



City of Perth

# Special Audit and Risk Committee

**AGENDA** 14 October 2020



Notice is hereby given that a Special Audit and Risk Committee meeting of the City of Perth will be held in Reception Room, Level 11, 27 St Georges Terrace, Perth on Wednesday, 14 October 2020 at 4.30pm.

**Ms Michelle Reynolds** | Chief Executive Officer | 9 October 2020

This meeting is open to members of the public

## AUDIT AND RISK COMMITTEE

**Established:** 11 May 2010

|   |
|---|
| Members:                                    |
| Robert Maurich (Independent Member)         |
| Chair Commissioner Andrew Hammond           |
| Commissioner Gaye McMath (Presiding Member) |
| Commissioner Len Kosova                     |

**Quorum:** Two

**Expiry:** At the next City of Perth Election.

**TERMS OF REFERENCE:** [26/06/18]

1. The Audit and Risk Committee's role, in accordance with Regulation 16 of the *Local Government (Audit) Regulations 1996*, is to:
  - a. guide and assist the local government in carrying out:
    - i. its functions under Part 6 of the Act;
    - ii. its functions relating to other audits and other matters related to financial management; and
    - iii. functions in relation to audits conducted under Part 7 of the Act.
  - b. review a report given to it by the CEO under regulation 17(3) (the CEO's report) and is to —
    - i. report to the council the results of that review; and
    - ii. give a copy of the CEO's report to the Council.
  - c. monitor and advise the CEO when the CEO is carrying out functions in relation to a review under —
    - i. regulation 17(1); and
    - ii. the *Local Government (Financial Management) Regulations 1996* regulation 5(2)(c);
  - d. support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government;
  - e. oversee the implementation of any action that the local government —
    - i. is required to take by section 7.12A(3); and
    - ii. has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a); and
    - iii. has accepted should be taken following receipt of a report of a review conducted under regulation 17(1); and
    - iv. has accepted should be taken following receipt of a report of a review conducted under the *Local Government (Financial Management) Regulations 1996* regulation 5(2)(c);
  - f. perform any other function conferred on the audit committee by these regulations or another written law.
2. The Committee may provide guidance and assistance to the local government regarding:
  - a. other matters to be audited;
  - b. the scope of audits; and
  - c. financial, risk and compliance management functions as prescribed in the Local Government Act 1995; as well as
  - d. other matters specified in these Terms of Reference.
3. The Committee may resolve to request the Chief Executive Officer (CEO) to provide any information or make arrangements to provide independent expert advice, as appropriate and required by the Committee in order to fulfil its duties and responsibilities.

4. The Committee is to review and make recommendations to the Council regarding:
- a. Financial Management**
    - i. the annual Financial Statements with a view to being satisfied as to their accuracy and timeliness and the inclusion of prescribed disclosures and information;
    - ii. changes in accounting practices, policies and material changes in accounting treatment, providing advice on the appropriateness of implementation strategies; and
    - iii. the City's financial status and performance.
  - b. Risk Management**
    - i. the City's risk management strategies and policies;
    - ii. the adequacy of the City's risk management systems and practices; and
    - iii. the management of strategic risks, identifying as appropriate, specific risks for more detailed review and response.
  - c. Internal Controls**
    - i. the standard and effectiveness of the City's corporate governance and ethical considerations;
    - ii. the integrity, adequacy and effectiveness of the City's financial and administration policies, systems and controls in providing financial and governance information which:
      - is accurate and reliable;
      - complies with legislative obligations and requirements; and
      - minimises the risk of error, fraud, misconduct or corruption; and
    - iii. the efficiency and effectiveness on achievement of objectives.
  - d. Legislative Compliance**
    - i. the integrity, adequacy and effectiveness of the City's systems and controls for legislative compliance;
    - ii. the level of compliance with legislative obligations as well as the City's policies;
    - iii. the CEO's report on the review of the City's legislative Compliance systems, at least once triennially; and
    - iv. the annual statutory Compliance Audit.
  - e. Internal and External Audit Planning and Reporting**
    - i. the integrity, adequacy and effectiveness of the City's Internal Audit Plan and External Audit Plan;
    - ii. reports, findings and recommendations arising from Internal and External Audits;
    - iii. the audit of the City's Annual financial statements;
    - iv. the integrity, adequacy and effectiveness of the management response and any actions proposed to be taken to address issues raised by the Internal or External Auditor; and
    - v. the oversight and monitoring of implementation of agreed actions.

Delegated Authority 1.1.1 – Audit and Risk Committee provides authority for the Committee to fulfil the duty of the Council to meet with the City's External Auditor at least once per year [s.7.12A(2)].

## INFORMATION FOR THE PUBLIC ATTENDING COMMITTEE MEETINGS

### Question Time for the Public

- An opportunity is available at all Committee meetings open to members of the public to ask a question about any issue relating to the City. This time is available only for asking questions and not for making statements. Complex questions requiring research should be submitted as early as possible in order to allow the City sufficient time to prepare a response.
- The Presiding Member may nominate a Member or officer to answer the question, and may also determine that any complex question requiring research be answered in writing. No debate or discussion is allowed to take place on any question or answer.
- To ask a question please write it on the Question Time Form provided at the entrance to the Committee Room and hand it to a staff member. Alternatively, questions can be forwarded to the City of Perth prior to the meeting, by:
  - Letter: Addressed to GPO Box C120, Perth, 6839;
  - Email: [governance@cityofperth.wa.gov.au](mailto:governance@cityofperth.wa.gov.au)
- Question Time Forms are also available on the City's web site: [www.perth.wa.gov.au](http://www.perth.wa.gov.au).

### Deputations

A deputation wishing to be received by a Committee is to apply in writing to the CEO who will forward the written request to the Presiding Member. The Presiding Member may either approve the request or may instruct the CEO to refer the request to the Committee to decide whether or not to receive the deputation. If the Presiding Member approves the request, the CEO will invite the deputation to attend the meeting.

Please refer to the 'Deputation to Committee' form for further information on the procedures for deputations available on the City's web site: [www.perth.wa.gov.au](http://www.perth.wa.gov.au).

### Disclaimer

Any plans or documents contained in this agenda may be subject to copyright law provisions (*Copyright Act 1968*, as amended) and the express permission of the copyright owner(s) should be sought prior to their reproduction.



# Order of Business

## Item

1. Declaration of opening
2. Apologies and Members on Leave of Absence
3. Question Time for the Public
4. Disclosures of members interest
5. Matters for which the meeting may be closed

In accordance with section 5.23(2) of the *Local Government Act 1995*, to preserve the confidentiality of confidential attachments 6.4B and 6.4C, it is recommended that the meeting be closed to the public prior to consideration of the matter.

| Attachment No.                        | Item No. and Title  | Reason         |
|---------------------------------------|---|----------------|
| Confidential Attachment 6.4B and 6.4C | Item 6.4 – Risk Management Quarterly Report – August 2020 | s5.23(2)(f)(i) |

## 6. Reports

| Item No. | Item Title   | Page No. |
|----------|--|----------|
| 6.1      | Proposed Amendments to Internal Audit Plan 2020/21       | 1        |
| 6.2      | Outstanding Audit Recommendations – September 2020       | 11       |
| 6.3      | Owners and Occupiers Electoral Roll Audit September 2020 | 20       |
| 6.4      | Risk Management Update – October 2020                    | 26       |

## 7. Closure

## Attachments

| Attachment No. | Page No. |
|----------------|----------|
| 6.1A           | 5        |
| 6.1B           | 10       |
| 6.2A           | 14       |
| 6.2B           | 16       |
| 6.2C           | 18       |
| 6.4A           | 31       |

## Item 6.1 - Outstanding Audit Recommendations - September 2020

|   |   |
|---|---|
| <b>File reference</b>                       | P1026043-2  |
| <b>Report author</b>                        | Mario Cheldi, Internal Auditor  |
| <b>Other contributors</b>                   | Niloha Mendoza, Assistant Internal Auditor  |
| <b>Reporting service unit and alliance</b>  | CEO Unit, CEO Alliance  |
| <b>Report author disclosure of interest</b> | Nil   |
| <b>Date of report</b>                       | 1 October 2020  |
| <b>Nature of Council's role</b>             | Information and Executive   |
| <b>Voting requirement</b>                   | Simple Majority   |
| <b>Attachment/s</b>                         | Attachment 6.1A – Progress of the implementation of internal audit and other report recommendations as at 30 September 2020<br>Attachment 6.1B – Risk and Audit Response Matrix |

### Purpose

Provide a summary on the progress of the implementation of outstanding audit recommendations as at 30 September 2020 to the Audit and Risk Committee.

### Background

This report is a standard item on the agenda for the Audit and Risk Committee meeting. It provides a status of implementation of outstanding audit recommendations from prior audits carried out by the Internal Audit Team or by external parties.




#### Risk and Audit Response Matrix

A Risk and Audit Response Matrix was approved by the Audit and Risk Committee at its meeting held on 20 May 2019. The Matrix (refer Attachment 6.1B) includes guidelines in relation to addressing risk and audit items. Based on the risk rating assigned to these items, the Matrix provides a timeframe for management to implement an action plan to address the items arising from the risk and audit reviews carried out.

The report on the Risk and Audit Response Matrix as presented to the Audit and Risk Committee at its meeting held on 20 May 2019 states "Following approval, the Risk Management and Internal Audit Teams will apply the requirements of the Matrix to all risks and internal audits reported to the Audit and Committee from August 2019".

## Details

A summary of the progress of the implementation of outstanding recommendations is provided below.

| Status Description  | Reporting Cut-off Date |              |
|---|------------------------|--------------|
|   | 30 September 2020      | 17 July 2020 |
|  Behind schedule | 2                      | 11           |
|  On track        | 2                      | 2            |
|  Completed       | 9                      | 11           |
| <b>Total</b>  | <b>13</b>              | <b>24</b>    |

As at 17 July 2020 there were 13 outstanding audit recommendations (11 behind schedule and two on track) to be addressed by relevant responsible staff (as reported to the Audit and Risk Committee at its meeting held on 5 August 2020). Since then nine outstanding audit recommendations have been completed. The remaining four outstanding audit recommendations (as at 30 September 2020) relate to the following:

1. A Fraud and Corruption Control Plan to be developed and implemented within the organisation (Status: Behind schedule).
2. Council Policy 9.3 Management of Investments to be reviewed and updated in line with current legislation and requirements for management of investments (Status: Behind schedule).
3. Improvements to the management of debtors (Status: On track).
4. Recommendations to improve information security controls (Status: On track).

The progress of the implementation of outstanding audit recommendations (as at 30 September 2020) from prior audits carried out is detailed within Attachment 6.1A.

