

AGENDA

Audit & Risk Committee Meeting

Monday, 20 May 2024

Notice of Meeting

To Mayor & Councillors

A Meeting of the Audit & Risk Committee of the City of Nedlands is to be held on Monday, 20 May 2024 in the Council chambers at 71 Stirling Highway Nedlands commencing at 5.30pm.

This meeting will be livestreamed - [Livestreaming Council & Committee Meetings » City of Nedlands](#)



Keri Shannon | Chief Executive Officer
16 May 2024



Information

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

Public Question Time

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

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

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

Addresses by Members of the Public

Members of the public wishing to address Council in relation to an item on the agenda must complete the online registration form available on the City's website: [Public Address Registration Form | City of Nedlands](#)

The Presiding Member will determine the order of speakers to address the Council and the number of speakers is to be limited to 2 in support and 2 against any item on an Audit and Risk Committee Meeting Agenda. The Public address session will be restricted to 15 minutes unless the Council, by resolution decides otherwise.

Disclaimer

Members of the public who attend Audit and Risk Committee Meetings should not act immediately on anything they hear at the meetings, without first seeking clarification of Council's position. For example, by reference to the confirmed Minutes of Council meeting. Members of the public are also advised to wait for written advice from the Council prior to acting on any matter that they may have before Council.

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1. Declaration of Opening

In Accordance with section 5.12 and schedule 2.3 division 1 of the Local Government Act 1995 the Chief Executive Officer declared the meeting open at 5.30pm and will draw attention to the disclaimer on page 2 and advised that the meeting is being livestreamed and recorded.

2. Appointment of Chair

Keri Shannon Chief Executive Officer will call for nominations for the Chair.

Each candidate will be given 3 minutes to present to the Committee as to why they should be voted as Chair.

Each nominee will be asked to answer the following questions:

1. Which university degree/s have you completed?
2. What is your governance experience?
3. What is your experience in financial dealings, financial statements, auditing exposure and supervising financial teams?

A secret ballot will be conducted and counted by the Returning Officer Chief Executive Officer Keri Shannon.



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

Leave of Absence Cr L McManus
(Previously Approved)

Apologies None as at distribution of this agenda.

4. Public Question Time

Public questions submitted to be read at this point.

5. Address by Members of the Public

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



6. Disclosures of Financial Interest

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

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

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

7. Disclosures of Interest Affecting Impartiality

The Presiding Member reminded Council Members and Staff of the requirements of Council's Code of Conduct in accordance with Section 5.103 of the Local Government Act. Council Members and staff are required, in addition to declaring any financial interests to declare any interest that may affect their impartiality in considering a matter. This declaration does not restrict any right to participate in or be present during the decision-making procedure.

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

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

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

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

8. Declaration by Members That They Have Not Given Due Consideration to Papers

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



9. Confirmation of Minutes

9.1. Audit & Risk Committee Meeting Minutes – 22 April 2024

The Minutes of the Audit & Risk Committee Meeting 22 April 2024 are to be accepted as a true and correct record of that meeting.



10. Items for Discussion

10.1. ARC09.05.24 – Update from Moore Australia

| | |
|---|---|
| Meeting & Date | Audit Risk Committee Meeting – 20 May 2024 |
| Applicant | City of Nedlands |
| Employee Disclosure under section 5.70 Local Government Act 1995 | Nil. |
| Report Author | Michael Cole - Director Corporate Services |
| CEO | Keri Shannon |
| Attachments | 1. Moore Australia Agenda Paper - ARC Meeting 20 May 2024 |

Purpose

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

Recommendation

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

Voting Requirement

Simple Majority.

Background

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

Consultation

Nil.

Strategic Implications

This item is strategically aligned to the City of Nedlands Council Plan 2023-33 vision and desired outcomes as follows:



Vision **Sustainable and responsible for a bright future**

Pillar **Performance**

Outcome 11. Effective leadership and governance

Budget/Financial Implications

There are no financial implications to this report.

There may be budget implications when the report's recommendations are addressed in detail, where operational impacts are estimated and considered by the Administration, and then by Council at the appropriate time. There is no immediate budgetary implication to receiving this report.

Decision Implications

Should the recommendations be endorsed, administration will implement actions as outlined in report.

Conclusion

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

Further Information

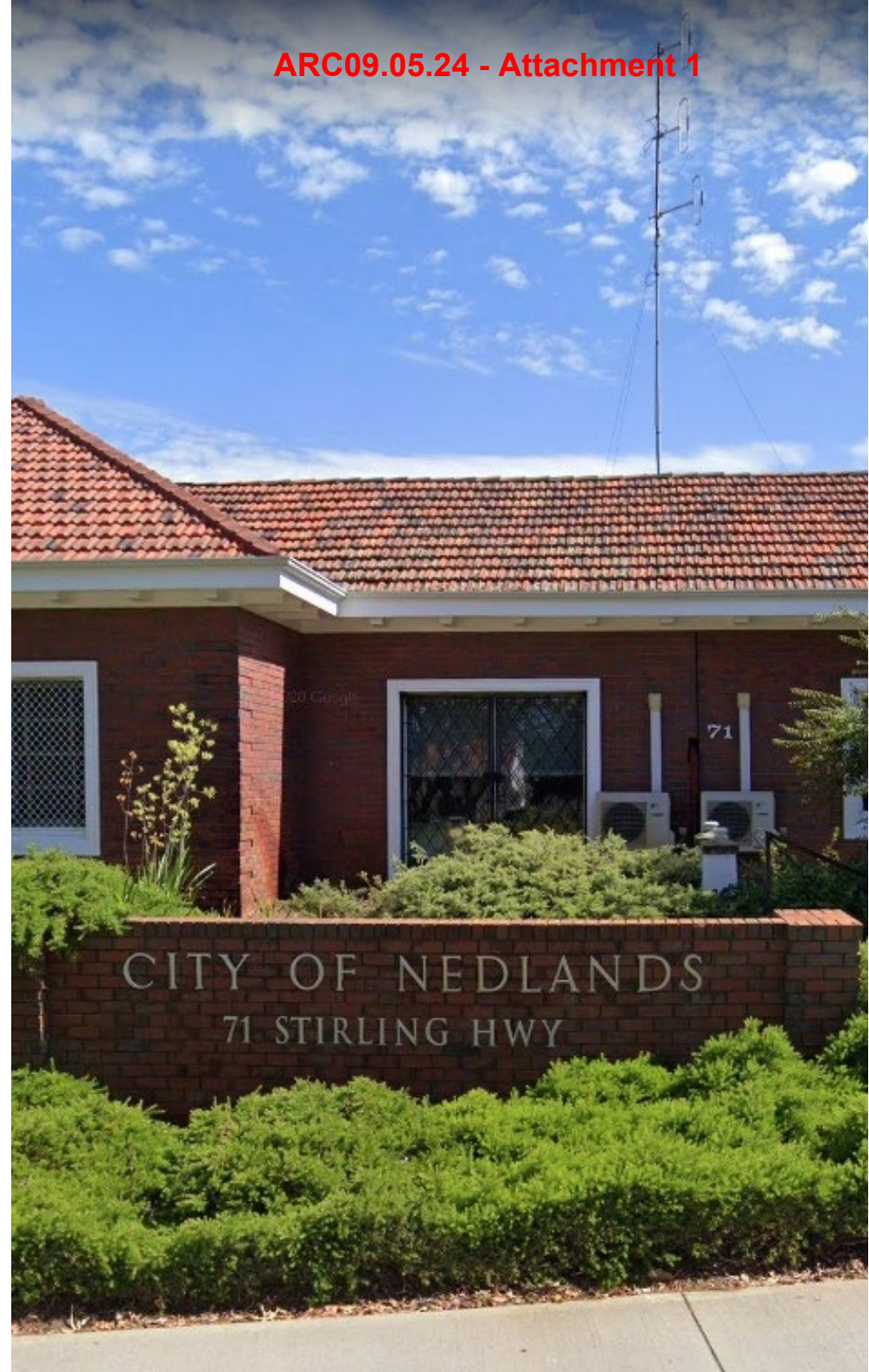
Nil.



AUDIT AND RISK COMMITTEE
MEETING AGENDA PAPER

**CITY OF NEDLANDS
INTERNAL AUDIT**

20 MAY 2024



Internal Audit Report

1. Recommendation

That the Audit and Risk Committee (“ARC”):

- note the status of the City’s Strategic Internal Audit Plan for FY2024 and FY2025 (Refer to [Section 2](#))
- note the background provided to give context to the internal audit role for new and returning ARC members (Refer to [Section 3](#))
- note the insights from internal audits conducted by Moore Australia since our appointment (Refer to [Section 4](#))
- note the Audit Log information, insights, trends, and recommendations for Management. (Refer to [Section 5](#))
- note the publications which may be of interest to the Audit and Risk Committee (Refer to [Section 6](#))
- note the Office of the Auditor General (OAG) Tabled Reports since the last Audit and Risk Committee meeting. (Refer to [Section 7](#))

2. Strategic Internal Audit Plan for FY2024 and FY2025

Annual Internal Audit Plan – FY2024

Table 1 below presents the status of the City’s Annual Internal Audit Plan for FY2024, including details of finalised, not started, in progress and deferred internal audit engagements, if any.

| No | Audit Topic | Financial Year | Status Update | Status |
|----|-------------------------|----------------|---|------------------------|
| 1 | Procurement | 2024 | The draft report was sent for management comment on 27 March 2024 and the final report is expected to be tabled at the next Audit and Risk Committee meeting. | Pending Mgmt. Comments |
| 2 | Cybersecurity | 2024 | The draft report was sent for management comment on 30 April 2024 and the final report is expected to be tabled at the next Audit and Risk Committee meeting. | Pending Mgmt. Comments |
| 3 | Delegation of Authority | 2024 | The final report was issued to Management on 5 April 2024 and can be found in Appendix 3 . | Complete |
| 4 | Waste Management | 2024 | The final report was issued to Management on 29 January 2024 and tabled at the February 2024 Audit and Risk Committee meeting. | Complete |

Table 1: Status of FY2024 Internal Audit Engagements at 7 May 2024

2. Strategic Internal Audit Plan for FY24 and FY25 (cont.)

A) Annual Internal Audit Plan – FY2025

Table 2 below presents the status of the City’s Annual Internal Audit Plan for FY2025, including details of finalised, not started, in progress and deferred internal audit engagements.

| No | Audit Topic | Financial Year | Status Update | Status |
|----|--|----------------|--|-------------|
| 1 | Emergency Management | 2025 | The Statement of Scope was sent to the City on 10 April 2024. This engagement has not commenced as it is scheduled for the following financial year. | Not Started |
| 2 | Fraud and Corruption (including Public Interest Disclosures) | 2025 | The Statement of Scope was sent to the City on 10 April 2024. This engagement has not commenced as it is scheduled for the following financial year. | Not Started |
| 3 | Complaints Management | 2025 | This engagement has been brought forward into the current FY. The Statement of Scope was signed on 10 April 2024 and entrance meeting occurred on 3 May 2024. Fieldwork has commenced. | In Progress |
| 4 | Policy Framework | 2025 | The Statement of Scope was sent to the City on 10 April 2024. This engagement has not commenced as it is scheduled for the following financial year. | Not Started |
| 5 | Community Engagement and Development | 2025 | The Statement of Scope was sent to the City on 10 April 2024. This engagement has not commenced as it is scheduled for the following financial year. | Not Started |
| 6 | Infrastructure Management | 2025 | The Statement of Scope was sent to the City on 10 April 2024. This engagement has not commenced as it is scheduled for the following financial year. | Not Started |

Table 2: Status of FY2025 Internal Audit Engagements at 7 May 2024

3. Background

A) Appreciation

Moore Australia WA have had the privilege of being the trusted internal auditors of the City since 2019. As such we would like to extend our appreciation to the City of Nedlands, Audit and Risk Assurance Committee, Management, and staff (past and present) for the assistance provided during our work to date as your internal audit service providers. We thoroughly enjoy our appointment, and the varied work we have the privilege of performing for the City.

Moore Australia WA understand the partnership with an internal audit service provider is a critical strategic decision, which we hold as a privilege, working together in the public interest to help identify good practice, continuous improvement opportunities, and to inform future decisions to achieve the objectives of the City.

We appreciate the opportunity to attend and present at your Audit and Risk Assurance Committee meetings. We appreciate being asked our opinion, and the opportunity to inform your decisions. We believe we have performed a quality, timely and value-adding internal audit service. We endeavour to provide insight, knowledge, and expertise to the City through our internal audits, Agenda Papers, as well as attendance Audit and Risk Committee meetings. We would appreciate any feedback on our performance as your internal audit service provider at any time, as we truly value your feedback to enhance our service offering.

We commend the City in their continuous commitment to the improvement of their operations. As discussed in the following sections, we have tabled nineteen (19) internal audit reports, leading to two-hundred and fifteen (215) findings and two-hundred and forty-eight (248) recommendations. As custodians of the City's Audit Log, we then work with responsible City officers to validate the close out of these recommendations. In our time as internal auditors for the City we have validated one-hundred-sixty-eight (168) recommendations (see [Section 5](#)).

B) Lines of Defence Model

Moore Australia support the Four Lines of Defence Model, which was outlined in an Auditor General Report. This represents an “ecosystem” of people working together to ensure the public sector organisation have the best internal control framework which is designed, documented, implemented, and operating effectively. The four lines each have a role to play and work together to support each other and inform the work of the others, providing the Audit and Risk Committee with data, information, insight, and assurance to perform their role and responsibilities and achieve the City's goals.

Internal Audit is the Third Line of Defence in the Four Lines of Defence Model pictured below in **Figure 1**. Internal Audit is imperative in the Four lines of Defence Model playing a critical role in providing independent assurance, and liaison with Management and the Audit, and Risk Committee.

The consideration of the other lines of defence is important in the development of the Strategic Internal Audit Plan to ensure that there is adequate consideration of key risks and opportunities, as well as no duplication of audit effort and resources.

3. Background (cont.)

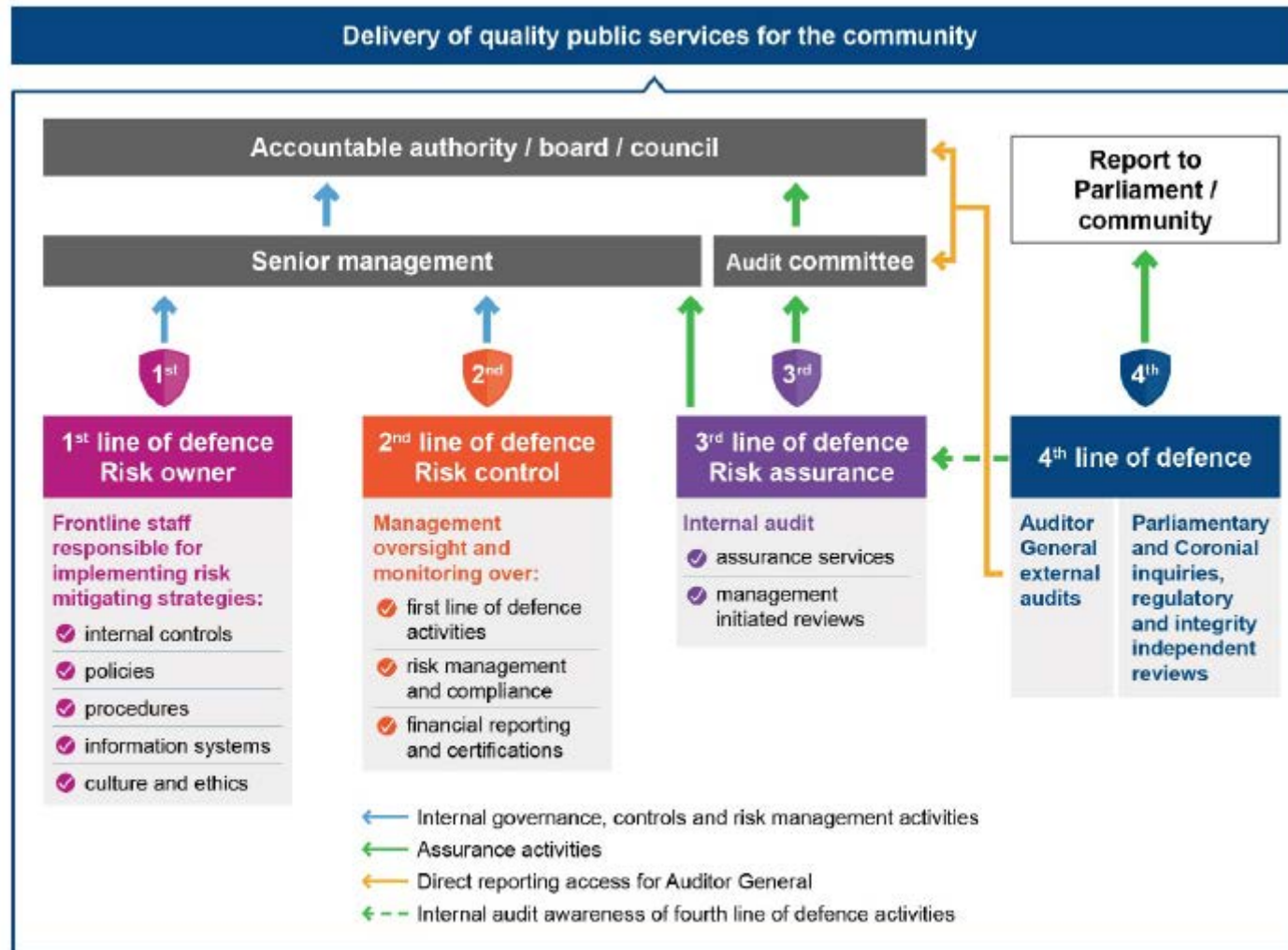


Figure 1- Four Lines of Defence Model

Source: OAG

4. Internal Audit Insights 2019 to Present

A) Review of the Nature of Internal Audit Findings

Moore Australia WA have reviewed the nature of the internal audit findings in our nineteen (19) tabled reports. We categorised the nature of the findings into four (4) themes which include **Governance, Process, People and Systems**. The categories of themes, as well as how many findings are in each theme are defined in **Figure 2 below**.

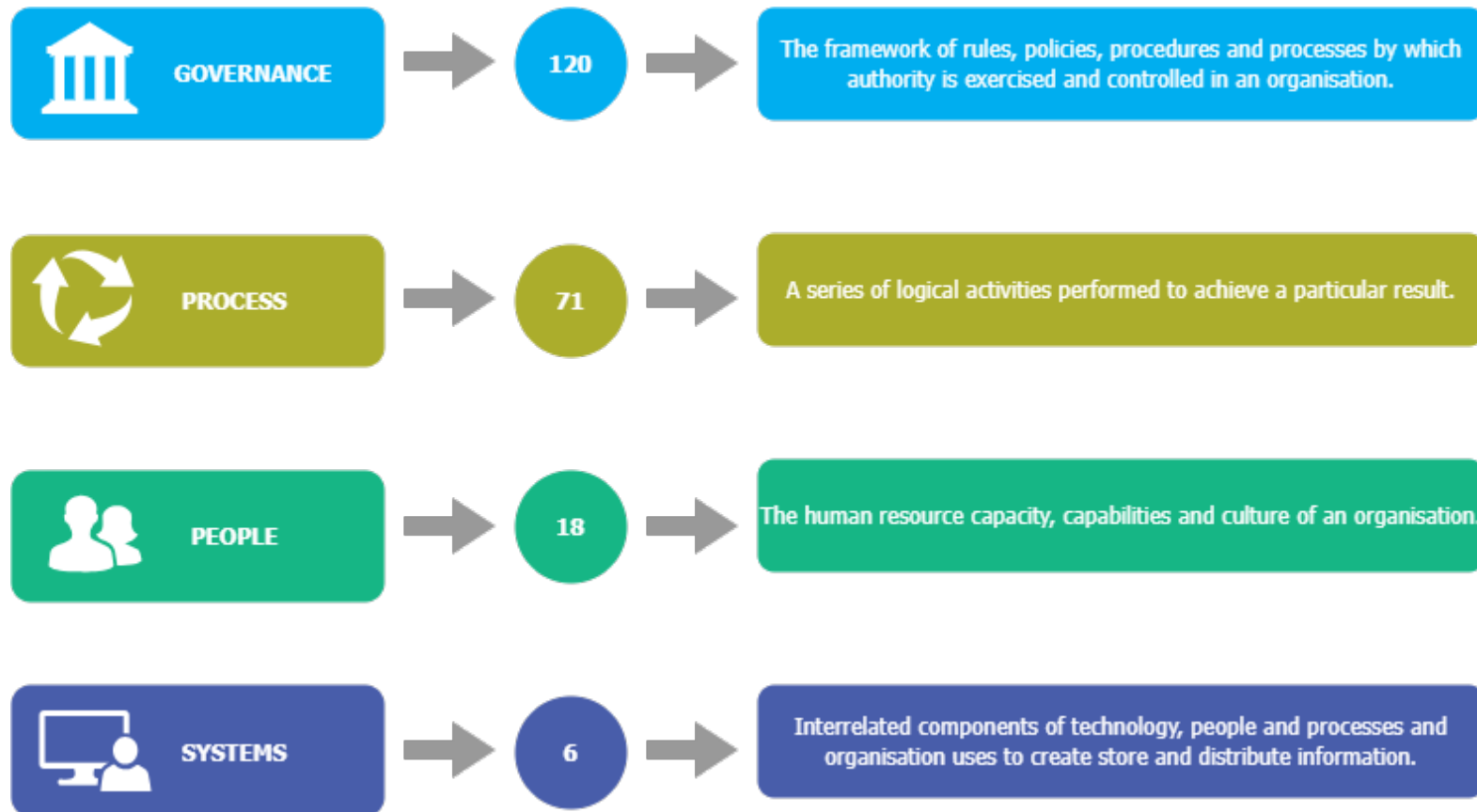


Figure 2: Themes from the Internal Audit Engagements – Governance, Information System, Process and People

4. Internal Audit Insights 2019 to 2024 (cont.)

B) Review of the Nature of Internal Audit Findings (cont.)

Table 3 summarises the nature of internal audit findings from the tabled audits for the year ended 30 June 2019 to the year ending 30 June 2024.

We have observed the following:

- One hundred and twenty (120) findings found within the nineteen (19) tabled reports fall within the **Governance** theme. This theme makes up fifty-six percent (56%) of findings within our tabled reports.
- **Process** makes up a further thirty-three percent (33%) of findings falling into this category, with seventy-one (71) findings.
- Eight percent (8%) of findings are **People** with eighteen (18) findings. Six (6) findings belong to the **Systems** theme, making up three percent (3%) of findings.

The above insight suggests additional focus may be required on the governance frameworks for the short to medium future. It is also acknowledged that the audit engagements were governance focused which has also resulted in governance related recommendations.

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

| Tabled Reports | | FY | Governance | Process | People | Systems | Total Findings |
|----------------|---|------|------------|---------|--------|---------|----------------|
| 1 | Accounts Payable Process Audit | 2019 | 7 | 6 | - | - | 13 |
| 2 | IT Policies Review | 2019 | 14 | 2 | - | - | 16 |
| 3 | Business Continuity Planning Review | 2020 | 4 | 5 | - | 3 | 12 |
| 4 | Payroll | 2021 | 2 | 3 | - | - | 5 |
| 5 | Records Management | 2021 | 5 | 2 | 1 | 1 | 9 |
| 6 | Contract Management | 2021 | 5 | 3 | - | - | 8 |
| 7 | Procurement and Planning for the ERP System | 2022 | 5 | 3 | - | - | 8 |
| 8 | Occupational Safety and Health | 2022 | 7 | 1 | - | - | 8 |
| 9 | Risk Management | 2022 | 24 | 2 | 2 | - | 28 |
| 10 | Financial Management Review | 2022 | 1 | 8 | 1 | - | 10 |
| 11 | Regulation 17 | 2022 | 6 | 4 | 2 | - | 12 |
| 12 | Effectiveness of Audit and Risk Committee | 2023 | 4 | 5 | 5 | - | 14 |

| | | | | | | | |
|----------------------------------|---------------------------------------|------|------------|------------|-----------|-----------|-------------|
| 13 | Asset Management | 2023 | 5 | 4 | - | - | 9 |
| 14 | Conflict of Interest | 2023 | 3 | 3 | 2 | - | 8 |
| 15 | Workforce Management | 2023 | 7 | 8 | 2 | - | 17 |
| 16 | Planning Approval Process | 2023 | 7 | 6 | - | 1 | 14 |
| 17 | Post Implementation of the ERP System | 2023 | 2 | 3 | 2 | - | 7 |
| 18 | Waste Management | 2024 | 5 | 1 | - | - | 6 |
| 19 | Delegations of Authority | 2024 | 7 | 2 | 1 | 1 | 11 |
| 20 | Cybersecurity | 2024 | *TBD | *TBD | *TBD | *TBD | *TBD |
| 21 | Procurement | 2024 | *TBD | *TBD | *TBD | *TBD | *TBD |
| Total Tabled to Date | | | 120 | 71 | 18 | 6 | 215 |
| Total Percentage by Theme | | | 56% | 33% | 8% | 3% | 100% |

Table 3: Summary of internal audit findings by theme

4. Internal Audit Insights 2019 to 2024 (cont.)

C) Review of Risk Ratings of Internal Audit Findings

Table 4 summarises the Risk Ratings of the findings of the nineteen (19) tabled reports to date. We have observed the following:

- Approximately half of the findings (51%) within the tabled reports fall within the 'Medium' Risk-Rating. This is mostly unchanged from our previous reporting to the Audit and Risk Committee.

Compared to previous agenda papers, these results indicate:

- 'High' risk findings are becoming less common, as there hasn't been a 'High' risk finding since FY 2023. 'High' risk findings make up twenty-two percent (22%) of findings, down from twenty-six percent (26%) in the last report.
- Meanwhile, 'Low' risk findings are becoming much more common, going from twenty percent (20%) of total findings in the last period to 26 percent (26%) currently. In the current financial year 'Low' risk findings made up sixty-five percent (65%) of findings in our audit reports.

