City of Nedlands

Agenda

Audit & Risk Committee Meeting

30 May 2022

Notice of Meeting

To Mayor & Councillors

A Meeting of the Public Art Committee of the City of Nedlands is to be held on Monday, 30 May 2022 in the Council chambers at 71 Stirling Highway Nedlands commencing at 5.30pm.

Michael Cole
Acting Chief Executive Officer
27 May 2022

Information

Audit & Risk Committee Meetings are run in accordance with the City of Nedlands Standing Orders Local Law. If you have any questions in relation to items on the agenda, procedural matters, public question time, addressing the Committee or attending meetings please contact the Executive Officer on 9273 3500 or council@nedlands.wa.gov.au

Public Question Time

Public question time at an Audit & Risk Committee Meeting is available for members of the public to ask a question about items on the agenda. Questions asked by members of the public are not to be accompanied by any statement reflecting adversely upon any Council Member, Committee Member or Employee.

Questions should be submitted as early as possible via the online form available on the City's website: Public question time | City of Nedlands

Questions may be taken on notice to allow adequate time to prepare a response and all answers will be published in the minutes of the meeting.

Addresses by Members of the Public

Members of the public wishing to address the Audit & Risk Committee in relation to an item on the agenda must complete the online registration form available on the City's website: Public Address Registration Form | City of Nedlands

The Presiding Member will determine the order of speakers to address the Council and the number of speakers is to be limited to 2 in support and 2 against any particular item on the Agenda. The Public address session will be restricted to 15 minutes unless the Committee, 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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Table of Contents

1.   Declaration of Opening

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

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

Leave of Absence   None.
(Previously Approved)

Apologies   None as at distribution of this agenda.

3.   Public Question Time

Public questions submitted to be read at this point.

4.   Addresses by Members of the Public

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

5.   Disclosures of Financial / Proximity Interest

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

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

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

6. Disclosures of Interests Affecting Impartiality

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

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

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

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

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

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

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

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

8. Confirmation of Minutes

8.1 Audit & Risk Committee Meeting Minutes – 14 March 2022

The Minutes of the Audit & Risk Committee Meeting 14 March 2022 are to be accepted as a true and correct record of that meeting.

9.   Items for Discussion

9.1   ARC08.05.22 City of Nedlands Audit Plan for year ending 30 June 2022

Meeting & Date	Audit & Risk Committee – 30 May 2022
Applicant	City of Nedlands
Employee Disclosure under section 5.70 Local Government Act 1995	Nil.
Report Author	Stuart Billingham – Acting Manager Financial Services
Director/CEO	Michael Cole – Director Corporate & Strategy
Attachments	1. City of Nedlands Audit Plan for the year ending 30 June 2022

Purpose

This report is for the Office of the Auditor General and KPMG staff to present the City of Nedlands Audit Plan for the year ending 30 June 2022 to the Audit & Risk Committee.

Recommendation

That the Audit & Risk Committee receive the report on the City of Nedlands Audit Plan for the year ending 30 June 2022.

Voting Requirement

Simple Majority

Background

The Office of the Auditor General and KPMG has submitted an Audit Plan paper for discussion at the Committee meeting.

Consultation

Office of the Auditor General, KPMG, Director Corporate & Strategy, Finance Coordinator.

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.

Legislative and Policy Implications

Nil.

Decision Implications

Nil.

Conclusion

That the Audit & Risk Committee receives the City of Nedlands Audit Plan for the year ending 30 June 2022.

Further Information
N/A

City of Nedlands
Audit Plan

For the year ending 30 June 2022

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Introduction

To the Audit and Risk Committee of the City of Nedlands

We are pleased to have the opportunity to discuss our audit of the financial report of the City of Nedlands ("the City"), as at and for the year ending 30 June 2022.

This audit plan and strategy document is intended to provide the Audit and Risk Committee with our audit focus areas, our procedures over these areas, deliverables and timelines.

Restrictions on distribution

This report is intended solely for the information of those charged with governance of the City and the report is provided on the basis that it should not be distributed to other parties; that it will not be quoted or referred to, in whole or in part, without our prior written consent; and that we accept no responsibility to any third party in relation to it.

Contents

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Audit responsibility

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On behalf of the Auditor General, KPMG's aim is to provide a high quality audit of the City's financial statements and ratios that is risk focused with independent insight on the key issues.

- KPMG has been contracted by the Office of the Auditor General ("OAG") to perform the audit of the City. The contract requires KPMG to use their audit approach and methodology.
- KPMG conducts an independent audit in order to enable the OAG to express an opinion regarding the financial statements and Asset Consumption and Asset Renewal Funding Ratios included in the annual financial report . Our audit is conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal controls, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements will be detected.
- We perform procedures to assess whether the financial statements present fairly with the City's financial position as at 30 June 2022, and its performance for the year ending on that date in accordance with the *Local Government Act 1995*, Local Government (Audit) Regulations 1996, Australian Accounting Standards and other mandatory financial reporting requirements applicable to the City.
- We form our recommended audit opinion on the basis of these procedures, which include: examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the City.
- We consider the effectiveness of management's internal controls over financial and performance reporting when determining the nature and extent of our procedures.
- We will express an opinion recommendation on whether:
    - The annual financial report of the City is based on proper accounts and records; and fairly represents, in all material respects, the results of the operations of the City for the year ended 30 June 2022 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.
- We express an opinion recommendation on Other Legal and Regulatory Requirements in accordance with the *Local Government (Audit) Regulations 1996*, whether all required information and explanations were obtained by me, all audit procedures were satisfactorily completed and the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report was supported by verifiable information and reasonable assumptions.
- As part of funding arrangement/grant agreement requirement, the City may require the completion of certification/grant acquittal audits. We will formally agree our information requirements and timeframes for the certification audit with your Manager Financial Services. Availability of required information is critical in ensuring the reporting timelines are meant and future funding arrangements are not disrupted for the City. Where possible we will be completing the testing for any certification and/grant acquittals concurrently with the annual financial statement audit of the City.
- The OAG and KPMG understand the importance of our role as auditors in the external reporting framework and we work to maintain an extensive system of quality control over our audit practices.

KPMG

1

Audit Approach

The following table summarises our approach to the audit of the City:

| Area	Assessment & Approach
Methodologies and activities	– Our audit approach is tailored to address financial statement risks unique to the City. In tailoring our approach, we have held discussions with management, considered any changes to operations, and considered both external and internal developments that may impact our audit risk. – A summary of the activities in each phase of our audit is provided. – On completion, we will evaluate the evidence we obtained and report our findings to you.
Materiality	– Planning materiality is determined at the overall financial statement level. Where appropriate, based on qualitative factors, we may lower our materiality threshold. – The extent of audit procedures on balance sheet and income statement numbers is based on our professional judgement and materiality applicable to the City. – During the course of our work, we will accumulate and report all identified uncorrected and corrected misstatements above our audit difference posting threshold, as well as material misstatements or omissions in presentation and disclosures, to the Audit and Risk Committee. – As required by auditing standards, we will request correction of identified differences.
Risk assessment	– Based on our experience, our knowledge of the City and discussions with management, we will perform an assessment of your business risks relevant to our audit and identify financial statement captions that may be affected by these risks to identify audit focus areas. – We have summarised the relevant risks faced by the City; and – The audit focus areas are identified, our planned procedures and key accounting and reporting matters for consideration.
Independence	– Our audit services are subject to the OAG's, KPMG's and our profession's strict rules and policies regarding auditor independence. – We will not undertake services that are incompatible with our role as your auditor, or that could compromise our independence in any way. – We will continue to monitor our independence on an ongoing basis and will confirm our independence at the time of audit completion and signing the audit opinion.
Approach to fraud	– The primary responsibility for preventing and detecting fraud rests with the Audit and Risk Committee and management. – We are responsible for obtaining reasonable assurance that the financial report, taken as a whole, is free from material misstatement, whether caused by fraud or error. Owing to the inherent limitations of an audit there is an unavoidable risk that some material misstatements of the financial report may not be detected. – We will assess the risk of fraud and design procedures that respond to that risk including, but not limited to, making enquiries of management about actual, suspected or alleged fraud and testing journal entry posting controls and a sample of journal entries. – We request at this time the accountable authority, in consultation with the Executive, to identify matters relating to fraud consideration for incorporating into our audit approach. We will report fraud related issues identified to the accountable authority if identified during our audit. – Information relating to the fraud will be provided to the OAG's forensic division and the Office may decide to conduct further investigation.

Audit Approach - Phases

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	Planning / Risk assessment	Testing	Completion
Objectives	• Perform risk assessment • Determine critical accounting and reporting matters • Plan audit procedures • Evaluate fraud risk in financial reporting • Understand accounting and reporting activities • Evaluate design and implementation of controls • Perform initial test of operating effectiveness of key controls with sample sizes based on frequency and nature of controls	• Assess control risk and the risk of significant misstatement • Perform substantive audit procedures • Audit non-routine transactions and re-assess the risk of misstatement • Obtain audit evidence that is sufficient and appropriate	• Evaluate and report audit findings • Form and issue audit opinion • Communicate with key stakeholders • Identify improvements for future years
Activities	• Update our understanding of business and operations via discussions with executive management and the finance team • Calculate audit materiality • Assess risks and identify general ledger accounts requiring audit focus • Undertake analytical reviews and assess key accounting issues • Discuss key processes and controls relevant to "significant general ledger accounts" • Review and consider relevant internal audit reports	• Complete test of operating effectiveness of key controls through sample sizes based on frequency and nature of control • Complete testing of the IT environment • Perform testing on complex and non-routine transactions • Perform other tests to supplement controls testing • Audit of financial ratios and other disclosures in the financial report • Active involvement of the OAG and review of work performed	• Resolve judgemental issues identified throughout the audit • Evaluate the City's financial statements • Summarise key findings and report to management and the Audit and Risk Committee
Deliverables	• 2022 Audit Plan • Interim management letter (as required)	• Summary of adjusted and unadjusted audit differences for consideration by management including significant deficiencies in internal controls • Draft report to the Audit and Risk Committee and management letter, as necessary	• Audit opinion from the OAG • Exit Meeting report to Audit and Risk Committee • Final management letter

Continuous communication between OAG/KPMG teams and the City

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Audit risk assessment

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In our assessment of inherent audit risks impacting the financial report, we consider the nature of the risk, likelihood of its occurrence and potential impact it could have on the City's financial report.
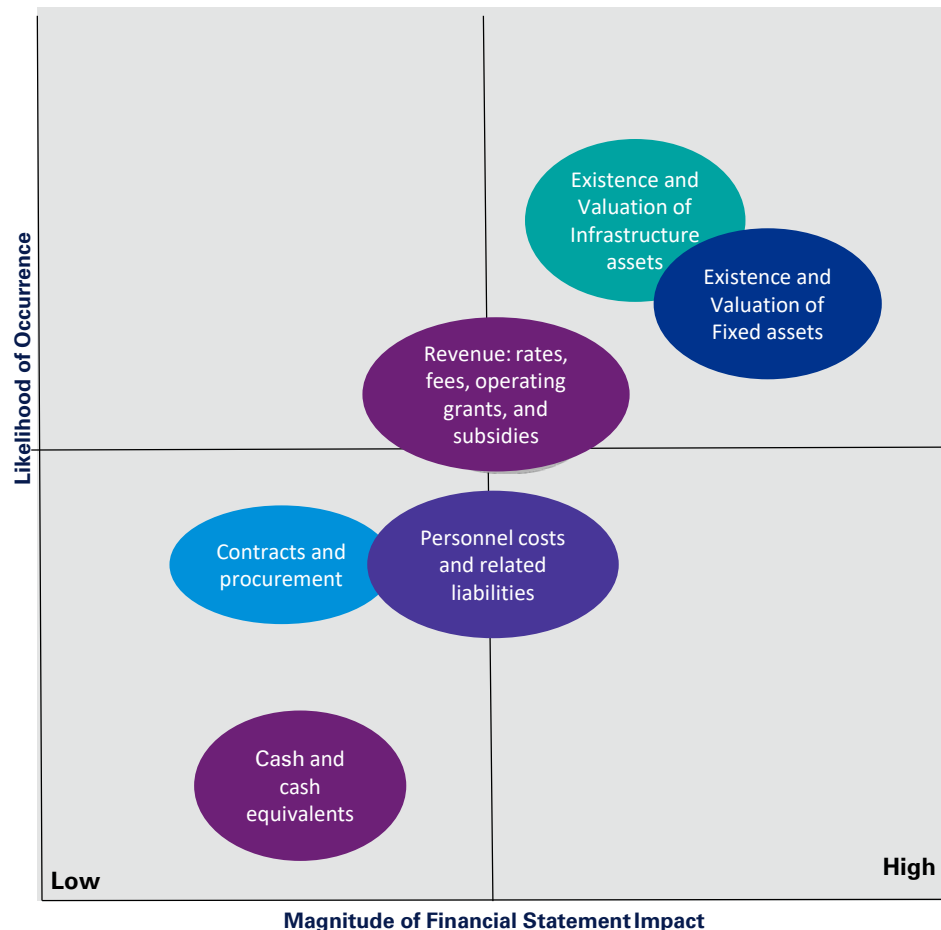
Key	Factors influencing our assessment
Existence and valuation of Infrastructure assets	• Valuation methodology and assumptions can be complex and judgmental • Significant volume of individual assets
Existence and valuation of Fixed assets	• Valuation methodology and assumptions can be complex and judgmental • Significant volume of individual assets
Revenue – rates, fees, operating grants, and subsidies	• High volume of transactions that management are required to process accurately • Heightened area of focus for stakeholders
Personnel costs and related liabilities	• Existence and accuracy of payroll related costs • Risk of payments made to fictitious employees
Contracts and procurement	• High volume of transactions that management are required to process accurately • Heightened area of focus for stakeholders
Cash and cash equivalents	• High volume of transactions of significant value

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4

Key audit focus areas

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1 **Existence and valuation of Infrastructure Assets**

Audit risk **H** Higher **M** Moderate **L** Lower

Significant Risks   Size   Complexity

H   **M**

Areas of audit focus

- Valuation methodology and assumptions can be complex and judgmental
- Significant volume of individual assets
- ASA 540 (Revised) *Auditing Accounting Estimates and Related Disclosures*

Planned audit procedures

Test of Controls

- None planned

Substantive Procedures

- Complete a roll forward of the infrastructure asset balance, including testing additions and disposals (where material).
- Assess managements analysis of fair value movements in infrastructure assets
- Consider other available information for evidence of any material changes in fair value
- On a sample basis, select assets for sighting noting their existence and physical condition
- Recalculate any revaluation gain/loss arising from the revaluation and ensure this has been appropriately recorded.
- Assess appropriateness of asset classification
- Perform a substantive analytical procedure over the depreciation expense

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Key audit focus areas

2 **Existence and valuation of Fixed Assets**

Audit risk **H** Higher **M** Moderate **L** Lower

Significant Risks

	Size	Complexity
	H	**M**

Areas of audit focus

- Valuation methodology and assumptions can be complex and judgmental
- Land and buildings are carried at fair value with an independent valuation being undertaken in 2022.
- Significant volume of individual assets
- ASA 540 (Revised) *Auditing Accounting Estimates and Related Disclosures* is now effective. Refer to page 11

Planned audit procedures

Test of Controls

- None planned

Substantive Procedures

- Complete a roll forward of the Fixed Asset balance, including testing additions and disposals (where material).
- Review the 2022 independent valuations obtained for land and building assets, including assessing the calculation of the fair value movement.
- Utilise KPMG's valuation specialists to assess the reasonableness and appropriateness of the valuation methods used for land and buildings, including assessing and challenging key assumptions.
- Assess managements analysis of impairment indicators for Fixed Assets carried at cost (plant & equipment, furniture & equipment)
- On a sample basis, select assets for sighting noting their existence and physical condition
- Recalculate any revaluation gain/loss arising from the revaluation and ensure this has been appropriately recorded
- Assess appropriateness of asset classification
- Perform a substantive analytical procedure over the depreciation expense

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Key audit focus areas

3 **Revenue – rates, fees, charges, operating grants and subsidies**

Audit risk (H) Higher (M) Moderate (L) Lower

Significant Risks	Size	Complexity
	M	M

Areas of audit focus

- High volume of transactions that management are required to process accurately
- Heightened area of focus for stakeholders

Planned response

Test of Controls

- Council approval of rates and charges
- Complete testing of the operating effectiveness of information system general controls

Substantive Procedures

- Review the City's rates policy in place
- Review of Landgate's General Valuation of the Gross Rental Values (GRVs) of properties within the City
- Recalculate the rates revenue for the year ensuring the correct rates were used and verifying the accuracy thereof
- Focus testing around financial year ends to ensure revenue recorded in the correct period
- Assess the recoverability of the related debtor raised
- Agree a sample of fees and charges to supporting documents
- Vouch grants to relevant grant agreement and bank and consider reasonableness of recognition principles, including contract liabilities

Key audit focus areas

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4 **Contracts and Procurement**

Audit risk **H** Higher **M** Moderate **L** Lower

Significant Risks   Size   Complexity

M   **L**

Areas of audit focus

- High volume of transactions that management are required to process accurately
- Heightened area of focus for stakeholders

Planned audit procedures

Test of Controls

- Weekly review of authorisation of payments in line with Delegation of Authority
- Review of approval of contracts in line with Procurement Policy of the City
- Review of end of month accounts payable reconciliation
- Review of changes to creditor maintenance/changes report

Substantive Procedures

- Review of internal audit reports for internal controls tested, specific contracts reviewed or key findings noted in procurement
- Review of the City's procurement policy
- On a sample basis for expenditure, agree payments made to supporting documentation and sighting authorisation of such payments in line with the Delegation of Authority
- For new contracts awarded during the year, review to ensure the City's Procurement Policy was followed (quotations, request for tender, etc)
- Search for unrecorded liabilities at year end