### Extended timeframes for outstanding audit recommendations

One of the above “behind schedule” outstanding audit recommendations relates to the Fraud and Corruption Control Plan. AllianceManager Governance and General Manager Corporate Services have deemed a revised completion date of 31 December 2020 for this Plan. This new timeframe is based on the need to consider recommendations from the Internal Audit and Risk Review (undertaken by Deloitte) pertaining to Fraud and Corruption Control. The abovementioned staff members are seeking acceptance from the Audit and Risk Committee of a revised completion date (extension) of 31 December 2020.

The other “behind schedule” outstanding audit recommendation (Council Policy 9.3 Management of Investments) has a revised completion date (extension) of 31 October 2020 as approved at the Audit and Risk Committee meeting held on 5 August 2020.

## Stakeholder engagement

Engagement with internal stakeholders, as listed within Attachment 6.1A, was undertaken in relation to this report.



## Strategic implications

### Strategic Community Plan

This item addresses the community's vision for the future and specifically the following Aspiration and Strategic Objective(s) contained in the Strategic Community Plan 2019 – 2029:

|                             |   |
|-----------------------------|---|
| <b>Aspiration:</b>          | Performance   |
| <b>Strategic Objective:</b> | <p>5.5 A financial business model underpinned by a culture of cost management, best value and strategic financial analysis that is subject to ongoing oversight, transparency and accountability.</p> <p>5.6 Decision-making that is ethical, informed and inclusive.</p> <p>5.7 Asset management, community services and major projects all guided by strategies that are inclusive, transparent, contemporary and intrinsically linked to the community's strategic vision.</p> |

This report facilitates the monitoring of implementation of outstanding audit recommendations which may contribute towards the abovementioned strategic objectives.

## Legal and statutory implications

The Audit and Risk Committee is to oversee the implementation of any action that Council has accepted should be taken following receipt of an audit report (regulation 16 of the *Local Government (Audit) Regulations 1996*).

## Risk implications

| Impact of decision |      |
|--------------------|------|
| Organisation       | High |
| Community          | Low  |

The outstanding audit recommendations within Attachment 6.1A have been risk rated by the Internal Audit Team in accordance with the City's Risk Assessment Matrix.

## Approval implications

This report is submitted to the Audit and Risk Committee for information as well as seeking the acceptance of extended timeframe for an outstanding audit recommendation as described within the report. If the Audit and Risk Committee does not adopt the Officer's Recommendation, there will be a lack of formal accountability within the organisation for addressing the outstanding audit recommendations.

## Financial implications

There are no financial implications related to this report.

## Policy references

19.1 – Risk Management.

## Comments

Provision of this report facilitates the monitoring of implementation of actions to address the outstanding audit recommendations from prior audits carried out.

The format of Attachment 6.1A (Progress of the implementation of internal audit and other report recommendations as at 30 September 2020) has been based on an Australian National Audit Office template used for the follow up of outstanding audit recommendations.




### Recommendation



That the Audit and Risk Committee:

1. RECEIVES the report Outstanding Audit – September 2020; and
2. APPROVES the extended timeframe for completion of action proposed by relevant responsible staff to address the outstanding audit recommendation of a Fraud and Corruption Control Plan to be developed and implemented within the organisation.

## Progress of the implementation of internal audit and other report recommendations as at 30 September 2020

**Progress status legend**





-  Red behind schedule
-  Orange: on track
-  Green: completed

| Report title and date considered by Audit and Risk Committee | Issue/ Recommendation   | Progress status   | Finding Risk Rating | Staff responsible for implementation | Original completion date | Revised completion date  | Comment  |
|--|---|---|---------------------|--------------------------------------|--------------------------|--|--|
| Compliance Audit Return Controls Review<br>July 2018         | <u>Disposal of Property - Local Public Notice</u><br>a) Amend relevant policy guidelines to achieve alignment with section 3.58 (Disposal of property) of the <i>Local Government Act 1995</i> (the Act).   |  | High                | General Manager Corporate Services   | 31 August 2018           | 30 November 2019 <sup>3</sup><br><br>30 May 2020 <sup>3</sup><br><br>30 November 2020 <sup>3</sup> | The Disposal of Property Policy 9.14 was rescinded at the Ordinary Council Meeting held on 29 September 2020 (Item 13.12 Council Policy Review).<br><br>The General Manager Corporate Services has deemed that the Act and regulations when read in conjunction with the Disposal of Property Delegation provides appropriate guidance in lieu of the policy which previously created confusion. |
| Tender Process Review<br>May 2019<br>(continued below)       | <u>Tender Public Notice (advertisement)</u><br>a) Relevant procedures (PR0286 – Procedure for Tender/Expressions of Interest Advertisement) should be updated to require the capture within Content Manager of all advertisements relating to a tender. |  | Medium              | Strategic Procurement Lead           | 30 April 2020            | 30 June 2020 <sup>3</sup><br><br>31 August 2020 <sup>3</sup>                                       | Relevant procedure PR0286 has been updated to address this finding.<br><br>Completed as evidenced 31 August 2020.  |




Progress of the implementation of internal audit and other report recommendations as at 30 September 2020

| Report title and date considered by Audit and Risk Committee | Issue/ Recommendation  | Progress status | Finding Risk Rating | Staff responsible for implementation | Original completion date | Revised completion date                                      | Comment   |
|--|--|-----------------|---------------------|--------------------------------------|--------------------------|--|---|
|  | <p><i>Tenderer disclosures of interest.</i></p> <p>b) Update the Tender Evaluation Workbook and relevant procedure to cover how a disclosure of interest within a tender submission is to be dealt with. Disclosures of interest from tenderers should be assessed by Governance.</p>  | ●               | High                | Strategic Procurement Lead           | 30 April 2020            | 30 June 2020 <sup>3</sup><br><br>31 August 2020 <sup>3</sup> | <p>Tender Evaluation Workbook and relevant procedure PR0660 (Evaluation Panels for Assessing Tenders, Expressions of Interest and Quotations) have been now been updated to address this finding.</p> <p>Completed as evidenced 31 August 2020.</p> |
|  | <p><u>Tender Evaluation Panel</u></p> <p>The Tender Evaluation Workbook and relevant tender procedure to be updated to include a process for authorizing the changing of tender evaluation panel members.</p> <p>Authority to change tender panel members to be confirmed with Governance Coordinator to ensure that regulatory requirements are being met and aligned to Delegation of Authority 1.2.9 Expressions of Interest and Tenders.</p> | ●               | High                | Strategic Procurement Lead           | 30 April 2020            | 30 June 2020 <sup>3</sup><br><br>31 August 2020 <sup>3</sup> | <p>Tender Evaluation Workbook and relevant procedure PR0660 (Evaluation Panels for Assessing Tenders, Expressions of Interest and Quotations) have been now been updated to address this finding.</p> <p>Completed as evidenced 31 August 2020.</p> |
|  | <p><u>Seeking clarifications from tenderers</u></p> <p>Tender Evaluation Workbook and relevant tender procedure should be updated to require that the seeking of clarifications from tenderers by the City in relation to information contained in their tender submissions be undertaken by relevant authority only as per Delegated Authority 1.2.9.</p>   | ●               | High                | Strategic Procurement Lead           | 30 April 2020            | 30 June 2020 <sup>3</sup><br><br>31 August 2020 <sup>3</sup> | <p>Tender Evaluation Workbook and relevant procedure PR0660 (Evaluation Panels for Assessing Tenders, Expressions of Interest and Quotations) have been now been updated to address this finding.</p> <p>Completed as evidenced 31 August 2020.</p> |

Progress of the implementation of internal audit and other report recommendations as at 30 September 2020

| Report title and date considered by Audit and Risk Committee | Issue/ Recommendation   | Progress status   | Finding Risk Rating | Staff responsible for implementation  | Original completion date | Revised completion date   | Comment  |
|--|---|---|---------------------|---|--------------------------|---|--|
| Fraud and Corruption Controls Review – July 2019             | <u>Fraud and Corruption Control Plan</u><br>A fraud and corruption control plan to be developed and implemented within the organisation.  |    | Medium              | Manager Governance<br><br>General Manager Corporate Services                          | 6 January 2020           | 31 March 2020 <sup>3</sup><br><br>30 September 2020 <sup>3</sup><br><br>31 December 2020 <sup>2</sup> | Manager Governance and General Manager Corporate Services have deemed a revised completion date of 31 December 2020 for this Plan. This new timeframe is based on the need to consider recommendations from the Internal Audit and Risk Review (undertaken by Deloitte) pertaining to Fraud and Corruption Control.  |
| Moore Stephens Financial Management Review – September 2019  | <u>4.3 Receipts and Receivables</u><br>More frequent banking for Citiplace should be considered.  |    | Low                 | Senior Management Accountant<br><br>Manager Finance<br><br>Manager Community Services | 28 February 2020         | 30 June 2020 <sup>3</sup><br><br>31 August 2020 <sup>3</sup>  | Resolution of this issue has been delayed due to awaiting cash handling procedures across the City being developed by an appointed consultant. These procedures have now been received. Based on the review of the above-mentioned cash handling procedures the Manager Community Services has assessed that there is no need for additional banking at Citiplace.<br><br>Completed 17 September 2020. |
|  | To help improve the management of debtors:<br><ul style="list-style-type: none"> <li>The debtors' system ledger should be upgraded to summarise all balances owed for the same debtor; and</li> </ul> A credit limit should be set for each debtor. |  | Low                 | Project Director Strategic Finance  | 28 February 2020         | 30 June 2021 <sup>1</sup>   | This issue is being addressed via the Financial Systems and Process Transformation Plan.   |
| Investments Audit – October 2019                             | <u>Council Policy 9.3 Management of Investments</u><br>Council Policy 9.3 to be reviewed and updated in line with current legislation and requirements for management of investments.   |  | Medium              | General Manager Corporate Services<br><br>Manager Finance                             | 24 April 2020            | 31 October 2020 <sup>3</sup>  | Required changes to the Investment Policy have been made by the former Manager Finance. Approval of this policy has been delayed due to a Policy Framework for approving Council Policies and the Policy Review undertaken by the Governance Unit.   |

