

Audit and Risk Committee Meeting

19 February 2024

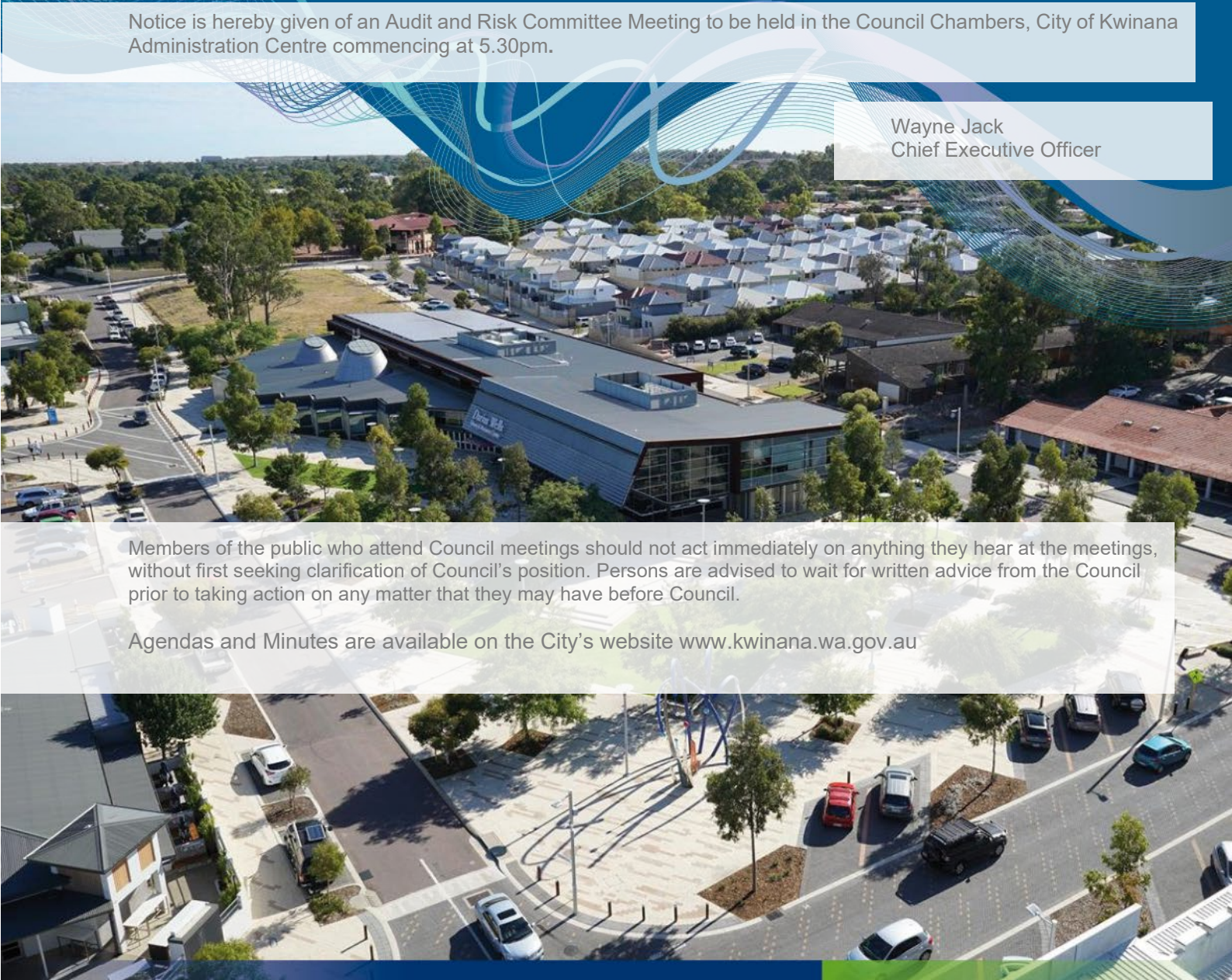
Agenda

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.

Presiding Member to announce that the Audit and Risk Committee Meeting is being live streamed and recorded in accordance with the City's Live streaming and Recording Council Meetings policy.

By being present at this meeting, members of the public consent to the City recording and livestreaming their image and/or voice.

2 WELCOME TO COUNTRY AND ACKNOWLEDGEMENT OF COUNTRY

Deputy Mayor 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.

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 koort djoorpiny nidja Noongar boodjar daadjaling waankganinyj Noongar Boodjar.

Hello and welcome my heart is happy as we are gathered on country and meeting 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:**

Unknown at the time of issuing the agenda.

Leave(s) of Absence (previously approved):

Nil

4 PUBLIC QUESTION TIME

In accordance with the *Local Government Act 1995* and the *Local Government (Administration) Regulations 1996*, any person may during Public Question Time ask any question.

In accordance with Regulation 6 of the *Local Government (Administration) Regulations 1996*, the minimum time allowed for Public Question Time is 15 minutes.

A member of the public who raises a question during Question Time is to state his or her name and address.

Members of the public must provide their questions in writing prior to the commencement of the meeting. A public question time form must contain all questions to be asked and include contact details and the form must be completed in a legible form.

Please note that in accordance with Section 3.4(5) of the *City of Kwinana Standing Orders Local Law 2019* a maximum of two questions are permitted initially. An additional question will be allowed by the Presiding Member if time permits following the conclusion of all questions by members of the public.

5 RECEIVING OF PETITIONS, PRESENTATIONS AND DEPUTATIONS

5.1 PETITIONS

A petition must –

- be addressed to the Mayor;
- be made by electors of the district;
- state the request on each page of the petition;
- contain at least five names, addresses and signatures of electors making the request;
- contain a summary of the reasons for the request;
- state the name of the person to whom, and an address at which, notice to the petitioners can be given; and
- be respectful and temperate in its language and not contain language disrespectful to Council.

The only motion which shall be considered by the Council on the presentation of any petition are –

- that the petition be received;
- that the petition be rejected; or
- that the petition be received and a report prepared for Council.

5.2 PRESENTATIONS

In accordance with Clause 3.6 of the *Standing Orders Local Law 2019* a presentation is the acceptance of a gift, grant or an award by the Council on behalf of the local government or the community.

Prior approval must be sought by the Presiding Member prior to a presentation being made at a Council meeting.

Any person or group wishing to make a presentation to the Council shall advise the CEO in writing before 12 noon on the day of the meeting. Where the CEO receives a request in terms of the preceding clause the CEO shall refer it to the presiding member of the Council committee who shall determine whether the presentation should be received.

A presentation to Council is not to exceed a period of fifteen minutes, without the agreement of Council.

5.3 DEPUTATIONS

In accordance with Clause 3.7 of the *Standing Orders Local Law 2019*, any person or group of the public may, during the Deputations segment of the Agenda with the consent of the person presiding, speak on any matter before the Council or Committee provided that:

- the person has requested the right to do so in writing addressed to the Chief Executive Officer by noon on the day of the meeting.
- setting out the agenda item to which the deputation relates;
- whether the deputation is supporting or opposing the officer's or committee's recommendation; and
- include sufficient detail to enable a general understanding of the purpose of the deputation.

A deputation to Council is not to exceed a period of fifteen minutes, without the agreement of Council.

6 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.

7 CONFIRMATION OF MINUTES

7.1 MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING HELD ON 4 DECEMBER 2023

RECOMMENDATION

That the Minutes of the Audit and Risk Committee Meeting held on 4 December 2023 be confirmed as a true and correct record of the meeting.

8 REPORTS

8.1 SYSTEMS AND PROCEDURES REVIEW 2023/24

SUMMARY

Regulation 17 of the *Local Government (Audit) Regulations 1996* (Audit Regulations) mandates that, at least once every three financial years, the Chief Executive Office is to review the appropriateness and effectiveness of the City's systems and procedures in relation to risk management, internal controls and legislative compliance.

Following a request for quotation process, Australian Audit were selected and engaged by the City to perform the City's systems and procedures review for 2023/24. Their report has now been finalised and is provided in Confidential Attachment A for noting by the Audit and Risk Committee (Committee).

Overall the City's controls were deemed to be satisfactory. Three recommendations were made relating to the areas of legislative compliance, procurement and payroll. No high-risk matters were noted.

OFFICER RECOMMENDATION

That the Audit and Risk Committee notes the findings of Australia Auditors contained at Confidential Attachment A and provide comment where appropriate.

VOTING REQUIREMENT

Simple majority

DISCUSSION

Every three financial years, the Chief Executive Officer is required to assess the appropriateness and effectiveness of the City's systems and procedures related to:

- a) risk management;
- b) internal control; and
- c) legislative compliance.

Pursuant to regulation 16(c) of the Audit Regulations, the Committee are to a review the result of that review. The findings are also be reported to Council.

The City conducted last undertook a systems and procedures review in 2020/21 and was therefore required to perform a further review in 2023/24.

Australian Audit undertook their review in late 2023, finalising their report on 18 December. A copy of their findings is provided in Confidential Attachment A.

The City's control environment was assessed as being 'satisfactory' with respect to the appropriateness and effectiveness of the City's systems and procedures. However, three minor recommendations were made:

Recommendation	Identified Actions
The City should instruct its outsourced Internal Audit provider to ensure that legislative compliance forms part of the audit scope for each internal audit assignment that is carried out for the City and that the Internal Audit provider should provide a formal conclusion in each internal audit report as to the level of legislative compliance that was found.	The City accepts the finding. An internal auditor will be engaged in the new year to continue the Strategic Internal Audit Plan. The City will include in the scope of works a requirement to formally assess and report on compliance with relevant legislation in every audit assignment. This will ensure a comprehensive understanding of potential compliance risks and enable us to implement necessary safeguards.
The City should investigate and possibly provide additional controls to ensure that prior to a purchase order being approved that the purchase order approving officer ensure that sufficient number of quotes have been sought and/or obtained in line with the City's procurement policy. Where the required number of quotes have not been sought and/or obtained, the reasons for non-compliance should be documented and should be monitored as part of the purchase order approval internal auditing process.	The City recognises the importance of obtaining sufficient quotes for all purchase orders, as outlined in the Procurement Policy. The City shall investigate options for further mitigating this risk. This may include additional training to highlight the importance of reviewing quotes prior to PO approval, internal audits in relation to purchase orders focusing on invoices and PO approval, and consequences being put in place in the instance of non-compliance with purchasing processes.
The City ensure that formal payroll related policies and procedures are developed as a matter of priority.	The City understands the importance of robust payroll-related policies and procedures. A checklist/guide has been developed that details all parts/steps of the payroll process and this is adhered to when processing the payroll. The City recognises the requirement to develop its processes and measures have been put in place to provide additional resources to permit this to occur.

The above actions will be added to the City's audit log and presented to the Committee until such time as they are completed and closed.

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 (Audit) Regulations 1996:

16. Functions of audit committee

An audit committee has the following functions —

...

- (c) *to review a report given to it by the CEO under regulation 17(3) (the CEO's report) and is to —*
 - (i) *report to the council the results of that review; and*
 - (ii) *give a copy of the CEO's report to the council;*
- (d) *to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under —*
 - (i) *regulation 17(1); and*
 - (ii) *the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);*

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. Regulation 17 Review - Report - Confidential

8.2 WORK HEALTH AND SAFETY (WHS) STATISTICAL REPORT - 19 FEBRUARY 2024

SUMMARY

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. It is usual practice to provide a report detailing statistical data at each Audit and Risk Committee meeting. The report is enclosed as Attachment A. There have been no notable incidents reported during this period.

OFFICER RECOMMENDATION

That the Audit and Risk Committee note the City of Kwinana Statistical data report detailed in Attachment A.

VOTING REQUIREMENT

Simple majority

DISCUSSION

Summary of Statistical Data:

A summary of the incidents recorded over the quarter from 18 November 2023 to 25 January 2024 is as follows. A total of eighteen incidents have been recorded during the nearly three-month period. Eight from the City Infrastructure directorate, seven from the City Life directorate, two from City Development and Sustainability and one reported from the Office of the CEO. Six incidents were recorded as injuries, four incidents were recorded as vehicles, three recorded as a near miss, one recorded as equipment and four incidents were classified as Inappropriate Behaviour/Violence and Abuse involving members of the public. It should be noted that three of the incidents involving members of the public were report only incidents and the other incident was classified as physical assault. In this incident, the member of the public firmly hit a City employee on their right shoulder. The support worker of the member of the public explained the person has a disability which impacts their behaviour. The support worker apologised for the behaviour and the employee adjusted their distancing from the member of the public. The employee was not injured and continued with the remainder of their activity.

Further categorization of the eighteen incidents determined that the event severity of the actual incident category, that is prior to any identified mitigating actions were as follows, three being identified as a high rating, three were identified as a medium rating and seven as a low rating. At the time of the collating of statistical data there were five incidents that did not record the event severity category due to the incident's status of pending investigation and will be determined on approval by the manager. The statistical graphs are included in Attachment A.

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 sub regulation (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 - WHS Statistical Data Report - 18 November 2023 - 25 January 2024