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Key audit focus areas

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5 Personnel costs and related liabilities

Audit risk (H) Higher (M) Moderate (L) Lower

Significant Risks

	Size	Complexity
	(M)	(M)

Areas of audit focus

- High volume of transactions that management are required to process accurately
- Existence and accuracy of payroll related costs

Planned audit procedures

Test of Controls

- Authorisation and approval of pay run payments

Substantive Procedures

- Reconcile the payroll report and trial balance as at 30 June 2022, including related payroll liabilities
- Substantive analytical procedures to be performed over employee costs for the year ending 30 June 2022
- Substantive analytical procedures to be performed over annual leave and long service leave provisions as at 30 June 2022
- Consider the adequacy of the City's long service leave provision as it relates to casual employees, having regard to recent Labour Relations guidelines

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Key audit focus areas

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6 **Cash and cash equivalents**

Audit risk (H) Higher (M) Moderate (L) Lower

Significant Risks	Size	Complexity
	(M)	(L)

Areas of audit focus

- High volume of transactions of significant value

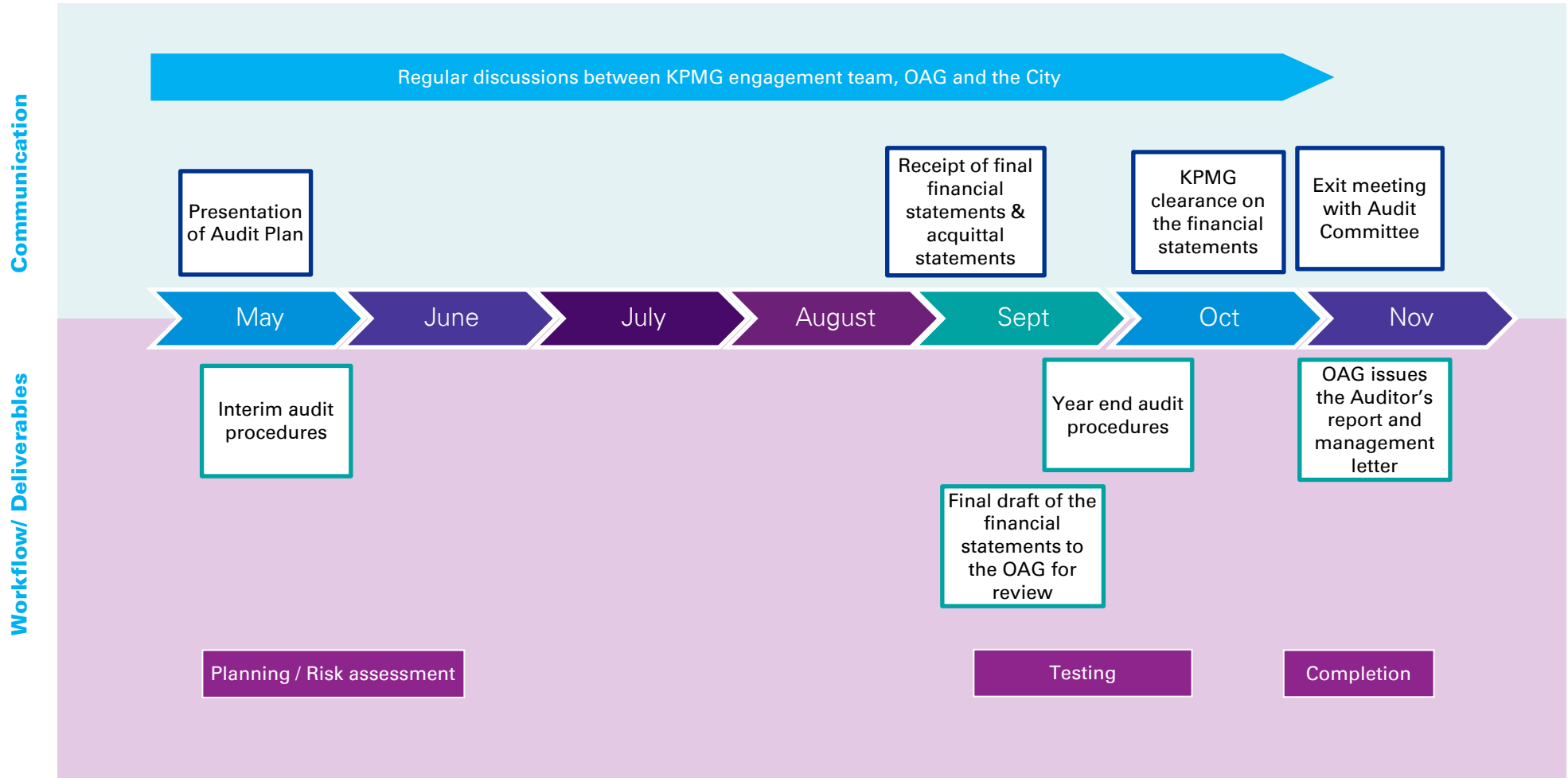### Planned audit procedures

Test of Controls

- Management review of bank reconciliations

Substantive Procedures

- Identify key controls within the Treasury process, including controls surrounding the preparation and review of bank reconciliations

- On a sample basis, vouch term deposits to confirmations and consider appropriateness of classification

- Circularize independent bank confirmations at year end

- Review the year end bank reconciliation and agree to bank confirmations

- On a sample basis, verifying that the transfers to and from reserves have been appropriately approved.

10

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Timeline of the audit

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Communicating with and reporting to the City, with no surprises, underpins the quality of our audit. There are two main elements: the formal audit report, and ongoing communications. Two-way communication with management is a key aspect of our reporting and service delivery. We stress the importance of keeping you informed of issues arising throughout the audit and of understanding your views.

Communication

Regular discussions between KPMG engagement team, OAG and the City

Presentation of Audit Plan

Receipt of final financial statements & acquittal statements

KPMG clearance on the financial statements

Exit meeting with Audit Committee

May	June	July	August	Sept	Oct	Nov

Workflow/ Deliverables

Interim audit procedures

Year end audit procedures

OAG issues the Auditor's report and management letter

Final draft of the financial statements to the OAG for review

Planning / Risk assessment

Testing

Completion

Mandatory communications

Management's responsibilities (and, where appropriate, those charged with governance)	Prepare financial statements in accordance with the applicable financial reporting framework that are free from material misstatement, whether due to fraud or error. Provide the auditor with access to all information relevant to the preparation of the financial statements, additional information requested and unrestricted access to persons within the entity.
Auditor's responsibilities	Forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.
Auditor's responsibilities - Independence	Identifying threats and implementing safeguards to ensure compliance with independence requirements.
Auditor's responsibilities – Fraud	Design and implement appropriate responses to identify, assess and obtain sufficient appropriate evidence regarding the risks of material misstatement of the financial statements due to fraud and to respond appropriately to fraud or suspected fraud identified during the audit.
Auditor's responsibilities – Other information	Obtain, read and consider whether there is a material inconsistency between the other information and (1) financial statements and (2) auditor's knowledge obtained in the audit. Respond appropriately when material inconsistencies appear to exist, or when other information appears to be materiality misstated. Report on other information in the auditor's report. Information obtained during the audit can be used to carry out an examination or investigation for one or more of the purposes mentioned in Section 18 of the Auditor General Act.

9.2   ARC09.05.22 Internal Audit – Occupational Health and Safety Report

Meeting & Date	Audit & Risk Committee – 30 May 2022
Applicant	City of Nedlands
Employee Disclosure under section 5.70 Local Government Act 1995	Nil.
Report Author	Shelley Mettam – Manager Human Resources
Director/CEO	Michael Cole
Attachments	1. Internal Audit – Occupational Health and Safety

Purpose

This report provides the findings and recommendations from the audit of the City's Occupational Health and Safety management conducted by Moore Australia.

Recommendation

The Audit and Risk Committee receives the Occupational Health and Safety Report and notes the findings, recommendations of the Audit and the management comments.

Voting Requirement

Not required.

Background

Moore Australia as the City's appointed Internal Auditors conducted a review of the City's compliance with the Occupational Safety and Health Act 1984 (the Act) in its provision of a safe working environment for all employees.

Moore's audit of the effectiveness of the safety and health systems was conducted with input from City personnel.

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

Discussion

The City has a statutory responsibility to provide and maintain, as far as practicable, a safe working environment for all its employees.

Moore Australia was engaged to conduct an audit of the City's provision of a safe working environment. The audit consisted of an entrance meeting on 19 January 2022, and subsequent requests for information and follow up meetings, culminating in a preliminary report on 3 March 2022 and a final report on 24 March 2022.

The final report contains the findings from Moore Australia together with management comments for each finding.

The audit findings are noted and accepted with agreed actions. The identified actions are aimed at continuous improvement in safety and health management by: meeting legislative requirements; applying better practice principles; ensuring a sound OS&H management system.

The report and its findings are presented to the Committee.

Consultation

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

Strategic Implications

The provision of a safe working environment is both a legislative requirement and good business practice due to the significant implications, including cost implications, should an unsafe environment exist.

Good governance of the City requires provision of appropriate safety and health measures.

Values   **Healthy and Safe**
Our City has clean, safe neighbourhoods where public health is protected and promoted.

Budget/Financial Implications

Contemporary legislative requirements are that employers are to maintain a safe working environment. This requires ongoing safety leadership, management and provision of appropriate safety and health resources and systems. The annual budget includes health and safety resourcing – this will be ongoing.

Legislative and Policy Implications

The Occupational Safety and Health Act 1984 required the provision and maintenance of a safe working environment for all employees.

Since the finalisation of the audit, the Work Health & Safety Act 2020 superseded the OSH Act 1984, coming into effect as of 31 March 2022.

The Work Health and Safety Act 2020 provides an increased onus on employers to provide safe systems of work. The audit findings provide a baseline on which to further build safety and health management at the City.

Decision Implications

Nil.

Conclusion

The Occupational Health and Safety Audit Report findings, with management comments, is presented to the Audit and Risk Committee for their information.

INTERNAL AUDIT
OCCUPATIONAL HEALTH AND SAFETY

CITY OF NEDLANDS

24 March 2022

TABLE OF CONTENTS

1. EXECUTIVE SUMMARY

1.1. Context

The City of Nedlands has a statutory responsibility under section 19(1) of the Occupational Safety and Health (OS&H) Act 1984, which broadly requires organisations to provide and maintain, as far as practicable, a safe working environment for all its employees.

The success and effectiveness of the OS&H management system requires:

a) top management leadership, commitment, responsibilities and accountability;

b) top management developing, leading and promoting a culture in the organisation that supports the intended outcomes of the OS&H management system, meeting all legislative compliance requirements as a minimum;

c) communication, consultation and participation of workers and workers' representatives;

d) allocation of the necessary resources to maintain it;

e) OS&H policies, which are compatible with the overall strategic objectives of the organisation;

f) effective process(es) for identifying hazards, controlling OS&H risks and taking advantage of OS&H opportunities; and

g) continual performance evaluation and monitoring of the OS&H management system to improve OS&H performance.

To ensure that the legislative requirements, OS&H guidelines and better practice principles are adhered to, a sound OS&H management system embedded in a continuous improvement process is vital. (See figure 1)
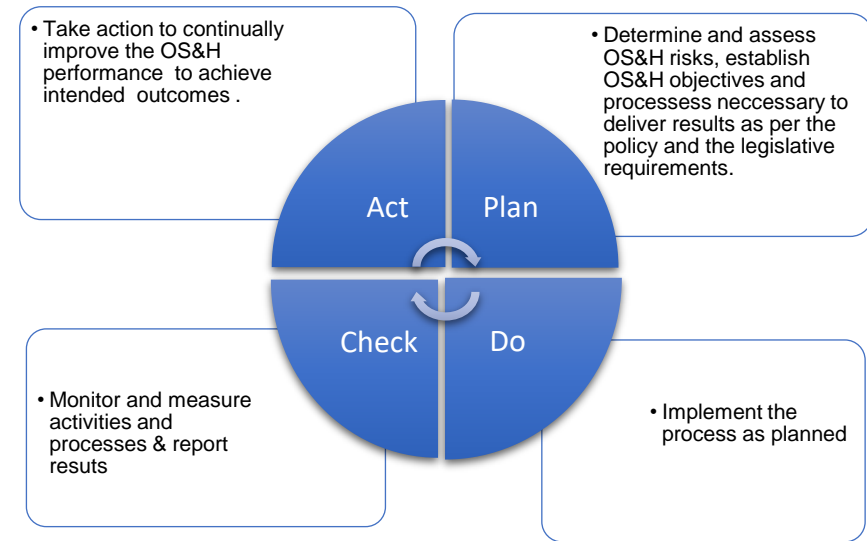

Figure 1: *OS&H management system continuous improvement process (International standard-Occupational Health and Safety Management Systems-Requirements with guidance for use).*

In line with the City's Strategic Internal Audit Plan, Moore Australia has performed an internal audit of the City's management of Occupational Safety and Health.

This report presents our observations and recommendations arising from the internal audit performed. These observations and recommendations are presented together with management's comments, in *Section 3 – Observations and Recommendations* and are summarized in *1.6 Summary of Results* below.

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. EXECUTIVE SUMMARY (CONTINUED)

1.3. Overall Findings

Overall, we found that there is a commitment at the City both at a management and safety officer level to provide and maintain, a safe working environment for all employees and members of the community. However, there are weaknesses that could impact on the long-term effectiveness of the City's stated OS&H objective.

Specifically, there is a need for up-to-date policies and EMT approved procedures, processes for accurately determining the existence of OSH related training qualifications and currency/validity and a strategic approach to determining ongoing compliance with legal and other requirements.

The results from our fieldwork identified eight (8) findings and eight (8) recommendations to assist the City to improve and enhance its effectiveness in the management OS&H

1.4. Positive Observations

- The City has a clearly stated objective for its management of OS&H. The City's CEO has provided a commitment in a formal Occupational Safety and Health Policy Statement to maintain the safety and health of everyone associated with and affected by the City's activities including, employees, contractors, visitors to the workplace and members of the community.

- The City has also established and implemented a new employee work health and safety induction presentation Employee Work Health and Induction. This includes information on the City's Occupational Safety and Health Policy Statement, employee and employer's responsibilities, reporting incidents-Hazards, near misses, emergency procedures, Work health and Safety Committee and Covid-19.

- During the audit period January 2021 to January 2022, there were no workers compensation claims resulting from workplace injuries or other Occupational Safety and Health related issues.

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	2	6	-
Recommendations	8	2	6	-

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

1   EXECUTIVE SUMMARY (CONTINUED)

1.6   Summary of Results (continued)

Planning- Policies and Procedures	Rating
Finding 1 – Approved OS&H Policy	**Medium**

The City has a policy in place that is publicly available on its website, but it has not been reviewed for 7 years, since 28 July 2015.

Recommendations

1. The City should:

    - update the Occupational Safety and Health Policy;

    - ensure its approved by the Council;

    - communicate it to all staff; and

    - ensure that policies are reviewed at least once every 2 years.

Planning- Policies and Procedures	Rating
Finding 2 – Executive Management Team (EMT) Approved Procedures for OS&H	**Medium**

The City does not have in place an EMT approved procedure for the overall management of Occupational Safety and Health. These are vital as they specify how responsible staff are to carry out the various activities used to achieve the City's stated objective for the management of OS&H.

Recommendations

2. The City should:

    - document its procedures for the key activities required to meet the City's OS&H objectives;

    - ensure it is approved by EMT;

    - communicate to all staff within the organisation; and

    - copies of the procedures made accessible to all staff and contractors upon induction.

1   EXECUTIVE SUMMARY (CONTINUED)

1.6   Summary of Results (continued)

Planning- Hazard Identification	Rating
Finding 3 – Limited workplace site inspections	**Medium**

The frequency and number of inspections across all the seven (7) work sites at the city over a 12-month period January 2021 to December 2021 was inadequate. Only four (4) of the eleven (11) scheduled inspections had been conducted, as required by the City's induction schedule.

Recommendations

3.   The City should:

- regularly conduct workplace inspections in line with the city's scheduled program;

- keep a record of the inspection report and relevant staff consultation; and

- ensure continuous improvement opportunities are identified, monitored for close out on a timely basis and reported to ELT and Audit and Risk Committee for oversight.

Consultation and Participation of Workers	Rating
Finding 4 – Work Health and Safety Committee	**Medium**

The City has established and implemented a Work Health and Safety Committee ("Committee"). We were provided with a Terms of Reference for OSH and it appears to be out of date. We could not determine when it was approved and who approved it. It was unclear how this committee is incorporated in the governance structure of the City of Nedlands.

In accordance with the City's Employee Work Health and Safety Induction presentation, the Committee is scheduled to meet once a month. We found that the meetings were not regularly held during the audit period of January 2021 to January 2022. Only four (4) Work Health and Safety Committee meetings were held over the course of the 13-month period.

Recommendations

4.   The City should

- revise the Terms of Reference for the Work Health and Safety Committee to ensure it meets the legislative responsibilities, identifies opportunities for improvement and its role within the City of Nedlands governance structure is clear;

- ensure that the Terms of Reference are approved by the EMT;

- ensure that Work Health and Safety Committee performs its roles and responsibilities in accordance with the revised Terms of Reference.

- where a meeting is not held reasons should be clearly documented and a record of the reasons maintained.

1   EXECUTIVE SUMMARY (CONTINUED)

1.6   Summary of Results (continued)

Competence	Rating
Finding 5 – Training of staff in OS&H related positions	**High**

The City does not have an effective process for ensuring that relevant staff are trained, and their qualifications remain valid. There was also no evidence of an OS&H capability & Training Framework that Identifies the competencies required for OS&H related positions and the supporting training.