Progress of the implementation of internal audit and other report recommendations as at 30 September 2020

| Report title and date considered by Audit and Risk Committee | Issue/ Recommendation   | Progress status   | Finding Risk Rating         | Staff responsible for implementation        | Original completion date | Revised completion date     | Comment  |
|--|---|---|-----------------------------|---|--------------------------|-----------------------------|--|
|  |   |   |                             | Chief Financial Officer                     |                          |                             | This Policy Framework and Policy Review were approved by Council in April and June 2020 respectively. It is understood that updates to this policy are now considered minor amendments to be approved by ELT. Approval for this policy being sought from ELT by 31 October 2020.                                     |
| Cyber Security Review – October 2019                         | <u>Recommendations to improve information security controls</u><br>These recommendations have arisen from the Office 365 Security Optimisation Assessment carried out by Microsoft in July 2019.  |    | Not risk rated by Microsoft | Coordinator ICT (Technology Infrastructure) | 30 June 2021             |                             | The ICT Infrastructure Team is currently addressing the key findings from this Microsoft assessment. The “strongly recommended” and “recommended” findings are 74% and 58% addressed respectively as at 30 September 2020. The above findings to be addressed by 30 June 2021 or earlier.                            |
| Payment Vouchers Review – April 2020                         | <u>Corporate Procedure - Use of Payment Vouchers for Reimbursement of Expenditure (PR0991)</u><br>PR0991 to be updated to address a number of issues highlighted within the report recommendation.<br><br>The updated procedure to be communicated to the organization.   |    | Medium                      | Senior Financial Accountant                 | 30 June 2020             | 31 August 2020 <sup>3</sup> | The Payment Vouchers procedure has now been updated within Promapp by the Senior Financial Accountant to address the issues of this finding and communicated to the organization.<br><br>Completed as evidenced 17 September 2020.   |
|  | <u>Completion of Payment Voucher Forms</u><br>Accounts Payable Officer should check and ensure that Payment Voucher Forms are correctly completed and authorized in line with PR0991 before processing payments. Inadequate form completion to be followed up with relevant staff.<br><br>Payment Voucher Form should contain a reference to PR0991 as a guide for staff members in completing this form. |  | Medium                      | Senior Financial Accountant                 | 30 April 2020            | 31 August 2020 <sup>3</sup> | Follow up sample testing carried out has provided evidence that payment vouchers are now being adequately completed as per the Payment Vouchers Procedure.<br>The Payment Voucher Form has been updated and includes a reference to the Payment Vouchers Procedure.<br><br>Completed as evidenced 21 September 2020. |



Progress of the implementation of internal audit and other report recommendations as at 30 September 2020

| Report title and date considered by Audit and Risk Committee | Issue/ Recommendation  | Progress status | Finding Risk Rating | Staff responsible for implementation | Original completion date | Revised completion date     | Comment  |
|--|--|-----------------|---------------------|--------------------------------------|--------------------------|-----------------------------|--|
|  | <p><u>Payment Voucher Supporting Documentation</u><br/>                     Accounts Payable Officer should check and ensure that all relevant supporting documentation in relation to Payment Voucher Forms have been provided as per PR0991. Inadequate supporting documentation to be followed up with the initiator of the Payment Voucher Form.</p> | ●               | Low                 | Senior Financial Accountant          | 30 April 2020            | 31 August 2020 <sup>3</sup> | <p>Follow up sample testing carried out has provided evidence that adequate supporting documentation to payment voucher claims is now being provided as per the Payment Vouchers Procedure.</p> <p>Completed as evidenced 21 September 2020.</p> |

Notes

<sup>1</sup>Exceptions to the audit response under the Risk and Audit Response Matrix (see Attachment B). These exceptions have previously been accepted by the Audit and Risk Committee.

<sup>2</sup> Revised completion dates (extensions) requested to be accepted by the Audit and Risk Committee.

<sup>3</sup> Previous extensions accepted by the Audit and Risk Committee.

## RISK AND AUDIT RESPONSE MATRIX Page 10

## RISK &amp; AUDIT RESPONSE

| Risk rating       | Risk response *   | Audit response **   |
|-------------------|---|---|
| <b>Extreme</b>    | Management <b>MUST</b> implement plans <b>immediately</b> to address the risk, with resultant actions implemented, executed and revised risk being accepted within <b>3 months</b> from the point of control breakdown, risk environment changes or the risk is identified and reported.    | Management <b>MUST</b> implement plans <b>immediately</b> to address the risk, with resultant actions implemented, executed and revised risk being accepted within <b>1 month</b> from the point of control breakdown.<br><br><b>Priority 1</b> action plan agreed with management to immediately address control weakness and implement improved control effectiveness within <b>1 month</b> .               |
| <b>High</b>       | Management <b>MUST</b> implement plans within <b>1 month</b> to address the risk, with resultant actions implemented, executed and revised risk being accepted within <b>9 months</b> from the point of control breakdown, risk environment changes or the risk is identified and reported. | Management <b>MUST</b> implement plans within <b>1 month</b> to address the risk, with resultant actions implemented, executed and revised risk being accepted within <b>3 months</b> from the point of control breakdown<br><br><b>Priority 2</b> action plan agreed with management within <b>1 month</b> to address control weakness and implement improved control effectiveness within <b>3 months</b> . |
| <b>Medium</b>     | Management is required to <b>DEMONSTRATE ASSURANCE</b> that the controls in place to keep the level of risk at the medium level are functioning adequately.   | <b>Priority 3</b> action plan agreed with management within <b>1 month</b> to address control weakness and implement improved control effectiveness within <b>6 months</b> .  |
| <b>Low</b>        | Management is required only to <b>DEMONSTRATE ASSURANCE</b> that the controls in place to keep the level of risk at the low level are functioning adequately.   | <b>Priority 4</b> action plan agreed with management within <b>2 months</b> for management to implement improved control effectiveness within <b>6 months</b> to keep the level of risk at the medium/low or low level.   |
| <b>Exceptions</b> | Exceptions to the risk response and acceptance can only be determined by the Audit and Risk Committee, through <i>recommendation from the Corporate OSH and Risk Management Committee</i> .   | Exceptions to the control breakdown response protocol as well as subsequent risk acceptance above can only be determined by the Audit and Risk Committee, through <i>recommendation from the Corporate OSH and Risk Management Committee</i> .  |

\*Risk Response actions explain residual risk treatment actions along with applicable timeframes for resolution.

\*\* The Audit Response actions explain how to address a risk rated audit finding based on a control weakness that has been identified along with applicable timeframes to address the control weakness and bring the risk back into appetite.

The risk response timeframes provided above have been determined with consideration of operational budget planning processes.

The audit response timeframes in line with the City's risk acceptance criteria.

**Note: The above Matrix was approved by the Audit and Risk Committee at their meeting held on 20 May 2019. This Matrix is to apply to all risk and audit items reported to this Committee from August 2019.**

## Item 6.2 – Proposed Amendments to Internal Audit Plan 2020/21

|   |   |
|---|---|
| <b>File reference</b>                       | P1026043-2  |
| <b>Report author</b>                        | Mario Cheldi, Internal Auditor  |
| <b>Other contributors</b>                   | Nil   |
| <b>Reporting Service Unit and Alliance</b>  | CEO, CEO Alliance   |
| <b>Report author disclosure of interest</b> | Nil   |
| <b>Date of report</b>                       | 29 September 2020   |
| <b>Nature of Council's role</b>             | Executive   |
| <b>Voting requirement</b>                   | Simple Majority   |
| <b>Attachment/s</b>                         | Attachment 6.2A – City of Perth Inquiry Report Recommendations containing audit requests<br>Attachment 6.2B – Internal Audit Plan 2020/21 (Amended)<br>Attachment 6.2C – Internal Audit Plan – Activity Table (Amended) |

### Purpose

The purpose of this report is to present proposed amendments to the Internal Audit Plan 2020/21 for the consideration and endorsement of the Audit and Risk Committee and Council.

### Background

The Internal Audit Plan 2020/21 was approved by the Audit and Risk Committee at its meeting held on 6 May 2020 and by Council at its meeting held on 30 June 2020.

On 11 August 2020, the State Government made public the final report of the Inquiry into the City of Perth (Inquiry Report). A number of recommendations within this report contain requests for audits to be carried out on various activities of the City.

Proposed amendments have been made to the approved Internal Audit Plan 2020/21 to accommodate the abovementioned audit requests.

### Details

The recommendations of the Inquiry Report containing requests for audits have been documented within Attachment 6.2A. These recommendations have been analysed and summarised by the Internal Auditor into the following nine audit areas for review:

- Council and Committee Decision Making
- Gifts and Entitlements
- Local Government Elections (Owners and Occupiers Roll)
- People Management – General (Human Resources function's record-keeping compliance)
- Performance Management and Termination of Employment
- Grants, Sponsorships and Partnerships
- Procurement and Contracting

- Corruption and Misconduct Risks
- Complaints and Grievance Handling

As appropriate, the above audit areas have been scheduled to be undertaken inline with suggested timing and frequency for performing these audits as outlined within relevant Inquiry Report recommendations. A summary of the planned timing and frequency for carrying out the above audits is provided in Attachment 6.2A (refer Comments column).

The Owners and Occupiers Roll Audit has been completed by the Internal Audit Team and is the subject will be presented to the Audit and Risk Committee for consideration at its Special meeting to be held on 14 October 2020. Remaining eight audits will be undertaken by independent firms under the coordination of the Internal Auditor. Due to existing audit priorities and the Internal Auditor being on leave from 23 November 2020 until 31 December 2020, the engagement of independent firms to carry out these remaining audits will commence from January 2021.

Internal Audit Plan 2020/21 amended to accommodate the above audit areas, as appropriate, is provided in Attachment 6.2B.

An Internal Audit Activity Table is provided within Attachment 6.2C showing internal audits undertaken in the 2017/18, 2018/19 and 2019/20 financial years, as well as the proposed audits for the 2020/21, 2021/22 and 2022/23 financial years.

## Stakeholder engagement

Engagement in relation to this report was undertaken with the Chief Executive Officer and Executive Leadership Team.

## Strategic alignment

### Strategic Community Plan

This item addresses the community's vision for the future and specifically the following Aspiration and Strategic Objective(s) contained in the Strategic Community Plan 2019 – 2029:

|                             |  |
|-----------------------------|--|
| <b>Aspiration:</b>          | Performance  |
| <b>Strategic Objective:</b> | 5.5 A financial business model underpinned by a culture of cost management, best value and strategic financial analysis that is subject to ongoing oversight, transparency and accountability. |

## Legal and statutory implications

Under Regulation 17 of the *Local Government (Audit) Regulations 1996* the CEO is to review certain systems and procedures including risk management, internal controls and legislative compliance.

## Risk implications

| Impact of decision |      |
|--------------------|------|
| Organisation       | High |
| Community          | Low  |

Proposed inclusion of the requested audits within the Internal Audit Plans will mitigate risks associated with a number of issues as identified within the Inquiry Report recommendations.

## Approval implications

If Council does not adopt the recommendation of this report, there will be no formal acceptance of Internal Audit Plan amendments to include the above requested audit areas identified from Inquiry Report recommendations.

## Financial implications

An amendment to the budget may be required to accommodate the abovementioned engagement of independent firms.

## Policy references

19.1 – Risk Management.

## Comments

It should be noted that the City of Perth Internal Audit Plan is flexible in that it may be updated during the financial year to cater for new risks or changing audit priorities.

The outcomes of the City of Perth Inquiry emerging as a determinant of audit areas within Internal Audit Plans was flagged in the report on the City of Perth Internal Audit Plan 2020/21 presented to the Audit and Risk Committee and Council in May and June 2020 respectively.

## Recommendation

That Council APPROVES the proposed amendments to the City of Perth Internal Audit Plan 2020/21.