The City adopted a new Risk Management Framework on the 11th of November 2023 which included some differences in the risk rating table previously used in the internal audit reports. Moore Australia amended the following table to reflect the new Risk Management Framework, however no findings have been identified as 'extreme' risk to date. Please note that Moore Australia have not re-rated the previous findings based on the new risk rating table.

| No | Tabled Report | Year | Extreme Risk Rating | High Risk Rating | Medium Risk Rating | Low Risk Rating | No Risk Rating Provided | Total Findings |
|----|---|------|---------------------|------------------|--------------------|-----------------|-------------------------|----------------|
| 1 | Accounts Payable Process Audit | 2019 | *Not Used | 1 | 12 | - | - | 13 |
| 2 | IT Policies Review | 2019 | *Not Used | 1 | 5 | 8 | 2 | 16 |
| 3 | Business Continuity Planning Review | 2020 | *Not Used | 2 | 8 | 2 | - | 12 |
| 4 | Payroll | 2021 | *Not Used | 3 | 2 | - | - | 5 |
| 5 | Records Management | 2021 | *Not Used | 8 | 1 | - | - | 9 |
| 6 | Contract Management | 2021 | *Not Used | 8 | - | - | - | 8 |
| 7 | Procurement and Planning for the ERP System | 2022 | *Not Used | 4 | 3 | 1 | - | 8 |
| 8 | Occupational Safety and Health | 2022 | *Not Used | 2 | 6 | - | - | 8 |
| 9 | Risk Management | 2022 | *Not Used | 6 | 14 | 8 | - | 28 |

| | | | | | | | | |
|---|--|------|-----------|------|------|------|------|------|
| 10 | Financial Management Review | 2022 | *Not Used | - | 7 | 3 | - | 10 |
| 11 | Regulation 17 | 2022 | *Not Used | 3 | 8 | 1 | - | 12 |
| 12 | Effectiveness of Audit and Risk Committee | 2023 | *Not Used | - | 8 | 6 | - | 14 |
| 13 | Asset Management | 2023 | *Not Used | - | 7 | 2 | - | 9 |
| 14 | Conflict of Interest | 2023 | *Not Used | 8 | - | - | - | 8 |
| 15 | Workforce Management | 2023 | *Not Used | - | 9 | 8 | - | 17 |
| 16 | Planning Approval Process | 2023 | *Not Used | 1 | 9 | 4 | - | 14 |
| 17 | Post Implementation Review of the ERP System | 2023 | *Not Used | - | 5 | 2 | - | 7 |
| 18 | Waste Management | 2024 | *Not Used | - | 2 | 4 | - | 6 |
| 19 | Delegations of Authority | 2024 | *Not Used | - | 4 | 7 | - | 11 |
| 20 | Cybersecurity | 2024 | *Not Used | *TBD | *TBD | *TBD | *TBD | *TBD |
| 21 | Procurement | 2024 | *Not Used | *TBD | *TBD | *TBD | *TBD | *TBD |
| Total Tabled to Date as Internal Auditors | | | - | 47 | 110 | 56 | 2 | 215 |
| Total Percentage by Risk Rating | | | - | 22% | 51% | 26% | 1% | 100% |

Table 4: Summary of internal audit findings by risk-rating

5. Audit Log

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

- a) Overall Summary
- b) Composition of the Audit Log – Audit Type
- c) Status of the Audit Log - Progress
- d) Recommendations Status – Audit Topic
- e) Recommendations Status – Responsible Officer
- f) Open Recommendations – Risk-Rating
- g) Details of Open Recommendations – High Risk Ratings

a) Overall Summary

The City remains committed to implementing audit recommendations and has made considerable progress since the prior reporting to the Audit and Risk Committee in February 2024. The following are a few highlights:

1. There were thirty-six (36) recommendations validated by Moore Australia as completed by the City – the second highest on record for a single reporting period.
2. Despite the addition of seventy-seven (77) new recommendations from recent audits, the City has already completed 25%, with a further 32% in-progress or pending evidence.
3. The remaining recommendations from the ERP (Procurement & Planning) internal audit have all been completed. The ERP (Post-Implementation) internal audit also had the majority of recommendations (8) validated this period with only three (3) remaining open.

5. Audit Log (cont.)

b) Composition of the Audit Log- Audit Type

As of the 7th of May 2024, the City’s Audit Log contains three-hundred-twenty (320) recommendations through audit activities.

Those 320 recommendations are sourced from internal audits (248), OAG performance audits (22), and OAG financial audits (50).

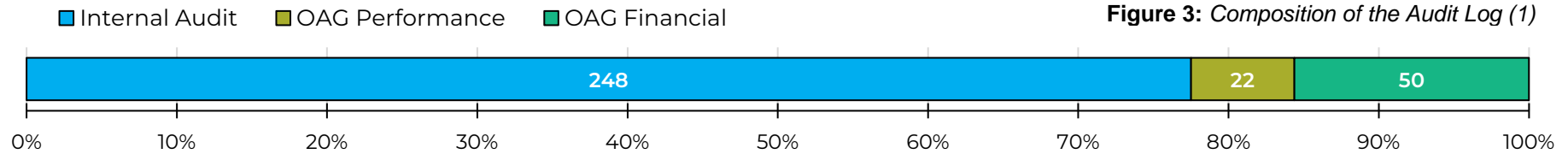


Figure 3: Composition of the Audit Log (1)

Of the total 320 recommendations, 168 (53%) of those have been validated as complete by Moore Australia – with the remaining 152 (47%) recommendations still open.

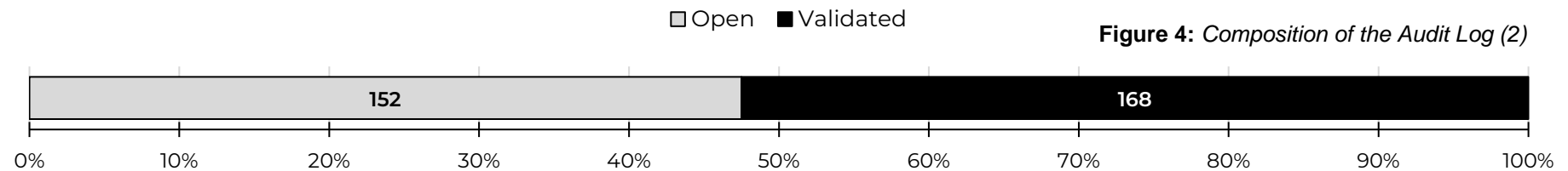


Figure 4: Composition of the Audit Log (2)

Of the 168 validated recommendations, thirty-six (36) of those were done since the prior reporting to the Audit and Risk Committee in February 2024.

Figure 5 below shows the number of recommendations validated per quarter by their risk-rating.

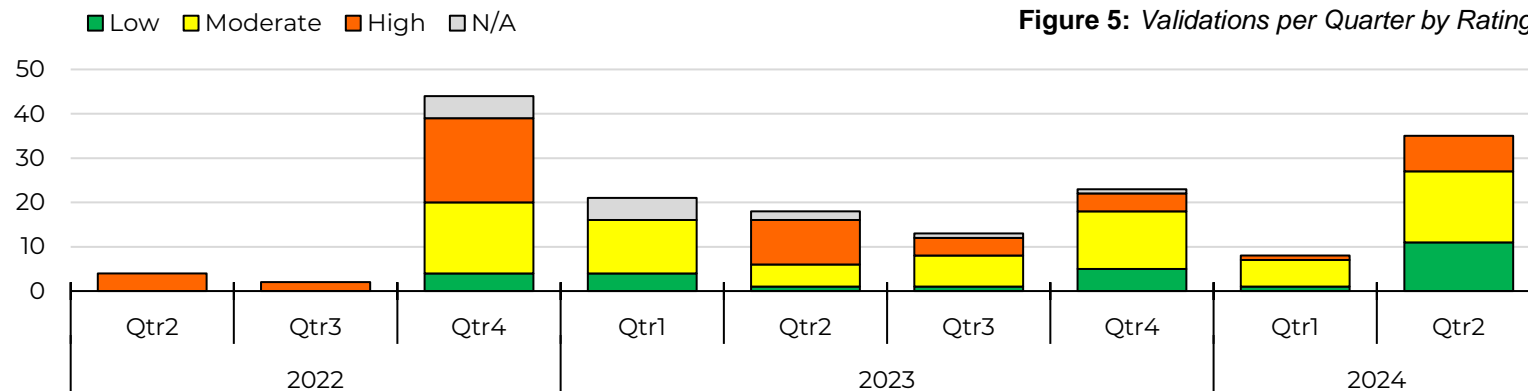


Figure 5: Validations per Quarter by Rating

5. Audit Log (cont.)

c) Status of the Audit Log

As of the 7th of May 2024, the City had 320 recommendations through audit activities. They are summarised in **Table 5**.

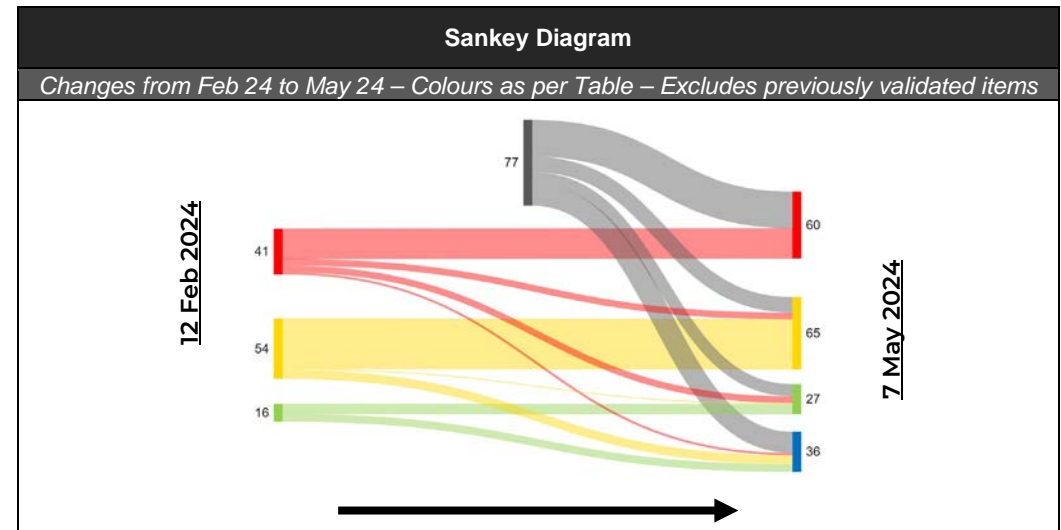
Since the last report presented to the Audit and Risk Committee in February 2024:

- Thirty-six (36) recommendations have been validated by Moore Australia as complete and recommended for closure.
- Seventy-seven (77) total new recommendations have been added into the audit log.
 - Fourteen (14) from the **Conflicts of Interest** internal audit.
 - Eleven (11) from the **ERP (Post-Implementation)** internal audit.
 - Twelve (12) from the **Waste Management** internal audit.
 - Fifteen (15) from the **Delegations of Authority** internal audit.
 - Twenty-five (25) from the **OAG's FY23 Financial** audit.

See [Appendix 2](#) for a visualisation on the historical status of the internal audit recommendations over the last year.

| Status | 12 February 2024 | | 7 May 2024 | |
|-------------------------------|------------------|-------------|------------|-------------|
| | # | % | # | % |
| New (Not in Period) | 77* | - | - | - |
| Not Started | 41 | 17% | 60 | 19% |
| In Progress | 54 | 22% | 65 | 20% |
| Pending Evidence | 16 | 7% | 27 | 8% |
| Sub-Total (Open) | 111 | 46% | 152 | 48% |
| Validated / Closed | 132 | 54% | 168 | 53% |
| Total (*Excluding New) | 243 | 100% | 320 | 100% |

Table 5: Status of Audit Log at 7 May 2024



5. Audit Log (cont.)

d) Recommendations Status – Audit Topic

Figure 6 provides a breakdown of the status of all three-hundred-twenty (320) recommendations per audit topic[†] – including the thirty-six (36) items closed this period.

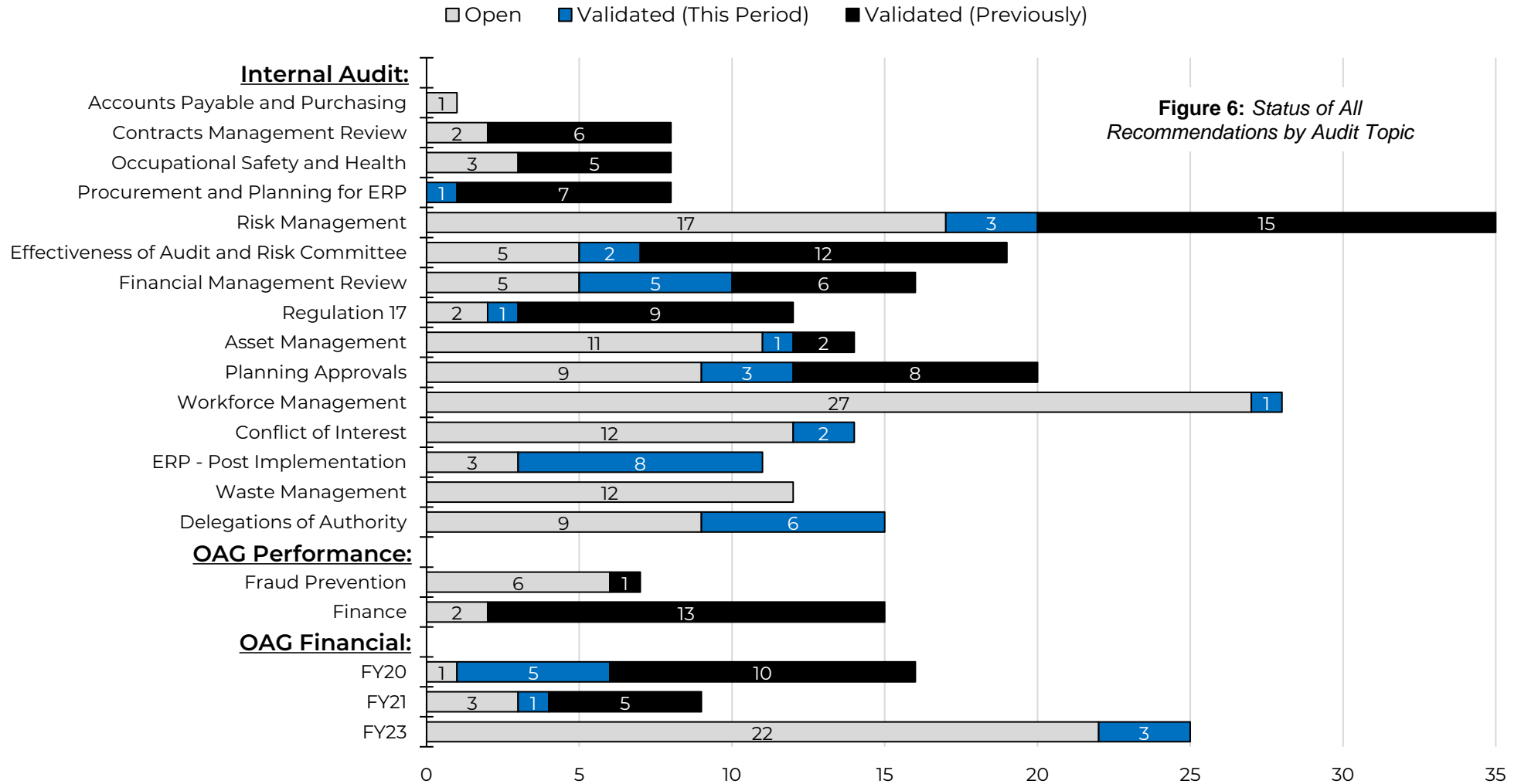


Figure 6: Status of All Recommendations by Audit Topic

[†] Excludes previously fully closed audits:

Internal Audits: IT Policy Review (2), Business Continuity Review (7), Records Management (9), Payroll (9). **OAG Financial:** Procurement (6), IT (2), HR (2).

5. Audit Log (cont.)

e) Recommendations Status – Responsible Officer

Figure 7 below provides a breakdown of the status of the one-hundred-fifty-two (152) open recommendations per Responsible Officer.

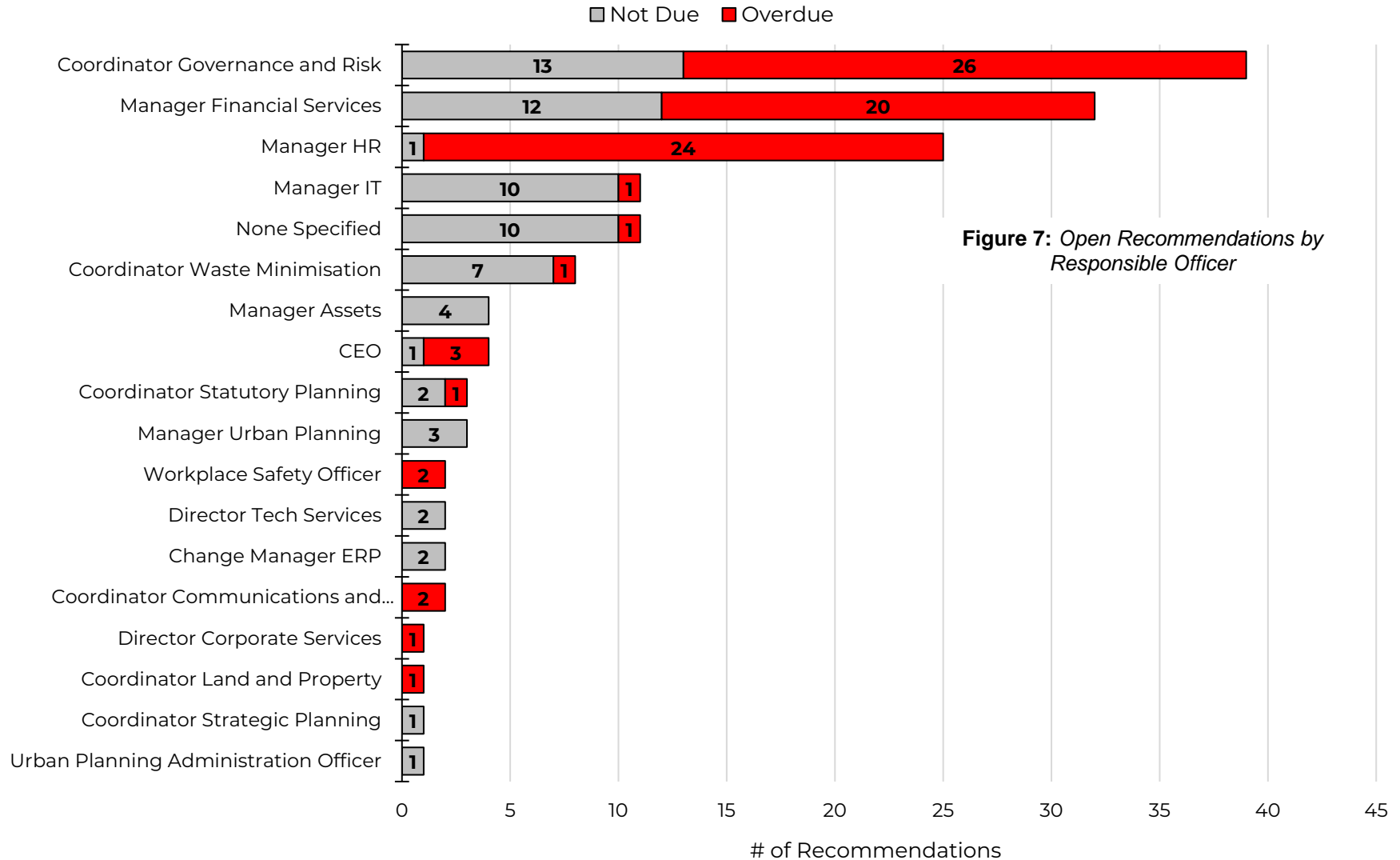


Figure 7: Open Recommendations by Responsible Officer

5. Audit Log (cont.)

f) Open Recommendations – Risk Rating

The diagrams below provide a breakdown of open recommendations per **Risk Rating**. We have used the City’s new risk rating scale in the Risk Management Framework which is provided in [Appendix 1](#) for ease of access.

N.B. – OAG Performance Audit Recommendations are not included as they did not include Risk Ratings.

Specifically for the internal audit items: we note the majority of open recommendations, fifty-six (56) (47%), have a Moderate rating, followed by forty-four (44) (37%) as Low, followed by eighteen (18) (15%) with a High-Risk Rating.

We recommend that significant time and resources (recognising budget constraints) should be given to the High-Risk rated recommendations and to close these out as a matter of priority, followed by Moderate and Low risk items.

Figure 8: Open Internal Audit Recommendations by Risk Rating

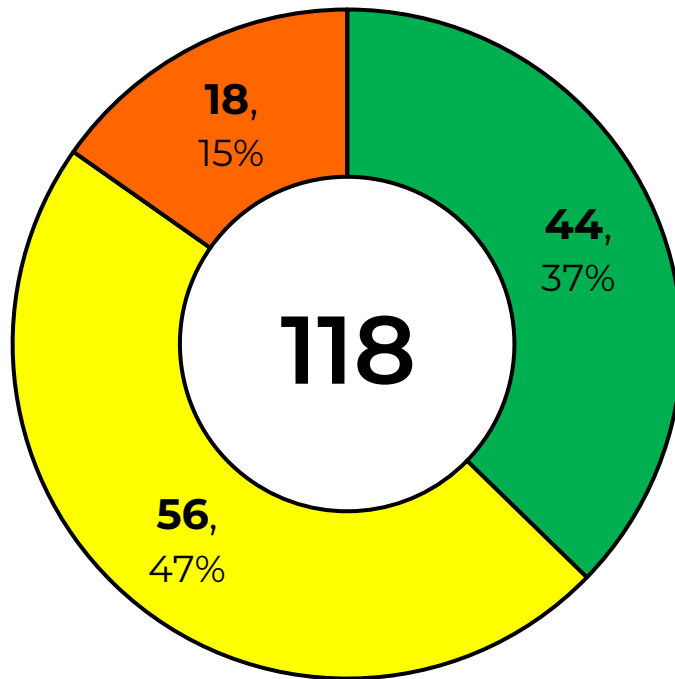
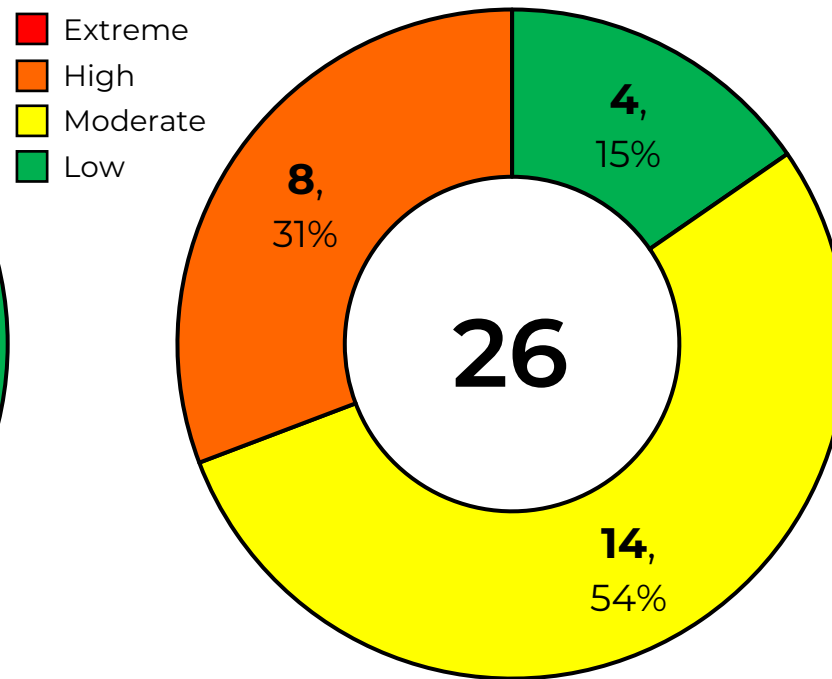


Figure 9: Open OAG Financial Audit Recommendations by Risk Rating



5. Audit Log (cont.)

g) Details of Open Recommendations – High Risk Ratings

Below is a list of the twenty-six (26) open **High-Risk** recommendations (previously ten (10)) were reported to the Audit and Risk Committee in February 2024) per audit topic and status of each recommendation:

| ID | Audit Topic | Recommendation | Rec Owner | Due Date | Days Overdue | Status |
|-----|--------------------------------|---|---------------------------------|-----------|--------------|------------------|
| 47 | Occupational Safety and Health | The City should: 1) clearly document the key roles including competency and key training requirements; 2) investigate the training status and competency of staff in key OSH related positions; 3) recruit and have acting people in these roles only when they meet these key competencies and training requirements 4) update relevant staff training and certification on MYOSH (i.e. the City's system for OSH) 5) establish a City central register for each site on the OSH related training. For example first aid certifications, fire warden training and other related certifications); and 6) monitor expiry dates and ensure that qualifications are renewed and refresher training on a regular basis or when legislative requirements change. | Manager HR | 30-Apr-22 | 738 | In Progress |
| 49 | Occupational Safety and Health | The City should: 1) develop KPI's for monitoring OSH outcomes; 2) ensure KPI's are approved by the EMT; 3) determine the frequency and method of monitoring its progress against the stated objectives; and 4) regularly monitor; and report to the EMT and the Audit and Risk Committee the achievement of the OSH outcomes | Workplace Safety Officer | 30-Apr-22 | 738 | In Progress |
| 29 | Contracts Management Review | Regular Executive Reporting to Executive and the Audit and Risk Committee should take place. | Manager Financial Services | 31-Aug-22 | 615 | In Progress |
| 30 | Contracts Management Review | A Risk register should be developed | Manager Financial Services | 31-Aug-22 | 615 | In Progress |
| 208 | Conflict of Interest | Consider developing and implementing a formal budget dedicated to funding risk management and COI-related practices. | Coordinator Governance and Risk | 30-Jun-23 | 312 | Pending Evidence |
| 213 | Conflict of Interest | Develop and implement a Secondary Employment Register. | Manager HR | 30-Jun-23 | 312 | Not Started |

ARC09.05.24 - Attachment 1

| ID | Audit Topic | Recommendation | Rec Owner | Due Date | Days Overdue | Status |
|--------|----------------------|---|---------------------------------|-----------|--------------|-------------|
| 217 | Conflict of Interest | Develop and implement a COI training program for Council, Management, employees, contractors and volunteers which is supplemented by assessment components and scheduled refresher training. This should be underpinned by a COI training program for risk and COI related activities. Training materials and attendance should records be maintained. | Coordinator Governance and Risk | 31-Oct-23 | 189 | Not Started |
| 218 | Conflict of Interest | Employees should be requested to declare any actual, potential, or perceived conflicts of interest upon hire, confirm their existence or absence once a year and be familiarised with the processes in which they can submit COI declarations at any given point in time. All conflicts should be recorded in the Conflicts of Interest Register and be managed in accordance with the policy and procedure already in place. | Coordinator Governance and Risk | 31-Oct-23 | 189 | Not Started |
| 219 | Conflict of Interest | Consider conducting background and due diligence checks on potential staff, suppliers, contractors and business partners, particularly in circumstances that involve elevated risk. | Manager HR | 31-Oct-23 | 189 | Not Started |
| 220 | Conflict of Interest | Consider performing data analytics to identify undeclared conflicts of interest. This may include but is not limited to implementing periodic comparison of vendor information with current employees' information such as addresses and telephone numbers. | Manager Financial Services | 31-Oct-23 | 189 | In Progress |
| 221 | Conflict of Interest | Consider a review of the policy and procedure already adopted by the City to ensure that it meets the required objectives. Partner this with recommendation 5, in developing and implementing a training program for the City to ensure that all stakeholders are aware of the requirements of the policy and procedure to adopt them effectively. | Coordinator Governance and Risk | 31-Oct-23 | 189 | In Progress |
| 84 | Risk Management | Develop, approve, monitor and report on a Risk Appetite, Risk Tolerance within the City and then consider these in relation to the Residual Risk rating and whether the City are within the Risk Appetite and Risk Tolerance. | Coordinator Governance and Risk | 31-Mar-24 | 37 | In Progress |
| 89 | Risk Management | Development and approve a comprehensive Fraud and Corruption Control Framework, Fraud and Corruption Control Policy, Fraud and Corruption Control Procedure Fraud Risk Assessment, Fraud Risk Register, Fraud Incident Register which aligns to the Fraud and Corruption Control Standard. | Manager Financial Services | 31-Mar-24 | 37 | In Progress |
| OAG-31 | FY23 | We recommend that the project on transition of the accounting system should be properly managed and implemented only upon a successful migration of the data. We also recommend for management to engage TechOne's service support to ensure all reports can be extracted and reconciled, with variances from the migration process investigated and resolved. | Director Corporate Services | 31-Mar-24 | 37 | In Progress |
| OAG-26 | FY23 | It is recommended that management review the completeness of their asset listings within their fixed asset register against the valuer's report to ensure that all items are revalued. In addition, management establish an understanding behind the valuer's calculations, and challenge the assumptions used to justify the report. | Manager Financial Services | 30-Jun-24 | Not Due | In Progress |