Work Health and Safety

ATTACHMENT A

Audit & Risk Committee Statistical Report

18 November 2023 - 25 January 2024



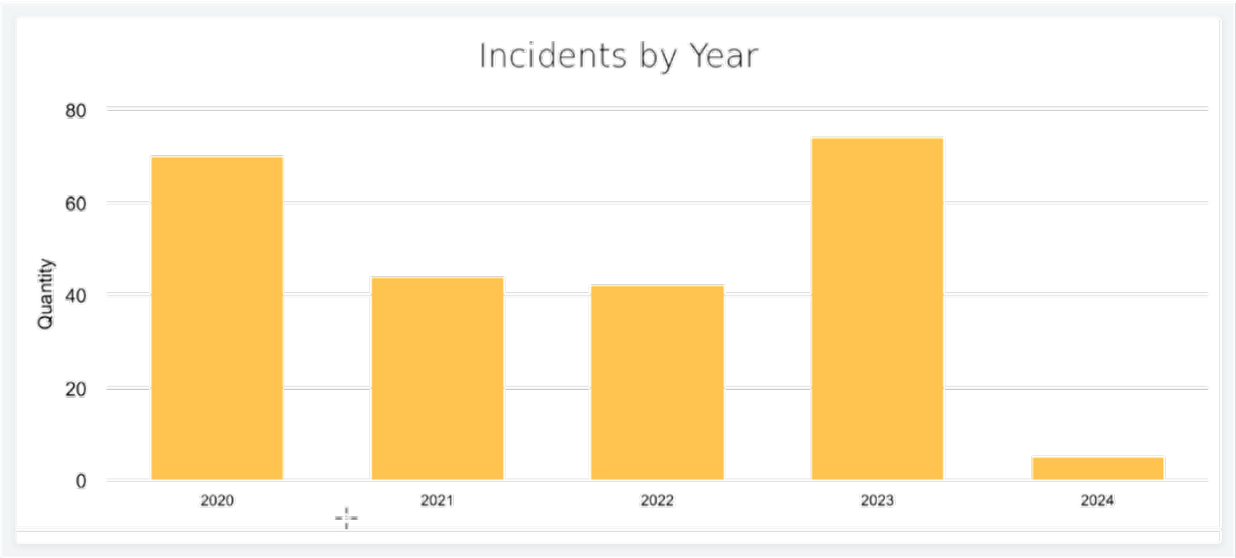
Safety Statistics Report



Incident Data by Year



18/11/2023 - 25/01/2024



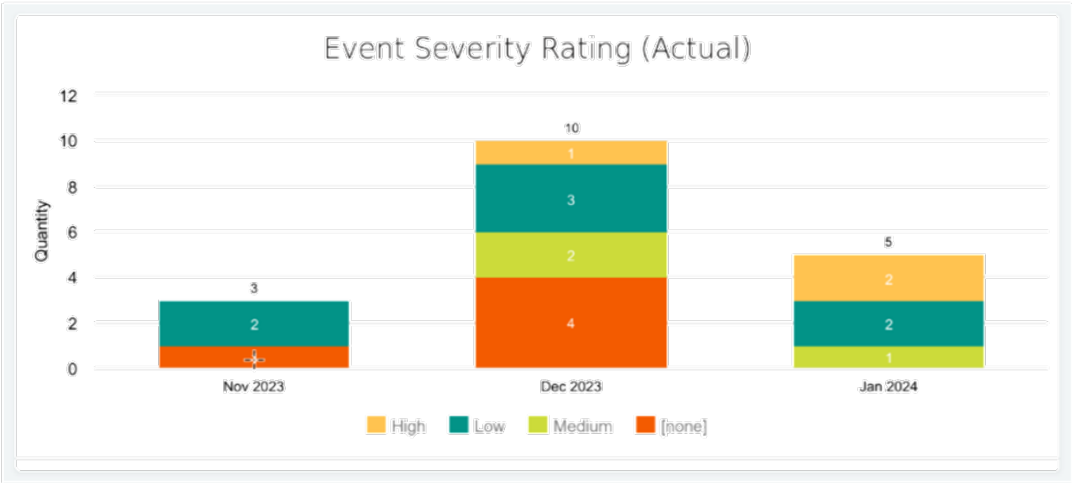
Incidents: 18 Nov 2023 - 25 Jan 2024



Total incidents = 18



18/11/2023 - 25/01/2024



- Total incident Count:
- Nov 2023 = 3
 - Dec 2023 = 10
 - Jan 2024 = 5

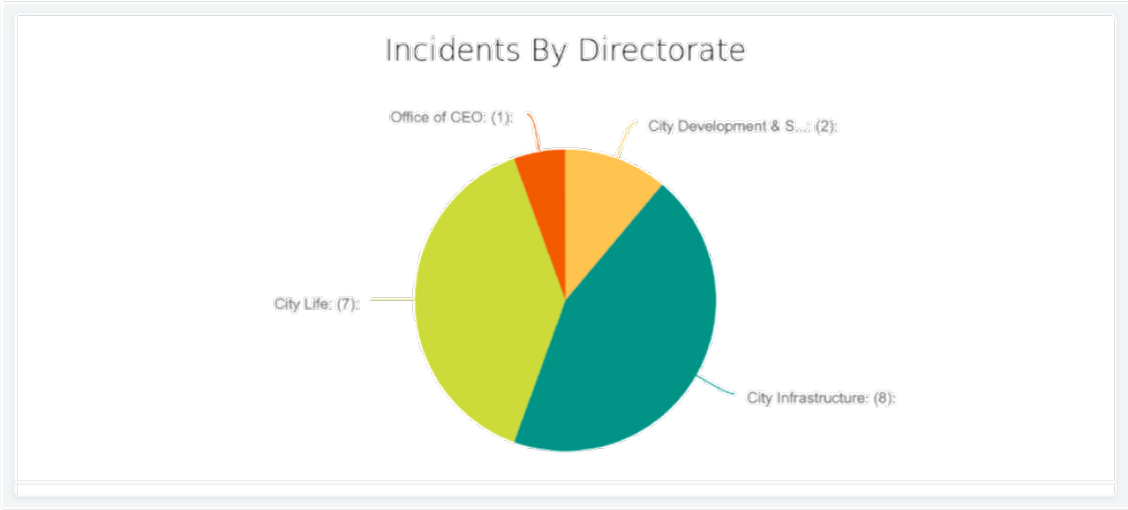
*Note: For the purposes of the above graph event severity rating data is captured from the field “ Actual Incident Category – Rating”.



Incidents: 18 Nov 2023 - 25 Jan 2024



18/11/2023 - 25/01/2024



City Development & Sustainability
2/18



City Life
7/18



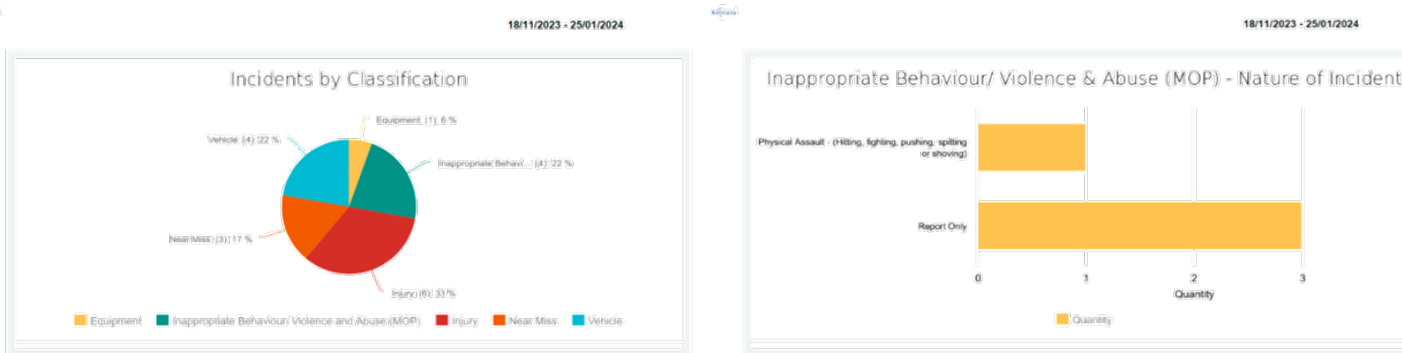
City Infrastructure
8/18



Office of the CEO
1/18

Safety Statistics Report

Incidents: 18 Nov 2023 - 25 Jan 2024



Incidents by classification can include:

- Inappropriate Behavior/ Violence & Abuse (MOP)
- Injury
- Near Miss
- Environment
- Equipment
- Community Complaint
- Vehicle
- Security
- Other

The 4 incidents listed as "Inappropriate Behavior/ Violence & Abuse (MOP)", 3 are Inappropriate Behavior Report Only

Injuries: 18 Nov 2023 - 25 Jan 2024

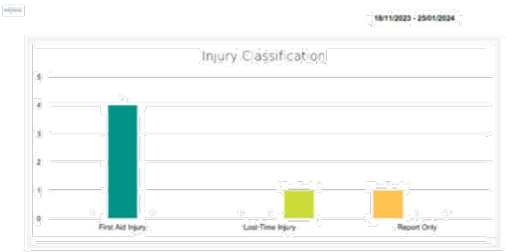


Total Injuries = 6

Out of 18 incidents reported in the Nov 2023 - Jan 2024 period, 6 were reported as Injuries.

Injuries by clasification can include:

- Report Only
- First Aid Injury
- Medical Treatment Injury
- Restricted Work Injury
- Lost Time Injury



8.3 AUDIT ACTION LOG - PROGRESS REPORT

SUMMARY

Pursuant to regulation 16 of the *Local Government (Audit) Regulations 1996* (Audit Regulations), the Audit and Risk Committee (Committee) is responsible for assisting Council to discharge its responsibility to exercise due care, diligence, and skill in relation to the oversight of internal and external audits at the City.

Recommended areas of improvement identified through internal and external auditing of the City are recorded and tracked within the City's audit log until such actions are finalised. A copy of the City's audit log, including updated comments from responsible officers, is presented as a standard item at each meeting of the Committee.

The audit log is presented at **Attachment A** for noting by the Committee. New officer comments and any changes to completion dates are highlighted in red.

Included within the log are actions arising from the following recently completed audit reports:

- 1) Regulation 17 - Systems and Procedures Review;
- 2) Interim Information Technology General Controls Audit; and
- 3) 2022/23 Final Financial Audit.

OFFICER RECOMMENDATION

That the Audit and Risk Committee note the status of outstanding audit actions as detailed in the City of Kwinana Audit Log at Attachment A.

VOTING REQUIREMENT

Simple majority

DISCUSSION

Due to an increased focus on the accountability of local governments, a review of the effectiveness of all business processes is becoming best practice. Internal auditing is one way to reduce risk and identify improvements in internal controls. There are many benefits to conducting internal audits, such as:

- improving the performance of the organisation;
- making the organisation process-dependent instead of person-dependent;
- identifying redundancies in operational and control procedures and the provision of recommendations to improve the efficiency and effectiveness of procedures;
- it serves as an early warning system, enabling deficiencies to be identified and remediated on a timely basis (i.e., prior to external, regulatory or compliance audits); and
- increasing accountability within the organisation and supporting strategic objectives (for example, cost reduction initiatives).

At its meeting of 13 October 2021, Council resolved to adopt the Strategic Internal Audit Plan 2021 /2022 to 2023/2024, a summary of which is as follows:

Area of Review	2021/22 (hours)	2022/23 (hours)	2023/24 (hours)	Status
Planning & Building	80			Completed
Asset Management	80			Completed
Community Services – Events (Community Engagement, Resource Centre, Family Day Care, Events)	80			Completed
Recquatic		80		Not started
Environmental & Health Services/Waste		80		Not started
Finance - Financial Management Regulation 5*		80		Not started
Project/Program Management (Building, Operations & Engineering)		80		Not started
Work Health and Safety / Human Resources			80	Not started
City Legal & Governance - Audit Regulation 17 (Legislative compliance, risk and internal control)*			80	Not started
Business Continuity/Disaster Recovery/Pandemic/Emergency Planning			80	Not started
Essential Services (Security, Rangers & Parking)			80	Not started
City Strategy*				Not started
Customer service*				Not started
Information Technology*				Not started
Contracts & Procurement	80			Completed

**Areas having relatively low risk ratings and not presently scheduled for review.*

Paxon Group were engaged by the City to undertake the four reviews which have been completed to date. Internal auditing was subsequently postponed while the City sought to recruit a suitably qualified auditor to undertake such reviews internally.

Due to the City's inability to recruit a suitable candidate, an RFQ process was undertaken and Australian Auditors have been selected to re-commence internal auditing. Following a re-assessment of the internal audit plan, the City proposes that the following three priority areas be audited initially:

- 1) Recquatic;
- 2) Essential Services (Security, Rangers & Parking); and
- 3) Occupational Safety & Health / Human Resources.

The internal audit schedule will be further refined following discussion with the internal auditors.

The audit log at Attachment A lists all outstanding actions arising from previous audits (both internal and external). Further, actions arising from recently completed audits which have been added to the audit log are as follows:

2022 Australian Auditors – Regulation 17 Review

- a) EA: 2023/11 (1) Legislative Compliance
- b) EA: 2023/11 (2) Procurement
- c) EA: 2023/11 (3) Payroll

Interim Information Technology General Controls Audit

- a) EA: 2023 (1) Financial Application (TechOne) – User Access Management
- b) EA: 2023 (2) Network – User Access Management
- c) EA: 2023 (3) Logging and Monitoring
- d) EA: 2023 (4) Business Continuity and Cyber Security Incident Response
- e) EA: 2023 (5) Data Loss Prevention
- f) EA: 2023 (6) IT Governance - Strategy

2022/23 final financial audit

- a) EA: 2023 (1) Contributed assets recognition
- b) EA: 2023 (2) Long Service Leave and Annual Leave Reconciliation
- c) EA: 2023 (3) Formal documentation of review of rates data input into Authority
- d) EA: 2023 (4) Long Service Liability Rate

Actions which were marked as finalised at the Committee's meeting in December 2023 and subsequently removed from the audit log are as follows:

Paxon – Community Services Internal Audit Review

- a) IA: 2023/11 (5.1) Central Coordination of Events

Macri Partners – Financial Management Review

- a) EA: 2023/06 (4.1) Bank Reconciliations
- b) EA: 2023/06 (4.2(i)) Investment of Surplus Funds
- c) EA: 2023/06 (4.3(i)) Purchase of Goods and Services
- d) EA: 2023/06 (4.3(iii)) Purchase of Goods and Services
- e) EA: 2023/06 (4.3(v)) Purchase of Goods and Services
- f) EA: 2023/06 (4.6(ii)) Payroll
- g) EA: 2023/06 (4.8(ii)) Fixed Assets
- h) EA: 2023/06 (4.9(ii)) General Compliance and Other Matters

OAG - Interim Financial Audit

- a) EA: 2023/08 (1) Formal documentation of review of rates data input into Authority

Paxon - Building and Planning Internal Audit Review

- a) IA: 2023/08 (5.3) Pool Inspection Information

Paxon – Regulation 17 Review

- a) EA: 2021/05 (7) Disaster Recovery Plan

Office of the Auditor General - Computer Controls Review 2022

- a) EA: 2022/06 (2) Network Security Management

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

Section 7.13 of the *Local Government Act 1995* provides:

7.13. Regulations as to audits

- (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 —
 - (v) the selection and recommendation of an auditor under Division 2; and
 - (vi) a local government audit; and
 - (vii) an action report; and
 - (viii) an audit report; and
 - (ix) 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.

Regulation 16 of the Audit Regulations provides:

16. Functions of audit committee

An audit committee has the following functions —

- (a) to guide and assist the local government in carrying out —
 - (i) its functions under Part 6 of the Act; and*
 - (ii) its functions relating to other audits and other matters related to financial management;**
- (b) to guide and assist the local government in carrying out the local government's functions in relation to audits conducted under Part 7 of the Act;*
- (c) to review a report given to it by the CEO under regulation 17(3) (the **CEO's report**) and is to —
 - (i) report to the council the results of that review; and*
 - (ii) give a copy of the CEO's report to the council;**
- (d) to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under —
 - (i) regulation 17(1); and*
 - (ii) the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);**
- (e) to support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government;*
- (f) to oversee the implementation of any action that the local government —
 - (i) is required to take by section 7.12A(3); and*
 - (ii) has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a); and*
 - (iii) has accepted should be taken following receipt of a report of a review conducted under regulation 17(1); and*
 - (iv) (iv) has accepted should be taken following receipt of a report of a review conducted under the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);**
- (g) to perform any other function conferred on the audit committee by these regulations or another written law.*

FINANCIAL/BUDGET IMPLICATIONS

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

ASSET MANAGEMENT IMPLICATIONS

There are no financial implications that 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. City of Kwinana - Audit Action Log (January 2024)



AUDIT LOG

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AUDITS UNDERTAKEN SINCE PREVIOUS AUDIT AND RISK COMMITTEE MEETING

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
Australian Auditors – Regulation 17 Review EA: 2023/12 (1) Legislative Compliance Finding / Recommendation The City should instruct it's outsourced Internal Audit provider to ensure that legislative compliance forms part of the audit scope for each internal audit assignment that is carried out for the City and that the Internal Audit provider should provide a formal conclusion in each internal audit report as to the level of legislative compliance that was found. Risk Rating Minor (Low)	Management Comment The City accepts the finding. An internal auditor will be engaged in the new year to continue the Strategic Internal Audit Plan. The City will include in the scope of works a requirement to formally assess and report on compliance with relevant legislation in every audit assignment. This will ensure a comprehensive understanding of potential compliance risks and enable us to implement necessary safeguards. Responsible Officer Manager Governance and Legal		Ongoing	March 2024



AUDIT LOG

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
Australian Auditors – Regulation 17 Review				
EA: 2023/12 (2) Procurement				
<p>Finding</p> <p>Based on my discussions with the City's Procurement Officer, I believe that the City has adequate policies and practices in place over the procurement process. However, I noted that the number of supplier quotes being obtained were, in some instances, not in line with the City's procurement policy. We noted that where the required number of quotes was not obtained there was insufficient explanation as to the reason why the required number of quotes was not obtained.</p> <p>Further, I noted that the system currently detects whether enough quotes have been obtained based on the \$ value of the purchase order. However, I understand that this can be overwritten or bypassed without detection.</p> <p>I believe that obtaining the required number of quotes as per the City's procurement policy is an important control feature and responsibility for verifying compliance should rest with the relevant officer, that holds the relevant level of financial delegation to approve a purchase order, at the point of approving a purchase order. Where the required number of quotes were not obtained or could not be obtained then this should be documented as support to not obtaining the required number of quotes and then approved by the officer responsible for approving the purchase order.</p> <p>Recommendation</p> <p>The City should investigate and possibly provide additional controls to ensure that prior to a purchase order being approved that the purchase order approving officer ensure that sufficient number of quotes have been obtained in line with the City's procurement policy and where the required number of quotes has not been obtained then the reasons for non-compliance should be documented and should be monitored as part of the purchase order approval process.</p> <p>Risk Rating</p> <p>Minor (Low)</p>	<p>Management Comment</p> <p>The City recognises the importance of obtaining sufficient quotes for all purchase orders, as outlined in the Procurement Policy. The City shall investigate options for further mitigating this risk. This may include additional training to highlight the importance of reviewing quotes prior to PO approval, internal audits in relation to purchase orders focusing on invoices and PO approval, and consequences being put in place in the instance of non-compliance with purchasing processes.</p> <p>Responsible Officer</p> <p>Coordinator Procurement and Contracts</p>		<p>23/01/2024 Coordinator Procurement and Contracts: The City's Procurement team already generate monthly reports of all POs.</p> <p>The procurement team will review monthly reports of all POs to identify non-compliances. Instances of non-compliance will be addressed with staff training. Results will be reported to management.</p> <p>I have audited October to December 2023 PO's over 20k (and nothing more due to resource constraints). Moving forward the PO audit will be a monthly audit of PO's above 10k (in addition to other PO audits already performed that check for PO Splitting, compliance with contract rates, appropriate PO exemption selection and PO's raised after invoice date).</p> <p>During October to December 2023, there were just 8 non compliances out of 96 PO's in this date range. The majority of the 96 are Contract PO's where the policy has already been followed to form the Contract. Findings attached in the excel.</p> <p>7 of the 8 were largely due to administrative errors and are an opportunity for further system and process education, with 1 non-compliance seeming to be a workaround, although for a critical and required service and is a finding that Paige had already picked up in the PO exemption audit in November 2023.</p> <p>I will speak to the officers in question, consolidate their commentary, provide further education to the officers involved and will report the findings to management.</p> <p>Action completed.</p>	Completed