### City of Perth Inquiry Report recommendations containing audit requests

#### Notes

1. Recommendations of the Inquiry are documented in Volume 3, Section 3.4. There are 341 recommendations in section 3.4. All recommendations were reviewed.
2. Unless otherwise specified, recommended audits to be carried out by an independent firm.

| Recommendation Section                | Recommendation number | Recommendation  | Comments   |
|---------------------------------------|-----------------------|---|--|
| Council and committee decision making | 64                    | The decisions of the City of Perth Council, a committee and the CEO, including related correspondence, be audited for compliance with statutory and policy requirements and obligations, no less than once every 24 months by an independent, qualified auditor.                          | It would be appropriate for this audit to be initially undertaken early in the 2021/22 financial year following the financial year ending 30 June 2021 (as per recommendation 66). This timing would also allow for a sufficient sample of decisions made by the new Council and CEO to be selected. Thereafter to be undertaken every 2 years as per recommendation 64.   |
|                                       | 65                    | The results of the audit be reported to the City of Perth Council's Audit Committee and Council.  |  |
|                                       | 66                    | The first audit described at Recommendation 64 be conducted for the financial year ending 30 June 2021  |  |
| Gifts                                 | 91                    | The Expenditure, Interests and Gifts Register be independently audited by an independent auditor once each financial year, with the results of the audit published on the local government's website as soon as they become available.  | An audit of the Expenditure, Interests and Gifts Register to be initially undertaken in the current 2020/21 financial year (planned completion late March 2021). Scope of this audit to cover both gifts (recommendation 91) and entitlements (recommendation 98). This audit to be undertaken annually thereafter as recommended.   |
| Entitlements                          | 98                    | The City engage an independent qualified auditor to conduct an audit of the Expenditure, Interests and Gifts Register, supporting evidence and governance processes for incurring the expenditure, as part of the annual internal audit programme.  |  |
|                                       | 99                    | The results of the audit be reported to the Audit Committee and Council.  |  |
| Local Government Elections            | 148                   | The City of Perth engaged an independent qualified auditor to conduct a audit of the owners and occupiers roll as a matter of urgency prior to the October 2020 election to mitigate the risks of misconduct in the election process.   | The Internal Audit Team have agreed to undertake an audit of the owners and occupiers roll (recommendation 148) and systems and processes regarding this roll (recommendation 154). Owners and Occupiers Electoral Roll Audit included in the current Internal Audit Plan 2020/21 and report on this audit to be presented at the Special Audit and Risk Committee Meeting to be held on 14 October 2020. Thereafter this audit to be undertaken as per election cycle i.e next audit in September 2021 prior to October 2021 elections. |
|                                       | 149                   | The results of the audit described in Recommendation 148 be reported to the Audit Committee and the Council (City of Perth Commissioners).  |  |
|                                       | 154                   | The City conduct an audit of its systems and processes regarding the owners and occupiers roll, including processes related to applying to be on the roll, acceptance of nominations, inclusion on the roll and release of information on that roll to parties including council members. |  |
|                                       | 155                   | The results of the audit are to be reported to the Audit Committee and the Council (City of Perth Commissioners).   |  |



| Recommendation Section                | Recommendation number | Recommendation  | Comments   |
|---------------------------------------|-----------------------|---|--|
| People management - General           | 157                   | The City conduct an audit of the human resources function's record-keeping compliance, specifically related to recruitment, termination of employment, performance management and grievance and complaint handling.   | No timeframe for completion of this audit is given within recommendation 157. In order to provide a balance for the number of audits scheduled for 2020/21, 2021/22 and 2022/23 financial years, this audit to be undertaken during the 2022/23 financial year.  |
| Performance Management                | 181                   | Auditing of the City's compliance with Council Policy 12.4 "Payments under section 5.50 of the Local Government Act 1995" be undertaken as part of the City's annual internal audit programme to ensure compliance, proper documentation and record-keeping.  | Combined review for Performance Management (recommendation 181) and Termination of employment (recommendation 185). Initially to be undertaken in fourth quarter of 2020/21 financial year and completed by late June 2021. Thereafter annually as per recommendations 181 and 185.  |
| Termination of employment             | 185                   | The City engage an independent, external and qualified auditor to conduct an audit of the recruitment, performance management and termination of employment processes, as part of the annual internal audit programme.  |  |
|                                       | 186                   | The results of the audit are to be reported to the Audit Committee and Council.   |  |
| Grants, sponsorships and partnerships | 231                   | Discretionary Grant Funding Arrangements entered into by the City be independently audited at least every 12 months for compliance and better practice grant funding management.  | To be initially undertaken in the current 2020/21 financial year (planned completion late March 2021). This audit to be undertaken annually thereafter as per recommendation 231.  |
|                                       | 232                   | The results of the audit be reported to the Audit Committee and Council.  |  |
| Procurement and contracting           | 290                   | Procurement and contracting activities of the City be independently audited at least every 12 months, as part of the City's internal audit programme with representative and random sampling across all levels of expenditure, procurement types and all business units, giving consideration to risk, for compliance, misconduct and better practice grants management.  | Audits on procurement (tendering) and contract management have been included within the Internal Audit Plan for 2020/21. It is therefore appropriate for this type of review to be initially scheduled for the 2021/22 financial year and thereafter annually as per recommendation 290.   |
|                                       | 291                   | The results of the audit are to be reported to the Audit Committee and the Council.   |  |
| Corruption and misconduct risks       | 301                   | An external audit be conducted every two years on the City's approach to misconduct and fraud.  | A Fraud and Corruption Controls Review was carried out by Internal Audit in July 2019. As a result of this review the City has now in place a Fraud and Corruption Policy and a Fraud and Corruption Plan is in development. It is considered appropriate that a fraud and misconduct review be next undertaken in the 2021/22 financial year in line with recommendation 301. |
|                                       | 302                   | The results of the review be reported to the Audit Committee and the Council.   |  |
| Complaints and grievance handling     | 320                   | An audit of the City's complaints and grievance handling framework, including the management of individual employee-related matters, the system data and compliance with the policies and procedures be undertaken annually by an independent qualified auditor as part of the internal audit programme. This is to review the City's compliance with policies and procedures, the effectiveness of the training programme and areas for improvement. | Initially to be undertaken in fourth quarter of 2020/21 financial year and completed by late June 2021. Thereafter scheduled annually as per recommendation 320.   |
|                                       | 321                   | The results of the audit are to be reported to the Audit Committee and the Council.   |  |



City of Perth

## Internal Audit Plan 2020/21

| Audit area (bold) and broad objective  | Target for completion |
|--|-----------------------|
| <p><b>2020 DRIVES24 (NSW)/VicRoads Security and Access Audits</b></p> <p>These audits are required to certify the City's compliance with obligations under access to registered driver detail agreements in place with NSW and Victorian Government Transport Authorities. Access to details on interstate registered drivers i.e. names and addresses are required by the City for the purposes of enforcing parking infringements incurred within the City's boundaries.</p> | Late July 2020        |
| <p><b>Cyber Security Review</b></p> <p>This Cyber Security Review will examine and provide a report on the status of implementation of the recommendations from the information security assessments carried out as well as the adequacy of internal measures being undertaken by the ICT Unit to control cyber security threats.</p>  | Late July 2020        |
| <b>Scheduled Audit and Risk Committee Meeting 5 August 2020</b>  |                       |
| <p><b>Owners and Occupiers Electoral Roll</b></p> <p>In line with Inquiry Report recommendations, an audit to be undertaken on (a) Owners and Occupiers Electoral Roll and (b) adequacy of current systems and processes regarding the abovementioned roll. This audit to be completed prior to the 2020 local government elections.</p>   | Late September 2020   |
| <b>Scheduled Special Audit and Risk Committee Meeting 14 October 2020</b>  |                       |
| <p><b>Tenders</b></p> <p>The objective of this review is to obtain evidence to provide assurance that the tender evaluation and approval process is resulting in the acceptance of valid tenderers.</p>  | Late October 2020     |
| <p><b>Information Technology (IT) Disaster Recovery</b></p> <p>This review will assess the adequacy of the City's plans and processes for the effective recovery of its critical ICT systems and data in the event of a disruption.</p>  | Late October 2020     |
| <b>Scheduled Audit and Risk Committee Meeting 18 November 2020</b>   |                       |
| <p><b>Local Government Compliance Audit</b></p> <p>Completion of the Compliance Audit Return for the 2020 calendar year to be provided to the Department of Local Government and Communities. Assesses compliance with various sections of the <i>Local Government Act 1995</i> and Regulations as per return template provided by the department.</p>   | Early February 2021   |
| <b>Scheduled Audit and Risk Committee Meeting late February 2021 (date not yet published)</b>  |                       |
| <p><b>Gifts and Entitlements*</b></p> <p>In line with Inquiry Report recommendations, an audit of the Expenditure, Interests and Gifts Register to be undertaken to include gifts and entitlements.</p>  | Late March 2021       |



City of Perth

### Internal Audit Plan 2020/21 (continued)

| Audit area (bold) and broad objective  | Target for completion   |
|--|-------------------------|
| <b>Grants, sponsorships and partnerships*</b><br><br>In line with Inquiry Report recommendations, discretionary grant funding arrangements entered into by the City be reviewed for compliance and better practice grant funding management.   | Late March 2021         |
| <b>Project Management</b><br><br>Review and assess whether sound project management processes and controls are in place and being applied for the management of a sample of major projects.  | Mid April 2021          |
| <b>Contract Management</b><br><br>The objective of the review is to obtain evidence to provide assurance that controls and practices relating to the management of contracts entered into by the City are effective.   | Mid April 2021          |
| <b>Scheduled Audit and Risk Committee Meeting early May 2021 (date not yet published)</b>  |                         |
| <b>Performance Management and Termination of Employment*</b><br><br>In line with Inquiry Report recommendations, an audit of the recruitment, performance management and termination of employment processes. Includes auditing compliance with Council Policy 12.4 Payments under section 5.50 of the Local Government Act 1995.                                | Late June 2021          |
| <b>Complaints and grievance handling*</b><br><br>In line with Inquiry Report recommendations, an audit of the City's complaints and grievance handling framework, including the management of individual employee related matters, the system data and compliance with the policies and procedure, effectiveness of training programs and areas for improvement. | Late June 2021          |
| <b>Data Analytics Review – Accounts Payable</b><br><br>The objective of the review is to obtain evidence to provide assurance that accounts payable transactions are able to be adequately accounted for and valid vendors are recorded on the Finance 1 system.   | Continue into July 2021 |
| <b>2021 DRIVES24 (NSW)/VicRoads Security and Access Audits</b><br><br>Refer 2020 DRIVES24 (NSW)/VicRoads Security and Access Audits above for broad objective.   | Continue into July 2021 |

\* To be undertaken by an independent audit firm.