Recommendations

5.   The City should:

- clearly document the key roles including competency and key training requirements;

- investigate the training status and competency of staff in key OSH related positions;

- recruit and have acting people in these roles only when they meet these key competencies and training requirements

- update relevant staff training and certification on MYOSH (i.e. the City's system for OSH)

- establish a City central register for each site on the OSH related training. For example first aid certifications, fire warden training and other related certifications); and

- monitor expiry dates and ensure that qualifications are renewed and refresher training on a regular basis or when legislative requirements change.

Performance Evaluation	Rating
Finding 6 – Determination of legal and other requirements	**Medium**

The City does not have a clearly stated process and strategic approach for compliance with legal and other requirements such as standards and codes. This includes the identification of relevant legislation, legislative owner, documentation to evidence of legislative compliance, frequency of how often the legislative compliance assessment should be undertaken.

Recommendations

6.   The City should:

- clearly articulate an approach and activities for determining its compliance with legal and other requirements; and

- determine the frequency and method of monitoring its status of compliance with legislative compliance requirements.

1 EXECUTIVE SUMMARY (CONTINUED)

1.6   Summary of Results (continued)

Performance Evaluation	Rating
Finding 7 – Monitoring and evaluation	**High**

The City has not established or implemented an adequate process for monitoring, measuring and analysing progress against its stated OSH objective. The City does not have approved key performance indicators (KPIs) that can be used to report and monitor progress against the stated objective

Recommendations

7.   The City should:

- develop KPI's for monitoring OSH outcomes;

- ensure KPI's are approved by the EMT;

- determine the frequency and method of monitoring its progress against the stated objectives;

- regularly monitor; and report to the EMT and the Audit and Risk Committee the achievement of the OSH outcomes.

Performance Evaluation	Rating
Finding 8 – Management and Audit and Risk Committee review and reporting	**Medium**

There was insufficient evidence to demonstrate the Executive Management Team regularly review the City's management system to ensure continuity, suitability, adequacy, and effectiveness. There was also insufficient evidence to demonstrate the Audit and Risk Committee have adequate oversight of OSH related risks.

Recommendations

8.   The City should:

- have a standard Agenda item on a regular basis to discuss OSH related matters; and

- regularly report OSH related matters at EMT level.

2. SCOPE AND APPROACH

2.1 Objective and Scope

The objective of the internal audit was to assess the adequacy and effectiveness of the City's internal controls for Occupational Safety and Health process and their alignment with legislation and better practice principles and Office of the Auditor General (OAG).

The scope of the internal audit included the following:

- occupational safety and health policies and procedures;

- controls and processes in place to mitigate non-compliance of occupational safety and health requirements;

- on-boarding of employees and contractors;

- risk management;

- awareness of and training on occupational safety and health; and

- extent of alignment with policies, procedures, legislation, better practice principles and Office of the Auditor General Reports (OAG).

2.2 Review Approach

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

- holding meetings with relevant stakeholders to understand current practices, culture, and management philosophy;

- review the Occupational Safety and Health policies and procedures and assess the extent of implementation within the City;

- test a sample of key controls and determine the extent of compliance;

- site visit at the City's Deport (an OSH high risk site due machinery and equipment held);

- assessing the extent of alignment with the *Occupational Safety and Health Act 1984*; and

- assessing the extent of alignment with available better practice and OAG Reports.

2.3 Reporting

The following reporting activities have been undertaken:

- developed a draft report outlining our findings and recommendations.

- validated the draft report with process owners and responsible management.

- sought Management comments, actions, and timelines for implementing actions.

- issued the final report to the Chief Executive Officer.

    tabled final report at the Audit and Risk Committee meeting. (post issue of report).

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 12 January 2022.

- Due to the inherent limitations of any internal control structure, we do not warrant that all weaknesses, fraud, error, or non-compliance in your control structures were detected during this Engagement.

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

- All sampling information only consisted of data gathered from the period 1 January 2021 to 31 January 2022.

- 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

Planning - Policies and Procedures	Rating of Finding
Finding 1- Approved OS&H Policy	**Medium**

We found that the City has an Occupational Safety and Health Policy that is publicly available on its website. However it has not been reviewed since 28 July 2015. Better practice requires that policies and procedures are updated every two years. The City's own policy on the review of policies requires them to be reviewed at a minimum every 5 years. The international standards on Occupational health and Safety Management Systems requires entities to establish, implement and maintain an Occupational Safety & Health Policy.

Related documentation

Nil

Related Local Law/legislation

Occupational Safety and Health Act 1984
Occupational Safety and Health Regulations 1996
Workers Compensation & Injury Management Act 1981
Local Government Act 1995 Section 5.40 – Principles affecting Employment by Local Government

Related delegation

Nil

Review History

28 July 2015 (Report CPS18.15)
27 November 2012 (Report CPS48.12)
24 August 2010 (Report CM21.10)

Figure 2: Extract from City of Nedlands Occupation Safety & Health Policy.

We note the City has a CEO approved the *Occupation Safety & Health Policy Statement* dated 21 September 2021. The document outlines the CEO and Executives commitment to the management of OS&H.

Implications

Lack of up to date policies and procedures increase the risk that changes to practice and regulatory requirements are not adequately captured.

Management Comment
Agreed that these recommendations are reasonable and practicable and will be in the best interests of the City.

3.   OBSERVATIONS AND RECOMMENDATIONS (CONTINUED)

Planning - Policies and Procedures (continued)			Rating of Finding
Finding 1- Approved OS&H Policy (continued)			**Medium**
Recommendations	**Agreed Action**	**Action Owner**	**Target Date**
1. The City should: • update the Occupational Safety and Health Policy; • ensure its approved by the Council; • communicate it to all staff; and • ensure that policies are reviewed at least once every 2 years.	Agreed that these recommendations are reasonable and practicable and will be in the best interests of the City. The City will apply all recommendations as listed.	Natalie & Shelley	30 June 2022

3. OBSERVATIONS AND RECOMMENDATIONS (CONTINUED)

Planning - Policies and Procedures	Rating of Finding
Finding 2- Executive Management Team (EMT) Approved Procedures for OS&H	**Medium**

We found that the City does not have in place an EMT approved procedure for the overall management of Occupational Safety and Health. Clearly documented and approved procedures are vital as they specify how responsible staff are to carry out the various activities used to achieve the City's stated objective for the management of OS&H.

We expected to see a comprehensive procedures manual approved by the City's EMT. However, this was not in place. At a minimum an OS&H procedures manual should clearly articulate key issues that are important in assisting the City achieve its stated objectives. These include but not limited to:

- Hazard management procedures
- Workplace bullying
- OSH Improvement Management Plan
- OSH Key Performance Indicators
- OSH Roles and Responsibilities
- Timeframes for Reporting OSH Issues
- Hazard Management Procedure
- Accident/Incident and Hazard Reporting & Investigation
- Workplace Inspection Procedures
- OSH Issue Resolution Procedure
- OSH Training and Development Procedure
- OSH Induction Procedures for Staff, Volunteers and Contractors
- Smoke Free Workplace Policy
- Asbestos Management Plan
- Fitness for Work Procedure
- Dealing with Hazardous Substances Procedure

3.   OBSERVATIONS AND RECOMMENDATIONS (CONTINUED)

Planning - Policies and Procedures (continued)	Rating of Finding
Finding 2- Executive Management Team (EMT) Approved Procedures for OS&H (continued)	**Medium**

In the absence of an EMT procedures manual, we found that the City had a new starter induction PowerPoint presentation (Employee Work Health and Induction) that articulates key areas that should be in a procedures manual: these include:

- The city's health and safety policy statement;

- The employer's responsibilities as per the Act (Occupational Safety and Health Act 1984)

- Employees rights and responsibilities

- Reporting Incidents- Hazards, Near miss events and Injuries

- Workers' compensation

- Work Health and Safety Committee

- Emergency procedures & equipment

Implications

Lack of documented, EMT approved and up to date procedures increases the risk of inconsistency of practice and non-compliance with legal and other requirements.

Management Comment
Agreed that there are some opportunities for improvement as listed in the report findings and the City will establish a plan to rectify as a part of our commitment to continuous improvement. We recognize the benefits of all items listed.

Recommendations	Agreed Action	Action Owner	Target Date
2. The City should: • document its procedures for the key activities required to meet the City's OS&H objectives; • ensure it is approved by EMT; • communicate to all staff within the organisation; and • copies of the procedures made accessible to all staff and contractors upon induction.	The City will review all aspects as per Finding 2 and establish a plan to rectify. This will be a large task although some of the items listed can be consolidated somewhat. We will establish a plan and a timeline accordingly.	Shelley and Natalie	30 June 2022

1. OBSERVATIONS AND RECOMMENDATIONS (CONTINUED)

Planning- Hazard Identification	Rating of Finding
Finding 3 – Limited workplace site inspections	**Medium**

We found that the frequency and number of inspections across all the seven (7) work sites at the City was inadequate. Workplace inspections play an important role in identifying, assessing and controlling hazards. Regular inspections are key to the prevention of incidents and improved workplace safety culture. The frequency of this exercise requires a risk-based approach that considers the OS&H risk at the various sites.

Our review of the City's 2021 and 2022 (worksheet 2 and 3) Inspection program showed, although eleven (11) inspections were scheduled for the 2021 calendar year in accordance with the City's inspection schedule, only four (4) had been conducted. The inspected sites included:

- Depot- 3 March 2021

- NCC- 22 October 2021

- Head Office- 11 November 2021

- Point Resolution Childcare Centre- inspection checklist and report – 9 April 2021

We note that in January 2022 the frequency of inspections significantly increased, with three (3) inspections conducted in January 2022 at three different sites.

We also note that the City has revised and enhanced its inspection roster by identifying which sites require more inspections based on and informal risk assessment the inspection schedule site presents.

We understand that the frequency of workplace inspections is determined individually by the Safety Officer and includes the following factors:

- demographic of site visitors;

- number of people at each site;

- complexity of site;

- traffic management –

- size: Large/ Medium / Small;

- types of activities – High-Risk / Medium-Risk / Low-Risk;

- chemicals – types (Industrial or Household);

- resourcing on site;

- events and busy periods at each location – if relevant; and

- consultation and communication with relevant stakeholders through the WHS Committee Meetings.

3.   OBSERVATIONS AND RECOMMENDATIONS (CONTINUED)

Planning- Hazard Identification (continued)	Rating of Finding
Finding 3 – Limited workplace site inspections (continued)	**Medium**

Implication

Failure to conduct regular site inspections increases the risk of incidents and poor workplace safety culture due to hazards not being adequately identified or resolved in a timely manner.

Management Comment

Management agree that there was an issue however referring to comment in report 'We note that in January 2022 the frequency of inspections significantly increased, with three (3) inspections conducted in January 2022 at three different sites'. This has already been recognized by the City of Nedlands and we have re-implemented steps to mitigate this moving forward

Recommendations	Agreed Action	Action Owner	Target Date
3. The City should: • regularly conduct workplace inspections in line with the city's scheduled program; • keep a record of the inspection report and relevant staff consultation; and • ensure continuous improvement opportunities are identified, monitored for close out on a timely basis and reported to ELT and Audit and Risk Committee for oversight.	Completed Competed and ongoing as per usual inspections. Completed with HSR's and provide support and coaching. All hazards are managed and monitored through the MyOsh platform. NE and SM to review EMT reporting requirements and establish a plan accordingly.	Natalie & Shelley	31 May 2022

3. OBSERVATIONS AND RECOMMENDATIONS (CONTINUED)

Consultation and Participation of Workers	Rating of Finding
Finding 4 – Work Health and Safety Committee	**Medium**

According to section 38 of the Occupational Safety and Health Act 1984, unless decided otherwise by the Commissioner, an employer must establish a safety and health committee for a workplace. The International standards on OS&H also requires organisations to establish, implement and maintain a process(es) for consultation and participation of workers at all applicable levels and functions, and, where they exist, workers' representatives, in the development, planning, implementation, performance evaluation and actions for improvement of the OH&S management system.

The City has established and implemented a Work Health and Safety Committee ("Committee"). We were provided with a Terms of Reference for OSH and it appears to be out of date. We could not determine when it was approved and who approved it. It was unclear how this committee is incorporated in the governance structure of the City of Nedlands.

In accordance with the Employee Work Health and Safety Induction presentation the Committee is scheduled to meet once a month with the aim to;

- facilitate, consult and encourage co-operation between employees at the workplace, and
- manage the initiation, development and implementation of measures designed to promote a safe and healthy working environment.

We found that Committee meetings were not regularly held during the audit period of January 2021 to January 2022. Evidence provided by the City showed only four (4) Work Health and Safety Committee meetings were held over the course of the 13 month period. A review of the minutes showed these meetings are an important consultative platform that discusses hazards and incidents from that month, and key items for the Committees review.

We were advised the City was in a unique situation over the last 12 months and unfortunately this WHS Committee meetings fell away but due to the City's strong and positive culture this did not appear to have a negative impact on health and safety approaches and outcomes.

Implication

Failure to regularly conduct health and safety committee meetings reduces opportunities for worker consultation and participation. It also increases the risk that important safety matters that should be brought to the attention of the committee are not adequately addressed in a timely manner.

Management Comment

The City recognised that this area has fallen down as discussed in the close out meeting. The City has already taken steps towards re-establishing the WHS Committee and have been running the monthly meetings as per the schedule outlined in the Attendance Roster for Directors and Managers.

3.   OBSERVATIONS AND RECOMMENDATIONS (CONTINUED)

Consultation and Participation of Workers (continued)			Rating of Finding
Finding 4 – Work Health and Safety Committee (continued)			**Medium**
Recommendations	**Agreed Action**	**Action Owner**	**Target Date**
4. The City should: • revise the Terms of Reference for the Work Health and Safety Committee to ensure it meets the legislative responsibilities, identifies opportunities for improvement and its role within the City of Nedlands governance structure is clear;	Review and update accordingly as per recommendations.	Natalie	29 April 2022
• ensure that the Terms of Reference are approved by the EMT.	As per action – Natalie to liaise with Shelley once the ToR has been reviewed and updated.	Shelley & Natalie	29 April 2022
• ensure that Work Health and Safety Committee meet at least once a month; and	This is already in place – this was reviewed and reimplemented starting in October 2021	Completed - No further action required	N/A
• where a meeting is not held reasons should be clearly documented and a record of the reasons maintained.	Will address this if/when this occurs in the future – The City will accept this recommendation as suggested by Moore.	No further action required – will log if/when meeting is not held.	N/A

3.   OBSERVATIONS AND RECOMMENDATIONS (CONTINUED)

Competence	Rating of Finding
Finding 5 – Training of staff in OS&H related positions	**High**

We found that the City does not have an effective process for ensuring that relevant staff are trained, and their qualifications remain valid. There was also no evidence of an OS&H Capability & Training Framework. The International standards on OS&H require that organisations determine the necessary competence of workers that affect or can affect its OS&H performance to;

- ensure that workers are competent (including the ability to identify hazards) based on appropriate education, training or experience; and
- retain appropriate documented information as evidence of competence.

We reviewed the City's evidence of training records for First aid officers, Work Health and Safety representatives and Fire Wardens and found that evidence of training was lacking, and records provided were not all up to date. For example, records provided showed only five (5) of the thirty two (32) listed fire wardens had undergone any fire warden training.

We were advised that for the fire wardens, the information was all managed on the service providers platform and not the City's OS&H management system named MYOSH. We could not verify that this was correct. There was also:

- no evidence of training for the two listed grievance officers and
- a significant number of city staff listed on the first aid training matrix report as mandatory or desirable had not completed the training.

We found that all Work Health and Safety Committee members representatives had performed the relevant training on their role and responsibilities as Committee members.

Implication

Lack of effective processes for ensuring that relevant staff are trained, and their qualifications remain valid increases the risk of incidents and poor safety culture due to staff working in roles that they are not appropriately trained for.

Management Comment

The City recognizes that there is an opportunity for improvement in this area. First aid and some other aspects of training have lapsed due to staff turnover however the City does have a platform to manage all training around Emergency Management (Warden Training) all records are stored and managed through this platform.

3. OBSERVATIONS AND RECOMMENDATIONS (CONTINUED)

Competence (continued)			Rating of Finding
Finding 5 – Training of staff in OS&H related positions (continued)			**High**
Recommendations	**Agreed Action**	**Action Owner**	**Target Date**
5. The City should:			
• clearly document the key roles including competency and key training requirements;	Agreed and accept recommendation	Natalie	29 April 2022
• investigate the training status and competency of staff in key OSH related positions;	Agreed and accept recommendation	Natalie	29 April 2022
• recruit and have acting people in these roles only when they meet these key competencies and training requirements	Agreed. This is a given		
• update relevant staff training and certification on MYOSH (i.e. the City's system for OSH)	Agreed and accept recommendation – we are already working on this.	Natalie	29 April 2022
• establish a City central register for each site on the OSH related training. For example first aid certifications, fire warden training and other related certifications); and	Agreed. These can be put on a register once all gaps have been rectified and entered into MyOsh.	Natalie	29 April 2022
• monitor expiry dates and ensure that qualifications are renewed and refresher training on a regular basis or when legislative requirements change.	This will go hand-in-hand with the above action and recommendation – once they are in MyOsh we can monitor expiry dates and refresher requirements.	Natalie	Natalie

OBSERVATIONS AND RECOMMENDATIONS (CONTINUED)

Performance Evaluation	Rating of Finding
Finding 6 – Determination of legal and other requirements	**Medium**

The City does not have a clearly stated process and strategic approach for determining its compliance with legal and other requirements such as standards and codes. This includes the frequency of how often this activity should be undertaken. We were advised that the City had in the past conducted self-assessments however this was not regularly or consistently done. We saw evidence of some audits and an assessment of the City's obligation under Work Health and Safety Act 2019 however these were adhoc in nature and not enough to sufficiently demonstrate a sound process for determining the City's compliance with legal and other requirements.

