

Audit and Risk Committee Meeting

28 February 2022

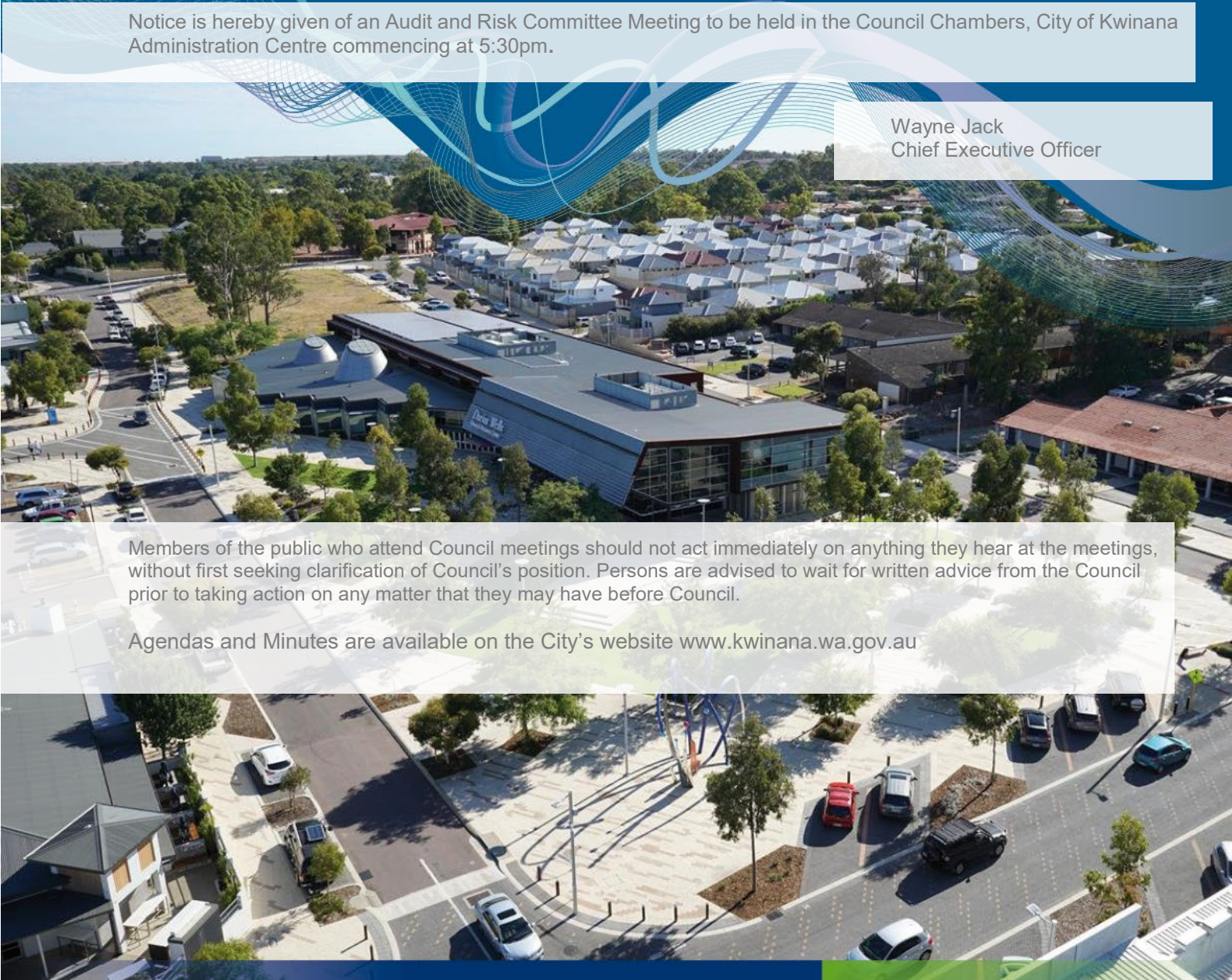
Agenda

Notice is hereby given of an Audit and Risk Committee Meeting to be held in the Council Chambers, City of Kwinana Administration Centre commencing at 5:30pm.

Wayne Jack
Chief Executive Officer

Members of the public who attend Council meetings should not act immediately on anything they hear at the meetings, without first seeking clarification of Council's position. Persons are advised to wait for written advice from the Council prior to taking action on any matter that they may have before Council.

Agendas and Minutes are available on the City's website www.kwinana.wa.gov.au



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1 OPENING AND ANNOUNCEMENT OF VISITORS

Presiding Member to declare the meeting open and welcome all in attendance.

2 WELCOME TO COUNTRY AND ACKNOWLEDGEMENT OF COUNTRY

Councillor Barry Winmar to present the Welcome to Country:

"Ngullak nyinniny kooralong koora ngullak noitj nidja noongar boodjar. Noongar moort djoorapiny nyinniny nidja ngulla quopadok noongar boodjar kooralong.

From the beginning of time to the end, this is Noongar Country. Noongar people have been graceful keepers of our nation for many, many years.

Ngalla djoorapiny maambart boodjar ngallak bala maambart quop ngalla koort djoorapiny nidja ngalla mia mia nyinniny noongar boodjar.

We respect the earth our mother and understand that we belong to her - she does not belong to us. In all her beauty, we find comfort, wellbeing, and life that creates a home for everyone that has become a keeper of Noongar Country.

Djinanginy katatjin djoorapiny nidja weern noongar boodjar ngalla mia mia boorda.

Look, listen, understand and embrace all the elements of Noongar Country that is forever our home.

Kaya wandju ngaany Barry Winmar Wadjuk Ballardong maaman ngaany koort djoorpiny noonook nidja Noongar boodjar daadjaling waankganiny noitj Noongar Boodjar.

Hello and welcome my name is Barry Winmar and I am a Whadjuk Ballardong man my heart is happy as we are gathered on Noongar country and speaking here on Noongar Country"

Presiding Member to read the Acknowledgement of country:

"It gives me great pleasure to welcome you all here and before commencing the proceedings, I would like to acknowledge that we come together tonight on the traditional land of the Noongar people and we pay our respects to their Elders past and present."

3 ATTENDANCE, APOLOGIES, LEAVE(S) OF ABSENCE (PREVIOUSLY APPROVED)

Apologies:

Leave(s) of Absence (previously approved):

4 DECLARATIONS OF INTEREST (FINANCIAL, PROXIMITY, IMPARTIALITY – BOTH REAL AND PERCEIVED) BY MEMBERS AND CITY OFFICERS

Section 5.65(1) of the *Local Government Act 1995* states:

A member who has an interest in any matter to be discussed at a council or committee meeting that will be attended by the member must disclose the nature of the interest —

in a written notice given to the CEO before the meeting; or
at the meeting immediately before the matter is discussed.

Section 5.66 of the *Local Government Act 1995* states:

If a member has disclosed an interest in a written notice given to the CEO before a meeting then —

before the meeting the CEO is to cause the notice to be given to the person who is to preside at the meeting; and
at the meeting the person presiding is to bring the notice and its contents to the attention of the persons present immediately before the matters to which the disclosure relates are discussed.

5 CONFIRMATION OF MINUTES

5.1 MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING HELD ON 6 DECEMBER 2021

RECOMMENDATION

That the Minutes of the Audit and Risk Committee Meeting held on 6 December 2021 be confirmed as a true and correct record of the meeting.

6 REPORTS

6.1 INFRASTRUCTURE CONTRIBUTIONS ANNUAL STATUS REPORT

SUMMARY

Clause 6.10.18 of State Planning Policy 3.6 Infrastructure Contributions (SPP 3.6) requires an annual status report to be prepared by local government that provides an overview of progress of the delivery of infrastructure specified in each of the City's Developer Contribution Plans (DCPs) and the financial position of the Developer Contribution Funds.

The annual status report is to be published by the local government on its website and supporting documentation and data informing the status report is to be made available at the request of the Department of Local Government, Sport and Cultural Industries or the Department of Planning, Lands and Heritage, to enable the effective collection of information regarding the progress of all DCPs across the State.

OFFICER RECOMMENDATION

That the Audit and Risk Committee note and provide comment to Council on the Annual Status Reports (as per Attachments A and B) for publication by City of Kwinana on its website.

DISCUSSION

Draft Local Planning Strategy

The adoption of the Annual Status Reports will support the achievement of the following actions in the draft Local Planning Strategy:

Strategic Direction:

To deliver an equitable distribution of accessible and integrated multi-functional public open spaces, community infrastructure and recreation facilities that supports healthy and socially connected communities.

Strategic Actions:

- Pursue developer contributions for community, public open space, social, road and other infrastructure items for improvement or provision as appropriate, in accordance with the City of Kwinana's Community Infrastructure Plan and approved local structure plans.
- Implement, and regularly review, the City's Developer Contribution Plans in accordance with State Planning.

Annual Status Report

The revised SPP 3.6 was gazetted on 30 April 2021. The policy sets out the principles and considerations that apply to development contributions for the provision of infrastructure in new and established urban areas and the form, content and process to be followed.

The revised policy requires an annual review of cost estimates to be undertaken for each DCP. This was completed and reported to Council in late 2021, as part of adopting revised Developer Contribution Plan (DCP) Reports and associated Cost Apportionment Schedule (CAS) for DCAs 1-7. The review was based on the Community Infrastructure Plan (CIP) adopted by Council in October 2018.

In addition to the annual review of cost estimates, an annual status report is required by clause 6.10.18 of SPP 3.6 to be prepared by the local government, providing an overview of progress of

the delivery of infrastructure specified in the Development Contribution Plan/s and the financial position of the Developer Contribution funds.

The status report is to include:

- The timing and estimated percentage delivery of an infrastructure item against that stated in the DCP, arising from the review of the local government's Capital Expenditure Plan;
- The financial position of the DCP, including interest that has been accrued; and
- A summary of the review of the estimated costs in the CAS, including any changes in funding and revenue sources, and any relevant indexation.

Annual Status Reports have been prepared for the City's Development Contribution Plans and can be found as Attachments A and B. The reports have been prepared using the model template provided in Schedule 5 of SPP 3.6.

Once considered by the Audit and Risk Committee and subsequently adopted by Council the Annual Status Reports are to be published by the local government on its website, and should align with the annual financial statements.

STRATEGIC IMPLICATIONS

This proposal will support the achievement of the following outcome/s and objective/s detailed in the Strategic Community Plan and Corporate Business Plan.

Strategic Community Plan			
Outcome	Strategic Objective	Action in CBP (if applicable)	How does this proposal achieve the outcomes and strategic objectives?
3 – Infrastructure and services that are affordable and contribute to health and wellbeing	3.1 – Develop quality, affordable infrastructure and services designed to improve the health and wellbeing of the community	N/A – There is no specific action in the CBP, yet this report will help achieve the indicated outcomes and strategic objectives	Provides an update on progress towards infrastructure items identified in Developer Contribution Plans
	3.3 – Maintain infrastructure, playgrounds, parks and reserves to a high standard through sustainable asset maintenance and renewal	N/A – There is no specific action in the CBP, yet this report will help achieve the indicated outcomes and strategic objectives	Provides an update on progress towards infrastructure items identified in Developer Contribution Plans

SOCIAL IMPLICATIONS

There are no social implications as a result of this proposal.

LEGAL/POLICY IMPLICATIONS

State Planning Policy 3.6: Infrastructure Contributions

Local Planning Policy 4: Administration of Development Contributions

For the purpose of Councillors considering a financial or impartiality interest only, there are multiple owners and developers affected by this report, located within DCAs 2 – 7 and 8 – 15.

FINANCIAL/BUDGET IMPLICATIONS

This proposal provides an update on developer contributions towards community infrastructure.

ASSET MANAGEMENT IMPLICATIONS

This proposal provides an update on developer contributions towards community infrastructure.

ENVIRONMENTAL/PUBLIC HEALTH IMPLICATIONS

There are no environmental / public health implications as a result of this proposal.

COMMUNITY ENGAGEMENT

No community engagement required, however the Annual Status Reports will be published on the Councils website.

ATTACHMENTS

- A. Development Contribution Plans 1-7 - Annual Status Report 2021**
- B. Development Contribution Plans 8-15 - Annual Status Report 2021**



City of Kwinana Development Contribution Plans Annual Report 2021

Development Contribution Plans 1-7

Name DCP: **Development Contribution Plan 1 – Bertram/ Wellard/ Parmelia (North East)/ Orelia (East)**
 Report date: December 2021
 Financial year: 2020/2021

Table 1: Summary of delivery of infrastructure

Item of infrastructure		Scheduled delivery/ priority in DCP	Progress /status (% complete)*	Expected delivery	% detail of funding (DCP and by other sources)	Reasons for delay (if applicable)
A.	Sulphur Road bridge over railway	N/A	100% complete	Complete	100% DCP	N/A
B.	Stormwater Management Infrastructure (formally Nutrient Stripping Basin) on the Peel Main Drain north of Bertram Road	0-3 years	95% complete	0-3 years	50% developer funded and 50% contributions	NA
B	Stormwater Management Infrastructure (formally Nutrient Stripping Basin)	N/A	100% complete	Completed	100% DCP	N/A
C.	upgrade to Bertram Road – Johnson Road to Challenger Road	N/A	100% complete	Complete	100% DCP	N/A
C.	upgrade to Mortimer Road - Johnson Road to Freeway	N/A	100% complete	Complete	100% DCP	N/A
D.	Johnson Road upgrade – north of Peel Lateral Drain to Holden Close – western Side	N/A	100% complete	Complete	100% DCP	N/A
D.	Johnson Road upgrade – north of Peel Lateral Drain to Holden Close – eastern Side	N/A	100% complete	Complete	100% DCP	N/A

Item of infrastructure		Scheduled delivery/ priority in DCP	Progress /status (% complete) e)*	Expected delivery	% detail of funding (DCP and by other sources)	Reasons for delay (if applicable)
E.	Johnson Road upgrade – south of Peel Lateral Drain to Bertram Road – both Sides	N/A	100% complete	Complete	100% DCP	N/A
E.	Johnson Road upgrade –south of Peel Lateral Drain to Bertram Road – roundabouts (2)	N/A	100% complete	Complete	100% DCP	N/A
F.	Dual Use Path (eastern side Johnson Road) – North of Peel Lateral Drain to Holden Close	N/A	100% complete	Complete	100% DCP	N/A
F.	Dual Use Path on eastern side Johnson Road – South of Peel Lateral Drain to Bertram Road	N/A	100% complete	Complete	100% DCP	N/A
I.	construction of road linkage across the parks and recreation reserves in Bertram – Price Parkway Road	N/A	100% complete	Complete	100% DCP	N/A
Separated into G,H and L	upgrade of Johnson Road south of Bertram Road and north of Millar Road	N/A	100% complete	Complete	100% DCP	N/A
Included in G and H	undergrounding existing overhead power lines on both side of Johnson Road south of Bertram Road and north of Millar Road and south side of Mortimer Road between Johnson Road and Freeway	N/A	100% complete	Complete	100% DCP	N/A
H	Johnson Road construction – south of Johnson Road culvert crossing over west side Peel Main Drain to Millar Road – the DCP item is the difference between a Neighbourhood Connector A and an Access Street B (WAPC Liveable Neighbourhoods)	N/A	100% complete	Complete	100% DCP	N/A
G.	Johnson Road upgrade – South Bertram Road to western edge, Johnson Road culvert crossing	N/A	100% complete	Complete	100% DCP	N/A

Item of infrastructure		Scheduled delivery/ priority in DCP	Progress /status (% complete)*	Expected delivery	% detail of funding (DCP and by other sources)	Reasons for delay (if applicable)
	over eastern side of Peel Main Drain					
L	Johnson Road new culvert and road crossing over Peel Main Drain	N/A	100% complete	Complete	100% DCP	N/A
K	Bertram Road – Challenger Ave to Wellard Road	0-4 years	5% complete	5-10	59% funded by the City and 41% by DCP	Detailed design completed with Main Roads WA. Road Improvement Grant application made. Project cannot be delivered due to lack of contributions collected. Delivery dependent upon timing of land development
J.	Wellard Road – Bertram Road to Cavendish Boulevard	0-4 years	5% complete	5-10	58% funded by the City and 42% funded by DCP	Detailed design completed with Main Roads WA. Road Improvement Grant application made. Project cannot be delivered due to

Item of infrastructure		Scheduled delivery/ priority in DCP	Progress /status (% complete)*	Expected delivery	% detail of funding (DCP and by other sources)	Reasons for delay (if applicable)
						lack of contributions collected. Delivery dependent upon timing of land development
J.	Wellard Road – Cavandish Boulevard to Millar Road	0-3 years	5% complete	5-10	75% funded by the City and 25% funded by DCP	Detailed design completed with Main Roads WA. Road Improvement Grant application made. Project cannot be delivered due to lack of contributions collected. Delivery dependent upon timing of land development
M	New road culvert and road crossing over the Peel Main Drain linking Lot 661 and Lot 670 Bertram Road	0-5 years	5% complete	5-10	100% DCP	Detailed design completed with Main Roads WA. Road Improvement Grant application

Item of infrastructure		Scheduled delivery/ priority in DCP	Progress /status (% complete)*	Expected delivery	% detail of funding (DCP and by other sources)	Reasons for delay (if applicable)
						made. Project cannot be delivered due to lack of contributions collected. Delivery dependent upon timing of land development

*% completion has been estimated from the amount of contributions received as a percentage of the overall cost of infrastructure item.