The following table provides a summary of prior internal audit activity undertaken and the proposed reviews:

| Audit Area   | Completed audits |         |         | Proposed Audits |         |         |
|--|------------------|---------|---------|-----------------|---------|---------|
|  | 2017/18          | 2018/19 | 2019/20 | 2020/21         | 2021/22 | 2022/23 |
| <b>Statutory/Compliance Audits</b>   |                  |         |         |                 |         |         |
| DRIVES24 (NSW) Security and Access Audit   | √                | √       | √       | √               | √       | √       |
| VicRoads Security and Access Audit   | √                | √       | √       | √               | √       | √       |
| Local Government Compliance Audit  | √                | √       | √       | √               | √       | √       |
| CEO Review of Systems and Procedures (required every 3 years as per legislation) |                  | √       |         |                 | √       |         |
| Financial Management Review (required every 3 years as per legislation)          |                  |         | √*      |                 |         | √       |
| <b>Risk Based Audits</b>   |                  |         |         |                 |         |         |
| Validation of Critical/Major Risk Mitigation Strategies Review                   | √                | √       | √       |                 |         |         |
| Data Analytics Review – Accounts Payable   | √                |         |         | √               | √       | √       |
| Data Analytics Review - Payroll  | √                |         |         |                 | √       | √       |
| Tenders  | √                | √       |         | √               | √       | √       |
| Contract Management  | √                |         |         | √               |         | √       |
| Purchasing   |                  | √       |         |                 |         |         |
| Compliance Audit Return Controls Review  |                  | √       |         |                 |         |         |
| Fraud and Corruption Controls Review   |                  |         | √       |                 |         |         |
| Investments  |                  |         | √       |                 |         |         |
| Cyber Security   |                  |         | √       | √               |         |         |
| Payment Vouchers   |                  |         | √       |                 |         |         |
| Credit Cards   |                  |         | √       |                 |         |         |
| Information Technology (IT) Disaster Recovery                                    |                  |         |         | √               |         |         |
| Project Management   |                  |         |         | √               |         |         |
| Risk Management  |                  |         |         |                 | √       |         |
| Asset Management   |                  |         |         |                 |         | √       |
| <b>Office of the Auditor General Reviews</b>                                     |                  |         |         |                 |         |         |
| Management of Supplier Master Files  |                  | √       |         |                 |         |         |
| Cyber Security Review  |                  |         |         | √               |         |         |

\*Undertaken by Moore Stephens.

Continued Over Page for City of Perth Inquiry Recommended Audits



| Audit Area   | Completed audits |         |         | Proposed Audits |         |         |
|--|------------------|---------|---------|-----------------|---------|---------|
|  | 2017/18          | 2018/19 | 2019/20 | 2020/21         | 2021/22 | 2022/23 |
| <b>City of Perth Inquiry Recommended Audits**</b>                                  |                  |         |         |                 |         |         |
| Owners and Occupiers Electoral Roll  |                  |         |         | √               | √       |         |
| Gifts and Entitlements   |                  |         |         | √               | √       | √       |
| Grants, sponsorships and partnerships  |                  |         |         | √               | √       | √       |
| Performance Management and Termination of Employment                               |                  |         |         | √               | √       | √       |
| Complaints and grievance handling  |                  |         |         | √               | √       | √       |
| Council and committee decision making  |                  |         |         |                 | √       |         |
| Procurement and contracting  |                  |         |         |                 | √       | √       |
| Corruption and misconduct risks  |                  |         |         |                 | √       |         |
| People management – General (Human Resources function’s record keeping compliance) |                  |         |         |                 |         | √       |

\*\* With the exception of the Owners and Occupiers Electoral Roll Audit, audits listed to be undertaken by an independent firm. The timing of the above audits is summarised within the spreadsheet, “City of Perth Inquiry Report recommendations containing audit requests”.

## Item 6.3 - Owners and Occupiers Electoral Roll Audit September 2020

|   |  |
|---|--|
| <b>File reference</b>                       | P1026043-2                                 |
| <b>Report author</b>                        | Mario Cheldi, Internal Auditor             |
| <b>Other contributors</b>                   | Niloha Mendoza, Assistant Internal Auditor |
| <b>Reporting Service Unit and Alliance</b>  | CEO, CEO Alliance                          |
| <b>Report author disclosure of interest</b> | Nil  |
| <b>Date of report</b>                       | 30 September 2020                          |
| <b>Nature of Council's role</b>             | Executive                                  |
| <b>Voting requirement</b>                   | Simple Majority                            |
| <b>Attachment/s</b>                         | Nil  |

### Purpose

The purpose of this report is to seek approval of the Owners and Occupiers Electoral Roll audit.

### Background

#### Owners and occupiers roll

The City maintains an "owners and occupiers roll" for people who are enrolled to vote in State and Federal elections from an address outside of the City, but who own or occupy rateable property within the boundary of the City of Perth. The Western Australian Electoral Commission (WAEC) maintain a residents roll for those who are enrolled for State and Federal Elections within the City's boundaries.

The Chief Executive Officer (CEO) of the City (or their delegate) determines whether people are eligible to be enrolled on the owners and occupiers roll in accordance with the requirements of the *Local Government Act 1995* (the Act).

Individuals may apply because they own or occupy property in their own right. Bodies corporate (such as companies or incorporated associations) which own or occupy property within the City may nominate two people to vote in the City's elections.

At the time of commencement of undertaking this audit in mid-September 2020, the final owners and occupiers roll prepared on 11 September 2020 had 2617 persons with 456 of those being occupiers and the remainder being owners.

#### Inquiry Report

The Report of the Inquiry into the City of Perth (Report) was tabled in Parliament on 11 August 2020. Contained within the Report are recommendations in relation to the City's electoral processes for the owners and occupiers roll.

The Report also contained findings that individuals created sham leases to appear to be eligible for the roll and the City's practices in assessing enrolment claims from occupiers of property were inadequate. On the basis of these findings, the risk of electoral misconduct is considered to be higher for occupiers than it is for owners.



The City has implemented several measures to improve its processes in relation to the owners and occupiers roll. These measures include the following:

- all processing officers have received training from a solicitor on how to assess an enrolment eligibility claim, notably how to determine if a lease is valid and enforceable;
- sought independent legal advice on complex enrolment eligibility claims;
- commissioned a solicitor to develop a lease assessment checklist to assist officers in determining if a lease is valid and enforceable; and
- reviewed and updated work instructions and procedures.

## Details

This audit was carried out in two parts as follows:

- the owners and occupiers roll (roll audit); and
- the City's systems and processes regarding the owners and occupiers roll, including processes related to applying to be on the roll, acceptance of nominations, inclusion on the roll and release of information on that roll to parties including council members (process audit).

### Roll audit

Sample testing was undertaken to determine whether eligible persons are on the owners and occupiers roll (roll). The roll was separated into owners/owner nominees and occupiers/occupier nominees and separate samples of 110 for each of these two groups obtained via computer generated random numbers. A sample size of 110 represents approximately 25% of the 456 occupiers/occupier nominees on the roll allowing particular attention to be paid to this higher risk group (refer background section above). This sample size is considered sufficient for the owners/owner nominees group who are considered a lower risk in relation to electoral misconduct.

- Sample of owners/owner nominees

To confirm their eligibility to be on the roll, Pathway/Content Manager system records were firstly reviewed to determine whether a valid Enrolment Eligibility Claim Form (Form 2) had been received and processed for each sampled owner/owner nominee. Secondly, eligibility checks undertaken by the Governance Team were reviewed on Pathway/Content Manager to ensure that enrolment criteria had been met for the sampled owners/owner nominees i.e. applicant is on the state/commonwealth roll, a rateable property is recorded on Pathway in the name of the owner or body corporate for owner nominees. In addition, an Australian Securities and Investments Commission (ASIC) website search on the relevant body corporate is undertaken by the Governance Team to ensure that company details are valid. These ASIC searches as maintained on Pathway/Content Manager were also reviewed for owner nominees within the sample.

Sampled owners were found to be owners of rateable property within the City thereby making them eligible to be on the roll. The sampled owner nominees were also found to be eligible to be on the roll due to the corporate bodies nominating them identified to be owners of rateable property within the City. It was noted that for roughly half of the sample of owners/owner nominees, documentation on eligibility checks undertaken, as described in the above paragraph, were not being maintained on system records. As confirmed with the Governance Team this is due to electoral processing practices previously not requiring the system capture of documentation on eligibility checks. Current practice, as confirmed during this roll audit, is for documentation on eligibility checks to be maintained on the Pathway/Content system record for the claimant.

- Sample of occupiers/occupier nominees

Similar to the sample of owners/owner nominees, Pathway/Content Manager system records were firstly reviewed to determine whether a valid Enrolment Eligibility Claim Form (Form 2) had been received and processed for each sampled occupier/occupier nominee. Secondly, eligibility checks undertaken by the Governance Team were reviewed on Pathway/Content Manager to ensure that enrolment criteria had been met for the sampled occupiers/occupier nominees i.e. applicant is on the state/commonwealth roll, a rateable property is recorded on Pathway in the name of the landlord. In addition, ASIC website search on the relevant body corporate occupier is undertaken by the Governance Team to ensure that company details are valid. These ASIC searches as maintained on Pathway/Content Manager were also reviewed for occupier nominees within the sample.

For occupier/occupier nominee applicants, the Governance Team have been requesting a copy of the relevant lease agreement and proof of payment of rent. These requests are to provide evidence of a valid lease arrangement in place and to prevent individuals from creating a sham lease to appear to be eligible for the roll as was identified as a finding within the Inquiry Report. Lease agreements and proof of payment of rent as contained on Pathway/Content Manager were reviewed for the sample of occupiers/occupier nominees. Finally, it has been noted that, since August 2020, the Governance Team have been completing a Lease Checklist for occupier/occupier nominee applicants. This checklist is being used to assess an applicant's right of continuous occupation of rateable property under a lease, tenancy agreement or other legal instrument. It is understood from the Governance Team that this checklist was developed by McLeods Lawyers.

The following table provides a summary of sample testing results. Details on the categories within the table are given below.

| <b>Category</b>  | <b>Number within sample</b> |
|--|-----------------------------|
| All supporting documentation/checks confirmed in place   | 71                          |
| No response to letter to existing persons on roll for supporting documentation (to be removed from roll)           | 17                          |
| Response received from existing persons on the roll to letter for supporting documentation (to remain on the roll) | 6                           |
| Proof of rent only not sighted (to remain on roll)   | 14                          |
| Rejected – Decision overturned by the WAEC   | 1                           |
| Decision maker error   | 1                           |
| <b>Total</b>   | <b>110</b>                  |

Sample testing has found that an Enrolment Eligibility Claim Form (Form 2) had been received, eligibility checks undertaken, valid lease agreement in place and proof of rent sighted for 71 occupiers/occupier nominees, thereby making eligible to remain on the roll.