In December 2020 the City assessed its obligations under the Work Health and Safety act 2019 (WA) including those of the CEO, Executive Directors and Senior Managers, coordinators and workers in preparation of the act which comes into effect in 2022. We understand that from time to time the City has had desk top audits conducted by accounting firms. These were requested from Management but not provided at the date of this report. We were also advised that the City plans on using Local Government Insurance Services (LGIS) to conduct an OS&H assessment but at the time of the audit this had not occurred.

In the absence of a clearly documented process and evidence of regular self-assessments, we believe the City does not have an effective system for ensuring compliance with OSH legislation. We are unable to determine if there are any instances of non- compliances as this was outside of the scope of the internal audit.

Implications

Failure to establish and implement a strategic approach to determine on going compliance with the legislation and other requirements increases the risk of breaching the regulations and inefficient use of the limited resources from conducting adhoc activities that don't provide a clear picture of the City's compliance.

Management Comment
The City has locked in an OHS Audit for August 2022 – LGIS will conducting the audit.

Recommendations	Agreed Action	Action Owner	Target Date
6. The City should: • clearly articulate an approach and activities for determining its compliance with legal and other requirements; and • determine the frequency and method of monitoring its status of compliance with legislative compliance requirements	Accept recommendations and action accordingly	Natalie	30 June 2022

3. OBSERVATIONS AND RECOMMENDATIONS (CONTINUED)

Performance Evaluation	Rating of Finding
Finding 7 – Monitoring and evaluation	**High**

We found the City has not established or implemented an adequate process for monitoring, measuring and analysing progress against its stated OSH objective. We were advised that the City doesnot have any approved key performance indicators (" KPIs)" that can be used to report and monitor progress against the stated objective

The International standard on OSH requires that organisations evaluate the OH&S performance and determine the effectiveness its overall management system. Critical to this is the availability of clear and measurable performance indicators that can be used to measure the progress.

We note that in 2017 the City had commenced work on establishing KPI's however we found no evidence that these were finalise or approved by EMT or Council. The indicators considered included:

- Improved hazard identification and risk management

- Reduced injury rates and workers compensation claims

- Minimum OS&H training

- Improved worker consultation

Implication:

Failure to establish and implement adequate monitoring processes increases the risk of occurrence of preventable incidents and an inability to determine the suitability, adequacy and effectiveness of the City's activities to achieve the established objectives of the OH&S management system. It also presents a missed opportunity for continuous improvement.

Management Comment
The City accepts that there are opportunities in this area and that these actions will benefit the City.

Recommendations	Agreed Action	Action Owner	Target Date
7. The City should: - develop KPI's for monitoring OSH outcomes; - ensure KPI's are approved by the EMT; - determine the frequency and method of monitoring its progress against the stated objectives; and - regularly monitor; and report to the EMT and the Audit and Risk Committee the achievement of the OSH outcomes.	Accept and action as per recommendations.	Natalie	29 April 2022

3. OBSERVATIONS AND RECOMMENDATIONS (CONTINUED)

Performance Evaluation	Rating of Finding
Finding 8 – Management and Audit and Risk Committee review and reporting	**Medium**

We found that there was insufficient evidence to demonstrate the Executive Management Team regularly review the City's management system to ensure continuity, suitability, adequacy and effectiveness. There was also insufficient evidence to demonstrate the Audit and Risk Committee have adequate oversight of OSH related risks.   Key points for consideration in a management review include:

- extent of compliance with all relevant OSH legislation and policy
- the status of actions from previous external and internal management reviews;
- the extent to which the OH&S policy and the OH&S objectives have been met including assessment of KPI's;
- changes in external and internal environment which are relevant to the OS&H management (for example legal and other requirements, risks and opportunities and the needs and expectations of interested parties)

We were provided with an example Monthly managers meeting held in August 2021 which had OSH and Covid as a standing item However, this was insufficient to demonstrate regular management review of OS&H. The international standards for OSH require that organisations establish, implement, and maintain a process(es) for monitoring, measurement, analysis and performance evaluation.

Implication:

Lack of regular management review and reporting increases the risk of occurrence of preventable incidents and an inability to determine the suitability, adequacy and effectiveness of the City's activities to achieve the established objectives of the OH&S management system. It also presents a missed opportunity for continuous improvement.

Management Comment
The City agrees and accepts the recommendations as this will benefit the City.

Recommendations	Agreed Action	Action Owner	Target Date
8. The City should: • have a standard EMT Agenda item on a regular basis to discuss OSH related matters; and • regularly report OSH related matters at EMT level.	Establish a suitable plan to rectify this moving forward.	Shelley and Natalie to establish a plan	29 April 2022

3. OTHER

3.1   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.

3.2   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.

3.3   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.

3.4   Liability

Moore Australia (WA) Pty Ltd trading as agent – ABN 99 433 544 961, an independent member of Moore Global Network Limited - members in principal cities throughout the world.

Liability limited by a scheme approved under Professional Standards Legislation.

APPENDIX 1 - KEY TO SIGNIFICANCE OF RISK RATING

Rating	Definition	Guidance	Action required
High	Issue represents a control weakness, which could cause or is causing major disruption of the process or major adverse effect on the ability of the process to achieve its objectives.	• 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.

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
Natalie Edmonds	Workplace Safety Officer
Shelley Mettam	HR Manager

CONTACT US

Moore Australia (WA)

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Perth WA 6000

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MOORE

HELPING YOU THRIVE IN A CHANGING WORLD

9.3   ARC10.05.22 Audit Log Report

Meeting & Date	Audit & Risk Committee – 30 May 2022
Applicant	City of Nedlands
Employee Disclosure under section 5.70 Local Government Act 1995	Nil.
Report Author	Stuart Billingham – Acting Manager Financial Services
Director/CEO	Michael Cole – Director Corporate & Strategy
Attachments	1. Internal Audit Log – May 2022.

Purpose

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

Recommendation

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

Voting Requirement

Simple Majority.

Background

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

Items 40 - 42 added from recent Procurement and Planning for implementation of ERP system Audit in Feb 2022.

Discussion

Nil.

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

Legislative and Policy Implications

Nil.

Decision Implications

Nil.

Conclusion

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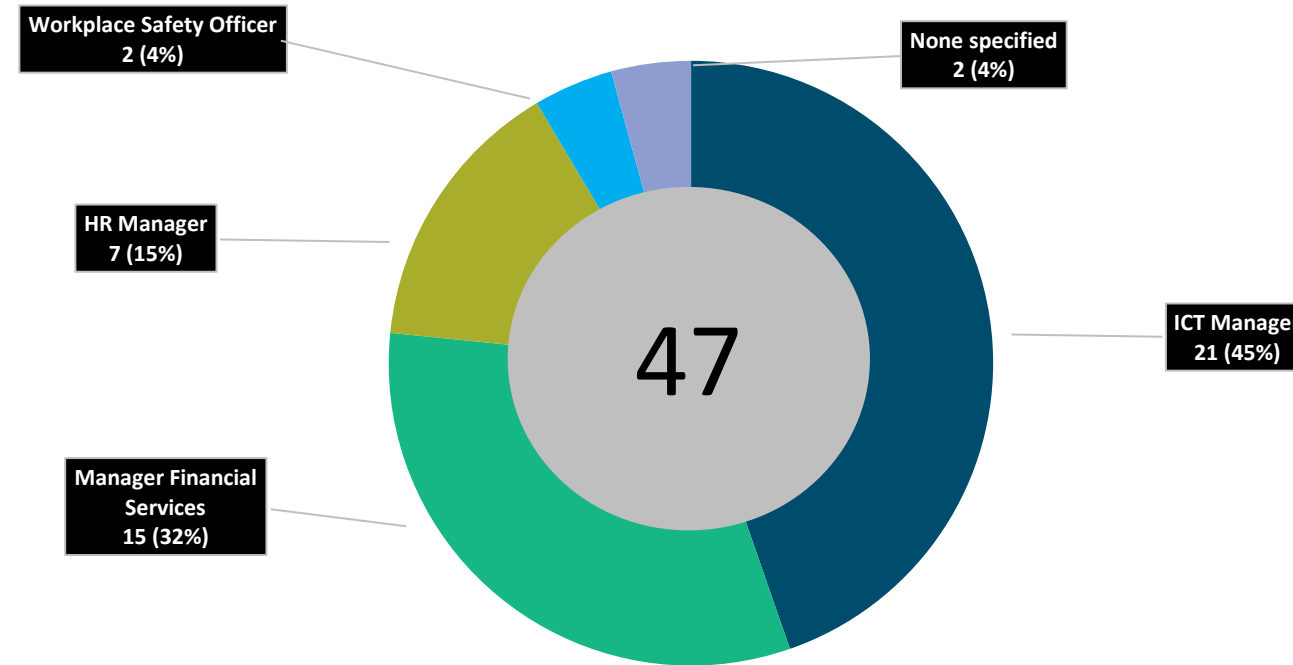
Further Information

N/A.

Audit Register 2021/22

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39	May-21	Jun-22	Not Due	Information Management	May-22	-30	1	Not Due	Due in 1 month	Work in progress	Records Management Audit	Non-compliance with State Records Act - SharePoint	High	ICT Manager	30 May 22: On Target 60% Complete Specialist software, RecordPoint365, is now implemented and its operations will continue to be refined over the Financial Year. 28 Feb 22: Implementation of RecordPoint365 has commenced in Sep 2021. This software will assist in resolving several identified findings and recommendations 30 Aug: 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.
43	Mar-22	Jun-22	Not Due	HR	May-22	-30	1	Not Due	Due in 1 month	Work in progress	Occupational Safety and Health	The City should: 1. update the Occupational Safety and Health Policy; 2. ensure its approved by the Council; 3. communicate it to all staff; and 4. ensure that policies are reviewed at least once every 2 years.	Medium	HR Manager	Agreed that these recommendations are reasonable and practicable and will be in the best interests of the City. The City will apply all recommendations as listed.
44	Mar-22	Jun-22	Not Due	HR	May-22	-30	1	Not Due	Due in 1 month	Work in progress	Occupational Safety and Health	The City should: 1. document its procedures for the key activities required to meet the City's OS&H objectives; 2. ensure it is approved by EMT; 3. communicate to all staff within the organisation; and	Medium	HR Manager	The City will review all aspects as per Finding 2 and establish a plan to rectify. This will be a large task although some of the items listed can be consolidated somewhat. We will establish a plan and a timeline accordingly.
48	Mar-22	Jun-22	Not Due	OHS	May-22	-30	1	Not Due	Due in 1 month	Work in progress	Occupational Safety and Health	The City should: 1) clearly articulate an approach and activities for determining its compliance with legal and other requirements; and 2) determine the frequency and method of monitoring its status of compliance with legislative compliance requirements	Medium	Workplace Safety Officer	Accept recommendations and action accordingly

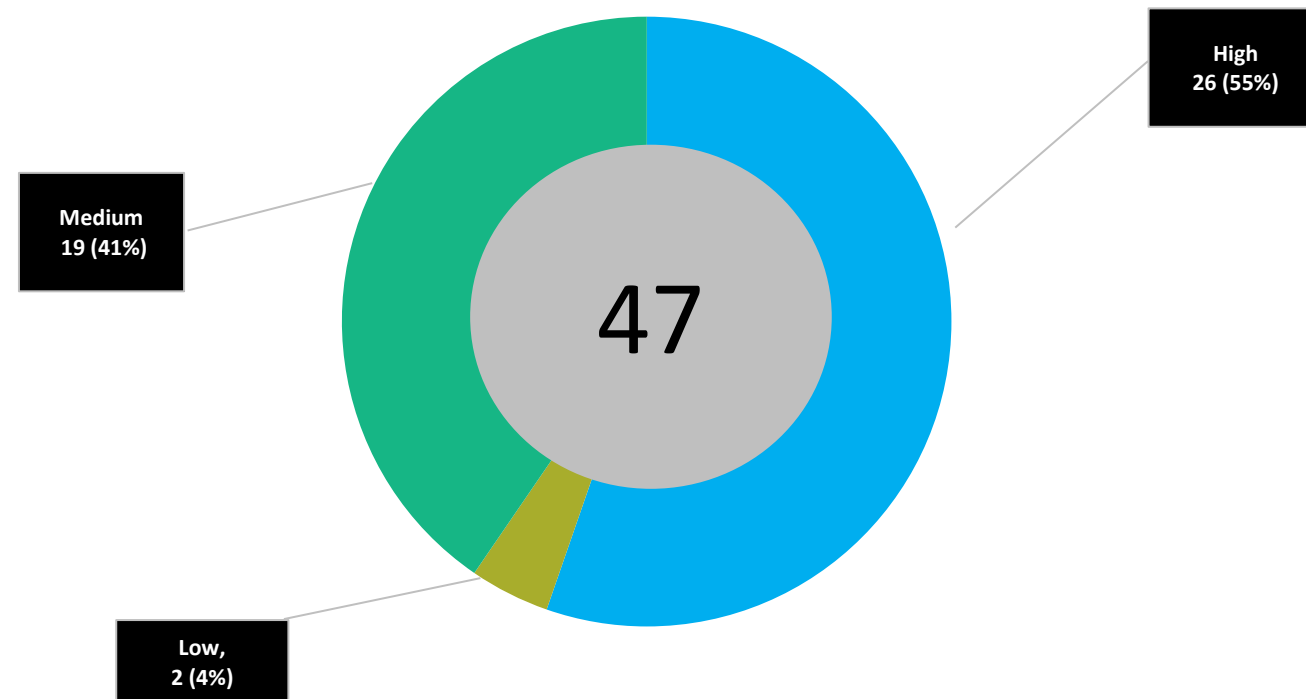| A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
51	Feb-22	Jun-22	Not Due	Finance	May-22	-30		1		Not Due	Due in 1 month		Work in progress	Procurement and Planning for implementation of ERP system Audit	The City should: 1) mandate and ensure a business cases is developed for all majorprojects to support needs identification, procurement planning andobtaining approval to proceed with purchase 2) define the financial threshold for projects that would be mandatedto develop a business case; and 3) update the procurement policy to reflect this.	Medium	Manager Financial Services	30 May 22: R1 To be included in next review of procurement policy The recommendation to update the Procurement Policy is noted and agreed. The Procurement Policy will be updated to reflect this requirement for significant projects.
52	Feb-22	Jun-22	Not Due	Finance	May-22	-30		1		Not Due	Due in 1 month		Work in progress	Procurement and Planning for implementation of ERP system Audit	The City should ensure that project risks are adequately considered during procurement by: 1) requiring the development of a Project Risk Management Plan, Procurement and Probity Plan early in the procurement process; and 2) project teams consider the need for a probity advisor for high value and complex procurements. Where this is not required reasons should be clearly documented.	High	Manager Financial Services	30 May 22: R2 Procurement manual already contains this requirement, Project Risk Management Plan, Procurement and Probity Plan to be developed early in procurement process. Probity Advisor to be engaged for high value and complex procurements. Where probity advisor not required reasons to be clearly documented. We will ensure this requirement is met in all future procurement activities.
53	Feb-22	Jun-22	N/A - Management do not believe action is required	Finance	May-22	-30		1		Not Due	Due in 1 month		N/A - Management do not believe action is required	Procurement and Planning for implementation of ERP system Audit	The City should enhance the management of conflict-of-interest to ensure that 1) 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; 2) all completed and signed forms are assessed, formally signed/ acknowledged by an independent authorised officer; 3) ongoing monitoring and re-assessing of conflicts throughout the life of the project; 4) staff are trained to identify or recognise actual, perceived or potential conflicts of interest; and 5) 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.	High	Manager Financial Services	Nedands state: The finding is noted, and no action is required.
55	Feb-22	Jun-22	Not Due	Finance	May-22	-30		1		Not Due	Due in 1 month		Work in progress	Procurement and Planning for implementation of ERP system Audit	The City should: a) ensure that during tender processes there is a centralregister that records requests and key communicationwith all tender respondents; b) ensure that tender evaluation meetings and keydeliberations are recorded to support transparencyand accountability of decisions; and c) retain documentation to evidence briefing of TenderEvaluation Panel Members.	High	Manager Financial Services	We disagree with points a and b and will address point c as a requirement for less experienced panel members.

Status	(Multiple Items)
Row Labels	**Count of Owner**
ICT Manager	21
Manager Financial Services	15
HR Manager	7
Workplace Safety Officer	2
None specified	2
Grand Total	**47**

Graph 1: Breakdown of Open Recommendations per Responsible Officer

Workplace Safety Officer
2 (4%)

None specified
2 (4%)

HR Manager
7 (15%)

ICT Manager
21 (45%)

Manager Financial Services
15 (32%)

47

Status	(Multiple Items)
Row Labels	**Count of Owner**
High	26
Low	2
Medium	19
Grand Total	**47**

Graph 2: Breakdown of Open Recommendations per Risk Rating

High
26 (55%)

Medium
19 (41%)

Low,
2 (4%)

47

Status
Is the item overdue?