Table 2: Financial position of DCF

	Received/value contributions collected or land area	DCP funds expended/value	Current balance of DCF	Value of credits	Interest earned on DCP funds (if applicable)
Monetary component in levies (\$)	5,737,533	5,147,863	738,950	5,359,258	28,351
Works in kind		5,238,330			
Land contribution					
TOTAL	5,737,533	10,386,193	738,950	5,359,258	28,351

1. Has the DCF account been independently audited?
Yes, DCA1-7 independently audited up to 30 June 2020 in early 2021. The audit of 20/21 financial year is scheduled for March 2022.
2. Has the annual review of the Cost Apportionment Schedule (CAS) and Cost Estimates been undertaken (Yes/No) (Frequency/insert date)
Yes, the annual review of DCAs1-7 was undertaken in the second half of 2021.
3. Are dwelling forecasts current?
Yes, dwelling forecasts are current as of June 2021.
4. Identify any matters that may require future modifications to the DCP (slow rate of growth, unlikely to develop) and if alternative funding needs to be investigated.
N/A

Name DCP: **Development Contribution Plan 2 – Wellard**
 Report date: December 2021
 Financial year: 2020/2021

Table 1: Summary of delivery of infrastructure

Item of infrastructure	Scheduled delivery/ priority in DCP	Progress /status (% complete)*	Expected delivery	% detail of funding (DCP and by other sources)	Reasons for delay (if applicable)
Internal Collector (Sunrise Boulevard)	1-9 years	Not commenced	1-9 years	100% DCP	N/A
Internal Collector (Sunrise Boulevard)	1-9 Years	Not commenced	1-9 years	100% DCP	N/A
Internal Collector (Sunrise Boulevard)	1-9 years	Not commenced	1-9 years	100% DCP	N/A
Peel Sub Drain N	0-4 years	61% complete	0-4 years	61% funded by City and 39% by DCP	N/A
Peel Sub Drain N1	0-4 years	100% Complete	--	100% DCP	N/A
Peel Sub Drain N2	0-4 years	100% Complete	-	100% DCP	N/A
Millar Road	0-5 years	79% complete	0-5 years	8% funded by the City and 91% by DCP	N/A
Mortimer Road	7-9 years	Not commenced	7-9 years	31.99% funded by DCP2 (68.01% funded by DCP3)	N/A
District Sporting Ground – POS Land (3 ha)	5-8 years	Not commenced	5-8 years	9.07% funded by DCP 2 (90%	N/A

Item of infrastructure	Scheduled delivery/ priority in DCP	Progress /status (% complete)*	Expected delivery	% detail of funding (DCP and by other sources)	Reasons for delay (if applicable)
				funded by other DCPS)	
Branch Library (land component – acquisition and basic improvements)	5-8 years	Not commenced	5-8 years	9.07% funded by DCP 2 (90% funded by other DCPS)	N/A

*% completion has been estimated from the amount of contributions received as a percentage of the overall cost of infrastructure item.

Table 2: Financial position of DCF

	Received/value contributions collected or land area	DCP funds expended/value	Current balance of DCF	Value of credits	Interest earned on DCP funds (if applicable)
Monetary component in levies (\$)	2,612,015	1,012,663	1,720,913	1,054,562	121,561
Works in kind		1,054,562			
Land contribution					
TOTAL	2,612,015	2,067,225	1,720,913	1,054,562	121,561

1. Has the DCF account been independently audited?
Yes, DCA1-7 independently audited up to 30 June 2020 in early 2021. The audit of 20/21 financial year is scheduled for March 2022.
2. Has the annual review of the Cost Apportionment Schedule (CAS) and Cost Estimates been undertaken (Yes/No) (Frequency/insert date)
Yes, the annual review of DCAs1-7 was undertaken in the second half of 2021.
3. Are dwelling forecasts current?
Yes, dwelling forecasts are current as of June 2021.
4. Identify any matters that may require future modifications to the DCP (slow rate of growth, unlikely to develop) and if alternative funding needs to be investigated.
N/A

Name DCP: **Development Contribution Plan 3 – Casuarina**
 Report date: December 2021
 Financial year: 2020/2021

Table 1: Summary of delivery of infrastructure

Item of infrastructure	Scheduled delivery/ priority in DCP	Progress/status (% complete)*	Expected delivery	% detail of funding (DCP and by other sources)	Reasons for delay (if applicable)
Peel Sub Drain P	1-8 years	Not commenced	1-8 years	100% DCP	
Peel Sub Drain P1	1-8 years	Not commenced	1-8 years	100% DCP	
Peel Sub Drain P1A	1-8 years	Not commenced	1-8 years	100% DCP	
Peel Sub Drain O	1-8 years	Not commenced	1-8 years	100% DCP	
Casuarina Public Open Space	1-8 years	Not commenced	1-8 years	100% DCP	
Mortimer Road	6-8 years	Not commenced	6-8 years	68% funded by DCP3 (32% funded by DCP2)	
Thomas Road	1-5 years	Concept design processed commenced by Main Roads	6-8 years	63% funded by DCP3 (37% funded by DCP4)	Progress dependent on timing of Westport and private land.
District Sporting Ground - POS land (3 ha)	5-8 years	Not commenced	5-8 years	15.35% funded by DCP3 85% funded by other DCPs2&4-7)	

Item of infrastructure	Scheduled delivery/ priority in DCP	Progress/status (% complete)*	Expected delivery	% detail of funding (DCP and by other sources)	Reasons for delay (if applicable)
Branch Library (land component – acquisition and basic improvements)	5-8 years	Not commenced	5-8 years	15.35% funded by DCP3 85% funded by other DCPs2&4-7)	

*% completion has been estimated from the amount of contributions received as a percentage of the overall cost of infrastructure item.

Table 2: Financial position of DCF

	Received/valu e contributions collected or land area	DCP funds expended/value	Current balance of DCF	Value of credits	Interest earned on DCP funds (if applicable)
Monetary component in levies (\$)	0	0	0	0	0
Works in kind	0	0	0	0	0
Land contribution					
TOTAL	0	0	0	0	0

1. Has the DCF account been independently audited?

Yes, DCA1-7 independently audited up to 30 June 2020 in early 2021. The audit of 20/21 financial year is scheduled for March 2022.

2. Has the annual review of the Cost Apportionment Schedule (CAS) and Cost Estimates been undertaken (Yes/No) (Frequency/insert date)
Yes, the annual review of DCAs1-7 was undertaken in the second half of 2021.
3. Are dwelling forecasts current?
Yes, dwelling forecasts are current as of June 2021.
4. Identify any matters that may require future modifications to the DCP (slow rate of growth, unlikely to develop) and if alternative funding needs to be investigated.
N/A

Name DCP: **Development Contribution Plan 4 – Anketell**
 Report date: December 2021
 Financial year: 2020/2021

Table 1: Summary of delivery of infrastructure

Item of infrastructure	Scheduled delivery/ priority in DCP	Progress/status (% complete)*	Expected delivery	% detail of funding (DCP and by other sources)	Reasons for delay (if applicable)
Treeby Road	Completed	100% Complete	N/A	100% DCP funded	N/A
Anketell North Public Open Space (including Community purposes site) –	1-8 years	Not commenced	1-8 years	100% DCP funded	N/A
Thomas Road	1-5 years		6-8 years	37.45% funded by DCP4 (62.55% funded by DCP3)	Progress is dependent on timing of Westport and private land development in DCAs 4 and 5.
Anketell Road	2-5 years		6-8 years	46.68% funded by DCP4 (53.32% funded by DCP5)	Progress is dependent on timing of Westport and private land development in DCAs 4 and 5.

Item of infrastructure	Scheduled delivery/ priority in DCP	Progress/status (% complete)*	Expected delivery	% detail of funding (DCP and by other sources)	Reasons for delay (if applicable)
District Sporting Ground (land component – acquisition and basic improvements)	5-8 years	Not commenced	5-8 years	10.81 funded by DCP4 (rest funded by DCPs 2,3&5-7)	N/A
Local Community Centre (land component – acquisition and basic improvements)	5-8 years	Not commenced	5-8 years	39.55% funded by DCP4 with rest funded by DCP5	N/A
District Youth Centre (land component – acquisition and basic improvements)	5-8 years	Not commenced	5-8 years	27.5% funded by DCP 4 (rest funded by DCP5&6)	N/A
Branch Library (land component – acquisition and basic improvements)	5-8 years	Not commenced	5-8 years	10.81 funded by DCP4 (rest funded by DCPs 2,3&5-7)	N/A

*% completion has been estimated from the amount of contributions received as a percentage of the overall cost of infrastructure item.

Table 2: Financial position of DCF

	Received/value contributions collected or land area	DCP funds expended/value	Current balance of DCF	Value of credits	Interest earned on DCP funds (if applicable)
Monetary component in levies (\$)	1,319,775	136,809	1,194,025	759,761	11,059
Works in kind		759,761			
Land contribution					
TOTAL	1,319,775	896,570	1,194,025	759,761	11,059

1. Has the DCF account been independently audited?
Yes, DCA1-7 independently audited up to 30 June 2020 in early 2021. The audit of 20/21 financial year is scheduled for March 2022.
2. Has the annual review of the Cost Apportionment Schedule (CAS) and Cost Estimates been undertaken (Yes/No) (Frequency/insert date)
Yes, the annual review of DCAs1-7 was undertaken in the second half of 2021.
3. Are dwelling forecasts current?
Yes, dwelling forecasts are current as of June 2021.
4. Identify any matters that may require future modifications to the DCP (slow rate of growth, unlikely to develop) and if alternative funding needs to be investigated.

N/A

Name DCP: **Development Contribution Plan 5 – Wandi**
 Report date: December 2021
 Financial year: 2020/2021

Table 1: Summary of delivery of infrastructure

Item of infrastructure	Scheduled delivery/ priority in DCP	Progress /status (% complete)*	Expected delivery	% detail of funding (DCP and by other sources)	Reasons for delay (if applicable)
Lyon Road	Final section likely to be constructed, estimated in 3-6 years	100% complete	3-6 years	100% DCP funded	N/A
Honeywood Avenue Internal Collector	Final portion of Honeywood/Cordata Avenue to be constructed at the time the future Wandi-Anketell District Centre is constructed, estimated 3-6 years	80% complete	3-6 years	100% DCP funded	N/A
Wandi Public Open Space	Largely complete, some outstanding establishment remaining.	99% complete	1-3 years	100% DCP funded	NA
Wandi Playing fields	Largely complete. Small triangular section 2-3 years.	97% complete	2-3 years	100% DCP funded	N/A
Anketell Road	2-5 years	Concept Design stage	6-8 years	53.32% funded by DCP5 and	Progress of this project is dependent upon

Item of infrastructure	Scheduled delivery/ priority in DCP	Progress /status (% complete)*	Expected delivery	% detail of funding (DCP and by other sources)	Reasons for delay (if applicable)
				rest funded by DCP4.	Westport and private land development in DCA4 and 5.
District Sporting Ground (land component – acquisition and basic improvements)	5-8 years	Not commenced	5-8 years	13.13% funded by DCP5 rest funded by DCPs2,3,4,6&7	N/A
Local Community Centre	5-8 years	Not commenced	5-8 years	60.45% funded by DCP5 rest funded by DCP4.	N/A
District Youth Centre	5-8 years	Not commenced	5-8 years	42.13% funded by DCP5 with rest funded by DCP4&6.	N/A
Branch Library	5-8 years	Not commenced	5-8 years	100% DCP funded	N/A

*% completion has been estimated from the amount of contributions received as a percentage of the overall cost of infrastructure item.

Table 2: Financial position of DCF

	Received/value e contributions collected or land area	DCP funds expended/value	Current balance of DCF	Value of credits	Interest earned on DCP funds (if applicable)
Monetary component in levies (\$)	1,061,506	157,628	972,058	45,894,064	68,178
Works in kind		45,894,064			
Land contribution					
TOTAL	892,752	2,478,792	753,954	2,336,733	3,262

1. Has the DCF account been independently audited?
Yes, DCA1-7 independently audited up to 30 June 2020 in early 2021. The audit of 20/21 financial year is scheduled for March 2022.
2. Has the annual review of the Cost Apportionment Schedule (CAS) and Cost Estimates been undertaken (Yes/No) (Frequency/insert date)
Yes, the annual review of DCAs1-7 was undertaken in the second half of 2021.
3. Are dwelling forecasts current?
Yes, dwelling forecasts are current as of June 2021.
4. Identify any matters that may require future modifications to the DCP (slow rate of growth, unlikely to develop) and if alternative funding needs to be investigated.
N/A

Name DCP: **Development Contribution Plan 6 – Mandogalup**
 Report date: December 2021
 Financial year: 2020/2021

Table 1: Summary of delivery of infrastructure

Item of infrastructure	Scheduled delivery/ priority in DCP	Progress /status (% complete)*	Expected delivery	% detail of funding (DCP and by other sources)	Reasons for delay (if applicable)
Hammond Road extension	6-8 years	Not commenced	6-8 years	100% DCP funded	N/A
Internal collector road to Hammond Road Extension	6-8 years	Not commenced	6-8 years	100% DCP funded	N/A
Mandogalup Public Open Space	1-5 years	11% complete	6-8 years	100% DCP funded	Progress is dependent upon the timing of private land development in DCA 6.
District Sporting Ground (land component – acquisition and basic improvements)	5-8 years	Not commenced	5-8 years	9.45% funded by DCP6 (rest funded by DCP2-5&DCP7	N/A

Item of infrastructure	Scheduled delivery/ priority in DCP	Progress /status (% complete)*	Expected delivery	% detail of funding (DCP and by other sources)	Reasons for delay (if applicable)
District Youth Centre (land component – acquisition and basic improvements)	5-8 years	Not commenced	5-8 years	30.30% funded b/y DCP6 (rest funded by DCP4&5)	N/A
Branch Library (land component – acquisition and basic improvements)	5-8 years	Not commenced	5-8 years	9.45% funded by DCP6 (rest funded by DCP2-5&DCP7)	N/A

*% completion has been estimated from the amount of contributions received as a percentage of the overall cost of infrastructure item.