The City had written to all persons on the City's Owners and Occupiers Electoral Roll who had not previously supplied a copy of their lease, tenancy agreement, other legal instrument or rent receipts in support of their claim for enrolment. The letter gave notice, as required by section 4.35(2) of the Act, that without this documentation the CEO may determine those persons to be ineligible. 61 persons did not provide required documentation in response to the notice and subsequent telephone calls. As a result, the CEO has determined those persons ineligible for enrolment and as required by section 4.35(3) of the Act sent a notice of this decision to the WAEC on 25 September 2020. The sample of occupiers/occupier nominees includes 17 of the 61 persons determined ineligible for enrolment and it was confirmed by the Governance Team that these persons are to be removed from the roll. The Governance Team have also confirmed that six persons within the sample of occupiers/occupier nominees had responded to the abovementioned letter and as a

result have been allowed to remain on the roll.

Sample testing had identified that for 14 occupiers/occupier nominees, proof of rent was not able to be sighted (all other requirements for inclusion on the roll as described above including a valid lease had been demonstrated). The Governance Team have determined that occupiers/occupier nominees in this category can remain on the roll. It should be noted that there is no requirement under the Act for claimants to provide a rent receipt. In some cases, occupiers may not be required to pay rent eg crown lease or a lease may state that rent is only payable on demand. Proof of payment of rent is only used as a guide to the person with delegated authority to accept or reject a claim. For example, if the lease assessment is satisfactory and an applicant clearly has the right of occupation, the City does not want to disenfranchise a potential elector on the basis that they cannot provide a rent receipt.

One occupier within the sample had their claim rejected by the City due to documentation provided by the claimant not demonstrating right of continuous occupation under a lease tenancy agreement or other legal instrument for at least the next three months (*Local Government Act 1995* 4.31(1C) and 4.31(3)). The claimant appealed this decision to the WAEC who overturned the decision. As a result, the claimant is now accepted on the roll.

Finally, one case of decision maker error within the sample was identified. In this case the date of authorisation of the claim form (Form 2) for the occupier nominee is prior to the date of execution of a deed of licence to occupy office space within a rateable property in the City of Perth. On this basis the occupier nominee claim should have been rejected rather than accepted. It was noted that the date of authorisation of the claim form for the occupier nominee being prior to the date of execution of a deed of licence to occupy office space within the above rateable property was also observed for a number of other claims (not within the sample). Although the City had rejected these other claims, these decisions were later overturned on appeal by the claimants to the WAEC and the occupier nominees subsequently accepted on the roll.

With the exception of the sampled 17 persons who will be removed from the roll due to not providing required documentation and the case of decision maker error (refer above), occupiers/occupier nominees within the sample were found to be eligible to be on the roll.

- Conclusion

Overall conclusion is that eligible persons appear on the roll with the exception of the abovementioned 17 occupiers/occupier nominees to be removed from the roll due to not providing required documentation and the one instance of a decision maker error involving an occupier nominee as described above.

### Process Audit

Current processes and systems regarding the owners and occupiers roll were reviewed with the Governance Officer responsible for maintaining this roll.

- Process relating to applying to be on the roll

Individuals or corporate nominees wanting to apply to be on the roll must complete and submit an Enrolment Eligibility Claim Form (Form 2). This form is used by the Governance Officer to register applicant details within the Pathway system. Various eligibility checks as described in the roll audit section of this report are undertaken by this officer depending on whether the applicant is an owner/owner nominee or occupier/occupier nominee.

- Acceptance of nominations

Once the abovementioned eligibility checks are completed, the Governance Officer makes a recommendation to either accept or reject the applicant's claim to be on the roll. The decision to accept or reject a claim is made by a delegated officer under Delegation of Authority 1.3.1 Electoral Roll Eligibility Claims and Electoral Roll. Delegated officer making this decision is usually the Governance Coordinator as identified in the roll audit.

A Notice of Acceptance of Enrolment Eligibility Claim (Form 3) is provided to the successful claimant. Conversely, for rejected claims the claimant is provided with a Notice of Rejection of Enrolment Eligibility Claim (Form 4).

- Inclusion on the roll

Details of successful claimants are being maintained on the Pathway system. A process is in place to export these details into a spreadsheet to comprise the owners and occupiers roll. The roll lists the full name of the successful claimant, their postal address, property address as well as voting type i.e. OWN, OWNNOM, OCC, OCCNOM.

- Release of information on that roll to parties including council members

A process is in place for a copy of the owners and occupiers roll (uncertified) to be provided to anyone who requests a copy. In relation to elected members, a copy of this roll is provided with an attachment that highlights relevant sections of the Act in relation to access and use of information by council and committee members i.e. section 5.92 Access to information by council, committee members and section 5.93 Improper use of information.

A certified copy of the owners and occupiers roll is provided to the Returning Officer (WAEC) to distribute to nominating candidates. For the upcoming election on 17 October 2020, the Chief Executive Officer has certified this roll in accordance with section 4.41(2) of the Act as evidenced within the attachment to this roll.

- Work Instructions

A number of detailed work instructions exist for the processing of enrolment claims and the maintenance of the owners and occupiers roll. These work instructions are listed as follows:

- Electoral - Enrolment - Processing Eligibility Claims;
- Electoral - Maintenance - Removing Duplicates from the Owner and Occupier Roll;
- Electoral - Maintenance - Creating an Uncertified/Certified Owners and Occupiers Roll;
- Electoral - Maintenance - Creating Test/Certified Owners and Occupiers Roll for WAEC;
- Electoral - Maintenance - Monthly Roll Audit;
- Electoral - Maintenance - Updating Pathway Name and Addresses;
- Electoral - Maintenance - Decision Report;
- Electoral - Enrolment - Property Change of Ownership; and
- Electoral Roll - Maintenance - Silent Electors on the Owner and Occupier Register and Roll1

- Systems

As previously mentioned, applicants for the owners and occupiers roll are registered within the Pathway system. This system allocates an electoral licence number for each application which serves as a reference number for the application. A task workflow for each application is completed within Pathway by responsible officers and an audit trail maintained in relation to completion of these tasks. As evidenced in the roll audit, Form 2 and evidence of eligibility checks are stored within Pathway under the applicant’s electoral licence number as well as under this number in the Content Manager record keeping system.

- Conclusion

Current processes and systems regarding the owners and occupiers roll are considered to be adequate. No areas for improvement or further controls needed were identified.

### Stakeholder engagement

Engagement with the following internal stakeholders was undertaken in relation to this report.

- General Manager Corporate Services
- Governance Officer
- Governance Coordinator
- Electoral Officer
- Paralegal
- City Records Officer

### Strategic alignment

#### Strategic Community Plan

This item addresses the community’s vision for the future and specifically the following Aspiration and Strategic Objective(s) contained in the Strategic Community Plan 2019 – 2029:

|                             |  |
|-----------------------------|--|
| <b>Aspiration:</b>          | Performance  |
| <b>Strategic Objective:</b> | 5.6 Decision-making that is ethical, informed and inclusive. |

### Legal and statutory implications

Under regulation 17 of the *Local Government (Audit) Regulations 1996* the Chief Executive Officer is to review certain systems and procedures including risk management, internal control and legislative compliance.

#### Connection with mandates in the City of Perth Act 2016

8(1)(a) - to provide for the good government of persons in the City of Perth, including residents, ratepayers and visitors

## Risk implications

| Impact of decision                   |             |            |             |
|--------------------------------------|-------------|------------|-------------|
| Organisation                         | High        |            |             |
| Community                            | Low         |            |             |
| Risk domain                          | Consequence | Likelihood | Risk rating |
| Legal and Regulatory/Ethical         | Minor       | Unlikely   | Low         |
| Reputation and External Stakeholders | Minor       | Unlikely   | Low         |

## Approval implications

If Council does not adopt the recommendation of this report there will be no formal acceptance by Council of the Owners and Occupiers Electoral Roll Audit - September 2020.

## Financial implications

There are no financial implications related to this report.

## Policy references

19.1 – Risk Management.

## Comments

The cooperation and assistance received from the Governance Officer responsible for maintaining the owners and occupiers roll and other staff listed above under stakeholder engagement to enable the completion of this review is appreciated.

## Recommendation

That Council APPROVES the Owners and Occupiers Electoral Roll audit - September 2020.



## Item 6.4 – Risk Management Update – October 2020

|   |  |
|---|--|
| <b>File reference</b>                       | P1013822-3   |
| <b>Report author</b>                        | Chris Noble, Corporate Strategy and Risk Advisor   |
| <b>Other contributors</b>                   | Tess Jackson, Risk and Business Continuity Officer   |
| <b>Reporting Service Unit and Alliance</b>  | Corporate Recovery Unit, CEO Alliance  |
| <b>Report author disclosure of interest</b> | Nil  |
| <b>Date of report</b>                       | 2 October 2020   |
| <b>Nature of Council's role</b>             | Executive  |
| <b>Voting requirement</b>                   | Simple Majority  |
| <b>Attachment/s</b>                         | Attachment 6.4A - Audit and Risk Committee Risk Profile Report - October 2020<br>Confidential Attachment 6.4B - Extreme and High Risk - Summary Report<br>Confidential Attachment 6.4C - Review of the Internal Audit and Risk Management Functions<br><br><i>Confidential attachments are distributed to Committee Members under separate cover</i> |

### Purpose

This report provides an update to the Audit and Risk Committee on the City's operational and strategic risk profile.

### Background

This update report is a standard item for the Audit and Risk Committee meeting and is provided to facilitate appropriate and independent oversight to the management and control of the City's risk management processes.

### Details

This risk management report provides an update on the following areas:

1. City's Risk Portfolio;
2. Internal Audit and Risk Management Review; and
3. Business Continuity.

#### 1. *City's Risk Portfolio*

The City currently has 118 operational risks registered, of which one risk has been assessed as extreme and 17 risks assessed as high. The organisation is currently undertaking a review of its Strategic Risks, which once finalised will be provided to the Audit and Risk Committee. The data identified in this portfolio report is based on operational risks only. A summary of the portfolio is below:

| Risks   | Ratings               |         | Controls |                    |                   |                     |
|---|-----------------------|---------|----------|--------------------|-------------------|---------------------|
| <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">Operational Risks</div> <div style="border: 1px solid black; padding: 10px; text-align: center; font-size: 24px;">118</div> | Total Risks by Rating | Extreme | 1        | Effective Controls | Adequate Controls | Inadequate Controls |
| High  |                       | 17      | 4 ↑      | 94 ↑               | 20 ↓              |                     |
| Medium  |                       | 81      |          |                    |                   |                     |
| Low   |                       | 19      |          |                    |                   |                     |

As part of the planning process a number of previously identified risks that had not fully completed the assessment process, have now been placed into registers which has seen an increase in the City's risk totals.

All risks are reported to the Executive Leadership Team on a monthly basis and is available on the City's Performance Measurement Dashboard. The online system to track and manage risk information (CGR) has been configured and the system is now live and active. During October 2020 a training program will be implemented to train key users on creating, updating and modifying new and existing risks.

The full summary of the City's risk portfolio can be found in Attachment 6.4A.

