed;
* Memorandum of Understanding (MoU) with City of Nedlands and City of South Perth approved;
* Memorandum of Understanding (MoU) City of Nedlands and Shire Serpentine Jarrahdale approved;
* Project Management Plan developed;
* Project Risk Register developed; and
* Cloud based OneCouncil IT Environments established.
1. Milestone #2 – Project Team Recruitment
* Project Team Position Descriptions (PD’s) Drafted;
* Project Team Position Descriptions (PD’s) Approved; and
* Project Team Positions Advertised on Seek.

**Key Relevant Previous Council Decisions:**

At the Ordinary Council Meeting held on the 22nd 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”.

**Consultation**

The OneCouncil Project is in the process of developing the followings 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**

**How well does it fit with our strategic direction?**

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.

**Who benefits?**

Council will benefit from the implementation of OneCouncil by:

* Improved online services for ratepayers and residents;
* Implementing the ability for customers/residents to engage the City online from any device and anytime;
* More efficient tools for reporting budget and statutory reporting obligations;
* Improved staff morale by reducing pressure/stress on staff - this will reduce the need to increase FTE in the future - as staff will have the right tools to do their job;
* The ability to attract talent from other Councils that use TechnologyOne;
* Improved planned and scheduled maintenance of our Assets;
* Reduced strategic and operational risk by replacing the City’s obsolete IT systems;
* Improved granularity of financial reporting with a revised Financial Chart of Accounts; and
* Increased financial system controls with full audit capability to reduce the risk of fraud / corruption.

The City’s administrative staff will benefit from the implementation of OneCouncil by:

* Optimization of business processes - Being more effective & efficient;
* Improved information accuracy and decision-making capability - A more strategic City;
* Improved and efficient business processes and tools for:
	+ Business Intelligence & Reporting;
	+ Financial management, budgeting, governance and transparency;
	+ Employee performance management, learning, training and development;
	+ Corporate strategic planning and reporting;
	+ Sharing information between all areas of the City;
	+ Comprehensive Asset management; and
	+ Workforce mobility.
* Elimination of unnecessary manual and paper-based business processes;
* Delivers contemporary ICT systems with the capability to scale as the City grows; and
* Improved capacity for staff to work ‘on the business’ rather than ‘in the business’

The Customer, community and other stakeholders will benefit from this initiative by:

* Customers will have access to on-line services 24x7 – this is an expectation;
* Ability for customers to report issues and/or request information online;
* Automated communication to customers - Request lodgement, progress and completion outcomes;
* Ability to track requests for information or service online – rather than calling the City;
* Online ability to lodge, track and pay for:
	+ Building Applications and Development applications;
	+ Dog/Cat renewals/licences;
	+ Requests for new services (i.e. Bins, Verge collections);
	+ Copies of plans; and
	+ Infringements / Fines.
* Having an improved customer and interface experience with the availability of online processes that can be completed at their convenience, not only during the City’s operating hours as is the current situation; and
* Simplification of the customer’s communication and engagement with the City of Nedlands.

**Does it involve a tolerable risk?**

The implementation of transformational change has inherent risks. These risks have been formally identified, and risk mitigation strategies will be identified and implemented. A project risk register has been developed as part of the implementation of the Enterprise Resource Planning System, and the project risk register will inform the Corporate Risk Register. This will be supported by implementing robust project governance and project management to ensure visibility and accountability over the progress of the project.

A key risk mitigation strategy includes the establishment of a Memorandum of Understanding (MoU) with the City of South Perth and the Shire of Serpentine Jarrahdale as these local governments currently use the OneCouncil solution. This will enable the City to utilise information, system setup configuration, lessons learnt and various project deliverables (i.e., Test Plans, training material, project plans etc.) to minimise resource effort, cost, and risk in the City’s overall implementation.

Importantly, adopting a pre-configured business process that another local government has already implemented will give the City a solid foundation on which to commence the implementation.

**What level of risk is associated with the option and how can it be managed?**

Three is no risk associated with receiving this report.

**Do we have the information we need?**

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

**Budget/Financial Implications**

**Can we afford it?**

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

**How does the option impact upon rates?**

Receiving this report will not impact rates.

**Conclusion**

The implementation of OneCouncil Project is a significant investment that enables a whole new way of doing business more effectively. We need to evolve our organisation to ensure that we meet the expectations of the community we serve both now and in the future. Our goal is to deliver a best-practice system that improves our processes, strengthens the capacity of our people and facilitates the delivery of excellent service to our customers.

OneCouncil is a 3-year project managed in three (3) Phases and is an organisation-wide project that will touch most facets of the City. It is more than just new software. We are transforming the way we do things by simplifying our work processes and adopting best practice. Active involvement by all staff in this change is vital to success. Therefore, it is important to keep the Audit and Risk Committee abreast of the progress and status of the OneCouncil Project on a quarterly basis.