Table 2: Financial position of DCF

	Received/value contributions collected or land area	DCP funds expended/value	Current balance of DCF	Value of credits	Interest earned on DCP funds (if applicable)
Monetary component in levies (\$)	892,752	142,059	753,954	2,336,733	3,262
Works in kind		2,336,733			

	Received/value contributions collected or land area	DCP funds expended/value	Current balance of DCF	Value of credits	Interest earned on DCP funds (if applicable)
Land contribution					
TOTAL	892,752	2,478,792	753,954	2,336,733	3,262

1. Has the DCF account been independently audited?
Yes, DCA1-7 independently audited up to 30 June 2020 in early 2021. The audit of 20/21 financial year is scheduled for March 2022.
2. Has the annual review of the Cost Apportionment Schedule (CAS) and Cost Estimates been undertaken (Yes/No) (Frequency/insert date)
Yes, the annual review of DCAs1-7 was undertaken in the second half of 2021.
3. Are dwelling forecasts current?
Yes, dwelling forecasts are current as of June 2021.
4. Identify any matters that may require future modifications to the DCP (slow rate of growth, unlikely to develop) and if alternative funding needs to be investigated.
N/A

Name DCP: **Development Contribution Plan 7 – Wellard/Bertram**
 Report date: December 2021
 Financial year: 2020/2021

Table 1: Summary of delivery of infrastructure

Item of infrastructure	Scheduled delivery/ priority in DCP	Progress /status (% complete)*	Expected delivery	% detail of funding (DCP and by other sources)	Reasons for delay (if applicable)
District sporting ground	5-8 years	Not commenced	5-8 years	42.18% funded by DCP7 (rest funded by DCP2-6).	N/A
Branch Library	5-8 years	Not commenced	5-8 years	42.18% funded by DCP7 (rest funded by DCP2-6).	N/A

*% completion has been estimated from the amount of contributions received as a percentage of the overall cost of infrastructure item.

Table 2: Financial position of DCF

	Received/value e contributions collected or land area	DCP funds expended/value	Current balance of DCF	Value of credits	Interest earned on DCP funds (if applicable)
Monetary component in levies (\$)	85,541	33,938	52,702		794
Works in kind					
Land contribution					
TOTAL	85,541	33,938	52,702	0	794

1. Has the DCF account been independently audited?
Yes, DCA1-7 independently audited up to 30 June 2020 in early 2021. The audit of 20/21 financial year is scheduled for March 2022.
2. Has the annual review of the Cost Apportionment Schedule (CAS) and Cost Estimates been undertaken (Yes/No) (Frequency/insert date)
Yes, the annual review of DCAs1-7 was undertaken in the second half of 2021.
3. Are dwelling forecasts current?
Yes, dwelling forecasts are current as of June 2021.
4. Identify any matters that may require future modifications to the DCP (slow rate of growth, unlikely to develop) and if alternative funding needs to be investigated.
N/A

City of Kwinana Development Contribution Plans Annual Report 2021

Name DCP: **Development Contribution Plan 8-15**

- Development Contribution Plan 8: Mandogalup
- Development Contribution Plan 9: Wandil/Anketell
- Development Contribution Plan 10: Casuarina/Anketell
- Development Contribution Plan 11: Wellard East
- Development Contribution Plan 12: Wellard West
- Development Contribution Plan 13: Bertram
- Development Contribution Plan 14: Wellard/Leda
- Development Contribution Plan 15: Kwinana Town Centre

Report date: December 2021
Financial year: 2020/2021

Table 1: Summary of delivery of infrastructure

DCP	Infrastructure item	Scheduled delivery/priority in DCP	Progress/Status (%complete)*	Expected Delivery	% detail of funding (DCP and by other sources)	Reasons for delay (if applicable)
8-15	Destination Park Calista	2015-2016	100% complete	complete	29% DCP funded, 43% grant funded, 22% Local Government funded	Infrastructure delivered and funds being collected in retrospect.
8-15	Wells Beach Foreshore Upgrade (Park and Boating facility)	2017-2018	19% complete	2024-2028	51% DCP funded, 39% Local Government funded	Delivery is dependent upon the rate of private development and contributions collected.
8-15	Community Knowledge and Resource Centre	2015-2016	100% complete	complete	24% DCP funded, 50% grant funded, 18% Local Government funded	Infrastructure delivered and funds being collected in retrospect.
8-15	Sub Regional Sporting Ground (Thomas Oval/Kelly Park extension/upgrade)	2022-2024	100% complete	2024-2028	48% DCP funded, 52% Local Government funded	Infrastructure delivered and funds being collected in retrospect.
8,9	District A Sports Pavilion		0% complete	2024-2028		Delivery is dependent upon the rate of private development and contributions collected.
8,9	District A Community Centre		0% complete	2024-2028		Delivery is dependent upon the rate of private development and contributions collected.
8,9	District A Youth Centre	2022-2024	11% complete	2024-2028	90% DCP funded, 1% Local Government funded	Delivery is dependent upon the rate of private development and contributions collected.

DCP	Infrastructure item	Scheduled delivery/priority in DCP	Progress/Status (%complete)*	Expected Delivery	% detail of funding (DCP and by other sources)	Reasons for delay (if applicable)
8-13	Dry Recreation Centre (serves Districts A and B)	2024-2026	15% complete	2024-2028	76% DCP funded, 13% Local Government funded	Delivery is dependent upon the rate of private development and contributions collected.
8-13	Branch Library (serves District A and B)	2024-2026	15% complete	2024-2028	76% DCP funded, 13% Local Government funded	Delivery is dependent upon the rate of private development and contributions collected.
8-13	District Sporting Ground (serves District A and B)	2024-2026	21% complete	2024-2028	72% DCP funded, 12% Local Government funded	Delivery is dependent upon the rate of private development and contributions collected.
10-13	District B Community Centre	2026-2028	15% complete	2024-2028	71% DCP funded, 19% Local Government funded	Delivery is dependent upon the rate of private development and contributions collected.
10-13	District B Youth Centre	2026-2028	16% complete	2024-2028	70% DCP funded, 19% Local Government funded	Delivery is dependent upon the rate of private development and contributions collected.
14,15	District C Youth Centre – Zone	-	100% complete	2024-2028	7% DCP funded, 72% grant funded and 19% Local Government funded	Infrastructure delivered and funds being collected in retrospect.
14,15	Community Knowledge and Resource Centre (District C)	-	0% complete	2024-2028	15% DCP funded, 50% grant funded, 38% Local Government funded	Delivery is dependent upon the rate of private development and contributions collected.
14,15	District Sporting Ground (Medina Oval Extension/Upgrade)	2026-2028	0% complete	2024-2028	23% DCP funded, 77% Local Government funded	Delivery is dependent upon the rate of private development and contributions collected.
8	Local Community Centre - Mandogalup	2024-2026	0% complete	2024-2028	100% DCP funded	Delivery is dependent upon the rate of private development and contributions collected.
8	Local Sporting Ground with Community Sports Facility Building A – Mandogalup	2024-2026	0% complete	2024-2028	100% DCP funded	Delivery is dependent upon the rate of private development and contributions collected. private development and contributions collected.
8	Local Community House – Mandogalup South	-	0% complete	2024-2028		Delivery is dependent upon the rate of private development and contributions collected.

DCP	Infrastructure item	Scheduled delivery/priority in DCP	Progress/Status (%complete)*	Expected Delivery	% detail of funding (DCP and by other sources)	Reasons for delay (if applicable)
9	Local Community Centre Large Scale – Wandí	2021-2023	43% complete	2024-2028	69% DCP funded, 1% Local Government funded	Delivery is dependent upon the rate of private development and contributions collected.
9	Local Sporting Ground with Pavilion – Wandí	2021-2023	37% complete	2024-2028	72% DCP funded, 1% Local Government funded	Delivery is dependent upon the rate of private development and contributions collected.
9	Local Sporting Ground with Community Sports Facility Building A – Anketell North	2021-2023	0	2024-2028	72% DCP funded, 28% Local Government funded	Delivery is dependent upon the rate of private development and contributions collected.
9	Local Sporting Ground with Community Sports Facility Building B (Shared use) Wandí	2021-2023	95% Construction commenced	2024-2028	72% DCP funded, 28% Local Government funded	Delivery is dependent upon the rate of private development and contributions collected.
10	Local Community Centre – Casuarina	2029-2031	0	2024-2028	100% DCP funded	Delivery is dependent upon the rate of private development and contributions collected.
10	Local Sporting Ground with Community Sports Facility Buildings B (Shared Use)- Casuarina	2029-2031	0	2024-2028	99% DCP funded, 1% Local Government funded	Delivery is dependent upon the rate of private development and contributions collected.
11	Local Community Centre – Wellard East	2021-2023	18% complete	2024-2028	85% DCP funded	Delivery is dependent upon the rate of private development and contributions collected.
11	Local Sporting Pavilion – Wellard East	-	0	2024-2028		Delivery is dependent upon the rate of private development and contributions collected.
12	Local Sporting Ground with Community Centre / Pavilion – Wellard West	2026-2028	23% complete	2024-2028	79% DCP funded, 3% Local Government funded	Delivery is dependent upon the rate of private development and contributions collected.
13	Local Community Centre – Bertram	-	100% complete		24% DCP funded, 24% grant funded, 52% Local Government funded	Infrastructure delivered and funds being collected in retrospect.
13	Local Sporting Ground with Community Sports Facility Building A – Bertram	2016-2018	0	2024-2028	26% DCP funded, 74% Local Government funded	Delivery is dependent upon the rate of private development and contributions collected.
14	Local Sporting Ground with Pavilion Extension – Wellard/Leda	2016-2018	0	2024-2028	27% DCP funded, 73% Local Government funded	Delivery is dependent upon the rate of private development and contributions collected.

DCP	Infrastructure item	Scheduled delivery/priority in DCP	Progress/Status (%complete)*	Expected Delivery	% detail of funding (DCP and by other sources)	Reasons for delay (if applicable)
14	Local Sporting Ground with Community Sports Facility Building A – Wellard/Leda	2016-2018	0	2024-2028	27% DCP funded, 73% Local Government funded	Delivery is dependent upon the rate of private development and contributions collected.
14	Local Community Centre – Wellard/Leda	-	75% complete	2024-2028	9% DCP funded, 69% grant funded, 15% Local government funded.	Delivery is dependent upon the rate of private development and contributions collected.

*% completion has been estimated from the amount of contributions received as a percentage of the overall cost of infrastructure item.

Table 2: Financial position of DCF

	Received /value contributions collected or land area	DCP funds expended/value	Current balance of DCF	Value of credits	Interest earned on DCP funds (if applicable)
DCP 8					
Monetary component in levies (\$)	1,451,008	2,069,843 **	1,418,989		10,409
Works in kind					
Land contribution					
Total	1,451,008	2,069,843	1,418,989	0	10,409
DCP 9					
Monetary component in levies (\$)	11,541,464	5,480,217	12,810,629		2,003,446
Works in kind					
Land contribution					
Total	11,541,464	5,480,217	12,810,629	0	2,003,446
DCP10					
Monetary component in levies (\$)	239,939	3,792,730 **	197,222		10,671
Works in kind					
Land contribution					
Total	239,939	3,792,730	197,222	0	10,671
DCP11					
Monetary component in levies (\$)	5,940,779	1,774,264	6,478,479		766,261
Works in kind					
Land contribution					
Total	5,940,779	1,774,264	6,478,479	0	766,261
DCP12					
Monetary component in levies (\$)	8,158,640	4,309,963	9,488,144		1,223,621
Works in kind					
Land contribution					
Total	8,158,640	4,309,963	9,488,144	0	1,223,621
DCP13					
Monetary component in levies (\$)	354,991	5,751,901	269,075		94,905
Works in kind					
Land contribution					
Total	354,991	5,751,901	269,075	0	94,905
DCP14					
Monetary component in levies (\$)	2,904,851	13,097,947	813,783		163,570
Works in kind					

	Received /value contributions collected or land area	DCP funds expended/value	Current balance of DCF	Value of credits	Interest earned on DCP funds (if applicable)
Land contribution					
Total	2,904,851	13,097,947	813,783	0	163,570
DCP15					
Monetary component in levies (\$)	988,033	5,001,584	306,909		39,737
Works in kind					
Land contribution					
Total	988,033	5,001,584	306,909	0	39,737

** This overspend is likely due to the City prefunding projects such as Darius Wells Library and the Kwinana Adventure Park.

1. Has the DCF account been independently audited?

Yes, DCA1-7 independently audited up to 30 June 2020 in early 2021. The audit of 20/21 financial year is scheduled for March 2022.

2. Has the annual review of the Cost Apportionment Schedule (CAS) and Cost Estimates been undertaken (Yes/No) (Frequency/insert date)

The City produced a new Community Infrastructure Plan in CIP in 2018 with revised cost estimates, Correspondence issued by the Western Australian Planning Commission (WAPC) dated 14 June 2021 outlined the Ministers requirement for the Community Infrastructure Plan and CAS to be modified, as part of Amendment 145, before the amendment can be resubmitted. This is currently with the Department of Planning Land and heritage for review

3. Are dwelling forecasts current?

Yes, dwelling forecasts are current as of June 2021.

4. Identify any matters that may require future modifications to the DCP (slow rate of growth, unlikely to develop) and if alternative funding needs to be investigated.

N/A

Note: The data used in the annual status report is to be provided in .CSV format.

6.2 REGULATION 17 AUDIT AND DEVELOPER CONTRIBUTION PAYMENT AUDIT - ACTION UPDATE

SUMMARY

At the Audit and Risk Committee meeting of 14 June 2021, the findings of the recent Regulation 17 Audit conducted by Paxon Group as well as the Developer Contribution Payment ('DCP') Audit conducted by Crowe Australia were presented. Both audits contained recommendations as to areas of potential improvement to current practices.

An update of the actions recommended by the audits has been provided to the committee at its subsequent meetings. Those actions, as well as details from the relevant officers regarding their implementation are provided for noting by the Committee.

Those actions that have no further action required, as processes have been put in place or amended to reflect the audit findings, are detailed in Confidential Attachment A and are recommended to be closed.

OFFICER RECOMMENDATION

That the Audit and Risk Committee:

- 1. Note and provide comment where appropriate the Regulation 17 audit action report detailed in Confidential Attachment A and the Developer Contribution Payment audit action report detailed in Confidential Attachment B.**
- 2. Note the closure of the following actions from the Regulation 17 audit as detailed in Confidential Attachment A:**
 - **I00008 Policies out of date on Website;**
 - **I00011 Team Risk Registers missing dates for ongoing review;**
 - **I00012 Cyber-Crime and Cyber Fraud Policies; Procedures non-existent;**
 - **I00015 ICT and Records Disaster Recovery Plan out of date;**
 - **I00018 Formal Risk Training and Refresher training not provided;**
 - **I00020 Provide refresher training to staff on Purchasing requirements;**
 - **I00021 Amend processes to ensure segregation of duties at all levels in the procurement process;**
 - **I00022 Ensure journals are reviewed and signed off by an independent experienced officer before processing;**
 - **I00024 Customer Service Charter Review;**
 - **I00026 Develop a process/checklist to ensure invoices relating to contracts and tenders are checked back to the price schedule before approval for payment;**
 - **I00027 No procedure for raising debtor invoice;**
 - **I00030 No Whistle Blower Policy;**
 - **I00031 Purchasing Policy not updated to reflect thresholds;**
 - **I00032 Action incomplete matters from 2020 Compliance Audit Return; and**
 - **I00033 Update the Gift Disclosure Register on the website.**
- 3. Note the closure of the following actions from the Developer Contribution Payment audit as detailed in Confidential Attachment B:**
 - **I00053 DCP requirements - DCA1 Annual Financial Audit;**

- **I00056 DCP Delegations;**
- **I00059 DCP Recording System – B;**
- **I00063 Managing conflict of interest; and**
- **I00066 Bond/Bank Guarantee Monitoring.**

DISCUSSION

At the Committee's meeting of 6 December 2021, the Committee deferred consideration of the close out of some actions from the Regulation 17 Audit, namely:

- I00008 Policies out of date on Website;
- I00011 Team Risk Registers missing dates for ongoing review;
- I00021 Amend processes to ensure segregation of duties at all levels in the procurement process;
- I00022 Ensure journals are reviewed and signed off by an independent experienced officer before processing;
- I00026 Develop a process/checklist to ensure invoices relating to contracts and tenders are checked back to the price schedule before approval for payment;
- I00032 Action incomplete matters from 2020 Compliance Audit Return; and
- I00033 Update the Gift Disclosure Register on the website.

In the interim, City Officers have updated the following additional Regulation 17 actions, which are now recommended for closure:

- I00012 Cyber-Crime and Cyber Fraud Policies; Procedures non-existent;
- I00015 ICT and Records Disaster Recovery Plan out of date;
- I00018 Formal Risk Training and Refresher training not provided;
- I00020 Provide refresher training to staff on Purchasing requirements;
- I00024 Customer Service Charter Review;
- I00027 No procedure for raising debtor invoice;
- I00030 No Whistle Blower Policy; and
- I00031 Purchasing Policy not updated to reflect thresholds.