## 2. *Internal Audit and Risk Management Review*

In August 2020 the City procured the services of a consultant to provide an independent review into the operations of the City's Internal Audit and Risk Management functions. This review has now been finalised, with the full report provided as Confidential Attachment 6.4C.

The finalised report has identified over 50 recommended improvements, based on findings in relation to conformance with primary standards for each function. It has been highlighted by the auditors that the standards for Internal Audit and the standards for Risk Management vary in the sense that the Internal Audit Standards reflect a bare minimum level that is to be achieved whilst the Risk Management Standards reflect a best practice level. A high-level summary of the each functions conformance against key standards is shown below.

| Function        | Number of Key Standards | Conformance with standards |           |          |
|-----------------|-------------------------|----------------------------|-----------|----------|
|                 |                         | Generally                  | Partially | Does Not |
| Internal Audit  | 12                      | 5                          | 5         | 2        |
| Risk Management | 20                      | 2                          | 15        | 3        |

The City has implemented some immediate actions in response to this review. This includes:

- the consolidation of the Audit and Risk functions;
- recruitment of an Internal Audit and Risk Manager, reporting directly to the CEO;
- adopting a co-sourcing model to balance internal capacity and capability, with external expertise; and
- the consideration of a second independent member to be part of the Audit and Risk Committee, which will be presented as a separate item upon introduction of the new Council.

Further actions will be identified and implemented as soon as the Internal Audit and Risk Manager is appointed in the near future.

### 3. **Business Continuity**

The City has an updated Business Continuity Plan that has used feedback from the City's response to COVID-19, as well as industry expert guidance. Upon commencement of the Internal Audit and Risk Manager, the Plan and supporting structures will undergo a review to ensure it is fit for purpose.

### **Stakeholder engagement**

There has been no external stakeholder engagement regarding this report.

### **Strategic alignment**

This item addresses the community's vision for the future and its implications on the Strategic Community Plan 2019 – 2029, Corporate Business Plan 2020/21 – 2023/24 and relevant Issue or Area Specific Strategies or Plans.

#### Strategic Community and Corporate Business Plan

|                                |  |
|--------------------------------|--|
| <b>Aspiration:</b>             | Performance  |
| <b>Strategic Objective:</b>    | An integrated strategic framework with clear line of sight between community vision and operational outcome. |
| <b>Operational Initiative:</b> | N/A  |

This report provides opportunity for appropriate oversight by the Audit and Risk Committee to oversee the City's management of its risk profile.

### **Legal and statutory implications**

*Local Government Act 1995 - Regulation 17 of the Local Government (Audit) Regulations 1996*

### **Risk implications**

| <b>Impact of decision</b> |     |
|---------------------------|-----|
| Organisation              | Low |
| Community                 | Low |

This report provides some control and mitigation to the following risks domains:

| <b>Risk domain</b>                   | <b>Consequence</b> | <b>Likelihood</b> | <b>Risk rating</b> |
|--------------------------------------|--------------------|-------------------|--------------------|
| Financial                            | Minor              | Unlikely          | Low                |
| Legal and Regulatory/Ethical         | Moderate           | Rare              | Low                |
| Reputation and External Stakeholders | Minor              | Rare              | Low                |

There are no direct risk implications regarding this report.

## Approval implications

This report is provided as a status for Council oversight. There are no implications should the Audit and Risk Committee not approve Officer's Recommendations.

## Financial implications

There are no financial implications directly relating to this report.

## Policy references

Council Policy 19.1 - Risk Management.

## Comments

The City is currently undergoing a recruitment process to appoint an Internal Audit and Risk Manager, to oversee the Audit and Risk functions. This recruitment has been recommended as an outcome of the Review of the Internal Audit and Risk Management Function conducted by Deloitte. This review identified numerous opportunities for improvement, which will form the direction of the yet to be established unit.

### Recommendation

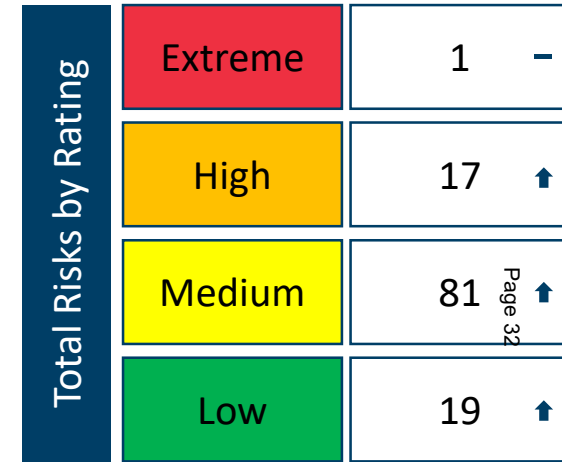
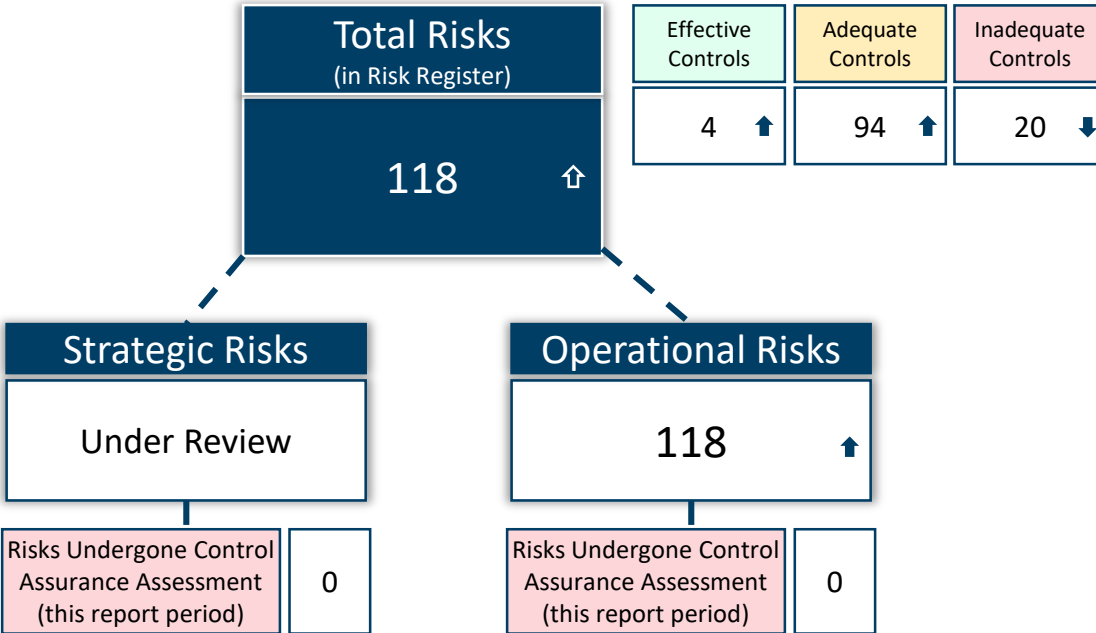
That Audit and Risk Committee:

1. RECEIVES the Risk Management Update for October 2020 as detailed in Attachment 6.4A;  
and
2. ENDORSES the Report on the review of Internal Audit and Risk Management as detailed in Confidential Attachment 6.4C.

# Risk Profile Report

October 2020

# Risk Portfolio - Overview



Page 32

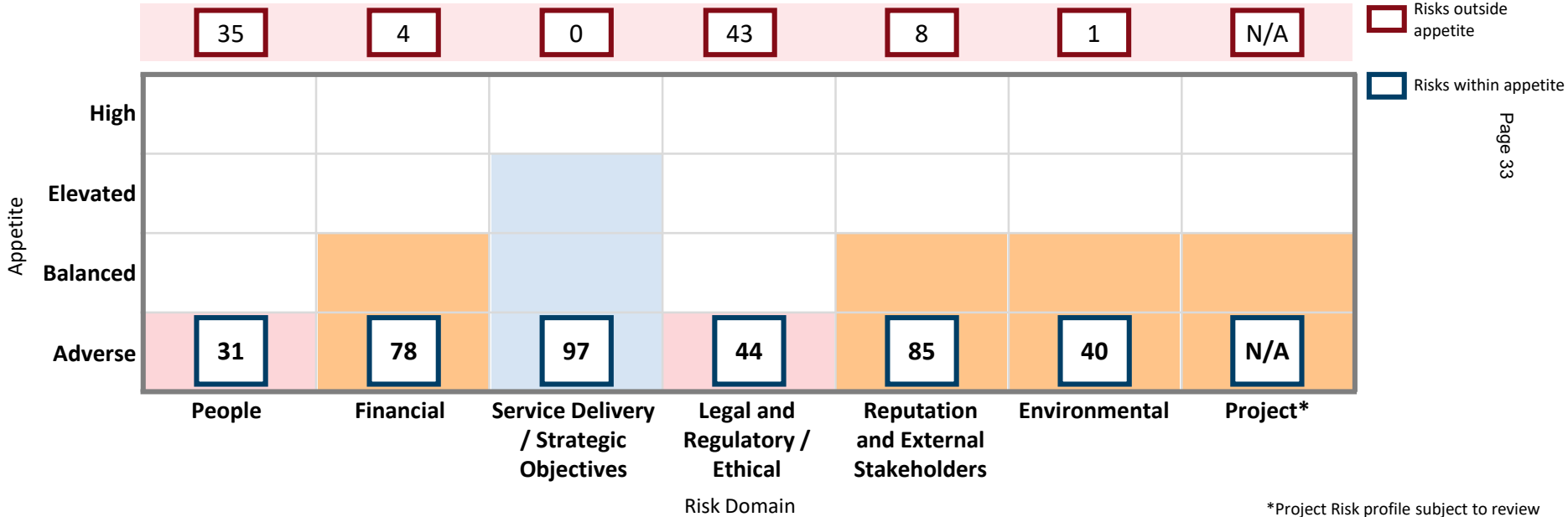
**Key:**

- ↑ Increase since last period
- No change since last period
- ↓ Decrease since last period

\*New or unrated risks not included in the risk register until full assessment is complete with risk owner agreement.

# Operation Risk Appetite

## Operational Risk Profile



Note: Appetite is based on the Risk Management Policy which is yet to be endorsed by Council.