Row Labels

Status	(Multiple Items)
Row Labels	**Count of Is the item overdue?**
Not Due	23
Overdue	24
Grand Total	**47**

Graph 3: Status of Open Recommendations

Due in 1 month
Due in 2 months
Due in over 2 months
Grand Total

47

Overdue
24 (51%)

Not Due
23 (49%)

| Is the item overdue? | Overdue |
| Status | (Multiple Items) |

Row Labels	Count of Owner
HR Manager	5
ICT Manager	9
Manager Financial Services	7
None specified	2
Workplace Safety Officer	1
Grand Total	**24**

**Graph 4: Breakdown of Overdue Recommendations
per Responsible Officer**

Workplace Safety Officer
1 (4%)

None specified
2 (8%)

Manager Financial Services
7 (29%)

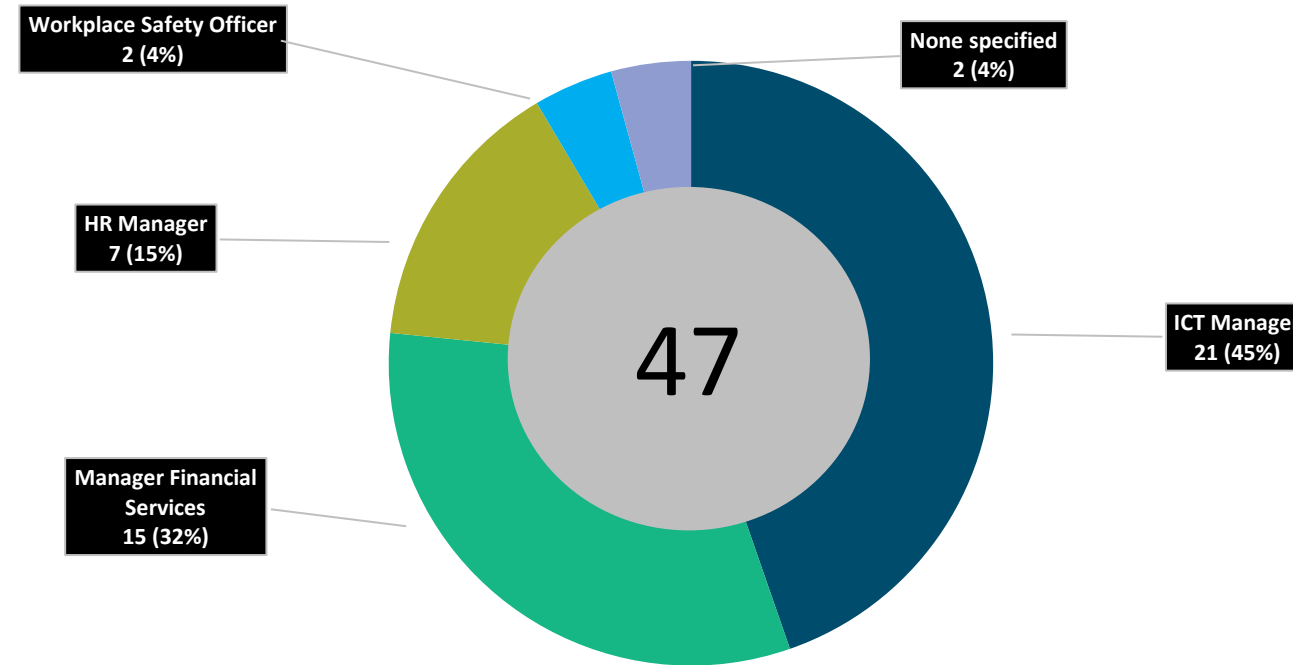HR Manager
5 (21%)

ICT Manager
9 (38%)

17

(Multiple Items)
Not Due

Count of If Not Due, which category?

Audit Register 2021/22

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37	May-21	Jun-22	Not Due	Information Management	May-22	-30	1	Not Due	Due in 1 month	Work in progress	Records Management Audit	Inadequate management of retention & disposal of records	High	ICT Manager	30 May 22: On target 10% Complete 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. 28 Feb 22: please refer to tabled Records Management Update document 23 Nov 21: State Records Office has advised that they will be releasing a revised version of Genereal Disposal Authority for Records - Retention & Disposal. They cannot provide the City with an exact release date.
38	May-21	Jun-22	Not Due	Information Management	May-22	-30	1	Not Due	Due in 1 month	Work in progress	Records Management Audit	Inconsistent naming of documents	Medium	ICT Manager	30 May 22 : Potential for target date delay 10% Complete 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. 28 Feb 22: please refer to tabled Records Management Update document 23 Nov 21: State Records Office has advised that they will be releasing a revised version of Keywords for Councils for Records Managment Teams to adopt. They cannot
39	May-21	Jun-22	Not Due	Information Management	May-22	-30	1	Not Due	Due in 1 month	Work in progress	Records Management Audit	Non-compliance with State Records Act - SharePoint	High	ICT Manager	30 May 22: On Target 60% Complete Specialist software, RecordPoint365, is now implemented and its operations will continue to be refined over the Financial Year. 28 Feb 22: Implementation of RecordPoint365 has commenced in Sep 2021. This software will assist in resolving several identified findings and recommendations 30 Aug: 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.
43	Mar-22	Jun-22	Not Due	HR	May-22	-30	1	Not Due	Due in 1 month	Work in progress	Occupational Safety and Health	The City should: 1. update the Occupational Safety and Health Policy; 2. ensure its approved by the Council; 3. communicate it to all staff; and 4. ensure that policies are reviewed at least once every 2 years.	Medium	HR Manager	Agreed that these recommendations are reasonable and practicable and will be in the best interests of the City. The City will apply all recommendations as listed.
44	Mar-22	Jun-22	Not Due	HR	May-22	-30	1	Not Due	Due in 1 month	Work in progress	Occupational Safety and Health	The City should: 1. document its procedures for the key activities required to meet the City's OS&H objectives; 2. ensure it is approved by EMT; 3. communicate to all staff within the organisation; and	Medium	HR Manager	The City will review all aspects as per Finding 2 and establish a plan to rectify. This will be a large task although some of the items listed can be consolidated somewhat. We will establish a plan and a timeline accordingly.
48	Mar-22	Jun-22	Not Due	OHS	May-22	-30	1	Not Due	Due in 1 month	Work in progress	Occupational Safety and Health	The City should: 1) clearly articulate an approach and activities for determining its compliance with legal and other requirements; and 2) determine the frequency and method of monitoring its status of compliance with legislative compliance requirements	Medium	Workplace Safety Officer	Accept recommendations and action accordingly

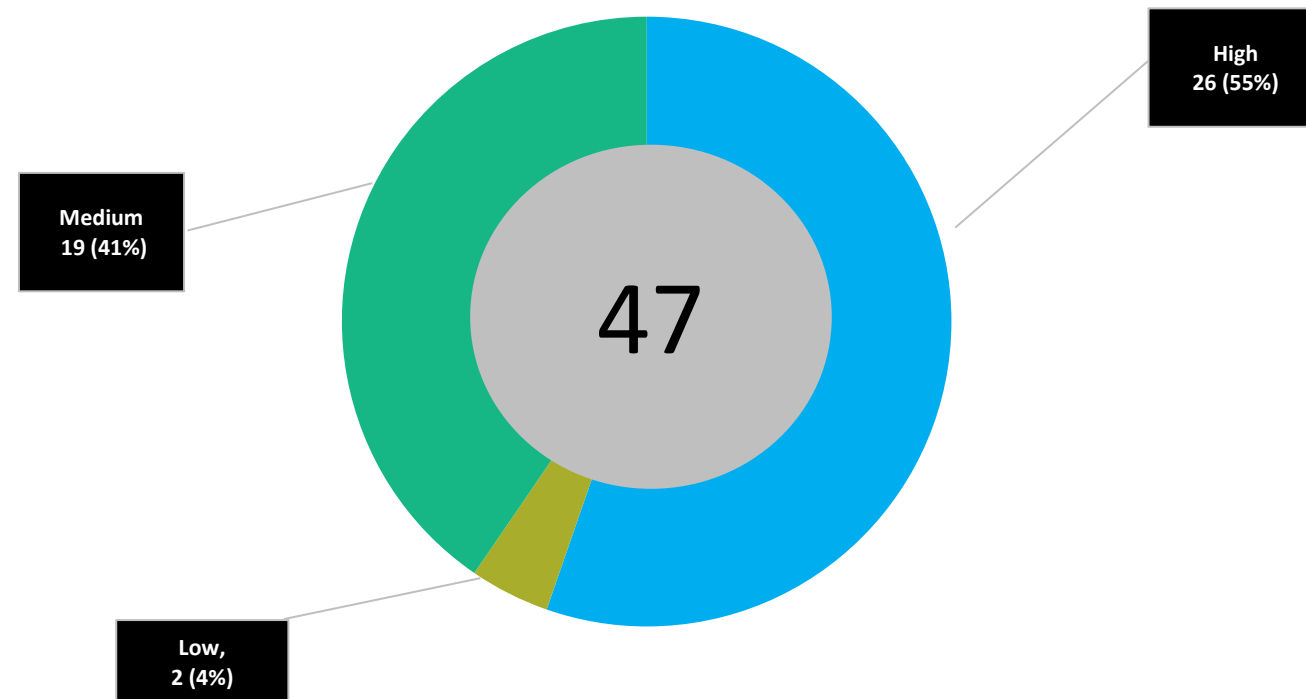| A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
51	Feb-22	Jun-22	Not Due	Finance	May-22	-30		1	Not Due	Due in 1 month	Work in progress	Procurement and Planning for implementation of ERP system Audit	The City should: 1) mandate and ensure a business cases is developed for all majorprojects to support needs identification, procurement planning andobtaining approval to proceed with purchase 2) define the financial threshold for projects that would be mandatedto develop a business case; and 3) update the procurement policy to reflect this.	Medium	Manager Financial Services	30 May 22: R1 To be included in next review of procurement policy The recommendation to update the Procurement Policy is noted and agreed. The Procurement Policy will be updated to reflect this requirement for significant projects.
52	Feb-22	Jun-22	Not Due	Finance	May-22	-30		1	Not Due	Due in 1 month	Work in progress	Procurement and Planning for implementation of ERP system Audit	The City should ensure that project risks are adequately considered during procurement by: 1) requiring the development of a Project Risk Management Plan, Procurement and Probity Plan early in the procurement process; and 2) project teams consider the need for a probity advisor for high value and complex procurements. Where this is not required reasons should be clearly documented.	High	Manager Financial Services	30 May 22: R2 Procurement manual already contains this requirement, Project Risk Management Plan, Procurement and Probity Plan to be developed early in procurement process. Probity Advisor to be engaged for high value and complex procurements. Where probity advisor not required reasons to be clearly documented. We will ensure this requirement is met in all future procurement activities.
53	Feb-22	Jun-22	N/A - Management do not believe action is required	Finance	May-22	-30		1	Not Due	Due in 1 month	N/A - Management do not believe action is required	Procurement and Planning for implementation of ERP system Audit	The City should enhance the management of conflict-of-interest to ensure that 1) 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; 2) all completed and signed forms are assessed, formally signed/ acknowledged by an independent authorised officer; 3) ongoing monitoring and re-assessing of conflicts throughout the life of the project; 4) staff are trained to identify or recognise actual, perceived or potential conflicts of interest; and 5) 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.	High	Manager Financial Services	Nedands state: The finding is noted, and no action is required.
55	Feb-22	Jun-22	Not Due	Finance	May-22	-30		1	Not Due	Due in 1 month	Work in progress	Procurement and Planning for implementation of ERP system Audit	The City should: a) ensure that during tender processes there is a centralregister that records requests and key communicationwith all tender respondents; b) ensure that tender evaluation meetings and keydeliberations are recorded to support transparencyand accountability of decisions; and c) retain documentation to evidence briefing of TenderEvaluation Panel Members.	High	Manager Financial Services	We disagree with points a and b and will address point c as a requirement for less experienced panel members.

Status	(Multiple Items)

Row Labels	Count of Owner
ICT Manager	21
Manager Financial Services	15
HR Manager	7
Workplace Safety Officer	2
None specified	2
Grand Total	**47**

Graph 1: Breakdown of Open Recommendations per Responsible Officer

Workplace Safety Officer
2 (4%)

None specified
2 (4%)

HR Manager
7 (15%)

ICT Manager
21 (45%)

Manager Financial
Services
15 (32%)

47

Status	(Multiple Items)

Row Labels	Count of Owner
High	26
Low	2
Medium	19
Grand Total	**47**

Graph 2: Breakdown of Open Recommendations per Risk Rating

High
26 (55%)

Medium
19 (41%)

Low,
2 (4%)

47

Status	
Is the item overdue?	

Row Labels	

Status	(Multiple Items)
Row Labels	**Count of Is the item overdue?**
Not Due	23
Overdue	24
Grand Total	**47**

Due in 1 month
Due in 2 months
Due in over 2 months
Grand Total

Graph 3: Status of Open Recommendations

47

Not Due
23 (49%)

Overdue
24 (51%)

| Is the item overdue? | Overdue |
| Status | (Multiple Items) |

Row Labels	Count of Owner
HR Manager	5
ICT Manager	9
Manager Financial Services	7
None specified	2
Workplace Safety Officer	1
Grand Total	**24**

Graph 4: Breakdown of Overdue Recommendations per Responsible Officer

Workplace Safety Officer
1 (4%)

None specified
2 (8%)

Manager Financial Services
7 (29%)

HR Manager
5 (21%)

ICT Manager
9 (38%)

17

| (Multiple Items) |
| Not Due |

Count of If Not Due, which category?

20
1
2
23

Graph 5: Timeline of Recommendations Not Due

Due in over 2
months
2 (9%)

Due in 2 months
1 (4%)

23

Due in 1 month
20 (67%)
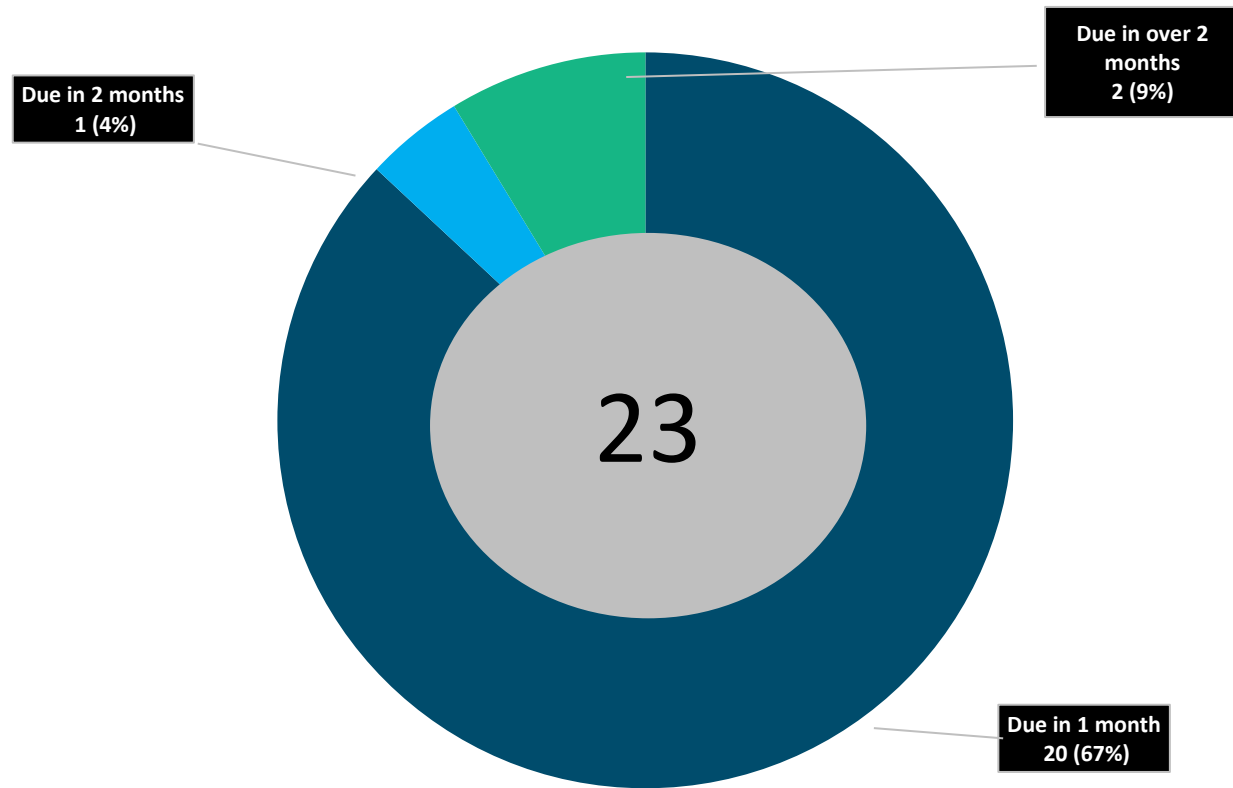
Row Labels	Count of Action	Count of Action2
Records Management Audit	9	17%
Procurement and Planning for implementation of ERP system Audit	8	15%
Payroll Review	9	17%
Occupational Safety and Health	8	15%
IT Policy review	2	4%
Contracts Management Review	8	15%
Business Continuity Plan Review	7	13%
Accounts Payable and Purchasing (Contract & Procurement)	1	2%
Grand Total	52	100.00%