AUDIT LOG

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
Australian Auditors – Regulation 17 Review				
EA: 2023/12 (3) Payroll				
Finding Based on my discussions with the City's payroll officer, I believe that adequate control processes are in place over the City's payroll process. However, there is currently no formal written policies and procedures in place to ensure that the payroll process continues to be followed on a consistent basis.	Management Comment The City understands the importance of robust payroll-related policies and procedures. A checklist/guide has been developed that details all parts/steps of the payroll process and this is adhered to when processing the payroll. The City recognises the requirement to develop its processes and measures have been put in place to provide additional resources to permit this to occur.		23/01/2024 Resources: Ongoing	Manager Human 30 April 2024
Recommendation The City ensure that formal payroll related policies and procedures are developed as a matter of priority.			On 8 January 2024, an additional resource commenced in the City's Payroll team. The current checklist/guides and processes have been reviewed and assessed for currency and the further development of formal written procedures has commenced.	
Risk Rating Minor (Low)	Responsible Officer Manager Human Resources			

AUDIT LOG

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
RSM – Interim ITGC Audit EA: 2023 (1) Financial Application (TechOne) – User Access Management				
Finding <p>We identified the following deficiencies with the City's access management process for TechOne:</p> <ul style="list-style-type: none"> •The Chief Financial Officer (CFO) had privileged administrator access. (e.g., the ability to create, modify, and delete user accounts and user profiles). This user access allocation creates a Segregation of Duty (SoD) conflict as this access can bypass control in place to enforce SoD. A new CFO profile has now been created, and allocated to the current CFO, which does not have administrator access. We have also confirmed that the privileged access was not used by the CFO. •4 accounts belong to employees on extended leave (greater than 6 months). We note that 1 of the employees was removed from the HR employee list. We were informed that this is due to the employee taking extended leave and returning to a new role. These TechOne accounts' linked AD accounts were identified as a part of the Network User Access testing. •The scope of the monthly user access reviews only identifies dormant accounts (accounts that have not been accessed within the past 90 days). There is no review performed to ensure that only current or valid users have access to the TechOne application. 	Management Comment <ul style="list-style-type: none"> •The provision of administrator rights to the CFO was a conscious decision related to the finalisation of the configuration of the new system. The need for these rights was monitored, and a decision had been made to remove this access, as it was no longer required. This decision was reached prior to the audit and was in process at the time. Other controls were not removed, including dual signatories to banking processes, and audit trails. Management is of the view that the administrator rights were provided as needed and removed when no longer needed. •The City has a process in place to disable all accounts where an employee has left the organisation, or casuals that have not been active for three months. Evidence of this was provided to the auditor. The City does not deactivate accounts for staff on leave, including annual leave, sick leave, long service leave and maternity leave. In these cases, there is a continuing employment relationship, and the employees often continue to maintain communication with the City, including the ongoing requirement to enter timesheets for most leave types, apply for additional leave, or a change of leave type. Employees on extended leave will often continue to monitor email to maintain a connection with the City or to assist in areas of technical expertise or to provide history. Staff on maternity leave have the right to continue to be connected to their employer, including having access to their emails, and also have the right to limited return to work 	30 April 2024	Ongoing	30 April 2024
Recommendation <p>The City should:</p> <ul style="list-style-type: none"> • Remove system administrator abilities from functional finance staff and only provision this on a needs basis and revoke when no longer needed. We note above this has since been actioned by management. • Disable all accounts which have not been accessed within 6 months (dormant accounts). These accounts should be re-activated as part of normal onboarding process when the employees resume employment. • Expand the scope of the monthly user access review to identify accounts that belong to invalid or no-longer current users (e.g., Users who are no longer employees of the City). 				
Risk Rating Moderate (Medium)				



AUDIT LOG

during their leave period. The expectation that accounts for staff on leave will be disabled is not accepted, and is inconsistent with the City's obligations as an employer.

- The City has an offboarding process and there is no evidence that this process is not robust. The current process to identify dormant accounts after three months is the additional control to ensure that if the offboarding process was to fail for the higher risk casual accounts, there is a way for these to be identified. In addition, all key applications have an audit trail built in, and all authorisations and other financial controls continue to be in place.
- However, The City sees the need for continual improvement and is working through a process with the HR department to use active staff reports directly from the HR system to correlate with staff access in the centralised access management system (Active Directory). This will mean that all staff accounts whether current, invalid or no-longer current will be assessed monthly to make sure their access is correct.

Responsible Officer
Manager Information Technology



AUDIT LOG

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
RSM – Interim ITGC Audit				
EA: 2023 (2) Network – User Access Management	Management Comment	30 April 2024	Ongoing	30 April 2024
<p>2022 Finding</p> <p>We noted the following deficiencies with the City's network access management process:</p> <ul style="list-style-type: none"> • Evidence of periodic user access reviews was not retained. We could not confirm if reviews were performed in the audit period. • 5 out of 390 active user accounts have not logged into the network in the last 6 months: <ul style="list-style-type: none"> ○ 2 accounts were disabled after audit's identification ○ 2 accounts belong to employees currently on maternity leave ○ 1 account belongs to an employee who requires the account when acting in a temporary role. • 2 out of the 13 identified privileged accounts were deemed as inappropriate or not required by management. These accounts were disabled after audit's identification. • 1 out of 390 active network accounts belonged to a terminated user. This user logged on the network post the termination date. This account was disabled after audit's identification. • 2 out of 390 active network accounts could not be matched with HR's current employee list. These accounts were disabled after audit's identification. <p>2023 Status</p> <p>We have noted an overall improvement in the User Access Management at the network level since our previous year's review. However, we identified the following deficiencies with the City's network access management process:</p> <ul style="list-style-type: none"> • 4 network accounts were inactive for greater than 6 months. Audit acknowledge that these accounts belong to employees on extended leave (greater than 6 months). We note that 1 of the employees was removed from the HR employee list. We were informed that this is due to the employee taking extended leave and returning to a new role. • The scope of the monthly user access reviews of the 	<p>•The City has a process in place to disable all accounts where an employee has left the organisation, or casuals that have not been active for three months. Evidence of this was provided to the auditor. The City does not deactivate accounts for staff on leave, including annual leave, sick leave, long service leave and maternity leave. In these cases, there is a continuing employment relationship, and the employees often continue to maintain communication with the City, including the ongoing requirement to enter timesheets for most leave types, apply for additional leave, or a change of leave type. Employees on extended leave will often continue to monitor email to maintain a connection with the City or to assist in areas of technical expertise or to provide history. Staff on maternity leave have the right to continue to be connected to their employer, including having access to their emails, and also have the right to limited return to work during their leave period. The expectation that accounts for staff on leave will be disabled is not accepted, and is inconsistent with the City's obligations as an employer.</p> <p>•The City has an offboarding process and there is no evidence that this process is not robust. The current process to identify dormant casual accounts after three months is the additional control around moderate risk, high turnover accounts to ensure that if the offboarding process was to fail, there is a way to identify non-active accounts. In addition, all key applications have an audit trail built in,</p>			



AUDIT LOG

Network Active Directory account list only identifies dormant accounts (accounts which have not been accessed within the past 90 days). There is no review performed to ensure that only current or valid users have access to the City's network.

Recommendation

The City should:

- Disable all accounts which have not been accessed within 6 months (dormant accounts). For accounts which are required to remain active past 6 months of inactivity; Investigate and implement an appropriate solution to document and obtain approval for these accounts to be exempt (e.g., Maternity or other forms of extended leave)
- Expand the scope of the monthly user access review to identify accounts which belong to invalid or no-longer current users (e.g., Users who are no longer employees of the City).

Risk Rating

Moderate (Medium)

and all authorisations and other financial controls continue to be in place.

•However, The City sees the need for continual improvement and is working through a process with the HR department to use active staff reports directly from the HR system to correlate with staff access in the centralised access management system (Active Directory). This will mean that all staff accounts whether current, invalid or no-longer current will be assessed monthly to make sure their access is correct.

Responsible Officer

Manager Information Technology



AUDIT LOG

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
RSM – Interim ITGC Audit EA: 2023 (3) Logging and Monitoring 2022 Finding Effective monitoring and logging mechanisms provide the ability to track user activities in preventing, detecting, or minimising the impact of a security/data compromise. The presence of logs in all environments allows thorough tracking, alerting, and analysis. The cause of a compromise is very difficult, if not impossible, to determine without system activity logs. We identified that the City's systems have the capability to produce network and system logs. However, logs are only reviewed when incidents are reported and are not actively monitored. Further, there is no technology that supports threat detection, compliance and security incident management through the collection and analysis (both near real-time and historical) of security events, as well as a wide variety of other event and contextual data sources. 2023 Status Currently, there is no mechanism or process in place to review network and system logs. However, it has been noted that the City is in the process of implementing a Security Information and Event Management (SIEM) solution. Recommendation The City should: •Investigate and implement a process to periodically review key system/activity logs until the development and implementation of the SIEM solution is complete. •Update governance documentation to state requirements to perform system/activity log reviews. Risk Rating Moderate (Medium)	Management Comment FY 2022 Agree. The draft IT Strategy includes using the SIEM system to address this deficit. FY2023 Agree. The City's planned implementation of a SIEM system is still in accordance with the IT Plan. Completed as of 10/2023 Responsible Officer Manager Information Technology	31 October 2024	Ongoing	31 October 2024



AUDIT LOG

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
RSM – Interim ITGC Audit				
<p>EA: 2023 (4) Business Continuity and Cyber Security Incident Response</p> <p>Finding The City maintains an IT Disaster Recovery Plan which details the operational plan to execute in the event of an IT service disaster. Additionally, the City maintains an Incident Management Business Continuity Response Plan which describes the actions to be performed if an incident affects the ability for business units to operate (Including the IT department).</p> <p>During our audit, we identified:</p> <ul style="list-style-type: none"> •The City's Business Continuity Plan does not contain a requirement to perform regular testing and has not been finalised and published following a review that took place in February 2022. •The City does not have a documented IT/Cyber Security Incident Response Plan. Audit acknowledge that the City's Disaster Recovery Plan (DRP) and Business Continuity Plan (BCP) define the steps for escalating incidents that require the DRP or BCP. <p>Recommendation The City should:</p> <ul style="list-style-type: none"> •Review, update and publish the finalised Incident Management Business Continuity Plan ensuring that the requirement to perform periodic testing of the plan is defined. •Develop an IT/Cyber Security Incident Response Plan that defines the operational plan for identifying and addressing IT incidents. <p>Risk Rating Moderate (Medium)</p>	<p>Management Comment Conditionally accept recommendation one, do not accept recommendation two, which is factually incorrect.</p> <ul style="list-style-type: none"> •The City is developing a new Business Continuity Plan that will document the business continuity approach for the City's IT function. Repeating this plan in the IT Disaster Recovery Plan creates the risk of the two documents being inconsistent. •The City already has an IT Incident Response Plan, which is within the IT Disaster Recovery Plan. This was provided to the auditor. This recommendation is factually incorrect. •The cyber security manual also contains a dedicated section for Cyber Security Incident Response(section 13, page 61). <p>Responsible Officer Manager Information Technology</p>	29 February 2024	Ongoing	29 February 2024



AUDIT LOG

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
RSM – Interim ITGC Audit EA: 2023 (5) Data Loss Prevention	Management Comment Agree	30 November 2024	Ongoing	30 November 2024
Finding Effective data loss prevention mechanisms ensure an organisation has visibility of data being exfiltrated from the network through portable or internet-based storage, and the ability to prevent sensitive data from leaving the network without appropriate approval. We identified that the City does not have technical controls to restrict/manage the use of portable storage devices and cloud storage and sharing platforms. We noted that the City's Cyber Security Manual states that unidentified/untrusted portable storage devices are not to be connected to the corporate ICT network. Audit acknowledge that the city has technical controls in place that restrict access to private/confidential information, however these do not mitigate the risk of users, who have access, exfiltrating data.	The City will create, or append to the cyber security manual, Data loss prevention policies. As noted in further comments these policies will be balancing both efficiency and risk and will be assessed by the audit and risk committee. These policies will then be implemented using current systems. Any shortfalls with current systems will be assessed against the budget in 24/25. The City will investigate and implement appropriate controls but would like to bring to attention that these recommendations overlook the City controls access to information within the individual systems. In particular, the City's record system has individual user accounts that limits access to records to specific officers. As an example, a tendered contract can only be accessed by employees responsible for the contract, with any additional access requiring formal approval. It is also noted that most information managed by the City is public information, and is either freely provided (e.g. financial payments are reported publicly each month) or available through Freedom of Information. In a security context, controls should be placed as close to the sensitive material as possible, and the City does this by having robust authentication systems and security profiles built into the systems that house the data, including our financial and records			
Recommendation The City should: •Define, document, and implement data loss prevention policies, procedures and processes that include cloud storage and transfer services. •Investigate and implement appropriate technical controls to restrict access to cloud storage websites, file-sharing platforms, the use of portable storage devices and other avenues of data loss from the City's environment.				
Risk Rating Minor (Low)				



AUDIT LOG

systems also having audit trails. Waiting until the data has already left the secure systems to implement controls, such as blocking USB sticks, would not only be too late but also unnecessarily reduce staff efficiency. Furthermore, a continued approach of restricting data movement through all conduits will ultimately result in the City being unable to function. In this context, the City does not agree that it is necessary to add additional technical controls for USB devices and cloud drives over the technical controls that already exist at the application level and the policy control in the City's approved cybersecurity manual.

In addition to existing technical controls to manage data, the City has virus scanning at the machine level to protect the network and individual workstations from viruses that might be transferred through email, USB or cloud.

In the context of application-level controls, audit trails and virus management, in addition to the generally public nature of public sector records, the City does not agree that further technical controls are required and consider any risk that the auditor may consider to exist is addressed through the existing controls.

In addition to assessing current controls and reporting this to Audit and Risk, IT will enhance the reviewing of logs by using its new XDR solution to automatically block suspicious activity allowing for a proactive response.