It is further recommended that the Committee note the closing of the following actions from DCP Audit:

- I00053 DCP requirements - DCA1 Annual Financial Audit
- I00056 DCP Delegations
- I00059 DCP Recording System – B
- I00063 Managing conflict of interest
- I00066 Bond/Bank Guarantee Monitoring

Full details of the completed actions are included in Confidential Attachments A and B and are provided to the Committee for noting and comment where appropriated.

Further updates will be provided to each meeting of the Audit and Risk Committee until such time as all actions are approved for closure by the Committee.

In relation to its recording and monitoring of actions, the City is presently transitioning its reporting across the organisation:

- Strategic Community Plan and Corporate Business Plan Reporting – Previously the City stored and tracked this information in Performance Manager (Civica). Progress against actions is now being reported quarterly through spreadsheets as we progress towards tracking this information in TechOne. The first quarter for this financial year was provided to Council at its meeting of 24 November 2021.

- Team Business Plan Reporting – Remains on hold until the transition to recording this information in TechOne. Team Business Plans are currently being progressed through spreadsheets ahead of the new system.
- Opportunities for Improvement and Internal Non-Conformance Reporting – The City is transitioning from Performance Manager to Promapp software, with the intention of being able to identify, investigate and action an improvement/incident, rather than just report on them.

STRATEGIC IMPLICATIONS

There are no strategic implications as a result of this proposal.

SOCIAL IMPLICATIONS

There are no social implications as a result of this proposal.

LEGAL/POLICY IMPLICATIONS

No legal/policy implications have been identified as a result of this report or recommendation.

FINANCIAL/BUDGET IMPLICATIONS

There are no financial implications that have been identified as a result of this report or recommendation.

ASSET MANAGEMENT IMPLICATIONS

No asset management implications have been identified as a result of this report or recommendation.

ENVIRONMENTAL/PUBLIC HEALTH IMPLICATIONS

No environmental or public health implications have been identified as a result of this report or recommendation.

COMMUNITY ENGAGEMENT

There are no community engagement implications as a result of this report or recommendation.

ATTACHMENTS

- A. Regulation 17 Audit - Attachment A - Audit and Risk Committee Meeting 28 February 2022 - Confidential**
- B. Developer Contribution Payment Audit - Attachment B - Audit and Risk Committee Meeting 28 February 2022 - Confidential**

6.3 RISK MANAGEMENT REPORT

SUMMARY

The City's Risk Management Policy provides the foundations and organisational arrangements for embedding risk awareness, monitoring and management across strategic and operational levels of the organisation.

At each Audit and Risk Committee Meeting, a report is presented detailing all identified strategic risks and high-level operational risks, as well as the status of the actions to manage those risks.

These reports are provided at Confidential Attachments A and B.

The City is continuing its transition to the Camms.Risk system, including providing further risk training and education across the organisation.

OFFICER RECOMMENDATION

That the Audit and Risk Committee note and provide comment where appropriate on:

- **City of Kwinana Organisational Risk Register – Strategic Risks detailed in Confidential Attachment A.**
- **City of Kwinana Organisational Risk Register – Operational Risks detailed in Confidential Attachment B.**

DISCUSSION

The City's Risk Management Strategy sets the following role and responsibilities for the Committee:

- a) Ensuring the City has appropriate risk management and internal controls in place;
- b) Approving and reviewing risk management programmes and risk treatment options for extreme risks;
- c) Setting and reviewing risk management tolerances/appetite and making recommendations to Council;
- d) Providing guidance and governance to support significant and/or high-profile elements of the risk management spectrum;
- e) Monitoring strategic risk management and the adequacy of internal controls established to manage the identified risks;
- f) Monitoring the City's internal control environment and reviewing the adequacy of policies, practices and procedures;
- g) Assessing the adequacy of risk reporting;
- h) Monitoring the internal risk audit function, including development of audit programs as well as monitoring of audit outcomes and the implementation of recommendations;
- i) Setting the annual internal audit plan in conjunction with the internal auditor taking into account the City Strategic and Operational Risk Registers;
- j) Conduct an annual review of the organisation's Risk Management Policy and Strategy; and
- k) Reporting through the Chief Executive Officer to the Council on its findings.

The Organisational Risk Registers are provided to the Audit and Risk Committee on a quarterly basis for their review and as an opportunity to provide advice regarding risk management, as the City is focussed on creating a culture that is committed to openness and transparency and fulfilling its responsibilities in relation to risk management.

The City of Kwinana Risk Management Strategy establishes the risk appetite/attitude for residual risk as follows:

Impact Category	Level of residual risk the City is willing to retain			
	Low	Moderate	High	Extreme
Environmental		●		
Financial	●			
Health and Safety	●			
ICT, Infrastructure and Assets		●		
Legislative Compliance	●			
Reputation/Image	●			
Service Delivery		●		

The Organisational Risk Register shows all strategic risks. Strategic and Operational Risk Registers are provided for the Committee's noting and comment where appropriate, showing those risks having a residual risk assessment of 'High' or 'Extreme'.

STRATEGIC IMPLICATIONS

There are no strategic implications as a result of this proposal.

SOCIAL IMPLICATIONS

There are no social implications as a result of this proposal.

LEGAL/POLICY IMPLICATIONS

Regulation 17 of the Local Government (Audit) Regulations 1996 provides:

17. CEO to review certain systems and procedures

- (1) *The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —*
 - (a) *risk management; and*
 - (b) *internal control; and*
 - (c) *legislative compliance.*
- (2) *The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.*
- (3) *The CEO is to report to the audit committee the results of that review.*

FINANCIAL/BUDGET IMPLICATIONS

There are no financial implications that have been identified as a result of this report or recommendation.

ASSET MANAGEMENT IMPLICATIONS

No asset management implications have been identified as a result of this report or recommendation.

ENVIRONMENTAL/PUBLIC HEALTH IMPLICATIONS

No environmental or public health implications have been identified as a result of this report or recommendation.

COMMUNITY ENGAGEMENT

There are no community engagement implications as a result of this report or recommendation.

ATTACHMENTS

- A. Attachment A - Strategic Risk Register for Risk Identification - Camms.Risk - Confidential**
- B. Attachment B - Operational Risk Register for Risk Identification - Camms.Risk - Confidential**

6.4 COMPLIANCE AUDIT RETURN

SUMMARY

The Department of Local Government, Sport and Cultural Industries (the Department) has circulated to all Western Australian Local Governments the annual Compliance Audit Return (CAR) for completion.

The CAR is a requirement of the Department and monitors the local government's compliance with the *Local Government Act 1995* and its Regulations for the period of 1 January to 31 December 2021.

The function of the Audit and Risk Committee includes reviewing the effectiveness of the local government's systems in regard to risk management, internal control and legislative compliance which includes the Compliance Audit Return.

The Compliance Audit Return 2021 is as detailed at Attachment A.

OFFICER RECOMMENDATION

That the Audit and Risk Committee:

- 1. Review the Compliance Audit Return 2021**
- 2. Recommends that Council adopt the Compliance Audit Return 2021 as detailed at Attachment A**

DISCUSSION

Each year Western Australian Local Governments are required to complete a Compliance Audit Return (CAR) for the Department in accordance with the *Local Government Act 1995*.

The Department has circulated to all Western Australian Local Governments for completion of its annual CAR, covering the review period 1 January to 31 December 2021. The return is a means of monitoring compliance with the requirements of the *Local Government Act 1995* and its Regulations and is a statutory requirement. These returns are required to be completed and submitted to the Department no later than 31 March each year.

Regulation 14 of the *Local Government (Audit) Regulations 1996*, requires that the Local Government's Audit and Risk Committee review the CAR and report the results of that review to Council for its adoption. Once adopted by Council the report is to be submitted to the Department by 31 March 2021.

Whilst a 100% CAR is the ideal outcome, the CAR must be considered as a means of internal audit, capable of identifying shortcomings and weaknesses in the system, which can then be improved or modified practices can be implemented, to resolve these issues.

The area in which the City did not provide a 'Yes' response were:

Disclosure of Interest

- Questions 25 in relation to an up to date version of the City's Employees Code of Conduct being published on the City's website.

Action to be taken as an outcome of the no response – An updated version of the City's Employees Code of Conduct is now available on the City's website; a note has been added to the document within the City's Record Keeping System to state the requirements for advertising.

Optional Questions

- Question 5, in relation to the pushing information on the City's website, section 5.96A(1)(i) of the *Local Government Act 1995* states;

(1) *The CEO must publish the following information on the local government's official website, unless it would be contrary to subsection (2) to do so —*

(i) *information of a kind prescribed for the purposes of this subsection or required by another provision of this Act to be published on the website.*

Due to an updated version of the Employees Code of Conduct not being available on the website this question required the no response.

Action to be taken as an outcome of the no response - An updated version of the City's Employees Code of Conduct is now available on the City's website; a note has been added to the document within the City's Record Keeping System to state the requirements for advertising.

The CAR is provided electronically through a secure internet portal and is divided into sections. Each section deals with a specific area of the *Local Government Act 1995* and these sections are then allocated to the relevant officer within the local government who 'signs in' electronically through the portal to complete each question, in some instances there have been issues with accessing the portal and their comments have been entered on behalf of the relevant officer by the Governance and Risk Officer.

The officers who are required to complete a section within the CAR are advised how to use the online system. Where compliance is not occurring, officers are advised that an honest answer is required, so that procedural changes can be made to improve the City's compliance systems.

Once the audit has been completed, the City is required to:

- Present the Compliance Audit Return to the Audit and Risk Committee for review;
- Present the Compliance Audit Return to Council and seek adoption of the completed Compliance Audit Return; and
- Return the reviewed, adopted and certified Compliance Audit Return, along with a copy of the Council minutes, to the Department by no later than 31 March 2021.

The particulars of any matters of concern raised by the Audit and Risk Committee's review relating to the CAR must be recorded in the minutes of this meeting.

Any person who is not satisfied with the manner in which the compliance assessment process has been undertaken by the City or believes there may be a discrepancy in the CAR, may bring the particular issue to the attention of the Department.

Council may also refer the completed CAR to its Auditor or other external inspection service for an independent assessment, if it is deemed necessary.

STRATEGIC IMPLICATIONS

There are no strategic implications as a result of this proposal.

SOCIAL IMPLICATIONS

There are no social implications as a result of this proposal.

LEGAL/POLICY IMPLICATIONS

Local Government Act 1995

7.13. Regulations as to audits²⁸

- (1) *Regulations may make provision as follows —*
 - (aa) *as to the functions of a CEO in relation to —*
 - (i) *a local government audit; and*
 - (ii) *a report (an **action report**) prepared by a local government under section 7.12A(4)(a); and*
 - (iii) *an audit report; and*
 - (iv) *a report on an audit conducted by a local government under this Act or any other written law;*
 - (ab) *as to the functions of an audit committee, including in relation to —*
 - (i) *the selection and recommendation of an auditor under Division 2; and*
 - (ii) *a local government audit; and*
 - (iii) *an action report; and*
 - (iv) *an audit report; and*
 - (v) *a report on an audit conducted by a local government under this Act or any other written law;*
 - (ac) *as to the procedure to be followed in selecting an auditor under Division 2;*
 - [(ad) *deleted*]
 - (ae) *as to monitoring action taken in respect of any matters raised in an audit report;*
 - (a) *with respect to matters to be included in an agreement in writing (**agreement**) made under section 7.8(1);*
 - (b) *for notifications and reports to be given in relation to an agreement, including any variations to, or termination of an agreement;*
 - (ba) *as to a copy of an agreement being provided to the Department;*
 - (c) *as to the manner in which an application may be made to the Minister for approval as an auditor under section 7.5;*
 - (d) *in relation to approved auditors, for the following —*
 - (i) *reviews of, and reports on, the quality of audits conducted;*
 - (ii) *the withdrawal by the Minister of approval as an auditor;*

- (iii) *applications to the State Administrative Tribunal for the review of decisions to withdraw approval;*
 - (e) *for the exercise or performance by auditors of their powers and duties under this Part;*
 - (f) *as to the matters to be addressed in an audit report;*
 - (g) *requiring an auditor (other than the Auditor General) to provide the Minister with prescribed information as to an audit conducted by the auditor;*
 - (h) *prescribing the circumstances in which an auditor (other than the Auditor General) is to be considered to have a conflict of interest and requiring an auditor (other than the Auditor General) to disclose in an audit report such information as to a possible conflict of interest as is prescribed;*
 - (i) *requiring local governments to carry out, in the prescribed manner and in a form approved by the Minister, an audit of compliance with such statutory requirements as are prescribed whether those requirements are —*
 - (i) *of a financial nature or not; or*
 - (ii) *under this Act or another written law.*
- (2) *Regulations may also make any provision about audit committees that may be made under section 5.25 in relation to committees.*

[Section 7.13 amended: No. 64 of 1998 s. 40; No. 49 of 2004 s. 9; No. 55 of 2004 s. 700; No. 5 of 2017 s. 20.]

Local Government (Audit) Regulations 1996

13. Prescribed statutory requirements for which compliance audit needed (Act s. 7.13(1)(i))

For the purposes of section 7.13(1)(i) the statutory requirements set forth in the Table to this regulation are prescribed.

Table

Local Government Act 1995		
s. 3.57	s. 3.58(3) and (4)	s. 3.59(2), (4) and (5)
s. 5.16	s. 5.17	s. 5.18
s. 5.36(4)	s. 5.37(2) and (3)	s. 5.42
s. 5.43	s. 5.44(2)	s. 5.45(1)(b)
s. 5.46	s. 5.51A	s. 5.67
s. 5.68(2)	s. 5.69(5)	s. 5.70
s. 5.71B(5) and (7)	s. 5.73	s. 5.75
s. 5.76	s. 5.77	s. 5.88
s. 5.89A	s. 5.104	s. 5.120
s. 5.121	s. 7.1A	s. 7.1B
s. 7.3	s. 7.6(3)	s. 7.9(1)

s. 7.12A		
Local Government (Administration) Regulations 1996		
r. 18A	r. 18C	r. 18E
r. 18F	r. 18G	r. 19
r. 19C	r. 19DA	r. 22
r. 23	r. 28	r. 34B
r. 34C		
Local Government (Audit) Regulations 1996		
r. 7	r. 10	
Local Government (Elections) Regulations 1997		
r. 30G		
Local Government (Functions and General) Regulations 1996		
r. 7	r. 9	r. 10
r. 11A	r. 11	r. 12
r. 14(1), (3) and (5)	r. 15	r. 16
r. 17	r. 18(1) and (4)	r. 19
r. 21	r. 22	r. 23
r. 24	r. 24AD(2), (4) and (6)	r. 24AE
r. 24AF	r. 24AG	r. 24AH(1) and (3)
r. 24AI	r. 24E	r. 24F

14. Compliance audits by local governments

- (1) A local government is to carry out a compliance audit for the period 1 January to 31 December in each year.
- (2) After carrying out a compliance audit the local government is to prepare a compliance audit return in a form approved by the Minister.
- (3A) The local government's audit committee is to review the compliance audit return and is to report to the council the results of that review.
- (3) After the audit committee has reported to the council under subregulation (3A), the compliance audit return is to be —
 - (a) presented to the council at a meeting of the council; and
 - (b) adopted by the council; and
 - (c) recorded in the minutes of the meeting at which it is adopted.

15. Certified copy of compliance audit return and other documents to be given to Departmental CEO

- (1) *After the compliance audit return has been presented to the council in accordance with regulation 14(3) a certified copy of the return together with —*
- (a) *a copy of the relevant section of the minutes referred to in regulation 14(3)(c); and*
 - (b) *any additional information explaining or qualifying the compliance audit,*
- is to be submitted to the Departmental CEO by 31 March next following the period to which the return relates.*
- (2) *In this regulation —*
- certified** *in relation to a compliance audit return means signed by —*
- (a) *the mayor or president; and*
 - (b) *the CEO.*

FINANCIAL/BUDGET IMPLICATIONS

There are no financial implications that have been identified as a result of this report or recommendation.