Count of Action	Column Labels					
Row Labels	Closed	N/A - Management do not believe action is required	N/A As Management do not agree with this finding	Work in progress	Grand Total	
Accounts Payable and Purchasing (Contract & Procurement)	0%	0%	0%	100%	100%	100%
Contracts Management Review	38%	0%	0%	63%	100%	63%
IT Policy review	0%	0%	0%	100%	100%	100%
Occupational Safety and Health	0%	0%	0%	100%	100%	100%
Payroll Review	22%	0%	0%	78%	100%	78%
Procurement and Planning for implementation of ERP system Audit	0%	38%	13%	50%	100%	100%
Records Management Audit	0%	0%	0%	100%	100%	100%
Business Continuity Plan Review	0%	0%	0%	100%	100%	
Grand Total	10%	6%	2%	83%	100%	
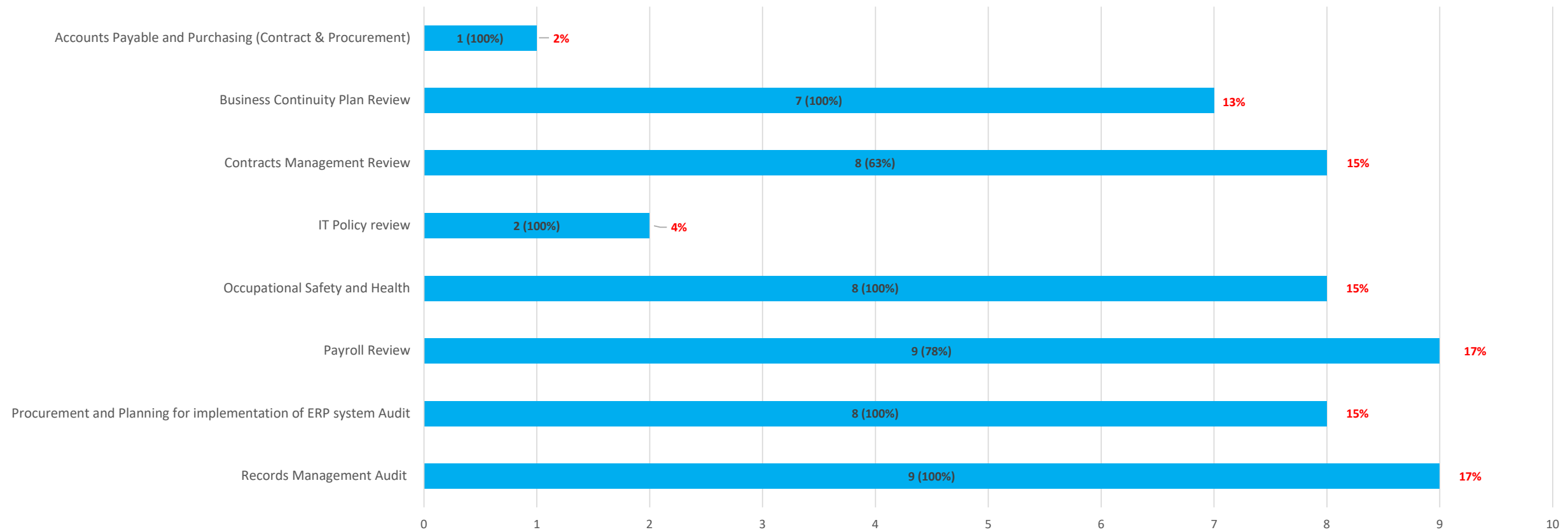
Owners

ICT Manager
Manager Financial Services
HR Manager
Workplace Safety Officer
None specified

Name of Audit
Accounts Payable and Purchasing (Contract & Procurement)
Contracts Management Review
Business Continuity Management Review
Control Self-Assessments
IT General Controls
IT Policy review
Payroll Review
Digital Strategy
Information Management
Records Management Audit
Occupational Safety and Health

Business

City of Nedlands
Communications
OHS
Corporate & Strategy
Finance
Human Resources
Business Systems
Community Development
Planning & Development
Technical Services
Information Management

9.4   ARC11.05.22 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	Michael Cole - Director Corporate & Strategy
Attachments	1. Moore Australia Agenda Paper Audit and Risk Committee May 2022

Purpose

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

Recommendation

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

Voting Requirement

Simple Majority.

Background

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

Consultation

Nil.

Strategic Implications

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

**Vision
Values**

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

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

Nil.

Conclusion

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

Further Information

N/A

AUDIT AND RISK COMMITTEE
MEETING AGENDA PAPER

**CITY OF NEDLANDS
INTERNAL AUDIT**

24 MAY 2022

Internal Audit Report

1.   Recommendation

That the Audit and Risk Committee:

- note the status update on the internal audit activities for the year ended 30 June 2022.

- note the final Internal Audit Report on *Occupational Health and Safety performed by Moore Australia*

- note Internal Audit Log information, insights, trends, and recommendations to Management included in this report

2.   Annual Internal Audit Plan for the year ending 30 June 2022

The Audit and Risk Committee approved five (5) topics for the year ended 30 June 2022. Within the last month Moore Australia were also appointed to perform the Financial Management Review as required by legislation as part of the Annual Internal Audit Plan for the year ended 30 June 2022.

Moore Australia WA present to you the status of the City of Nedlands Annual Internal Audit Program for the year ending 30 June 2022, including details of finalised, in progress and deferred internal audit engagements, if any.

No	Approved Audit or Review Topic	Status Update	Status
1	Conflict of Interest (including Gifts and Benefits)	The internal audit engagement has not started Moore Australia WA is waiting on requested information from the City to commence this audit.	**Not started**
2	Financial Management Review	Management has requested Moore Australia WA to commence this internal audit engagement in October 2022, after the completion of the OAG Financial Audit due to the capacity of the staff.	**Not started**
3	Occupational Safety and Health	Finalised on 24 March 2022 and tabled at this Audit and Risk Committee Meeting. Please see Appendix 1.	**Completed**
4	Procurement and Planning for the Implementation of the Enterprise Resource Planning System	Finalised and tabled at February 2022 Audit and Risk Committee Meeting.	**Completed**
5	Regulation 17 Review	Deferred at the request of Management. Management has requested Moore Australia WA to commence this internal audit engagement in October 2022, after the completion of the OAG Financial Audit due to the capacity of the staff.	**Deferred**

| 6 | Risk Management (including Fraud and Corruption) | The internal audit engagement is current in progress. Entrance meeting is being held on Wednesday 25 May 2022. Fieldwork is expected to be completed by Friday 27 May 2022 and the draft report issued by Monday 28 May 2022. The Final Report is expected to be issued by 15 June 2022 and tabled at the next Audit and Risk Committee meeting. | **In Progress** |

Table 1: Status of Internal Audit Engagements on 23 May 2022.

3. Status of Internal Audit Recommendations

Outlined below in Table 2 is the overall status of the internal audit recommendations at 24 May 2022, compared to the previous meetings.

	30 August 2021 Audit and Risk Committee Meeting		22 November 2021 Audit and Risk Committee Meeting		18 February 2022 Audit and Risk Committee Meeting		30 May 2022 Audit and Risk Committee Meeting	
Status	**Number**	**%**	**Number**	**%**	**Number**	**%**	**Number**	**%**
Open Recommendations not implemented by Management	25	81	22	76	28	97	47	100
Completed by Management but not verified by internal audit	4	13	3	10	0	0	0	0
Verified by internal audit and recommended to the Audit and Risk Committee to be removed from the Internal Audit Log.	2	6	4	14	1	3	0	0
Total number of recommendations	31	100	29	100	29	100	47#	100

Table 2: Status of Internal Audit Recommendations

Section 4a contains a detailed explanation of the increase from 28 Open Recommendations at the 18 February 2022 ARC meeting to 47 Open Recommendations at the 30 May 2022 ARC meeting

4.   Internal Audit Log

Moore Australia WA have been validating the implementation of the internal audit recommendations since our appointment. Within this report we have provided the following for your information:

a) Status of the Internal Audit Log

b) Responsibility for Open Internal Audit Log Recommendations

c) Status of Open Internal Audit Log Recommendations by Risk Rating

d) Status of Open Recommendations

e) Overdue Recommendations per Responsible Officer

f) Timeline of Recommendations Not Due

g) Status of Completion of Internal Audit Log Recommendations by Report

a)   Status of the Internal Audit Log

At 23 May 2022, there were 47 open recommendations. This compares to the previous reporting on 18 February 2022, when there was 28 open recommendations.

During preparation of this paper, we added in eight (8) recommendations from the *Occupational Safety and Health Internal Audit* (tabled at this meeting). We also added four (4) recommendations from the *Procurement and Planning for Implementation of ERP System Internal Audit* and seven (7) recommendations from the *Business Continuity Planning* internal audits that were not already captured in the audit log. This is set out in Table 3 below.

Total Open Recommendations Post 18 February 2022 Audit and Risk Committee Meeting	28
Recommendations from *Occupational Safety and Health Internal Audit* (Tabled at 30 May 2022 Audit and Risk Committee Meeting)	+ 8
Addition of recommendations from *Procurement and Planning for Implementation of ERP System Internal Audit* that were not already captured in the audit log	+4
Addition of recommendations from *Business Continuity Planning Review* that were not already captured in the audit log	+7
Total Open Recommendations at 30 May 2022 Audit And Risk Committee Meeting	**= 47**

Table 3: Reconciliation of Audit Log as at 23 May 2022

Since the last Audit and Risk Committee meeting, Moore Australia WA has not been presented with evidence to close any recommendation.

**b)   Responsibility for Open Internal Audit Log Recommendations**

Graph 1 provides a breakdown of open recommendations per responsible officer.

We note.:

- the ICT Manager each has responsibility for twenty one (21) (45%) recommendations, followed by the Manager Financial Services with fifteen (15) (32%), the Human Resources Manager with seven (7) (15%), followed by the Workplace Safety Officer with two (2) (4%).

- there are two (2) findings (4%) for which the Responsible Officer is not specified. These represent recommendations that Management either do not agree with or where they believe action is completed.

We recommend resources be allocated to the relevant areas to close out the recommendations on a timely basis.

Graph 1: Breakdown of Open Recommendations per Responsible Officer
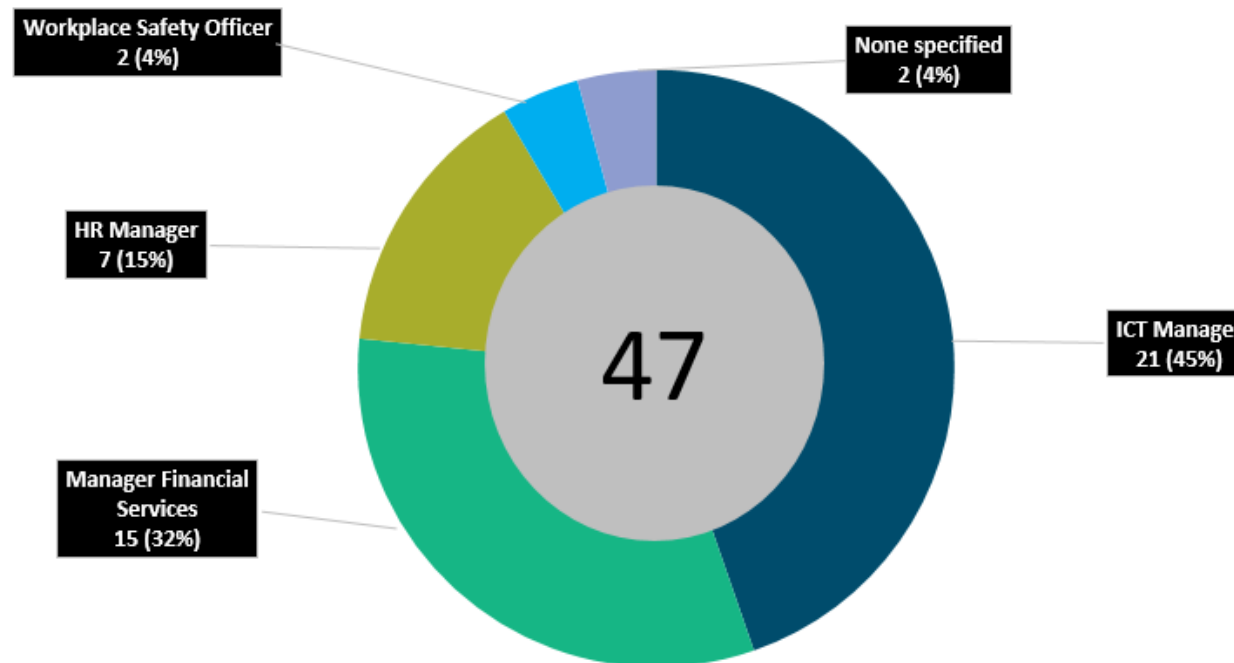
c)   Status of Internal Audit Log Recommendations by Risk Rating

Graph 2 provides a breakdown of open recommendations per Risk Rating. Moore Australia use our own Risk Rating Scale which is provided in Appendix 2 for ease of access.

We note the majority of open recommendations twenty six (26) (55%) have a High-Risk Rating, followed by nineteen (19)(41%) with a Medium Risk Rating and two (2) (4%) with the recommendation being rated as Low.

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

Graph 2: Breakdown of Open Recommendations per Risk Rating

High
26 (55%)

Medium
19 (41%)

47

Low,
2 (4%)
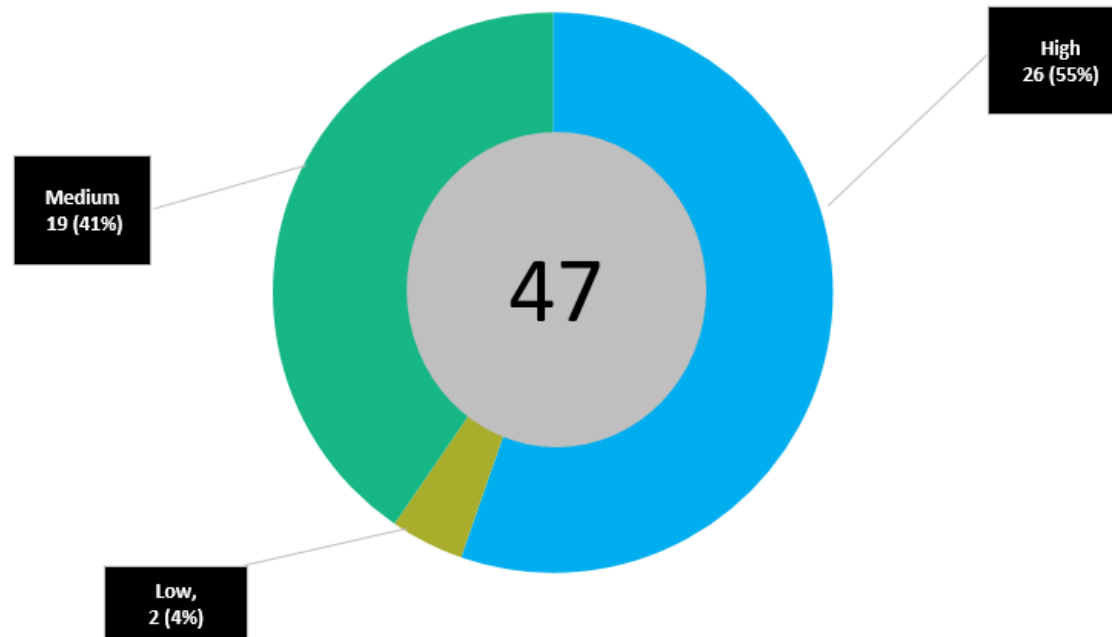
d)   Status of Open Recommendations

Graph 3 provides the status of Open Recommendations.

We note there are twenty-four (24) (51%) open recommendations which are overdue compared to twenty-three (23) (49%) not due. This is a significant number.

We recommend revised due dates be determined by Management, in considering resources available, and overdue recommendations be closed out on a timely basis. We believe Executive should be monitoring and reporting these on a timely basis until improved rates of closure are achieved.

Graph 3: Status of Open Recommendations

Not Due
23 (49%)

47
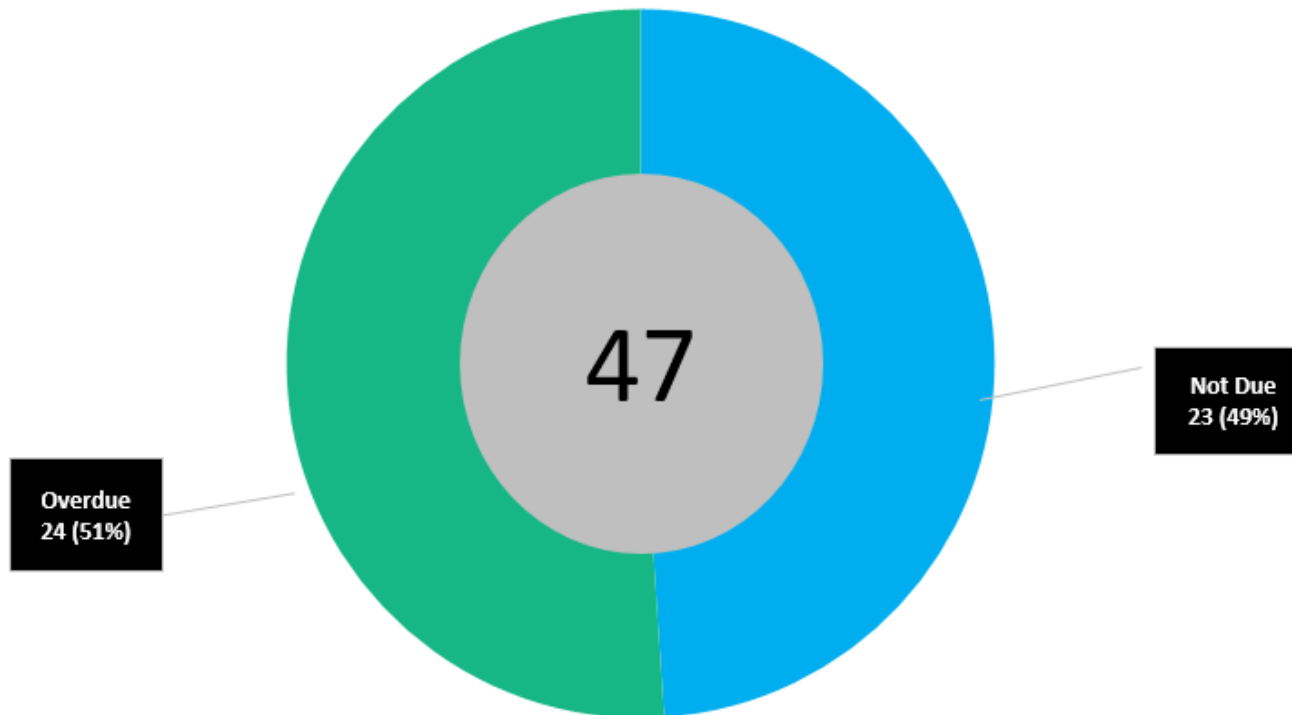
Overdue
24 (51%)

e) **Overdue Recommendations per Responsible Officer**

Graph 4 provides a breakdown of Overdue Recommendations per Responsible Officer. This graph is a subset of open recommendations which are overdue from **Graph 3**.