Responsible Officer
Manger Information Technology



AUDIT LOG

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
RSM – Interim ITGC Audit				
EA: 2023 (6) IT Governance – Strategy	Management Comment FY 2022 Agree. IT Strategy is currently being finalised.	31 July 2023	Completed	
<p>2022 Finding The City has developed a Cyber Security Manual which includes the relevant IT functional areas identified in our previous audits.</p> <p>However, we identified that the City does not have a current up to date IT strategy aligned to the City's business strategy for the current and future financial years.</p> <p>We acknowledge that the City is in the process of developing an appropriate IT strategy.</p>	<p>FY2023 Strategy approved in July of 2023, currently available online.</p> <p>Responsible Officer Manager Information Technology</p>			
<p>2023 Status We identified that the City have developed a draft IT Strategy which was reviewed by the Executive Leadership Team. The draft plan requires additional consultation and alterations before being approved.</p>				
<p>Recommendation The City should develop, approve, implement and communicate IT Strategies to all key stakeholders to ensure that IT investments support business objectives.</p>				
<p>Risk Rating Minor (Low)</p>				



AUDIT LOG

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
RSM – 2022/23 Final Financial Audit				
EA: 2023 (1) Contributed assets recognition				
<p>Finding</p> <p>The City has recognised revenue of \$13.6 million relating to the fair value of contributed infrastructure assets in the current financial year, 2022-23.</p> <p>Based on our testing, we noted that some of these contributed assets had practical completion dates prior to 1 July 2022 and had already been transferred to the City in previous years. The value of the associated assets amounted to approximately \$6 million and represents a prior period error.</p> <p>The error has been corrected by restating the prior comparative year figures in the 2022-23 financial statements.</p> <p>Inquiries with management noted the error was due to the following:</p> <ul style="list-style-type: none"> •A decision was made for the Engineering team to stop processing assets transactions around March 2022 to assist with the data migration process to the newly implemented Technology One system. This resulted in the capitalisation of these assets being omitted. •There is no standard operating procedure around the recognition of contributed assets, including lack of regular review process for contributed assets recognition •We further noted practical completion certificates were not retained for some of the assets. <p>Our audit procedures did not identify any other assets not capitalised.</p> <p>Recommendation</p> <p>The City should develop a standard operating procedure for contributed assets. This should include (but not limited to):</p> <ul style="list-style-type: none"> •formal review of contributed assets capitalisation to confirm accuracy and completeness thereof; and •maintaining a documented capitalisation retention policy. <p>Risk Rating</p> <p>Significant (High)</p>	<p>Management Comment</p> <p>Agree. The City made a management decision in 2022 to stop processing contributed asset transactions due the migration to Technology One, this resulted in a delay of approximately \$5m of contributed asset transactions being processed in 2021-2022.</p> <p>The City agrees the current process for the recognition of contributed assets needs be documented and reviewed to ensure these assets are accurately and timeously recognised.</p> <p>The City however disagrees that this finding should be rated as significant as the contributed asset was not understated but incorrectly recognised in 2023 instead of being split between the current financial year and prior years.</p> <p>Responsible Officer</p> <p>Manager Asset Management Services</p>	30 June 2024	Ongoing	30 June 2024



AUDIT LOG

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date															
RSM – 2022/23 Final Financial Audit																			
EA: 2023 (2) Long Service Leave and Annual Leave Reconciliation	Management Comment The.	30 June 2024	Ongoing	30 June 2024															
Finding During our audit of the employee leave provision balances, we noted differences between the Tech One system leave balances and the Annual and Long Service Leave schedule which is used in the determination of the leave provision balances recognised in the financial statements. The identified differences in both hours and resultant impact on the leave provisions were as follows as at 30 June 2023:																			
<table border="1"> <thead> <tr> <th>Category</th><th>Tech One balance (Hours)</th><th>AL and LSL Schedule (Hours)</th><th>Difference (Hours)</th><th>Resultant Difference (\$)</th></tr> </thead> <tbody> <tr> <td>Annual Leave</td><td>29,216</td><td>29,043</td><td>(173)</td><td>(3,567)</td></tr> <tr> <td>Long Service</td><td>54,367</td><td>59,827</td><td>5,460</td><td>265,649</td></tr> </tbody> </table>					Category	Tech One balance (Hours)	AL and LSL Schedule (Hours)	Difference (Hours)	Resultant Difference (\$)	Annual Leave	29,216	29,043	(173)	(3,567)	Long Service	54,367	59,827	5,460	265,649
Category	Tech One balance (Hours)	AL and LSL Schedule (Hours)	Difference (Hours)	Resultant Difference (\$)															
Annual Leave	29,216	29,043	(173)	(3,567)															
Long Service	54,367	59,827	5,460	265,649															
We understand from management that the differences are mainly due (but not limited) to the following factors: <ul style="list-style-type: none"> •At the time of migration from Authority to Techone, the Long Service Leave entitlement for some of the employees had not been updated and reconciled in TechOne, however had been correctly provided for in the manual Annual and Long Service Leave schedule; •Casual Long Service Leave has to be validated in TechOne regarding their eligibility. This was accrued for in TechOne but not allowed for in the manual schedule; and •Long Service Leave owing by other Councils in relation to some of the new employees (who joined the City from other Councils) have not been captured in TechOne however been captured in the manual Annual and Long Service Leave schedule. 																			
The resulting difference has been included in the schedule of uncorrected misstatements included in the management representation letter.																			
Recommendation We recommend that the City investigate the reasons for the difference between TechOne and the leave schedules and ensure a full reconciliation is performed on a regular basis. Any arising reconciling items should be validated and adjusted as required.																			
Risk Rating																			

AUDIT LOG

Moderate (Medium)





AUDIT LOG

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
RSM – 2022/23 Final Financial Audit				
<p>EA: 2023 (3) Formal documentation of review of rates data input into Authority</p> <p>Finding As part of the annual rates levy process, (1) rates and minimum payments and (2) valuations received from Landgate are entered into the Authority system. It was noted that there is no evidence of an independent review to ensure this data has been entered correctly and without omission. Additionally, we noted that no review is currently performed that compares the recorded revenue from rates levied to budgeted revenue.</p> <p>Recommendation The City should implement a formal review process for the Landgate valuation reports and establish a system to reconcile the Landgate property valuation reports to the accounting systems. The review should be evidenced by a formal sign-off by the preparer and reviewer.</p> <p>Risk Rating Minor (Low)</p>	<p>Management Comment A detailed report has been requested from Landgate and a detailed reconciliation of land valuation in Authority to Landgate records have been completed in June 2023. This process has been documented and will be conducted twice in the year to ensure completeness and accuracy of valuation data in Authority.</p> <p>Responsible Officer Chief Financial Officer</p>	30 November 2024	Ongoing	30 November 2024



AUDIT LOG

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
RSM – 2022/23 Final Financial Audit EA: 2023 (4) Long Service Liability Rate Finding The City has recognised \$2.95 million of long-service leave liabilities as at 30 June 2023. Based on the testing performed, we noted the City has discounted long-service leave liabilities for employees who have more than 10 years of service. This discounting should not have been applied, given the employees are entitled to take the leave at any time. Our recalculation indicated that the long service leave provision is overstated by \$10k due to this error. The City has reviewed and concluded that the long-service liability should not be discounted for employees who have worked for more than 10 years. As the amount is below materiality, the City has advised that management will update the calculations going forward. Recommendation The City is recommended to review the current schedule in full to ensure that appropriate discount rates are used in the calculation of long-service leave liabilities. Risk Rating Minor (Low)	Management Comment Agreed. The leave calculation sheet will be updated to exclude the discounting for those employees that have greater than 10 years of service. Responsible Officer Chief Financial Officer	31 December 2023	Ongoing	31 December 2023



AUDIT LOG

ITEMS OUTSTANDING FROM PRIOR AUDITS

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
Paxons – Community Services Internal Audit Review				
IA: 2023/11 (5.2) Documenting and Recording Decisions				
<p>Finding</p> <p>As part of the Youth & Community Mental Health Initiative Program (YCMHIP) the City received two separate applications from two different applicants. During the assessment period. It was determined that these projects were very similar in nature and the applicants already had a strong collaborative history. As a result, the City facilitated discussions between the two applicants and they agreed to merge their projects into a single joint project, with one applicant removing their application. However, within Smarty Grants the system used for administering grant processes they were both documented as approved for payment, but only one payment was actually made and used for a joint event.</p> <p>It was also noted that there were no acquittals performed for this program, although they were documented as required within the 2022 Guidelines. We were informed that there was a change made in the acquittal requirements for this program which allowed businesses to apply for the grants and which led to the majority of the successful applicants not having receipts to submit as part of the grant acquittal process as they had incurred internal costs. Hence, the removal of the acquittal requirement. However, there was no documented record to support this change or its approval.</p> <p>Recommendation</p> <p>For all decisions made or where policy or guidelines are deviated from the change should be documented, approved appropriately and formally recorded.</p> <p>Risk Rating</p> <p>Medium</p>	<p>Management Comment</p> <p>In relation to the merged applications both being approved for payment, they were both listed as approved applications however one application (MH010) was recorded as being approved for \$0 while the other application (MH008) was approved for the full \$20,000.</p> <p>Acquittals were completed for these grants, though the requirement for receipts to evidence how the grants were spent was removed from the acquittal process.</p> <p>The Guidelines will be reviewed updated accordingly.</p> <p>Responsible Officer</p> <p>Coordinator Engagement and Place</p>	31 March 2024	<p>23/01/2024 Coordinator Engagement and Place: Completed.</p> <p>Updated Community Grants and Funding Guidelines are now in place which include clearer language and a clear guide as to required timeframes. The team has been made aware of their requirements for making changes to programs and documenting how those decisions were approved.</p>	<p>31 March 2024</p> <p>Completed.</p>



AUDIT LOG

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
Paxons – Community Services Internal Audit Review				
IA: 2023/11 (5.3) Documenting and Recording Decisions				
<p>Finding</p> <p>Through assessment of the guidelines for YCMHIP grants and community event funding, we were able to determine the following set timeframes for application processing:</p> <ul style="list-style-type: none"> WAPHA Grants – All applicants will be notified of the outcome of their application within one month of the closing date. Community Grants - Applications will take six weeks for assessment and notification of outcomes from the date of submission or round closing, unless otherwise specified in the individual grants criteria <p>Paxon assessed the decision timeframe for YCMHIP grant applications and community event funding applications. Through assessment of community event funding, it was noted that five out of sixteen tested funding exceeded the six-week timeframe and through assessment of the YCMHIP grants, it was noted that six out of eight tested grants did not meet the expected timeframe.</p> <p>This finding suggests that there may be some systemic issues with the way that the City is processing YCMHIP grant applications and community event funding applications. It is possible that the City is not adequately resourced to process applications within the set timeframe, or that there are inefficiencies in the process.</p> <p>Ensuring the timeframes are met is important as it can lead to complications for the applicant resulting in delays or even cancellations of events.</p> <p>Recommendation</p> <p>The City should review the timelines for the grant application processes to identify and address any systemic issue and to assess if they are realistic.</p> <p>Risk Rating</p> <p>Medium</p>	<p>Management Comment</p> <p>The recommendation is accepted. Grant application timelines will be reviewed to determine they are appropriate.</p> <p>Responsible Officer</p> <p>Coordinator Engagement and Place</p>	31 March 2024	<p>23/01/2024 Coordinator Engagement and Place: Completed.</p> <p>Grants team are aware of timeframes and Community Grants and Funding Guidelines have been updated to have clearer language and timeframes. Timeframes will be reviewed annually and adjusted if required.</p>	31 March 2024 Completed.



AUDIT LOG

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
Paxons – Community Services Internal Audit Review				
IA: 2023/11 (5.4) Conflicts of Interest				
<p>Finding</p> <p>The City currently lacks a comprehensive process for managing conflicts of interest. While reports can be generated from Smarty Grants to track declarations made during individual assessments, there is no established procedure for recording decisions regarding whether a member with a conflict of interest can vote or must be excluded from decision-making or how they should be managed. There is also no mention of conflict of interest management processes within policy.</p> <p>The City acknowledges this gap and has implemented a conflict of interest register to help rectify the situation. We reviewed the new conflict-of-interest register introduced at the City, and we are able to ascertain the adequacy of the new register.</p> <p>It is also planned to incorporate this process into their "Admin Close Out Form" and ensure that minutes are taken at panel meetings, including information on conflict-of-interest decisions.</p> <p>Recommendation</p> <p>The City should establish clear and comprehensive conflict of interest processes for identifying, disclosing, managing and resolving conflicts of interest. These policies should be easily accessible to all employees, officials, and stakeholders. The City should also continue to maintain and regularly update the conflict-of-interest register.</p> <p>Risk Rating</p> <p>Medium</p>	<p>Management Comment</p> <p>Conflict of interest is addressed within the City's Employee Code of Conduct. There is a process map detailing the process for making such a declaration which links to the City's template disclosure form.</p> <p>As suggested, the City will incorporate conflict of interests within the "Admin Close Out Form" and ensure conflicts of interests are appropriately recorded in the minutes of panel meetings. The City will also increase education of staff regarding disclosing conflicts.</p> <p>Responsible Officer</p> <p>Coordinator Engagement and Place</p>	31 March 2024	<p>23/01/2024 Coordinator Engagement and Place: Ongoing.</p> <p>Conflict of Interest Register has been completed and is saved in CM9 (see D23/48238). The team will use this during Q3/4 of 2023/24 year and adjust if required.</p> <p>Action can be closed.</p>	<p>31 March 2024</p> <p>Completed</p>



AUDIT LOG

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
Macri Partners – Financial Management Review				
EA: 2023/06 (4.2(ii)) Investment of Surplus Funds	Management Comment The work instruction referred to is currently not utilised in the daily management of investments. The City's policy delegation register are the key operational documents utilised and was updated in 2022.	31 December 2023	01/11/2023 Coordinator Finance: The process maps for investments is still to be created.	31 December 2023 29 February 2024
Finding The City's Investment Procedural Guideline (Work Instruction) - FIN77 has not been reviewed by the City since 29 October 2018.				
Recommendation The Work Instruction should be reviewed by the senior management periodically and updated if required based on the investment objectives of the City specified in the Investment Policy.	The process map for the investment process will be created and will replace the work instruction.		01/02/2024 Coordinator Finance: The creation of a process map for investments has commenced and expected to be completed by the end of the month.	
Risk Rating Minor (Low)	Responsible Officer Chief Financial Officer and Coordinator Finance			



AUDIT LOG

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date															
<div>Macri Partners – Financial Management Review</div> <div>EA: 2023/06 (4.2(iii)) Investment of Surplus Funds</div> <div>Finding</div> <div>The City's investment policy (D12/63257/v5) requires that investments be spread within a credit rating to ensure that single entity exposure is limited as detailed below.</div> <table><thead><tr><th>S&P Long Term Rating</th><th>S&P Short Term Rating</th><th>Direct Investment Maximum for Category</th></tr></thead><tbody><tr><td>AAA and Bendigo Bank Kwinana Community Branch</td><td>A-1+ and Bendigo Bank Kwinana Community Branch</td><td>45%</td></tr><tr><td>AA</td><td>A-1+</td><td>45%</td></tr><tr><td>A</td><td>A-1</td><td>23%</td></tr><tr><td>BBB</td><td>A-2</td><td>10%</td></tr></tbody></table> <div>Our examination of the investment portfolio as at 30 June 2023 revealed that the investment in Bendigo Bank is 100% of the total investment in the AAA and Bendigo Bank credit rating category and the investment in National Australia Bank in the AA credit rating category is 69% and the investment in the Suncorp Bank in the A credit rating category is 100%.</div> <div>We understand that the intent of the City is to monitor single entity investment in comparison to the total portfolio of investments.</div> <div>Recommendation</div> <div>The City should review the investment policy and update it in order to fall in line with the expectations of the City.</div> <div>Risk Rating</div> <div>Minor (Low)</div>	S&P Long Term Rating	S&P Short Term Rating	Direct Investment Maximum for Category	AAA and Bendigo Bank Kwinana Community Branch	A-1+ and Bendigo Bank Kwinana Community Branch	45%	AA	A-1+	45%	A	A-1	23%	BBB	A-2	10%	<div>Management Comment</div> <div>The intent of the policy is to monitor single entity investment in comparison to the total portfolio of investments. This however, is not very clearly articulated in the current policy and will need to be updated accordingly.</div> <div>Responsible Officer</div> <div>Chief Financial Officer</div>	31 December 2023	<div>01/11/2023 Coordinator Finance: The review of the investment policy has commenced.</div> <div>01/02/2024 Coordinator Finance: The review of the investment policy is expected to be completed by the end of the month.</div>	<div>31 January 2024</div> <div>29 February 2024</div>
S&P Long Term Rating	S&P Short Term Rating	Direct Investment Maximum for Category																	
AAA and Bendigo Bank Kwinana Community Branch	A-1+ and Bendigo Bank Kwinana Community Branch	45%																	
AA	A-1+	45%																	
A	A-1	23%																	
BBB	A-2	10%																	



AUDIT LOG

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
Macri Partners – Financial Management Review				
EA: 2023/06 (4.3(iv)) Purchase of Goods and Services	Management Comment Personal credit card usage is not encouraged at the City but at the same time if an individual uses his/her personal credit card and the amounts are immaterial, the City reimburses the relevant expenditure as soon as possible. This risk is managed as all reimbursements of credit card expenditure must be authorised and validated prior to reimbursement. The identified risk is under control and therefore no further action required.	N/A	24/01/2024 Chief Financial Officer: No Action required – this finding can be closed.	Completed
Finding During our testing of credit card transactions during the year, we noted that IT Manager had used his personal credit card to pay for business expenses until he was issued with a corporate credit card.				
Recommendation We recommend that the City amends its purchasing policy to include a paragraph prohibiting the use of personal credit cards to meet business expenses. Requests made by employees who are in need of corporate credit cards should be dealt with by the City in a timely manner.				
Risk Rating Minor (Low)	Responsible Officer N/A			



AUDIT LOG

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
Macri Partners – Financial Management Review				
EA: 2023/06 (4.4) Rates	Management Comment The Rate Collection Policy and Financial Hardship Policy will be updated to include the date of adoption and review date.	30 September 2023	18/10/2023 Governance and Risk Officer:	Completed
Finding The City's policy documents on "Rates Collection" and "Financial Hardship Policy for Rate Payers" do not indicate the date of adoption and when the next review is due.	Responsible Officer Chief Financial Officer and Manager Governance and Legal		The City's Policy template includes, the first initial adoption date, review date and the next review date. Currently working through all policies to ensure last review and next review dates are included. D23/14714 – Policy Register and Review Plan D23/29407 – Guide – Policy Review and Development D16/65703[v7] – Template – CLT – Council Policy	
Recommendation The City should indicate the date of adoption and the date of next review on all its policy documents. Reviews of all council policies should be carried out periodically and updated where necessary.				
Risk Rating Moderate (Medium)			30/01/2024 Manager Governance and Legal: The policy adoption date and next review date are now indicated on both policies. Amendments to the references section of a policies may be made without the need to take such policy back to Council. Note however that both policies are undergoing review and are to be presented to Council at an upcoming meeting. The City will continue to ensure previous and next due review date information is added to all policies as they are reviewed. Action completed.	