ARC09.05.24 - Attachment 1

| ID | Audit Topic | Recommendation | Rec Owner | Due Date | Days Overdue | Status |
|--------|----------------------|---|----------------------------|-----------|--------------|------------------|
| OAG-27 | FY23 | It is recommended that management implement the correct controls as well as safeguarding behind Property, Plant and Equipment and Infrastructure assets, given the significant of the balance in the City's financial statements. | Manager Financial Services | 30-Jun-24 | Not Due | In Progress |
| OAG-32 | FY23 | We recommend that management perform a reconciliation of all accounts and transactions to correctly determine all section balances as at year end. We also recommend that management update its accruals and prepayment balances to ensure that all transactions are accounted for within the correct accounting period. | Manager Financial Services | 30-Jun-24 | Not Due | In Progress |
| OAG-41 | FY23 | The City should: Ensure users with privileged access have a separate non-privileged account to perform normal work activities. Utilise uniquely identifiable privileged accounts for an accurate audit trail of privileged actions. Develop and configure a new password standard for privileged users that is more complex than the generic password standard for all users. Ensure all privileged accounts belong to authorised users and are removed when no longer required. | Manager IT | 30-Jun-24 | Not Due | Not Started |
| OAG-42 | FY23 | The City should: Configure an additional authentication method to provide a second layer of defence when accessing a user's virtual desktop. Enable MFA for active Authority user accounts. Prevent the use of shared user accounts and ensure passwords are changed appropriately. Align the current password history configuration to the documented password policy. Set the minimum password age to at least one day or more. Update the documented password policy to reflect the current session lockout configuration. | Manager IT | 30-Jun-24 | Not Due | Not Started |
| OAG-43 | FY23 | The City should: Disable generic accounts that do not serve a business function. Define and endorse a formalised approach to review user access which aims to appropriately restrict user permissions based on job function, prevent segregation of duty conflicts, and disable accounts that no longer have a purpose or function while maintaining a documented and auditable evidence trail of the reviews performed. Regularly perform segregation of duty reviews for the TechOne financial application. Disable accounts of terminated personnel in a timely manner. Disable accounts that do not belong to authorised personnel. | Manager IT | 30-Jun-24 | Not Due | In Progress |
| OAG-44 | FY23 | The City should: Ensure active accounts belong to currently employed staff only. Define and endorse a formalised approach to review user access which aims to appropriately restrict user permissions based on job function, prevent segregation of duty conflicts, and disable accounts that no longer have a purpose or function while maintaining a documented and auditable evidence trail of the reviews performed. Disable accounts of terminated personnel in a timely manner. Disable accounts that do not belong to authorised personnel. | Manager IT | 30-Jun-24 | Not Due | Not Started |
| 209 | Conflict of Interest | Consider appointing a resource to perform risk management including COI practices within the City. A Senior Governance Officer position is referred to in the City's Policy documents. We understand that the position of "Coordinator Governance and Risk" is currently being recruited at the City. | None Specified | N/A | No Due Date | Pending Evidence |

| ID | Audit Topic | Recommendation | Rec Owner | Due Date | Days Overdue | Status |
|-----|----------------------|--|----------------|----------|--------------|------------------|
| 211 | Conflict of Interest | Ensure that the City's Register of Financial Interest is updated to include all required information, including all Primary and Annual Declarations in the form prescribed by legislation. | None Specified | N/A | No Due Date | Pending Evidence |
| 212 | Conflict of Interest | Ensure that the City's website is updated to include all information disclosures as per legislative requirements. | None Specified | N/A | No Due Date | Pending Evidence |
| 214 | Conflict of Interest | Consider adding an additional column to the electronic gifts register to distinguish between the date of the declaration and the date of the record to evidence compliance with the 10 day rule. | None Specified | N/A | No Due Date | Pending Evidence |
| 216 | Conflict of Interest | Implement control procedures to ensure that an up-to-date version of the register is uploaded to the City's website in accordance with legislation. | None Specified | N/A | No Due Date | Pending Evidence |

Table 6: List of Open Recommendations – High Risk

6. Publications

Moore Australia has identified the following reports which may be of interest to Management. This is presented in **Table 7** below.

| Organisation and Report | Details | Issue Date |
|--|--|---------------|
| Public Sector Commission Western Australian Public Sector Quarterly Workforce Report – December 2023 www.wa.gov.au | This page presents a snapshot of the public sector workforce based on the most recent data available. | 8 April 2024 |
| WA Government / SEMC 2023 Emergency Preparedness Report www.wa.gov.au | This report offers a broad view of WA’s capacity to deal with large scale emergencies and disruptions. | 11 March 2024 |
| Office of Digital Government WA Government Artificial Intelligence Policy and Assurance Framework (www.wa.gov.au) | The Government of Western Australia’s Artificial Intelligence Policy specifies the principles that must be applied by WA Government agencies who are developing or using Artificial Intelligence (AI) tools. | 5 March 2024 |

Table 7: Publications which may be of interest.

7. Office of the Auditor General

A role of internal audit is to help Management to identify where risks are and to identify the controls and treatment actions in place to mitigate those risks, or to report the lack of these controls and treatment actions. A risk for all State and Local Government entities is the risk the Auditor General will perform a performance audit and report the results to Parliament which depending on the results, may identify significant un-identified risks and affect the credibility with Parliament, the community, and other stakeholders. Moore Australia WA assist our clients to be “audit ready” to reduce their credibility risk.

7.1 Tabled Reports

Tabled Auditor General reports can provide an opportunity for State and Local Government entities to assess their policy framework and practice and to identify areas where improvements can be made. It can also identify internal audit topics which may be useful to include in the Strategic Internal Audit Plan. Set out below in **Table 8** are the Auditor General recently tabled reports. This excludes Section 82 Financial Management Act Ministerial Notifications Reports. These reports may be of interest to Management.

| Tabled Reports | Date |
|--|---------------|
| State Government 2022-23 – Information Systems Audit - Office of the Auditor General | 12 April 2024 |
| Digital Identity and Access Management – Better Practice Guide - Office of the Auditor General | 28 March 2024 |
| Funding for Community Sport and Recreation - Office of the Auditor General | 21 March 2024 |

Table 8: Reports Recently Tabled by the Auditor General.

7. Office of the Auditor General (cont.)

7.2 Performance Audit Program

The OAG’s forward performance audit topics can also be used to perform a self-assessment, to identify where there may be gaps within City of Nedlands, and where work needs to be performed to reduce your risks, including credibility risk. Set out below are the commenced audits with the anticipated tabling dates.

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

| Performance Audit Title | Anticipated Tabling |
|--|---------------------|
| Implementation of the Earlier Intervention and Family Support Strategy (State) | Q2 2024 |
| Government Campaign Advertising (State) | Q2 2024 |
| Effectiveness of the Aboriginal Procurement Policy (State) | Q2 2024 |
| Information Systems Audit – General Computer Controls (Local) | Q2 2024 |
| Utilising Emergency Department Data (State) | Q2 2024 |
| Management of staff exit controls in local government entities | Q2 2024 |
| Local government management of purchasing cards (Local) | Q2 2024 |
| Local government ICT disaster recovery planning (Local) | Q2 2024 |
| Local government physical security of server room assets (Local) | Q2 2024 |
| Administration of state agreements (State) | Q2 2024 |
| Release of restricted funds from special purpose accounts (State) | Q2 2024 |
| Information Systems audit – Application reviews | Q2 2024 |

Table 9: Audit Reports included in the OAG Forward Audit Program.

8. Feedback

Moore Australia are happy to receive any feedback on the performance of the internal audit engagements. We can consider this feedback in the planning, execution, and reporting of future internal audits engagements.

9. Appreciation

We extend our appreciation to the Management and staff for their assistance provided to Moore Australia WA.:

10. Questions

Michelle Shafizadeh is attending the meeting to present the report and answer any questions the Audit and Risk Committee may have.

Appendix 1: Risk Ratings, Guidance and Action Required

| Measures of Consequence | | | | | | | | | |
|--------------------------|---|-------------------------|---|---|---|--|---|---|-------------------------------|
| Rating (Level) | Health | Financial Impact | Service Interruption | Compliance | Reputational | Property | Environment | Project TIME | Project COST |
| Insignificant (1) | Near miss. Minor first aid injuries | Less than \$20,000 | No material service interruption | No noticeable regulatory or statutory impact Threat of litigation No effect on contract performance | Unsubstantiated, low impact, no media involvement | Inconsequential or no damage. | Contained, reversible impact managed by on site response | Exceeds deadline by 10% of project timeline | Exceeds project budget by 10% |
| Minor (2) | Medical type injuries / Lost time injury <30 days | \$20,001 - \$100,000 | Short term temporary interruption – backlog cleared < 1 day | Some temporary non compliances Single minor litigation | Substantiated, low impact, low news profile | Localised damage rectified by routine internal procedures | Contained, reversible impact managed by internal response | Exceeds deadline by 15% of project timeline | Exceeds project budget by 15% |
| Moderate (3) | Lost time injury >30 days | \$100,001 - \$500,000 | Medium term temporary interruption – backlog cleared by additional resources < 1 week | Short term non-compliance but with no significant regulatory requirements imposed Single moderate litigation or numerous minor litigations | Substantiated, public embarrassment, moderate impact, moderate news profile | Localised damage requiring external resources to rectify | Contained, reversible impact managed by external agencies | Exceeds deadline by 20% of project timeline | Exceeds project budget by 20% |
| Major (4) | Long-term disability/multiple injuries | \$500,001 - \$1,000,000 | Prolonged interruption of services – additional resources; performance affected < 1 month | Non-compliance results in termination of services or imposed penalties Single major litigation | Substantiated, public embarrassment, high impact, high news profile, third party actions | Significant damage requiring internal & external resources to rectify | Uncontained, reversible impact managed by a coordinated response from external agencies | Exceeds deadline by 25% of project timeline | Exceeds project budget by 25% |
| Catastrophic (5) | Fatality, permanent disability | More than \$1,000,000 | Indeterminate prolonged interruption of services – non-performance > 1 month | Non-compliance results in litigation, criminal charges or significant damages or penalties | Substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile, third party actions | Extensive damage requiring prolonged period of restitution Complete loss of plant, equipment & building | Uncontained, irreversible impact | Exceeds deadline by 30% of project timeline | Exceeds project budget by 30% |

Appendix 1: Risk Ratings, Guidance and Action Required (cont.)

| Measures of Likelihood | | |
|------------------------|----------------|----------------------------|
| Level | Rating | Frequency |
| 5 | Almost Certain | More than once per year |
| 4 | Likely | At least once per year |
| 3 | Possible | At least once in 3 years |
| 2 | Unlikely | At least once in 10 years |
| 1 | Rare | Less than once in 15 years |






| Risk Ratings | | | | | | |
|---------------------------|---|---------------|--------------|--------------|--------------|--------------|
| Consequence Likelihood | | Insignificant | Minor | Moderate | Major | Catastrophic |
| | | 1 | 2 | 3 | 4 | 5 |
| Almost Certain | 5 | Moderate (5) | High (10) | High (15) | Extreme (20) | Extreme (25) |
| Likely | 4 | Low (4) | Moderate (8) | High (12) | High (16) | Extreme (20) |
| Possible | 3 | Low (3) | Moderate (6) | Moderate (9) | High (12) | High (15) |
| Unlikely | 2 | Low (2) | Low (4) | Moderate (6) | Moderate (8) | High (10) |
| Rare | 1 | Low (1) | Low (2) | Low (3) | Low (4) | Moderate (5) |

Appendix 1: Risk Ratings, Guidance and Action Required (cont.)

| Risk Acceptance Criteria | | | |
|----------------------------|---------------------------|---|--|
| Risk | Description | Criteria | Responsibility |
| LOW (1-4) | Acceptable | Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring | Coordinators / Operational Managers |
| MODERATE (5-9) | Monitor | Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring | Managers |
| HIGH (10-16) | Urgent Attention Required | Risk acceptable with effective controls, managed by senior management and subject to monthly monitoring | CEO / Executive |
| EXTREME (20-25) | Unacceptable | Risk only acceptable with effective controls, all treatment plans in place, managed by CEO and subject to continuous monitoring | CEO & Council |

| City of Nedlands Existing Controls Rating | | |
|---|---|---|
| Rating | Foreseeable | Description |
| Effective | There is little scope for improvement. | Processes (Controls) operating as intended and / or aligned to Policies & Procedures; are subject to ongoing maintenance and monitoring and are being continuously reviewed and tested. |
| Adequate | There is some scope for improvement. | Whilst some inadequacies have been identified; Processes (Controls) are in place, are being addressed / complied with and are subject to periodic review and testing. |
| Inadequate | A need for corrective and / or improvement actions exist. | Processes (Controls) not operating as intended, do not exist, or are not being addressed / complied with, or have not been reviewed or tested for some time. |

Appendix 2: Historical Status of Internal Audit Log Recommendations

 = N/A  = Not Started  = In Progress  = Pending Evidence  = Validated / Complete

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Appendix 3: Delegations of Authority Internal Audit Report



INTERNAL AUDIT
DELEGATIONS OF AUTHORITY

City of Nedlands

5 April 2024



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| Engagement Role | Name |
|----------------------|---------------------|
| Engagement Director | Michelle Shafizadeh |
| Supervisor | Brad Silence |
| Intermediate Auditor | Darby Young |

1. EXECUTIVE SUMMARY

1.1. Background

Both a Council and a Chief Executive Officer (“CEO”) of a Western Australian local government have numerous discretionary functions bestowed on them by a range of legislative instruments. It is not always practical for the breadth of such functions to be exercised by the relevant party on a day-to-day basis, and therefore some of these functions are able to be assigned to others who are appropriately experienced and qualified to undertake them. This is achieved through a framework of delegations of authority (“DoA”), authorisations or “acting through” mechanisms, or other appropriate and lawful administrative arrangements.

Being the principal legislation in which Western Australian local governments operate, the *Local Government Act 1995* (“LG Act”) empowers a local government’s Council to delegate, by instrument in writing, certain functions of a local government, to its CEO. Similarly, the LG Act also allows the CEO to delegate their functions to other employees of the local government, as well as to on-delegate certain functions that have been delegated by a local government’s Council to the CEO. Other legislation also allows a power of delegation, and some legislation gives certain employees of a local government function directly (such as Environmental Health Officers). However, delegations can only be implemented where a provision allows within the enacting law in which the power or duty is derived, otherwise the form of delegation is unlawful. Where DoA has been established, it is usual practice, if not legislated, for such instruments to be included in a formal DoA register or manual (“DoA Manual”) and a regular review of those instruments, is often required.

Due to the myriad of responsibilities placed on local governments by numerous legislative instruments, and the complexity of the delegation process, it is important for all local governments to be aware of, and fully understand, the legislative regime in which they operate. Similarly, CEOs and employees having functions delegated to them, must also understand their obligations in performing such discretionary activities.

For our report, and in accordance with the *Interpretation Act 1984*, we will use the term “function” to describe the delegated powers, duties, responsibilities, authorities and jurisdictions, place on a Council, CEO or other employees by legislation or another legal instrument.

1.2. DoA Review Model

For the purposes of our engagement and overall assessment of the City’s DoA, we have used the following review model (Figure 1):

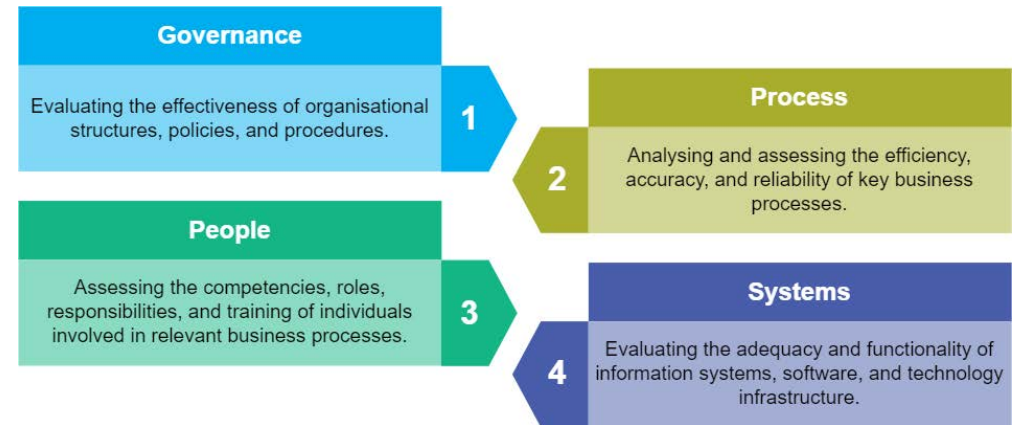


Figure 1 - DoA Review Model.

1. EXECUTIVE SUMMARY (CONT.)

1.3. Scope Approach

In accordance with the City's Strategic Internal Audit Plan, Moore Australia performed an internal audit to assess the design, description, implementation, and operating effectiveness of the City's DoA.

Moore Australia (WA) Pty Ltd has performed the internal audit in accordance with the International Professional Practice Framework and the Moore Australia (WA) Pty Ltd Internal Audit Methodology.

This report presents our observations and recommendations arising from the internal audit engagement. Further information around the scope for this engagement is detailed in [Section 3.1 – Scope and Approach](#).

1.4. Overall Findings

While the City has an established DoA Manual, a further review is recommended on the legality to delegate some functions (particularly the *Food Act 2008*) in view of the advice from the Department of Local Government, Sport and Cultural Industries. Some minor drafting improvements are also suggested to the DoA Manual, including better clarity around the express legislative power delegated (generally detailed in the DoA instruments); improved document control of the DoA Manual; as well as a review of website publishing practices of the City's DoA Manual. To improve clarity in Council resolutions, it is also suggested that the legislative head of power within Council reports (and ultimately resolutions) could be better articulated.

We conclude improvements could be made in terms of regular and consistent scheduling of DoA reviews by both Council and the CEO to ensure legislative compliance is achieved, as well as improvements to documentation and recordkeeping around CEO reviews and DoA review approvals. The City's administration would also benefit from having newly established processes and internal work-related procedures for all DoA process and activities, as well as DoA education and training programs to improve corporate knowledge and enhance compliance.

Related to the DoA processes for the City, a review of the Primary Return and Annual Return processes is recommended to ensure only designated employees are required to complete such returns. Evidence based processes for the City's annual Compliance Audit Return is also recommended to avoid inadvertent answers being stated, as found in the City's adopted 2022 Compliance Audit Return.

For more details of the observations and the relevant recommendations relating to the above, please refer to [Section 3 - Detailed Observations and Recommendations](#).

1.5. Positive Observations

The City's DoA Manual is consistent with the Western Australian Local Government Association's ("WALGA") Template Delegation Register, which has been utilised by various local governments throughout Western Australia.

The City's use of the Attain system, commonly used by local governments, will hopefully enable better automated compliance mechanism to be enshrined into business practices, which will create efficiencies in terms of time and cost. Nowtstanding configuration improvements are suggested and some examples are presented in this report.

We are of the understanding the City currently only has one (1) employee that is primarily designated to oversee the numerous activities around the City's DoA processes (among other duties) and their dedication and positive insights into identifying improvements is commended.

1.6. Summary of Results and Conclusion

We reported eleven (11) findings, and fifteen (15) recommendations within this report. These are summarised in **Table 1** below:

| Summary of Findings | | | | |
|---------------------|-------|------|--------|-----|
| Name | Total | High | Medium | Low |
| Governance | 7 | - | 3 | 4 |
| Process | 2 | - | 1 | 1 |
| People | 1 | - | - | 1 |
| Systems | 1 | - | - | 1 |
| Total | 11 | - | 4 | 7 |
| Recommendations | 15 | - | 4 | 11 |

Table 1 - Summary of Results

We have assigned, and agreed with Management, priority ratings for each observation based on the *Key to Significance of Risk Rating* included in [Appendix 2](#).

1.7. Acknowledgement

We would like to thank the City's personnel for the assistance provided during the engagement. Key Personnel contacted are outlined in [Appendix 1](#).

2. SUMMARY OF AUDIT RECOMMENDATIONS

Summarised below are the key recommendations identified during the engagement:

| Category | Recommendations | Risk Rating |
|------------|--|-------------|
| Governance | 1. Clarity within Council Resolutions - At its next review, identify and list the various heads of legislative power of delegation in the officer's recommendation within the report to Council, to provide greater clarity in the Council's formal DoA Manual resolution. | Low |
| | 2. Review Food Act 2008 Delegations - The City seek legal advice as to the permissibility of delegations made under the <i>Food Act 2008</i> and should the Department of Local Government, Sport and Cultural Industries interpretation be correct, the City should remove the delegated functions within the DoA Manual and investigate how these functions under the <i>Food Act 2008</i> can be appropriately exercised by City employees. | Medium |
| | 3. Clarify Head of Power Referencing - Review the expressed function delegation referencing within the DoA Manual to provide greater alignment and transparency of functions that can be delegated under various legislation. | Low |
| | 4. Remove outdated DoA Manuals - Remove all outdated versions of the City's DoA Manual from the City's website, including the removal of any website search engine links to inactive or out of date pages. | Low |
| | 5. Publish approved DoA Manual - Place the latest adopted version of the City's DoA Manual on the City's website following it's adopted review and include the need for website updates in any established DoA procedures and processes. | Low |
| | 6. Improve CEO DoA review practices - Ensure the required annual legislative review of CEO's DoA is appropriately recorded and maintained as a standalone and separate record within the City's record keeping system. | Medium |
| | 7. Document DoA Procedures and Processes - Develop workplace procedures and processes for the management of DoA at the City, including but not limited to: <ul style="list-style-type: none"> the procedures and processes for requesting or amending an existing or new DoA. the annual review procedure and process required by legislation for the CEO and Council the use of the City's Attain system and its role in managing DoA at the City activities to be performed following a review of, or update to, the City's DoA Manual. | Low |
| | 8. Establish Document Controls - Include document control table within the City's DoA Manual that provides details of the changes to the listed delegations. | Low |

Table 2 - Summary of Audit Recommendations.

2. SUMMARY OF AUDIT RECOMMENDATIONS (CONT.)

| Category | Recommendations | Risk Rating |
|--------------------|---|-------------|
| Governance (Cont.) | 9. Evidence-based processes for Compliance Returns - Establish an appropriate management process for the City's annual Compliance Audit Return to ensure evidenced based answers are provided by responsible management and officers. | Medium |
| Process | 10. Improved Scheduling Program - Establish a regular and consistent review cycle program for both CEO DoA reviews and Council DoA reviews. | Medium |
| | 11. Revised Primary Return and Annual Return Process - Review the City's Primary and Annual Return process to ensure only those relevant persons (as determined by the LG Act) are required to complete a Primary and Annual Return. | Low |
| People | 12. Employee DoA Training - Develop, approve, and implement training for staff with a delegated authority on their legal obligations, other responsibilities, and use of any relevant systems on a periodic basis. | Low |
| | 13. Employee DoA Induction - Develop, approve, and implement basic DoA training material for all employees to be completed as part of their induction. | Low |
| Systems | 14. Configure Attain System - Investigate instances where a delegated authority has been exercised whilst still marked as "sent for review submission" in the Register of Exercising Delegation. Ensure these have all acquired the appropriate approval and that it is reflected correctly in the system. | Low |
| | 15. Configure Attain System - Ensure compliance workflows are fully configured within Attain and system alerts are consistent with existing business practices and review timeframes. | Low |

Table 2 - Summary of Audit Recommendations. (Cont.)

3. DETAILED REPORT

3.1. Scope and Approach

3.1.1. Objective and Scope

The objective of the internal audit is to assess the design, description, implementation, and operating effectiveness of the City's DoA.

The scope of the internal audit includes the following:

- Review the City's DoA, including policies, procedures and registers and its compliance with legislation, better practice principles.
- Assessment of the implementation and operating effectiveness of the DoA.
- Assessment of training and awareness activities on DoA.
- Oversight and reporting to the CEO, Executive, Audit and Risk Committee and Council.

This internal audit was undertaken for the period 1 July 2022 to 31 December 2023.

3.1.2. Approach

The review was conducted primarily by applying discussion, observation, and review techniques, concentrating on the following:

- Entrance meeting with process owner.
- Meetings with relevant stakeholders to understand the current environment, challenges, and opportunities.
- Reviewing documents and sample testing where appropriate.
- Exit meeting with Management to discuss key findings and recommendations.
- Issuing a draft report to Management.
- Receiving and incorporating feedback from Management.
- Issuing the final report to Management for tabling at the Audit and Risk Committee.

3.1.3. Reporting

During the reporting phase of this engagement, we completed the following:

- Developed a draft report outlining our findings and recommendations.
- Validated the audit observations and the details of the draft report with process owners and responsible Management.
- Held an exit meeting with the responsible officers and responsible Management to discuss the report.
- Sought Management comments, action plans, timeline, and commitment to implement the audit recommendations.
- Issued the final report to the Audit and Risk Committee.

3. DETAILED REPORT (CONT.)

3.1. Scope and Approach (Cont.)

3.1.4. Limitations of Scope

- The scope of our services and any deliverables will be limited to carrying out internal audit assignments in accordance with the approved Strategic Internal Audit Plan. We will only cover the scope of work approved by the Audit and Risk Committee and unless additional areas are specifically agreed with the Audit and Risk Committee during the year.
- The scope of work for this engagement was approved by Management in the Internal Audit Scope document on 22 December 2023. Subsequently, we sought approval from management to extend the scope period until the 31 December 2023, to enable the City's latest review process to be included within the scope of our engagement. Management consent was obtained on 23 January 2024.
- Due to the inherent limitations of any internal control structure, we do not warrant that all weaknesses, fraud, error, or non-compliance in your control structures were detected during the engagement.
- Any testing under the engagement is performed on a sample basis and is not conducted continuously.
- Any projections as to the assessment of the control structures in future periods are subject to the risk that the structures may become inadequate as a result of changes in conditions, or that the degree of compliance with them may deteriorate.
- We conducted appropriate tests of key controls within our scope. Our findings only relate to the period of testing undertaken during our review and cannot be relied upon to be representative of the operation of control procedures prior to or after this period.
- We have relied solely on the information and documentation provided to us by the City and have not performed a review on the authenticity of the information and data provided. There is a risk the information may have been altered prior to being provided to Moore Australia and there is a risk this may not be identified by Moore Australia. This may impact on the results reported within this report.
- The internal audit report was prepared on an "exception-basis", which means we only provided commentaries on areas where we observed improvement opportunities on controls or enhancement to the compliance environment.
- The provision of internal audit services is an advisory engagement which is not subject to assurance or other standards issued by the Australian Auditing and Assurance Standard Board and, consequently no opinions or conclusions are intended to convey assurance, either expressed or implied.
- Our report is for your purposes only and not for publication, quoting or reliance by any other party.