We note:

- There are twenty-four (24) recommendations overdue. Of these the ICT Manager has nine (9) (38%), Manager Financial Services has seven (7) (29%). recommendations overdue , followed by five (5) 21% for the HR Manager, and Workplace Safety Officer one (1) (4%).

- There are two (2) (8%) recommendations for which the Responsible Officer is not specified. These represent recommendations that Management either do not agree with or where they believe action is completed

We recommend that resources be allocated to the relevant areas to close out the overdue recommendations on a timely basis.
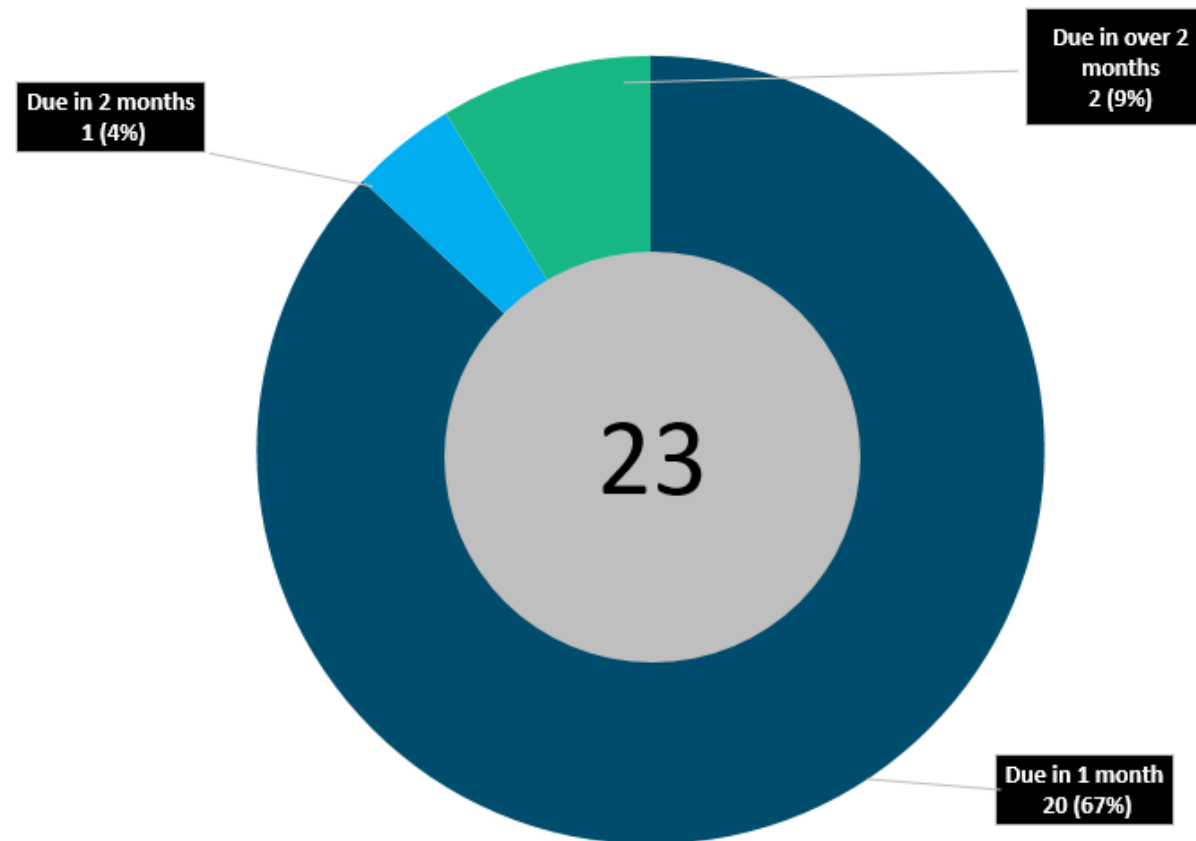

Graph 4: Breakdown of Overdue Recommendations per Responsible Officer

Workplace Safety Officer 1 (4%)
None specified 2 (8%)
Manager Financial Services 7 (29%)
HR Manager 5 (21%)
ICT Manager 9 (38%)
24
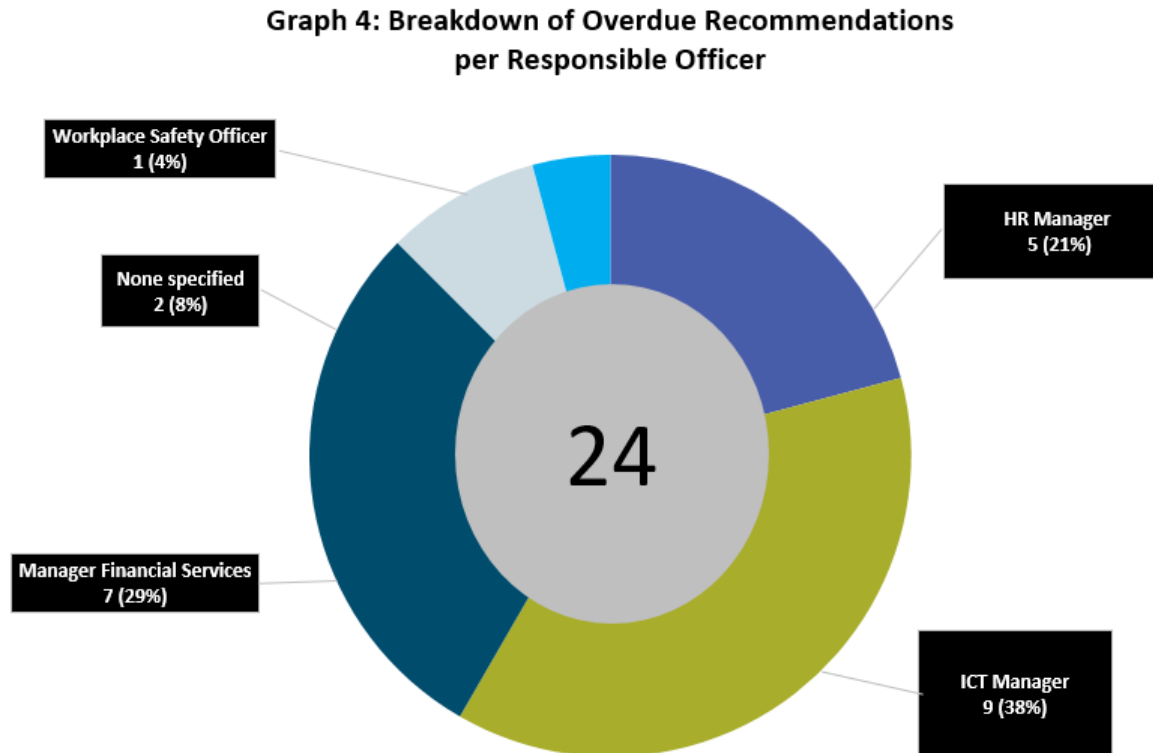
f) Timeline of Recommendations Not Due

Graph 5 provides the timeline of recommendations not due.

We note there are twenty-three (23) recommendations not yet due. Of these, twenty (20) (67%) are due within one month (by 30 June 2022), one (1) (4%) due in two months and two (2) (9%) due in over two months.

We recommend adequate resources be allocated to closing out the recommendations on a timely basis.

Graph 5: Timeline of Recommendations Not Due

g) Status of Completion of Internal Audit Log Recommendations by Report

Graph 6 provides a breakdown of open recommendations per internal audit report as well as the relativity to the total open recommendations by report.

The values in Figure 7 are represented as such:

- The **black** number represents the total number of open recommendations for the specific internal audit report

- The **black** percentage represents the percentage of open recommendations compared to the total recommendations for the specific internal audit report.

- The **red** percentage represents the percentage of open recommendations per report compared to the total open recommendations.

We note:

- There is no internal audit where more than 17% of the recommendations made have been verified for closure by individual report.

- No evidence has been submitted to Moore Australia to show progress for four (4) of the audits *Business Continuity Plan Review*, *Occupational Safety and Health*, *Procurement and Planning for Implementation of ERP System* and *Records Management*. So, for these items the percentage remains at 100% for open recommendations, compared to the total recommendations for the specific internal audit report.

We recommend Management allocate adequate resources to ensuring that recommendations from internal audits are closed on a timely basis
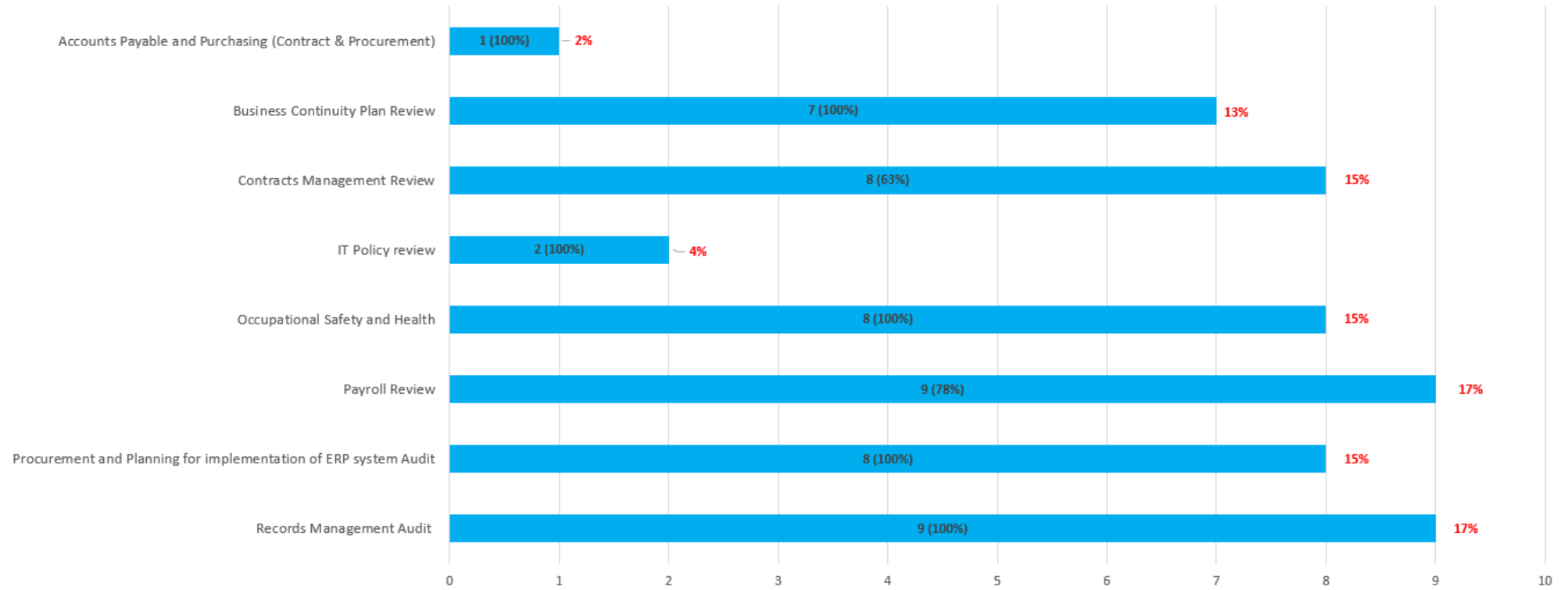
Graph 6: Breakdown of Open Recommendations per Internal Audit Report

5. Internal Audit Insight 2021 and 2022

a) Number of Tabled Reports

Moore Australia WA have been the trusted internal auditors for the since the year ended 30 June 2018/19. During the year ended 30 June 2018 to the year ending 30 June 2022 to date, we have tabled eight (8) reports at the Audit and Risk Committee as follows:

	Late 2018	30 June 2019	30 June 2020	30 June 2021	30 June 2022	Total
Number of Finalised Reports	Appointed	2	1	3	2	8
Number of audits 'In Progress', 'Deferred Reports' or Not Started					4	4
Total		**2**	**1**	**3**	**6**	**12**

Table 4: Internal Audit Reports Per year

Through these eight (8) tabled internal audit engagements, we now have the opportunity of identifying, summarising, and reporting some insights which we hope will be valuable to the Audit and Risk Committee and Management. These insights have been summarised into the following areas:

a) Review of the nature of the internal audit findings

b) Review of the risk ratings of the internal audit findings

b) Review of Nature of the Internal Audit Findings

Moore Australia WA have reviewed the nature of the internal audit findings in our eight (8) tabled reports. We categorised the nature of the findings into four (4) themes which include *Governance*, *Information Systems*, *People* and *Process*. The categories of themes have been defined in Figure 1 below.
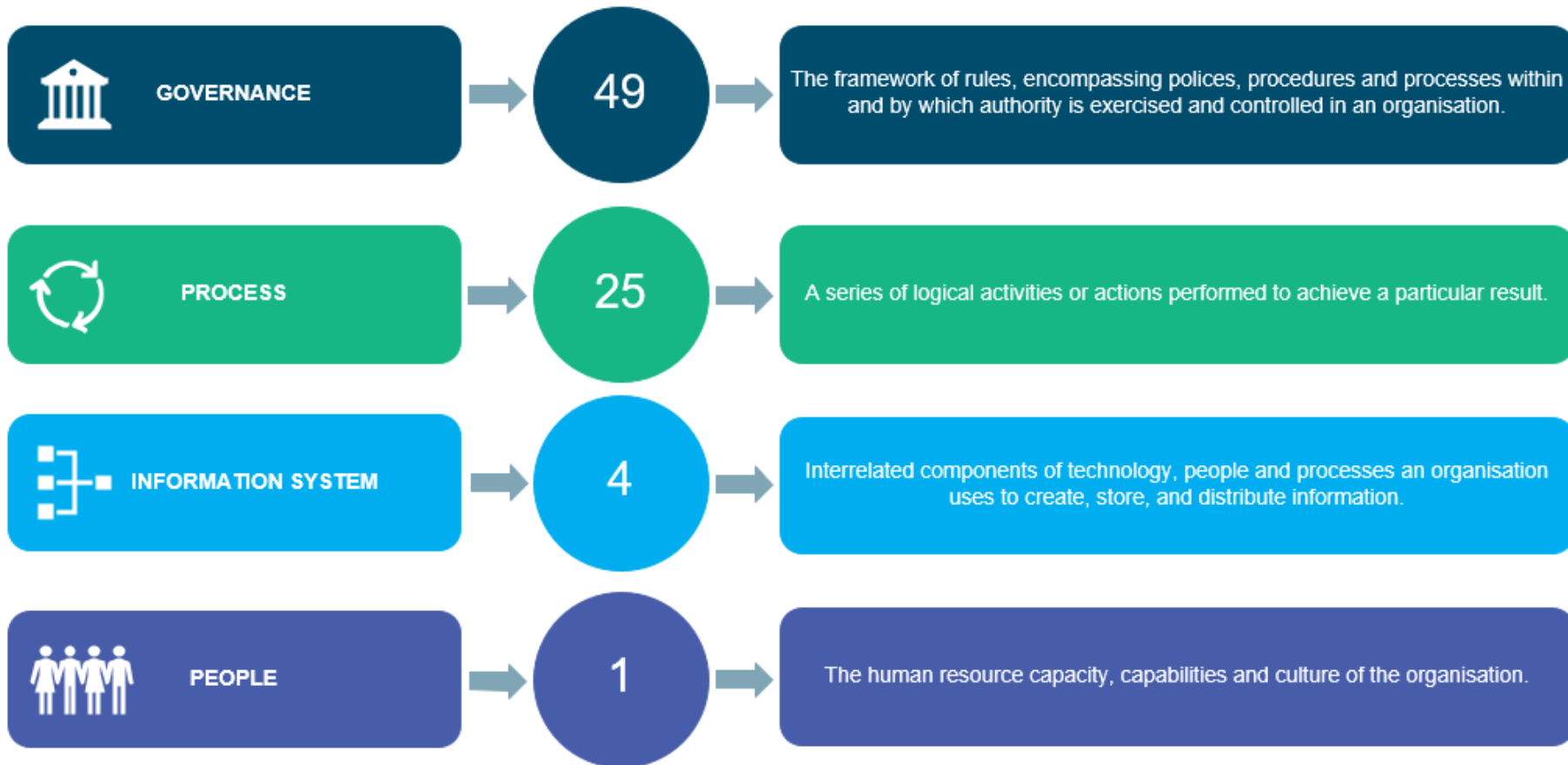

GOVERNANCE	49	The framework of rules, encompassing polices, procedures and processes within and by which authority is exercised and controlled in an organisation.
PROCESS	25	A series of logical activities or actions performed to achieve a particular result.
INFORMATION SYSTEM	4	Interrelated components of technology, people and processes an organisation uses to create, store, and distribute information.
PEOPLE	1	The human resource capacity, capabilities and culture of the organisation.

Figure 1: Themes from the Internal Audit Engagements – Governance, Information Systems, Process and People

Insight

Table 5 summarises the nature of internal audit findings from the tabled audits for the year ended 30 June 2019 to the year ending 30 June 2022 to date.