AUDIT LOG

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
Macri Partners – Financial Management Review EA: 2023/06 (4.5) Sundry Debtors	Management Comment The work instruction is still applicable but needs to be updated with reference to One Council.	31 December 2023	01/11/2023 Coordinator Finance: Works on the works instruction for Private works is still to commence.	31 December 2023 29 February 2024
Finding The City's work instruction on private works (FIN59) has not been reviewed since 21 October 2015.				
Recommendation The City should review, the work instruction (FIN 59) at the earliest and update it where necessary.	Responsible Officer Chief Financial Officer and Coordinator Finance		01/02/2024 Coordinator Finance: Review of the work instruction for Private works has commenced and expected to be completed by the end of the month.	
Risk Rating Minor (Low)				



AUDIT LOG

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
Macri Partners – Financial Management Review				
EA: 2023/06 (4.6(i)) Payroll	Management Comment A Masterfile report is being sourced for the HR manager to sign off Noting, the current "shipped" report in OneCouncil is not adequate/workable and a custom report is being sourced through the City's systems administration provider "Attura". This work has been scheduled to be completed within the next 3 months.	31 December 2023	01/11/2023 Payroll and Systems Coordinator: The City's administration provider "Attura" is currently looking at the development of a report. The work is on-going.	31 December 2023
Finding We noted that amendments to payroll Masterfile (other than changes to banking details) are not reviewed by an officer independent of the officer/s who have access to payroll Masterfile.				29 February 2024
Recommendation Management should review all amendments to payroll Masterfile on a periodic basis and ensure all amendments are genuine and correct. Evidence of review should be documented and retained.	Responsible Officer Payroll and System Coordinator		23/01/2024 Payroll and Systems Coordinator: The City is yet to receive a draft report as per the requested scope of works. Follow-up with the administration provider "Attura" has been instigated.	
Risk Rating Moderate (Medium)				



AUDIT LOG

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
Macri Partners – Financial Management Review				
EA: 2023/06 (4.6(iii)) Payroll	Management Comment The HR Internal Policy details leave management strategies to assist with clearing accrued leave. These strategies are being implemented across the organisation and balances are reviewed regularly. To assist management to track and monitor leave balances, dashboards will be created in OneCouncil.	31 March 2024	01/11/2023 Manager Human Resources: The City has contacted the systems Owner/Developer/Provider "TechnologyOne" regarding the training of staff in the development of dashboards and applicable reports to be created in OneCouncil. The Payroll and Systems Coordinator will be trained in the development of dashboards/applicable reports at the next available opportunity. As per Appendix 1 of the HR Internal Leave Management policy, Managers/supervisors are actively addressing accrued leave balances.	31 January 2024 Completed
Finding The City's Human Resources - Internal Policy states in paragraph 3.1 that all employees shall endeavor to take annual leave in the year in which it is accrued. During our testing of the annual leave report at year end we noted 25 staff out of a total of 296 staff with outstanding annual leave entitlements in excess of 8 weeks ie 8 weeks to a maximum of 24 weeks.				
Recommendation Management should implement processes to identify and monitor staff that have accrued excess annual leave balances and take appropriate action.	Responsible Officer Manager Human Resources			
Risk Rating Moderate (Medium)			23/01/2024 Manager Human Resources: Whilst the dashboard is being developed, the Managers and Supervisor are able to access the leave balances of their direct reports in the system – payroll is undertaking training for these Managers and Supervisors on how to determine the leave balances with the view to monitoring and managing these. Dashboard development timeframe is 30 June 2024. Payroll is commencing information/training sessions as of February 2024. Leave information to be manually distributed to Managers in the meantime. Action to be closed.	



AUDIT LOG

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
Macri Partners – Financial Management Review EA: 2023/06 (4.6(iv)) Payroll	Management Comment This policy has been reviewed in light of the changes of legislation for Local Governments transitioning from the Federal to State system. The review took place in August 2021. All HR policies have been reviewed aligning to the applicable (new) legislation with the policies being progressively submitted to the Executive team for approval.	31 December 2023	01/11/2023 Manager Human Resources: As part of the transition to the State Industrial Relations system from the Federal system, it has been a legislative requirement to update all the HR Internal policies to reflect the new appropriate legislation. All HR Internal policies have been reviewed, with over 50% being presented to the Executive for final approval. These policies are being submitted for final approval on a progressive basis. On track to be completed by 31 December 2023.	31 December 2023 31 March 2024
Finding There was no documentary evidence that the City's Human Resources - Internal Policy has been reviewed since September 2018.				
Recommendation The City should review the Policy periodically and update it where necessary.				
Risk Rating Minor (Low)	Responsible Officer Manager Human Resources		23/01/2024 Manager Human Resources: HR policies have been reviewed with 75% now approved by Executive. Progression of approval continuing.	



AUDIT LOG

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
Macri Partners – Financial Management Review				
EA: 2023/06 (4.6(v)) Payroll	Management Comment The Authority System does not have the capability to provide the pro rata balances between the anniversary date of the employee and the date of migration 26/06/2023. We have identified this issue and a manual calculation is required. This will be rectified in the coming months.	31 December 2023	01/11/2023 Payroll and Systems Coordinator: Manual Calculation for part-time/casual employees has commenced. The process/calculation will continue to be progressed over the next couple of months.	29 February 2024
Finding During our testing of the long services records it was noted that when transitioning from the Authority system to the OneCouncil system, prorated long service leave balances at the end of the last financial year have not been brought forward to the 2022/23 financial year.				
Recommendation The management should carry out a detailed investigation of the brought forward long service balances from the Authority system to the OneCouncil system and rectify the errors in order to ensure the year end long service liability is accurate.	Responsible Officer Payroll and Systems Coordinator		23/01/2024 Payroll and Systems Coordinator: This action is on-going and is progressing. Additional resourcing in the Payroll team has provided extra capacity and capability to achieve this task.	
Risk Rating Moderate (Medium)				



AUDIT LOG

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
Macri Partners – Financial Management Review				
EA: 2023/06 (4.7) Information Technology	<p>Management Comment IT has a robust onboarding and offboarding procedure that is used for all staff, including fulltime, casuals and contractors, during this process the manager and HR define the access required for individuals.</p> <p>A formal permissions structure review has taken place and permissions are aligned with requirements of the business and financial delegations are entirely defined by the finance department.</p> <p>However, the IT Department understands that this requirement is for the regular review of permission structures and is currently working through a process to cross reference with HR and departmental managers on a 6 monthly basis to make certain there have been no changes to requirements or the officers position/role in the company.</p> <p>Responsible Officer Manager Information Technology</p>	31 December 2023	<p>16/11/2023 Manager Information Technology: We are currently working through this with HR. Unfortunately due to staffing constraints we have had to push out the deadline to the end of February. We have however discussed how to implement and have test data that proves that we have a viable process, we just need time to implement.</p> <p>16/11/2023 Manager Information Technology: Ongoing. This action is a priority for the team and is anticipated to be completed in the revised timeframe.</p>	29 February 2024
<p>Finding During our testing of IT controls, we noted that the City does not have a formal process to review user access rights and privileges in the system to ensure they are in line with the responsibilities of individual staff member's roles/responsibilities.</p> <p>Recommendation The management should ensure user access rights are periodically reviewed to ensure they are in line with individual staff roles and responsibilities.</p> <p>Risk Rating Moderate (Medium)</p>				



AUDIT LOG

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
Macri Partners – Financial Management Review				
EA: 2023/06 (4.8(i)) Fixed Assets	Management Comment All disposal of assets would require the necessary Asset Disposal Forms to be completed and authorised. Communication regarding this requirement will be sent to all asset owners.	31 October 2023	01/11/2023 Coordinator Finance: Works on the Asset disposal forms have commenced and will be completed by end of the month.	30 November 2023
Finding We noted that currently there is no process of formally documenting the disposal of assets i.e. <i>Asset Disposal Form</i> , and obtaining managements approval prior to disposal of individual assets. We however, acknowledge that potential disposals are included in the City's approved budget.			01/02/2024 Coordinator Finance: Works on the Asset disposal forms is being finalised and will be completed by end of the month.	29 February 2024
Recommendation We recommend that management introduce an Asset Disposal/Deletion form to formalize the asset disposals/deletions process, which should also be subject to appropriate authorisation.	Responsible Officer Coordinator Finance			
Risk Rating Minor (Low)				



AUDIT LOG

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
Macri Partners – Financial Management Review				
EA: 2023/06 (4.8(iii)) Fixed Assets	Management Comment The portable asset register will be reviewed and updated to include cost and date of purchase of asset.	31 December 2023	01/11/2023 Coordinator Finance: The portable asset register have been updated to include the date of purchase and the cost.	31 December 2023
Finding Section 17B of the Local Government (<i>Financial Management</i>) Regulations 1996, requires the CEO to take all reasonable steps to prevent the theft or loss of portable and attractive assets with a fair value of less than \$5,000 at the date of acquisition which are excluded from the fixed asset register. Although the City maintains registers in respect of these assets, we noted that important information such as the date of purchase and the cost are not indicated in respect of certain assets. Recommendation We recommend that the registers be updated with all the required information that enables easy identification of portable and attractive assets with a fair value of less than \$5,000. Risk Rating Minor (Low)	Responsible Officer Chief Financial Officer and Coordinator Finance		24/01/2024 Chief Financial Officer: This audit query has been actioned and can be closed.	Completed



AUDIT LOG

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
Macri Partners – Financial Management Review				
EA: 2023/06 (4.9(i)) General Compliance and Other Matters	Management Comment The delay resulted due to early closure of council meetings in December 2022 and the next earliest meeting held in February 2023. We will ensure the November 2023 Statement of Financial Activity is presented to the council meeting in December 2023.	31 December 2023	01/11/2023 Coordinator Finance: Finance will ensure the monthly financial statements are presented within 2 months of the month end. 24/01/2024 Chief Financial Officer: This has been actioned and can be closed.	Completed
Finding We noted the Statement of Financial Activity for the month of November 2022 was not presented to the Council within 2 months of month end as required by the Local Government (<i>Financial Management</i>) Regulations 1996, 34 (4)				
Recommendation Monthly financial activity statements should be presented at the ordinary council meeting as prescribed in the Local Government (<i>Financial Management</i>) Regulations 1996.	Responsible Officer Chief Financial Officer			
Risk Rating Minor (Low)				

8.4 RISK MANAGEMENT ACTIVITY REPORT

SUMMARY

This report provides an update to the Audit and Risk Committee (Committee) on the City's operational and strategic risk profile for the purpose of facilitating appropriate and independent oversight of the management and control of the City's risks and risk management processes.

This report is a standard item for the Committee and details all identified strategic risks and high-level operational risks, including the status of identified actions to manage those risks.

There are presently no high or extreme rated (residual) operational risks for reporting to the Committee.

The register of strategic risks for the City is provided at **Attachment A** for noting and comment by the Committee.

The following changes to strategic risks are noted since the December 2023 Committee meeting:

1) Changes to risk ratings

SR18 - Community Engagement Practices

- Re-assessed and reduced from medium to low residual risk due to adequate controls.

2) Risks marked inactive

SR3 – Strategic performance not being reported back to Council

- The City has sufficient safeguards, including a corporate calendar, Corporate Business Action Plan, quarterly reporting to Elected Members as well as the tracking of performance through the City's software program.

SR16 – Integrated planning requirements in accordance with the relevant legislation

- The City has an Integrated Planning and Special Projects Officer who is focussed on ensuring the City's integrated planning requirements are appropriate and in accordance with legislation. Timeframes are managed through the corporate calendar.

SR20 – Under insuring assets resulting in insufficient insurance proceeds to fund projects if replacement required

- For each department across the City, cross check current asset list against assets insured. The City also completes an annual LGIS questionnaire which includes checking for each department that all assets are adequately insured.

SR23 – Financial loss arising from inaccurate assessment of DCP infrastructure cost estimates resulting in inability to deliver required infrastructure

- The City undertakes annual valuations of its assets, with insurance policies reviewed to ensure sufficient coverage. This is monitored by the City's cross-functional DCP team.

3) Risks added to register

SR29 – Cyber security

- New risk item has been included within the Strategic Risk Register and appropriate controls have been allocated. The Manager Information Technology will continue to monitor the risk and the associated action.

OFFICER RECOMMENDATION

That the Audit and Risk Committee note and provide comment where appropriate on the City of Kwinana Organisational Risk Register – Strategic Risks detailed in Attachment A.

VOTING REQUIREMENT

Simple majority

DISCUSSION

While it is not feasible to eliminate all risk, it is possible to manage uncertainty and create an environment where the occurrence of unexpected events is minimised.

Effective management of risk creates value for the organisation and its community and contributes to the demonstrable achievement of objective whether in strategic or project-based initiatives or in normal operations.

The City's Audit and Risk Committee is a Committee of Council in accordance with the *Local Government Act 1995* (the Act) and is responsible for providing guidance, assistance, and oversight to the Council, in relation to matters which include risk management.

The City's Risk Management Strategy sets the following role and responsibilities for the Committee in relation to risk management:

- 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 (Strategy) establishes the following risk assessment criteria:

Measures of Likelihood			
Level	Rating	Description	Frequency
A	Almost Certain	80-100% probability that the event will occur in the time period being considered.	Likely to occur at least once in every 1 to 1 ¼ years.
B	Likely	50-79% probability that the event will occur in the time period being considered.	Likely to occur once every 1 ¼ years to 2 years.
C	Possible	25-49% probability that the event will occur in the time period being considered.	Likely to occur once every 2 years to every 4 years.
D	Unlikely	2-24% probability that the event will occur in the time period being considered.	Likely to occur once every 4 years to every 50 years.
E	Rare	0-2% probability that the event will occur in the time period being considered.	Not likely to occur more than once in 50 years.

The City's risk appetite/attitude for residual risk set out in the Strategy is as follows:

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

The Organisational Risk Register shows all 8 active strategic risks recorded for the City. Of the 110 operational risks recorded for the City, those that are recorded with a residual rating of 'high' or 'extreme' are presented (presently nil).

The following is a summary of all active risks within the City's risk portfolio:

Risks		Risks by Ratings (Residual)	
Operational Risks	110	Extreme	0
		High	0
		Medium	48
		Low	53
		No Rating (draft)	9
Strategic	8	Extreme	0
		High	0
		Moderate	5
		Low	3
		No rating (draft)	0

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	N/A – There is no specific action in the CBP, yet this report will help achieve the indicated outcomes and strategic objectives	City Officers report risk in an accountable and transparent manner.

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 sub regulation (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 - February 2024

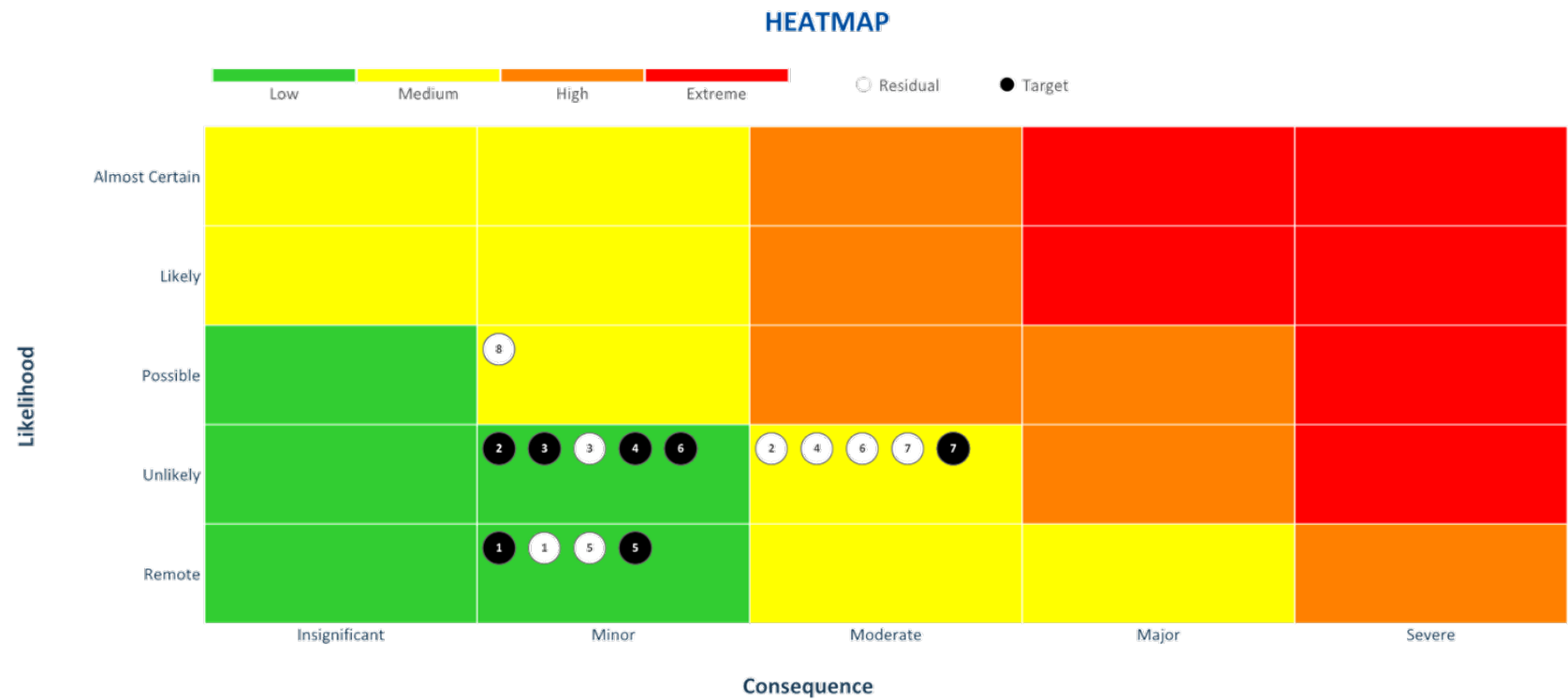


Heatmap Report

City of Kwinana

Camms.