# Moore Australia – Internal Audit

|  |  |
| --- | --- |
| **Committee** | 31 August 2021 |
| **Applicant** | City of Nedlands  |
| **Employee Disclosure under section 5.70 *Local Government Act 1995*** | Nil. |
| **Director** | Ed Herne – Director Corporate & Strategy |
| **CEO** | Bill Parker  |
| **Attachments** | 1. Moore Australia Agenda paper including Audit Log and Strategic Internal Audit Plan 2022-2024 |
| **Confidential Attachments** | Nil. |

**Regulation 11(da) – The Committee recommended changes and additions to the Audit Plan to reflect changes in priority.**

Moved – Councillor Senathirajah

Seconded – Councillor Wetherall

**Committee Recommendation**

**That Council:**

1. **receives the Moore Australia paper providing an update on the internal audit activities performed by Moore Australia for the year ended 30 June 2021; and**
2. **confirms the Strategic Internal Audit Plan for the year ended 30 June 2022 and 2023 to be amended as follows subject to confirmation of hours involved and associated costs:**
3. **Integrated planning and reporting being moved to year ending 30 June 2023;**
4. **Post Implementation of the new finance system being moved to year ending 30 June 2023;**
5. **Planning Approvals – review of potential bias, compliance, approval rates, SAT determinations, historical statistical analysis, benchmarking to being moved to year ending 30 June 2022;**
6. **Procurement and planning for the implementation of the new finance system being move to year ending 30 June 2022;**
7. **Include Conflict of Interest (including secondary employment) and infrastructure safety for the year ending 30 June 2022; and**
8. **Include Fraud & Corruption as part of the Risk Management for the year ending 30 June 2022.**

**CARRIED UNANIMOUSLY 5/-**

Recommendation to Committee

That Council:

1. receives the Moore Australia paper providing an update on the internal audit activities performed by Moore Australia for the year ended 30 June 2021;
2. confirms the Strategic Internal Audit Plan for the year ended 30 June 2022, 2023, and 2024;
3. approves for Moore Australia to be reappointed as the City’s internal auditor for the 3 years ended 30 June 2022 to 30 June 2024.

**Executive Summary**

This report is to:

* Provide an update on the internal audit activities for the year ended 30 June 2021;
* Confirm the internal audit topics for the year ended 30 June 2022 and 30 June 2023 and provide topic suggestions for the year ended 30 June 2024; and
* Approve for Moore Australia to be reappointed as the City’s internal auditor for the 3 years ended 30 June 2022 to 30 June 2024.

**Voting Requirement**

Simple Majority.

**Discussion/Overview**

1. **Internal Audit Activities**

Moore Australia has provided an update of the internal audit activities for the year ended 30 June 2021.

1. **Strategic Internal Audit Plan for the years ending 2022 - 2024**

Moore Australia has prepared the Strategic Internal Audit Plan for the years ending 30 June 2022 to 30 June 2024 and are seeking confirmation of the internal audit topics.

1. **Approval for Moore Australia to be reappointed as the City’s internal audit provider for the 3 years ending 30 June 2022 to 2024**

Moore Australia are seeking approval to continue as the City’s internal audit provider to undertake the Strategic Audit Plan for the 3 years ending 30 June 2022 to 2024.

**Key Relevant Previous Council Decisions:**

Nil.

**Consultation**

Nil.

**Strategic Implications**

**How well does it fit with our strategic direction?**

The City of Nedlands relies on internal audit as the third line of defense to provide insight and improvement opportunities to the system of internal control.

**Who benefits?**

The City will benefit from having a Strategic Internal Audit Plan. This provides a strategic view of the internal audit topics planned for the next year to demonstrate the risks being mitigated by the work performed by the internal audit function, Office of the Auditor General via their financial and performance audit function and what work needs to be performed by the City of Nedlands.

**Does it involve a tolerable risk?**

The work included within the Strategic Internal Plan aims to reduce the residual risk identified by the City of Nedlands by identifying controls and improvement opportunities.

**What level of risk is associated with the option? How can it be managed?**

Nil.

**Do we have the information we need?**

Yes. The Strategic Internal Audit Plan identifies the internal audit topics for the years ending 30 June 2022 to 30 June 2024.

**Budget/Financial Implications**

**Can we afford it?**

The internal audit fees for the year ended 30 June 2022 have been included in the budget.

**How does the option impact upon rates?**

The impact of this option has already been included in the 2021-22 budget.

**Conclusion**

The Audit and Risk Committee:

* Notes the status update on the internal audit activities for the year ended 30 June 2021,
* Confirms the internal audit topic for the year ended 30 June 2022 to 30 June 2024,
* Approves the reappointment of Moore Australia as the City’s internal audit provider for the 3 years ending 30 June 2022 to 30 June 2024.

# Reports by the Chief Executive Officer

Nil.

# Urgent Business Approved By the Presiding Member or By Decision

 Any urgent business to be considered at this point.

# Confidential Items

Nil.

# Date of next meeting

The next meeting of the Audit & Risk Committee to be advised.

# Declaration of Closure

There being no further business, the Presiding Member declared the meeting closed at 7.09pm.