ASSET MANAGEMENT IMPLICATIONS

No asset management implications have been identified as a result of this report or recommendation.

ENVIRONMENTAL/PUBLIC HEALTH IMPLICATIONS

No environmental or public health implications have been identified as a result of this report or recommendation.

COMMUNITY ENGAGEMENT

There are no community engagement implications as a result of this report or recommendation.

ATTACHMENTS**A. Compliance Audit Return**

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



Department of
Local Government, Sport
and Cultural Industries

Kwinana - Compliance Audit Return 2021

Certified Copy of Return

Please submit a signed copy to the Director General of the Department of Local Government, Sport and Cultural Industries together with a copy of the relevant minutes.

Commercial Enterprises by Local Governments					
No	Reference	Question	Response	Comments	Respondent
1	s3.59(2)(a) F&G Regs 7,9,10	Has the local government prepared a business plan for each major trading undertaking that was not exempt in 2021?	N/A		Warwick Carter
2	s3.59(2)(b) F&G Regs 7,8A, 8, 10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2021?	N/A		Warwick Carter
3	s3.59(2)(c) F&G Regs 7,8A, 8,10	Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2021?	N/A		Warwick Carter
4	s3.59(4)	Has the local government complied with public notice and publishing requirements for each proposal to commence a major trading undertaking or enter into a major land transaction or a land transaction that is preparatory to a major land transaction for 2021?	N/A		Warwick Carter
5	s3.59(5)	During 2021, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority?	N/A		Warwick Carter

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



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Delegation of Power/Duty					
No	Reference	Question	Response	Comments	Respondent
1	s5.16	Were all delegations to committees resolved by absolute majority?	N/A	There are no delegations to Committees	Victoria Patton
2	s5.16	Were all delegations to committees in writing?	N/A	There are no delegations to Committees	Victoria Patton
3	s5.17	Were all delegations to committees within the limits specified in section 5.17?	N/A	There are no delegations to Committees	Victoria Patton
4	s5.18	Were all delegations to committees recorded in a register of delegations?	N/A	There are no delegations to Committees	Victoria Patton
5	s5.18	Has council reviewed delegations to its committees in the 2020/2021 financial year?	Yes	Yes, the Register of Delegated Authority was adopted by Council on 27 January 2021, Resolution #346.	Victoria Patton
6	s5.42(1) & s5.43 Admin Reg 18G	Did the powers and duties delegated to the CEO exclude those listed in section 5.43 of the Act?	Yes		Russell Mark
7	s5.42(1)	Were all delegations to the CEO resolved by an absolute majority?	Yes	Yes, the Register of Delegated Authority and any amendments to the Register were adopted by absolute majority.	Victoria Patton
8	s5.42(2)	Were all delegations to the CEO in writing?	Yes	All delegations to the CEO have been in writing.	Victoria Patton
9	s5.44(2)	Were all delegations by the CEO to any employee in writing?	Yes	Yes, as detailed in the Register of Delegated Authority under the sub-delegation section.	Victoria Patton
10	s5.16(3)(b) & s5.45(1)(b)	Were all decisions by the council to amend or revoke a delegation made by absolute majority?	Yes	Any amendments made to the Register of Delegated Authority are done so by absolute majority.	Victoria Patton
11	s5.46(1)	Has the CEO kept a register of all delegations made under Division 4 of the Act to the CEO and to employees?	Yes	Yes, employees are required to enter their exercise of delegated authority into the City's software system.	Victoria Patton
12	s5.46(2)	Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2020/2021 financial year?	Yes	Reviews of the Register of Delegated Authority are conducted every year or as required this review is inclusive of the sub-delegations.	Victoria Patton
13	s5.46(3) Admin Reg 19	Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record in accordance with Admin Reg 19?	Yes		Russell Mark

Disclosure of Interest					
No	Reference	Question	Response	Comments	Respondent

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Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



Department of
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No	Reference	Question	Response	Comments	Respondent
1	s5.67	Where a council member disclosed an interest in a matter and did not have participation approval under sections 5.68 or 5.69, did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter?	N/A	No such interests were declared.	Russell Mark
2	s5.68(2) & s5.69 (5) Admin Reg 21A	Were all decisions regarding participation approval, including the extent of participation allowed and, where relevant, the information required by Admin Reg 21A, recorded in the minutes of the relevant council or committee meeting?	N/A	No such decisions were made.	Russell Mark
3	s5.73	Were disclosures under section sections 5.65, 5.70 or 5.71A(3) recorded in the minutes of the meeting at which the disclosures were made?	Yes		Russell Mark
4	s5.75 Admin Reg 22, Form 2	Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day?	Yes	All primary returns have been completed in the prescribed form by the due date via the City's software system.	Victoria Patton
5	s5.76 Admin Reg 23, Form 3	Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2021?	Yes	All annual return had been lodged by the 31 August 2021, via the City software system.	Victoria Patton
6	s5.77	On receipt of a primary or annual return, did the CEO, or the mayor/president, give written acknowledgment of having received the return?	Yes	The Mayor and CEO generate an email of acknowledgement via the City's software system, the email is then sent to the relevant person.	Victoria Patton
7	s5.88(1) & (2)(a)	Did the CEO keep a register of financial interests which contained the returns lodged under sections 5.75 and 5.76?	Yes	The CEO keeps a register of financial interest in its Record Keeping System.	Victoria Patton
8	s5.88(1) & (2)(b) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A, in the form prescribed in Admin Reg 28?	Yes	The CEO keeps all records in the Record Keeping System.	Victoria Patton
9	s5.88(3)	When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76, did the CEO remove from the register all returns relating to that person?	Yes	The City's software system has the ability to removed licence users, the software then removes all the required information relating to the user. This includes information that was previously provided in registers. An audit of the City's Record Keeping System is also undertaken and any relevant information is removed.	Victoria Patton

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Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



No	Reference	Question	Response	Comments	Respondent
10	s5.88(4)	Have all returns removed from the register in accordance with section 5.88(3) been kept for a period of at least five years after the person who lodged the return(s) ceased to be a person required to lodge a return?	Yes	Yes, all returns have been moved into containers in the City's Record Keeping System with retention periods set at no less than 5 Years.	Victoria Patton
11	s5.89A(1), (2) & (3) Admin Reg 28A	Did the CEO keep a register of gifts which contained a record of disclosures made under sections 5.87A and 5.87B, in the form prescribed in Admin Reg 28A?	Yes	The City has a software that Elected Members, Committee Members and Employees access to declare their gifts they receive, the CEO is notified of these gifts and requested to acknowledge them. The gifts are then generated onto the appropriate City's gift register based on the information provided by the Elected Member, Committee Member and Employees.	Victoria Patton
12	s5.89A(5) & (5A)	Did the CEO publish an up-to-date version of the gift register on the local government's website?	Yes	The City's software has the ability to generate printable reports, these reports are generated by the Governance and Legal Team and sent to the Customer and Communications Team to be placed on the City's website.	Victoria Patton
13	s5.89A(6)	When a person ceases to be a person who is required to make a disclosure under section 5.87A or 5.87B, did the CEO remove from the register all records relating to that person?	Yes	The City's software program has the ability to removed licence users, the software then removes all the required information relating to the user. This includes information that was previously provided in registers. An audit of the City's Record Keeping System is also undertaken and any relevant information is removed.	Victoria Patton
14	s5.89A(7)	Have copies of all records removed from the register under section 5.89A (6) been kept for a period of at least five years after the person ceases to be a person required to make a disclosure?	Yes	An audit of the City's Record Keeping System is undertaken and any relevant information is removed from the required registers and a requested to the Records Team is made to make the appropriate amendments relating to retention.	Victoria Patton

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



Department of
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No	Reference	Question	Response	Comments	Respondent
15	Rules of Conduct Reg 11(1), (2) & (4)	Where a council member had an interest that could, or could reasonably be perceived to, adversely affect the impartiality of the person, did they disclose the interest in accordance with Rules of Conduct Reg 11(2)?* *Question not applicable after 2 Feb 2021	Yes	Any impartiality interest declared has been recorded in the Minutes of the relevant meeting, a form is also requested to be completed.	Victoria Patton
16	Rules of Conduct Reg 11(6)	Where a council member disclosed an interest under Rules of Conduct Reg 11(2) was the nature of the interest recorded in the minutes?*	Yes	Included in the declaration of interest section, there is also a section provided within the related report.	Victoria Patton
17	s5.70(2) & (3)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to council or a committee, did that person disclose the nature and extent of that interest when giving the advice or report?	N/A		Victoria Patton
18	s5.71A & s5.71B (5)	Where council applied to the Minister to allow the CEO to provide advice or a report to which a disclosure under s5.71A(1) relates, did the application include details of the nature of the interest disclosed and any other information required by the Minister for the purposes of the application?	N/A	No such request was required.	Victoria Patton
19	s5.71B(6) & s5.71B(7)	Was any decision made by the Minister under subsection 5.71B(6) recorded in the minutes of the council meeting at which the decision was considered?	N/A	No such request was required.	Victoria Patton
20	s5.103 Admin Regs 34B & 34C	Has the local government adopted a code of conduct in accordance with Admin Regs 34B and 34C to be observed by council members, committee members and employees?*	No	The City's Code of Conduct for Council Members, Committee Members and Employees wasn't due for review before the 2 Feb, as such the amendments made to the City's Code of Conduct aligned with the new requirements under the Act and Regulations.	Victoria Patton
21	Admin Reg 34B(5)	Has the CEO kept a register of notifiable gifts in accordance with Admin Reg 34B(5)?*	Yes	Yes, the City kept a register of notifiable gift as per the previous Regulations.	Victoria Patton
22	s5.104(1)	Did the local government prepare and adopt, by absolute majority, a code of conduct to be observed by council members, committee members and candidates within 3 months of the prescribed model code of conduct coming into operation (3 February 2021)?	Yes	Council adopted the City of Kwinana, Elected Members, Committee Members and Candidates - Code of Conduct at its Ordinary Council Meeting held on the 24 February 2021, Resolution #368	Victoria Patton

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Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



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No	Reference	Question	Response	Comments	Respondent
23	s5.104(3) & (4)	Did the local government adopt additional requirements in addition to the model code of conduct? If yes, does it comply with section 5.104(3) and (4)?	Yes	Council adopted the Code of Conduct Behaviour Complaints Management Policy and Behaviour Complaints Form at its Ordinary Council Meeting held 28 July 2021, Resolution #470	Victoria Patton
24	s5.104(7)	Did the CEO publish an up-to-date version of the adopted code of conduct on the local government's website?	Yes	The adopted Code of Conduct is available under the publication section of the City's Website.	Victoria Patton
25	s5.51A(1) & (3)	Did the CEO prepare, and implement and publish an up-to-date version on the local government's website, a code of conduct to be observed by employees of the local government?	No	The up to date version of the employees Code of Conduct was not on the City's website, this has now been rectified. The employees Code of Conduct was however available at that time via the Agenda and Minutes for the Ordinary Council Meetings held 28 April 2021.	Victoria Patton

Disposal of Property

No	Reference	Question	Response	Comments	Respondent
1	s3.58(3)	Where the local government disposed of property other than by public auction or tender, did it dispose of the property in accordance with section 3.58(3) (unless section 3.58(5) applies)?	Yes	Lease of office space for commercial tenant was advertised.	Warwick Carter
2	s3.58(4)	Where the local government disposed of property under section 3.58(3), did it provide details, as prescribed by section 3.58(4), in the required local public notice for each disposal of property?	Yes	Advertised as per the requirements	Warwick Carter

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



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Elections					
No	Reference	Question	Response	Comments	Respondent
1	Elect Regs 30G(1) & (2)	Did the CEO establish and maintain an electoral gift register and ensure that all disclosure of gifts forms completed by candidates and donors and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the forms relating to each candidate?	Yes	Only one declaration was made by a candidate.	Russell Mark
2	Elect Regs 30G(3) & (4)	Did the CEO remove any disclosure of gifts forms relating to an unsuccessful candidate, or a successful candidate that completed their term of office, from the electoral gift register, and retain those forms separately for a period of at least two years?	Yes	All have been removed. The completed form has been retained in accordance with the City's record keeping obligations.	Russell Mark
3	Elect Regs 30G(5) & (6)	Did the CEO publish an up-to-date version of the electoral gift register on the local government's official website in accordance with Elect Reg 30G(6)?	Yes	The register was published on the City's website and removed in the required time frame following the election.	Russell Mark

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



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Finance					
No	Reference	Question	Response	Comments	Respondent
1	s7.1A	Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the Act?	Yes	OCM 27 October 2021	Stacey Hobbins
2	s7.1B	Where the council delegated to its audit committee any powers or duties under Part 7 of the Act, did it do so by absolute majority?	N/A		Stacey Hobbins
3	s7.9(1)	Was the auditor's report for the financial year ended 30 June 2021 received by the local government by 31 December 2021?	Yes	OCM 15 December 2021	Stacey Hobbins
4	s7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under s7.9 (1) of the Act required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters?	Yes	As outlined in report OCM 15 December 2021	Stacey Hobbins
5	s7.12A(4)(a) & (4)(b)	Where matters identified as significant were reported in the auditor's report, did the local government prepare a report that stated what action the local government had taken or intended to take with respect to each of those matters? Was a copy of the report given to the Minister within three months of the audit report being received by the local government?	Yes	As outlined in report OCM 15 December 2021	Stacey Hobbins
6	s7.12A(5)	Within 14 days after the local government gave a report to the Minister under s7.12A(4)(b), did the CEO publish a copy of the report on the local government's official website?	Yes		Stacey Hobbins
7	Audit Reg 10(1)	Was the auditor's report for the financial year ending 30 June received by the local government within 30 days of completion of the audit?	Yes		Stacey Hobbins

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



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Integrated Planning and Reporting					
No	Reference	Question	Response	Comments	Respondent
1	Admin Reg 19C	Has the local government adopted by absolute majority a strategic community plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	23 June 2021 - Ordinary Council Meeting	Rhys Pryce
2	Admin Reg 19DA (1) & (4)	Has the local government adopted by absolute majority a corporate business plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	23 June 2021 - Ordinary Council Meeting	Rhys Pryce
3	Admin Reg 19DA (2) & (3)	Does the corporate business plan comply with the requirements of Admin Reg 19DA(2) & (3)?	Yes		Rhys Pryce
Local Government Employees					
No	Reference	Question	Response	Comments	Respondent
1	Admin Reg 18C	Did the local government approve a process to be used for the selection and appointment of the CEO before the position of CEO was advertised?	N/A	CEO position not recruited for in this Audit period.	Victoria Patton
2	s5.36(4) & s5.37 (3) Admin Reg 18A	Were all CEO and/or senior employee vacancies advertised in accordance with Admin Reg 18A?	N/A	No recruitment activity for CEO or other designated senior employees.	Victoria Patton
3	Admin Reg 18E	Was all information provided in applications for the position of CEO true and accurate?	N/A	No recruitment activity in this Audit period.	Victoria Patton
4	Admin Reg 18F	Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position under section 5.36(4)?	N/A	No recruitment activity in this Audit period.	Victoria Patton
5	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss senior employee?	N/A		Victoria Patton
6	s5.37(2)	Where council rejected a CEO's recommendation to employ or dismiss a senior employee, did it inform the CEO of the reasons for doing so?	N/A		Victoria Patton