Print Date: 05-Feb-2024



RISK SUMMARY

Strategic Risk

No.	Risk Title	Residual	Target	Trend
1	SR2 - Monitoring of financial ratios to ensure they fall within DLGSC standards	Low	Low	↓
	Risk Review Comments: Financial ratios are no longer required to be included in the AFS, however they will be monitored via the LTFP processes. This risk item has undergone a review, during which the associated review dates were reassessed and updated to align with our internal financial processes.			
2	SR6 - Maintain level of service of City assets	Medium	Low	↔
	Risk Review Comments: Risk reviewed amended controls. Next review of Long Term Financial Plan will commence 2023, which will map out investments into asset management.			
3	SR12 - Ensuring compliance with Work Health and Safety (WHS) legislation and associated regulations	Low	Low	↓
	Risk Review Comments: As of the 31 March 2023, the transition period for the new WHS legislation ended, the City undertook several projects to ensure the City is compliant with the new legislation. Updating and implementing amendments to the WHS framework to achieve the strategic outcomes of this framework. Whilst the City has assessed and reviewed its documentation and processes against the new WHS legislation and this has been implemented across the City, (now considered as business as usual), moving forward there is a requirement to ensure that workers are adhering to and applying these updates. Ensuring this compliance is on-going strategic risk that needs to be mitigated."			
4	SR17 - State Government Waste Avoidance and Resource Recovery Strategy 2030 requirement for 3-bin FOGO waste systems to be implemented across Perth and Peel by 2025	Medium	Low	↓
	Risk Review Comments: Feasibility Assessment project completed with the Feasibility Assessment Report endorsed by Council at the 28 June Ordinary Council Meeting with recommendations adopted. Feasibility Assessment has been provided to the Department for comment.			
5	SR18 - Community Engagement Practices	Low	Low	↔
	Risk Review Comments: In the past 12 months, the City have increased the levels and frequency of engagement with the community. While there is some inherent risks associated with community engagement practices, it must be noted that the overall risk in the space if declined due to greater levels of transparency and a greater involvement form the community in decisions that impact their lives.			
6	SR25 - Impact of impending reform to the Retirement Villages Act 1992 on the City's ability to operate Banksia Park Retirement Estate	Medium	Low	↓
	Risk Review Comments: A review of the service model and asset management to determine the direction the City takes in the future in managing the Retirement Villages will commence in February 2024. The City is continuing to monitor the impending changes as well as advice received and the City has requested the Department of Mines, Industry Regulation and Safety include the City as part of their consultation process. . A bill containing the proposed amendments to the RV Act has yet to be prepared for introduction into Parliament. The City has been progressing a consolidation process for Callistemon Court Aged Persons Units to streamline all current agreements into one agreement. Included in the new agreement is intended to be a clause acknowledging that the City is presently considering the long-term future of the site given impending legislative changes in this area proposed by State Government. An agreement has now been reached and the City is awaiting execution by the Department of Communities and the Department of Communities will relinquish agreements in 2025 and 2030.			

City of Kwinana

Heatmap Report

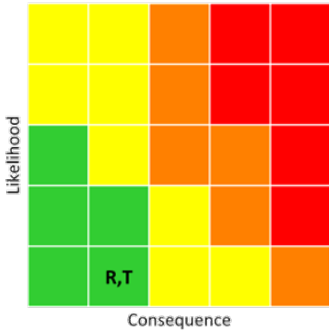
No.	Risk Title	Residual	Target	Trend
7	SR28 - Impact of mandated transition from Federal to State industrial relations (IR) system on 1 January 2023	Medium	Medium	↔
	Risk Review Comments: The City's HR team continue to monitor the information being presented and attend information sessions held. The City is currently on schedule to transition to the new requirement by the 31 December 2024.			
8	SR29 - Cyber security	Medium		
	Risk Review Comments: -			

RISK OVERVIEW

Strategic Risk

SR2	Monitoring of financial ratios to ensure they fall within DLGSC standards		
Risk Categories: Financial, ICT, Assets/Infrastructure	Responsible Person: Chief Financial Officer	Last Reviewed Date: 12 Feb, 2024	Next Review Date: 30 Jun, 2024

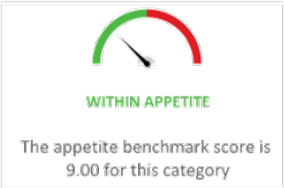
Individual Heatmap



R Residual Risk Assessment
T Target Risk Assessment

Effectiveness of control	
R	Substantially Effective

Risk Appetite



Causes

- Inadequate asset sustainability practices

Risk Review Comments: Financial ratios are no longer required to be included in the AFS, however they will be monitored via the LTFF processes. This risk item has undergone a review, during which the associated review dates were reassessed and updated to align with our internal financial processes.

Risk Treatment: Treat

Residual Controls

Control Title	Control Owner	Control Effectiveness	Next Review Date
2022-2041 Long Term Financial Plan	Chief Financial Officer	Substantially Effective	30 Jun, 2024

Residual Solutions

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
Ensure that future budgets and LTFFs continue to increase asset renewal expenditure to bring the asset sustainability ratio to an acceptable level.	Chief Financial Officer	In Progress	30	30 Jun, 2024
Investigate options to create a report in OneCouncil to provide current ratio status at quarterly intervals.	Chief Financial Officer	Not Started	0	30 Jun, 2024

City of Kwinana

Heatmap Report

SR6 Maintain level of service of City assets

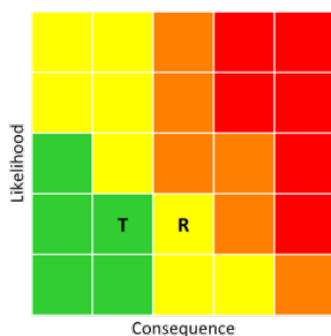
Risk Categories: ICT, Assets/Infrastructure, Financial, Service Delivery

Responsible Person: Director City Infrastructure

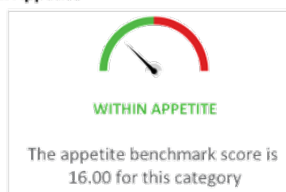
Last Reviewed Date: 12 Feb, 2024

Next Review Date: 16 Nov, 2024

Individual Heatmap



Risk Appetite



Causes

- City infrastructure failure
- failure to fund asset renewal obligations and asset maintenance requirements over the long term
- Inadequate asset data
- Inadequate asset sustainability practices

Consequences

- Failure or reduction in service of infrastructure assets, plant, equipment or machinery. These include fleet, buildings, roads, playgrounds, boat ramps and all other assets and their associated life-cycle from procurement to maintenance and ultimate disposal. It does not include issues with the inappropriate use of the plant, equipment or machinery.
- Failure to fulfill statutory regulations or compliance requirements
- Financial burden of extended project implementation
- Poor financial reporting and investment to address the City's commitment to asset management

Risk Review Comments: Risk reviewed amended controls. Next review of Long Term Financial Plan will commence 2023, which will map out investments into asset management.

Risk Treatment: Avoid

Residual Controls

Control Title	Control Owner	Control Effectiveness	Next Review Date
Prioritisation of asset management and accurate planning of works.	Manager Asset Management Services	Substantially Effective	30 Nov, 2024

Residual Solutions

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
Asset Management Plans	Manager Asset Management Services	Completed	100	30 Nov, 2024
Petition IPWEA to advocate to retain financial ratios in the annual report and MY Council website	Director City Infrastructure	Completed	100	23 Jan, 2023
Provide asset financial data	Manager Asset Management Services	Completed	100	31 Aug, 2023
Review systems associated with prioritisation of asset management and accurate planning of works	Manager Asset Management Services	Completed	100	30 Nov, 2023

City of Kwinana

Heatmap Report

SR12 Ensuring compliance with Work Health and Safety (WHS) legislation and associated regulations

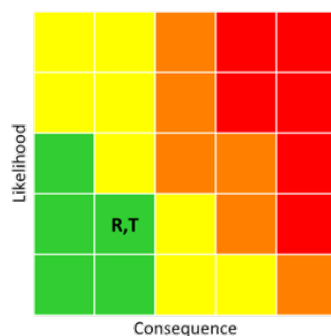
Risk Categories: Legislative Compliance

Responsible Person: Manager Human Resources

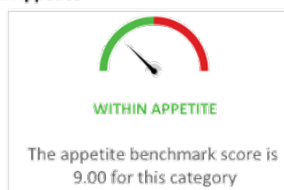
Last Reviewed Date: 12 Feb, 2024

Next Review Date: 30 Nov, 2024

Individual Heatmap



Risk Appetite



Causes

- Changes to legislative requirements by State Government
- Departments/teams are not adhering to the WHS documentation and processes.
- Departments/teams not updating their risk assessments to align with WHS documentation.

Risk Review Comments: As of the 31 March 2023, the transition period for the new WHS legislation ended, the City undertook several projects to ensure the City is compliant with the new legislation. Updating and implementing amendments to the WHS framework to achieve the strategic outcomes of this framework.

Whilst the City has assessed and reviewed its documentation and processes against the new WHS legislation and this has been implemented across the City, (now considered as business as usual), moving forward there is a requirement to ensure that workers are adhering to and applying these updates. Ensuring this compliance is on-going strategic risk that needs to be mitigated."

Consequences

- Financial loss to the City
- Negative reputation from bad publicity
- New legislative obligations imposed on the City
- Non-compliance to WHS legislation

Risk Treatment: Treat

Residual Controls

Control Title	Control Owner	Control Effectiveness	Next Review Date
Work Health and Safety (WHS) Regulations and advice from WALGA/LGIS and other associated governing bodies.	Manager Human Resources	Substantially Effective	31 Mar, 2024
LGIS/WorkSafe Audit	Manager Human Resources	Substantially Effective	31 Mar, 2024
WHS Framework	Manager Human Resources	Substantially Effective	01 Mar, 2024
WHS Committee	Manager Human Resources	Substantially Effective	01 Jul, 2025
Hazards Guidelines	Manager Human Resources	Partially Effective	01 Apr, 2024
City of Kwinana Safety and Wellbeing Strategy 2022-2024	Manager Human Resources	Substantially Effective	31 Mar, 2023

Residual Solutions

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
Continue to deliver training for key staff (including induction, where appropriate)	Manager Human Resources	Ongoing	80	31 Mar, 2024
Implement actions identified in GAP analysis.	Manager Human Resources	Completed	100	31 Mar, 2023

05-Feb-2024

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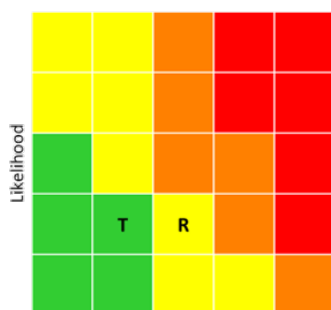
City of Kwinana

Heatmap Report

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
Implement actions out of the City of Kwinana Safety and Wellbeing Strategy 2022-2024.	Manager Human Resources	In Progress	60	31 Mar, 2024
Implement new Strategic Work Health and Safety Committee	Manager Human Resources	Completed	100	19 Apr, 2023
Monitor implementation of Regulations and WALGA advice	Manager Human Resources	Completed	100	03 Nov, 2022
Undertake the roll out of new WHS documentation to all teams within the City, advising them of the changes and their requirements	Manager Human Resources	In Progress	50	31 Mar, 2024

City of Kwinana

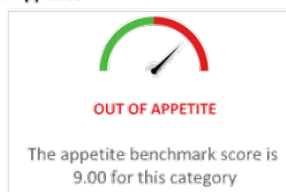
Heatmap Report

SR17**State Government Waste Avoidance and Resource Recovery Strategy 2030 requirement for 3-bin FOGO waste systems to be implemented across Perth and Peel by 2025****Risk Categories:** Legislative Compliance, Environmental, Financial, Reputation/Image**Responsible Person:** Manager Environment and Health Services**Last Reviewed Date:** 12 Feb, 2024**Next Review Date:** 20 Nov, 2024**Individual Heatmap**

R Residual Risk Assessment
T Target Risk Assessment

Effectiveness of control

R Partially Effective

Risk Appetite**Causes**

- Change to the City's legislative obligations by State Government

Consequences

- Financial implication estimated at approx \$1-2m to initially implement the 3-bin system and annual waste management costs will be increased.
- Non-compliance with State Government direction
- Reputation to State Government, other Local Governments and the public may be diminished.

Risk Review Comments: Feasibility Assessment project completed with the Feasibility Assessment Report endorsed by Council at the 28 June Ordinary Council Meeting with recommendations adopted. Feasibility Assessment has been provided to the Department for comment.

Risk Treatment: Accept

Residual Controls

Control Title	Control Owner	Control Effectiveness	Next Review Date
Feasibility assessment of implementing a 3-bin system.	Manager Environment and Health Services	Partially Effective	30 Jun, 2024
City of Kwinana Waste Plan 2021-25	Manager Environment and Health Services	Substantially Effective	01 Jan, 2025

Residual Solutions

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
Assess initial viability of 3-bin system with Energy from Waste supply contract	Manager Environment and Health Services	Completed	100	16 Apr, 2021
Commit to feasibility assessment through adoption of City of Kwinana Waste Plan 2021-25	Manager Environment and Health Services	Completed	100	10 Mar, 2021
Participate in FOGO (Market) Feasibility for Perth and Peel Regions coordinated through Rivers Regional Council	Manager Environment and Health Services	Completed	100	31 Dec, 2022
Scope, procure and undertake City of Kwinana 3-bin feasibility assessment to determine optimal future delivery option	Manager Environment and Health Services	Completed	100	30 Jun, 2023

05-Feb-2024

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City of Kwinana

Heatmap Report

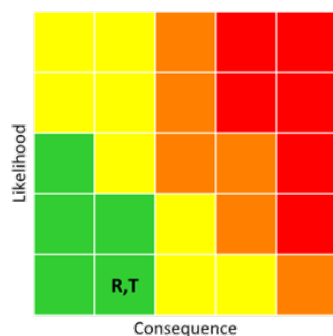
SR18 Community Engagement Practices

Risk Categories: Reputation/Image, Financial, Legislative Compliance, Service Delivery

Responsible Person: Coordinator Engagement and Place

Last Reviewed Date: 12 Feb, 2024

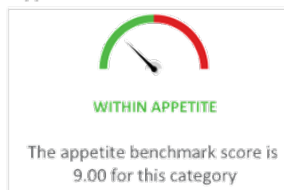
Next Review Date: 31 Aug, 2024

Individual Heatmap

R Residual Risk Assessment
T Target Risk Assessment

Effectiveness of control

R Substantially Effective

Risk Appetite**Causes**

• Failure to maintain effective working relationships with the community and stakeholders, including media, businesses, agencies, organisations, community groups, government officials and/or Elected Members, due to ineffective communication, relationship management, partnering, consultation and other engagement practices.