3. DETAILED REPORT (CONT.)

3.2. Detailed Observations and Recommendations

Governance

| Findings and Recommendations | Rating of Finding |
|---|-------------------|
| Finding 1 – Lack of clarity within Council resolutions identifying correct legislative head of power. | Low |
| <p>The ability to delegate legislative functions to other parties is only permissible from where the legislative function is derived. Local governments may mistakenly attempt to use the legislative function of delegation contained in one Act to delegate a function contained in another Act. Unless expressly stated to the contrary, a legislative power to delegate only relates to the functions under the Act in which the delegation power is located. Some legislation also places limitations on the ability to sub-delegate legislative functions. While the LG Act only requires delegations made under that Act to be reviewed annually, best practice includes reviewing all delegations under any Act at the same time as LG Act delegations are being reviewed.</p> <p>While there are broad levels of legislative responsibilities placed on local governments, the following details the various heads of power in each piece of legislation applicable to local government and which are commonly delegated within a local government context:</p> <ul style="list-style-type: none"> • Section 5.16 of the <i>Local Government Act 1995</i> (for delegations to Committees). • Section 5.42 of the <i>Local Government Act 1995</i>. • Section 127 of the <i>Building Act 2011</i>. • Section 48 of the <i>Bush Fires Act 1954</i>. • Section 44 of the <i>Cat Act 2011</i>. • Section 10AA of the <i>Dog Act 1976</i>. • Section 118 of the <i>Food Act 2008</i>. • Section 16 of the <i>Graffiti Vandalism Act 2016</i>. • Sections 39 and 40 of the <i>Liquor Control Act 1988</i>. • Section 21 of the <i>Public Health Act 2016</i>. • Clause 82(1) of Schedule 2 of the <i>Planning and Development (Local Planning Schemes) Regulations 2015</i>. <p>As per the advice made in Operational Guideline No. 7 – Clarity in Council Motions (released by the then Department of Local Government and Communities) Council resolutions need to be clear in their intent so that possible implementation complications and ambiguity can be avoided.</p> <p>Observations</p> <p>On review of the two Council resolutions made regarding the annual review of delegations between 1 July 2022 and 31 December 2023, we noted the following resolutions (in part):</p> <ul style="list-style-type: none"> • Council resolution on 22 September 2022: <ul style="list-style-type: none"> • “That Council approves the delegations made to the Chief Executive Officer and Committees, as contained in the Register of Delegations, Attachment 1 subject to...”. • Council resolution on 28 November 2023: <ul style="list-style-type: none"> • “[That Council] in accordance with Section 5.42(1) of the Local Government Act 1995, adopts the amended delegations of authority to the Chief Executive Officer as provided in Attachment 1 to this report.”. <p>We noted the November 2023 recommendation to Council (and subsequent Council resolution) references section 5.42(1) of the LG Act however not all delegated functions under the City’s DoA Manual are derived from this legislative head of power. As detailed above, the September 2022 resolution did not identify the relevant head of power in which the delegations were subsequently made.</p> | |

3. DETAILED REPORT (CONT.)

3.2. Detailed Observations and Recommendations

Governance (Cont.)

| Findings and Recommendations | | Rating of Finding | |
|---|---|---------------------------------|-------------|
| Finding 1 – Lack of clarity within Council resolutions identifying correct head of power. (Cont.) | | Low | |
| <p>Notwithstanding, we noted the head of power was stated in the various instruments of delegation within the DoA Manual. Therefore, the head of power had been appropriately stated in the delegation instrument, but not the Council resolution, thereby creating ambiguity.</p> <p>Implications</p> <p>Not having clarity within Council resolutions increases the likelihood of ambiguity or misinterpretation around the decision that has been made. Not stating the correct legislative head of power from which a delegated function is derived within a Council resolution may lead to confusion, or possible risk that the delegation may not be appropriately made.</p> <p>Management Comment</p> <p>Management agrees with the finding and will address this in the next review to be undertaken in 2024/25. The low rating is noted.</p> | | | |
| Recommendations | Agreed Action | Action Owner | Target Date |
| 1. At its next review identify and list the various heads of legislative power of delegation in the officer’s recommendation within the report to Council, to provide greater clarity in the Council’s formal DoA Manual review resolution. | Noted and will be implemented in the next review (2024 – 2025). | Coordinator Governance and Risk | March 2025 |

3. DETAILED REPORT (CONT.)

3.2. Detailed Observations and Recommendations

Governance (Cont.)

| Findings and Recommendations | Rating of Finding |
|--|-------------------|
| Finding 2 – Inability to delegate certain functions stated within the DoA Manual. | Medium |
| <p>As detailed in Finding 1, the ability to delegate legislative functions to other parties is only permissible from which the legislative function is derived. Furthermore, the ability to delegate must exist, otherwise another form of action may be required, such as appointing authorised persons, or performing the function via the ‘acting through’ concept. The Department of the Local Government, Sport and Cultural Industries’ Operational Guideline No. 17 – Delegations, Authorisations and Acting Through offers some advice and guidance to local governments around the elements of delegations, authorisations and acting through.</p> <p>Observations</p> <p>We found the recent DoA Manual adopted by Council at its meeting held on 22 November 2023, included a series of delegations under the <i>Food Act 2008</i>. However we noted the Department of the Local Government, Sport and Cultural Industries’ Operational Guideline No. 17 – Delegations, Authorisations and Acting Through (September 2022) states “<i>The DLGSC notes that, at this time, no regulations have been made under the Food Act 2008 allowing for delegation by local governments. As a result, any delegations purportedly made by a local government under this Act are not valid. Local governments should obtain legal advice about how to appropriately exercise their functions under this Act</i>”. Although this observation is relevant to our engagement, it is not within our scope to confirm whether the Department’s position on this matter, and its legal interpretation of the <i>Food Act 2008</i>, is correct or otherwise.</p> <p>We also found some DoA instruments within the City’s DoA Manual included legislative references of express power suggesting a function can be delegated, which according to the Department’s Operational Guideline, is not required, or is an administrative matter and can be performed in another way (such as ‘acting through’). We recognise there is level of inconsistency between the WALGA Template Delegations Register (which the City’s DoA Manual is based on), and the information contained within the Department’s Operational Guideline. Although the City has used the WALGA Template Register to develop its own register, the City should undertake a comprehensive review of stated legislative references within the DoA Manual to ensure they are appropriate and the DoA instruments are clear in the express power being delegated.</p> <p>Implications</p> <p>The delegation of functions under any legislation that cannot be legally and lawfully delegated, may put at risk the validity of the action being taken by those persons purporting to have such authority. Recognising express powers references within instruments of delegation clearly ensures better transparency and legislative cross-referencing.</p> | |
| Management Comment | |
| <p>The City has approached McLeods Lawyers to provide advice on the statement made by the DLGSC in the Guideline. The City also approached WALGA on the issue. WALGA has advised that they will be seeking clarification from the Department of Health on the matter.</p> <p>It is generally understood in the sector that there is no ability to sub-delegate (CEO to an officer) under the <i>Food Act 2008</i>. It is common that a local government delegates to the CEO and to an officer a function or duty under the Act. Administration has queried the accuracy of the statement in the guideline on the basis that this does not correspond with customary practice in the sector. Administration notes WALGA’s advice in its delegation template that states – “<i>As there is no power of sub-delegation available, it is important for each delegation under the Food Act 2008 to be made to a Delegate or Delegates most suitable for fulfilling the power or duty.</i>”</p> | |

3. DETAILED REPORT (CONT.)

3.2. Detailed Observations and Recommendations

Governance (Cont.)

| Findings and Recommendations | | | Rating of Finding |
|---|--|---------------------------------|-------------------|
| Finding 2 – Inability to delegate certain functions stated within the DoA Manual. (Cont.) | | | Medium |
| Management Comment | | | |
| The Register of Delegations is based on the WALGA template that is currently being utilised by a number of local governments. Administration will review the referencing within the Manual, and where required, amend accordingly. The medium rating is noted. | | | |
| Recommendations | Agreed Action | Action Owner | Target Date |
| 2. The City seek legal advice as to the permissibility of delegations made under the <i>Food Act 2008</i> and should the Department of Local Government, Sport and Cultural Industries interpretation be correct, the City should remove the delegated functions within the DoA Manual and investigate how these functions under the <i>Food Act 2008</i> can be appropriately exercised by City employees. | Will await advice from WALGA and McLeods on this issue. | Coordinator Governance and Risk | March 2025 |
| 3. Review the expressed function delegation referencing within the DoA Manual to provide greater alignment and transparency of functions that can be delegated under relevant legislation. | Review referencing to provide alignment when next review of DoA in completed. (2024/25). | Coordinator Governance and Risk | March 2025 |

3. DETAILED REPORT (CONT.)

3.2. Detailed Observations and Recommendations

Governance (Cont.)

| Findings and Recommendations | Rating of Finding |
|--|-------------------|
| Finding 3 – Insufficient Transparency of Delegated Functions. | Low |
| <p>Good governance in local government requires transparency and accountability to its community and other relevant stakeholders. Where functions are delegated by a Council or a CEO, such transparency includes demonstrating and publishing whom in the organisation can perform discretionary functions. Regulation 29 of the <i>Local Government (Administration) Regulations 1996</i> recognises this need for transparency and requires a local government’s register of delegations (being its DoA Manual) being made available for public inspection. Better practice includes making the DoA Manual accessible on the local government’s website, which is seen as a key and well recognised demonstration of transparency.</p> <p>Observations</p> <p>We noted the latest version of the City’s DoA Manual was reviewed and subsequently adopted by Council at its meeting held on 28 November 2023 (item 20.1 refers).</p> <p>On review of the City’s website, we found the recently adopted DoA Manual has yet to be published on the City’s website. Notwithstanding we noted not only the previous DoA Manual (dated 27 September 2022) remained on the City’s website (under the Declarations and Registers of Interest section), we also located the City’s previous DoA Manual, (dated 22 June 2021) on another section of the City’s website (under the Corporate Documents section). A google search for “City of Nedlands Delegations Register” also allowed successful navigation to an alternative page for the 2021 version of the DoA Manual (see https://www.nedlands.wa.gov.au/council/governance/delegations.aspx).</p> <p>Implications</p> <p>Publishing an out-of-date DoA Manual on the City’s website or allowing such information to remain accessible could lead to misinterpretation for the community and City employees of the functions that have been appropriately delegated. Publishing incorrect information could also lead to reputational consequences for the City.</p> | |
| Management Comment | |
| Management agrees and has completed both recommendations below. The low rating is noted. | |

3. DETAILED REPORT (CONT.)

3.2. Detailed Observations and Recommendations

Governance (Cont.)

| Findings and Recommendations | | | Rating of Finding |
|---|--|---------------------------------|-------------------|
| Finding 3 – Insufficient Transparency of Delegated Functions. (Cont.) | | | Low |
| Recommendations | Agreed Action | Action Owner | Target Date |
| 4. Remove all outdated versions of the City’s DoA Manual from the City’s website, including the removal of any website search engine links to inactive or out of date pages. | Completed. Administration has removed the outdated reference to the 2021 Register of Delegations under Corporate Documents and the 2022 Register of Delegations under Declarations and Registers of interest. The current Register of Delegations is on the website under Declarations and Registers of interest. Administration has also disabled the link to the 2021 Register under the search function on the main website. | Coordinator Governance and Risk | Completed |
| 5. Place the latest adopted version of the City’s DoA Manual on the City’s website following its adopted review and include the need for website updates in any established DoA procedures and processes. | Completed. Administration has published the most up to date Register on its website. The Register includes the amendments. | Coordinator Governance and Risk | Completed |

3. DETAILED REPORT (CONT.)

3.2. Detailed Observations and Recommendations

Governance (Cont.)

| Findings and Recommendations | Rating of Finding |
|--|-------------------|
| Finding 4 – Lack of Formalised Review Documentation and Process. | Medium |
| <p>Appropriate record-keeping is a fundamental aspect of good governance as it contributes to the principles of transparency, accountability, and demonstrates compliance. Accurate and up-to-date records serve as valuable sources of information for decision-makers within the organisation and maintaining comprehensive records helps identify and manage risks effectively and assists with audit functioning. Important organisational history is maintained through effective record keeping which ultimately establishes a foundation for effective management and helps build trust among stakeholders. The LG Act prescribes “a local government CEO is to ensure that records and documents of the local government are properly kept for the purposes of the Act and any other written law” (section 5.41(h)).</p> <p>Observations</p> <p>While we able to cite some DoA annual reviews undertaken by Council through the identification and review of the City’s Council minutes (see our Finding 8 – Inconsistent Delegations Review Scheduling detailed in this Report) we were unable to cite any documented record within the City’s main record-keeping system (SharePoint) or other system (such as Attain) of the annual reviews performed by the CEO. The 28 November 2023 Council Report stated “On 8 August 2023, EMT were requested to provide feedback on the effectiveness of the current delegations of authority as contained in the register. Feedback was received from each directorate and forms the basis of the amendments that have been requested to the register”.</p> <p>Although out of our scope period, we can confirm a CEO review did occur on 17 January 2024, following Council’s review approval on 28 November 2023. However, the report to Council on 28 November 2023 indicated the proposed delegation changes from the CEO (via tracked changes), that had yet been subsequently approved or endorsed by the CEO. Notwithstanding, Council is not to be concerned with the sub-delegations from the CEO to employees, but rather any delegations from Council to others.</p> <p>Seeking clarity with City representatives, it was indicated that previous practice was to present any annual delegation reviews by the CEO through the Executive Management Team meetings. While we acknowledge such approval and review may have occurred, we were not provided any evidence or minutes or meeting record where this approval may have been given by the CEO. Notwithstanding we note this has been rectified through the actions of the City’s administration and Acting CEO, through their approval on 17 January 2024.</p> <p>Implications</p> <p>Inadequate record keeping for performed legislative requirements increases the risk of non-compliance and the ability to conduct an effective audit or review of legislative process completed.</p> | |
| Management Comment | |
| Management agrees and has completed the recommendation below. Medium rating noted. | |

3. DETAILED REPORT (CONT.)

3.2. Detailed Observations and Recommendations

Governance (Cont.)

| Findings and Recommendations | | | Rating of Finding |
|---|--|---------------------------------|-------------------|
| Finding 4 – Lack of Formalised Review Documentation and Process. (Cont.) | | | Medium |
| Recommendations | Agreed Action | Action Owner | Target Date |
| 6. Ensure the required annual legislative review of CEO's DoA is appropriately recorded and maintained as a standalone and separate record within the City's record keeping system. | Completed. A folder has been created in Share point to record the review of delegations from the CEO to officers. | Coordinator Governance and Risk | Completed |

3. DETAILED REPORT (CONT.)

3.2. Detailed Observations and Recommendations

Governance (Cont.)

| Findings and Recommendations | Rating of Finding |
|---|-------------------|
| Finding 5 – Lack of Documented DoA Procedures and Processes. | Low |
| <p>The development, review, and maintenance of procedures and work processes within an organisation are paramount for upholding good governance. Clearly defined and documented procedures serve as a roadmap for employees - ensuring consistency, efficiency, and compliance with regulatory requirements. Regular reviews of these processes are essential to adapt to evolving legislative standards, operational advancements, and organisational changes. Additionally, a well-maintained set of procedures fosters a culture of continuous improvement, allowing the organisation to identify areas for optimisation and innovation. By having transparent and accessible guidelines, organisations can enhance accountability, minimise the risk of errors, and promote adherence to ethical standards. These processes not only contribute to operational effectiveness but also play a vital role in maintaining corporate knowledge, mitigating risks, maintaining compliance, and safeguarding the organisation's reputation.</p> <p>Observations</p> <p>While we acknowledge the competency and experience of personnel at the City responsible for the management of the City's DoA processes, we did not cite any current and approved workplace procedures or processes for DoA and how those requirements are operationalised throughout the organisation. We also acknowledge although the City's Attain system, used to manage a range of legislative responsibilities for the City, includes details of procedures and processes on how to use the system, it does not provide a level of detail on the roles and responsibilities within the City's Administration, and those functions and activities that may be performed outside of the Attain system.</p> <p>Implications</p> <p>Not having documented procedures and processes for key business activities, increases the risk that critical steps and processes are inadvertently omitted. Non-compliance with legislative requirements could also occur as well as a loss of corporate knowledge, thereby increasing operational costs for the City.</p> | |
| Management Comment | |
| Agreed. Work to draft up-to-date procedures has commenced. Low rating is noted. | |

3. DETAILED REPORT (CONT.)

3.2. Detailed Observations and Recommendations

Governance (Cont.)

| Findings and Recommendations | | | Rating of Finding |
|--|--|---------------------------------|-------------------|
| Finding 5 – Lack of Documented DoA Procedures and Processes. (Cont.) | | | Low |
| Recommendations | Agreed Action | Action Owner | Target Date |
| 7. Develop workplace procedures and processes for the management of DoA at the City, including but not limited to: <ul style="list-style-type: none"> the procedures and processes for requesting or amending an existing or new DoA the annual review procedure and process required by legislation for the CEO and Council the use of the City’s Attain system and its role in managing DoA at the City activities to be performed following a review of, or update to, the City’s DoA Manual. | Work has commenced on the drafting of up-to-date procedures. | Coordinator Governance and Risk | February 2025 |

3. DETAILED REPORT (CONT.)

3.2. Detailed Observations and Recommendations

Governance (Cont.)

| Findings and Recommendations | Rating of Finding | | |
|--|--|---------------------------------|-------------|
| Finding 6 – Inadequate Version Control of DoA Manual. | Low | | |
| <p>Version control of any corporate document ensures organisations can manage and track changes made over time, fostering collaboration, transparency, and accountability. With a robust version control system in place, businesses can confidently navigate the complexities of document management, mitigate the risk of errors, and maintain a clear audit trail of document evolution. This is particularly crucial in environments where multiple stakeholders contribute to the creation and modification of documents. Investing in and enforcing sound version control practices is an essential aspect of corporate governance, ensuring the reliability and accuracy of information crucial for strategic decision-making and operational activity.</p> <p>Observations</p> <p>We noted the current DoA Manual was adopted by Council at its meeting held on 28 November 2023 (Item 20.1 refers). Within that DoA Manual we noted there was no document control table or amendment review table listed within the document that would highlight and provide an audit trail of the amendments that have occurred over time, as well as any dates where an annual statutory review were performed.</p> <p>Implications</p> <p>Without proper version control, the implications can be severe, ranging from the inadvertent use of outdated information to performing functions not appropriately granted to be done. Inconsistent versions can lead to confusion, miscommunication, and potentially compromise the quality and reliability of corporate documents, negatively impacting decision-making processes and overall organisational efficiency and governance.</p> | | | |
| Management Comment | | | |
| Management agrees with this finding and has already addressed this recommendation. The low rating is noted. | | | |
| Recommendations | Agreed Action | Action Owner | Target Date |
| 8. Include document control table within the City’s DoA Manual that provides details of the changes to the listed delegations. | Completed. The latest Register of Delegations has a document control table that provides details of the amendments to the listed delegations. | Coordinator Governance and Risk | Completed |

3. DETAILED REPORT (CONT.)

3.2. Detailed Observations and Recommendations

Governance (Cont.)

| Findings and Recommendations | | Rating of Finding | |
|---|--|---------------------------------|---------------|
| Finding 7 – Inaccurate DoA review reporting in Compliance Audit Return. | | Medium | |
| <p>The LG Act (sections 5.18 and 5.46(2)) requires <u>at least once every financial year</u> (emphasis added), any delegations made are to be reviewed by the delegator. The <i>Local Government (Audit) Regulations 1996</i> requires a local government to carry out a compliance audit for the period 1 January to 31 December for each year, and a return is to be submitted to the Minister prior to 31 March each year. Within the return, there is a requirement to provide information on a local governments review process around DoA. One question asked as part of the 2022 Compliance Audit Return is whether “<i>all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2021/2022 financial year?</i>” (section 5.46(2) of the LG Act).</p> <p>Observations</p> <p>The City’s 2022 Compliance Audit Return was adopted by Council at its meeting held on 28 March 2023 (Item 18.4 refers). We noted that the City’s response to the question detailed above was “Yes” with the comment “<i>All delegations were reviewed by Council on 22 June 2021</i>”. As the 22 June 2021 falls outside of the 2021/2022 financial year, the City’s response should have been “No” as we are also not aware of any formal delegation review being undertaken during 2021/22 financial year (further information around this matter can be found in Finding 4 – Lack of Formalised Review Documentation and Process and Finding 8 – Inconsistent Delegations Review Scheduling).</p> <p>Implications</p> <p>Not having evidence-based information to response to questions within the Department’s Compliance Audit Return increases the risk that answers are incorrect, thereby mis-representing compliance activity and the ability to identify compliance issues proactively, that can subsequently be rectified. Medium rating is noted.</p> | | | |
| Management Comment | | | |
| Management agrees to update the management process. | | | |
| Recommendations | Agreed Action | Action Owner | Target Date |
| 9. Establish an appropriate management process for the City’s annual Compliance Audit Return to ensure evidenced based answers are provided by responsible management and officers. | <p>The City has implemented a process whereby responsible officers do provide input into the Compliance Audit Return. The collated answers are then forwarded to EMT for consideration.</p> <p>This has not in the past been a documented process. A documented management process will be drafted to assist officers with the completion of the Return.</p> | Coordinator Governance and Risk | February 2025 |

3. DETAILED REPORT (CONT.)

3.2. Detailed Observations and Recommendations

Process

| Findings and Recommendations | Rating of Finding | | | | | | | | | | | | |
|--|--|-------------------------------|----------|--|---------|--------------|---------|--|---------|-------------------|---------|------------------|--|
| Finding 8 – Inconsistent Delegations Review Scheduling. | Medium | | | | | | | | | | | | |
| <p>As detailed previously in our report, delegations should be reviewed on a regular, and consistently programmed basis so that they remain relevant, as well as to ensure legislative compliance is achieved. The LG Act (sections 5.18 and 5.46(2)) requires <u>at least once every financial year</u> (emphasis added), any delegations made are to be reviewed by the delegator. Any such review should be scheduled to occur around the same, or similar time, so that effective workload planning and resourcing can be made, also in consideration of reporting or workload activities.</p> | | | | | | | | | | | | | |
| <p>Observations</p> | | | | | | | | | | | | | |
| <p>Within the Annual Delegations Review Report presented to Council at its meeting held on 27 September 2022 (Item 20.1 refers), the previous Council meeting dates were listed, detailing the dates that the annual review reports were presented to Council. The following table details our assessment of the accuracy of that information in terms of any documented evidence to support whether the annual review of DoA occurred by Council as required by the LG Act:</p> | | | | | | | | | | | | | |
| <table border="1"> <thead> <tr> <th>Financial Year</th> <th>Council Review (meeting date)</th> </tr> </thead> <tbody> <tr> <td>2019- 20</td> <td>Council report on 27 September 2022 stated annual review occurred on 23 June 2020, but there is no record in Council minutes for this meeting date</td> </tr> <tr> <td>2020-21</td> <td>22 June 2021</td> </tr> <tr> <td>2021-22</td> <td>No evidence of review undertaken during the financial year</td> </tr> <tr> <td>2022-23</td> <td>27 September 2022</td> </tr> <tr> <td>2023-24</td> <td>28 November 2023</td> </tr> </tbody> </table> | Financial Year | Council Review (meeting date) | 2019- 20 | Council report on 27 September 2022 stated annual review occurred on 23 June 2020, but there is no record in Council minutes for this meeting date | 2020-21 | 22 June 2021 | 2021-22 | No evidence of review undertaken during the financial year | 2022-23 | 27 September 2022 | 2023-24 | 28 November 2023 | |
| Financial Year | Council Review (meeting date) | | | | | | | | | | | | |
| 2019- 20 | Council report on 27 September 2022 stated annual review occurred on 23 June 2020, but there is no record in Council minutes for this meeting date | | | | | | | | | | | | |
| 2020-21 | 22 June 2021 | | | | | | | | | | | | |
| 2021-22 | No evidence of review undertaken during the financial year | | | | | | | | | | | | |
| 2022-23 | 27 September 2022 | | | | | | | | | | | | |
| 2023-24 | 28 November 2023 | | | | | | | | | | | | |
| <p>We found Council annual reviews were undertaken on an irregular basis during each financial year, noting a statutory review was not undertaken during 2021/22 financial year.</p> | | | | | | | | | | | | | |
| <p>Implications</p> | | | | | | | | | | | | | |
| <p>Irregular and inconsistent review programming, and associated reporting to any established delegator, may lead to a non-compliance with required legislative provisions. Not having documented evidence of regular compliance reviews undertaken, may lead to a lack of auditability and satisfaction for any possible external regulators or compliance investigations.</p> | | | | | | | | | | | | | |

3. DETAILED REPORT (CONT.)

3.2. Detailed Observations and Recommendations

Process (Cont.)

| Findings and Recommendations | | | Rating of Finding |
|---|--|---------------------------------|-------------------|
| Finding 8 – Inconsistent Delegations Review Scheduling. (Cont.) | | | Medium |
| Management Comment | | | |
| Management agrees with the recommendation below and has already completed this task. Medium rating is noted. | | | |
| Recommendations | Agreed Action | Action Owner | Target Date |
| 10. Establish a regular and consistent review cycle program for both CEO DoA reviews and Council DoA reviews. | Completed. The Compliance Calendar has been updated to include a Council review of delegations in September - November and CEO delegations in August. A subsequent CEO review of sub-delegations may be required after the Council review where Council delegations are amended or adopted. This should be included in the procedure. | Coordinator Governance and Risk | Completed |

3. DETAILED REPORT (CONT.)

3.2. Detailed Observations and Recommendations

Process (Cont.)

| Findings and Recommendations | | | Rating of Finding |
|---|--|---------------------------------|-------------------|
| Finding 9 – Overuse of Primary Return and Annual Return Process. | | | Low |
| <p>Employees within organisations, particularly government agencies are required to make decisions on behalf of their organisations. For those employees with decision-making authority (or DoA), those decisions need to be made so there is no actual or perceived conflict or interest. Within a local government context, Primary Returns and Annual Returns assist with the decision-making process as they highlight an individual’s interests at a particular point in time, thereby clarifying whether a conflict of interest may arise. Under the LG Act employees with delegated authority are required to complete a Primary Return (within three months of commencing in that role or receiving DoA) and an Annual Return yearly and subsequently thereafter.</p> <p>Observations</p> <p>We reviewed both the 2021/22 and 2022/23 Registers of Employee Primary Returns and Annual Returns, and these registers are publicly available on the City’s website. In assessing the registers, we found twenty-two (22) employees had completed a primary or annual return, when not required to do so. These employees were not found to have any delegated authority given to them within either the DoA Manual adopted by Council on 27 September 2023, or the DoA Manual adopted by Council on 28 November 2023 (see Appendix 3: Listing of Primary Return and Annual Returns lodged during 2022/23 for further details). We limit our observation in that we did not assess whether these employees acted in a position with delegated authority for longer than three-months (thereby requiring a Primary Return and possibly an Annual Return to be completed in accordance with the LG Act).</p> <p>Implications</p> <p>While requiring employees to complete Primary Returns and Annual Returns creates a level of transparency in terms of an employee’s financial interests, requiring employees to lodge publicly accessible information that is personal to them, may allow members of the public to access employee financial information, when no public right exists. Where an employee is requested to complete a return (when no required to do so) may increase a compliance risk to the City and possibly unnecessary reporting to third party investigatory agencies (such as the Corruption and Crime Commission and the Public Sector Commission) where the employee does not submit their return within the legislative timeframe.</p> | | | |
| Management Comment | | | |
| Management has completed the review recommended below. The low rating is noted. | | | |
| Recommendations | Agreed Action | Action Owner | Target Date |
| 11. Review the City’s Primary and Annual Return process to ensure only those relevant persons (as determined by the LG Act) are required to complete a Primary and Annual Return. | Completed. Audit conducted on the register and officers identified. | Coordinator Governance and Risk | Completed. |