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



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Official Conduct					
No	Reference	Question	Response	Comments	Respondent
1	s5.120	Has the local government designated a senior employee as defined by section 5.37 to be its complaints officer?	Yes	The CEO.	Russell Mark
2	s5.121(1) & (2)	Has the complaints officer for the local government maintained a register of complaints which records all complaints that resulted in a finding under section 5.110(2)(a)? Does the complaints register include all information required by section 5.121 (2)?	N/A	No such complaints have been received.	Russell Mark
3	s5.121(3)	Has the CEO published an up-to-date version of the register of the complaints on the local government's official website?	N/A	No such complaints have been received.	Russell Mark
Optional Questions					
No	Reference	Question	Response	Comments	Respondent
1	Financial Management Reg 5 (2)(c)	Did the CEO review the appropriateness and effectiveness of the local government's financial management systems and procedures in accordance with Financial Management Reg 5(2)(c) within the three years prior to 31 December 2021? If yes, please provide the date of council's resolution to accept the report.	Yes	The review was presented to Council on the 22 July 2022. Resolution #208.	Victoria Patton
2	Audit Reg 17	Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with Audit Reg 17 within the three years prior to 31 December 2021? If yes, please provide date of council's resolution to accept the report.	Yes	Yes, the City engaged an external auditor to conduct the Reg 17 review, the report was presented to the Audit and Risk Committee at its 14 June 2021 meeting and to Council at its 23 June 2021 Ordinary Council Meeting. Progress report on the actions/improvements continue to be reported to the Audit and Risk Committee and Council until those actions/improvements can be closed.	Victoria Patton
3	s5.87C	Where a disclosure was made under sections 5.87A or 5.87B, was the disclosure made within 10 days after receipt of the gift? Did the disclosure include the information required by section 5.87C?	Yes		Victoria Patton

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Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



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No	Reference	Question	Response	Comments	Respondent
4	s5.90A(2) & (5)	Did the local government prepare, adopt by absolute majority and publish an up-to-date version on the local government's website, a policy dealing with the attendance of council members and the CEO at events ?	Yes	The policy was adopted by absolute majority on the 23 June 2021, Resolution #453. The policy was placed on the City's website a short time after the Ordinary Council Meeting.	Victoria Patton
5	s5.96A(1), (2), (3) & (4)	Did the CEO publish information on the local government's website in accordance with sections 5.96A(1), (2), (3), and (4)?	No	Under section 5.96A(i), the updated version of City's Employees Code of Conduct wasn't available on the website, this has now been rectified.	Victoria Patton
6	s5.128(1)	Did the local government prepare and adopt (by absolute majority) a policy in relation to the continuing professional development of council members?	Yes	The Elected Members Training and Development Policy was adopted by absolute majority on the 21 July 2021, Resolution #163.	Victoria Patton
7	s5.127	Did the local government prepare a report on the training completed by council members in the 2020/2021 financial year and publish it on the local government's official website by 31 July 2021?	No	The report was presented to the Ordinary Council Meeting on the 28 July 2021, although the report was available via the Agenda and Minutes of that meeting, the report was not published on the City's website by the 31 July 2021.	Victoria Patton
8	s6.4(3)	By 30 September 2021, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2021?	Yes		Victoria Patton
9	s.6.2(3)	When adopting the annual budget, did the local government take into account all its expenditure, revenue and income?	Yes	The budget was adopted by absolute majority at its Ordinary Council Meeting held 23 June 2021, resolution #452.	Victoria Patton

Tenders for Providing Goods and Services

No	Reference	Question	Response	Comments	Respondent
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Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



Department of
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No	Reference	Question	Response	Comments	Respondent
1	F&G Reg 11A(1) & (3)	Did the local government comply with its current purchasing policy [adopted under F&G Reg 11A(1) & (3)] in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, \$250,000 or less or worth \$250,000 or less?	Yes	Prior to Nov 2021 - Internal controls are in place and emphasis on review of all procurement over \$75,000. Post Nov 2021 - New Policy adopted. Procurement over 100k conducted by Procurement with new internal training and controls being developed to further enhance controls already in place for all procurement both under and over 100k	Victoria Patton
2	s3.57 F&G Reg 11	Subject to F&G Reg 11(2), did the local government invite tenders for all contracts for the supply of goods or services where the consideration under the contract was, or was expected to be, worth more than the consideration stated in F&G Reg 11(1)?	Yes		Victoria Patton
3	F&G Regs 11(1), 12(2), 13, & 14(1), (3), and (4)	When regulations 11(1), 12(2) or 13 required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with F&G Reg 14(3) and (4)?	Yes	All Tenders are advertised via the Tenders section within the West Australian Statewide newspaper, as well as on the City's official website, via Tenderlink and displayed on our public notice boards	Victoria Patton
4	F&G Reg 12	Did the local government comply with F&G Reg 12 when deciding to enter into multiple contracts rather than a single contract?	Yes		Victoria Patton
5	F&G Reg 14(5)	If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents or each acceptable tenderer notice of the variation?	Yes		Victoria Patton
6	F&G Regs 15 & 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of F&G Regs 15 and 16?	Yes		Victoria Patton
7	F&G Reg 17	Did the information recorded in the local government's tender register comply with the requirements of F&G Reg 17 and did the CEO make the tenders register available for public inspection and publish it on the local government's official website?	Yes		Victoria Patton
8	F&G Reg 18(1)	Did the local government reject any tenders that were not submitted at the place, and within the time, specified in the invitation to tender?	N/A	With electronic tendering, all tenders are received on time and in the electronic tender box as requested.	Victoria Patton

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Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



Department of
Local Government, Sport
and Cultural Industries

No	Reference	Question	Response	Comments	Respondent
9	F&G Reg 18(4)	Were all tenders that were not rejected assessed by the local government via a written evaluation of the extent to which each tender satisfies the criteria for deciding which tender to accept?	Yes		Victoria Patton
10	F&G Reg 19	Did the CEO give each tenderer written notice containing particulars of the successful tender or advising that no tender was accepted?	Yes		Victoria Patton
11	F&G Regs 21 & 22	Did the local government's advertising and expression of interest processes comply with the requirements of F&G Regs 21 and 22?	Yes		Victoria Patton
12	F&G Reg 23(1) & (2)	Did the local government reject any expressions of interest that were not submitted at the place, and within the time, specified in the notice or that failed to comply with any other requirement specified in the notice?	N/A	With electronic tendering, all EOIs are received on time and in the electronic tender box as requested	Victoria Patton
13	F&G Reg 23(3) & (4)	Were all expressions of interest that were not rejected under F&G Reg 23 (1) & (2) assessed by the local government? Did the CEO list each person as an acceptable tenderer?	Yes		Victoria Patton
14	F&G Reg 24	Did the CEO give each person who submitted an expression of interest a notice in writing of the outcome in accordance with F&G Reg 24?	Yes		Victoria Patton
15	F&G Regs 24AD(2) & (4) and 24AE	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice in accordance with F&G Reg 24AD(4) and 24AE?	N/A	no panels undertaken in this period.	Victoria Patton
16	F&G Reg 24AD(6)	If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application notice of the variation?	N/A		Victoria Patton
17	F&G Reg 24AF	Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of F&G Reg 16, as if the reference in that regulation to a tender were a reference to a pre-qualified supplier panel application?	N/A		Victoria Patton
18	F&G Reg 24AG	Did the information recorded in the local government's tender register about panels of pre-qualified suppliers comply with the requirements of F&G Reg 24AG?	N/A		Victoria Patton
19	F&G Reg 24AH(1)	Did the local government reject any applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time, specified in the invitation for applications?	N/A		Victoria Patton

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Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



Department of
Local Government, Sport
and Cultural Industries

No	Reference	Question	Response	Comments	Respondent
20	F&G Reg 24AH(3)	Were all applications that were not rejected assessed by the local government via a written evaluation of the extent to which each application satisfies the criteria for deciding which application to accept?	N/A		Victoria Patton
21	F&G Reg 24AI	Did the CEO send each applicant written notice advising them of the outcome of their application?	N/A		Victoria Patton
22	F&G Regs 24E & 24F	Where the local government gave regional price preference, did the local government comply with the requirements of F&G Regs 24E and 24F?	N/A	we're not regional and do not provide regional price preference	Victoria Patton

I certify this Compliance Audit Return has been adopted by council at its meeting on _____

Signed Mayor/President, Kwinana

Signed CEO, Kwinana

6.5 OFFICE OF THE AUDITOR GENERAL (OAG) — CYBER SECURITY PERFORMANCE AUDIT - ACTION UPDATES

SUMMARY

At the Audit and Risk Committee meeting of 4 October 2021, the findings of the recent cyber security performance audit conducted by the Office of the Auditor General ('OAG') were presented. The report contained recommendations as to areas of potential improvement to current practices. An update of those actions, as well as details regarding their implementation are provided for noting by the Committee.

The following actions are recommended to be closed on the basis that no further action is required, as processes have been put in place or amended to reflect the audit findings (as detailed in Attachment A - Promapp Risk Status Report 21 February 2022):

- Cyber Security Awareness Training
- Vulnerability Management
- Cyber Security Policy

OFFICER RECOMMENDATION

That the Audit and Risk Committee:

- 1. Note and provide comment where appropriate the cyber security performance audit action report detailed in Attachment A - Promapp Risk Status Report 21 February 2022; and**
- 2. Note closure of the following actions as detailed in Attachment A - Promapp Risk Status Report 21 February 2022:**
 - **Cyber Security Awareness Training**
 - **Vulnerability Management**
 - **Cyber Security Policy**

DISCUSSION

Progress towards implementing the recommended actions contained in the cyber security performance audit remains ongoing. Updates will be provided to each meeting of the Audit and Risk Committee until such time as actions are approved for closure by the Committee. Updates to open actions are provided in Attachment A - Promapp Risk Status Report 21 February 2022

STRATEGIC IMPLICATIONS

There are no strategic implications as a result of this proposal.

SOCIAL IMPLICATIONS

There are no social implications as a result of this proposal.

LEGAL/POLICY IMPLICATIONS

No legal/policy implications have been identified as a result of this report or recommendation.

FINANCIAL/BUDGET IMPLICATIONS

There are no financial implications that have been identified as a result of this report or recommendation.

ASSET MANAGEMENT IMPLICATIONS

No asset management implications have been identified as a result of this report or recommendation.

ENVIRONMENTAL/PUBLIC HEALTH IMPLICATIONS

No environmental or public health implications have been identified as a result of this report or recommendation.

COMMUNITY ENGAGEMENT

There are no community engagement implications as a result of this report or recommendation.

ATTACHMENTS

A. Attachment A - promapp Risk Status Report 21 February 2022

Incident Register



Filter: Priority: All; Portfolio: Internal non-conformance (Audit); Categories: OAG-IT Audit

PRIORITY	TITLE	PORTFOLIO	PORTFOLIO MANAGER	CATEGORY	LOCATION	DATE	DUE DATE	STATUS	OWNER
HIGH	I00058: Cyber Security Awareness Training	Internal non-conformance (Audit)	Vicky Patton	OAG-IT Audit		16 Sep 2021	21 Feb 2022	Ready to Close	Chris Hocking
HIGH	I00060: Vulnerability Management	Internal non-conformance (Audit)	Vicky Patton	OAG-IT Audit		16 Sep 2021	21 Feb 2022	Ready to Close	Chris Hocking
MED	I00064: Cyber Security Policy	Internal non-conformance (Audit)	Vicky Patton	OAG-IT Audit		16 Sep 2021	21 Feb 2022	Ready to Close	Chris Hocking
MED	I00065: Cyber Security Incident Detection and Response	Internal non-conformance (Audit)	Vicky Patton	OAG-IT Audit		16 Sep 2021	30 Jun 2022	Under Action	Chris Hocking
MED	I00067: Risk Management Strategy to define responsibilities to manage cyber risks	Internal non-conformance (Audit)	Vicky Patton	OAG-IT Audit		16 Sep 2021	30 Jun 2022	Under Action	Chris Hocking
MED	I00069: Review Disaster Recovery Plan	Internal non-conformance (Audit)	Vicky Patton	OAG-IT Audit		16 Sep 2021	30 Jun 2022	Under Action	Chris Hocking

Printed: 21 Feb 2022 09:00:04 by Alison Dymond for City of Kwinana

Internal non-conformance (Audit)

PORTFOLIO MANAGER: Vicky Patton

I00058 Cyber Security Awareness Training

Testing performed outlined the need for security awareness training



Overview

HIGH

Owner:	Chris Hocking	Current Phase: Ready to Close
Reporter:	Alison Dymond (alison.dymond@kwinana.wa.gov.au)	
Reported:	16 Sep 2021	Date of Audit Action: 16 Sep 2021
Category:	OAG-IT Audit	
Product or service:	IT	
Responsible Officer:	Chris Hocking	

Investigation

Investigation Completed: 16 Sep 2021 (target: 31 Dec 2021)

Findings and Summary: We found that the City has implemented a security awareness program for staff. We performed tests to assess the effectiveness of the security awareness program and found that 4 users clicked on the link and 2 submitted their credentials. One user forwarded the test email to City staff and external users who were not on the initial target list. As a result:

- 29 City users clicked on the link and provided their credentials
- 15 external users also clicked on the link and provided their credentials
- an additional 4 clicked the link but did not provide any credentials.

Without an effective and ongoing cyber security awareness program, there is an increased risk that individuals will not understand the risks to the City and their personal responsibilities. This may result in inappropriate actions which affect the confidentiality, integrity and availability of the City's information and cause reputational damage.

Actions

PROVIDE TRAINING, CHRIS HOCKING

COMPLETED

Cyber Security Awareness Training

The City should review their cyber security awareness program and ensure that it maintains awareness of the cyber security risks relevant to the City. It should also ensure individuals are aware of their personal responsibilities for cyber security.

The awareness program should be updated regularly so it stays in line with City's policies and procedures and any new or emerging threats. It should also incorporate any lessons learned from cyber security incidents along with relevant details from cyber security standards and good practices

Action Completed: 16 Dec 2021 (target: 31 Dec 2021)

Progress Updates: The City's cybersecurity awareness program has been updated and a solution implemented for all employees accessing ICT systems. The executive leadership team and all councillors have completed the training. 70% of employees have completed the cybersecurity awareness training with those remaining being reported to the Executive Leadership team for follow up.

Internal non-conformance (Audit)

PORTFOLIO MANAGER: Vicky Patton

I00060 Vulnerability Management

Vulnerability Management process is not fully effective



Overview

HIGH

Owner:	Chris Hocking	Current Phase: Ready to Close
Reporter:	Alison Dymond (alison.dymond@kwinana.wa.gov.au)	
Reported:	16 Sep 2021	Date of Audit Action: 16 Sep 2021
Category:	OAG-IT Audit	
Product or service:	IT	
Responsible Officer:	Chris Hocking	

Investigation

Investigation Completed: 16 Sep 2021 (target: 31 Dec 2021)

Findings and Summary: We found that the City's vulnerability management process is not fully effective. We performed vulnerability scans of the City's publicly accessible ICT infrastructure and detected a number of high and medium severity vulnerabilities. These vulnerabilities included:

- out of date software
- insecure configuration/use of protocol
- disclosure of information in error messages

sensitive configuration information disclosed via a publicly accessible test file. In addition, we found that there is no regular independent testing (penetration testing) of the City's network to ensure that attacks can be detected and prevented.

Without having an effective process for identifying, assessing and addressing relevant 'known' vulnerabilities within a timely manner, there is an increased risk that IT systems are not adequately protected against potential threats. These vulnerabilities could be exploited, which may result in unauthorised access to IT systems and information.

Actions

REMEDIAL ACTION, CHRIS HOCKING

COMPLETED

Review Vulnerability Management Process

The City should review its vulnerability management process. This process should ensure all relevant 'known' software and security vulnerabilities (operating system and application) are identified. These vulnerabilities, along with the actions and updates (e.g. patches) required to address them, should be appropriately assessed and tested. Following successful testing, the relevant actions and updates should then be applied to the IT systems within a timely manner.

Cyber Security Manual to specify required patching and vulnerability assessment standards.

Action Completed: 16 Dec 2021 (target: 31 Dec 2021)

Progress Updates: Vulnerability management has been reviewed and is in the process of being addressed. An update schedule has been implemented for servers to start addressing outstanding updates. A vulnerability scanner has been implemented for daily scanning of servers and end user computers with scanning of internet facing systems being performed weekly. The cybersecurity manual specifies the patching and vulnerability assessment standards.

The remediation work is complex and ongoing and is likely to take a minimum of 9-18 months to complete once assessed and budget is approved. A number of internet facing services have been decommissioned as a result of a review as they are no longer required.

REMEDIAL ACTION, CHRIS HOCKING

COMPLETED

Test security of City's network

The City should regularly test the security of the City's network and address any identified issues.

Action Completed: 16 Dec 2021 (target: 30 Jun 2022)

Progress Updates: A vulnerability scanner has been implemented for daily scanning of servers and end user computers with scanning of internet facing systems being performed weekly.