Risk Review Comments: In the past 12 months, the City have increased the levels and frequency of engagement with the community. While there is some inherent risks associated with community engagement practices, it must be noted that the overall risk in the space is declined due to greater levels of transparency and a greater involvement from the community in decisions that impact their lives.

Risk Treatment: Treat

Residual Controls

Control Title	Control Owner	Control Effectiveness	Next Review Date
Love My Kwinana (Online Engagement Platform)	Coordinator Engagement and Place	N/A	01 Aug, 2024
Engagement Framework	Manager Community Engagement	Substantially Effective	31 Jul, 2024
Training and Certification	Manager Community Engagement	Substantially Effective	31 Aug, 2024
Engagement Policy	Manager Community Engagement	Partially Effective	31 Aug, 2023
Council Reports and Project Planning Process	Manager Community Engagement	Substantially Effective	04 May, 2024
Cross-functional championing team	Manager Community Engagement	Substantially Effective	01 Jul, 2024
City Advisory Groups	Manager Community Engagement	Substantially Effective	01 Aug, 2024

Residual Solutions

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
Establish a campaign for staff encouraging use and update engagement platform, Love My Love Kwinana.	Manager Community Engagement	Completed	100	01 Jun, 2024
Establish staff awareness campaign in relation to the new Engagement Policy.	Coordinator Engagement and Place	Completed	100	31 Oct, 2023

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City of Kwinana

Heatmap Report

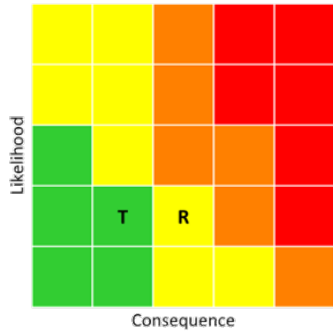
Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
Implement the City's Engagement Policy, establishing the principles for engagement between the City, stakeholders and the wider community.	Coordinator Engagement and Place	Completed	100	30 Nov, 2023

City of Kwinana

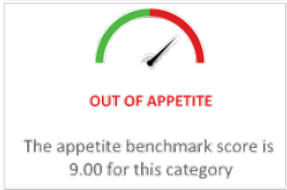
Heatmap Report

SR25 Impact of impending reform to the Retirement Villages Act 1992 on the City's ability to operate Banksia Park Retirement Estate			
Risk Categories: Legislative Compliance, Financial, Reputation/Image	Responsible Person: Manager Community Facilities	Last Reviewed Date: 12 Feb, 2024	Next Review Date: 30 Jul, 2024

Individual Heatmap



Risk Appetite



Causes

- Changes to legislation

Risk Review Comments: A review of the service model and asset management to determine the direction the City takes in the future in managing the Retirement Villages will commence in February 2024. The City is continuing to monitor the impending changes as well as advice received and the City has requested the Department of Mines, Industry Regulation and Safety include the City as part of their consultation process. A bill containing the proposed amendments to the RV Act has yet to be prepared for introduction into Parliament. The City has been progressing a consolidation process for Callistemon Court Aged Persons Units to streamline all current agreements into one agreement. Included in the new agreement is intended to be a clause acknowledging that the City is presently considering the long-term future of the site given impending legislative changes in this area proposed by State Government. An agreement has now been reached and the City is awaiting execution by the Department of Communities and the Department of Communities will relinquish agreements in 2025 and 2030.

Risk Treatment: Avoid

Residual Controls

Control Title	Control Owner	Control Effectiveness	Next Review Date
Monitor impending changes to the Retirement Villages Act 1997 (WA), including reviewing the adequacy of existing City resources to meet additional legislative obligations imposed as Manager Community Facilities well as assessing associated risks.		Substantially Effective	30 Mar, 2024

Residual Solutions

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
Monitor and progress to review of the 'Decision Regulatory Impact Statement' (DRIS) recommending amendments to the Retirement Villages Act 1997 to determine appropriate City response.	Manager Community Facilities	In Progress	10	30 Apr, 2024
Review impact of the new DRIS amendments to determine the appropriate City response.	Manager Community Facilities	Completed	100	31 Aug, 2023

City of Kwinana

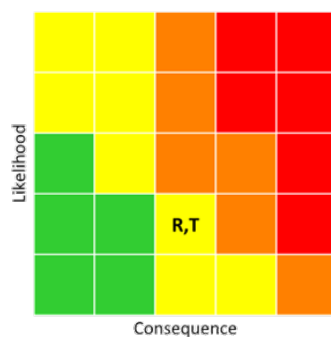
Heatmap Report

SR28**Impact of mandated transition from Federal to State industrial relations (IR) system on 1 January 2023**Risk Categories: Financial, Legislative
Compliance, Reputation/Image

Responsible Person: Manager Human Resources

Last Reviewed Date: 31 Jan,
2024Next Review Date: 31 Dec,
2024

Individual Heatmap

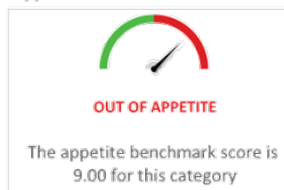


R Residual Risk Assessment
T Target Risk Assessment

Effectiveness of control

R Partially Effective

Risk Appetite



Causes

- Changes to legislation

Consequences

- Financial loss to the City
- Loss of workforce
- Negative reputation from bad publicity
- Non-compliance with legislation

Risk Review Comments: The City's HR team continue to monitor the information being presented and attend information sessions held. The City is currently on schedule to transition to the new requirement by the 31 December 2024.

Risk Treatment: Treat

Residual Controls

Control Title	Control Owner	Control Effectiveness	Next Review Date
HR Strategic Project Officer	Manager Human Resources	Fully Effective	31 Dec, 2024
Ensuring the City's compliance with amendments to Industrial Relations Act 1979 and Minimum Conditions of Employment Act 1993.	Manager Human Resources	Partially Effective	30 Jun, 2024

Residual Solutions

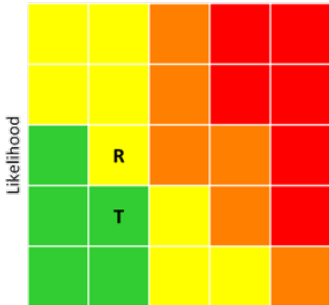
Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
Consultation to take place with workforce regarding transition	Manager Human Resources	Completed	100	06 May, 2023
HR Strategic Project Officer	Manager Human Resources	Completed	100	07 Feb, 2023
HR Strategic Project Officer to undertake review of all relevant City policies and procedures.	Manager Human Resources	In Progress	90	31 Dec, 2024
Submit an application for the HR Strategic Project Officer to sit on WALGA State industrial relations working group	Manager Human Resources	Completed	100	31 Dec, 2024

RISK OVERVIEW

Strategic Risk

SR29	Cyber security			
Risk Categories: ICT, Assets/Infrastructure, Financial, Reputation/Image, Service Delivery		Responsible Person: Manager Information Technology	Last Reviewed Date:	Next Review Date: 01 Feb, 2025

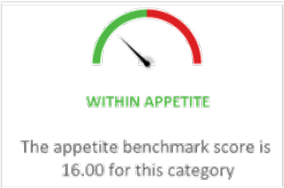
Individual Heatmap



R Residual Risk Assessment
T Target Risk Assessment

Effectiveness of control	
R	Substantially Effective

Risk Appetite



Causes

- Improper use of City assets (photocopier etc)
- Failure to follow practices and procedures
- Inadequate processes and procedures from the City
- Lack of officer training
- Malicious actors blocking access or taking down city systems
- Malicious actors gaining access to City Data

Residual Controls

Control Title	Control Owner	Control Effectiveness	Next Review Date
Network controls, including firewall, virus scan and SEIM monitoring system	Manager Information Technology	N/A	13 Feb, 2025
Staff cyber security training	Manager Information Technology	N/A	01 May, 2024
Implementation of cyber security manual	Manager Information Technology	N/A	01 Dec, 2024

Residual Solutions

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
2024 review of the City's Cyber Security Manual	Manager Information Technology	Ongoing	0	01 Dec, 2024
Implement penetration testing	Manager Information Technology	Ongoing	25	31 Jul, 2024
Undertaking Extended Detection and Response training with IT staff	Manager Information Technology	Ongoing	25	31 Mar, 2024

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8.5 COMPLIANCE AUDIT RETURN

SUMMARY

Regulation 14 of the *Local Government (Audit) Regulations 1996* (Audit Regulations) requires each Local Government to carry out an audit of their compliance with the provisions of the *Local Government Act 1995* (Act) for the period 1 January to 31 December each year. Following such audit, a compliance audit return (CAR) is required to be prepared (in a form approved by the Minister) for review by the Local Government's Audit Committee before being presented to Council.

The City has prepared a CAR for the period 1 January 2023 to 31 December 2023 at **Attachment A** for noting by the Audit and Risk Committee (Committee) prior to presenting to Council for adoption.

A copy of the City's adopted CAR is required to be certified by the Mayor and Chief Executive Officer before being submitted to the Department of Local Government, Sport and Cultural Industries (Department) by 31 March 2024.

OFFICER RECOMMENDATION

That the Audit and Risk Committee:

- 1. Review the City of Kwinana Compliance Audit Return for the period 1 January 2023 to 31 December 2023 as provided at Attachment A; and**
- 2. Recommend that Council adopt the Compliance Audit Return at Attachment A for submitting to Department of Local Government, Sport and Cultural Industries by the Chief Executive Officer.**

VOTING REQUIREMENT

Simple majority

DISCUSSION

In accordance with the Audit Regulations, the City is required to carry out an annual audit of statutory compliance in the form determined by the Department.

The 2023 Compliance Audit Return relates to the period 1 January 2023 to 31 December 2023 and focuses on those areas considered high risk under the Act and associated regulations.

The Regulations require that the CAR be presented to Council for adoption following a review by the Committee. Once adopted, the CAR is to be certified and submitted to the Department by 31 March 2023. As with previous years, this occurs online through the Department's 'SmartHub' portal.

The CAR requires the City to respond either 'Yes', 'No' or 'N/A' to each of the audit questions. The City is required to provide comments for any instances of non-compliance in order to assist the Department in better understanding any problems or issues that have resulted in its inability to achieve full compliance in a particular area.

The following table summarises the City's performance for each of the audit categories:

Compliance Area	Number of Questions	Compliance
Commercial Enterprises	5	100%
Delegation	13	100%
Disclosure of Interest	21	100%
Disposal of Property	2	100%
Elections	3	100%
Finance	7	100%
Integrated Planning and Reporting	3	100%
Employees	5	100%
Conduct	4	100%
Optional Questions	9	89% (8/9)
Tenders	22	95% (21/22)

The areas which the City did not achieve full compliance are as follows:

Optional Questions

3. Where a disclosure was made under sections 5.87A or 5.87B of the Local Government Act 1995, were the disclosures made within 10 days after receipt of the gift? Did the disclosure include the information required by s5.87C of the Act?

City Comment:

The City acknowledges that a gift declaration was submitted outside the stipulated timeframe. Initially, it was understood that the gift wouldn't necessitate a declaration due to its purchase being facilitated through the City budget. However, upon seeking guidance from the department, we were informed that a declaration was indeed required.

Upon receiving this clarification, the necessary declaration was entered.

Action to be taken as an outcome of the 'no' response:

The City will continue to seek the guidance of the Department of Local Government, Sport and Cultural Industries.

Tenders for Providing Goods and Services

1. Did the local government comply with its current purchasing policy, adopted under the Local Government (Functions and General) Regulations 1996, regulation 11A(1) and (3) in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, \$250.00 or less or worth \$250,00 or less?

The City Procurement Policy states that the threshold values are based on the estimated (or known) total expenditure over the life of the contract or a 3 year minimum period. This means that a formal RFQ should be undertaken for 3 year spends over 100k for the same or similar goods/services - and subsequently, a formal contract be formed and captured in the City's Contract Register.

Several instances of accumulative goods/services spend exceeding 100k without a formal contract in place have been identified. Examples include:

- -Supply and fitting of tyres
- -Alarm and facility access services
- -Trailer Servicing
- -Marketing and promotional materials (Signage, banners etc)
- -Sweeping waste product collection and recycling services

Action to be taken as an outcome of the 'no' response:

Although the listed spends are above the \$100k threshold, this does not necessarily mean that the spends are for the same repeated goods/services and that a single contract will provide the best value outcome. The above identified spends will be investigated further to determine the most appropriate form of contract or contracts required that will provide value for money outcomes. Following investigation, procurement planning meetings will be held, and procurement processes undertaken as required.

The City's OneCouncil system also now allows for consistent and appropriate reporting and monitoring, which will ensure the City works towards 100% compliance.

In reviewing the CAR, the particulars of any matters of concern raised by Committee in relation to the CAR must be recorded in the minutes of this meeting.

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	N/A – There is no specific action in the CBP, yet this report will help achieve the indicated outcomes and strategic objectives	While this report may not have a direct association with the City's Strategic Corporate Plan (SCP), the City remains dedicated to Model accountability and ethical governance, and continuous improvement. This report plays a crucial role in advancing this commitment by highlighting areas for enhancement, thereby contributing to the ongoing improvement of the City's processes and procedures.
	5.4 – Establish a culture of continuous improvement achieving high levels of business excellence	5.4.4 – N/A – There is no specific action in the CBP, yet this report will help achieve the indicated outcomes and strategic objectives	

SOCIAL IMPLICATIONS

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

LEGAL/POLICY IMPLICATIONS

Local Government (Audit) Regulations 1996:

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 2023 (unsigned)

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



**Department of
Local Government, Sport
and Cultural Industries**

Commercial Enterprises by Local Governments					
No	Reference	Question	Response yes, no or N/A	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 2023?	N/A		Chief Executive Officer
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 2023?	N/A		Chief Executive Officer
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 2023?	N/A		Chief Executive Officer
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 2023?	N/A		Chief Executive Officer
5	s3.59(5)	During 2023, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority?	N/A		Chief Executive Officer

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



**Department of
Local Government, Sport
and Cultural Industries**

Delegation of Power/Duty					
No	Reference	Question	Response yes, no or N/A	Comments	Respondent
1	s5.16	Were all delegations to committees resolved by absolute majority?	N/A	The City of Kwinana does not currently have any delegations to its Committees	Governance and Risk Officer
2	s5.16	Were all delegations to committees in writing?	N/A	The City of Kwinana does not currently have any delegations to its Committees	Governance and Risk Officer
3	s5.17	Were all delegations to committees within the limits specified in section 5.17 of the Local Government Act 1995?	N/A	The City of Kwinana does not currently have any delegations to its Committees	Governance and Risk Officer
4	s5.18	Were all delegations to committees recorded in a register of delegations?	N/A	The City of Kwinana does not currently have any delegations to its Committees	Governance and Risk Officer
5	s5.18	Has council reviewed delegations to its committees in the 2022/2023 financial year?	N/A	The City of Kwinana does not currently have any delegations to its Committees	Governance and Risk Officer
6	s5.42(1) & s5.43 Admin Reg 18G	Did the powers and duties delegated to the CEO exclude those listed in section 5.43 of the Local Government Act 1995?	Yes		Governance and Risk Officer
7	s5.42(1)	Were all delegations to the CEO resolved by an absolute majority?	Yes	Council adopted the CEO Delegations at its meeting of Council held 28 June 2023 by absolute majority.	Governance and Risk Officer
8	s5.42(2)	Were all delegations to the CEO in writing?	Yes	The City has a register of Delegated Authority that details all of the CEO's Delegations, the City also utilises a software that attaches delegations to the users profile/account (this includes the CEO).	Governance and Risk Officer
9	s5.44(2)	Were all delegations by the CEO to any employee in writing?	Yes	The City has a register of Delegated Authority that details all Officers Delegations, the City also utilises a software that attaches delegations to the users profile/account.	Governance and Risk Officer
10	s5.16(3)(b) & s5.45(1)(b)	Were all decisions by the council to amend or revoke a delegation made by absolute majority?	Yes	All decisions for the amendment of delegation have been made by absolute majority, 28 June 2023.	Governance and Risk Officer
11	s5.46(1)	Has the CEO kept a register of all delegations made under Division 4 of the Act to the CEO and to employees?	Yes	A delegation register can be located in the City's record keeping system and the City's software it utilises for its delegation register and the reporting exercise of exercise of delegations.	Governance and Risk Officer
12	s5.46(2)	Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2022/2023 financial year?	Yes	The delegation review process commenced January 2023 and the amended delegation register adopted in June 2023.	Governance and Risk Officer
13	s5.46(3) Admin Reg 19	Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record in accordance with Local Government (Administration) 1996, regulation 19?	Yes	Although not all officers are entering their exercise of delegation into the City's software program, reports are also kept and can be tracked via the City's record keeping system, authority and OneCouncil.	Governance and Risk Officer