3. DETAILED REPORT (CONT.)

3.2. Detailed Observations and Recommendations

People

| Findings and Recommendations | Rating of Finding | | |
|---|---|---------------------------------|-------------|
| Finding 10 – Inadequate DoA training and awareness program. | Low | | |
| <p>Employee induction and awareness programs are crucial for ensuring compliance with legislative responsibilities and communicating organisational requirements. These programs serve as the first step in familiarising new hires with the legal framework that governs the organisation's operations. Proper induction helps employees understand their rights, responsibilities, and the ethical standards expected of them in accordance with relevant laws and regulations. By providing comprehensive training on legislative requirements, organisations can minimise the risk of inadvertent non-compliance, legal disputes, and penalties. Ongoing awareness programs also play a vital role in keeping existing employees informed about any changes in legislation, ensuring that the workforce remains up-to-date and adaptable to evolving legal standards. Moreover, these initiatives contribute to creating a culture of compliance, where employees are aware of the importance of adhering to laws and regulations, thereby fostering a workplace environment built on integrity, accountability, and legal conformity.</p> <p>Observations</p> <p>Whilst we acknowledge ongoing work by the City to develop training material and implement various training programs across the City, we did not cite any approved training material, training records, or details of planned training specific to DoA.</p> <p>Additionally, despite the City's induction checklist referring to two (2) instances where delegations may be discussed, there was no record of any other corresponding material provided to new employees to ensure that they understand their potential legal obligations as defined within the LG Act and any other written law.</p> <p>Implications</p> <p>Inadequate training of, and awareness amongst staff on DoA matters may increase the risk of unintentional non-compliance with the LG Act and any other written law.</p> | | | |
| Management Comment | | | |
| Administration has drafted an induction training package on delegations and authorisations. This will be provided to EMT for sign-off and implementation. | | | |
| Recommendations | Agreed Action | Action Owner | Target Date |
| 12. Develop, approve, and implement training for staff with a delegated authority on their legal obligations, other responsibilities, and use of any relevant systems on a periodic basis. | Administration has drafted an induction training package on delegations and authorisations. This will be provided to EMT for sign-off and implementation. | Coordinator Governance and Risk | June 2024 |
| 13. Develop, approve, and implement basic DoA training material for all employees to be completed as part of their induction. | Administration has drafted an induction training package on delegations and authorisations. This will be provided to EMT for sign-off and implementation. | Coordinator Governance and Risk | June 2024 |

3. DETAILED REPORT (CONT.)

3.2. Detailed Observations and Recommendations

| Systems | | | |
|---|--|---------------------------------|-------------------|
| Findings and Recommendations | | | Rating of Finding |
| Finding 11 – Inadequate Configuration of the Attain system. | | | Low |
| <p>Proper configuration of information systems is essential to ensure they work as intended. It also helps to reduce cybersecurity risks and improve operations by ensuring that the systems perform as expected, even after long periods of time without the need for frequent maintenance.</p> <p>Observations</p> <p>We acknowledge the City has only recently commenced using the Attain system to simplify compliance management processes and practices. While we acknowledge City employees are actively improving the system, we noted some gaps relating to the City’s DoA processes are apparent. This included the following:</p> <ul style="list-style-type: none"> • The Attain system creates a “Record of exercise of delegated powers or duties”. We viewed some long-standing system entries in the register were marked as “sent for review submission” (meaning they were not yet endorsed as completed entries), although we understand a hard copy record of the exercised delegation may exist. We noted the City’s 2022 Compliance Audit Return (for the 2021/22 financial year) made an appropriate note regarding this issue. • The Corporate Compliance Calendar contains alerts for compliance activities that are not aligned with business operations and practices, and the timing of such activities. <p>Implications</p> <p>Without proper configuration, there is an increased risk of systems not working as intended, and depending on their sensitivity/importance, incidents may result in the loss of business-critical data, sensitive user-data, and may also cause serious disruptions to integral business processes. While adequate records need to be kept in exercising delegated authority (which can take many forms), if a central system is to be used as a “source of truth”, the system needs to be configured to ensure records are accurate, and that correct operational processes and workflows are reflected.</p> | | | |
| Management Comment | | | |
| Management has arranged training for departmental support officers for April 2024. Low rating is noted. | | | |
| Recommendations | Agreed Action | Action Owner | Target Date |
| 14. Investigate instances where a delegated authority has been exercised whilst still marked as “sent for review submission” in the Register of Exercising Delegation. Ensure these have all acquired the appropriate approval and that it is reflected correctly in the system. | Training for department support officers to be provided. | Coordinator Governance and Risk | May 2024 |

3. DETAILED REPORT (CONT.)

3.2. Detailed Observations and Recommendations

Systems

| Findings and Recommendations | | | Rating of Finding |
|---|--|---------------------------------|-------------------|
| Finding 11 – Inadequate Configuration of the Attain system. (Cont.) | | | Low |
| Recommendations | Agreed Action | Action Owner | Target Date |
| 15. Ensure compliance workflows are fully configured within Attain and system alerts are consistent with existing business practices and review timeframes. | Training for department support officers to be provided. | Coordinator Governance and Risk | May 2024 |

3. DETAILED REPORT (CONT.)

3.3. Disclaimers

Moore Australia (WA) Pty Ltd as agent, an independent member of Moore Global Network Limited, and a Perth based partnership of trusts carries on business separately and independently from other Moore Global Network Limited member firms worldwide.

Services provided under this engagement are provided by Moore Australia (WA) Pty Ltd as agent and not by any other independent Moore Global Network Limited member firms worldwide. No other independent Moore Global Network Limited member has any liability for services provided.

3.4. Basis of Use

This report has been prepared in accordance with the objectives and approach agreed in the engagement document and subject to the following limitations:

- Other than use by you for the purpose, our report cannot be issued, accessed, or relied upon by any third party without our prior written approval. Furthermore, neither the report nor extracts from it will be included in any document to be circulated to other third parties without our prior written approval of the use, form, and context in which it is proposed to be released. We reserve the right to refuse to grant approval to issue the reporting to any other party.
- Our internal audit work was performed in accordance with the International Standards for the Professional Practice of Internal Auditing contained in the International Professional Practices Framework issued by the Institute of Internal Auditors. It did not constitute an audit or review in accordance with standards issued by the Auditing and Assurance Standards Board and accordingly no such assurance under those standards is provided in this report.
- The matters raised in this report are only those which came to our attention while performing our procedures and are not necessarily a comprehensive statement of all the weaknesses that exist or improvements that might be made. We cannot, in practice, examine every activity and procedure, nor can we be a substitute for management's responsibility to maintain adequate controls over all levels of operations and their responsibility to prevent and detect irregularities, including fraud. Accordingly, management should not rely on our report to identify all weaknesses that may exist in the systems and procedures under examination, or potential instances of non-compliance that may exist.

- We believe that the statements made in this report are accurate, but no warranty of completeness, accuracy or reliability is given in relation to statements and representations made by, and the information and documentation provided by, Management and personnel. We have indicated within this report the sources of the information provided. We have not sought to independently verify those sources unless otherwise noted within the report. We are under no obligation in any circumstance to update this report, in either oral or written form, for events occurring after the report has been issued in final form unless specifically agreed with the client. The Internal Audit findings expressed in this report have been formed on the above basis.
- Recommendations for improvement should be assessed by management for their full commercial impact before they are implemented.

3.5. Conflicts of Interest

The firm is not aware of any existing or potential relationship, transaction or holding that would compromise its objectivity in the conduct of the services rendered. Should the possibility of a perceived or actual conflict arise the matter would be raised with the Chief Executive Officer immediately and activities suspended until the issue was resolved to your satisfaction.

3.6. Liability

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

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APPENDIX 1: KEY PERSONNEL CONTACTED

We would like to thank the following personnel for their assistance in the conduct of this internal audit in first name alphabetical order.

| Name | Role |
|--------------|---------------------------------|
| Libby Kania | Coordinator Governance and Risk |
| Michael Cole | Director Corporate Services |

APPENDIX 2: KEY TO SIGNIFICANCE OF RISK RATING

| Rating | Definition | Guidance | Action required |
|---------------|---|---|---|
| High | Issue represents a control weakness, which could cause or is causing major disruption of the process or major adverse effect on the ability of the process to achieve its objectives. | <ul style="list-style-type: none"> • Material errors and departures from the organisation's policies and procedures; • Financial management / accountability / probity concerns; • Non-compliance with governing legislation and regulations may result in fines or other penalties; and • Collective impact of many moderate or low issues. | <ul style="list-style-type: none"> • Requires significant senior management intervention and may require significant mobilisation of resources, including external assistance; and • A detailed plan of action to be approved by Management with resolution within 30 days. |
| Medium | Issue represents a control weakness, which could cause or is causing moderate adverse effect on the ability of the process to meet its objectives. | <ul style="list-style-type: none"> • Events, operational, business, and financial risks could expose the organisation to losses could be marginally material to the organisation; and • Departures from best practice management procedures, processes. | <ul style="list-style-type: none"> • Requires substantial management intervention and may require possible external assistance; and • Timeframe for action is subject to competing priorities and cost benefit analysis but should not exceed 3 months. |
| Low | Issue represents a minor control weakness, with minimal but reportable impact on the ability to achieve process objectives. | <ul style="list-style-type: none"> • Events, operational and business risks could expose the organisation to losses which are not material due to the low probability of occurrence of the event and insignificant impact on the operating capacity, reputation, and regulatory compliance; and • Departures from management procedures, processes, however, appropriate monitoring and governance generally mitigates these risks. | <ul style="list-style-type: none"> • Requires management attention and possible use of external resources; and • Minor treatment is desirable. Action should be completed within 6 months. |

APPENDIX 3: LISTING OF PRIMARY RETURNS AND ANNUAL RETURNS LODGED DURING 2022/23.

| Return | Position or role | Date submitted | Position in 2022 DoA Manual | Position in 2023 DoA Manual |
|----------------|--|----------------|-----------------------------|-----------------------------|
| Primary Return | Manager Assets | 3 Jan 2023 | Yes | Yes |
| Primary Return | Senior Urban Planner | 23 Jan 2023 | Yes | Yes |
| Primary Return | Coordinator City Projects | 13 Jan 2023 | No | No |
| Primary Return | Coordinator Procurement and Contracts | 16 Jan 2023 | Yes | Yes |
| Primary Return | Coordinator Governance and Risk | 19 Jan 2023 | No | No |
| Primary Return | Senior Accountant (Financial Services) | 24 Jan 2023 | Yes | Yes |
| Primary Return | Director Technical Services | 20 Mar 2023 | Yes | Yes |
| Primary Return | Finance Officer (Rates) | 4 Apr 2023 | No | No |
| Primary Return | Ranger Administration Officer | 26 Apr 2023 | No | No |
| Primary Return | Senior Urban Planner | 22 May 2023 | Yes | Yes |
| Primary Return | Coordinator Procurement and Contracts | 29 May 2023 | Yes | Yes |
| Primary Return | Procurement Officer | 29 May 2023 | Yes | Yes |
| Primary Return | Senior Urban Planner | 6 Jul 2023 | Yes | Yes |
| Primary Return | Senior Accountant (Financial Services) | 27 Jul 2023 | Yes | Yes |

APPENDIX 3: LISTING OF PRIMARY RETURNS AND ANNUAL RETURNS LODGED DURING 2022/23.

| Return | Position or role | Date submitted | Position in 2022 DoA Manual | Position in 2023 DoA Manual |
|--------------------|--|----------------|-----------------------------|-----------------------------|
| Primary Return | Senior Accountant (Financial Services) | 18 Aug 2023 | Yes | Yes |
| Annual Return 2023 | Manager Financial Services | 3 Jul 2023 | Yes | Yes |
| Annual Return 2023 | ICT Governance Coordinator | 4 Jul 2023 | No | No |
| Annual Return 2023 | Senior Urban Planner | 3 Jul 2023 | Yes | Yes |
| Annual Return 2023 | Ranger Administration Officer | 3 Jul 2023 | No | No |
| Annual Return 2023 | Coordinator Land and Property | 3 Jul 2023 | No | No |
| Annual Return 2023 | Senior Environmental Health Officer | 3 Jul 2023 | Yes | Yes |
| Annual Return 2023 | Manager Community Service Centres | 3 Jul 2023 | No | No |
| Annual Return 2023 | Coordinator Governance and Risk | 4 Jul 2023 | No | No |
| Annual Return 2023 | Executive Officer | 21 Aug 2023 | No | No |
| Annual Return 2023 | Manager Community Development | 13 Jul 2023 | No | No |
| Annual Return 2023 | Manager City Projects and Programs | 5 Jul 2023 | Yes | Yes |
| Annual Return 2023 | Manager Urban Planning | 5 Jul 2023 | Yes | Yes |
| Annual Return 2023 | Coordinator Statutory Planning | 6 Jul 2023 | Yes | Yes |

APPENDIX 3: LISTING OF PRIMARY RETURNS AND ANNUAL RETURNS LODGED DURING 2022/23.

| Return | Position or role | Date submitted | Position in 2022 DoA Manual | Position in 2023 DoA Manual |
|--------------------|------------------------------------|----------------|-----------------------------|-----------------------------|
| Annual Return 2023 | Senior Urban Planner | 6 Jul 2023 | Yes | Yes |
| Annual Return 2023 | Director Corporate Services | 6 Jul 2023 | Yes | Yes |
| Annual Return 2023 | Senior Building Surveyor | 7 Jul 2023 | Yes | Yes |
| Annual Return 2023 | Manager Assets | 10 Jul 2023 | Yes | Yes |
| Annual Return 2023 | Director Planning and Development | 10 Jul 2023 | Yes | Yes |
| Annual Return 2023 | Coordinator City Projects | 10 Jul 2023 | No | No |
| Annual Return 2023 | Manager Parks Services | 10 Jul 2023 | No | No |
| Annual Return 2023 | Coordinator Civil Maintenance | 10 Jul 2023 | No | No |
| Annual Return 2023 | Coordinator Environmental Health | 12 Jul 2023 | Yes | Yes |
| Annual Return 2023 | Tresillian Arts Centre Coordinator | 12 Jul 2023 | No | No |
| Annual Return 2023 | Coordinator Rangers | 17 Jul 2023 | Yes | Yes |
| Annual Return 2023 | Director Technical Services | 24 Jul 2023 | Yes | Yes |
| Annual Return 2023 | Procurement Officer | 25 Jul 2023 | Yes | Yes |
| Annual Return 2023 | Coordinator Assets | 7 Aug 2023 | No | No |

APPENDIX 3: LISTING OF PRIMARY RETURNS AND ANNUAL RETURNS LODGED DURING 2022/23.

| Return | Position or role | Date submitted | Position in 2022 DoA Manual | Position in 2023 DoA Manual |
|--------------------|--|----------------|-----------------------------|-----------------------------|
| Annual Return 2023 | Coordinator Community Development | 7 Aug 2023 | No | No |
| Annual Return 2023 | Chief Executive Officer | 10 Aug 2023 | Yes | Yes |
| Annual Return 2023 | Manager ICT | 14 Aug 2023 | No | No |
| Annual Return 2023 | Coordinator Revenue | 16 Aug 2023 | No | No |
| Annual Return 2023 | Senior Accountant (Financial Services) | 21 Aug 2023 | Yes | Yes |
| Annual Return 2023 | Manager Building Services | 21 Aug 2023 | Yes | Yes |
| Annual Return 2023 | Manager Human Resources | 21 Aug 2023 | No | No |
| Annual Return 2023 | Coordinator Statutory Planning | 21 Aug 2023 | Yes | Yes |
| Annual Return 2023 | Manager Health & Compliance | 21 Aug 2023 | Yes | Yes |
| Annual Return 2023 | Coordinator Procurement and Contracts | 21 Aug 2023 | Yes | Yes |
| Annual Return 2023 | Coordinator Revenue | 28 Aug 2023 | No | No |
| Annual Return 2023 | Senior Ranger | 28 Aug 2023 | No | No |

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10.2. ARC10.05.24 – Internal Audit Report – Delegations of Authority

| | |
|---|--|
| Meeting & Date | Audit and Risk Committee Meeting - 20 May 2024 |
| Applicant | City of Nedlands |
| Employee Disclosure under section 5.70 Local Government Act 1995 | Nil. |
| Report Author | Michael Cole |
| CEO | Keri Shannon |
| Attachments | 1. Internal Audit Report – Delegations of Authority 5 April 2024 |

Purpose

The purpose of this report is to provide the findings and recommendations from the audit of the City’s Delegations of Authority.

Recommendation

That Council receives the Internal Audit Report – Delegations of Authority – 5 April 2024.

Voting Requirement

Simple Majority.

Background

Moore Australia, as the City’s appointed Internal Auditors conducted a review to assess the design, description, implementation, and operating effectiveness of the City’s Delegations of Authority.

Discussion

The attached report contains details of the findings and recommendations arising from the internal audit engagement.

Consultation

The City’s Coordinator of Governance and Risk and the Director of Corporate Services assisted the Moore Australia audit team in the conduct of this internal audit.



Strategic Implications

This item is strategically aligned to the City of Nedlands Council Plan 2023-33 vision and desired outcomes as follows:

Vision **Sustainable and responsible for a bright future**

Pillar **Performance**

Outcome 11. Effective leadership and governance

Budget/Financial Implications

The annual budget includes provision to address the recommendations arising in this report.

Legislative and Policy Implications

The Local Government Act 1995 empowers a local government to delegate by instrument in writing certain functions of a local government, to its CEO and allows the CEO to delegate their functions to other employees therefore it is important to assess the operating effectiveness of the City's Delegations of Authority.

Decision Implications

Should the recommendations be endorsed, the administration will implement actions as outlined in the report.

Conclusion

The Internal Audit Delegations of Authority report findings are presented to the Audit and Risk Committee for their information.

Further Information

Nil.



INTERNAL AUDIT
DELEGATIONS OF AUTHORITY

City of Nedlands

5 April 2024



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| Engagement Role | Name |
|----------------------|---------------------|
| Engagement Director | Michelle Shafizadeh |
| Supervisor | Brad Silence |
| Intermediate Auditor | Darby Young |

1. EXECUTIVE SUMMARY

1.1. Background

Both a Council and a Chief Executive Officer (“CEO”) of a Western Australian local government have numerous discretionary functions bestowed on them by a range of legislative instruments. It is not always practical for the breadth of such functions to be exercised by the relevant party on a day-to-day basis, and therefore some of these functions are able to be assigned to others who are appropriately experienced and qualified to undertake them. This is achieved through a framework of delegations of authority (“DoA”), authorisations or “acting through” mechanisms, or other appropriate and lawful administrative arrangements.

Being the principal legislation in which Western Australian local governments operate, the *Local Government Act 1995* (“LG Act”) empowers a local government’s Council to delegate, by instrument in writing, certain functions of a local government, to its CEO. Similarly, the LG Act also allows the CEO to delegate their functions to other employees of the local government, as well as to on-delegate certain functions that have been delegated by a local government’s Council to the CEO. Other legislation also allows a power of delegation, and some legislation gives certain employees of a local government function directly (such as Environmental Health Officers). However, delegations can only be implemented where a provision allows within the enacting law in which the power or duty is derived, otherwise the form of delegation is unlawful. Where DoA has been established, it is usual practice, if not legislated, for such instruments to be included in a formal DoA register or manual (“DoA Manual”) and a regular review of those instruments, is often required.

Due to the myriad of responsibilities placed on local governments by numerous legislative instruments, and the complexity of the delegation process, it is important for all local governments to be aware of, and fully understand, the legislative regime in which they operate. Similarly, CEOs and employees having functions delegated to them, must also understand their obligations in performing such discretionary activities.

For our report, and in accordance with the *Interpretation Act 1984*, we will use the term “function” to describe the delegated powers, duties, responsibilities, authorities and jurisdictions, place on a Council, CEO or other employees by legislation or another legal instrument.

1.2. DoA Review Model

For the purposes of our engagement and overall assessment of the City’s DoA, we have used the following review model (Figure 1):

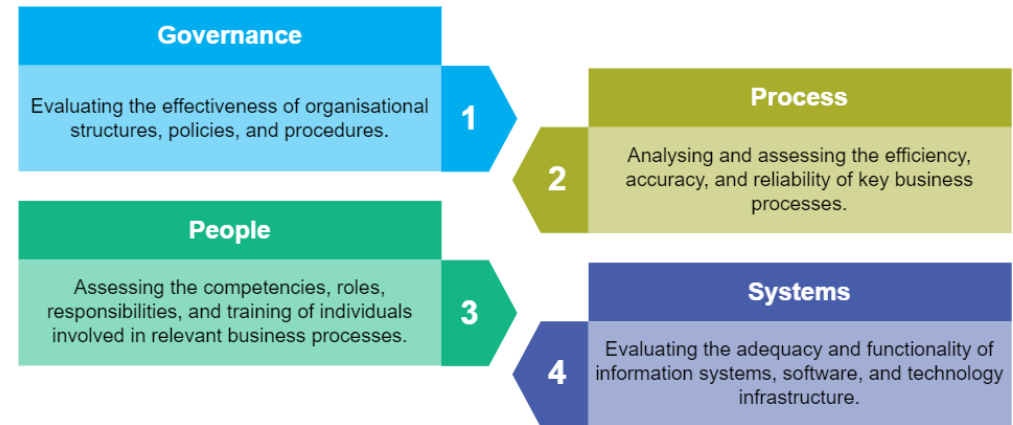


Figure 1 - DoA Review Model.

1. EXECUTIVE SUMMARY (CONT.)

1.3. Scope Approach

In accordance with the City's Strategic Internal Audit Plan, Moore Australia performed an internal audit to assess the design, description, implementation, and operating effectiveness of the City's DoA.

Moore Australia (WA) Pty Ltd has performed the internal audit in accordance with the International Professional Practice Framework and the Moore Australia (WA) Pty Ltd Internal Audit Methodology.

This report presents our observations and recommendations arising from the internal audit engagement. Further information around the scope for this engagement is detailed in [Section 3.1 – Scope and Approach](#).

1.4. Overall Findings

While the City has an established DoA Manual, a further review is recommended on the legality to delegate some functions (particularly the *Food Act 2008*) in view of the advice from the Department of Local Government, Sport and Cultural Industries. Some minor drafting improvements are also suggested to the DoA Manual, including better clarity around the express legislative power delegated (generally detailed in the DoA instruments); improved document control of the DoA Manual; as well as a review of website publishing practices of the City's DoA Manual. To improve clarity in Council resolutions, it is also suggested that the legislative head of power within Council reports (and ultimately resolutions) could be better articulated.

We conclude improvements could be made in terms of regular and consistent scheduling of DoA reviews by both Council and the CEO to ensure legislative compliance is achieved, as well as improvements to documentation and recordkeeping around CEO reviews and DoA review approvals. The City's administration would also benefit from having newly established processes and internal work-related procedures for all DoA process and activities, as well as DoA education and training programs to improve corporate knowledge and enhance compliance.

Related to the DoA processes for the City, a review of the Primary Return and Annual Return processes is recommended to ensure only designated employees are required to complete such returns. Evidence based processes for the City's annual Compliance Audit Return is also recommended to avoid inadvertent answers being stated, as found in the City's adopted 2022 Compliance Audit Return.

For more details of the observations and the relevant recommendations relating to the above, please refer to [Section 3 - Detailed Observations and Recommendations](#).

1.5. Positive Observations

The City's DoA Manual is consistent with the Western Australian Local Government Association's ("WALGA") Template Delegation Register, which has been utilised by various local governments throughout Western Australia.

The City's use of the Attain system, commonly used by local governments, will hopefully enable better automated compliance mechanism to be enshrined into business practices, which will create efficiencies in terms of time and cost. Nowtstanding configuration improvements are suggested and some examples are presented in this report.

We are of the understanding the City currently only has one (1) employee that is primarily designated to oversee the numerous activities around the City's DoA processes (among other duties) and their dedication and positive insights into identifying improvements is commended.

1.6. Summary of Results and Conclusion

We reported eleven (11) findings, and fifteen (15) recommendations within this report. These are summarised in **Table 1** below:

| Summary of Findings | | | | |
|---------------------|-------|------|--------|-----|
| Name | Total | High | Medium | Low |
| Governance | 7 | - | 3 | 4 |
| Process | 2 | - | 1 | 1 |
| People | 1 | - | - | 1 |
| Systems | 1 | - | - | 1 |
| Total | 11 | - | 4 | 7 |
| Recommendations | 15 | - | 4 | 11 |

Table 1 - Summary of Results

We have assigned, and agreed with Management, priority ratings for each observation based on the *Key to Significance of Risk Rating* included in [Appendix 2](#).

1.7. Acknowledgement

We would like to thank the City's personnel for the assistance provided during the engagement. Key Personnel contacted are outlined in [Appendix 1](#).

2. SUMMARY OF AUDIT RECOMMENDATIONS

Summarised below are the key recommendations identified during the engagement:

| Category | Recommendations | Risk Rating |
|------------|--|-------------|
| Governance | 1. Clarity within Council Resolutions - At its next review, identify and list the various heads of legislative power of delegation in the officer's recommendation within the report to Council, to provide greater clarity in the Council's formal DoA Manual resolution. | Low |
| | 2. Review Food Act 2008 Delegations - The City seek legal advice as to the permissibility of delegations made under the <i>Food Act 2008</i> and should the Department of Local Government, Sport and Cultural Industries interpretation be correct, the City should remove the delegated functions within the DoA Manual and investigate how these functions under the <i>Food Act 2008</i> can be appropriately exercised by City employees. | Medium |
| | 3. Clarify Head of Power Referencing - Review the expressed function delegation referencing within the DoA Manual to provide greater alignment and transparency of functions that can be delegated under various legislation. | Low |
| | 4. Remove outdated DoA Manuals - Remove all outdated versions of the City's DoA Manual from the City's website, including the removal of any website search engine links to inactive or out of date pages. | Low |
| | 5. Publish approved DoA Manual - Place the latest adopted version of the City's DoA Manual on the City's website following it's adopted review and include the need for website updates in any established DoA procedures and processes. | Low |
| | 6. Improve CEO DoA review practices - Ensure the required annual legislative review of CEO's DoA is appropriately recorded and maintained as a standalone and separate record within the City's record keeping system. | Medium |
| | 7. Document DoA Procedures and Processes - Develop workplace procedures and processes for the management of DoA at the City, including but not limited to: <ul style="list-style-type: none"> the procedures and processes for requesting or amending an existing or new DoA. the annual review procedure and process required by legislation for the CEO and Council the use of the City's Attain system and its role in managing DoA at the City activities to be performed following a review of, or update to, the City's DoA Manual. | Low |
| | 8. Establish Document Controls - Include document control table within the City's DoA Manual that provides details of the changes to the listed delegations. | Low |

Table 2 - Summary of Audit Recommendations.