We have observed the following:

- The majority of findings (62%) overall within the eight (8) tabled reports fall within the **Governance** Theme, with the next closest theme is **Process,** with (32%) of findings falling into this category and Less than 10% fall relatively evenly within the other two (3) themes.
- There is no consistency within the 2019, 2020, 2021 or 2022 years to date.

The above insight suggests additional focus may be required on the governance frameworks within Governance for the short to medium future.
Further analysis can be built on this at the August 2022 Audit, Finance and Risk Committee with the additional tabled reports.

	Tabled Reports	FY	Governance	Information Systems	People	Process	Total Findings
1	Accounts Payable Process Audit	2019	7	-	-	6	13
2	IT Policies Review	2019	14	-	-	2	16
	Total (FY 30 June 2019)		**21**	**-**	**-**	**8**	**29**
	Percentage by Theme		**72%**	**-**	**-**	**28%**	**100%**
1	Business Continuity Planning Review	2020	4	3	-		
	Total (FY 30 June 2020)		**4**	**3**	**-**	**5**	**12**
	Percentage by Theme		**33%**	**25%**	**-**	**42%**	**100%**
1	Payroll	2021	2	-	-	3	5
2	Records Management	2021	5	1	1	2	9
3	Contract Management	2021	5	-	-	3	8
	Total (FY 30 June 2021)		**12**	**1**	**1**	**8**	**22**

			55%	4%	4%	37%	100%
	Percentage by Theme						
1	**Procurement and Planning for the Implementation of the Enterprise Resource Planning System**	**2022**	5	-	-	3	8
2	**Occupational Safety and Health**	**2022**	7	-	-	1	8
	Total to Date (FY 30 June 2022)		**12**	**-**	**-**	**4**	**16**
	Percentage by Theme		**75%**	**-**	**-**	**25%**	**100%**
	Total Tabled to Date as Internal Auditors		**49**	**4**	**1**	**25**	**79**
	Total Percentage by Theme		**62%**	**5%**	**1%**	**32%**	**100%**

Table 5: Summary of Categories of Findings within Tabled Reports for the year ended 30 June 2019 to date

c) Review of the Risk Ratings of the Internal Audit Findings

Insight

Table 6 summarises the Risk Ratings of the findings of the tabled reports for the year ended 30 June 2019 to the year ending 30 June 2022 to date.

We have observed the following:

- Nearly half of the findings (47%) within the eight (8) tabled reports fall within the Medium Risk-Rating, with the he second highest risk rating is the High Rating (37%) and the third highest being a Low-Risk rating for 13% of findings.

While a High Rating is not the most frequent, having 37% of findings be rated High is quite high.

Further analysis can be built on this at the next Audit and Risk Committee meeting with the additional tabled reports.

No	Tabled Report	Year	High Risk Rating	Medium Risk Rating	Low Risk Rating	N/A	Total Findings
1	Accounts Payable Process Audit	2019	1	12	-	-	13
2	IT Policies Review	2019	1	5	8	2	16
Total Tabled to Date (30 June 2019)			2	17	8	2	29
Percentage by Risk Rating			7%	59%	27%	7%	100%
1	Business Continuity Planning Review	2020	2	8	2	-	12
Total Tabled to Date (30 June 2020)			2	8	2	-	12
Percentage by Risk Rating			16%	67%	16%	-	100%
1	Payroll	2021	3	2	-	-	5
2	Records Management	2021	8	1	-	-	9
3	Contract Management	2021	8	-	-	-	8
Total Tabled to Date (30 June 202)			19	3	-	-	22

Percentage by Risk Rating			86%	14%			100%
1	Procurement and Planning for the Implementation of the Enterprise Resource Planning System	2022	4	3	1	-	8
2	Occupational Safety and Health	2022	2	6	-	-	8
Total Tabled to Date (30 June 2021)			6	9	1	-	16
Percentage by Risk Rating			38%	56%	6%	-	100%
Total Tabled to Date as Internal Auditors			29	37	11	2	79
Total Percentage by Theme			37%	47%	13%	3%	100%

Table 6: Risk Ratings of the findings of the tabled reports for the year ended 30 June 2019 to date.

6.   Publications

Moore Australia has identified the following reports which may be of interest to the Audit, Finance and Risk Committee Members. This is presented in Table 7 below.

Organisation and Report	Details	Issue Date
Public Sector Commission Governance Manual for Western Australian Government Boards and Committees	"Members of WA Government boards and committees operate in the public sector environment in terms of accountability, management, policy development and service delivery. This manual has practical information for members to help them carry out their responsibilities with the highest level of governance and integrity. It goes through the 7 principles of governance and how they can be put into tangible actions as well as codes of ethics and conduct; conflicts of interest; gift, benefits, and hospitality; and misconduct. Samples, examples, templates and 'how to' documents can be used or adapted to suit the particular context of a board or committee. These are included in the manual and also accessible separately so they can be tailored."	5 November 2021
Corruption and Crime Commission WA Misconduct within the Department of Communities Relating to Country Building Projects	"The report reveals how Mark Ainslie, a senior project delivery manager with Housing (now part of the Department of Communities), was paid by two men (Peter Haxby of HRD Construction Management and Nicholas Rumenos, of Griffin Civil) whose companies were awarded lucrative contracts by the Department – with Mr Ainslie's assistance. The corruption came to light during the Department of Communities' own review of all its business areas in the wake of the arrest of the former Assistant Director General on corruption charges in 2019. An officer noticed an unusual transaction by Mr Ainslie and reported it to their superior, David Leszenko – a man who enforced policies and procedures in relation to contracts and encouraged his team to report anomalies"	7 April 2022

Table 7: Publications Which May be of Interest

7.   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.

7.1 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 8. are the Auditor General tabled reports since the last ARC meeting in February 2022.This excludes Section 82 Financial Management Act Ministerial Notifications Reports. These reports may be of interest to the ARC Members in their capacity on the City of Nedlands committees, or on other committees and boards.

Tabled Report	Date
Staff Rostering in Corrective Services	18 May 2022
COVID-19 Contract Tracing System - Application Audit	18 May 2022
Audit Results Report – Annual 2020-21 Financial Audits of State Government Entities Part 2: COVID-19 Impacts	9 May 2022
Information Systems Audit Report 2022 - State Government Entities	31 March 2022

Table 8: Reports Tabled by the Auditor General since previous City of Nedlands Audit and Risk Committee Meeting.

7.2 Performance Audit Program

The OAG's forward performance audit topics can also be used to perform a self-assessment, to identify where there may be gaps within City of Nedlands, and where work needs to be performed to reduce your risks, including credibility risk. Set out below are the commenced and forward audit program, (if any). It is the Moore Australia proposed approach to include these audit topics within our Audit, Finance and Risk Committee papers for your information only.

We provide here the link Office of the Auditor General website which identifies the audits that have commenced and their expected tabling date. The titles and anticipated tabling dates are detailed in Table 9 below:

Performance Audit Title	Anticipated Tabling
Payments to Subcontractors Working on Government Construction Projects	Q2 2022
Administration of Trusts and Deceased Estates	Q2 2022
Management of School Psychology Services	Q2 2022
Major Projects: Transparency Report 2022	Q2 2022
Ensuring Projects Comply with Environmental Conditions	Q2 2022

Funding for Volunteer Emergency and Fire Services	Q2 2022
Regulation of Commercial Fishing	Q2 2022
Management of Long-Stay Patients in Public Hospitals	Q3 2022
Local Government Infrastructure Contributions	Q1 2023

Table 9: Reports Tabled by the Auditor General since previous Audit and Risk Committee Meeting

8.   Feedback

Moore Australia are happy to receive any feedback during the meeting from Audit, Finance and Risk Committee Members and Management on the performance of the internal audit engagements. We can consider this feedback in the planning, execution, and reporting of future internal audits engagements.

9.   Appreciation

We extend our appreciation to the Audit, Finance and Risk Committee, Management and staff for their assistance provided to Moore Australia WA

10.   Questions

Michelle Shafizadeh (Director) and Joel Mendelson (Manager) will be in attendance and are available to answer any questions that you may have at the meeting.

Appendix 1: Occupational Health and Safety Internal Audit Report

Appendix 2: Risk Ratings, Guidance and Action Required

Rating	Definition	Guidance	Action required
High	Issue represents a control weakness, which could cause or is causing major disruption of the process or major adverse effect on the ability of the process to achieve its objectives.	• 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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MOORE

HELPING YOU THRIVE IN A CHANGING WORLD

9.5   ARC12.05.22 OneCouncil Project Status Report #4

Meeting & Date	Audit & Risk Committee – 30 May 2022
Applicant	City of Nedlands
Employee Disclosure under section 5.70 Local Government Act 1995	Nil.
Report Author	Tony Benson – Manager ICT
Director/CEO	Michael Cole – Director Corporate Services
Attachments	Nil.

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.

Recommendation

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

Voting Requirement

Simple Majority.

Background

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".

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 fourth 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.
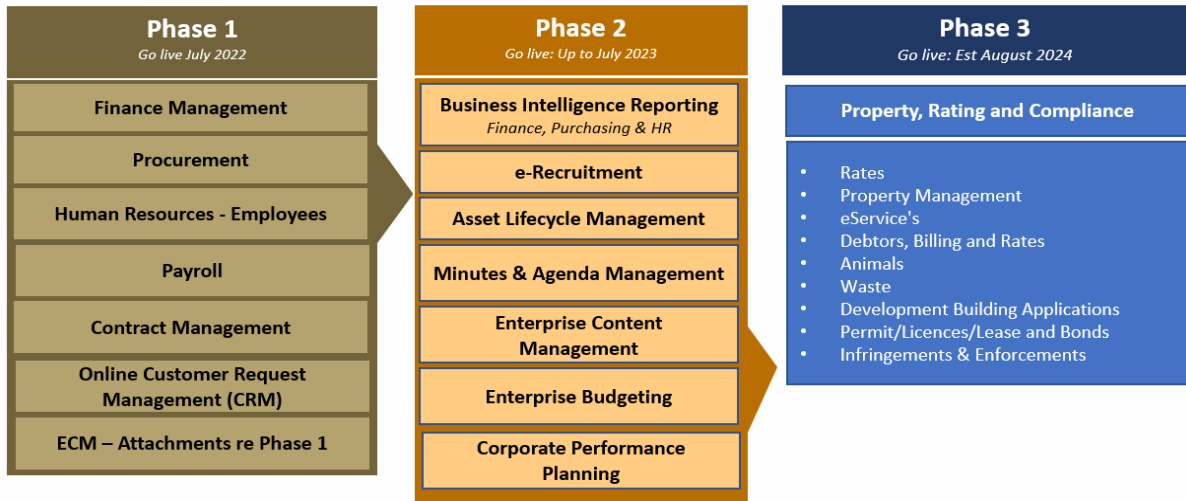
Figure 1 -OneCouncil: Overview of Phases

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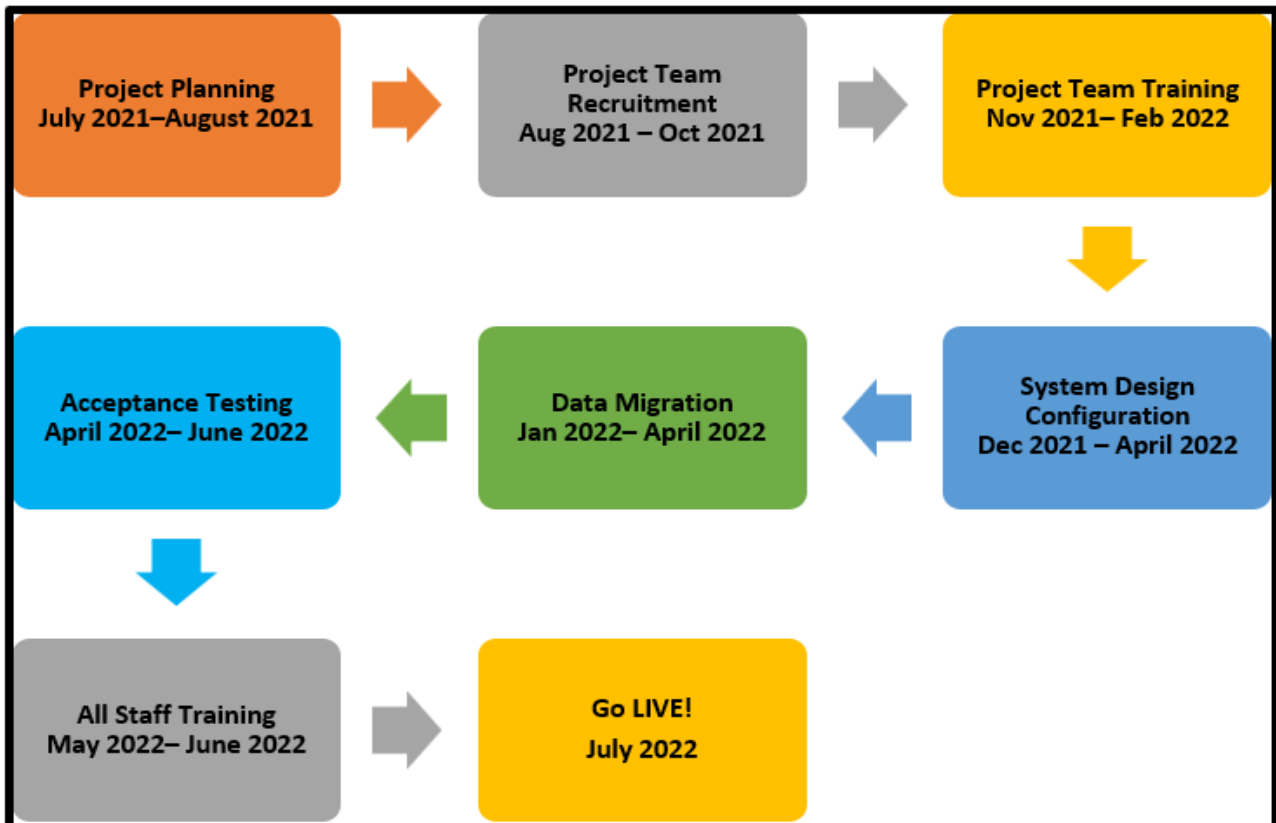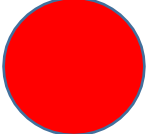

Figure 2 -OneCouncil Phase 1 Milestones

Update on Progress

The OneCouncil project is 77% complete. The OneCouncil Phase 1 project dashboard follows:

KPI	Status	Notes
Budget	🟢	Tracking under for 2021/2022.
Schedule	🟡	Go Live, Phase 1 is scheduled for 1st July 2022. Scheduled Go Live is not movable. However, changes in Project Team, and inability to maintain 100% headcount means that certain aspects of Go-Live will be less fully featured.
Resources	🔴	• Previously reporting positions remain unfilled • They will now not be filled this FY • The status remains red due to availability of payroll resources and the challenges with that space

Risks	🟡	• Staff turnover within the Team has settled. The incumbent team are all committed to the project
Scope	🟡	• The delivery of more nuanced features within the Procurement and Contract Management modules has been impacted both by Project Team changes but also of the City's own ability to support these process

Legend	Description
🔴	Attention required.
🟡	Potential impact on project.
🟢	No issues.

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 September 2021
2	Project Team Recruitment	🟢	**100%**	29 October 2021
3	Project Team Training	🟢	**100%**	11 February 2022
4	System Design & Configuration	🟢	**98%**	30 April 2022
5	Data Migration	🟢	**85%**	30 May 2022
6	Acceptance Testing	🟢	**61%**	30 May 2022
7	All Staff Training	🟢	**39%**	30 June 2022
8	Go LIVE	🟢	**0%**	4 July 2022

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

The overall project schedule is below:

OneCouncil Project - Phase 1	Tue 22/06/21	Mon 18/07/22	77%
▷ 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%
▷ 4.0 System Design and Configuration	Mon 29/11/21	Mon 4/04/22	98%
▷ 5.0 Data Migration - ETL etc	Mon 3/01/22	Fri 27/05/22	85%
▷ 6.0 Testing and Migration Cycles	Mon 4/04/22	Wed 8/06/22	61%
▷ 7.0 All Staff Training	Mon 2/05/22	Mon 4/07/22	39%
▷ 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	73%
▷ 12.0 Change Management	Mon 5/07/21	Fri 1/07/22	75%

Key Activities Completed: April 2022

The key activities completed by the OneCouncil Project in March 2022 were:

1. Milestone #4 - System Design & Configuration – 98% Complete

    •   Completed : Configurations appropriate to Finance, HR and Payroll, Request Management are completed
    •   Outstanding : Final 'Tweaks' subject to training session feedback

2. Milestone #5 – Data Migration – 85% Complete

    •   Continue: Develop the data extraction and identification of data quality issues from the Authority System.
    •   Particular note: Leave balances are proving a challenge. A significant portion of those balances are, apparently, untrustworthy.
    •   The first resolution session is scheduled for 11/05/2022. This, and associated sessions, will result in a proposal for resolution that may require executive sign off.

3. Project Management

    •   Ongoing : Team management, meetings and knowledge transfer.
    •   Ongoing : refinement of Go-Live checklist for period 20/06/2022 to 03/07/2022

4. Change Management

    •   Ongoing communications.
    •   Training Period kicked off with Morning Tea and demo session

Key Activities Planned for next period - May 2022

The key activities planned for the next period are:

a.   Milestone #7 – System Testing and Migration Cycles
    i.   Complete 2nd AND 3rd Cycle of Testing

b.   Milestone #8 – completion and publication of the Go-Live strategy for the business to understand what is required of it over that period

c.   Change Management

    i.   Delivery of training to staff.
    ii.   Booking mechanisms already available

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

Nil.

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

N/A.

10.   Date of Next Meeting

The date of the next meeting of the Audit & Risk Committee Meeting will be on Monday 29 August 2022 at 5.30pm.

11.   Declaration of Closure

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