Internal non-conformance (Audit)

PORTFOLIO MANAGER: Vicky Patton

I00064 Cyber Security Policy

There is not a policy in place to cover Cyber Security



Overview

MED

Owner:	Chris Hocking	Current Phase: Ready to Close
Reporter:	Alison Dymond (alison.dymond@kwinana.wa.gov.au)	
Reported:	16 Sep 2021	Date of Audit Action: 16 Sep 2021
Category:	OAG-IT Audit	
Product or service:	IT	
Responsible Officer:	Chris Hocking	

Investigation

Investigation Completed: 16 Sep 2021 (target: 31 Dec 2021)

Findings and Summary: Without adequate cyber security policies there is an increased risk that the City's requirements and objectives for cyber security will not be achieved. This could affect the confidentiality, integrity and availability of City's IT systems and information.

Actions

REMEDIAL ACTION, CHRIS HOCKING

COMPLETED

Review and Update Cyber Security Control policies

The City should review, update, and endorse policies to cover cyber security controls and ensure that ICT securely meets business objectives. The City should utilise an internal security awareness program to communicate updates to policy and ensure individuals are aware of their personal responsibility for cyber security.

Action Completed: 16 Dec 2021 (target: 31 Dec 2021)

Progress Updates: Cybersecurity Policy has been created and approved by ELT. D21/66588.

REMEDIAL ACTION, CHRIS HOCKING

COMPLETED

Implemented cyber security framework

Where appropriate, a suitable cyber security framework should be implemented to augment existing cyber and information security policies.

Action Completed: 16 Dec 2021 (target: 31 Dec 2021)

Progress Updates: A cybersecurity manual has been created which provides the frame of standards that is required for the City of Kwinana. This will be published in early January 2022

In addition to the Cybersecurity manual, an ICT Conditions of Use Policy has been created and approved by ELT which outlines ICT Acceptable and Unacceptable behaviours with examples. The Cybersecurity Manual is comprehensive and addresses the OAG Audit findings with additional cybersecurity guidelines and standards for the City to implement. An implementation plan for the City is being developed. Examples of the standards and guidelines include Roles & Responsibilities, ICT Acceptable Use, Security Awareness, Password Security, Change Management, Security Incident Detection and Response, Patch and Vulnerability Management, Information System Accreditation and Identity and Access Management.

Internal non-conformance (Audit)

PORTFOLIO MANAGER: Vicky Patton



I00065 Cyber Security Incident Detection and Response

The City does not have a cyber security incident plan

Overview

MED

Owner:	Chris Hocking	Current Phase: Under Action
Reporter:	Alison Dymond (alison.dymond@kwinana.wa.gov.au)	
Reported:	16 Sep 2021	Date of Audit Action: 16 Sep 2021
Category:	OAG-IT Audit	
Product or service:	IT	
Responsible Officer:	Chris Hocking	

Investigation

Investigation Completed: 16 Sep 2021 (target: 31 Dec 2021)

Findings and Summary: We found that the City does not have a cyber security incident response plan that provides details on how to manage cyber security incidents and there is no centralised cyber security incident register.

We performed vulnerability scans of the City's publicly accessible ICT infrastructure and identified that:

- attempts to identify vulnerabilities within City infrastructure were not blocked
- personnel were not alerted to scans performed on City's infrastructure.

Without an appropriate and documented cyber security incident response plan and controls, there is an increased risk that the City may not adequately respond to cyber security incidents in an effective and timely manner. This may impact IT systems and services and affect the City's business operations

Actions

REMEDIAL ACTION, CHRIS HOCKING

READY TO ACTION

Develop Cyber Security Incident Response Plan & Review agency involvement detection and response capabilities

The City should develop a cyber security incident response plan and a cyber security incident register. These should ensure the effective management, response, and reporting of all cyber security related incidents. It should also implement appropriate controls to detect and block intrusion attempts.

The City should consider the involvement of key cyber security agencies within their cyber security incident detection and response capabilities. It should also develop appropriate guidelines for the preservation of evidence relevant to cyber security incidents.

Action Completed: (target: 30 Jun 2022)

Progress Updates: A Draft Cyber Incident Response plan and process is currently being developed. Reporting/investigating cyber incidents is currently through email cyber@kwinana.wa.gov.au or the ICT helpdesk. Implementing controls to detect and block intrusion attempts will be subject to budget availability

Internal non-conformance (Audit)

PORTFOLIO MANAGER: Vicky Patton



I00067 Risk Management Strategy to define responsibilities to manage cyber risks

The City has a risk management strategy which defines responsibilities to ensure that internal controls to manage cyber risks are effective.

Overview

MED

Owner:	Chris Hocking	Current Phase: Under Action
Reporter:	Alison Dymond (alison.dymond@kwinana.wa.gov.au)	
Reported:	16 Sep 2021	Date of Audit Action: 16 Sep 2021
Category:	OAG-IT Audit	
Product or service:	IT	
Responsible Officer:	Chris Hocking	

Investigation

Investigation Completed: 16 Sep 2021 (target: 30 Jun 2022)

Findings and Summary: The City has a risk management strategy which defines responsibilities to ensure that internal controls to manage cyber risks are effective. However, we found that processes to identify and manage cyber security risks could be improved as key cyber security risks relevant to the City have not been assessed. The risk register does not include risks relevant to:

- unplanned disruption to systems
- external hack
- device theft or loss
- cloud systems.

In addition, there is no information to suggest that risks are reviewed in a timely manner.

Without the application of an effective risk management process for cyber security, business plans and objectives may fail if cyber security risks are not appropriately identified, assessed, and treated.

Actions

REMEDIAL ACTION, CHRIS HOCKING

READY TO ACTION

Review risk management process.

The City should review the risk management process to ensure that key cyber security risks relevant to the City are appropriately managed. Risks within the register should be pro-actively reviewed and monitored.

Action Completed: (target: 30 Jun 2022)

Progress Updates: Key relevant cybersecurity risks are being reviewed, assessed and assigned ownership. The risks will be managed with the risk register.

Internal non-conformance (Audit)

PORTFOLIO MANAGER: Vicky Patton

I00069 Review Disaster Recovery Plan

Disaster Recovery Plan out of date



Overview

MED

Owner:	Chris Hocking	Current Phase: Under Action
Reporter:	Alison Dymond (alison.dymond@kwinana.wa.gov.au)	
Reported:	16 Sep 2021	Date of Audit Action: 16 Sep 2021
Category:	OAG-IT Audit	
Product or service:	IT	
Responsible Officer:	Chris Hocking	

Investigation

Investigation Completed: 16 Sep 2021 (target: 31 Dec 2021)

Findings and Summary: We found that the City's Disaster Recovery Plan (DRP) was last reviewed in 2018 and contains out of date information. We also found that the City has not carried out any formal tests of their DRP. Due to the lack of testing the City's ability to recover key systems back to an operational state is unknown.

Without an adequate DRP, there is an increased risk that the City may not be able to effectively restore key systems following a major cyber security incident. This may impact business operations and the delivery of key services.

Actions

REMEDIAL ACTION, CHRIS HOCKING

READY TO ACTION

Review DRP

The City should review its DRP and undertake appropriate tests to verify its effectiveness. These tests should also verify that key staff are familiar with the plan and their specific roles and responsibilities in a disaster situation. The results of these tests should be recorded and relevant actions taken to improve the plan where necessary.

Action Completed: (target: 30 Jun 2022)

Progress Updates: A Cloud hosted ICT Disaster Recovery solution has been implemented (December 2021) to provide the ability bring existing critical on-premise systems back online within 48 hours. Processes are being developed to ensure the key ICT staff are familiar with the plan.

6.6 UPDATE ON THE PROGRESS OF THE ONECOUNCIL IMPLEMENTATION PROJECT

SUMMARY

Previously, the OneCouncil project update has noted the challenge with availability of skilled staff; this continues to be a significant project risk. To some extent, this risk can be offset by employing the software vendor, TechnologyOne, to deliver these services. To date, however, the City's experience with utilising TechnologyOne consultants has not been ideal. Due to these concerns, the City has now entered into a contract with Atturra, a specialist IT consulting firm with expertise in TechnologyOne products, as an alternative to TechnologyOne, and for specialist consultants that are not otherwise available in the general market. Consulting costs with Atturra are more competitive than the rates offered by TechnologyOne.

Despite the challenges with availability of specialist project staff, with the current project team, assistance from specialist Atturra consultants and to a lesser extent with assistance from TechnologyOne, the City is on target for a go-live on 1 July 2022. Although still on target, the timeframe to go-live is tight, and requires careful oversight by management to ensure any variation from the schedule is addressed through resourcing, or other critical decisions. In particular, the Works module and the Payroll module are both on the critical path, with the latter likely requiring additional external support to ensure the go-live is not delayed.

A significant change to the project since the last Council update is the retirement of the Project Manager. The Project Manager stepped into the project at short notice, and has been key to progressing the project to the current point of having most of the required boxes ticked to enable go-live, with a plan in place to achieve this goal. Fortunately, due to previously recognised risk relating to loss of project staff, the City has managed the project with a team made up of the Project Manager and Change Manager, so that the Change Manager has a good grasp of the project. With this approach, the Change Manager has been able to seamlessly step into the Project Manager role. To support the new Project Manager (who will continue to oversee the Change role), a specialist Atturra consultant will be engaged part time, to provide technical assistance, with particular focus on updating and monitoring the project schedule.

OFFICER RECOMMENDATION

That the Audit and Risk Committee note the Update on the Progress of the OneCouncil Implementation Project and provide comment where necessary, and note the requirement to update the budget as part of the mid year review.

DISCUSSION

Project Resourcing

The availability of skilled project staff continues to be a challenge for the project. While the City has managed to acquire some talented staff, on many occasions staff have taken another role, before commencing with the City, or stayed with the City for a short time, before moving on. On several occasions, the skills or fit of the person did not match the City's requirements, and it was necessary to move the person on from the organisation. Due to the constrained market, the City is paying a premium for all project staff employed.

Due to the challenges staffing the project, to continue the progression of the project, the City has employed additional consultant hours through TechnologyOne. Unfortunately, the City has struggled to get consistency with TechnologyOne consultants, with bookings regularly being filled with different consultants, including junior consultants. The City has also engaged TechnologyOne to finalise parts of configuration, to catch up parts of the project that were lagging. The City's

experience is that TechnologyOne Consultants are unable to complete this type of work, with the end result usually being a partial configuration with outstanding areas requiring work by the City, or additional advice from other consultants.

Due to the challenges with finding project staff, and the quality of the services provided by TechnologyOne, the City has now entered into a contract with Atturra to provide consulting services. Atturra's consultants are OneCouncil specialists, and are able to offer the City additional availability and consistency. Significant advantages of Atturra are the quality and consistency of their consultants, and their willingness to work as a team without additional costs (experience with TechnologyOne is that advice about integration with other modules requires the engagement of an additional consultant). The City's experience is also that the Atturra consultants are more experienced than the TechnologyOne consultants, generally being previously long-serving TechnologyOne employees.

With the assistance of Atturra, the City's internal project team, and to a lesser extent TechnologyOne, the project team has a high level of confidence that the go-live date of 1 July will be met. Noted above, the critical path is the Payroll module and the Works module. The Payroll module is substantially being configured by an internal resource. The relevant officer was delayed on the configuration by the enterprise agreement, and a recent audit by an Atturra consultant has determined that, although the major configuration is complete, a lot of detail is still required. To ensure the Payroll module stays on track, an Atturra consultant has been engaged to guide the City's internal resource, and to complete the detailed configuration. Advice from both Atturra and TechnologyOne is that there is a high level of confidence the resource allocation is sufficient to keep the project on track, and that the User Acceptance Testing date will be reached on schedule.

The Works module, to a significant extent, has been delayed due to the time taken to finalise the configuration of the Finance module. The challenge with completing the configuration of the Works module has also been created by previous inability to source a suitable internal resource to progress the configuration, perceived quality concerns with the TechnologyOne consultant, and medical issues with two different Atturra consultants (including Covid). Despite these issues, there is a high level of confidence that this module will be finalised in time to meet the User Acceptance Testing schedule. The relevant Atturra consultants have recovered and are available for the project, and the module is being supported by existing internal resources, with a member of the City's operations team to also be allocated to the project.

In addition to the project critical modules, the City is also progressing the PPLGS module, which is the performance management module, being the tool that manages corporate planning and the corporate business plan reporting. This module is standalone, so does not impact the go-live date. However, despite the intention to deliver this module early, it is now being hampered by an inability of TechnologyOne to provide a resource to assist with the configuration. A resource has now been requested through Atturra, however, the availability of the Atturra resource means the module will not progress until April.

Finally, although it is not ideal to lose a project manager on such a significant project, the approach taken by the City, using a project management team, has reduced the impact of this risk being realised. To continue to mitigate this risk, the City will continue with a team approach. The City's current Change Manager will become the formal Project Manager, while continuing to support the change actions. An Atturra consultant will be allocated to the project on a part-time basis, to provide technical assistance and schedule oversight. This approach ensures the Project Manager is not overloaded, and has the required technical support, while maintaining a project management team approach.

STRATEGIC IMPLICATIONS

This proposal will support the achievement of the following outcome/s and objective/s detailed in the Strategic Community Plan and Corporate Business Plan.

Strategic Community Plan			
Outcome	Strategic Objective	Action in CBP (if applicable)	How does this proposal achieve the outcomes and strategic objectives?
5 – Visionary leadership dedicated to acting for its community	5.1 – Model accountable and ethical governance, strengthening trust with the community	5.1.1 – Implement the Strategic Community Plan and Corporate Business Plan 5.1.2 – Implement the Long Term Financial Plan 5.1.3 – Implement the Infrastructure Strategy	

SOCIAL IMPLICATIONS

There are no social implications as a result of this proposal.

LEGAL/POLICY IMPLICATIONS

No legal/policy implications have been identified as a result of this report or recommendation.

FINANCIAL/BUDGET IMPLICATIONS

Early in the financial year, officers drew a line across implementation expenditure and determined the implementation funds available to complete the project. Against these funds, an estimate of resources required to complete the implementation from that point was undertaken by the new project manager, to confirm the efficacy of the project.

From July 1 2021, there was \$4.32m available of the agreed commitment, to complete the implementation of the project. The project manager estimated that Phase 1 would require approximately \$3.1m, with Phase 2 utilising approximately \$1.2m. Each report to the Council, however, has noted that there has been a significant increase in consulting and internal labour costs related to the current constrained IT project labour market.

Despite the escalating costs, the focus of the project team has been to on the delivery of the project within budget. This focus has ensured consideration of opportunities to shortcut the effort, particularly opportunities to work with other local authorities, and adopt other local government configurations. This focus has also dictated a minimum configuration approach, with a desire to deliver a viable product with minimal customisation (Councillors may also remember that a significant issue with the current business system is the level of customisation and the inability for the vendor to meaningfully support the product).

With the approach taken to date, the expenditure projection to go-live is an expenditure of \$2.8m, which is approximately \$0.3m under estimate. Additional Phase 1 costs will be realised after go-live, as part of hypercare, and any phasing of the go-live (e.g. turning on the Works module over a few months). The Phase 1 expenditure includes part of the Phase 2 data migration, so that some of the Phase 2 costs are being borne early. Accordingly, the project is considered to be on track to meet budget, with a minor contingency.

To ensure the project stays on track for Phase 2, as has been reported previously, the project team has been investigating the use of configurations from other local authorities, rather than building a Kwinana specific configuration. Consideration of the City of Canning and the City of Gosnells configurations has been undertaken, with internal acceptance that these configurations are suitable. Accordingly, there is a high level of confidence that the whole of the project will be delivered within budget.

Finally, it is necessary to update the 2021/22 financial year budget to recognise the project expenditure for the year. At the time of adopting the 2021/22 budget, the transition to SAAS had not been negotiated, and the details of the expenditure on the two phases had not been determined. Accordingly, the adopted budget was based on the original project expenditure estimates. As the City has a planned go-live of 1 July 2022, the majority of the project expenditure has been brought forward into the 2021/22 financial year, and the budget needs to be updated to reflect the progress on the project. Accordingly, as part of the mid-year review, reserve funds will be allocated to the project, to cover the total estimated expenditure (including software subscriptions) of \$2.97m.