2. SUMMARY OF AUDIT RECOMMENDATIONS (CONT.)

| Category | Recommendations | Risk Rating |
|--------------------|---|-------------|
| Governance (Cont.) | 9. Evidence-based processes for Compliance Returns - Establish an appropriate management process for the City's annual Compliance Audit Return to ensure evidenced based answers are provided by responsible management and officers. | Medium |
| Process | 10. Improved Scheduling Program - Establish a regular and consistent review cycle program for both CEO DoA reviews and Council DoA reviews. | Medium |
| | 11. Revised Primary Return and Annual Return Process - Review the City's Primary and Annual Return process to ensure only those relevant persons (as determined by the LG Act) are required to complete a Primary and Annual Return. | Low |
| People | 12. Employee DoA Training - Develop, approve, and implement training for staff with a delegated authority on their legal obligations, other responsibilities, and use of any relevant systems on a periodic basis. | Low |
| | 13. Employee DoA Induction - Develop, approve, and implement basic DoA training material for all employees to be completed as part of their induction. | Low |
| Systems | 14. Configure Attain System - Investigate instances where a delegated authority has been exercised whilst still marked as "sent for review submission" in the Register of Exercising Delegation. Ensure these have all acquired the appropriate approval and that it is reflected correctly in the system. | Low |
| | 15. Configure Attain System - Ensure compliance workflows are fully configured within Attain and system alerts are consistent with existing business practices and review timeframes. | Low |

Table 2 - Summary of Audit Recommendations. (Cont.)

3. DETAILED REPORT

3.1. Scope and Approach

3.1.1. Objective and Scope

The objective of the internal audit is to assess the design, description, implementation, and operating effectiveness of the City's DoA.

The scope of the internal audit includes the following:

- Review the City's DoA, including policies, procedures and registers and its compliance with legislation, better practice principles.
- Assessment of the implementation and operating effectiveness of the DoA.
- Assessment of training and awareness activities on DoA.
- Oversight and reporting to the CEO, Executive, Audit and Risk Committee and Council.

This internal audit was undertaken for the period 1 July 2022 to 31 December 2023.

3.1.2. Approach

The review was conducted primarily by applying discussion, observation, and review techniques, concentrating on the following:

- Entrance meeting with process owner.
- Meetings with relevant stakeholders to understand the current environment, challenges, and opportunities.
- Reviewing documents and sample testing where appropriate.
- Exit meeting with Management to discuss key findings and recommendations.
- Issuing a draft report to Management.
- Receiving and incorporating feedback from Management.
- Issuing the final report to Management for tabling at the Audit and Risk Committee.

3.1.3. Reporting

During the reporting phase of this engagement, we completed the following:

- Developed a draft report outlining our findings and recommendations.
- Validated the audit observations and the details of the draft report with process owners and responsible Management.
- Held an exit meeting with the responsible officers and responsible Management to discuss the report.
- Sought Management comments, action plans, timeline, and commitment to implement the audit recommendations.
- Issued the final report to the Audit and Risk Committee.

3. DETAILED REPORT (CONT.)

3.1. Scope and Approach (Cont.)

3.1.4. Limitations of Scope

- The scope of our services and any deliverables will be limited to carrying out internal audit assignments in accordance with the approved Strategic Internal Audit Plan. We will only cover the scope of work approved by the Audit and Risk Committee and unless additional areas are specifically agreed with the Audit and Risk Committee during the year.
- The scope of work for this engagement was approved by Management in the Internal Audit Scope document on 22 December 2023. Subsequently, we sought approval from management to extend the scope period until the 31 December 2023, to enable the City's latest review process to be included within the scope of our engagement. Management consent was obtained on 23 January 2024.
- Due to the inherent limitations of any internal control structure, we do not warrant that all weaknesses, fraud, error, or non-compliance in your control structures were detected during the engagement.
- Any testing under the engagement is performed on a sample basis and is not conducted continuously.
- Any projections as to the assessment of the control structures in future periods are subject to the risk that the structures may become inadequate as a result of changes in conditions, or that the degree of compliance with them may deteriorate.
- We conducted appropriate tests of key controls within our scope. Our findings only relate to the period of testing undertaken during our review and cannot be relied upon to be representative of the operation of control procedures prior to or after this period.
- We have relied solely on the information and documentation provided to us by the City and have not performed a review on the authenticity of the information and data provided. There is a risk the information may have been altered prior to being provided to Moore Australia and there is a risk this may not be identified by Moore Australia. This may impact on the results reported within this report.
- The internal audit report was prepared on an "exception-basis", which means we only provided commentaries on areas where we observed improvement opportunities on controls or enhancement to the compliance environment.
- The provision of internal audit services is an advisory engagement which is not subject to assurance or other standards issued by the Australian Auditing and Assurance Standard Board and, consequently no opinions or conclusions are intended to convey assurance, either expressed or implied.
- Our report is for your purposes only and not for publication, quoting or reliance by any other party.

3. DETAILED REPORT (CONT.)

3.2. Detailed Observations and Recommendations

Governance

| Findings and Recommendations | Rating of Finding |
|---|-------------------|
| Finding 1 – Lack of clarity within Council resolutions identifying correct legislative head of power. | Low |
| <p>The ability to delegate legislative functions to other parties is only permissible from where the legislative function is derived. Local governments may mistakenly attempt to use the legislative function of delegation contained in one Act to delegate a function contained in another Act. Unless expressly stated to the contrary, a legislative power to delegate only relates to the functions under the Act in which the delegation power is located. Some legislation also places limitations on the ability to sub-delegate legislative functions. While the LG Act only requires delegations made under that Act to be reviewed annually, best practice includes reviewing all delegations under any Act at the same time as LG Act delegations are being reviewed.</p> <p>While there are broad levels of legislative responsibilities placed on local governments, the following details the various heads of power in each piece of legislation applicable to local government and which are commonly delegated within a local government context:</p> <ul style="list-style-type: none"> • Section 5.16 of the <i>Local Government Act 1995</i> (for delegations to Committees). • Section 5.42 of the <i>Local Government Act 1995</i>. • Section 127 of the <i>Building Act 2011</i>. • Section 48 of the <i>Bush Fires Act 1954</i>. • Section 44 of the <i>Cat Act 2011</i>. • Section 10AA of the <i>Dog Act 1976</i>. • Section 118 of the <i>Food Act 2008</i>. • Section 16 of the <i>Graffiti Vandalism Act 2016</i>. • Sections 39 and 40 of the <i>Liquor Control Act 1988</i>. • Section 21 of the <i>Public Health Act 2016</i>. • Clause 82(1) of Schedule 2 of the <i>Planning and Development (Local Planning Schemes) Regulations 2015</i>. <p>As per the advice made in Operational Guideline No. 7 – Clarity in Council Motions (released by the then Department of Local Government and Communities) Council resolutions need to be clear in their intent so that possible implementation complications and ambiguity can be avoided.</p> <p>Observations</p> <p>On review of the two Council resolutions made regarding the annual review of delegations between 1 July 2022 and 31 December 2023, we noted the following resolutions (in part):</p> <ul style="list-style-type: none"> • Council resolution on 22 September 2022: <ul style="list-style-type: none"> • “That Council approves the delegations made to the Chief Executive Officer and Committees, as contained in the Register of Delegations, Attachment 1 subject to...”. • Council resolution on 28 November 2023: <ul style="list-style-type: none"> • “[That Council] in accordance with Section 5.42(1) of the Local Government Act 1995, adopts the amended delegations of authority to the Chief Executive Officer as provided in Attachment 1 to this report.”. <p>We noted the November 2023 recommendation to Council (and subsequent Council resolution) references section 5.42(1) of the LG Act however not all delegated functions under the City’s DoA Manual are derived from this legislative head of power. As detailed above, the September 2022 resolution did not identify the relevant head of power in which the delegations were subsequently made.</p> | |

3. DETAILED REPORT (CONT.)

3.2. Detailed Observations and Recommendations

Governance (Cont.)

| Findings and Recommendations | | | Rating of Finding |
|---|--|--|-------------------|
| Finding 1 – Lack of clarity within Council resolutions identifying correct head of power. (Cont.) | | | Low |
| <p>Notwithstanding, we noted the head of power was stated in the various instruments of delegation within the DoA Manual. Therefore, the head of power had been appropriately stated in the delegation instrument, but not the Council resolution, thereby creating ambiguity.</p> <p>Implications</p> <p>Not having clarity within Council resolutions increases the likelihood of ambiguity or misinterpretation around the decision that has been made. Not stating the correct legislative head of power from which a delegated function is derived within a Council resolution may lead to confusion, or possible risk that the delegation may not be appropriately made.</p> | | | |
| Management Comment | | | |
| <p>Management agrees with the finding and will address this in the next review to be undertaken in 2024/25. The low rating is noted.</p> | | | |
| Recommendations | Agreed Action | Action Owner | Target Date |
| <p>1. At its next review identify and list the various heads of legislative power of delegation in the officer’s recommendation within the report to Council, to provide greater clarity in the Council’s formal DoA Manual review resolution.</p> | <p>Noted and will be implemented in the next review (2024 – 2025).</p> | <p>Coordinator Governance and Risk</p> | <p>March 2025</p> |

3. DETAILED REPORT (CONT.)

3.2. Detailed Observations and Recommendations

Governance (Cont.)

| Findings and Recommendations | Rating of Finding |
|--|-------------------|
| Finding 2 – Inability to delegate certain functions stated within the DoA Manual. | Medium |
| <p>As detailed in Finding 1, the ability to delegate legislative functions to other parties is only permissible from which the legislative function is derived. Furthermore, the ability to delegate must exist, otherwise another form of action may be required, such as appointing authorised persons, or performing the function via the ‘acting through’ concept. The Department of the Local Government, Sport and Cultural Industries’ Operational Guideline No. 17 – Delegations, Authorisations and Acting Through offers some advice and guidance to local governments around the elements of delegations, authorisations and acting through.</p> <p>Observations</p> <p>We found the recent DoA Manual adopted by Council at its meeting held on 22 November 2023, included a series of delegations under the <i>Food Act 2008</i>. However we noted the Department of the Local Government, Sport and Cultural Industries’ Operational Guideline No. 17 – Delegations, Authorisations and Acting Through (September 2022) states “<i>The DLGSC notes that, at this time, no regulations have been made under the Food Act 2008 allowing for delegation by local governments. As a result, any delegations purportedly made by a local government under this Act are not valid. Local governments should obtain legal advice about how to appropriately exercise their functions under this Act</i>”. Although this observation is relevant to our engagement, it is not within our scope to confirm whether the Department’s position on this matter, and its legal interpretation of the <i>Food Act 2008</i>, is correct or otherwise.</p> <p>We also found some DoA instruments within the City’s DoA Manual included legislative references of express power suggesting a function can be delegated, which according to the Department’s Operational Guideline, is not required, or is an administrative matter and can be performed in another way (such as ‘acting through’). We recognise there is level of inconsistency between the WALGA Template Delegations Register (which the City’s DoA Manual is based on), and the information contained within the Department’s Operational Guideline. Although the City has used the WALGA Template Register to develop its own register, the City should undertake a comprehensive review of stated legislative references within the DoA Manual to ensure they are appropriate and the DoA instruments are clear in the express power being delegated.</p> <p>Implications</p> <p>The delegation of functions under any legislation that cannot be legally and lawfully delegated, may put at risk the validity of the action being taken by those persons purporting to have such authority. Recognising express powers references within instruments of delegation clearly ensures better transparency and legislative cross-referencing.</p> | |
| Management Comment | |
| <p>The City has approached McLeods Lawyers to provide advice on the statement made by the DLGSC in the Guideline. The City also approached WALGA on the issue. WALGA has advised that they will be seeking clarification from the Department of Health on the matter.</p> <p>It is generally understood in the sector that there is no ability to sub-delegate (CEO to an officer) under the <i>Food Act 2008</i>. It is common that a local government delegates to the CEO and to an officer a function or duty under the Act. Administration has queried the accuracy of the statement in the guideline on the basis that this does not correspond with customary practice in the sector. Administration notes WALGA’s advice in its delegation template that states – “<i>As there is no power of sub-delegation available, it is important for each delegation under the Food Act 2008 to be made to a Delegate or Delegates most suitable for fulfilling the power or duty.</i>”</p> | |

3. DETAILED REPORT (CONT.)

3.2. Detailed Observations and Recommendations

Governance (Cont.)

| Findings and Recommendations | | | Rating of Finding |
|---|--|---------------------------------|-------------------|
| Finding 2 – Inability to delegate certain functions stated within the DoA Manual. (Cont.) | | | Medium |
| Management Comment | | | |
| The Register of Delegations is based on the WALGA template that is currently being utilised by a number of local governments. Administration will review the referencing within the Manual, and where required, amend accordingly. The medium rating is noted. | | | |
| Recommendations | Agreed Action | Action Owner | Target Date |
| 2. The City seek legal advice as to the permissibility of delegations made under the <i>Food Act 2008</i> and should the Department of Local Government, Sport and Cultural Industries interpretation be correct, the City should remove the delegated functions within the DoA Manual and investigate how these functions under the <i>Food Act 2008</i> can be appropriately exercised by City employees. | Will await advice from WALGA and McLeods on this issue. | Coordinator Governance and Risk | March 2025 |
| 3. Review the expressed function delegation referencing within the DoA Manual to provide greater alignment and transparency of functions that can be delegated under relevant legislation. | Review referencing to provide alignment when next review of DoA in completed. (2024/25). | Coordinator Governance and Risk | March 2025 |

3. DETAILED REPORT (CONT.)

3.2. Detailed Observations and Recommendations

Governance (Cont.)

| Findings and Recommendations | Rating of Finding |
|--|-------------------|
| Finding 3 – Insufficient Transparency of Delegated Functions. | Low |
| <p>Good governance in local government requires transparency and accountability to its community and other relevant stakeholders. Where functions are delegated by a Council or a CEO, such transparency includes demonstrating and publishing whom in the organisation can perform discretionary functions. Regulation 29 of the <i>Local Government (Administration) Regulations 1996</i> recognises this need for transparency and requires a local government’s register of delegations (being its DoA Manual) being made available for public inspection. Better practice includes making the DoA Manual accessible on the local government’s website, which is seen as a key and well recognised demonstration of transparency.</p> <p>Observations</p> <p>We noted the latest version of the City’s DoA Manual was reviewed and subsequently adopted by Council at its meeting held on 28 November 2023 (item 20.1 refers).</p> <p>On review of the City’s website, we found the recently adopted DoA Manual has yet to be published on the City’s website. Notwithstanding we noted not only the previous DoA Manual (dated 27 September 2022) remained on the City’s website (under the Declarations and Registers of Interest section), we also located the City’s previous DoA Manual, (dated 22 June 2021) on another section of the City’s website (under the Corporate Documents section). A google search for “City of Nedlands Delegations Register” also allowed successful navigation to an alternative page for the 2021 version of the DoA Manual (see https://www.nedlands.wa.gov.au/council/governance/delegations.aspx).</p> <p>Implications</p> <p>Publishing an out-of-date DoA Manual on the City’s website or allowing such information to remain accessible could lead to misinterpretation for the community and City employees of the functions that have been appropriately delegated. Publishing incorrect information could also lead to reputational consequences for the City.</p> | |
| Management Comment | |
| Management agrees and has completed both recommendations below. The low rating is noted. | |

3. DETAILED REPORT (CONT.)

3.2. Detailed Observations and Recommendations

Governance (Cont.)

| Findings and Recommendations | | | Rating of Finding |
|---|--|---------------------------------|-------------------|
| Finding 3 – Insufficient Transparency of Delegated Functions. (Cont.) | | | Low |
| Recommendations | Agreed Action | Action Owner | Target Date |
| 4. Remove all outdated versions of the City’s DoA Manual from the City’s website, including the removal of any website search engine links to inactive or out of date pages. | Completed. Administration has removed the outdated reference to the 2021 Register of Delegations under Corporate Documents and the 2022 Register of Delegations under Declarations and Registers of interest. The current Register of Delegations is on the website under Declarations and Registers of interest. Administration has also disabled the link to the 2021 Register under the search function on the main website. | Coordinator Governance and Risk | Completed |
| 5. Place the latest adopted version of the City’s DoA Manual on the City’s website following its adopted review and include the need for website updates in any established DoA procedures and processes. | Completed. Administration has published the most up to date Register on its website. The Register includes the amendments. | Coordinator Governance and Risk | Completed |

3. DETAILED REPORT (CONT.)

3.2. Detailed Observations and Recommendations

Governance (Cont.)

| Findings and Recommendations | Rating of Finding |
|--|-------------------|
| Finding 4 – Lack of Formalised Review Documentation and Process. | Medium |
| <p>Appropriate record-keeping is a fundamental aspect of good governance as it contributes to the principles of transparency, accountability, and demonstrates compliance. Accurate and up-to-date records serve as valuable sources of information for decision-makers within the organisation and maintaining comprehensive records helps identify and manage risks effectively and assists with audit functioning. Important organisational history is maintained through effective record keeping which ultimately establishes a foundation for effective management and helps build trust among stakeholders. The LG Act prescribes “a local government CEO is to ensure that records and documents of the local government are properly kept for the purposes of the Act and any other written law” (section 5.41(h)).</p> <p>Observations</p> <p>While we able to cite some DoA annual reviews undertaken by Council through the identification and review of the City’s Council minutes (see our Finding 8 – Inconsistent Delegations Review Scheduling detailed in this Report) we were unable to cite any documented record within the City’s main record-keeping system (SharePoint) or other system (such as Attain) of the annual reviews performed by the CEO. The 28 November 2023 Council Report stated “On 8 August 2023, EMT were requested to provide feedback on the effectiveness of the current delegations of authority as contained in the register. Feedback was received from each directorate and forms the basis of the amendments that have been requested to the register”.</p> <p>Although out of our scope period, we can confirm a CEO review did occur on 17 January 2024, following Council’s review approval on 28 November 2023. However, the report to Council on 28 November 2023 indicated the proposed delegation changes from the CEO (via tracked changes), that had yet been subsequently approved or endorsed by the CEO. Notwithstanding, Council is not to be concerned with the sub-delegations from the CEO to employees, but rather any delegations from Council to others.</p> <p>Seeking clarity with City representatives, it was indicated that previous practice was to present any annual delegation reviews by the CEO through the Executive Management Team meetings. While we acknowledge such approval and review may have occurred, we were not provided any evidence or minutes or meeting record where this approval may have been given by the CEO. Notwithstanding we note this has been rectified through the actions of the City’s administration and Acting CEO, through their approval on 17 January 2024.</p> <p>Implications</p> <p>Inadequate record keeping for performed legislative requirements increases the risk of non-compliance and the ability to conduct an effective audit or review of legislative process completed.</p> | |
| Management Comment | |
| Management agrees and has completed the recommendation below. Medium rating noted. | |

3. DETAILED REPORT (CONT.)

3.2. Detailed Observations and Recommendations

Governance (Cont.)

| Findings and Recommendations | | | Rating of Finding |
|---|--|---------------------------------|-------------------|
| Finding 4 – Lack of Formalised Review Documentation and Process. (Cont.) | | | Medium |
| Recommendations | Agreed Action | Action Owner | Target Date |
| 6. Ensure the required annual legislative review of CEO's DoA is appropriately recorded and maintained as a standalone and separate record within the City's record keeping system. | Completed. A folder has been created in Share point to record the review of delegations from the CEO to officers. | Coordinator Governance and Risk | Completed |

3. DETAILED REPORT (CONT.)

3.2. Detailed Observations and Recommendations

Governance (Cont.)

| Findings and Recommendations | Rating of Finding |
|---|-------------------|
| Finding 5 – Lack of Documented DoA Procedures and Processes. | Low |
| <p>The development, review, and maintenance of procedures and work processes within an organisation are paramount for upholding good governance. Clearly defined and documented procedures serve as a roadmap for employees - ensuring consistency, efficiency, and compliance with regulatory requirements. Regular reviews of these processes are essential to adapt to evolving legislative standards, operational advancements, and organisational changes. Additionally, a well-maintained set of procedures fosters a culture of continuous improvement, allowing the organisation to identify areas for optimisation and innovation. By having transparent and accessible guidelines, organisations can enhance accountability, minimise the risk of errors, and promote adherence to ethical standards. These processes not only contribute to operational effectiveness but also play a vital role in maintaining corporate knowledge, mitigating risks, maintaining compliance, and safeguarding the organisation's reputation.</p> <p>Observations</p> <p>While we acknowledge the competency and experience of personnel at the City responsible for the management of the City’s DoA processes, we did not cite any current and approved workplace procedures or processes for DoA and how those requirements are operationalised throughout the organisation. We also acknowledge although the City’s Attain system, used to manage a range of legislative responsibilities for the City, includes details of procedures and processes on how to use the system, it does not provide a level of detail on the roles and responsibilities within the City’s Administration, and those functions and activities that may be performed outside of the Attain system.</p> <p>Implications</p> <p>Not having documented procedures and processes for key business activities, increases the risk that critical steps and processes are inadvertently omitted. Non-compliance with legislative requirements could also occur as well as a loss of corporate knowledge, thereby increasing operational costs for the City.</p> | |
| Management Comment | |
| <p>Agreed. Work to draft up-to-date procedures has commenced. Low rating is noted.</p> | |

3. DETAILED REPORT (CONT.)

3.2. Detailed Observations and Recommendations

Governance (Cont.)

| Findings and Recommendations | | | Rating of Finding |
|--|--|---------------------------------|-------------------|
| Finding 5 – Lack of Documented DoA Procedures and Processes. (Cont.) | | | Low |
| Recommendations | Agreed Action | Action Owner | Target Date |
| 7. Develop workplace procedures and processes for the management of DoA at the City, including but not limited to: <ul style="list-style-type: none"> the procedures and processes for requesting or amending an existing or new DoA the annual review procedure and process required by legislation for the CEO and Council the use of the City’s Attain system and its role in managing DoA at the City activities to be performed following a review of, or update to, the City’s DoA Manual. | Work has commenced on the drafting of up-to-date procedures. | Coordinator Governance and Risk | February 2025 |

3. DETAILED REPORT (CONT.)

3.2. Detailed Observations and Recommendations

Governance (Cont.)

| Findings and Recommendations | Rating of Finding | | |
|--|--|---------------------------------|-------------|
| Finding 6 – Inadequate Version Control of DoA Manual. | Low | | |
| <p>Version control of any corporate document ensures organisations can manage and track changes made over time, fostering collaboration, transparency, and accountability. With a robust version control system in place, businesses can confidently navigate the complexities of document management, mitigate the risk of errors, and maintain a clear audit trail of document evolution. This is particularly crucial in environments where multiple stakeholders contribute to the creation and modification of documents. Investing in and enforcing sound version control practices is an essential aspect of corporate governance, ensuring the reliability and accuracy of information crucial for strategic decision-making and operational activity.</p> <p>Observations</p> <p>We noted the current DoA Manual was adopted by Council at its meeting held on 28 November 2023 (Item 20.1 refers). Within that DoA Manual we noted there was no document control table or amendment review table listed within the document that would highlight and provide an audit trail of the amendments that have occurred over time, as well as any dates where an annual statutory review were performed.</p> <p>Implications</p> <p>Without proper version control, the implications can be severe, ranging from the inadvertent use of outdated information to performing functions not appropriately granted to be done. Inconsistent versions can lead to confusion, miscommunication, and potentially compromise the quality and reliability of corporate documents, negatively impacting decision-making processes and overall organisational efficiency and governance.</p> | | | |
| Management Comment | | | |
| Management agrees with this finding and has already addressed this recommendation. The low rating is noted. | | | |
| Recommendations | Agreed Action | Action Owner | Target Date |
| 8. Include document control table within the City’s DoA Manual that provides details of the changes to the listed delegations. | Completed. The latest Register of Delegations has a document control table that provides details of the amendments to the listed delegations. | Coordinator Governance and Risk | Completed |

3. DETAILED REPORT (CONT.)

3.2. Detailed Observations and Recommendations

Governance (Cont.)

| Findings and Recommendations | Rating of Finding | | |
|---|--|---------------------------------|---------------|
| Finding 7 – Inaccurate DoA review reporting in Compliance Audit Return. | Medium | | |
| <p>The LG Act (sections 5.18 and 5.46(2)) requires <u>at least once every financial year</u> (emphasis added), any delegations made are to be reviewed by the delegator. The <i>Local Government (Audit) Regulations 1996</i> requires a local government to carry out a compliance audit for the period 1 January to 31 December for each year, and a return is to be submitted to the Minister prior to 31 March each year. Within the return, there is a requirement to provide information on a local governments review process around DoA. One question asked as part of the 2022 Compliance Audit Return is whether “<i>all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2021/2022 financial year?</i>” (section 5.46(2) of the LG Act).</p> <p>Observations</p> <p>The City’s 2022 Compliance Audit Return was adopted by Council at its meeting held on 28 March 2023 (Item 18.4 refers). We noted that the City’s response to the question detailed above was “Yes” with the comment “<i>All delegations were reviewed by Council on 22 June 2021</i>”. As the 22 June 2021 falls outside of the 2021/2022 financial year, the City’s response should have been “No” as we are also not aware of any formal delegation review being undertaken during 2021/22 financial year (further information around this matter can be found in Finding 4 – Lack of Formalised Review Documentation and Process and Finding 8 – Inconsistent Delegations Review Scheduling).</p> <p>Implications</p> <p>Not having evidence-based information to response to questions within the Department’s Compliance Audit Return increases the risk that answers are incorrect, thereby mis-representing compliance activity and the ability to identify compliance issues proactively, that can subsequently be rectified. Medium rating is noted.</p> | | | |
| Management Comment | | | |
| Management agrees to update the management process. | | | |
| Recommendations | Agreed Action | Action Owner | Target Date |
| 9. Establish an appropriate management process for the City’s annual Compliance Audit Return to ensure evidenced based answers are provided by responsible management and officers. | <p>The City has implemented a process whereby responsible officers do provide input into the Compliance Audit Return. The collated answers are then forwarded to EMT for consideration.</p> <p>This has not in the past been a documented process. A documented management process will be drafted to assist officers with the completion of the Return.</p> | Coordinator Governance and Risk | February 2025 |

3. DETAILED REPORT (CONT.)

3.2. Detailed Observations and Recommendations

Process

| Findings and Recommendations | Rating of Finding | | | | | | | | | | | | |
|--|--|-------------------------------|----------|--|---------|--------------|---------|--|---------|-------------------|---------|------------------|--|
| Finding 8 – Inconsistent Delegations Review Scheduling. | Medium | | | | | | | | | | | | |
| <p>As detailed previously in our report, delegations should be reviewed on a regular, and consistently programmed basis so that they remain relevant, as well as to ensure legislative compliance is achieved. The LG Act (sections 5.18 and 5.46(2)) requires <u>at least once every financial year</u> (emphasis added), any delegations made are to be reviewed by the delegator. Any such review should be scheduled to occur around the same, or similar time, so that effective workload planning and resourcing can be made, also in consideration of reporting or workload activities.</p> | | | | | | | | | | | | | |
| <p>Observations</p> | | | | | | | | | | | | | |
| <p>Within the Annual Delegations Review Report presented to Council at its meeting held on 27 September 2022 (Item 20.1 refers), the previous Council meeting dates were listed, detailing the dates that the annual review reports were presented to Council. The following table details our assessment of the accuracy of that information in terms of any documented evidence to support whether the annual review of DoA occurred by Council as required by the LG Act:</p> | | | | | | | | | | | | | |
| <table border="1"> <thead> <tr> <th>Financial Year</th> <th>Council Review (meeting date)</th> </tr> </thead> <tbody> <tr> <td>2019- 20</td> <td>Council report on 27 September 2022 stated annual review occurred on 23 June 2020, but there is no record in Council minutes for this meeting date</td> </tr> <tr> <td>2020-21</td> <td>22 June 2021</td> </tr> <tr> <td>2021-22</td> <td>No evidence of review undertaken during the financial year</td> </tr> <tr> <td>2022-23</td> <td>27 September 2022</td> </tr> <tr> <td>2023-24</td> <td>28 November 2023</td> </tr> </tbody> </table> | Financial Year | Council Review (meeting date) | 2019- 20 | Council report on 27 September 2022 stated annual review occurred on 23 June 2020, but there is no record in Council minutes for this meeting date | 2020-21 | 22 June 2021 | 2021-22 | No evidence of review undertaken during the financial year | 2022-23 | 27 September 2022 | 2023-24 | 28 November 2023 | |
| Financial Year | Council Review (meeting date) | | | | | | | | | | | | |
| 2019- 20 | Council report on 27 September 2022 stated annual review occurred on 23 June 2020, but there is no record in Council minutes for this meeting date | | | | | | | | | | | | |
| 2020-21 | 22 June 2021 | | | | | | | | | | | | |
| 2021-22 | No evidence of review undertaken during the financial year | | | | | | | | | | | | |
| 2022-23 | 27 September 2022 | | | | | | | | | | | | |
| 2023-24 | 28 November 2023 | | | | | | | | | | | | |
| <p>We found Council annual reviews were undertaken on an irregular basis during each financial year, noting a statutory review was not undertaken during 2021/22 financial year.</p> | | | | | | | | | | | | | |
| <p>Implications</p> | | | | | | | | | | | | | |
| <p>Irregular and inconsistent review programming, and associated reporting to any established delegator, may lead to a non-compliance with required legislative provisions. Not having documented evidence of regular compliance reviews undertaken, may lead to a lack of auditability and satisfaction for any possible external regulators or compliance investigations.</p> | | | | | | | | | | | | | |