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



Disclosure of Interest					
No	Reference	Question	Response yes, no or N/A	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 of the Local Government Act 1995, 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 interest was declared	Council Governance Officer
2	s5.68(2) & s5.69(5) Admin Reg 21A	Were all decisions regarding participation approval, including the extent of participation allowed and, where relevant, the information required by Local Government (Administration) 1996, regulation 21A, recorded in the minutes of the relevant council or committee meeting?	N/A	No such interest was declared	Council Governance Officer
3	s5.73	Were disclosures under section sections 5.65, 5.70 or 5.71A(3) of the Local Government Act 1995, recorded in the minutes of the meeting at which the disclosures were made?	Yes	Any Declaration of Interest declared by an Elected Member is maintained in the appropriate register within the City's Record Keeping System	Council Governance Officer
4	s5.75 Admin Reg 22, Form 2	Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day?	Yes	All required primary returns have been completed and submitted on time.	Governance and Risk Officer
5	s5.76 Admin Reg 23, Form 3	Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2023?	Yes	All Designated Officers completed their annual returns within the legislated timeframe.	Governance and Risk Officer
6	s5.77	On receipt of a primary or annual return, did the CEO, or the mayor/president, give written acknowledgment of having received the return?	Yes	The all acknowledgements are submitted and emailed via the City's Compliance Software.	Governance and Risk Officer
7	s5.88(1) & (2)(a)	Did the CEO keep a register of financial interests which contained the returns lodged under sections 5.75 and 5.76 Local Government Act 1995?	Yes	Returns are maintained in the appropriate within the City's Record Keeping System.	Governance and Risk Officer
8	s5.88(1) & (2)(b) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A, in the form prescribed in Local Government (Administration) Regulations 1996, regulation 28?	Yes	This register is maintained within the City's Record Keeping System	Council Governance Officer
9	s5.88(3)	When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76 of the Local Government Act 1995, did the CEO remove from the register all returns relating to that person?	Yes	The returns are removed from the register and transferred to a destruction folder within the City's Record Keeping System.	Governance and Risk Officer
10	s5.88(4)	Have all returns removed from the register in accordance with section 5.88(3) of the Local Government Act 1995 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	The folder these documents are move to have a destruction timeframe allocated at 7 years.	Governance and Risk Officer
11	s5.89A(1), (2) & (3) Admin Reg 28A	Did the CEO keep a register of gifts which contained a record of disclosures made under sections 5.87A and 5.87B of the Local Government Act 1995, in the form prescribed in Local Government (Administration) Regulations, regulation 28A?	Yes	The utilises its compliance software system for the declaration and register of gifts.	Governance and Risk Officer
12	s5.89A(5) & (5A)	Did the CEO publish an up-to-date version of the gift register on the local government's website?	Yes	A report is pulled in the correct form from the City's compliance software, this report is advertised on the City's website.	Governance and Risk Officer
13	s5.89A(6)	When a person ceases to be a person who is required to make a disclosure under section 5.87A or 5.87B of the Local Government Act 1995, did the CEO remove from the register all records relating to that person?	Yes		Governance and Risk Officer
14	s5.89A(7)	Have copies of all records removed from the register under section 5.89A(6) of the Local Government Act 1995 been kept for a period of at least five years after the person ceases to be a person required to make a disclosure?	Yes		Governance and Risk Officer
15	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	No such interest was declared	Council Governance Officer
16	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) of the Local Government Act 1995 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		Council Governance Officer
17	s5.71B(6) & s5.71B(7)	Was any decision made by the Minister under subsection 5.71B(6) of the Local Government Act 1995 recorded in the minutes of the council meeting at which the decision was considered?	N/A		Council Governance Officer
18	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 that incorporates the model code of conduct?	Yes	The Elected Members, Committee Members and Candidates Code of Conduct was reviewed and adopted by absolute majority on 9 August 2023.	Council Governance Officer
19	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) of the Local Government Act 1995?	No	The Council Policy, Code of Conduct Behaviour Complaints Management was adopted on 21 July 2021 and is being reviewed on 14 February 2024.	Council Governance Officer

20	s5.104(7)	Has the CEO published an up-to-date version of the Code of Conduct for employees on the local government's website?	Yes	The Code of Conduct can be found under the publication section of the City's website.	Governance and Risk Officer
21	s5.51A(1) & (3)	Has the CEO prepared and implemented a code of conduct to be observed by employees of the local government? If yes, has the CEO published an up-to-date version of the code of conduct for employees on the local government's website?	Yes	The Code of Conduct can be found under the publication section of the City's website.	Governance and Risk Officer
21a		Has the CEO published an up-to-date version of the code of conduct for employees on the local government's website?	Yes		Governance and Risk Officer

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



Department of
**Local Government, Sport
and Cultural Industries**

Disposal of Property					
No	Reference	Question	Response yes, no or N/A	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) of the <i>Local Government Act 1995</i> (unless section 3.58(5) applies)?	Yes	The City gave local public notice of its intention to dispose of its properties within the Sound Telegraph 6 September 2023 and 27 September 2023.	Property Management Officer
2	s3.58(4)	Where the local government disposed of property under section 3.58(3) of the <i>Local Government Act 1995</i> , did it provide details, as prescribed by section 3.58(4) of the Act, in the required local public notice for each disposal of property?	Yes	The City gave local public notice of its intention to dispose of its properties within the Sound Telegraph 6 September 2023 and 27 September 2023.	Property Management Officer

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



**Department of
Local Government, Sport
and Cultural Industries**

Elections					
No	Reference	Question	Response yes, no or N/A	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 in accordance with regulations 30G(1) and 30G(2) of the Local Government (Elections) Regulations 1997?	Yes	No declarations were made by candidates	Council Governance Officer
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 in accordance with regulation 30G(4) of the Local Government (Elections) Regulations 1997?	Yes	All have been removed. The completed form has been retained in accordance with the City's record keeping obligations.	Council Governance Officer
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 regulation 30G(5) of the Local Government (Elections) Regulations 1997?	Yes	The register was published on the City's website and removed in the required timeframe following the election.	Council Governance Officer

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



**Department of
Local Government, Sport
and Cultural Industries**

Finance					
No	Reference	Question	Response yes, no or N/A	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 Local Government Act 1995?	Yes	The City established its Audit and Risk Committee at its Ordinary Council Meeting held 8 November 2023.	Council Governance Officer
2	s7.1B	Where the council delegated to its audit committee any powers or duties under Part 7 of the Local Government Act 1995, did it do so by absolute majority?	N/A	Audit and Risk Committee do not have any delegations.	Governance and Risk Officer
3	s7.9(1)	Was the auditor's report for the financial year ended 30 June 2023 received by the local government by 31 December 2023?	yes	Was received on the 5th Dec	Chief Financial Officer
4	s7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under section 7.9(1) of the Local Government Act 1995 required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters?	Yes	All Management responses have been reported against the findings	Chief Financial Officer
5	s7.12A(4)(a) & (4)(b)	Where matters identified as significant were reported in the auditor's report, did the local government prepare a report that stated what action the local government had taken or intended to take with respect to each of those matters? Was a copy of the report given to the Minister within three months of the audit report being received by the local government?	N/A	Matters of significance Under section 24(1) of the Auditor General Act 2006, the Auditor General is required to report on matters arising out of the performance of the Auditor General's functions that are, in the opinion of the Auditor General, of such significance as to require reporting. We confirm that no such matters came to our attention during our audit work.	Chief Financial Officer
6	s7.12A(5)	Within 14 days after the local government gave a report to the Minister under section 7.12A(4)(b) of the Local Government Act 1995, did the CEO publish a copy of the report on the local government's official website?	Yes	This has been reported as part of the audit committee minutes which are available on our website.	Chief Financial Officer
7	Audit Reg 10(1)	Was the auditor's report for the financial year ending 30 June 2023 received by the local government within 30 days of completion of the audit?	Yes	Was received on the 5th Dec.	Chief Financial Officer

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



Department of
**Local Government, Sport
and Cultural Industries**

Integrated Planning and Reporting					
No	Reference	Question	Response yes, no or N/A	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	Adopted 28 June 2023	Integrated Planning and Special Projects Officer
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	Adopted 28 June 2023	Integrated Planning and Special Projects Officer
3	Admin Reg 19DA(2) & (3)	Does the corporate business plan comply with the requirements of Local Government (Administration) Regulations 1996 19DA(2) & (3)?	Yes		Integrated Planning and Special Projects Officer

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



Department of
**Local Government, Sport
and Cultural Industries**

Local Government Employees					
No	Reference	Question	Response yes, no or N/A	Comments	Respondent
1	s5.36(4) & s5.37(3) Admin Reg 18A	Were all CEO and/or senior employee vacancies advertised in accordance with Local Government (Administration) Regulations 1996, regulation 18A?	N/A	No recruitment activity for CEO or other designated senior employees	Manager Human Resources
2	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	Manager Human Resources
3	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) of the Local Government Act 1995?	N/A	No recruitment activity in this audit period	Manager Human Resources
4	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss senior employee?	N/A		Manager Human Resources
5	s5.37(2)	Where council rejected a CEO's recommendation to employ or dismiss a senior employee, did it inform the CEO of the reasons for doing so?	N/A		Manager Human Resources

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



Department of Local Government, Sport and Cultural Industries

Official Conduct					
No	Reference	Question	Response yes, no or N/A	Comments	Respondent
1	s5.120	Has the local government designated an employee to be its complaints officer?	Yes		Governance and Risk Officer
2	s5.121(1) & (2)	Has the complaints officer for the local government maintained a register of complaints which records all complaints that resulted in a finding under section 5.110(2)(a) of the Local Government Act 1995?	Yes	Maintaining a register of complaints is part of the City's internal processes, however there have been no complaints received in accordance with the <i>Local Government Act 1995</i> .	Governance and Risk Officer
3	S5.121(2)	Does the complaints register include all information required by section 5.121(2) of the Local Government Act 1995?	N/A		Governance and Risk Officer
4	s5.121(3)	Has the CEO published an up-to-date version of the register of the complaints on the local government's official website?	Yes	Although the City has not received any complaints in accordance with the <i>Local Government Act 1995</i> , the City has developed a complaints register and is made available on the City's website.	Governance and Risk Officer

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



Department of Local Government, Sport and Cultural Industries

Optional Questions					
No	Reference	Question	Response yes, no or N/A	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 the Local Government (Financial Management) Regulations 1996 regulations 5(2)(c) within the three years prior to 31 December 2023? If yes, please provide the date of council's resolution to accept the report.	Yes	This review was completed by Macri and Partners on the 21 Sept 2023	Chief Financial Officer
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 Local Government (Audit) Regulations 1996 regulation 17 within the three financial years prior to 31 December 2023? If yes, please provide date of council's resolution to accept the report.	N/A	The City has commenced its systems and procedures review, however, the review is required to be completed within the 2023/24 financial year. The report is expected to be presented at an OCM to be held in March 2024. This resolution will be included within the City's 2024 Compliance Audit Return.	Governance and Risk Officer and Council Governance Officer
3	s5.87C	Where a disclosure was made under sections 5.87A or 5.87B of the Local Government Act 1995, were the disclosures made within 10 days after receipt of the gift? Did the disclosure include the information required by section 5.87C of the Act?	No	The City acknowledges that a gift declaration was submitted outside the stipulated timeframe. Initially, it was understood that the gift wouldn't necessitate a declaration due to its purchase being facilitated through the City budget. However, upon seeking guidance from the department, we were informed that a declaration was indeed required. Upon receiving this clarification, the necessary declaration was entered.	Governance and Risk Office
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 City adopted its Elected Members and Chief Executive Officer Attendance at Events at its OCM held 9 August 2023	Governance and Risk Officer and Council Governance Officer
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) of the Local Government Act 1995?	Yes	The City is compliant with section 5.96A.	Governance and Risk Office
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 City adopted its Elected Members policy in relation to the continuing professional development of Council members at its OCM held 9 August 2023. The policy is currently under review again due to the requirements of s5.125(5)(a).	Governance and Risk Officer and Council Governance Officer
7	s5.127	Did the local government prepare a report on the training completed by council members in the 2022/2023 financial year and publish it on the local government's official website by 31 July 2023?	Yes	The City presented its Elected Members Mandatory Training Report at its OCM held 26 July 2023 - resolution #355	Governance and Risk Officer and Council Governance Officer
8	s6.4(3)	By 30 September 2023, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2023?	Yes	Report was submitted on the 30th Sept 2023	Chief Financial Officer
9	s6.2(3)	When adopting the annual budget, did the local government take into account all its expenditure, revenue and income?	Yes		Chief Financial Officer



Department of Local Government, Sport and Cultural Industries

Kwinana - Compliance Audit Return 2023

Tenders for Providing Goods and Services					
No	Reference	Question	Response yes, no or N/A	Comments	Respondent
1	F&G Reg 11A(1) & (3)	Did the local government comply with its current purchasing policy, adopted under the Local Government (Functions and General) Regulations 1996, regulations 11A(1) and (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?	No	<p>The City Procurement Policy states that the threshold values are based on the estimated (or known) total expenditure over the life of the contract or a 3 year minimum period. This means that a formal RFQ should be undertaken for 3 year spends over 100k for goods/services - and subsequently, a formal contract be formed and captured in the City's Contract Register.</p> <p>Several instances of accumulative goods/services spend exceeding 100k without a formal contract in place have been identified. Examples include:</p> <ul style="list-style-type: none">-Supply and fitting of tyres-Alarm and facility access services-Trailer Servicing-Marketing and promotional materials (Signage, banners etc)-Sweeping waste product collection and recycling services	Coordinator Procurement and Contracts
2	s3.57 F&G Reg 11	Subject to Local Government (Functions and General) Regulations 1996, regulation 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 regulation 11(1) of the Regulations?	Yes	All known instances were tendered. One instance was identified where the expenditure for a service exceeded the tender threshold and a tender was advertised accordingly.	Coordinator Procurement and Contracts
3	F&G Regs 11(1), 12(2), 13, & 14(1), (3), and (4)	When regulations 11(1), 12(2) or 13 of the Local Government (Functions and General) Regulations 1996, required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with Regulation 14(3) and (4)?	Yes		Coordinator Procurement and Contracts
4	F&G Reg 12	Did the local government comply with Local Government (Functions and General) Regulations 1996, Regulation 12 when deciding to enter into multiple contracts rather than a single contract?	Yes		Coordinator Procurement and Contracts
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		Coordinator Procurement and Contracts
6	F&G Regs 15 & 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 15 and 16?	Yes	Even with electronic tendering, the public are still welcome to attend.	Coordinator Procurement and Contracts
7	F&G Reg 17	Did the information recorded in the local government's tender register comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulation 17 and did the CEO make the tenders register available for public inspection and publish it on the local government's official website?	Yes		Coordinator Procurement and Contracts
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?	Yes		Coordinator Procurement and Contracts
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		Coordinator Procurement and Contracts
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		Coordinator Procurement and Contracts
11	F&G Regs 21 & 22	Did the local government's advertising and expression of interest processes comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulations 21 and 22?	Yes		Coordinator Procurement and Contracts
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?	Yes		Coordinator Procurement and Contracts
13	F&G Reg 23(3) & (4)	Were all expressions of interest that were not rejected under the Local Government (Functions and General) Regulations 1996, Regulation 23(1) & (2) assessed by the local government? Did the CEO list each person as an acceptable tenderer?	Yes		Coordinator Procurement and Contracts
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 Local Government (Functions and General) Regulations 1996, Regulation 24?	Yes		Coordinator Procurement and Contracts
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 Local Government (Functions and General) Regulations 1996, Regulations 24AD(4) and 24AE?	Yes		Coordinator Procurement and Contracts
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?	Yes		Coordinator Procurement and Contracts
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 Local Government (Functions and General) Regulations 1996, Regulation 16, as if the reference in that regulation to a tender were a reference to a pre-qualified supplier panel application?	Yes		Coordinator Procurement and Contracts
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 Local Government (Functions and General) Regulations 1996, Regulation 24AG?	Yes		Coordinator Procurement and Contracts
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?	Yes		Coordinator Procurement and Contracts
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?	Yes		Coordinator Procurement and Contracts
21	F&G Reg 24AI	Did the CEO send each applicant written notice advising them of the outcome of their application?	Yes		Coordinator Procurement and Contracts
22	F&G Regs 24E & 24F	Where the local government gave regional price preference, did the local government comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24E and 24F?	N/A	Kwinana is not regional and do not provide regional price preference.	Coordinator Procurement and Contracts

9 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.

10 ANSWERS TO QUESTIONS WHICH WERE TAKEN ON NOTICE**11 CLOSE OF MEETING**