ASSET MANAGEMENT IMPLICATIONS

No asset management implications have been identified as a result of this report or recommendation.

ENVIRONMENTAL/PUBLIC HEALTH IMPLICATIONS

There are no implications on any determinants of health as a result of this report.

COMMUNITY ENGAGEMENT

There are no community engagement implications as a result of this report or recommendation.

ATTACHMENTS

Nil

6.7 OCCUPATIONAL SAFETY AND HEALTH (OSH) STATISTICAL DATA REPORT

SUMMARY

This statistical data is provided to the Audit and Risk Committee for noting.

Council has endorsed a Health and Safety Policy to meet its moral and legal obligation to provide a safe and healthy work environment for all employees, contractors, customers and visitors. This commitment extends to ensuring the City's operations do not place the community at risk of injury, illness or property damage. At every Audit and Risk Committee Meeting the Committee receives a report detailing statistical data. This report entitled the City of Kwinana OSH Statistical Data Report is enclosed as Attachment A.

OFFICER RECOMMENDATION

That the Audit and Risk Committee note the City of Kwinana OSH Statistical Data Report detailed in Attachment A.

DISCUSSION

The OSH Statistical Data Report is provided to the Audit and Risk Committee at each Audit and Risk Committee Meeting. The City assesses the incident reporting data to provide information on the nature and extent of injury and/or disease, including a comprehensive set of data for the workplace, to assist in the efficient allocation of resources, to identify appropriate preventative strategies and monitor the effectiveness of these strategies and to provide a set of data for benchmarking against other Local Governments. As a result, the City can adequately identify, evaluate and manage the safety and health aspects of its workforce operations.

Summary of Statistical Data:

The statistical data report details information over a three-month period, 1 December 2021 to 28 February 2022. From the represented data, it is noted that the incident count trend from the previous period remains the same, with one incident reported in December, six incidents in January and two incidents in February 2022. These nine incidents are from the following directorates:

- Four from City Life,
- three from City Infrastructure,
- one from City Development and Sustainability directorate, and
- one from the Office of the CEO.

The departments that are domiciled to each directorate includes teams that are considered "high risk" teams due to their operational nature. The incidents reported over the three-month reporting period have predominately occurred in these "high risk" teams. One of the incidents were listed as lost time, one injury – no lost time, one medical treatment, three first aid and three reports only.

OSH System Update:

As discussed at the Audit and Risk Committee meeting in October 2021, the City had undertaken research into an appropriate electronic system to remove the various manual and laborious recording systems and to further enhance the City's Safety and Health Management framework.

The expected outcomes of the electronic system are to continually assess and advance processes, improve on the information obtained and collate data that provides meaningful evaluation thereby assisting in the appropriate management of hazards and risks at the City. A preferred system has been assessed, namely MyOSH, and the City is now in the process of procuring the software.

During the process, the City identified the following core modules which are standard with the product: -

- Incident reporting,
- Action management,
- Hazard management, and
- Dash board.

Through a consultation process, the following modules were also agreed with the internal stakeholders being: -

- Inspections and audits,
- Risk assessments,
- Contractor management, and
- Safe work method statements (SWMS).

After procurement of the system, there will be a phase of configuration and implementation and the provision of training to appropriate staff.

STRATEGIC IMPLICATIONS

There are no strategic implications as a result of this proposal.

SOCIAL IMPLICATIONS

There are no social implications as a result of this proposal.

LEGAL/POLICY IMPLICATIONS

Regulation 17 of the Local Government (Audit) Regulations 1996 provides:

17. CEO to review certain systems and procedures

- (1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —
 - (a) risk management; and*
 - (b) internal control; and*
 - (c) legislative compliance.**
- (2) The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.*
- (3) The CEO is to report to the audit committee the results of that review.*

FINANCIAL/BUDGET IMPLICATIONS

The financial implications as a result of this report include the purchase/implementation of an electronic safety system.

ASSET MANAGEMENT IMPLICATIONS

There are no asset management implications as a result of this report.

ENVIRONMENTAL/PUBLIC HEALTH IMPLICATIONS

No environmental or public health implications have been identified as a result of this report or recommendation.

COMMUNITY ENGAGEMENT

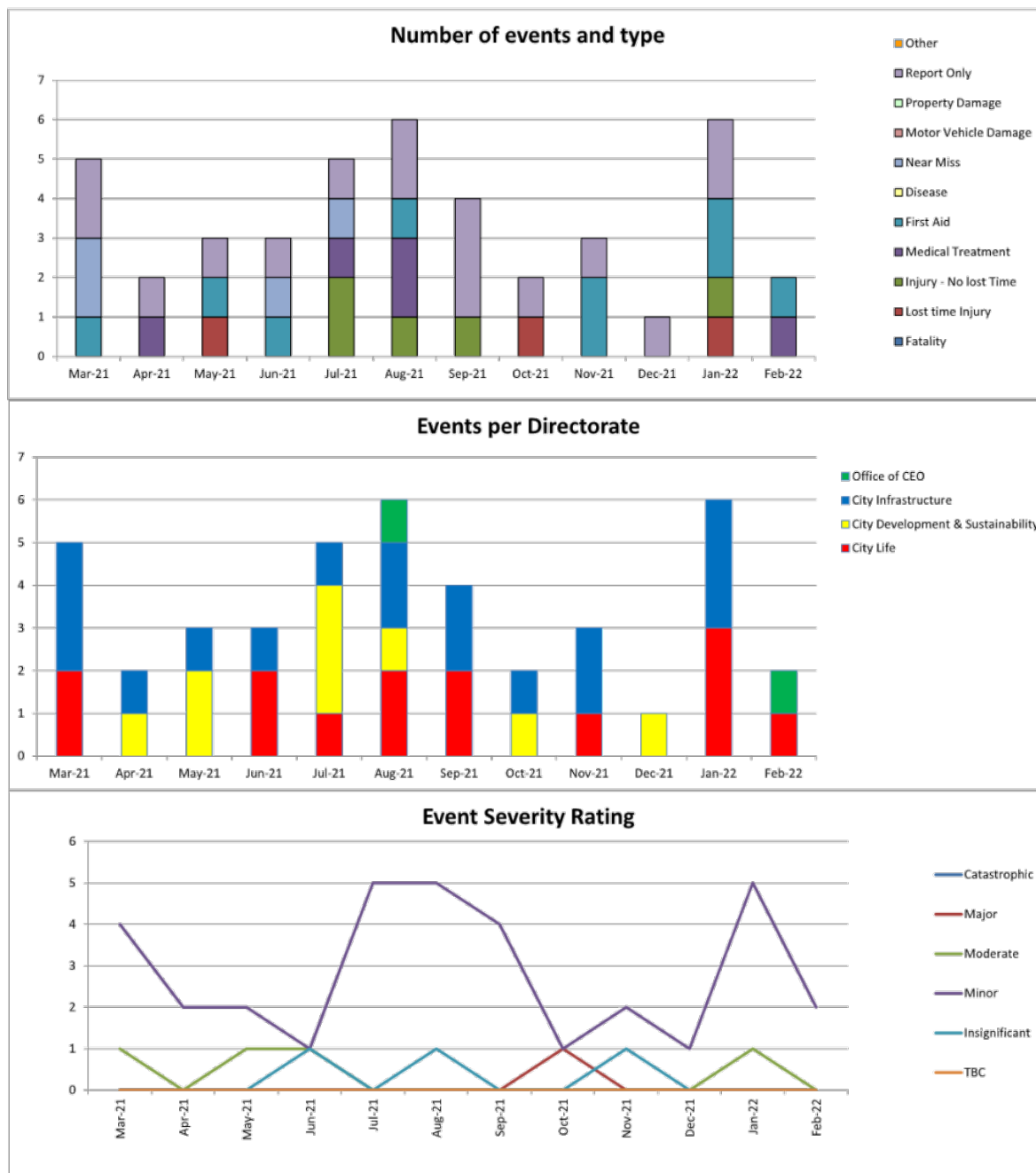
There are no community engagement implications as a result of this report or recommendation.

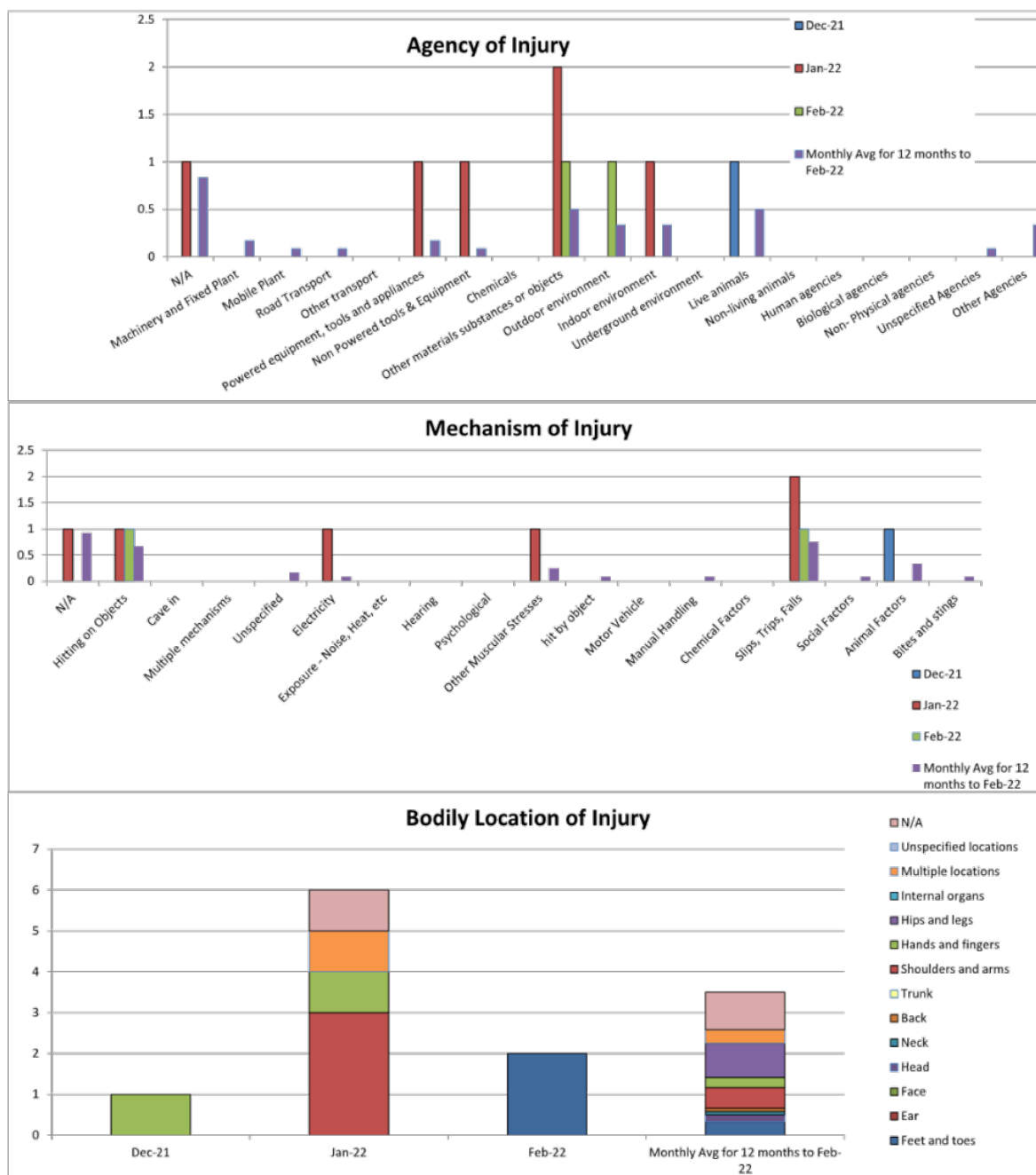
ATTACHMENTS

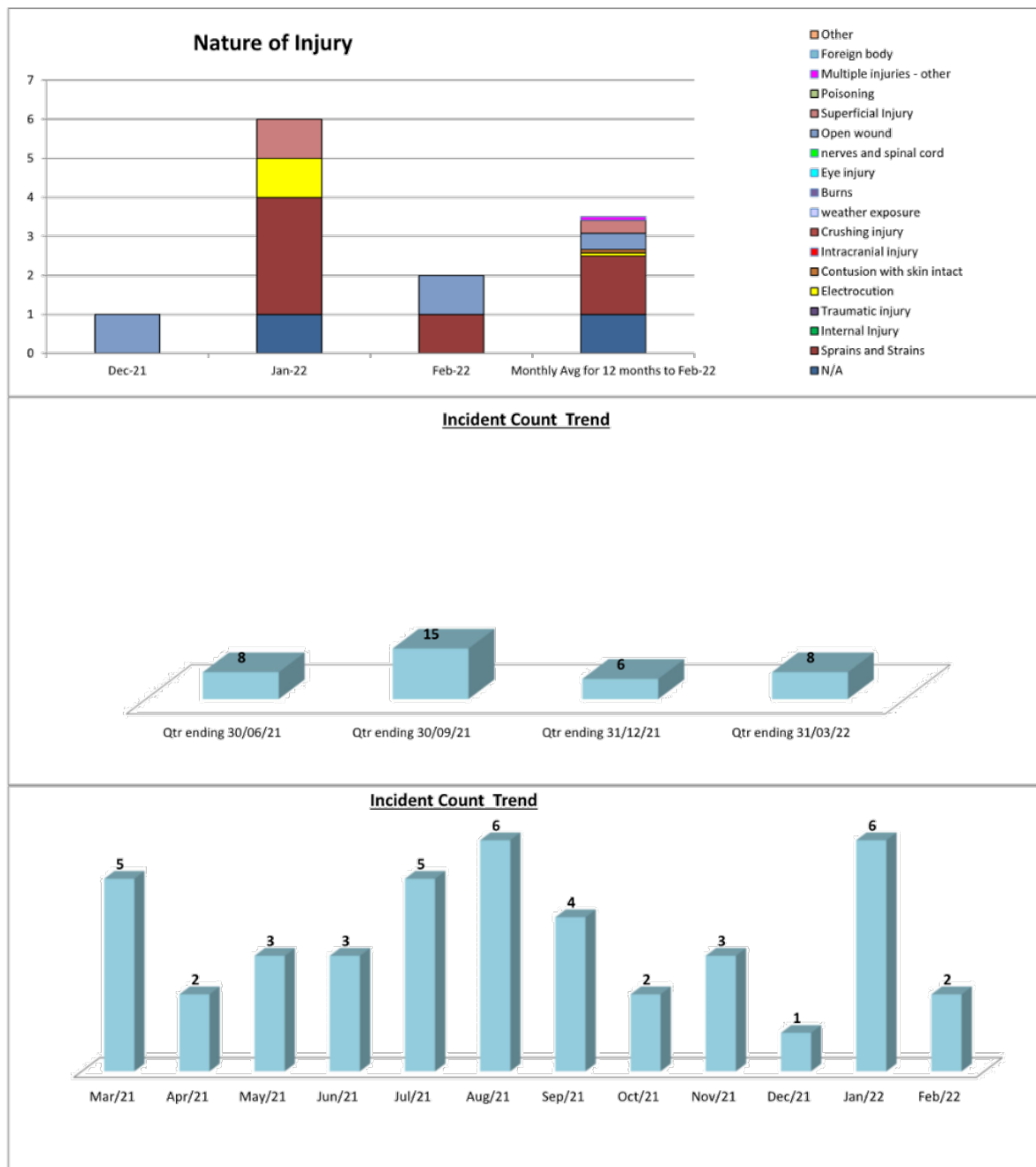
A. Attachment A - City of Kwinana OSH Statistical Data Report

Attachment A

City of Kwinana - OSH Statistical Data Report - 28 February 2022







7 LATE AND URGENT BUSINESS

Note: In accordance with Clauses 3.13 and 3.14 of Council's Standing Orders, only items resolved by Council to be Urgent Business will be considered.

8 ANSWERS TO QUESTIONS WHICH WERE TAKEN ON NOTICE

9 CLOSE OF MEETING