3. DETAILED REPORT (CONT.)

3.2. Detailed Observations and Recommendations

Process (Cont.)

| Findings and Recommendations | | | Rating of Finding |
|---|--|---------------------------------|-------------------|
| Finding 8 – Inconsistent Delegations Review Scheduling. (Cont.) | | | Medium |
| Management Comment | | | |
| Management agrees with the recommendation below and has already completed this task. Medium rating is noted. | | | |
| Recommendations | Agreed Action | Action Owner | Target Date |
| 10. Establish a regular and consistent review cycle program for both CEO DoA reviews and Council DoA reviews. | Completed. The Compliance Calendar has been updated to include a Council review of delegations in September - November and CEO delegations in August. A subsequent CEO review of sub-delegations may be required after the Council review where Council delegations are amended or adopted. This should be included in the procedure. | Coordinator Governance and Risk | Completed |

3. DETAILED REPORT (CONT.)

3.2. Detailed Observations and Recommendations

Process (Cont.)

| Findings and Recommendations | | | Rating of Finding |
|---|--|---------------------------------|-------------------|
| Finding 9 – Overuse of Primary Return and Annual Return Process. | | | Low |
| <p>Employees within organisations, particularly government agencies are required to make decisions on behalf of their organisations. For those employees with decision-making authority (or DoA), those decisions need to be made so there is no actual or perceived conflict or interest. Within a local government context, Primary Returns and Annual Returns assist with the decision-making process as they highlight an individual’s interests at a particular point in time, thereby clarifying whether a conflict of interest may arise. Under the LG Act employees with delegated authority are required to complete a Primary Return (within three months of commencing in that role or receiving DoA) and an Annual Return yearly and subsequently thereafter.</p> <p>Observations</p> <p>We reviewed both the 2021/22 and 2022/23 Registers of Employee Primary Returns and Annual Returns, and these registers are publicly available on the City’s website. In assessing the registers, we found twenty-two (22) employees had completed a primary or annual return, when not required to do so. These employees were not found to have any delegated authority given to them within either the DoA Manual adopted by Council on 27 September 2023, or the DoA Manual adopted by Council on 28 November 2023 (see Appendix 3: Listing of Primary Return and Annual Returns lodged during 2022/23 for further details). We limit our observation in that we did not assess whether these employees acted in a position with delegated authority for longer than three-months (thereby requiring a Primary Return and possibly an Annual Return to be completed in accordance with the LG Act).</p> <p>Implications</p> <p>While requiring employees to complete Primary Returns and Annual Returns creates a level of transparency in terms of an employee’s financial interests, requiring employees to lodge publicly accessible information that is personal to them, may allow members of the public to access employee financial information, when no public right exists. Where an employee is requested to complete a return (when no required to do so) may increase a compliance risk to the City and possibly unnecessary reporting to third party investigatory agencies (such as the Corruption and Crime Commission and the Public Sector Commission) where the employee does not submit their return within the legislative timeframe.</p> | | | |
| Management Comment | | | |
| Management has completed the review recommended below. The low rating is noted. | | | |
| Recommendations | Agreed Action | Action Owner | Target Date |
| 11. Review the City’s Primary and Annual Return process to ensure only those relevant persons (as determined by the LG Act) are required to complete a Primary and Annual Return. | Completed. Audit conducted on the register and officers identified. | Coordinator Governance and Risk | Completed. |

3. DETAILED REPORT (CONT.)

3.2. Detailed Observations and Recommendations

People

| Findings and Recommendations | Rating of Finding | | |
|---|---|---------------------------------|-------------|
| Finding 10 – Inadequate DoA training and awareness program. | Low | | |
| <p>Employee induction and awareness programs are crucial for ensuring compliance with legislative responsibilities and communicating organisational requirements. These programs serve as the first step in familiarising new hires with the legal framework that governs the organisation's operations. Proper induction helps employees understand their rights, responsibilities, and the ethical standards expected of them in accordance with relevant laws and regulations. By providing comprehensive training on legislative requirements, organisations can minimise the risk of inadvertent non-compliance, legal disputes, and penalties. Ongoing awareness programs also play a vital role in keeping existing employees informed about any changes in legislation, ensuring that the workforce remains up-to-date and adaptable to evolving legal standards. Moreover, these initiatives contribute to creating a culture of compliance, where employees are aware of the importance of adhering to laws and regulations, thereby fostering a workplace environment built on integrity, accountability, and legal conformity.</p> <p>Observations</p> <p>Whilst we acknowledge ongoing work by the City to develop training material and implement various training programs across the City, we did not cite any approved training material, training records, or details of planned training specific to DoA.</p> <p>Additionally, despite the City's induction checklist referring to two (2) instances where delegations may be discussed, there was no record of any other corresponding material provided to new employees to ensure that they understand their potential legal obligations as defined within the LG Act and any other written law.</p> <p>Implications</p> <p>Inadequate training of, and awareness amongst staff on DoA matters may increase the risk of unintentional non-compliance with the LG Act and any other written law.</p> | | | |
| Management Comment | | | |
| Administration has drafted an induction training package on delegations and authorisations. This will be provided to EMT for sign-off and implementation. | | | |
| Recommendations | Agreed Action | Action Owner | Target Date |
| 12. Develop, approve, and implement training for staff with a delegated authority on their legal obligations, other responsibilities, and use of any relevant systems on a periodic basis. | Administration has drafted an induction training package on delegations and authorisations. This will be provided to EMT for sign-off and implementation. | Coordinator Governance and Risk | June 2024 |
| 13. Develop, approve, and implement basic DoA training material for all employees to be completed as part of their induction. | Administration has drafted an induction training package on delegations and authorisations. This will be provided to EMT for sign-off and implementation. | Coordinator Governance and Risk | June 2024 |

3. DETAILED REPORT (CONT.)

3.2. Detailed Observations and Recommendations

| Systems | | | |
|---|--|---------------------------------|-------------------|
| Findings and Recommendations | | | Rating of Finding |
| Finding 11 – Inadequate Configuration of the Attain system. | | | Low |
| <p>Proper configuration of information systems is essential to ensure they work as intended. It also helps to reduce cybersecurity risks and improve operations by ensuring that the systems perform as expected, even after long periods of time without the need for frequent maintenance.</p> <p>Observations</p> <p>We acknowledge the City has only recently commenced using the Attain system to simplify compliance management processes and practices. While we acknowledge City employees are actively improving the system, we noted some gaps relating to the City’s DoA processes are apparent. This included the following:</p> <ul style="list-style-type: none"> • The Attain system creates a “Record of exercise of delegated powers or duties”. We viewed some long-standing system entries in the register were marked as “sent for review submission” (meaning they were not yet endorsed as completed entries), although we understand a hard copy record of the exercised delegation may exist. We noted the City’s 2022 Compliance Audit Return (for the 2021/22 financial year) made an appropriate note regarding this issue. • The Corporate Compliance Calendar contains alerts for compliance activities that are not aligned with business operations and practices, and the timing of such activities. <p>Implications</p> <p>Without proper configuration, there is an increased risk of systems not working as intended, and depending on their sensitivity/importance, incidents may result in the loss of business-critical data, sensitive user-data, and may also cause serious disruptions to integral business processes. While adequate records need to be kept in exercising delegated authority (which can take many forms), if a central system is to be used as a “source of truth”, the system needs to be configured to ensure records are accurate, and that correct operational processes and workflows are reflected.</p> | | | |
| Management Comment | | | |
| Management has arranged training for departmental support officers for April 2024. Low rating is noted. | | | |
| Recommendations | Agreed Action | Action Owner | Target Date |
| 14. Investigate instances where a delegated authority has been exercised whilst still marked as “sent for review submission” in the Register of Exercising Delegation. Ensure these have all acquired the appropriate approval and that it is reflected correctly in the system. | Training for department support officers to be provided. | Coordinator Governance and Risk | May 2024 |

3. DETAILED REPORT (CONT.)

3.2. Detailed Observations and Recommendations

Systems

| Findings and Recommendations | | | Rating of Finding |
|---|--|---------------------------------|-------------------|
| Finding 11 – Inadequate Configuration of the Attain system. (Cont.) | | | Low |
| Recommendations | Agreed Action | Action Owner | Target Date |
| 15. Ensure compliance workflows are fully configured within Attain and system alerts are consistent with existing business practices and review timeframes. | Training for department support officers to be provided. | Coordinator Governance and Risk | May 2024 |

3. DETAILED REPORT (CONT.)

3.3. Disclaimers

Moore Australia (WA) Pty Ltd as agent, an independent member of Moore Global Network Limited, and a Perth based partnership of trusts carries on business separately and independently from other Moore Global Network Limited member firms worldwide.

Services provided under this engagement are provided by Moore Australia (WA) Pty Ltd as agent and not by any other independent Moore Global Network Limited member firms worldwide. No other independent Moore Global Network Limited member has any liability for services provided.

3.4. Basis of Use

This report has been prepared in accordance with the objectives and approach agreed in the engagement document and subject to the following limitations:

- Other than use by you for the purpose, our report cannot be issued, accessed, or relied upon by any third party without our prior written approval. Furthermore, neither the report nor extracts from it will be included in any document to be circulated to other third parties without our prior written approval of the use, form, and context in which it is proposed to be released. We reserve the right to refuse to grant approval to issue the reporting to any other party.
- Our internal audit work was performed in accordance with the International Standards for the Professional Practice of Internal Auditing contained in the International Professional Practices Framework issued by the Institute of Internal Auditors. It did not constitute an audit or review in accordance with standards issued by the Auditing and Assurance Standards Board and accordingly no such assurance under those standards is provided in this report.
- The matters raised in this report are only those which came to our attention while performing our procedures and are not necessarily a comprehensive statement of all the weaknesses that exist or improvements that might be made. We cannot, in practice, examine every activity and procedure, nor can we be a substitute for management's responsibility to maintain adequate controls over all levels of operations and their responsibility to prevent and detect irregularities, including fraud. Accordingly, management should not rely on our report to identify all weaknesses that may exist in the systems and procedures under examination, or potential instances of non-compliance that may exist.

- We believe that the statements made in this report are accurate, but no warranty of completeness, accuracy or reliability is given in relation to statements and representations made by, and the information and documentation provided by, Management and personnel. We have indicated within this report the sources of the information provided. We have not sought to independently verify those sources unless otherwise noted within the report. We are under no obligation in any circumstance to update this report, in either oral or written form, for events occurring after the report has been issued in final form unless specifically agreed with the client. The Internal Audit findings expressed in this report have been formed on the above basis.
- Recommendations for improvement should be assessed by management for their full commercial impact before they are implemented.

3.5. Conflicts of Interest

The firm is not aware of any existing or potential relationship, transaction or holding that would compromise its objectivity in the conduct of the services rendered. Should the possibility of a perceived or actual conflict arise the matter would be raised with the Chief Executive Officer immediately and activities suspended until the issue was resolved to your satisfaction.

3.6. Liability

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

Liability limited by a scheme approved under Professional Standards Legislation.

APPENDIX 1: KEY PERSONNEL CONTACTED

We would like to thank the following personnel for their assistance in the conduct of this internal audit in first name alphabetical order.

| Name | Role |
|--------------|---------------------------------|
| Libby Kania | Coordinator Governance and Risk |
| Michael Cole | Director Corporate Services |

APPENDIX 2: KEY TO SIGNIFICANCE OF RISK RATING

| Rating | Definition | Guidance | Action required |
|---------------|---|---|---|
| High | Issue represents a control weakness, which could cause or is causing major disruption of the process or major adverse effect on the ability of the process to achieve its objectives. | <ul style="list-style-type: none"> • Material errors and departures from the organisation's policies and procedures; • Financial management / accountability / probity concerns; • Non-compliance with governing legislation and regulations may result in fines or other penalties; and • Collective impact of many moderate or low issues. | <ul style="list-style-type: none"> • Requires significant senior management intervention and may require significant mobilisation of resources, including external assistance; and • A detailed plan of action to be approved by Management with resolution within 30 days. |
| Medium | Issue represents a control weakness, which could cause or is causing moderate adverse effect on the ability of the process to meet its objectives. | <ul style="list-style-type: none"> • Events, operational, business, and financial risks could expose the organisation to losses could be marginally material to the organisation; and • Departures from best practice management procedures, processes. | <ul style="list-style-type: none"> • Requires substantial management intervention and may require possible external assistance; and • Timeframe for action is subject to competing priorities and cost benefit analysis but should not exceed 3 months. |
| Low | Issue represents a minor control weakness, with minimal but reportable impact on the ability to achieve process objectives. | <ul style="list-style-type: none"> • Events, operational and business risks could expose the organisation to losses which are not material due to the low probability of occurrence of the event and insignificant impact on the operating capacity, reputation, and regulatory compliance; and • Departures from management procedures, processes, however, appropriate monitoring and governance generally mitigates these risks. | <ul style="list-style-type: none"> • Requires management attention and possible use of external resources; and • Minor treatment is desirable. Action should be completed within 6 months. |

APPENDIX 3: LISTING OF PRIMARY RETURNS AND ANNUAL RETURNS LODGED DURING 2022/23.

| Return | Position or role | Date submitted | Position in 2022 DoA Manual | Position in 2023 DoA Manual |
|----------------|--|----------------|-----------------------------|-----------------------------|
| Primary Return | Manager Assets | 3 Jan 2023 | Yes | Yes |
| Primary Return | Senior Urban Planner | 23 Jan 2023 | Yes | Yes |
| Primary Return | Coordinator City Projects | 13 Jan 2023 | No | No |
| Primary Return | Coordinator Procurement and Contracts | 16 Jan 2023 | Yes | Yes |
| Primary Return | Coordinator Governance and Risk | 19 Jan 2023 | No | No |
| Primary Return | Senior Accountant (Financial Services) | 24 Jan 2023 | Yes | Yes |
| Primary Return | Director Technical Services | 20 Mar 2023 | Yes | Yes |
| Primary Return | Finance Officer (Rates) | 4 Apr 2023 | No | No |
| Primary Return | Ranger Administration Officer | 26 Apr 2023 | No | No |
| Primary Return | Senior Urban Planner | 22 May 2023 | Yes | Yes |
| Primary Return | Coordinator Procurement and Contracts | 29 May 2023 | Yes | Yes |
| Primary Return | Procurement Officer | 29 May 2023 | Yes | Yes |
| Primary Return | Senior Urban Planner | 6 Jul 2023 | Yes | Yes |
| Primary Return | Senior Accountant (Financial Services) | 27 Jul 2023 | Yes | Yes |

APPENDIX 3: LISTING OF PRIMARY RETURNS AND ANNUAL RETURNS LODGED DURING 2022/23.

| Return | Position or role | Date submitted | Position in 2022 DoA Manual | Position in 2023 DoA Manual |
|--------------------|--|----------------|-----------------------------|-----------------------------|
| Primary Return | Senior Accountant (Financial Services) | 18 Aug 2023 | Yes | Yes |
| Annual Return 2023 | Manager Financial Services | 3 Jul 2023 | Yes | Yes |
| Annual Return 2023 | ICT Governance Coordinator | 4 Jul 2023 | No | No |
| Annual Return 2023 | Senior Urban Planner | 3 Jul 2023 | Yes | Yes |
| Annual Return 2023 | Ranger Administration Officer | 3 Jul 2023 | No | No |
| Annual Return 2023 | Coordinator Land and Property | 3 Jul 2023 | No | No |
| Annual Return 2023 | Senior Environmental Health Officer | 3 Jul 2023 | Yes | Yes |
| Annual Return 2023 | Manager Community Service Centres | 3 Jul 2023 | No | No |
| Annual Return 2023 | Coordinator Governance and Risk | 4 Jul 2023 | No | No |
| Annual Return 2023 | Executive Officer | 21 Aug 2023 | No | No |
| Annual Return 2023 | Manager Community Development | 13 Jul 2023 | No | No |
| Annual Return 2023 | Manager City Projects and Programs | 5 Jul 2023 | Yes | Yes |
| Annual Return 2023 | Manager Urban Planning | 5 Jul 2023 | Yes | Yes |
| Annual Return 2023 | Coordinator Statutory Planning | 6 Jul 2023 | Yes | Yes |

APPENDIX 3: LISTING OF PRIMARY RETURNS AND ANNUAL RETURNS LODGED DURING 2022/23.

| Return | Position or role | Date submitted | Position in 2022 DoA Manual | Position in 2023 DoA Manual |
|--------------------|------------------------------------|----------------|-----------------------------|-----------------------------|
| Annual Return 2023 | Senior Urban Planner | 6 Jul 2023 | Yes | Yes |
| Annual Return 2023 | Director Corporate Services | 6 Jul 2023 | Yes | Yes |
| Annual Return 2023 | Senior Building Surveyor | 7 Jul 2023 | Yes | Yes |
| Annual Return 2023 | Manager Assets | 10 Jul 2023 | Yes | Yes |
| Annual Return 2023 | Director Planning and Development | 10 Jul 2023 | Yes | Yes |
| Annual Return 2023 | Coordinator City Projects | 10 Jul 2023 | No | No |
| Annual Return 2023 | Manager Parks Services | 10 Jul 2023 | No | No |
| Annual Return 2023 | Coordinator Civil Maintenance | 10 Jul 2023 | No | No |
| Annual Return 2023 | Coordinator Environmental Health | 12 Jul 2023 | Yes | Yes |
| Annual Return 2023 | Tresillian Arts Centre Coordinator | 12 Jul 2023 | No | No |
| Annual Return 2023 | Coordinator Rangers | 17 Jul 2023 | Yes | Yes |
| Annual Return 2023 | Director Technical Services | 24 Jul 2023 | Yes | Yes |
| Annual Return 2023 | Procurement Officer | 25 Jul 2023 | Yes | Yes |
| Annual Return 2023 | Coordinator Assets | 7 Aug 2023 | No | No |

APPENDIX 3: LISTING OF PRIMARY RETURNS AND ANNUAL RETURNS LODGED DURING 2022/23.

| Return | Position or role | Date submitted | Position in 2022 DoA Manual | Position in 2023 DoA Manual |
|--------------------|--|----------------|-----------------------------|-----------------------------|
| Annual Return 2023 | Coordinator Community Development | 7 Aug 2023 | No | No |
| Annual Return 2023 | Chief Executive Officer | 10 Aug 2023 | Yes | Yes |
| Annual Return 2023 | Manager ICT | 14 Aug 2023 | No | No |
| Annual Return 2023 | Coordinator Revenue | 16 Aug 2023 | No | No |
| Annual Return 2023 | Senior Accountant (Financial Services) | 21 Aug 2023 | Yes | Yes |
| Annual Return 2023 | Manager Building Services | 21 Aug 2023 | Yes | Yes |
| Annual Return 2023 | Manager Human Resources | 21 Aug 2023 | No | No |
| Annual Return 2023 | Coordinator Statutory Planning | 21 Aug 2023 | Yes | Yes |
| Annual Return 2023 | Manager Health & Compliance | 21 Aug 2023 | Yes | Yes |
| Annual Return 2023 | Coordinator Procurement and Contracts | 21 Aug 2023 | Yes | Yes |
| Annual Return 2023 | Coordinator Revenue | 28 Aug 2023 | No | No |
| Annual Return 2023 | Senior Ranger | 28 Aug 2023 | No | No |

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10.3. ARC11.05.24 – Update from Independent Consultant Report 3

| | |
|---|--|
| Meeting & Date | Audit and Risk Committee Meeting - 20 May 2024 |
| Applicant | City of Nedlands |
| Employee Disclosure under section 5.70 Local Government Act 1995 | Nil. |
| Report Author | Craig Ross – Independent Consultant |
| CEO | Keri Shannon |
| Attachments | 1. Progress Report - 3 2. Report 3 Appendix |

Purpose

The Independent Consultant will verbally present a report to the Audit and Risk Committee.

Recommendation

That the Audit and Risk Committee receives the report from the Independent Consultant.

Voting Requirement

Simple Majority.

Background

N/A

Discussion

N/A

Consultation

Not applicable.

Strategic Implications

This item is strategically aligned to the City of Nedlands Council Plan 2023-33 vision and desired outcomes as follows:



Vision **Sustainable and responsible for a bright future**

Pillar **Performance**

Outcome 11. Effective leadership and governance

Budget/Financial Implications

There are no budget or financial implications in this report.

Legislative and Policy Implications

Not applicable.

Decision Implications

The Committee will be presented with a report from Mr. Ross.

Conclusion

Mr Ross will present his report to the Committee.

Further Information

Nil.

| | |
|----------------|--|
| To | City of Nedlands Audit & Risk Committee |
| From | Independent Consultant, Craig Ross |
| Date | 2 May 2024 |
| Subject | Progress Report 3 |

Background

This progress report summarises the remediation status of external audit findings identified by the Office of the Auditor General (OAG) during the audit of the financial report for the year ended 30 June 2023 of the City of Nedlands.

Other progress comments are also included associated with the audit of the financial report for the year ending 30 June 2024.

Progress work (18 April to 2 May 2024)

1. Continuing compilation of a 30 June 2023 City of Nedlands working papers file of underlying supporting accounting records and balance sheet reconciliations from OneCouncil, Authority, SharePoint directories, RSM audit repository portal and other email correspondence.
2. Compilation of the working papers file encompasses review of detailed sub-ledgers and suspense accounts supporting the balance sheet reconciliations including reviewing entries from the prior year legacy system (Authority) to amend incorrect, duplicated, or misclassified transactions.
3. Recruitment of the Coordinator Accounting Services position confirmed with a commencement date of 20 May 2024. The role reports directly to Manager Financial Services with responsibilities including day-to-day financial accounting processes, monthly reporting, compliance with statutory requirements and council policies, drafting 30 June 2024 annual financial report, end of year audit work papers and reconciliations.
4. During the recruitment process for the position above (item 3) a suitably qualified candidate was identified for the Accountant position to support remediating the OAG audit findings as resolved at the 23 April 2024 Ordinary Council Meeting. The appointment process is currently underway.
5. Focussed team established with Technical Services and Financial Services for compilation of an Asset Masterfile, review of the 30 June 2023 infrastructure valuation, and alignment of the infrastructure asset listings and the accounting fixed asset records. The recent Manager Assets resignation and replacement process will have a timing impact on the compilation process and management of asset data.

6. The current remediation status of audit findings identified by the OAG for the year ended 30 June 2023 is summarised in the attached Appendix. The OAG has indicated “Significant” rated findings as having a potential impact on the audit opinion of the financial report.
7. Manager ICT position is currently open. Once the position is filled the remediation status of ICT findings for the year ended 30 June 2023 is to be discussed with the new Manager ICT and comments included in subsequent progress updates.