# Service Unit Overview

Unit's Risk Profile Rating: Extreme High Medium Low

CEO

| CEO Alliance - Corporate Recovery |           |                 |
|-----------------------------------|-----------|-----------------|
| # Risks                           | Avg Score | Overdue Actions |
| 11                                | 8.8       | 0               |

| Marketing and Communications |           |                 |
|------------------------------|-----------|-----------------|
| # Risks                      | Avg Score | Overdue Actions |
| 4                            | 8.8       | 0               |

Corporate Services Alliance

| Strategic Finance |           |                 |
|-------------------|-----------|-----------------|
| # Risks           | Avg Score | Overdue Actions |
| 1                 | 8.0       | 0               |

| Human Resources |           |                 |
|-----------------|-----------|-----------------|
| # Risks         | Avg Score | Overdue Actions |
| 6               | 5.7       | 0               |

| ICT Services |           |                 |
|--------------|-----------|-----------------|
| # Risks      | Avg Score | Overdue Actions |
| 8            | 6.8       | 0               |

| Governance |           |                 |
|------------|-----------|-----------------|
| # Risks    | Avg Score | Overdue Actions |
| 11         | 7.4       | 2               |

| Finance |           |                 |
|---------|-----------|-----------------|
| # Risks | Avg Score | Overdue Actions |
| 6       | 4.5       | 0               |



# Service Unit Overview

Unit's Risk Profile Rating: Extreme High Medium Low

Infrastructure and Operations Alliance

| Infrastructure and Assets |           |                 |
|---------------------------|-----------|-----------------|
| # Risks                   | Avg Score | Overdue Actions |
| 11                        | 9.2       | 1               |

| Operations |           |                 |
|------------|-----------|-----------------|
| # Risks    | Avg Score | Overdue Actions |
| 9          | 5.6       | 0               |

| Parking Services |           |                 |
|------------------|-----------|-----------------|
| # Risks          | Avg Score | Overdue Actions |
| 6                | 8.0       | 0               |

Community Development Alliance

| Customer Experience |           |                 |
|---------------------|-----------|-----------------|
| # Risks             | Avg Score | Overdue Actions |
| 2                   | 9.0       | 0               |

| Community Services |           |                 |
|--------------------|-----------|-----------------|
| # Risks            | Avg Score | Overdue Actions |
| 12                 | 10.6      | 0               |

| Activation and Cultural Experience |           |                 |
|------------------------------------|-----------|-----------------|
| # Risks                            | Avg Score | Overdue Actions |
| 8                                  | 10.9      | 0               |

| Community Safety and Amenity |           |                 |
|------------------------------|-----------|-----------------|
| # Risks                      | Avg Score | Overdue Actions |
| 10                           | 8.8       | 3               |

Planning & Economic Development Alliance

| City Planning |           |                 |
|---------------|-----------|-----------------|
| # Risks       | Avg Score | Overdue Actions |
| 1             | 6.0       | 0               |

| Transport and Urban Design |           |                 |
|----------------------------|-----------|-----------------|
| # Risks                    | Avg Score | Overdue Actions |
| 3                          | 11.0      | 0               |

| Development Approvals |           |                 |
|-----------------------|-----------|-----------------|
| # Risks               | Avg Score | Overdue Actions |
| 4                     | 4.8       | 0               |

| Economic Development |           |                 |
|----------------------|-----------|-----------------|
| # Risks              | Avg Score | Overdue Actions |
| 5                    | 6.4       | 0               |

# Risk Register

Extreme and High Risks - October 2020

## City of Perth Strategic Risk Register

| RISK NAME                                 | RISK DESCRIPTION   | OVERALL CONTROLS EFFECTIVENESS | OVERALL RISK RATING | ACCEPTANCE OF RISK | STATUS UPDATE | RISK OWNER                | Risk Score |
|---|--|--------------------------------|---------------------|--------------------|---------------|---------------------------|------------|
| COVID-19 Respond and Recover              | Failure to adequately respond to and recover from COVID-19 Pandemic impacting the City's operations, financial sustainability and overall community well-being | ADEQUATE                       | Extreme             | No                 | April 2020    | Executive Leadership Team | 25         |
| Resource Recovery Facility (Confidential) | Inability to provide continuation of existing Resource Recovery contractual arrangements, resulting in negative financial impacts.                             |                                | High                |                    |               |                           |            |
| Financial Sustainability                  | Erosion of the City's Financial Sustainability   | INADEQUATE                     | High                | No                 | April 2020    | Executive Leadership Team | 12         |
| Climate Change                            | Failure to respond to the impacts of climate change  |                                | High                | No                 | April 2020    | Executive Leadership Team | 12         |
| Homelessness (Rough Sleeping)             | Failure to provide programs and services to support homeless people  | INADEQUATE                     | High                | No                 | April 2020    | Executive Leadership Team | 12         |
| Integrated Financial Systems              | Information systems fail to adequately support operations and inform decision making   | INADEQUATE                     | High                | No                 | April 2020    | Executive Leadership Team | 12         |

Under Review

## City of Perth Operational Risk Register

| RISK NAME  | RISK DESCRIPTION   | OVERALL CONTROLS EFFECTIVENESS | OVERALL RISK RATING | ACCEPTANCE OF RISK | STATUS UPDATE  | RISK OWNER                                  | Risk Score |
|--|--|--------------------------------|---------------------|--------------------|----------------|---|------------|
| Homelessness Response  | The inability to provide an appropriate City response to address the problem of people sleeping rough sleeping resulting in increased complaints from community and impacts to the health and wellbeing of people.                 | ADEQUATE                       | Extreme             | No                 | September 2020 | Alliance Manager<br>Community Services      | 25         |
| Coordinated Approach Project Management  | The failure to provide a coordinated approach to project planning, resourcing and prioritisation, resulting in ineffective monitoring and support of the organisation's project portfolio.   | INADEQUATE                     | High                | No                 | September 2020 | Project Director<br>Corporate Recovery      | 15         |
| Statutory Compliance Management  | Failure to effectively interpret, monitor, manage and apply the City's statutory requirements and obligations, caused by inadequate systems and processes, resulting in legislative non-compliance                                 | INADEQUATE                     | High                | No                 | September 2020 | Alliance Manager<br>Governance              | 12         |
| Public building inspections (Confidential)   | The failure to provide compliance inspections with lodging houses, hostels and public buildings, resulting in safety, health and compliance issues.  |                                |                     |                    |                |   |            |
| Electrical Maintenance   | Failure to provide safe and compliant electrical infrastructure and their associated documentation, caused by a lack of proactive and reactive maintenance, resulting in legislative non-compliance and risk to public safety      | ADEQUATE                       | High                | No                 | September 2020 | Alliance Manager<br>Infrastructure & Assets | 12         |
| Management of External services (Utilities – Water Corp, Atco Gas, Western Power, Telco's) | Failure to adequately monitor construction compliance activities, caused by ineffective engagement with external agencies and service providers, resulting in legislative non-compliance and inability to deliver programmed works | INADEQUATE                     | High                | No                 | September 2020 | Alliance Manager<br>Infrastructure & Assets | 12         |

## City of Perth Operational Risk Register

| RISK NAME                          | RISK DESCRIPTION   | OVERALL CONTROLS EFFECTIVENESS | OVERALL RISK RATING | ACCEPTANCE OF RISK | STATUS UPDATE  | RISK OWNER  | Risk Score |
|------------------------------------|--|--------------------------------|---------------------|--------------------|----------------|---|------------|
| Public Realm Concept Design        | Failure to deliver holistic, integrated concept plans for the public realm to guide localised improvements to City streets, places and spaces.   | ADEQUATE                       | High                | No                 | September 2020 | Alliance Manager Transport and Urban Design       | 12         |
| Transport Planning                 | Failure to design the City's transport infrastructure to facilitate an integrated network that ensures the efficient movement of vehicles on the traffic network.  | INADEQUATE                     | High                | No                 | September 2020 | Alliance Manager Transport and Urban Design       | 12         |
| Community & Stakeholder Engagement | Failure to coordinate the City's community stakeholder engagement activities resulting in over consultation, disengagement and misalignment in key strategic priorities  | INADEQUATE                     | High                | No                 | September 2020 | Alliance Manager Customer Experience              | 12         |
| Media and Communication            | The failure to create and manage internal and external communication, and undertake proactive reputational initiatives with staff, residents, media, visitors and ratepayers, resulting in negative media coverage, poor community perception and lack of stakeholder confidence | INADEQUATE                     | High                | No                 | September 2020 | Alliance Manager Marketing & Communications       | 12         |
| Cultural Collection Management     | Failure to effectively or appropriately manage the City of Perth cultural and heritage assets in line with relevant legislative requirements resulting in loss and/or damage to City's cultural assets and local cultural heritage material.                                     | INADEQUATE                     | High                | No                 | September 2020 | Alliance Manager Activation & Cultural Experience | 15         |
| Community Planning                 | Failure to establish and deliver a community development / community capacity building framework which responds to and supports the various cohorts of the community, its needs and meets internal and external stakeholder expectations.  | ADEQUATE                       | High                | No                 | September 2020 | Alliance Manager Community Services               | 12         |
| Facility Maintenance               | Failure to maintain the City's property portfolio to an adequate standard (safety, compliance, asset preservation, asset enhancement and improvement)  | INADEQUATE                     | High                | No                 | September 2020 | Alliance Manager Infrastructure & Assets          | 12         |
| Parking Technical Services         | Failure to provide maintenance services for all parking equipment resulting in loss of revenue and customer dissatisfaction  | ADEQUATE                       | High                | No                 | September 2020 | Alliance Manager Parking Services                 | 12         |
| Sponsorships, Grants & Donations   | The failure to effectively deliver the City's grant and sponsorship programs, caused by ineffective processes, procedures, planning, and resources, resulting in failure to meet the community's expectations of value, fairness, transparency and good governance.              | ADEQUATE                       | High                | No                 | September 2020 | Alliance Manager Activation & Cultural Experience | 12         |

## City of Perth Operational Risk Register

| RISK NAME                             | RISK DESCRIPTION   | OVERALL CONTROLS EFFECTIVENESS | OVERALL RISK RATING | ACCEPTANCE OF RISK | STATUS UPDATE         | RISK OWNER  | Risk Score |
|---------------------------------------|--|--------------------------------|---------------------|--------------------|-----------------------|---|------------|
| Building Design                       | Failure to design City buildings that are fit for purpose and deliver form, function and safety.   | <b>INADEQUATE</b>              | High                | <b>No</b>          | <b>September 2020</b> | Alliance Manager<br>Infrastructure & Assets             | 12         |
| Heritage Policy                       | The failure to deliver statutory and policy requirements, resulting in non-compliance and loss of cultural heritage.   | <b>INADEQUATE</b>              | High                | <b>No</b>          | <b>September 2020</b> | Alliance Manager<br>Activation & Cultural<br>Experience | 12         |
| Public Access to Cultural Collections | Failure to provide adequate public access and engagement with the City of Perth cultural and heritage assets resulting in disengaged or disenfranchised community, decreased connection to a shared cultural heritage, and lack of appreciation of Perth's diverse cultural expression for local, regional, and international communities. | <b>ADEQUATE</b>                | High                | <b>No</b>          | <b>September 2020</b> | Alliance Manager<br>Activation & Cultural<br>Experience | 15         |

CONFIDENTIAL ATTACHMENT 6.4B AND 6.4C  
ITEM 6.4 – RISK MANAGEMENT UPDATE – OCTOBER  
2020

AUDIT AND RISK COMMITTEE MEETING

14 OCTOBER 2020

DISTRIBUTED TO COMMITTEE MEMBERS UNDER  
SEPARATE COVER