APPENDIX (2 May 2024 - Progress Report 3)

Summarised findings identified by the OAG during the audit of the financial report for the year ended 30 June 2023

| Index of findings | Potential impact on audit opinion | Rating | | | Summarised findings (30 June 2023) | Summarised proposed action/progress comments (2 May 2024) | Status (2 May 2024) | Person responsible | Completion date |
|--|-----------------------------------|-------------|----------|-------|---|--|--|---|---------------------|
| | | Significant | Moderate | Minor | | | | | |
| FINANCIAL ACCOUNTING FINDINGS | | | | | | | | | |
| 1. Review of external valuations | Yes | ✓ | | | Multiple fixed assets registers. Infrastructure assets listings assessed for external valuation were incomplete and significant variances exist between the valuer's listing and the accounting fixed asset register. | 1. Assets Officer (Technical Services) recruited and taskforce working group established with Financial Services. | Complete | Manager Assets & Manager Financial Services | |
| | | | | | | 2. Review of 30 June 2023 infrastructure revaluation methodology and key assumptions. | Ongoing | Manager Assets | 31-May-24 |
| | | | | | | 3. Review of missing assets in the accounting fixed asset register. | Ongoing | Manager Financial Services | 30-Jun-24 |
| | | | | | | 4. Review of 30 June 2023 detailed infrastructure asset listings for completeness, accuracy, asset classification, component grouping, useful lives, depreciation, reconciliation and alignment to accounting fixed asset records. | Substantially Open | Manager Assets & Manager Financial Services | 30-Jun to 31-Aug-24 |
| | | | | | | 5. Alignment of multiple fixed asset registers and compilation of Asset Masterfile | Substantially Open | Manager Assets & Manager Financial Services | 31-Aug-24 |
| 2. Controls regarding the Property, Plant & Equipment and Infrastructure process | Yes | ✓ | | | Reconciliations of the fixed assets register and the infrastructure asset register not undertaken. Regular depreciation posting to the general ledger, additions and capitalisation of capital works in progress not processed. | 1. Accounting Services Coordinator recruited commencing 20 May 2024. Responsible for day-to-day financial accounting processes and monthly reporting including fixed asset reconciliations. | Complete | Manager Financial Services | |
| | | | | | | 2. Recruitment of Accountant in progress to support remediation of audit findings and management accounting reporting. | Ongoing | Manager Financial Services | 15-May-24 |
| | | | | | | 3. Analyse capital work-in-progress expenditure and cost allocations, process additions, review depreciation calculations from 30 June 2022 to present. | Ongoing | Manager Financial Services | 30-Jun-24 |
| | | | | | | 4. Prepare movement schedules and reconciliations of Property, Plant & Equipment and Infrastructure to the underlying registers from 30 June 2022 to present. | Substantially Open | Manager Financial Services | 31-Jul-24 |
| 3. Supporting documentation for general journals | Yes | ✓ | | | Selected manual journals lacked proper explanation and supporting evidence. | Controls introduced March 2024 for manual journals to be appropriately prepared and reviewed with supporting documentation attached. | Complete | Manager Financial Services | |
| 4. Bank signatories | Yes | ✓ | | | Former City employees not removed as signatories on a timely basis. | Bank authorising signatures list reviewed and sent to the bank for actioning. | Complete | Manager Financial Services | |
| 5. Balance sheet reconciliations across material account balances | Yes | ✓ | | | Lack of month end balance sheet reconciliations between detailed listings and sub-ledgers to the general ledger, and clearing of suspense accounts. | 1. Manager Financial Services commenced March 2024. Structured end-of-month balance sheet reconciliation process introduced to be further formalised and embedded in future month ends. | Ongoing | Manager Financial Services | 30-Jun-24 |
| | | | | | | 2. Accounting Services Coordinator recruited commencing 20 May 2024. Responsible for day-to-day financial accounting processes, monthly reporting, compliance with statutory requirements and council policies, drafting 30 June 2024 annual financial report, end of year audit work papers, and reconciliations. | Complete | Manager Financial Services | |
| | | | | | | 3. Continuing compilation of a 30 June 2023 City of Nedlands working papers file of underlying supporting records and balance sheet reconciliations including journal and suspense account analysis. | Substantially Open | Manager Financial Services | 30-Jun to 31-Aug-24 |
| 6. Understanding new accounting software (TechOne) | Yes | ✓ | | | Lack of software understanding, alongside reporting deficiencies, created internal inefficiencies in analysing and reporting financial information. | Manager Financial Services has extensive OneCouncil operational and implementation experience. | Complete | Manager Financial Services | |
| 7. Completeness and accuracy of transactions | Yes | ✓ | | | Failure to properly update accruals and prepayment balances and account for transactions within the correct accounting period. | Structured end-of-month balance sheet reconciliation processes established includes accruals and prepayments to be further formalised and embedded in future month ends. | Ongoing | Manager Financial Services | 30-Jun-24 |
| 8. Matching of debtors against the respective debtor invoices | | | ✓ | | No invoice and receipts matching within the debtors module. Inaccurate debtors ageing listing. | Debtor invoice/receipts and ageing reports within the debtors module are scheduled for Phase 3 Revenue (Debtors) implementation in OneCouncil. Authority is being replaced by TechOne and currently resources are not allocated to updating procedures specific to Authority. | To be addressed in OneCouncil Phase 3 Revenue(Debtors) | Manager Financial Services | 1-Jul-25 |
| 9. Ageing of infringement debtors | | | ✓ | | Lack of aged listing for infringement debtors. | Infringement debtors ageing reports are scheduled for Phase 3 Revenue (Debtors) implementation in OneCouncil. Authority is being replaced by TechOne and currently resources are not allocated to updating procedures specific to Authority. | To be addressed in OneCouncil Phase 3 Revenue(Debtors) | Manager Financial Services | 1-Jul-25 |
| 10. Capitalisation of infrastructure assets | | | ✓ | | Capitalisation of new infrastructure assets is undertaken at year end resulting in new infrastructure assets not being depreciated from the point at which they were ready and available for use. | Analysis is underway for capital work-in-progress expenditure and cost allocations, processing additions, and reviewing depreciation calculations. | Ongoing | Manager Financial Services | 30-Jun-24 |
| 11. Useful life of depreciating assets | | | ✓ | | Depreciation on the City's property, plant and equipment and infrastructure assets were not in line with the City's accounting policy around the asset's useful lives. | 1. Comprehensive review of the fixed asset policy required to accurately reflect the useful lives of all depreciable assets. | Ongoing | Manager Assets & Manager Financial Services | 31-Aug-24 |
| | | | | | | 2. Adjustments to the Asset Masterfile and fixed asset register be made to reflect the appropriate useful lives and depreciation rate. | Substantially Open | Manager Financial Services | 31-Aug-24 |

| | | | | | | | | | |
|--|--|--|---|---|---|--|--|----------------------------|-----------|
| 12. Contract variations | | | ✓ | | Lack of segregation of duties for contract variations and invoice approval. | Policy updates including a separate approval process with different authorising officers be established for the variation or invoice approval process. | Substantially Open | Manager Financial Services | 30-Jun-24 |
| 13. Underground power receivables | | | ✓ | | The basis of accounting treatment for the underground power receivables and associated revenue is unclear. | Accounting treatment for underground power levies based on accounting standards and LGA Section 6.38 needs to be documented and confirmed. | Ongoing | Manager Financial Services | 31-May-24 |
| 14. Manual input of fees and charges for invoicing | | | | ✓ | The council approved schedule of fees and charges are not locked in the system and are manually input when invoicing. | Locking in approved fees within the debtors module is scheduled for Phase 3 Revenue (Debtors) implementation in OneCouncil. Authority is being replaced by TechOne and currently resources are not allocated to updating procedures specific to Authority. | To be addressed in OneCouncil Phase 3 Revenue(Debtors) | Manager Financial Services | 1-Jul-25 |
| 15. Record of verbal quotations | | | | ✓ | For purchases <\$5,000 no record of verbal quotes kept on file. | Procurement policy to be updated and refresher training provided. | Ongoing | Manager Financial Services | 30-Jun-24 |

ICT FINDINGS

| | | | | | | | | | |
|--------------------------------------|-----|---|---|---|---|---------------------------------|--|-------------|-----------|
| 16. Privileged Access management | Yes | ✓ | | | Risk of inappropriate or unauthorised access. | To discuss with new Manager ICT | | Manager ICT | 30-Jun-24 |
| 17. Authentication | Yes | ✓ | | | Deficiencies in multi-factor authentication and managing passwords. | To discuss with new Manager ICT | | Manager ICT | 30-Jun-24 |
| 18. TechOne Access Management | Yes | ✓ | | | Lack of periodic TechOne user access reviews for appropriateness. | To discuss with new Manager ICT | | Manager ICT | 30-Jun-24 |
| 19. Authority Access Management | Yes | ✓ | | | Lack of periodic Authority user access reviews for appropriateness. | To discuss with new Manager ICT | | Manager ICT | 30-Jun-24 |
| 20. Disaster Recovery Management | | | ✓ | | DRP not reviewed and tested since 2020. | To discuss with new Manager ICT | | Manager ICT | 30-Jun-24 |
| 21. Network Access Management | | | ✓ | | Deficiencies in user access management controls for the network. | To discuss with new Manager ICT | | Manager ICT | 30-Jun-24 |
| 22. Network Security Management | | | ✓ | | Deficiencies in network security management. | To discuss with new Manager ICT | | Manager ICT | 30-Jun-24 |
| 23. Security Incident Monitoring and | | | ✓ | | Deficiencies in management of security incidents. | To discuss with new Manager ICT | | Manager ICT | 30-Jun-24 |
| 24. Change Management | | | ✓ | | Change tickets do not clearly state the type of change. | To discuss with new Manager ICT | | Manager ICT | 30-Jun-24 |
| 25. IT governance | | | | ✓ | IT governance documents to be updated. | To discuss with new Manager ICT | | Manager ICT | 30-Jun-24 |



10.4. ARC12.05.24 – Update from Independent Consultant Report 4

| | |
|---|--|
| Meeting & Date | Audit and Risk Committee Meeting - 20 May 2024 |
| Applicant | City of Nedlands |
| Employee Disclosure under section 5.70 Local Government Act 1995 | Nil. |
| Report Author | Craig Ross – Independent Consultant |
| CEO | Keri Shannon |
| Attachments | 1. Progress Report – 4 2. Report 4 Appendix |

Purpose

The Independent Consultant will verbally present a report to the Audit and Risk Committee.

Recommendation

That the Audit and Risk Committee receives the report from the Independent Consultant.

Voting Requirement

Simple Majority.

Background

N/A

Discussion

N/A

Consultation

Not applicable.

Strategic Implications

This item is strategically aligned to the City of Nedlands Council Plan 2023-33 vision and desired outcomes as follows:



Vision **Sustainable and responsible for a bright future**

Pillar **Performance**

Outcome 11. Effective leadership and governance

Budget/Financial Implications

There are no budget or financial implications in this report.

Legislative and Policy Implications

Not applicable.

Decision Implications

The Committee will be presented with a report from Mr. Ross.

Conclusion

Mr Ross will present his report to the Committee.

Further Information

Nil.

| | |
|----------------|--|
| To | City of Nedlands Audit & Risk Committee |
| From | Independent Consultant, Craig Ross |
| Date | 16 May 2024 |
| Subject | Progress Report 4 |

Background

This progress report summarises the remediation status of external audit findings identified by the Office of the Auditor General (OAG) during the audit of the financial report for the year ended 30 June 2023 of the City of Nedlands.

Other progress comments are also included associated with the audit of the financial report for the year ending 30 June 2024.

Progress work (3 to 16 May 2024)

1. Continuing compilation of a 30 June 2023 City of Nedlands working papers file of underlying supporting accounting records and balance sheet reconciliations from OneCouncil, Authority, SharePoint directories, RSM audit repository portal and other email correspondence.
2. Recruitment of the previously vacant Coordinator Accounting Services position finalised with a commencement date of 20 May 2024. The role reports directly to Manager Financial Services with responsibilities including day-to-day financial accounting processes, monthly reporting and reconciliations, fixed assets reconciliations, and preparation of finance related reports in compliance with statutory requirements and council policies.
3. The turnover of key staff was a leading factor for the OAG 30 June 2023 audit findings including gaps in skills and knowledge within the Financial Services team, and availability of staff during the audit fieldwork period. To address these deficiencies a permanent Management Accountant position (item 4 below) was supported by Council at the Audit and Risk workshop of 6 May 2024 and budget workshop of 7 May 2024, and in addition a Finance Officer (Assets and Grants) agreed as an initial temporary position (item 5 below). Adding these positions should allow sufficient business continuity and coverage of other roles during periods of leave, peak workload periods including the OAG 30 June 2024 audit fieldwork visit commencing October 2024, and promote a team of multi-skilled Finance Officers
4. Recruitment of the Management Accountant position has been finalised with a commencement date of 29 May 2024. The position responsibilities include monthly management accounting reporting and reconciliations, other periodic reporting, budget reporting and variance analysis, and supporting officers to manage their operational revenue/expenditure and capital budgets.

5. Recruitment of the Finance Officer (Assets and Grants) position is underway. The position responsibilities include asset accounting procedures and maintaining fixed asset registers in accordance with Council policies, completion of grant applications/acquittal and audits, managing the insurance register and claims, and assist with journals/reconciliations.
6. Continuing compilation of an Asset Masterfile, review of the 30 June 2023 infrastructure valuation, and alignment of the infrastructure asset listings and the accounting fixed asset records.
7. The current remediation status of audit findings identified by the OAG for the year ended 30 June 2023 is summarised in the attached Appendix.
8. Recruitment of the Manager ICT position has been finalised with a commencement date of 17 June 2024. The remediation status of ICT findings for the year ended 30 June 2023 is to be discussed with the new Manager ICT and comments included in subsequent progress updates.

APPENDIX (16 May 2024 - Progress Report 4)

Summarised findings identified by the OAG during the audit of the financial report for the year ended 30 June 2023

| Index of findings | Potential impact on audit opinion | Rating | | | Summarised findings (30 June 2023) | Summarised proposed action/progress comments (16 May 2024) | Status (16 May 2024) | Person responsible | Completion date |
|--|-----------------------------------|-------------|----------|-------|---|--|---|---|--------------------|
| | | Significant | Moderate | Minor | | | | | |
| FINANCIAL ACCOUNTING FINDINGS | | | | | | | | | |
| 1. Review of external valuations | Yes | ✓ | | | Infrastructure assets listings assessed for external valuation were incomplete and significant variances exist between the valuer's listing and the accounting fixed asset register. Multiple fixed assets registers. | 1. Assets Officer (Technical Services) recruited and taskforce working group established with Financial Services. | Complete | Manager Assets & Manager Financial Services | |
| | | | | | | 2. Review of 30 June 2023 infrastructure assets revaluation methodology and key assumptions. Clarification of outstanding audit queries to be discussed with the external valuer. | Ongoing | Manager Assets | 15-Jun-24 |
| | | | | | | 3. Review of missing asset items and variances between the valuer's listing and the accounting fixed asset register. | Ongoing | Manager Assets & Manager Financial Services | 30-Jun-24 |
| | | | | | | 4a. Review of 30 June 2023 infrastructure assets listing - Completeness and mathematical accuracy. | Ongoing | Manager Assets & Manager Financial Services | 30-Jun-24 |
| | | | | | | 4b. Review of 30 June 2023 infrastructure assets listing - Asset classification and component grouping. | Ongoing | Manager Assets & Manager Financial Services | 30-Jun-24 |
| | | | | | | 4c. Review of 30 June 2023 infrastructure assets listing - Useful lives and depreciation. | Ongoing | Manager Assets & Manager Financial Services | 30-Jun-24 |
| | | | | | | 4d. Review of 30 June 2023 infrastructure assets listing - Reconciliation and alignment to accounting fixed asset records. | Substantially Open | Manager Assets & Manager Financial Services | 1-Jul to 31-Aug-24 |
| | | | | | | 5. Alignment of multiple fixed asset registers and compilation of Asset Masterfile. | Substantially Open | Manager Assets & Manager Financial Services | 31-Aug-24 |
| 2. Controls regarding the Property, Plant & Equipment and Infrastructure process | Yes | ✓ | | | Reconciliations of the fixed assets register and the infrastructure asset register not undertaken. Regular depreciation posting to the general ledger, additions and capitalisation of capital works in progress not processed. | 1. Recruitment of Accounting Services Coordinator commencing on 20 May 2024. Position is responsible for day-to-day financial accounting processes and monthly reporting including fixed asset reconciliations. | Complete | Manager Financial Services | |
| | | | | | | 2. Finance Officer (Assets and Grants) recruitment underway. Position will be responsible for the maintenance of the asset accounting procedures and fixed asset registers. | Ongoing | Manager Financial Services | 31-May-24 |
| | | | | | | 3. Analyse capital work-in-progress expenditure and cost allocations, process additions, review depreciation calculations from 30 June 2022 to present. | Ongoing | Manager Financial Services | 30-Jun-24 |
| | | | | | | 4. Prepare movement schedules and reconciliations of Property, Plant & Equipment and Infrastructure to the underlying registers from 30 June 2022 to present. | Substantially Open | Manager Financial Services | 31-Jul-24 |
| 3. Supporting documentation for general journals | Yes | ✓ | | | Selected manual journals lacked proper explanation and supporting evidence. | Controls introduced March 2024 for manual journals to be appropriately prepared and reviewed with supporting documentation attached. | Complete | Manager Financial Services | |
| 4. Bank signatories | Yes | ✓ | | | Former City employees not removed as signatories on a timely basis. | Bank authorising signatures list reviewed and sent to the bank for actioning. | Complete | Manager Financial Services | |
| 5. Balance sheet reconciliations | Yes | ✓ | | | Lack of month end balance sheet reconciliations between detailed listings and sub-ledgers to the general ledger, and clearing of suspense accounts. | 1. End-of-month balance sheet reconciliation process has been introduced and to be further formalised and embedded in future month ends. | Ongoing | Manager Financial Services | 30-Jun-24 |
| | | | | | | 2. Recruitment of Accounting Services Coordinator commencing on 20 May 2024. Position is responsible for day-to-day financial accounting processes including balance sheet reconciliations. | Complete | Manager Financial Services | |
| | | | | | | 3. Recruitment of Management Accountant commencing on 29 May 2024. Responsible for monthly management accounting reporting, budget and variance analysis. | Complete | Manager Financial Services | |
| | | | | | | 4. Continuing compilation of a 30 June 2023 City of Nedlands working papers file of underlying supporting records and balance sheet reconciliations including suspense account analysis. | Substantially Open | Manager Financial Services | 1-Jul to 31-Aug-24 |
| 6. Understanding TechOne accounting software | Yes | ✓ | | | Lack of software understanding, alongside reporting deficiencies, created internal inefficiencies in analysing and reporting financial information. | Manager Financial Services has extensive OneCouncil operational and implementation experience. | Complete | Manager Financial Services | |
| 7. Completeness and accuracy of transactions | Yes | ✓ | | | Failure to properly update accruals and prepayment balances and account for transactions within the correct accounting period. | Structured end-of-month balance sheet reconciliation processes established includes accruals and prepayments to be further formalised and embedded in future month ends. | Ongoing | Manager Financial Services | 30-Jun-24 |
| 8. Matching of debtors against the respective debtor invoices | | | | ✓ | No invoice and receipts matching within the debtors module. Inaccurate debtors ageing listing. | Debtor invoice/receipts matching and ageing reports within the debtors module are scheduled for Phase 3 Revenue (Debtors) implementation in OneCouncil. Authority is being replaced by TechOne and currently resources are not allocated to updating procedures specific to Authority. | To be addressed in OneCouncil Phase 3 Revenue (Debtors) | Manager Financial Services | 1-Jul-25 |
| 9. Ageing of infringement debtors | | | | ✓ | Lack of aged listing for infringement debtors. | System produced infringement debtors ageing reports are scheduled for Phase 3 Revenue (Debtors) implementation in OneCouncil. Manual review of infringement debtors ageing and collectibility is currently underway. | Ongoing | Manager Financial Services | 15-Jun-24 |
| 10. Capitalisation of infrastructure assets | | | | ✓ | Capitalisation of new infrastructure assets is undertaken at year end and not being depreciated from the point ready and available for use. | Analysis of capital work-in-progress expenditure, cost allocations, processing additions and reviewing depreciation calculations. | Ongoing | Manager Financial Services | 30-Jun-24 |

| | | | | | | | | | |
|--|--|--|---|---|--|--|---|---|-----------|
| 11. Useful life of depreciating assets | | | ✓ | | Depreciation on the City's property, plant and equipment and infrastructure assets not in line with the City's accounting policy for asset useful lives. | 1. Comprehensive review of the fixed asset policy required to accurately reflect the useful lives of all depreciable assets. | Ongoing | Manager Assets & Manager Financial Services | 31-Aug-24 |
| | | | | | | 2. Adjustments to the Asset Masterfile and fixed asset register be made to reflect the appropriate useful lives and depreciation rate. | Substantially Open | Manager Financial Services | 31-Aug-24 |
| 12. Contract variations | | | ✓ | | Lack of segregation of duties for contract variations and invoice approval. | Policy updates including a separate approval process with different authorising officers be established or enforced for the variation or invoice approval process. | Substantially Open | Manager Financial Services | 30-Jun-24 |
| 13. Underground power receivables | | | ✓ | | The basis of accounting treatment for the underground power receivables and associated revenue is unclear. | Accounting treatment for underground power levies based on accounting standards and LGA Section 6.38 and remaining receivable balances clarified. | Complete | Manager Financial Services | |
| 14. Manual input of fees and charges for invoicing | | | | ✓ | The council approved schedule of fees and charges are not locked in the system and are manually input when invoicing. | Locking in approved fees within the debtors module is scheduled for Phase 3 Revenue (Debtors) implementation in OneCouncil. Authority is being replaced by TechOne and currently resources are not allocated to updating procedures specific to Authority. | To be addressed in OneCouncil Phase 3 Revenue (Debtors) | Manager Financial Services | 1-Jul-25 |
| 15. Record of verbal quotations | | | | ✓ | For purchases <\$5,000 no record of verbal quotes kept on file. | Procurement policy to be updated and refresher training provided. | Ongoing | Manager Financial Services | 30-Jun-24 |

ICT FINDINGS

| | | | | | | | | | |
|----------------------------------|-----|---|---|---|---|---------------------------------|--|-------------|-----------|
| 16. Privileged Access | Yes | ✓ | | | Risk of inappropriate or unauthorised access. | To discuss with new Manager ICT | | Manager ICT | 31-Jul-24 |
| 17. Authentication | Yes | ✓ | | | Deficiencies in multi-factor authentication and managing passwords. | To discuss with new Manager ICT | | Manager ICT | 31-Jul-24 |
| 18. TechOne Access | Yes | ✓ | | | Lack of periodic TechOne user access reviews for appropriateness. | To discuss with new Manager ICT | | Manager ICT | 31-Jul-24 |
| 19. Authority Access | Yes | ✓ | | | Lack of periodic Authority user access reviews for appropriateness. | To discuss with new Manager ICT | | Manager ICT | 31-Jul-24 |
| 20. Disaster Recovery | | | ✓ | | DRP not reviewed and tested since 2020. | To discuss with new Manager ICT | | Manager ICT | 31-Jul-24 |
| 21. Network Access | | | ✓ | | Deficiencies in user access management controls for the network. | To discuss with new Manager ICT | | Manager ICT | 31-Jul-24 |
| 22. Network Security | | | ✓ | | Deficiencies in network security management. | To discuss with new Manager ICT | | Manager ICT | 31-Jul-24 |
| 23. Security Incident Monitoring | | | ✓ | | Deficiencies in management of security incidents. | To discuss with new Manager ICT | | Manager ICT | 31-Jul-24 |
| 24. Change Management | | | ✓ | | Change tickets do not clearly state the type of change. | To discuss with new Manager ICT | | Manager ICT | 31-Jul-24 |
| 25. IT governance | | | | ✓ | IT governance documents to be updated. | To discuss with new Manager ICT | | Manager ICT | 31-Jul-24 |



10.5. ARC13.05.24 – OneCouncil Project Status Report

| | |
|---|--|
| Meeting & Date | Audit and Risk Committee Meeting - 20 May 2024 |
| Applicant | City of Nedlands |
| Employee Disclosure under section 5.70 Local Government Act 1995 | Nil. |
| Report Author | Emma Van der Wiele – Programs and Business Improvement Manager |
| CEO | Keri Shannon |
| Attachments | Nil. |

Purpose

The purpose of this report is to clearly demonstrate the Project status and current health of the OneCouncil Enterprise Resource Planning system implementation.

Recommendation

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

Voting Requirement

Simple Majority.

Background

At the Ordinary Council Meeting held on the 22nd of June 2021 Council resolved the following:

1. approves the supplier, TechnologyOne, to be awarded the contract for RFT 2020-21.03 – Provision City Finance System (Enterprise Resource Planning System) for the initial term of 5 years, comprising the initial 3 years with two one-year extensions, to be awarded under Local Government (Functions & General) Regulations 1996 11(2).
2. agrees to enter a contract with TechnologyOne to purchase their Enterprise Resource Planning System, called OneCouncil, with final contract subject to independent review to the satisfaction of the Chief Executive Officer; and notes:



- a. The adoption of the Integrated Enterprise Resource Planning approach for implementing Information Systems; and
- b. The implementation of the TechnologyOne One Council solution using the Cloud model called “Software as a Service”.

The OneCouncil implementation project has been managed as an internal project, resourced to accommodate a staged roll out of fundamental modules across the organisation. The project has been divided into three key phases which align evenly to a three-year commitment of delivery.

The City successfully implemented the modules forecast in the first phase, on time and with organisational wide support and engagement.

Discussion

During the recent reporting period, notable progress was achieved in advancing the OneCouncil ERP implementation project, with a particular focus on Compliance and Revenue streams. Efforts were dedicated to addressing challenges identified in phase 1 and 2 modules, leading to the decision to postpone the go-live to July/August 2025, allowing for 9 months of optimisation.

This critical decision, essential for sustained functionality amidst business complications and resource gaps, was made after careful consideration of various challenges. Despite successful project outcomes to date, we have reviewed the schedule to align with recent audit findings for finance and assets, ensuring business readiness for the integrated system's expanded functionalities.

Recent achievements include extensive work on configuring PNR (property and ratings) compliance and revenue-related processes, accompanied by comprehensive testing activities. Strategies were devised for onboarding and post-implementation support to ensure staff readiness for long-term system support. Change readiness assessments were strengthened, and a thorough review of the risk register was conducted to mitigate potential stressors on staff. Key tasks completed include gathering subject matter expert feedback, adjusting automation configurations, and overseeing PnR implementation alongside business improvement efforts.

The reassessment of the Phase 3 go-live date primarily stems from indications of change saturation across the organisation, attributed to the rapid implementation pace. This challenge is compounded by changes in resourcing, corporate knowledge retention, and workload management within a hybrid environment during system development. Business improvement for OneCouncil hinges on alignment between people, systems, and processes, necessitating a holistic approach that considers their interdependencies and interactions.



This entails continuous communication, collaboration, and coordination across different organisational functions and levels. Proper alignment enables people, systems, and processes to synergise effectively, driving organisational success and strategic objectives.

Business consultations conducted to manage the module optimisation period identified key management areas, while pain point mapping and project schedule adjustments enhanced system effectiveness. Training needs have been analysed, and configuration settings examined. Additionally, a refined improvement portfolio approach has been established for business improvement initiatives and will be actioned in the next reporting period. The modules and business areas undergoing improvements include finance, Assets Management and e-Recruitment.

In conclusion, despite challenges necessitating the postponement of go-live, concerted efforts persist to ensure a smooth transition and maximise the benefits of the OneCouncil ERP project. Continued emphasis on communication, stakeholder engagement, and readiness assessment will be pivotal in achieving project success within the revised timeline.

Additional information:

The information below indicates the modules related to the OneCouncil implementation and the distribution of modules across the years of active engagement.

The core functionality has been uniformly delivered across all modules, owing to the comprehensive integration of the system. Each stream has undergone a structured program of works with delineated milestones, including module commencement, configuration design, ITT, UAT, configuration and migration completion, go-live, and module closure.

Phase 1: 2022

- Finance Management **Completed**
- Supply Chain Management **Completed**
- Human Resources - Employee Portal **Completed**
- Payroll **Completed**
- Customer Request Management **Completed**
- ECM – Attachments **Completed**

Phase 2: 2023

- Business Intelligence Reporting **Completed**
- Enterprise Budgeting **Completed**
- e-Recruitment **Completed**
- Contracts Management (Carried forward to Phase 3 due to internal resourcing)
- Asset Lifecycle Management (Partial Completion due to data availability)
- DXP Meetings **Completed** (Paused due to change readiness and system functionality)
- Performance Planning Local Government (Carried forward to Phase 3 due to pending Council Plan adoption)



Phase 3: 2024/2025

Revenue Stream

- Property Management
- Names Management
- Billing Management
- Debtors Management
- Waste Management
- Enterprise Cash Receipting

Compliance Stream

- Planning and Development
- Licenses and Permits
- Enforcements
- Property Leases
- Policy and Compliance
- Animal Management
- Infringements
- Customer Portal

Consultation

This report summarises detailed consultative information which observes the accuracy of the project status and health. Consultative efforts are managed in accordance with the below Stakeholder Consultation Plans.

| Stakeholder Consultation Plans | Purpose |
|---------------------------------------|--|
| Change Management Plan | To outline the strategy and approach to managing the organisational change associated with implementing the OneCouncil project for employees, customers, and stakeholders. |
| Communication Plan | To provide an overall framework for the ongoing management, coordination, and delivery of communications to all staff across the City of Nedlands impacted by the OneCouncil project activities. |



| Stakeholder Consultation Plans | Purpose |
|--------------------------------|--|
| Stakeholder Engagement Plan | To outline the City’s approach to managing stakeholder engagement throughout the implementation of the OneCouncil solution to ensure clear direction for the delivery of stakeholder engagement actions. |

Strategic Implications

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

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

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

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

Priority Area

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

Budget/Financial Implications

A provision for the continuing implementation of OneCouncil is included in the approved City of Nedlands 2023/24 Annual Budget.

Legislative and Policy Implications

Nil.

Decision Implications

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



Conclusion

The Audit & Risk Committee is recommended to review the OneCouncil Project Status Report. The report outlines advancements in the ERP implementation, particularly in Compliance and Revenue streams, despite challenges. Notable achievements include configuring processes, testing, and ensuring staff readiness. Due to identified challenges, the go-live date has been postponed to July/August 2025 for optimization. The recommendation aligns with the committee's oversight role, providing insight into project progress, challenges, and mitigation strategies.

Further Information

Nil.



11. Date of Next Meeting

The date of the next meeting of the Audit & Risk Committee Meeting is to be 5 June 2024.

12. Declaration of Closure

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